

## Chapter 49

# Customer Relationship Management (CRM): A Dichotomy of Online and Offline Activities

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### ABSTRACT

*By establishing the position that electronic customer relationship management (eCRM) is a form of CRM, this chapter sets out to aid the reader in understanding why CRM and eCRM initiatives are both promising and challenging. By exposing the reader to common CRM literature, the chapter documents how companies can determine the best blended approach to CRM initiatives that balance both online and offline marketing initiatives. Additionally, by considering that each unique customer touch point represents a key market strategy decision, companies can thoughtfully, and with strategic intent, design, develop, and ultimately deploy systems that effectively balance human and computer interaction. By following the suggested guidelines provided for optimizing strategic marketing decisions, companies are more likely to avoid the common pitfalls and barriers to success that have been experienced by others as documented in the literature.*

### INTRODUCTION

This chapter centers on the dichotomy (online v. offline) of customer relationship management (CRM). Specifically, we explore the challenges and opportunities that a CRM strategy can have for an organization. This article addresses (1) the

importance of CRM and electronic CRM initiatives for enhancing customer relationships with the firm, (2) the challenges of CRM and eCRM, (3) how each key customer 'touch point' represents a marketing strategy decision for companies, and (4) how a blended approach to CRM will yield the best results in most cases.

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## **BACKGROUND**

The practice of marketing to new as well as existing customers to enhance the relationship between company and consumer has become commonplace. This phenomenon, called relationship marketing (RM), is particularly salient for services marketing because of “the maturing of services marketing with the emphasis on quality, increased recognition of potential benefits for the firm and the customer, and technological advances” (Berry, 1995, p. 236). This RM practice is commonly referred to as customer relationship management (CRM). Today, CRM is rarely discussed without the additive construct of an Internet-oriented business model relying on e-business technologies with which to interact, communicate, and exchange information with customers and/or suppliers.

### **The Importance of CRM and eCRM Initiatives**

In 2004, The American Marketing Association (AMA) changed its definition of marketing to “Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer *relationships* in ways that benefit the organization and its stakeholders” (AMA, 2008). Since that time, the concept of RM has become accepted as a more modern view of marketing (Harker & Egan, 2006). Many marketing researchers proclaim that customers can no longer be viewed as being in endless supply and passive in regard to decision making – no longer can we take a ‘one size fits all’ approach to the simple manipulation of McCarthy’s (1960) 4Ps: Product, Price, Place and Promotion, as has been the case for decades using a transactional approach to marketing.

## **Issues, Controversies, and Problems**

While electronic customer relationship management (eCRM) is considered by many to hold even greater promise for business due to its digital foundation that enables greater data mining potential, it has yet to consistently deliver on its promise of facilitating better understanding of customer behavior (Adamson, Jones & Tapp, 2005; Bentum & Stone, 2005; Chen & Chen, 2004; Fjermestad & Romano, 2003; Jang, Hu & Bai, 2006; Li, Browne & Wetherbe, 2007; Lin & Huang, 2007). However, even with challenges, eCRM continues to be viewed as a “core element of enterprise competitive strategy” (Forrester Research, Inc., 2008, p. 5). According to Forrester Research, Inc. (2008) worldwide spending on CRM is expected to exceed \$11 billion by 2010; almost double the spending level of 2003.

The eCRM challenge, as well as the promise, is interesting and perplexing. Many pundits cite an historic optimism and hope for the marketing ‘silver bullet’ as a key reason for the many eCRM failures. Meaning, many companies embraced eCRM without diligent and thoughtful strategic intent and planning. From these failures came a natural and cautious view of eCRM by many that had either previously dallied in the technology or considered doing so.

Although eCRM research is prolific, there appears to be a lack of consistent understanding and agreement as to the operationalization of the term eCRM. To complicate matters, in some instances, eCRM is differentiated as either analytical or operational (Fjermestad & Romano, 2003; Swift, 2002). Analytical eCRM focuses on the collection and analysis of customer data, while operational eCRM focuses on all customer touch points throughout a transaction. With CRM defined as the orientation of the company that involves direct customer interaction as well as the data and its uses for enhancing customer relations, it is appropriate to define eCRM as *the e-Business initiatives of a firm concerned with attracting, maintaining, and*

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