

Chapter 4

Facilitating Customer Relationship Management in Modern Business

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ABSTRACT

This chapter explains the overview of CRM, CRM and technological utilization, and the facilitation of CRM in modern business. CRM is a significant strategy to learn more about customers' needs and behaviors in order to develop the stronger relationships with them. CRM is the most efficient approach in maintaining and creating the relationships with customers in modern business. CRM helps business gain the insight into the behavior of their customers and modify their business operations to ensure that customers are served in the best possible way. CRM also helps business recognize the value of its customers and to capitalize on the improved customer relations. The chapter argues that facilitating CRM has the potential to enhance organizational performance and gain sustainable competitive advantage in modern business.

INTRODUCTION

In a highly competitive market, companies need to maintain positive relationship with their customers (Hassan, Nawaz, Lashari, & Zafar, 2015). Customer relationship management (CRM) encompasses the broad perspectives of activities starting with the segmentation of customers in the database and continuing with acquiring new customers and retaining existing customers (Matis & Ilies, 2014). CRM systems are a group of information systems that enable organizations to contact customers and collect, store, and analyze customer data to provide a comprehensive view of their customers (Khodakarami & Chan, 2014). Customer data and information technology (IT) organize the groundwork upon which any successful CRM strategy is established (Tsai, 2011).

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CRM becomes one of the most important business strategies in the digital age, thus involving organizational capability of managing business interactions with customers in an effective manner (Kasemsap, 2015a). CRM refers to a firm's activities for establishing and maintaining relationships with its customers (Kalaigannan & Varadarajan, 2012). The merger of CRM systems with social media technology has given way to a new concept of CRM that incorporates a more collaborative and network-focused approach to managing customer relationships (Trainor, Andzulis, Rapp, & Agnihotri, 2014).

CRM is a critical issue in services management (Cheng & Yang, 2013). CRM systems are essential for companies seeking growth and profits in the global marketplace (Heidemann, Klier, Landherr, & Zimmermann, 2013). Keramati et al. (2013) indicated that the nature of CRM is multidimensional, and it is one of the most complicated innovations in modern organizations. Customer value, customer satisfaction, and brand loyalty have mediated positive effect on CRM performance (Kasemsap, 2014a). This article aims to bridge the gap in the literature on the thorough literature consolidation of CRM. The extensive literature of CRM provides a contribution to practitioners and researchers by describing the multifaceted applications of CRM in order to maximize the business impact of CRM in modern business.

BACKGROUND

Effective CRM has emerged as a strategic imperative for companies in every business (Benmoussa, 2005). CRM has been recognized as a set of methodologies and organizational processes to attract and retain customers through their increased customer satisfaction and customer loyalty (Coussement & van den Poel, 2008). CRM is used to define the process of creation and maintain relationship with customers (Hassan et al., 2015). CRM is defined as the adoption of IT to develop new customers and retain old customers so as to keep the long-term customer relationship, which aims to improve customer relationship and can help increase customer loyalty, customer retention, and customer profitability (Hennig-Thurau, Gwinner, & Gremler, 2002).

The rapid growth of CRM systems raises the opportunity within many firms to effectively utilize the customer data over time to secure competitive advantage in modern business (Eichorn, 2004). CRM data is among the most important and comprehensive information available to executives in many organizations (Stein, Smith, & Lancioni, 2013). With the increasing importance of CRM in every industry domain, CRM classification practitioners demand a standardized framework with the streamlined data mining processes capable of delivering the satisfactory result for CRM data with all data mining challenges (Tu & Yang, 2013). CRM leverages information, technology, and people to create and deliver value to the targeted customer at a profit (Salim & Keramati, 2014).

CRM relational information process includes information reciprocity, information capture, information integration, information access, and information use, and expected the process to enable the facilitation of CRM performance (Jayachandran, Sharma, Kaufman, & Raman, 2005). CRM relational information processing is a process in which firms effectively engage in the systematic registration, integration, and analysis of customer information (Hillebrand, Nijholt, & Nijssen, 2011). The key objective of the CRM relational information process is a focus on initiating, maintaining, and retaining the long-term customer relationships (Becker, Greve, & Albers, 2009).

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