Chapter 8.8

A New Conceptual Framework for Greater Success with Integration of E–CRM

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ABSTRACT

This chapter examines how e-CRM has affected both organizational and individual behavior in a leading Canadian bank. The innovative and customer-driven culture of this bank pushed it toward early adoption of e-CRM technology. The findings emphasize the role played by many strategic and organizational dimensions in the success of e-CRM implementation. In fact, to make e-CRM efforts pay off, new business processes are required to achieve more effective and closer interactions with customers. The shift toward customer orientation needs to be supported by a shift in organizational objectives and processes. The results indicate that employees' individual behavior successfully changed from a transactional to a relational perspective, and that training and coaching ensured a successful integration of e-CRM technology. Nevertheless, the employee reward and evaluation system, which should have been changed to leverage CRM impact, has surprisingly been forgotten. This deficiency is addressed by proposing a new framework for enhancing e-CRM effectiveness.

THE SHIFT TO CRM

Since the 1980s, researchers have been talking more and more about an era of focusing on customer retention (Sheth, 2002). Relational marketing, in fact, was born of the premise that keeping a customer is more profitable than attracting a new one (Coyles & Gokey, 2005; Perrien, Filiatrault, & Ricard,

1993) and emerged following the abandonment, by some, of the logic of customer acquisition for a new logic of customer retention (Sheth, 2002). This logic also brought certain concepts to the fore, including customer management, better known as "Customer Relationship Management" or e-CRM (Mitussis & O'Malley, 2004; Sheth, 2002).

Although, in the current effervescent context with regard to electronic commerce, CRM is seen as a major issue among firms, few studies have explored its concrete implications for specific industries (Liu, 2007). Ten years after the concept of a relational approach began to be studied, Perrien, Filiatrault, and Ricard (1993) noted, more specifically for the banking sector, problems and constraints linked to implementation of such an approach. Among these were the need for a customer-oriented culture and better knowledge of customers, a change in the evaluation process for personnel in contact with customers, and decreased rotation of personnel. More than 20 years later, after much research on the subject, the development of a number of e-CRM tools, and many changes in firms following reengineering, the questions being asked are, What picture can be painted and diagnosis be made of implementation of a relational approach? Have financial institutions made the necessary changes to effectively implement e-CRM?

The objective of this chapter is to examine organizational strategies implemented by banks to make a successful migration to a relational approach. The research, conducted at a well-known Canadian bank, addresses the following points:

1. To understand the early experiences of pioneering banks with operationalizing e-CRM
2. To identify the current weaknesses or deficits in the implementation of e-CRM
3. To offer recommendations and a new conceptual framework for greater success with integration of e-CRM

CONCEPTUAL FRAMEWORK

The need to focus on the customer has entailed much investment in information technologies, and so the first large firms to install IT systems have benefited from an enormous competitive advantage. While mass communications and advertising have lost effectiveness, customized, targeted, specific communications are emerging as the means of attracting and retaining customers (Ben Letaifa & Perrien, 2007). The implementation of a market-oriented strategy requires knowledge, relationship management, and technical skills. Focus on the customer, marketing segmentation, targeting, and positioning, supported by information technologies, form an essential asset in meeting the new marketing challenges, whence the trend toward implementing CRM over the last decade. Indeed, firms' information systems, especially those in banks, have been growing constantly for a decade and include ERP (enterprise resource planning), CRM, and SCM (supply chain management) (Chen & Li, 2006).

For banks, there have been several specific reasons for making this investment. First, the banks hoped to optimize their costs: ERP was the integrated software package that met this need by acting, in effect, on expenditures. Because cost reduction was not open-ended, firms then sought to act on the second parameter of the equation by attempting to influence revenue generation; CRM met this need by improving management of sales, marketing, and customer service.

To implement such a customer-oriented strategy, the banks acquired various technologies that helped them to gather, cross-tabulate, and analyze customer databases (Franke, 1988; Liu, 2007). CRM improves service and encourages customer retention through the bank's different access points, including e-mail, the call centre, the branches, and the contact personnel, to provide better support for subsequent, increasingly multi-channel interactions with customers. In fact, another reason for the increasing popular-

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