Chapter 8

New Information Technologies and Other Pertinent Issues Impacting the Strategic Dimension of CRM for Business Excellence

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ABSTRACT

Recent interest in relationship management and relationship marketing has led many firms to consider how to improve customer retention rates. The scope of the current chapter will be limited to an exploratory study of the technologies and relevant issues in the development and deployment of customer relationship management (CRM) applications for businesses, specifically those that would pertain towards impacting the strategic dimension of business and enable them to excel in delivering optimal solutions to customers. Future areas of research in CRM will be identified based on the literature review and observed trends in the subject matter. Based on available technologies, current issues in CRM and other pertinent issues, a conclusion will be drawn reflecting the authors’ opinion.
INTRODUCTION

Customer relationship management (CRM) focuses on keeping customers and building a strong relationship with them, thus enhancing customer loyalty. It is now being increasingly recognized that the greater the satisfaction the customer has with the organization and its products, the more likely it is that a company will be able to enjoy long-term customer retention and improved profitability. This emphasis involves directing attention at creating a growing understanding and commitment between the customer and the firm, in order to obtain the advantages of a long-term relationship. Relationship marketing concept relies on a move from function-based marketing to cross-function marketing, and a shift from marketing activities which have an emphasis on customer acquisition to those that emphasize customer retention. This approach includes all aspects of all customer-company interactions and is a guideline for all those parts of the organization that deal with customers in a direct or indirect way (Rapp, Reinhold, “CRM in the Airline Industry”) (Jenkins, 1999, p. 319).

In concept CRM is simple. It is the process of predicting customer behavior and selecting actions to influence that behavior to benefit the company (Glover, 2000, p. 88).

HISTORY OF CRM, CRM’S GOAL AND THE ROLE OF INFORMATION TECHNOLOGY IN CRM

The stated goal of CRM is the capability to handle customer interactions consistently across channels and functions. This capability is critical to building loyal and profitable customer relationships (Anderson, 2000, p. 479). In highly competitive markets, cost cutting and competitive pricing strategies are likely to result in early wins in attracting customers from competitors. But in many service industries, especially where there are high switching costs, price advantages are unlikely to be a sufficient reason for customers moving between suppliers. In these situations, successful competitive strategies are likely to include developing strong relationships with customers and cross-selling them other services. This is one of the major goals of CRM.

Customer relationships have to be managed continuously for a profitable and optimal relationship between the firm and the customer. A common strategy needs to be developed for the management and use of all customer information. Information technology plays an important role in collecting, processing and using this customer information to attract, retain and win back customers. The management of customer information in companies and organizations is increasingly essential to the maximization of customer value through long-term relationships.
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