

# Chapter 5.17

## Customer Perspective of CRM Systems: A Focus Group Study

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### **ABSTRACT**

The 1990s has been a boom period of enterprise systems (ES). Many organizations have experienced the technical, integration and business process re-engineering benefits of implementing ES. As of today, a number of ES have been developed, namely customer relationship management systems (CRM) and enterprise resource planning (ERP) systems. In particular, CRM systems have gained significant interest, both in the industry as well as in the academic area, in the recent years. The understanding of the customer's perspective would help to define the CRM systems to better cater to the customers' needs in achieving their loyalty and satisfaction. With a better understanding from the point of the customers, management would be able to plot their directions in their CRM endeavour. Therefore, this research intends to look at CRM systems from the perspective of

the customer through the conduct of focus group discussion.

### **INTRODUCTION**

It is difficult nowadays to find a business organization that does not rely on any form of information technology (IT). Information technology has progressed from the stage of data processing to business enabling tools (Venkatraman, 1994) for organizations like eBay. Many IT products and packages are developed to help organizations focus on their core competence, dealing with accounting, sales purchasing, stock management and many other mundane but necessary organizational functions.

However, many of these IT products are developed for single, specialized functions only. This results in isolated islands of automation

with no form of information sharing among the systems (O'Leary, 2000). Additional programming, and in most cases manual data entry, have to be performed to enable the "communication" of information between systems (Ross & Vitale, 2000). Unfortunately, programming and data entry errors result in higher cost for organizations (Markus & Tanis, 2000). Increasing support and maintenance of these "patched" systems also adds to the operating cost of these systems (Davenport, 1998). This has prompted organizations to realize that the trend of purchasing isolated systems to achieve mid-term goals is not suitable for the long-term profitability of the organization (Staehr et al., 2002).

The solution came in the mid-1990s (Parr et al., 2000a) and was called enterprise resource planning systems (ERP), which evolved to what is known today as enterprise systems (ES). ES promise to solve information integration problems at the workplace right from the point of input and throughout the organization (Ross et al., 1998). However, a substantial number of organizations did not implement ES for their integration benefits but to solve the Y2K problem of the older legacy computing systems (Kumar, 2000; Robey et al., 2002; Ross et al., 1998). Still, many organizations now experience the technical, integration and business process re-engineering benefits of implementing ES (Davenport, 1998). A few types of ES have so far been developed, namely, customer relationship management (CRM) systems, enterprise resource planning systems (ERP) and knowledge (KMS).

Recently, CRM gained much notice in the academic and business world. Two key reasons for this trend are the increasing global competition (Wollan et al., 2003) and the low switching costs (Massey et al., 2001) of customers, which result in shrinking profit margins for organizations. The cost of acquiring new customers is also much higher than retaining existing ones (Reichheld, 1996). Organizations realize that customers, rather than products or services, are the lifeblood of

the organization. While ES integrate internally focused information within the departments of an organization, CRM systems focus on the integration of externally based customer data for the organization to pursue more customer-orientated activities like targeted advertising, one-to-one marketing (Peppers et al., 1993), customer retention and building a real-time integrated view of the customer (Goodhue et al., 2002; Kos et al., 2001; Winer, 2001).

A review of current CRM literature shows that many CRM papers emphasize the business and technology perspectives (Anderson et al., 2002; Peppard, 2000; Peppers et al., 1993; Ryals & Payne, 2001). To complement the existing research, this study aims to contribute to the CRM literature from a customer perspective. In doing so, this study seeks to provide an updated view of the important features that customers would like to see in a customer-based CRM system. From the managerial point of view, the article argues that it would be beneficial for organizations to understand the requirements and needs of customers before embarking on any CRM project. To achieve these two objectives, this article aims to answer the following question:

*"What are the important features of a CRM system that customers want?"*

The remainder of this article is structured as follows. Following a review of the literature on customer relationship management, focus group methodology and content analysis methodology, an initial dictionary of categories (Krippendorff, 1981; Palmquist, 2003; Weber, 1990) of the important features for the customer based on the current CRM literature will be proposed. The article then makes use of this initial dictionary to apply qualitative content analysis on the data collected from focus groups. A data description section is presented to show the relationships of the four themes identified. Next, the findings and lessons learnt from this study will be discussed.

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