Chapter I

Electronic Customer Relationship Management (eCRM) in a Business-to-Business Marketing Setting

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ABSTRACT

This chapter focuses on the concept of Electronic Customer Relationship Management (eCRM) in the context of a business-to-business marketing environment. An overview of business-to-business marketing is offered; business-to-business marketing is compared to consumer-based marketing, specifically regarding buyer behavior. These comparisons include differences in revenues, the intended customer and the buying process.

Market orientation is described, as is its emphasis on responding to customer needs in both consumer and industrial markets. The concepts of supply chain management, services marketing and channel management are introduced. Lastly, Electronic Customer Relationship Management (eCRM) is presented. The discussion centers on the integration of eCRM into business operations, analytical capabilities facilitated by eCRM and collaboration improvements provided by eCRM. The chapter concludes with a comparison of eCRM and relationship marketing.
WHAT IS BUSINESS-TO-BUSINESS MARKETING?

Business-to-Business Marketing Overview

Business markets describe local or global products and services that are purchased by businesses, governments and institutions. These purchases may be for consumption or use by the purchasing organization itself, for incorporation into other materials or components, or for resale to other organizations.

The terms business-to-business marketing and industrial marketing are used interchangeably, and describe over half of the economic activity that takes place in the United States, Canada and most modern nations. General Motors is an example of a firm that conducts exchange in business markets, where purchasing of industrial products and services exceed $85 billion annually. Other companies such as GE, IBM and DuPont each spend more than $60 million daily on industrial purchases.

Consumer Versus Organizational Buying Behavior

Revenue size is one way to distinguish business-to-business marketing and consumer marketing. The dollar volume of industrial transactions greatly exceeds those of consumer markets. This reflects the fact that industrial transactions support the purchase needs of an entire organization, whereas consumer transactions support the purchase needs of an individual or family.

Other ways that business marketing and consumer marketing differ are in the intended consumer, and the intended use of the product. Though products (or services) may be identical in both of these buying situations, organizational buying requires a different marketing approach compared to consumer buying. Further, there are some products such as steel, heavy machinery or airplane parts that cater exclusively to the business market. Marketing strategies used to sell these products highlight differences between organizational and consumer buying.

Organizational buying is usually a formal activity that takes place over an extended timeframe and often includes members that represent several departments within the organization. Requirements are determined based on the needs of the total organization and frequently include non-buying tasks such as bargaining and politicking among organizational members. Consumer buying on the other hand may take place with or without the consultation of others, generally occurs over a much shorter timeframe and usually only involves the needs of the individual or family that is making the purchase. However, in some cases, consumer purchase decisions may be influenced by external factors such as peer pressure or status symbols.

Another distinguishing characteristic is the emphasis on personal selling in industrial markets, compared to the prevalence of advertising in consumer markets. Personal selling is important in business markets because of the unique technical
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