

Chapter 92

Customer Relationship Management (CRM): A One-Size-Fits-All Philosophy?

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ABSTRACT

The considerable value of CRM is well documented in the literature, and it is further exemplified in today's highly turbulent, competitive, and fragmented markets. Nevertheless, the conceptualisation and operationalisation of CRM remains an area of intense debate, and hence, by reviewing and synthesising literature from the various relational research traditions, the chapter offers a critical perspective as to what customer relationships are and discusses the conditions under which relationships can flourish. To this end, the chapter discusses the conditions, which are conducive to relationship building, highlights the different forms that customer relationships may assume as well as their distinct developmental paths, and offers a number of recommendations to enhance relational efforts.

INTRODUCTION

CRM is still an elusive concept. That is, even though research on customer relationships dates back to the 1970s, there is to-date little consensus as to the conceptualisation and operationalisation of the concept. Hence, CRM remains an intensely debated concept, underpinned by a number of controversial aspects; in turn, this ultimately leads into its myopic adoption and the reported high failure rates.

In particular, even though CRM failure rates ranged significantly in the last decade, they have reached an astonishing 70% in 2002, and in spite

of their reduction by 2009, they were still as high as 47% (Krigman, 2009). Lexmark is an often-quoted example of an organisation that failed to successfully implement CRM and enjoy the benefits thereof, since the improper implementation of CRM led to the decision to abort the project at a substantial investment loss (Moltzen, 2002). A further classic failure story pertains to the healthcare division of CIGNA Corporation, whereby their poor IT implementation of CRM negatively affected the business operations, resulting in huge losses (Kumar & Gupta, 2006). DHL and Bell Canada, however, provide evidence of successful CRM implementation. Specifically,

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DHL adopted Salesforce.com, a CRM solution, which facilitated the centralisation of its data and enabled the company to customise its offerings. This CRM solution coupled with DHL's Partnership CARE (Customer Activation Resolution and Enhancement) program, which considerably increased their service level, triggered the company's success (www.crminfoline.com). Further, Bell Canada embraced CRM as 'a fully fledged customer centric strategy,' and achieved internal efficiency and higher customer service (www.crminfoline.com). In addition, through their empirical investigation, Castro and Pitta (2012) illustrate how the implementation of a relationship building strategy at a bar, granted the service provider a differential advantage and a measure of success.

This end, the chapter reviews and discusses literature from the different relational traditions, e.g. the Nordic School of Services, the N. American approach, the IMP Group. Hence, the plethora of CRM studies from the various research streams of CRM are synthesised, on the basis of which, the chapter explains why this customer-oriented philosophy constitutes a new logic, an alternative paradigm in marketing, and in view of the fact that the term has often been misused, the chapter offers a critical perspective as to what a customer relationship is; essentially, offering insights as to the critical success factors of customer relationship building.

Put differently, the chapter addresses the conceptualisation debate and offers a blueprint for the effective operationalisation of CRM in different contexts. As such, the main facets of customer relationships are discussed: namely their applicability, the various relationship types that may exist as well as the importance of mutuality. In other words, the chapter aims to:

- Discuss the strategic importance of CRM through an analysis of how mutually-beneficial relationships with customers can enhance organisational performance.

- Highlight that relationships are not ubiquitous and outline the circumstances under which customer relationships may flourish.
- Discuss the various relationship types that may result, including an analysis of the most salient relationship dimensions, and their developmental paths.

BACKGROUND

The origins of relational theories date back to the 1970s and pertain to different research traditions: the Anglo-Australian approach, the North American approach, the Nordic School of Services, the IMP Group, the Supply Chain and Channel Management and Database and Direct Marketing.

Customer Relationship Management (CRM) is nowadays considered by many researchers and practitioners as synonymous to organisational success. Such an understanding emanates from the array of benefits that are seen to accrue from relationship building; benefits which pertain to both interacting parties. Given this increasing interest in CRM, one would rightfully wonder whether it really is a new concept.

To this end, a plethora of researchers (e.g. Barnes, 1995; Sheth & Parvatiyar, 1995; Worthington & Horne, 1998) argue that is a new-old concept: They allege that even though relationship building has been practiced for many years it has never been explicitly recognised as such. As larger organisations increasingly started to implement it, however, attention has been drawn to it.

A further perspective, however, views relationship marketing as a refinement to prior marketing thinking, as it "puts emphasis on important areas that are missing, or are given only scant attention in general marketing theory" (Gummesson, 1994, p. 12). Hence, this perspective suggests that CRM constitutes an alternative paradigm, which is needed to capture the dynamics of the business arena.

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