

Motivations and Results for CRM Adoption in Large Companies in Portugal

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ABSTRACT

There are several motivations for CRM systems adoption, some of them aligned with the results of CRM implementation. This paper presents the main findings of a study undertaken among a sample of Portuguese large enterprises, identifying and discussing the main motivations and results of the adoption of CRM systems. It was possible to conclude that the main results of CRM adoption reflect the main motivations as, for instance, improvement of quality of information or process improvement. The findings of this study allow the academic and professional community to better understand the main motivations of large companies for adopting CRM systems, as well as their obtained results, and also allow CRM systems vendors and consultants to better address the needs of their potential clients.

Keywords: Adoption, Customer Relationship Management (CRM), Large Companies, Motivations, Results, Survey

INTRODUCTION

Over the last 15 years, Customer Relationship Management (CRM) has developed into an area of major relevance (Frow & Payne, 2009), and despite significant interest from both academicians and practitioners, remains a lack of agreement about what CRM is and how CRM strategy should be developed (Payne & Frow, 2005), as also whether it represents a

huge investment with little measured payback (Richards & Jones, 2008).

The term emerged in the information technology (IT) vendor community by the mid-nineties, often used to describe technology-based customer solutions, such as sales force automation (Payne & Frow, 2005), and it is described as “information-enabled relationship marketing” in Ryals and Payne (2001). To Payne and Frow (2005, 2006) there is a lack of a widely accepted and appropriate definition of CRM, which can contribute to

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the failure of a CRM project, as this lack of a complete and integrated perspective allows to view this system as mere IT solution to gather clients, or a mere call centre or help desk, or customers' database. The authors state that the way CRM is defined is not only a semantic issue, as the picture that the organization makes of this system affects significantly the way an entire organization accepts and practices CRM. CRM is a strategy, not a solution, and can provide enormous competitive advantage if implemented in a co-operative environment (Kotorov, 2003; Roberts, Liu, & Hazard, 2005). The success of its implementation requires the committed involvement of senior management in promoting and supporting the concept of customer relationship management within the organization (Roberts et al., 2005).

Broadly, CRM is a combination of a business and marketing strategy that integrates people, process, technology and all business activities, with the purpose of to attract and retain customers, provide analytical capabilities, reduce costs and increase profitability, by the consolidation of the principles of customer loyalty (Wahab, Al-Momani, & Noor, 2010); or as stated by Chen and Popovich (2003), a technology that seeks to understand the company's customers.

Gartner Inc. reported that the market for CRM software achieved a growth in 2007 of 23.1 percent, rising to a total of \$8.1 billion, and worldwide CRM market revenue totalled \$9.15 billion in 2008, a 12.5% increase from 2007 revenue (Gartner, 2009). In 2007 Forrester Research Inc. anticipated that revenues would continue to grow to \$11 billion in 2010 (Band, 2007, 2008). However, on the other side, commercial market studies and literature refers the high failure rate of the CRM projects (Coltman, Devinney, & Midgley, 2011; Foss, Stone, & Ekinci, 2008; Frow, Payne, Wilkinson, & Young, 2011; Kale, 2004), which justifies our motivation towards the present study: which are the motivations of the large Portuguese companies to adopt CRM and which are the corresponding results?

Given its major importance for business competitiveness over the last 15 years, literature is rich and many research projects have been and are being carried out to identify and understand the main motivations for CRM systems adoption, the difficulties occurred in its implementation, the obtained results, among many other aspects, aiming to improve the theory and practice of CRM planning and development. Together, these studies enable not only to understand the CRM field state-of-the-art, but also enable to understand their evolution over time.

Since the transition from a transaction-based economy to a relationship-based economy, that businesses have changed from being product-driven to customer-driven (Keen, 1999).

In particular, as CRM is fostering the economy, the authors sought to understand the main motivations and results of CRM systems adoption, and undertook a study within a sample of large Portuguese enterprises aimed to answer to the following questions: which are the perceived main motivations of the large Portuguese companies to adopt CRM systems and which are the corresponding results.

This paper makes two contributions: (1) it allows the academic and professional community to better understand the main motivations of large companies for adopting CRM systems and the results; and (2) it allows CRM systems vendors and consultants to better address the needs of their potential clients.

The next section frameworks the main concepts associated to CRM and CRM adoption, the third section introduces the methodology followed in the study, section four discusses the results, and the last section closes the paper with some conclusions and future research directions.

BACKGROUND

The purpose of this section is to identify the main motivations for CRM adoption and results achieved, based on a literature review of studies undertaken for the last ten years.

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