Customer Relationship Management in EU Project Application: Research Study of Agronet System

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Abstract

Customer Relationship Management is a fundamental determinant of the business philosophy in economy, especially in field of rural development, so paper will give key definitions of this term including advantages and disadvantages. Furthermore, this scientific paper will give an overview of Agronet system, which is a new platform in the system of application to the European funds, with which applicants may submit their applications in virtual, electronic way to receive financial support for their family farm. The whole Agronet system is introduced by Ministry of Agriculture in Croatia, and has goal to make applications of projects and use of funds, more efficient and more effective, and consequently, to achieve successful projects and withdrawn EU funds in bigger amount.

Key words: Agronet system, EU project, strategy

1. Introduction

In basic conceptual determination, customer relationship management is an approach to e-business management that seeks to increase its competitive ability and strengthen its market position, based on understanding customer behavior and influencing them through long-term mutual communication, with the goal of attracting new and (or) retain existing customers, increase their loyalty, and increase profitability of the company. Customer relationship managenent rests on the fact that clients are the company's most valuable asset. It is considered that the research and understanding of their wishes and needs is the starting point for developing a business relationship management strategy with clients.

Customer Relationship Management is a fundamental determinant of the marketing philosophy of business. It places the customer first and his satisfaction so that all processes within the company are directed towards the client. The basis for customer relationship management is to introduce customers to help them get some additional benefits. Customer connectivity assumes that customer needs are fulfilled as customers want it, as customers want and at the time they want it to become a key source of competitive edge for the enterprise or government institution.

With Croatia joining the European Union, it is easier to approach Croatian companies in the European market, the interest of companies from the European Union and beyond for Croatian companies is enhanced, access to some new knowledge and technologies, as well as structural and cohesion funds. In this regard, Internet technology has helped in the application of projects in the field of agriculture and rural development, in particular through the Agronet system, developed by Ministry of Agriculture.

2. Theoretical background of Customer Relationship Management

For the first time, the term Customer relationship management appears in 1983 by author Berry where it defines it as: marketing relations, attracting, retaining, and improving customer relationships. Further development is also conditioned by the growth and development of information technology. [Ber83]

In 1990 Grönroos, author explains it as a business relationship that directs marketing to the development of long-term relationships with customers and other stakeholders. The same author redefines the previously defined term in the following statement: Relationship marketing is a tool for planning, developing and improving relationships with clients and other partners, with profits, in order to meet the goals of the partners involved, achieved through mutual exchange and fulfillment of promises. [Grö90]. According to this research, the basis of customer relationship management today is the knowledge of the clients so that the company "delivers" greater value, so customer relationship management is one of the fundamental and strategic determinants of the marketing philosophy of business.

Given the strategic level of customer relationship management, it can be said that this is a strategic process of identifying and selecting clients that the company can deliver in the most profitable way by

creating interaction between the company and the selected clients in order to optimize the company's current and future value for clients.

Pizzani in his article in 2005 explains that once system is already implemented in large banking institutions, its implementation also begins in the area of asset management and private banking. [Piz05]

A group of authors Rootman, Tait, Bosch in 2008, in their article, conducted an empirical study of the influence of employees on customer satisfaction in banks. They concluded that there are two essential characteristics of employees that depend on customer satisfaction, which is the employee's expertise and their attitude toward clients. [Roo08]

In further analysis, meaning of abbreviation will be explained.

C (ustomer). The first goal of every company is to win the client. Clients have in the meantime gone through the process of transformation: starting with the generic role of clients, in which they were initially a kind of business partner, to transform into the most important subject in terms of valuing, re-examining and improving the company's output. In any case, companies are trying to anticipate the potential benefits of applying system.

R (elationship). This component is complementary to the above. The biggest challenge facing system is to create additional value in relation to clients. The relationship with the clients must have a long-term character that needs to be dynamically positively transformed.

M (anagement). Since the relationship with clients should not be done by itself, there must be a management process in which these relationships will be directed to each other.

The mentioned authors believe that the model and methodology of sales and customer relations will change and that the new models will be based on the return on investment model.

3. Advantages and disadvantages of implementation

Customer relationship system brings many benefits in managing customer relationships. The main advantage and reason for introducing this system is that enables personal contact with millions of clients. The implemented strategy contains a database of all customers and their desires, needs, habits of buying, purchasing products, etc. The processing and analysis of information comes from the information that companies use to achieve such a personal contact with clients. Detailed analysis of the company's database enables software to automate certain business activities. Automated customer service and support is a business function that, in addition to cost savings and personal contact creation with customers, aims to minimize errors and standardize support elements and services. Automated sales support support significantly contributes to greater customer satisfaction, leads to cost reductions and faster customer demand processing. Regardless of the type of economic activity, there are many advantages that are common to all systems where it is successfully implemented this system, such as [Mil11]:

- Increasing the efficiency of the call center,
- Easier implementation of marketing campaigns,
- Increase of total revenues,
- Reduction of costs,
- Greater quality of service,
- Increasing the competitive advantage,
- Actuality of customer data,
- Increasing Customer Satisfaction,
- Increasing efficiency in routine tasks,
- Reduction of marketing and support costs,
- More efficient monitoring of sales teams,
- The necessity of team work,
- Increasing the efficiency of all communication channels,
- Facilitate key system performance monitoring.

Regardless of the type of economic activity, there are a number of common shortcomings, such as:
- Failure to Implement - Complexity,
- The price of the entire solution,
- Non-involvement of top management,
- Poor planning,
- Poor leadership of key teams,
- Fear of employees,
- Lack of adequate change management,
- Too large amount of data,

- The necessity of continuous updating of data - repetition,
- Dehumanization of the process,
- Reliance on information technology alone.

4. EU project application in rural development programme

By joining the European Union, the Republic of Croatia became a beneficiary of European funds. In the financial period 2014-2020 from the European Structural and Investment funds (ESI) 10.676 billion euros in total is available for Croatia. Large amounts of available funds need large absorption capacity, of course, if we want to achieve the greatest possible absorption of EU funds. [Ost10]

The absorption of EU funds generally depends on three main determinants, such as macroeconomic, financial and administrative, i.e., institutional absorption capacity. Macroeconomic absorption capacity is important for opening up possibilities for a sufficient number of efficient investment opportunities, administrative absorption capacity is a key determinant of the success of implementation of structural policies of the EU and the financial absorption capacity defines the capacity of co-financing of projects.

Rural areas cover about 80% of the total territory of the European Union with about 25% of the total population [Vee05]

The role of the state in regional development is very important, especially when it comes to regional planning and guidance. The orientation of regional development to optimize development in the areas of regional units and optimization of development as a whole includes the following elements [Kub75]:

- a system of regional planning,
- implementation of regionalization,
- determination of general criteria and principles for the deployment of production forces,
- a system of direction of development of economically insufficiently developed areas,
- directing the development of cities.

The Structural Funds and the Cohesion Fund are the "engines" of the realization of the European Union's economic and social cohesion policy and are only available to member states of the Union. The resources of these funds are used to reduce the development gap between the regions of the Union and to reduce the disparities in the living standards of their residents. [Mir09]

The nominal benefits of the project are above all those measurable benefits resulting from the implementation of financial resources implemented by project beneficiaries within their project activities, such as the number of educated users, the area of a newly built facility and the like. The real or actual benefits or damages that a project generates are much harder to measure, which is because it is difficult to separate them from other indicators, or because it is the result of multiplier effects of the project, which last long after the project is implemented. We talk about the benefits, but also the possible damages that a particular project brings, and whether we bring them into relationship with the stakeholders affected by the project, we can distinguish two types of stakeholders; those to which the project has a direct impact as well as those to which the project has an indirect impact. It is also always necessary to take into account the fact that there is no absolute interest for each project, ie there is no project that generates benefit to everyone, on the contrary, a well-done stakeholder analysis or analysis of stakeholders will reveal that there is always a group of stakeholders or at least a stakeholder whose interest is some project in opposition or contradiction.

When we talk about the capacities needed to attract and use the European Union funds, they are divided into three categories: [Zam09]

- Administrative capacity.
- Financial capacity.
- Macroeconomic capacity.

The administrative capacity primarily relates to the ability of the stakeholders individually, but more to the ability of the system as a whole to carry out the tasks related to the preparation and implementation of all the foreseen and entrusted procedures related to EU funds.

5. Research study of Agronet System in Croatia

On May 26, 2015, the European Commission approved the Rural Development Program of the

Republic of Croatia for the period 2014-2020. The Decision on approval is the crown of this long-lasting process involving local experts, mostly Ministry of Agriculture Agencies for payments in agriculture, fisheries and rural areas. The rural development program of the Republic of Croatia for the period 2014-2020 worth about EUR 2.4 billion has so far had four changes. The program defined 18 measures aimed at increasing the competitiveness of Croatian agriculture, forestry and processing industry, as well as improving the living and working conditions in rural areas at all. Eligible investments within the measures of the Republic of Croatia's rural development program for the period 2014-2020 were mostly financed by the European Union through the European Agricultural Fund for Rural Development (EAFRD) while the remainder was co-financed by the State Budget of the Republic of Croatia.

In this chapter, there Agronet project application system in Croatia will be explained with main functions and phases of online project application by farmers (users), beacause it is very useful for their agribusiness.

Agronet is an system purposed to communicate with the clients of Paying agency for agriculture, fisheries and rural development with the main goal to form an easier and faster way to respond to the needs and rights. One of the modules of Agronet app is also a module for help to agricultural economies in submitting for supports in agriculture as well as applying projects to be financed from EU funds. According to the rules of direct support programme implementation and specific measures of state support in agriculture in 2018 the submitter fills out a Request for support specifically electronically, through Internet, by using this app.

Electronic application designed as a help tool to agricultural and other users in gaining rights to support in agriculture.

In Agronet, farmers can:

- browse through data from the Agricultural registry
- fill out electronic forms for direct supports
- browse the regulations for gaining right to support

- send calls for import and export permissions in electronic form
- apply projects for EU funding

Figure 4: Agronet system functions

	2017	2018	2019	2020	2021	2022
Stavka	1	2	3	4	5	6
1. Ukupni prihodi	150.265,19	36.875,69	36.875,69	36.875,69	36.875,69	36.875,69
1.1. Prihodi od prodaje	26.488,25	26.488,25	26.488,25	26.488,25	26.488,25	26.488,25
1.2. Prihodi od subvencija	10.387,44	10.387,44	10.387,44	10.387,44	10.387,44	10.387,44
1.3. Razgraničeni prihodi	113.389,50	0,00	0,00	0,00	0,00	0,00
1.4. Ostali prihodi	0,00	0,00	0,00	0,00	0,00	0,00
2. Ukupni rashodi	27.812,97	27.812,97	27.812,97	27.812,97	24.062,97	24.062,97
2.1. Poslovni rashodi	24.062,97	24.062,97	24.062,97	24.062,97	24.062,97	24.062,97
2.1.1.Materijalni i nematerijalni troškovi	24.062,97	24.062,97	24.062,97	24.062,97	24.062,97	24.062,97
2.1.2. Troškovi osoblja	0,00	0,00	0,00	0,00	0,00	0,00
2.1.3. Amortizacija	0,00	0,00	0,00	0,00	0,00	0,00
2.2. Financijski rashodi	3.750,00	3.750,00	3.750,00	3.750,00	0,00	0,00
2.2.1. Troškovi kamata	3.750,00	3.750,00	3.750,00	3.750,00	0,00	0,00
3. Dobit prije oporezivanja	122.452,22	9.062,72	9.062,72	9.062,72	12.812,72	12.812,72
4. Porez na dobit/dohodak	32.327,39	2.392,56	2.392,56	2.392,56	3.382,56	3.382,56
5. Dobit nakon oporezivanja	90.124,84	6.670,16	6.670,16	6.670,16	9.430,16	9.430,16
Stopa poreza na dobit/dohodak	26,40%	26,40%	26,40%	26,40%	26,40%	26,40%

Figure 5: Agronet business plan for farmers

Agronet system should be used by farmers in mean of easy access to information and funding sources. Although, many limitations of the system have a negative effect on the Agronet app image. When we speak of the problematics of Agronet system, it is mostly appeared online in submitting projects.

Most common problems in the system are:

- Slow system function, slow data upload
- Bugs in the system function, system failure
- Inconsistencies of certain data entry fields
- The system does not support a large data capacity for upload
- During the project application, the system is often in maintenance
- During the project application, system is under overload due to a large number of applications at the same time
- System often does not accept the first entry data. [Šos14]

Concerning that in Croatia, a majority of elderly citizens with lower education degree practice agriculture, it is questioned how this system is applicable to them in project application. The research shows that 87% of agriculturists is unsatisfied with this project application method and are more leaned towards the traditional approach to project applications through written ways and sending through post office. [Šos14].

On the base of stated above, it is obvious that the system needs upgrade and additional editing, because this way it has made it difficult to the agriculturists to reach financial support, the main objective was the opposite.

6. Conclusion

Focusing on a customer is the future of business and EU project application. The introduction of business system is aimed at achieving a good organizational business environment, which compiles a good and systematised client base in one place, especially in field of EU funding. In addition to good connectivity and communication with current and prospective future farmers, there is good coordination, connectivity and communication between key and major business units using Agronet system in Croatia.

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