A UNIFIED DEFINITION OF CRM TOWARDS THE SUCCESSFUL ADOPTION AND IMPLEMENTATION

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ABSTRACT

Attempts to define Customer Relationship Management (CRM) have been varied and many, reflecting the diverse academic backgrounds of CRM scholars. The inexistence of a unified definition of CRM leads to undesired and unexpected outcomes from the adoption and implementation of CRM. Hence, this paper attempts to come out with a unified definition of CRM. Content-analysis is carried out to find out the main and most important facets of CRM definition from the existing literatures in the fields of marketing, management, and information system. From the content analysis, this paper proposes a unified definition of CRM. This definition could provide great help for researchers and practitioners in the field of CRM. In addition, this unified definition of CRM could enhance the successful adoption and implementation of CRM.

Keywords: Customer Relationship Management (CRM), Relationship Marketing (RM), Adoption, Implementation.

INTRODUCTION

Relationship Marketing (RM) is the origin of Customer Relationship Management (CRM) (Hung, Hung, Tsai, & Jiang, 2010; Wu & Wu, 2005). Harker (1999) defines RM as "An organization engaged in proactively creating, developing and maintaining committed, interactive and profitable exchanges with selected customers [partners] overtime is engaged in relationship marketing". Another definition of RM which is provided by Gummesson (2002) sounds "marketing based on relationships, networks and interaction, recognizing that marketing is embedded in the total management of the networks of the selling organization, the market and society. It is directed to long term win-win relationships with individual customers, and value is jointly created between the parties involved". Therefore, the RM concept is a basic theory of CRM that leads researchers to construct the terminology in order to relate the RM with customer management in the organization.

CRM was first developed in the middle of 1990s in Information Technology (IT) (Lo, Stalcup, & Lee, 2009). Then, CRM became one of the most discussed issues and dynamic topics in the information technology fields (Bose, 2002; Pedron & Saccol, 2009; Zhong Hong, 2008) and one of the fastest growing practices in today's business environment (Foss, Stone, & Ekinci, 2008; Langerak & Verhoef, 2003; Raman, Wittmann, & Rauseo, 2006). Zablah, Bellenger, and Johnston (2004a) point out that the global expenditure for the acquirement of CRM is a demonstration for its growing popularity among practitioners where according to Croteau and Li (2003) and Becker, Greve, and Albers (2009), CRM has become a top priority for organizations. In addition, according to Keramati, Mojir, and Mehrabi (2009), the successful investment in CRM has become very essential than ever before. Previously, Buttle (2004) articulated that there are defensive reasons and offensive reasons that motivate an organization to adopt CRM. The defensive reasons refer to an organization's fears of losing customers and revenues due to the successful CRM adoption among competitors while, the

offensive reasons refer to the desire to improve the profitability by reducing costs and increasing revenues through improving customer satisfaction and loyalty. Accordingly, Geib, Kolbe, and Brenner (2006) and Liou (2009) stated that because of the decreasing of customer loyalty in different industries, CRM started emerging as a response for this decreasing where, according to Wilcox and Gurau (2003) and Schierholz, Kolbe, & Brenner (2006) the implementation of CRM is very fundamental for increasing customer loyalty.

The main concern or focus of both RM and CRM is the longitudinal individual relationships between buyer and seller that will achieve benefits for both of them (Sin, Tse, & Yim, 2005). Among the differences between RM and CRM is that RM is relatively strategic in nature while, CRM is relatively more tactical in nature (Zablah, Bellenger, & Johnston, 2004b). In addition, RM focuses on bonding, empathy, reciprocity, and trust. So, it is considered as relatively more emotional and behavioral (Yau, Lee, Chow, Sin, & Tse, 2000). In contrast, CRM focuses on the management efforts for attracting, maintaining, and enhancing customer relationships so, it is considered as relatively more managerial (Sin et al. 2005).

Reviews of the current CRM literatures in marketing, management, and information system (IS) disciplines reveal many and various attempts to define CRM which could mean different things for different people (Buttle, 2004; Winer, 2001). It is viewed as a business philosophy (Huang & Wang, 2009; Ryals & Knox, 2001; Zablah et al. 2004b), a business strategy (Karakostas, Kardaras, & Papathanassiou, 2005; Parvatiyar & Sheth, 2001; Tarokh & Ghahremanloo, 2007), or a technological tool (Bose, 2002; Campbell, 2003; Zablah et al. 2004b). Many researchers have proposed different definitions for CRM from a balanced perspective (e.g. Hung et al. 2010; Lun, Jinlin, & Yingying, 2008; Payne & Frow, 2005). Hence, it becomes clearer that there is a little consensus about the nature and scope of CRM (Buttle, 2004; Caldeira, Pedron, Dhillon, & Jungwoo, 2008; Zablah et al. 2004b) as well as there is a little consensus about the meaning of CRM (Ngai, 2005; Winer, 2001; Woodcock & Starkey, 2001). This little consensus may refer to (1) the different academic backgrounds of the researchers and scholars, (2) CRM is still an emergent perspective and needs more time and studies to reach the consensus, and (3) the multidisciplinary nature of CRM where it is a combination of management, marketing, and IS disciplines.

As a result of the little consensus around the definition of CRM, many CRM initiatives have been ended up with failure (Injazz & Karen, 2003). The inexistence of clear and consistent definition of CRM makes it difficult to measure the success of CRM (Richards & Jones, 2008). In addition, it has been considered as one of the main causes of unsuccessful adoption and implementation of CRM (Pedron & Saccol, 2009). Therefore, this paper will try to develop a unified definition of CRM that could contribute in the successful adoption and implementation of CRM. The rest of the paper proceeds as follows. The next section describes the research methodology. The third section discusses the results of the paper. The final section presents the conclusion of the paper.

CONTENT ANALYSIS

In this study, a content-analysis based methodology has been used. It is a general qualitative research methodology. This methodology has been used and applied in marketing research and produce valuable results (Harker, 1999). Carlson (2008) states that "content analysis is a descriptive methodological technique". Earlier, Kolbe and Burnett (1991) pointed out that "content analysis is an observational research method that is used to systematically evaluate the symbolic content of all forms of recorded communications. These communications can be also analyzed at many levels (image, word, roles, etc.), thereby creating a realm of research opportunities".

In this paper, the communications are the CRM literatures and the level of analysis is by the perspectives of CRM definitions. The definitions of CRM are given based on three different perspectives, (i) a business philosophy, (ii) a business strategy, or (iii) a technology (Caldeira et al. 2008; Pedron & Saccol, 2009). Therefore, the unit of analysis is based on three perspectives;

philosophy, strategy, or technology. These perspectives represent the criterion for categorizing CRM definitions. The sample of this study is 23 definitions of CRM which are collected based on this criterion. These definitions are selected from different CRM literatures in IS, management, and marketing disciplines. All CRM definitions are listed in appendix A. A summary of the analysis of these definitions is provided in Table 1.

Table 1. Summary of the perspectives of CRM definitions

Perspective Author(s)	Philosophy	Strategy	Technology
Ryals and Knox (2001)	√		
Newell (2003)	√		
Zablah et al. (2004b)	√		
Huang and Wang (2009)	√		
Croteau and Li (2003)		√	
Gupta and Lehmann (2003)		√	
Swift (2001)		√	
Kincaid (2003)		√	
Zikmund, McLeod, and Gilbert (2003)		√	
Ryals (2003)		√	
Payne (2006)		√	
Parvatiyar and Sheth (2001)		√	
Liou (2009)		√	
Karakostas et al. (2005)		√	
Tarokh and Ghahremanloo (2007)		√	
Bose (2002)			√
Peppers and Rogers (2004)			√
Campbell (2003)			√
Hsieh (2009)			√
Urbanskienė, Žostautienė, and Chreptavičienė, (2008)			√
Lun et al. (2008)	√	√	√
Hung et al. (2010)		√	√
Payne and Frow (2005)		√	√

The following section discusses the results of the analysis and categorization of CRM definitions.

RESULTS AND CRM DEFINITION DEVELOPMENT

The divergence around the definition of CRM is quite clear. The categorization and analysis of the definitions of CRM reveals that divergence. Table 2 shows the percentage of the perspectives of CRM definition.

Table 2. The percentage of the perspectives of CRM definition

Perspective	Percentage
Philosophy (4)	17%
Strategy (11)	48%
Technology (5)	22%

Philosophy + Strategy + Technology (1)	4.3%
Strategy + Technology (2)	8.7%

It is clear from the analysis that about half of the definitions is indicated for CRM as a strategy of doing business while 17% of the definitions are associated for CRM as a philosophy and 22% as a technology. These results show that there is an agreement among researchers in defining CRM as a strategy. On the other hand, two definitions pointed out that CRM is a strategy enabled by technology and only one definition has combined the three perspectives. This definition is provided by Lun et al. (2008) who state that "CRM is the philosophy, policy and coordinating strategy mediated by a set of information technologies, which focuses on creating two way communications with customers so that firms have an intimate knowledge of their needs, wants, and buying patterns". This could be considered as the best definition because it is the most comprehensive one.

Pedron and Saccol (2009) provide an explanation for the link among the three perspectives. They claim that "CRM as a philosophy is the background for any strategy and IT application" where the philosophy is proposed to guide the strategies by which in their turn, are going to guide the IT applications for CRM. This explanation is very useful for the development of a general and unified definition of CRM. Figure 1 illustrates the link between the three CRM perspectives.
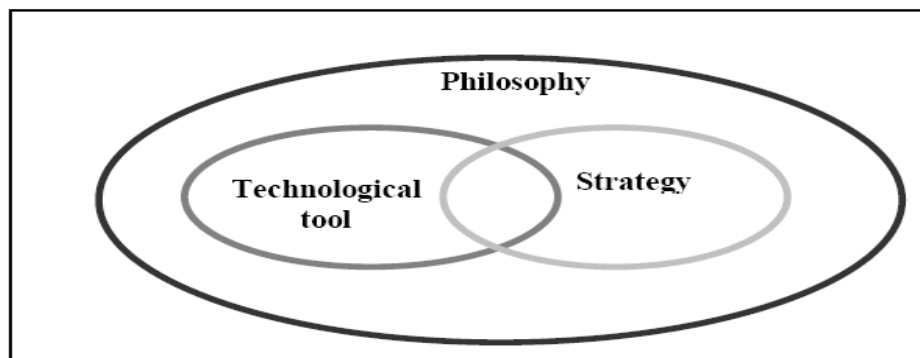

Figure 1: Links between different CRM approaches

Based on the links between CRM approaches as shown in Figure 1, it can be concluded that the definition the CRM must composed of these three perspectives: philosophy, strategy, and technology. Therefore, the following definition of CRM is proposed:

"CRM is the building of a customer-oriented culture by which a strategy is created for acquiring, enhancing the profitability of, and retaining customers, that is enabled by an IT application; for achieving mutual benefits for both the organization and the customers".

The proposed definition claims that to successfully adopt and implement CRM, you have to: 1) build the cultural orientation and communicate the needs of being customer-centric organization, 2) develop a strategy which defines the objectives of CRM, draws the plans for achieving these objectives, and imposes the commitment of being customer-centric organization, and 3) acquire a proper technology for enabling and achieving this strategy. This definition provides the base for an agreement around the main facets that constitute CRM. These facets are the essential pillars of CRM adoption and implementation.

CONCLUSION

This paper aims to come out with a unified definition of CRM that could be useful for the successful adoption and implementation of CRM. With the understanding that the existing definitions do not convey their credibility and generalization, a broader view and a holistic definition of CRM is needed. This paper proposes that it could be achieved through the combination of the perspectives discussed in the previous section; philosophy, strategy, and technology. The proposed definition can provide a proper platform for the top management of an organization to construct their strategic planning, adoption, and implementation in relation with CRM.

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APPENDIX A. Summary of the Different Perspectives of CRM Definition.

1. "CRM is a relationship orientation, customer retention and superior customer value created through process management" (Ryals & Knox, 2001).

2. "A philosophy of doing business that will affect the entire enterprise" (Newell, 2003).

3. "CRM refers to the idea that the most effective way to achieve loyalty is by proactively seeking to build and maintain long term relationships with customers" (Zablah et al., 2004b).

4. "CRM is a customer-centered enterprise management mode, which discovers the customers' value and satisfies their requirements to realize the interaction between enterprise management and customers" (Huang & Wang, 2009).

5. "CRM is a customer-focused business strategy that aims to increase customer satisfaction and customer loyalty by offering a more responsive and customized services to each customer " (Croteau & Li, 2003).

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6. "Is a strategy used to learn more about customer's needs and behaviors in order to develop stronger relationship with them" (Gupta & Lehmann, 2003).

7. "An enterprise approach to understanding and influencing customer behavior through meaningful communications in order to improve customer acquisition, customer retention, customer loyalty, and customer profitability" (Swift, 2000).

8. "CRM is the strategic use of information, processes, technology, and people to manage the customer's relationship with a company across the whole customer life cycle" (Kincaid, 2003).

9. "A process to compile information that increases understanding of how to manage an organization's relationships with its customers" (Zikmund et al., 2003).

10. "Resources destined for relationship building and maintenance efforts should be allocated based on customers' lifetime value to the firm" (Ryals, 2003).

11. "CRM is a strategic approach concerned with created improved shareholder value through the development of appropriate relationships with key customer and customer segment" (Payne, 2006).

12. "CRM is a comprehensive strategy and process of acquiring, retaining, and partnering with selective customers to create superior value for the company and the customer. It involves the integration of marketing, sales, customer service, and the supply-chain functions of the organization to achieve greater efficiencies and effectiveness in delivering customer value" (Parvatiyar & Sheth, 2001).

13. "CRM is a key business strategy in which a firm needs to stay focused on the needs of its customers and must integrate a customer-oriented approach throughout the organization" (Liou, 2009).

14. "CRM is a strategic approach for systematically targeting, tracking, communicating, and transforming relevant customer data into actionable information on which strategic decision-making is based" (Karakostas et al., 2005).

15. "CRM is a strategy used to learn more about customers' needs and behaviors in order to develop stronger relationships with them." (Tarokh & Ghahremanloo, 2007).

16. "CRM is an enterprise-wide integration of technologies working together , such as data warehouse, web site, intranet/extranet, phone support system accounting, sales, marketing, and production" (Bose, 2002).

17. "CRM is a technology or software solution that helps track data and information about customer to enable better customer service" (Peppers & Rogers, 2004).

18. "CRM is leveraging technology to engage individual customers in a meaningful dialogue so that firms can customize their products and services to attract, develop, and retain customers" (Campbell, 2003).

19. "CRM is an enabling technology for organizations to foster closer relationships with their customers" (Hsieh, 2009).

20. "CRM is the complex of software and technologies, automating and performing business processes in the following areas: sales, marketing, service, and customer support" (Urbanskienė et al., 2008).

21. "CRM is the philosophy, policy and coordinating strategy mediated by a set of information technologies, which focuses on creating two way communications with customers so that firms have an intimate knowledge of their needs, wants, and buying patterns". (Lun et al., 2008).

22. "CRM is a managerial strategy that helps organizations collect, analyze, and manage customer related information through the use of information technology tools and techniques in order to satisfy customer needs and establish a long term and mutually beneficial relationship" (Hung et al., 2010).

23. "CRM is a strategic approach that is concerned with creating improved shareholder value through the development of appropriate relationships with key customers and customer segments. CRM unites the potential of relationship marketing strategies and IT to create profitable, long-term relationships with customers and other key stakeholders. CRM provides enhanced opportunities to use data and information to both understand customers and to create value with them. This requires a cross-functional integration of processes, people, operations, and marketing capabilities that is enabled through information, technology, and applications" (Payne & Frow, 2005)