Chapter 3

The Fundamentals of Customer Relationship Management

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ABSTRACT

This chapter presents the overview of customer relationship management (CRM), CRM and customer retention, CRM and customer engagement, CRM and technological utilization, and the importance of CRM in modern business. With the support of advanced technologies, CRM is the advanced approach that can enhance companies to achieve the positive relationships with customers, and can increase both customer retention and customer engagement in their products and services. The application of CRM can promote the capability of interacting with customers conformed to their customer requirements, and can help increase both sales and business growth in the competitive business environments. The chapter argues that utilizing CRM has the potential to enhance business performance and gain sustainable competitive advantage in the digital age.

INTRODUCTION

In a highly competitive market, companies need to maintain positive relationship with their customers (Hassan, Nawaz, Lashari, & Zafar, 2015). Customer relationship management (CRM) becomes one of the most important business strategies in the digital age, thus involving organizational capability of managing business interactions with customers (Kasemsap, 2015a) toward maintaining and creating the relationships with customers in modern business (Kasemsap, 2018a). CRM systems are a group of information systems that enable organizations to contact customers and collect, store, and analyze customer data to provide a comprehensive view of their customers (Khodakarami & Chan, 2014), and can be achieved by placing customers’ requirements at the heart of the business by integrating them with organizational strategy (Erdil & Öztürk, 2016).

The implementation of new customer systems can be a major challenge for small businesses (Wynn, Turner, Banik, & Duckworth, 2016). CRM refers to the company’s activities for establishing and maintaining relationships with its customers (Kalaignanam & Varadarajan, 2012), and encompasses the broad...
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perspectives of activities starting with the segmentation of customers in the database and continuing with acquiring new customers and retaining existing customers (Matis & Ilies, 2014). CRM is one of the most complicated innovations in modern organizations (Keramati, Nazari-Shirkouhi, Moshki, Afshari-Mofrad, & Maleki-Berneti, 2013), is a critical issue in services management (Cheng & Yang, 2013), and is essential for companies seeking growth and profits in the global marketplace (Heidemann, Klier, Landherr, & Zimmermann, 2013).

CRM system is an advanced technology that can make the process of developing the positive relationships with customers (Vaish, Vaish, Vaishya, & Bhawal, 2016). As the CRM tool, social media can manage relationships with customers, and can keep them closer (Elena, 2016). With the support of social media technologies (Kasemsap, 2017a), CRM can incorporate a more collaborative and network-focused way in order to manage customer relationships (Trainor, Andzulis, Rapp, & Agnihotri, 2014) and to enhance customer lifetime value (Kasemsap, 2018b). Through CRM, a company can improve customer satisfaction by customizing products and services to the customers’ requirements (Krishna & Ravi, 2016), and can promote the customers’ active participation in the value-creation process (Cambra-Fierro, Melero, & Sese, 2017).

This chapter focuses on the literature consolidation of CRM. The extensive literature of CRM provides a contribution to practitioners and researchers by explaining the advanced issues of CRM in modern business.

BACKGROUND

Organizational transactions are handled along a process of making the customer relationships (Dalsace & Jap, 2017). Effective CRM is the complimentary business strategy (Vaeztehrani, Modarres, & Aref, 2015) for many companies in the digital age (Benmoussa, 2005) with the goal of improving the business relationships with customers (Soltani & Navimipour, 2016). CRM is used to define the process of maintaining relationship with customers (Hassan et al., 2015) toward increasing customer satisfaction and customer loyalty (Coussement & van den Poel, 2008). Customer loyalty is the previous customers’ intention to buy products and services from the particular company (Kasemsap, 2017c).

CRM is defined as the adoption of information technology (IT) to develop new customers and retain old customers so as to keep the long-term customer relationship, which aims to improve customer relationship, and can help increase customer loyalty, customer retention, and customer profitability (Hennig-Thurau, Gwinner, & Gremler, 2002). The perceived customer value is reflected in the improved service quality, reliability, and agility (Rhodes, Lok, Loh, & Cheng, 2016). Customer value, customer satisfaction, and brand loyalty have mediated positive effect on CRM performance (Kasemsap, 2014a). Customer data and IT organize the groundwork upon which any successful CRM strategy is established (Tsai, 2011) toward improving the performance of customer service (Kasemsap, 2017b).

The rapid growth of CRM systems raises the opportunity within many firms to effectively utilize the customer data over time to secure competitive advantage in modern business (Eichorn, 2004). CRM data is among the most important and comprehensive information available to executives in many organizations (Stein, Smith, & Lancioni, 2013). With the increasing importance of CRM in every industry domain, CRM classification practitioners demand a standardized framework with the streamlined data