A Review on Divergent Views Analysis of Customer Relationship Management

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ABSTRACT: Academic research on customer relationship management (CRM) has started to thrive, prompted in part by the well reported failure of CRM efforts. Despite the fact that many research have produced valuable insights, the existing CRM literature seems to be inconsistent and fragmented, owing to a lack of an uniform conceptualization. This article aims to offer a clear and precise definition of CRM's domain in order to contribute to the advancement of a coherent body of knowledge on this subject of increasing interest and significance. The authors proprtygose that the phenomenon is conceptually defined as an ongoing process that involves the advancement and utilizing of market intelligence for the intent of creating and maintaining a profit-maximizing investments of customer relationships, after reviewing and analyzing process, strategy, philosophy, capability, and technology-based CRM perspectives. A thorough explanation of the CRM process is given, as well as a comprehensive framework to assist marketers in their search for CRM success, based on the suggested conceptualization.

KEYWORDS: Customer relationship management, CRM; Interaction management; Knowledge management; Relationship marketing

1. INTRODUCTION

"[CRM] isn't a technology," says the author. That is true, but not exactly, as you shall see. It was also said to be a "customer-facing" system. It's a strategy or a collection of business procedures. There is a methodology. It's either all of the above or anything you want". Few subjects have piqued the attention of academics and practitioners as much as customer relationship management has in the past two years (CRM). Despite the lack of proof of CRM's effect on company performance, commercial companies across the world spend billions of dollars each year on what software pioneers such as Siebel and Oracle refer to as "CRM technology." Early estimates indicate that annual worldwide spending on CRM technology will reach US$17 billion in the next 3 to 4 years, and that figure will exceed US$100 billion if the market is expanded to include CRM-related services.

Academic research efforts originally concentrated on understanding the causes and effects of CRM success, prompted by many stories in the popular press emphasizing the frequency of CRM failure[1]. While such efforts identified key success criteria and offered some proof of CRM's effect on organizational performance, the CRM literature is uneven and fragmented. This is due in large part to the fact that there is still no universal understanding of the phenomena. As the above sample demonstrates, there is considerable ambiguity among marketers about CRM's nature: While some say it's a specialized set of technical tools, others say it's a set of business procedures centered on managing the customer experience, and yet others say its best thought of as a complete customer retention strategy[2].

1.1. CRM from several perspectives:

Numerous definitions of CRM have been suggested by marketing practitioners and academics alike, as a quick study of the literature will certainly show. While some of these conceptualizations are similar, there is a distinct lack of agreement on the best suitable approach to describe these emergent phenomena. An thorough study of the existing literature was performed in order to create a conceptualization that reflects the real meaning of CRM. Aside from published and unpublished academic articles, the review includes a large quantity of popular literature. For example, definitions provided by the major CRM software makers and suppliers, as well as articles posted on important CRM web sites, were examined. A total of 45 different definitions of CRM were found in the literature research[3].

1.2 CRM as a method:

A process is a set of actions or activities that, when combined, provide a desired business result. A business process, to put it another way, is a collection of actions that transform organizational inputs into desired outputs. The particular character of a business process is determined by the degree of aggregation used to describe it, since groupings of activities may be split or aggregated into lower and higher level processes. CRM is a macro-process that encompasses a number of sub-processes, such as prospect identification and customer knowledge generation. Furthermore, they claim that these sub-processes may often be split into more precise micro-processes (e.g., data collection and storage is a micro level process that forms part of the customer knowledge creation sub process)[4].

As a result, the definition of necessary inputs and desired outcomes for any particular collection of tasks is completely dependent on how the component activities are aggregated. That is, the process view is the only one that explicitly recognizes that buyer-seller interactions change through time (i.e., have a lifespan) and must adapt in order to survive. In fact, it is for this reason that new academic research supports and promotes CRM's process viewpoint. However, the utility of this perspective is restricted by the fact that CRM has been defined at many levels of aggregation, making it unclear which activities would be subsumed under such a process and what its required input and desired output would really be[5].

1.2 CRM as a strategy:

A strategy is described as a ''overall plan for allocating resources to achieve a desirable position." The strategic perspective of CRM stresses the need of allocating resources for relationship development and maintenance activities based on customers' lifetime value to the company (i.e., anticipated net earnings throughout the relationship's lifespan). This viewpoint argues that not all customers are equally valued, and that optimum profitability can only be reached by investing available resources in customer relationships that offer a desirable degree of return. This approach to CRM focuses on how to create and retain connections, rather than how to cultivate the proper kind of relationships, which may have a significant beneficial effect on company profitability.

As a result, the idea that customer relationships should be regarded as a portfolio of assets or investments that need to be constantly managed to optimize profitability is strongly linked with this perspective of CRM. While the application of portfolio theory to customer relationships predates the CRM era, it is increasingly gaining attention in the CRM literature and is hailed as a useful tool for allowing businesses to find the best mix of clients in which to spend their limited resources[6].

1. CRM as a philosophy:

Customer loyalty and company profitability are inextricably linked. CRM, when described as a concept, refers to the belief that the most effective method to gain client loyalty is to actively seek out and develop long-term connections with them. Rather than considering recurrent transactions between buyers and sellers as one-time occurrences, CRM emphasizes that building a loyal client base requires viewing interactions in the perspective of a long-term relationship[7].

CRM is intimately connected to the marketing idea, which emphasizes the need of businesses organizing around and responding to their consumers' changing requirements. That is, the philosophical viewpoint understands that in order for trade relationships to endure, selling businesses must be able to provide what their customers value on a consistent basis, a task best achieved by companies with a customer-centric culture. Furthermore, this viewpoint successfully bridges the gap between the marketing idea and the relationship marketing paradigm, emphasizing the necessity of generating client value, which is only hinted at in the other viewpoints. To put it another way, this viewpoint contends that in order to develop long-term, successful partnerships, businesses must base their daily operations on a thorough knowledge of their consumers' changing requirements[8].

1.4 CRM as a function:

The distinction between resources and capabilities is made. Production variables such as capital equipment, specific staff talents, and patents are examples of resources. Capabilities, on the other hand, relate to a group of people's ability to complete a job or activity. While a firm's capabilities are derived from its resources, its competitive advantage is derived primarily from its capabilities.' Capabilities, unlike resources, are usually knowledge-based, complicated, and cannot be bought or acquired in factor markets. To put it another way, capabilities relate to the difficult-to-replicate skills and collected knowledge that allow businesses to carry out the operations that are part of their business processes. The capacity viewpoint on CRM emphasizes the need of companies investing in creating and obtaining a diverse set of resources that allows them to change their behavior toward individual customers or groups of customers on a regular basis. Assume that a big hardware distributor has been supplying a relatively modest advertising company with desktop computers and associated services for some time. Furthermore, assume that the advertising company intends to double in size within the following year as a result of improved economic circumstances and a rising reputation for unmatched innovation[9].

1.5 CRM as a technological solution:

Although CRM technology pushed relationship management to the forefront of marketing practice and academic study, few (if any) marketers today would claim that CRM is just a technical tool that allows businesses to establish customer connections. Indeed, one of the most widely held beliefs in the literature is that ''CRM is much more than technology," and that a misunderstanding of its real nature is partly to blame for the failure of many CRM projects. Recent empirical studies support this claim, indicating that CRM technology has a modest to poor effect on the overall performance of a firm's relationship-building activities. As a result, it seems that both overestimating and underestimating the importance of technology in CRM projects may harm a company's relationship management efforts[10].

1.6 Towards a common understanding:

Each of the five viewpoints presented in the literature approaches CRM in a different manner. While each viewpoint has the ability to ''stand on its own," we believe the macro process view offers the strongest conceptual basis for the CRM phenomena. Our position is based on the idea that the macro process perspective provides the most comprehensive, all-encompassing view of CRM (i.e., it encompasses highly related sub processes like interaction management) and, more importantly, it explicitly acknowledges the process aspects of relationship development and maintenance (i.e., buyer-seller relationships evolve over time and must evolve to survive). That isn't to imply that the other points of view don't add to our knowledge of CRM. As a result, the insights gained from the remaining viewpoints will be used to further describe or characterize the nature of the CRM process in the paragraphs that follow. This section will end by providing a formal definition of CRM based on that analysis.

It is essential to determine the required inputs and desired outcomes before attempting to define and properly describe a business process. ''The inputs and outputs, or what it begins with and what it finishes with, are the core of a process. Everything else is a minor point". Despite the fact that CRM has been characterized as a macro-level activity, the existing literature is ambiguous regarding the kind of input and particular nature of the output associated with this wide, all-encompassing process. This may be because, unlike manufacturing processes, which often need and produce very concrete inputs and outputs, the CRM macro process uses and produces more ethereal, highly complex resources that are difficult to identify and/or describe. As a first step toward a deeper understanding of the CRM process, the remaining four perspectives' knowledge will be used to throw light on the nature of the process input and output. The strategic viewpoint offers the most convincing information about the CRM process's desired outcome.

As you may remember, the strategic perspective of CRM says that it is all about establishing the appropriate kind of connection with each particular client. To optimize organizational profitability, it's all about prioritizing customer connections and making corresponding investments in those relationships. To put it another way, the strategic perspective contends that CRM entails the wise use of limited organizational resources to enable firms to build a portfolio of customer relationships that, given the customer's needs and preferences as well as the firm's

capabilities, results in the greatest organizational profitability. However, before going through these inputs, it's important to first go over the many kinds of organizational resources that may be used as inputs to organizational processes. In general, businesses have three different kinds of resources: Physical, human, and organizational factors all have a role. Property, plant, equipment, and raw materials are examples of physical resources. Human resources, on the other hand, relate to personnel-based resources such as individual workers' training, insights, and judgment. Finally, intangible factors like as culture, brand image, and company reputation are included in organizational resources.

Fundamental resources are identified in both the philosophical and technical viewpoints as part of the required inputs. The philosophical viewpoint, in particular, highlights what some believe to be the most important organizational resource of all: a customer-centric culture. Remember that the philosophical viewpoint contends that in order to establish long-term, stable partnerships, businesses must base their daily operations on a thorough knowledge of their customers' (changing) requirements. This is what allows businesses to consistently provide client value, which is essential for the development of long-term buyer-seller relationships. As a result, it is reasonable to see customer centricity as one of the main organizational (cultural) inputs that companies need in order to develop a profit-maximizing portfolio of customer connections.

1.7 CRM and relationship marketing:

The conceptual foundation of CRM is frequently described as relationship marketing. As a result, both occurrences are considered to have "striking parallels," according to one scholar. Indeed, some believe they are so similar that a differentiation in the literature is unnecessary. As a result, determining how CRM connects to relationship marketing is essential to properly demarcate CRM's domain. Are CRM and relationship marketing really separate phenomena or are they simply interchangeable terms? The goal of this endeavor is to get an acceptable response to this issue, but it's complicated by the fact that there are many different views on relationship marketing. The phenomena was defined as "all marketing efforts aimed at establishing, developing, and sustaining effective relational exchanges" by this extension of the relationship marketing idea.

1.8 The CRM process is described as follows:

CRM, according to the suggested definition, is concerned with gathering market information that businesses may use to create and maintain a profit-maximizing portfolio of client connections. As a result, in order to get a better grasp of CRM, it's critical to examine not just the particular set of actions that businesses engage in to generate that information, but also how they use it to accomplish the process's intended goal (i.e., a profit-maximizing portfolio of customer relationships). In general, CRM literature suggests that the required market intellect is produced through the efficient implementation of a knowledge management, and that the resulting intelligence is used to build an income portfolio of customer relationships by enabling firms to pick the right customers, take priority relationships, and manage interactions with them productively.

2. DISCUSSION

The uncertainty around CRM's nature has also penetrated academic literature, resulting in research streams that approach CRM from apparently disparate viewpoints. As a result, our endeavor aims to create a conceptualization and description of CRM that properly reflects the actual nature of the phenomena in order to contribute to the development of a coherent body of knowledge on this subject of increasing interest and significance. In addition, the goal of this study is to expand on the suggested conceptualization and literature analysis to offer marketers with a framework that defines the essential components of effective CRM efforts. This article starts with a survey and analysis of the many viewpoints that define the public and academic CRM literature as a first step toward defining CRM's domain. The suggested paradigm is then given, and the connection between CRM and its philosophical forerunner, relationship marketing, is examined. The next section introduces a descriptive model that defines the main aspects of CRM. Finally, a paradigm for CRM success is given, as well as additional management implications based on the research. The article ends with a few short comments that emphasize the most important contributions made as a result of this work.

3. CONCLUSION

So far, the haphazard definition of CRM's domain has resulted in a highly fragmented body of knowledge that fails to address many of the problems surrounding this important subject. Following a survey of the key CRM views, this article proposes a conceptualization that aims to not only define CRM's domain but also to reconcile the various viewpoints found in academic and popular literature. While the analysis provided in this article agrees with the process view on CRM, it tries to broaden current definitions by defining the CRM process as strategic in nature and outlining the necessary input and desired outcome. This article not only proposes a formal definition, but it also offers detailed information regarding the CRM process. CRM was defined in terms of two important sub processes: knowledge management and interaction management.

Furthermore, it was stated that the overall aim of these procedures is to allow businesses to develop and maintain a profit-maximizing portfolio of client connections by ensuring that interaction quality is maintained throughout time. Given that dyadic exchange relationships are made up of a series of interconnected interactions that occur over time, interaction quality was thought to have a major effect on relationship outcomes. Consistency, relevance, and appropriateness are three characteristics that may be used to evaluate the quality of buyer-seller interactions. Finally, a paradigm was provided for attaining CRM success.

The framework is designed to give managers with a general overview of how CRM efforts should be handled, and it builds on the perspective of CRM provided in the article. The framework expands on the suggested conceptualization by emphasizing the need of having a formal relationship management strategy in place inside a CRM program. It also shows that an emphasis on process management is likely to help CRM efforts succeed. While this article only tried to address a few of the numerous knowledge gaps that exist in this field, the concepts presented here may definitely benefit future research projects. Future attempts may, at the very least, build on the framework and conceptualizations outlined in this article to create measurements and conceptual models that aid in the unraveling of the mysterious phenomena known as customer relationship management.

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