

Chapter 8

E-CRM and CMS Systems: Potential for More Dynamic Businesses

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ABSTRACT

Any change in customer's behaviour affects the customer's value. In addition, profitability and economic viability also change. Most companies still do not know entirely their customer base characteristics. They find difficult to define criteria that segment their customer base to find high-value customers. They need to focus on target selections to carry on with marketing campaigns which involve high investments. Given the potential of e-CRM and CMS as powerful tools to guide customer-oriented understanding and analysis, greater attention is required. Several companies, operating within the same business and having access to the same information and technology, differ in e-CRM performance. Without sufficient evidence, managers are prone to making investment decisions that are neither efficient nor effective. So it is imperative to base the decision of e-CRM and CMS adoption, on not only their analytical power, but also on economic viability criteria for sustainable business dynamics.

INTRODUCTION

The environment of modern enterprising is ever changing. Typical examples of such changing factors are: shorter life cycles, management focus, relationship marketing, online features. In the 19th century the life cycle of a product or business idea was often 50 years or more. With competition the life cycle shortened to 20 years in the 1950's (until

the beginning of the 1980's). Now they are often 3-5 years and even 3-6 months as for a mobile phone (Philipson, 2008). The lowering of variable costs was the result of continuous management efforts to stay competitive. New costs have come to focus as relationship marketing has led to cooperation between economic agents, which often replaces competition (Gummesson, 2002). This is related with the need of finding smarter solutions to fundamentally change the pace of development.

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Modern drivers of change have led to new patterns or features for sustaining business competitiveness: virtual enterprises, design management, intellectual assets, interactive and mobile platforms. These responses require IT-based processes and imply the increase of information content. Any commercial enterprise that wants to optimise its success in the information society must have a basic awareness and a strategy for dealing with this new environment. A virtual enterprise is the generalisation of the ongoing differentiation of complex value chains and the market as an encompassing principle in organising all economic activity. The relative stability of the early industrial value chain has contributed for the relations between companies to evolve at a slow pace. With the shortening of life cycle and time to market these relations have to evolve with a pace that approaches a need for real time creation of such relations (Philipson, 2008). The internet brings critical new functionalities to virtual enterprises by real time business dynamics and relations. A virtual enterprise is not necessarily a contrasting model to big business which can use it as a mode of activity.

One significant aspect of virtual enterprising is giving small companies the possibility to access economies of scale. It also contributes for small businesses to access complex intellectual assets. As many IT start-ups in the late 1990s have collapsed, online retailers have realized that the rules of traditional marketing may also apply to the online business. They create their online stores as places to sell products as well as to provide service and enhance long-term customer relationships (Wang and Head, 2007). This contemporary approach is based on the premise that building consumer satisfaction and long-term relationship lead to repeat visit and purchase. These are chain effects of IT-enabled services affecting online business performance (Ayanso et al., 2008). Many online firms are then investing in the implementation of IT-enabled tools to enhance their online service and website interactivity.

This article emphasises the business potential of e-CRM (electronic Customer Relationship Management) and CMS (Content Management) systems as an integrated approach to identifying, acquiring and retaining customers. It acknowledges that a commitment to e-CRM with dynamic content requires from managers to analyse customer data and use a combination of financial and customer based metrics for e-CRM effectiveness. CRM helps business use technology and human resources to gain insight into the behaviour of customers and their relative value. This constitutes the heart of today's businesses success, so a correct implementation of e-CRM platforms can have a positive impact on the efficiency of their whole activity. By enabling companies to manage and coordinate customer interactivity across multiple channels, departments, lines of business, e-CRM helps them maximize the value of every customer interaction and drive high corporate performance.

BACKGROUND

Electronic CRM (e-CRM) is customer relationship management over the internet and extranet platforms. Most CRM systems have one or more web-based applications for selling to or supporting the customer, so the terms e-CRM and CRM are used interchangeably. If this is combined with a CMS which enables building web sites and powerful online applications with a very high level of content organization, many competitive aspects including efficiency and flexibility are achieved. For example *Joomla*, a very popular content managing tool and open source (freely available), has been used for government applications, corporate extranets, organizational web sites, community-based portals, e-commerce and online reservations. A content management system keeps track of every piece of content on a web site, much like a local public library keeps track of books and stores them. Content can be

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