Chapter 60
Exploring the Potential of e-CRM in SME Marketing Practice

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ABSTRACT

The potential of the Internet to transform marketing practice is well-documented (Hoffman & Novac, 1997; Zineldin, 2000). It is argued that the exploitation of the Internet's interactive and relationship-building properties contribute to customer satisfaction and loyalty and hence, marketing success (Arnott & Bridgewater, 2002). Evidence suggests, however, that small to medium sized enterprises (SMEs) have failed to capitalize on the Internet to facilitate the management of customer relations (e-CRM) and the creation of competitive advantage (Chen & Popovich, 2003; Geiger & Martin, 1999; McGowan et al., 2001; O'Toole, 2001). This is attributed to a lack of influence, time, finance, and specialised knowledge, (Carson & Gilmore, 2003) coupled with the reality that most Information Systems and Technology models and tools have been developed from the perspective of the large firm (Maguire et al., 2007; Poon & Swatman, 1999).

Despite such constraints, it is posited that by exploring the components of e-CRM in the unique context of SME business and marketing practice that a natural synergy exists between e-CRM and SME marketing in the creation of value propositions. Specifically this is addressed through the two contributing constructs of SME marketing; namely entrepreneurial marketing and network marketing (Carson & Gilmore, 2000).

INTRODUCTION

More than a decade on from the dotcom boom and burst, debate continues as to the influence of e-business and the Internet upon contemporary marketing practice and business performance (Brodie et al. 2007; Day & Bens, 2005). Whilst it is accepted that the use of the Internet has become widespread amongst businesses, the *extent* of its use and subsequent impact remains unclear (Drennan & McColl-Kennedy, 2003; Gilmore et al. 2007). Potential benefits including reduced market research and entry costs; customer service efficiencies; and improved customer satisfaction and retention via two-way personalized interactions, are well-documented in the extant literature (Arnott & Bridgewater, 2002; Day & Hubbard, 2003; Ibeh et al., 2005; Martin & Matlay, 2001; Rowley 2004;). Yet there is a dearth of scholarly evidence linking Internet usage to improved sales, profits and customer satisfaction levels (Bitner et al., 2000; Drennan & McColl-Kennedy, 2003; Feinberg & Kadam 2002; Kula & Tatoglu, 2003). Indeed, recent research suggests that in reality, most firms will fail to capitalize on Internet–related opportunities (Day & Bens, 2005). In order to address this dichotomy between theory and practice, there is a need for specific tools and techniques to be developed to help the small firm identify and capitalise upon the opportunities offered by the Internet to create business value (Downie, 2003; Maguire et al. 2007; Sands, 2003). A conceptual framework is therefore proposed that models how particular small firm characteristics might be exploited to counteract the inherent difficulties associated with SME Internet adoption for relational purposes.

For the SME in particular, the ability to successfully engage with and optimise Internet technologies is considered particularly essential. Harrigan et al. (2009; p.457) suggest that for the small firm e-CRM may be 'the single most important means of competing with larger organizations either locally or globally. By widening customer access and pro-viding equal exposure to prospects, the efficiency, interactivity and immediacy of the Internet can level the playing field for the smaller organization (Drennan & McColl-Kennedy, 2003; Simmons et al, 2008). The integration of the Internet with strategic thinking is considered critical to SME value propositions, both online and offline and their overall competitiveness (Ab Hamid, 2005; Day & Hubbard, 2003; Martin & Matlay, 2003; Simmons et al. 2008). Competitive advantage is realised through the sustained creation and delivery of customer value (Porter, 2001). The Internet supports this process by providing access to a range of performance and profit-enhancing tools (Drennan & McColl-Kennedy, 2003). Firms that fail to engage strategically are considered to be at a distinct disadvantage (Bohling et al., 2006; Egan et al., 2003).

Grönroos (2004) contends that the principles of relationship marketing should underpin any value-adding strategy, and the Internet itself has been hailed as the ultimate relationship marketing tool (Geller, 1998; Zineldin, 2000) In relationship marketing, profits are maximised by attaining, maintaining and enhancing mutually beneficial relationships with specific customers and other partners in order to increase their lifetime value (Gummesson, 2004). Establishing and retaining relationships with customers is considered key to profitability, as 'relationship customers' are likely to be less price sensitive, more loyal, and prove less costly to sell to than new customers (Bull, 2003; Reichheld & Sasser, 1990;).

While it is recognised in the literature that the purported benefits of e-CRM are unlikely to be realised through software implementation alone, (Doherty & Lockett, 2008) there is a lack of consensus as to how best to approach e-business adoption from a small firm perspective (van der Veen, 2004). For the small business, typified by inherent resource constraints and their close, personal relationships with customers, (Gilmore & Carson, 1999; Xu et al., 2007) it is therefore posited that e-CRM; the use of Internet tech-

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