

Chapter VI

The Importance of Data Within Contemporary CRM

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ABSTRACT

In recent times, customer relationship management (CRM) has been defined as relating to sales, marketing, and even services automation. Additionally, the concept is increasingly associated with cost savings and streamline processes as well as with the engendering, nurturing and tracking of relationships with customers. Much less associations appear to be attributed to the creation, storage and mining of data. Although successful CRM is in evidence based on a triad combination of technology, people and processes, the importance of data is unquestionable. Accordingly, this chapter seeks to illustrate how, although the product and service elements as well as organizational structure and strategies are central to CRM, data is the pivotal dimension around which the concept revolves in contemporary terms. Consequently, this chapter seeks to illustrate how the processes associated with data management, namely: data collection, data collation, data storage and data mining, are essential components of CRM in both theoretical and practical terms.

INTRODUCTION

Throughout the past decade, customer relationship management (CRM) has become such a buzzword that in contemporary terms the concept is used to reflect a number of differing perspectives. In fact, although in essence CRM pivots on the fundamental underpinnings of data mining, the concept has been defined as essentially relating to

sales, marketing, and even services automation. Additionally, CRM is increasingly associated with cost savings and streamline processes as well as with the engendering, nurturing, and tracking of relationships with customers. Much less associations appear to be attributed to the creation, storage and mining of data; all essential components of CRM in both theoretical and practical terms.

The Importance of Data Within Contemporary CRM

In support of the close connection of CRM with data mining, it should be emphasized that in contemporary terms, the acronym CRM is used to refer to both customer relationship marketing and customer relationship management. Although customer relationship marketing and customer relationship management are indeed often regarded as specialised fields of study, within the discourse of this chapter it is argued that they are in fact inter-related. Subsequently, throughout this chapter, the scope of CRM is intended to span from the development and marketing of relationships between organizations and their customers to the day-to-day management of these relationships. The collation, storage and mining of data are by all means implicitly encompassed within the associated processes conducted as part of CRM.

Throughout the past decade, CRM has been associated with various objectives and differing perspectives. Accordingly, while it is at times referred to as being synonymous to a form of marketing such as database marketing (Khalil & Harcar, 1999), services marketing (Grönroos, 1994), and customer partnering (Kamdampully & Duddy, 1999) for instance, at other times it is specified in terms of more specific marketing objectives such as customer retention (Walters & Lancaster, 1999a), customer share (Rich, 2000), and customer loyalty (Reichheld & Scheffer, 2000). In fact, as Lindgreen and Crawford (1999, p. 231) succinctly summarise, more often than not the concept seems to be “described with respect to its purposes as opposed to its instruments or defining characteristics”. Meanwhile, the exact nature of the CRM approach remains persistently elusive while the realm of CRM remains unquestionably complex. This blurred outlook is poignantly emphasised in the definition that:

Essentially CRM relates to sales, marketing, services automation, but it is increasingly embracing enterprise-resource planning applications in order to deliver cost savings and more streamlined services within organizations, as well

as tracking the relationships organizations have with their customers, and indeed, their suppliers. (Key Note, 2002a, p. 1)

Notwithstanding such complexity, it simply cannot be denied that CRM is intricately connected with data mining.

In line with the wide latitude afforded by its complexity, various themes have been discussed under the title CRM in both trade and academic literature. However, in spite of being extensive, as a whole this coverage still seems to lack coherence. Although in recent times, CRM has been described as a triad combination of technology, people, and processes (Chen & Popovich, 2003; Galbreath & Rogers, 1999); the importance of data is unquestionable. Accordingly, this chapter seeks to illustrate how, although the product and service elements as well as organizational structure and strategies are central to CRM, data is the pivotal dimension around which the concept revolves in contemporary terms in practice as well as in theory.

The technologies associated with data management, namely: data collection, data collation, data storage and data mining, have undoubtedly influenced the evolution and implementation of information systems within companies. In fact, the central role of databases and data mining within the context of current CRM practices is so evident that it could even be argued that the concept quintessentially revolves around the collection and usage of data. Accordingly, current and emerging technologies have been associated and are expected to continue to be associated with databases. Database technologies indeed appear to have significantly contributed to the evolution of CRM. However, regardless how theoretically valid the relevance of data may be to concept of CRM, unless it is adequately implemented within operations, that is to say unless its significance can be translated to operations, its benefits are unlikely to be fully reaped. Thus it is crucial that all the processes, which complement the process of data mining, are also focused upon.

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