A Review of Customer Relationship Management, Implementation and Procedures from the Rich Nation and Emerging Market Perspectives

Mujitaba Abubakar Tangaza¹, Abadullahi Muhammed² and Abdullahi A. Bala³

¹,²,³Department of Business and Management Studies, Sokoto State Polytechnic, Sokoto, Nigeria

Abstract
Various attempts were made to find common definition and implementation framework of Customer Relationship Management (CRM). Yet no agreement on what constitute CRM emerge. Thereby reflecting the diverse nature of CRM origin. In this study, literature review on CRM was carried out through content analysis. It start with the definition of CRM to implementation framework. Eventually, brief explanation on the importance of context on CRM implementation in emerging marker was made.

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

1. Introduction
Undeniably, for the last twenty years, Customer Relationship Management (CRM) remained one of the most talked about marketing strategy (Chikweche & Fletcher, 2013). Interest in the area is manifested from the body of collected works on the subject between 1992 and 2002 describing its potentials and viability in building successful relationship with customers (Ingai, 2005). It becomes a sub-discipline which attracts the attention of business practitioners and academicians (Finnegan & Currie, 2010; Payne & Frow, 2005; Ryals & Payne, 2001).

Interest in CRM receives more impetus, as various studies indicates an increased benefit in retaining an existing customer instead of acquiring new one (Greenberg, 2010; Payne, 2006; Boulding, Staelin, Ehret, & Johnston, 2005). Acquiring new customer involve high cost while retained customers contribute as much as times two of what new customer will bring to the company through their repeat purchases (Winer, 2001).

Relationship Marketing (RM) is the origin of CRM, and it is the terminology that connect Relationship marketing and customer management (Rababah, Mohd, & Ibrahim, 2010). Advancement in information technology and the proliferation of customer demand continue to modify and bring changes to RM principles (Ryals & Payne, 2001). These changes resulted to expulsion of data and refined marketing approaches drawing more attention to customer orientation (Kumar & Reinartz, 2006). As a result, In 1993 Pepper & Roggers come up with the idea of one to one marketing, which advocates selling to single customer as many product as possible (Bohling et al., 2006), and followed by mass marketing propounded by Pine (1993). These give technology vendors a chance to combine these ideas with recent hardware and software solution to introduce the term customer relationship management (Buttle, 2009). This assertion was confirmed when Payne (2006) CRM is a combination of relationship marketing and information technology.

However, regardless of the over hyped of CRM, firms continue to experience difficulties with their CRM initiatives. Bohling et al. (2006) cited in their study that a firm suffered a loss of up to $100 million US dollars despite having CRM strategy. Also in a related development a firm in health care industry have similar issue when its CRM initiative could not prevent customer attrition of 6% and this was attributed to the CRM implementation related problems. This problem has been attributed to the lack of common and acceptable definition and implementation procedure in industrialized market (Nguyen, 2011).

Therefore, the main objectives of this paper is to provide academics and practitioners with a review of CRM literature rich nation perspective and emerging market perspective; also, to briefly highlight the impact of context on CRM implementation. The rest of the paper is organized as follows. Research methodology was describes in the second part of the paper. Third, issues surrounding CRM conceptualization, definition, frameworks in rich nation were discussed. Fourth, CRM implementation from emerging nation
perspective was presented. The final section present conclusion of the paper.

2. Research Methodology

This study employ content analysis based methodology. It is a general qualitative research methodology. This methodology is not new in marketing research. It has been used by Rababah et al. (2010) in their research on CRM definitions. It is a descriptive research method (Carlson, 2008). In addition, 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 descriptive analysis of CRM definitions and implementation from both the industrialised nation perspective and emerging market perspectives. The definitions of CRM are given based on three different perspectives, (i) a business philosophy, (ii) a business strategy, or (iii) a technology.

Likewise, CRM framework which outlines factors necessary for CRM implementation were briefly introduced, and prominent among these framework were discussed. Later, CRM literature from emerging market was presented. CRM definitions are listed in Table 1 and CRM frameworks in Table 2.

3. Literature Review

It is clear that marketing has changed from developing, selling, and delivering products to the concept that is concerned with satisfactory development and maintenance of relationships (Buttle, 1996). This change is driven by increased competition in the early 90s. It creates more awareness to consumers of service product making them more eloquent and demanding, forcing firms to seek solace with them (Pyne, 2006). This awareness, coupled with the advancement in information technology and changing buying patterns, brought about the perception of customers as individual and the need to treat them as such (Gronroos, 1990). Besides, modern marketers are more interested in customer loyalty build on relationship context rather than short term profit based on individual transaction event (Zablar, Bellenger & Johnson, 2004).

Relationship marketing has been defined by different scholars. Although quite a number of definitions are more popular and enjoyed wide recognition in the literature. For example, definition by Berry (1983) enjoyed wide acceptance. He defines relationship marketing as “attracting, maintaining and in multiservice organizations - enhancing customer relationships.” His definition is more restricted to relationship building with various marketing actors in service sector. To Berry (2002) relationship marketing is a philosophy that promotes relationship between firm and its stakeholder. The author argued that relationship building activities should be the central issue in firm’s decision making process. Its main focus is how to improve, specifically, the effectiveness of firms-stakeholders relationship.

In service context relationship marketing is concern with continuous process of customer retention. The main target is customer life time value which can only be achieved if the relationship last long (Zablar, 2004).

However, as the research on relationship marketing evolves, couples with the advancement of information technology (Chen & Popovich, 2003), it develops into an area focusing on relationship management with customers. This area is known as customer relationship management (CRM). CRM and relationship marketing share same principles (Kumar & Reinartz, 2006; Payne, 2006). In fact, relationship marketing is the origin of CRM (Agariya & Singh, 2011b; Rababah et al., 2010). They both employ building relationship with the most important customers for increased profit and reduced cost (Zablh et al., 2004). Nevertheless, relationship marketing is brother as it encompasses building relationship with marketing actors (Parvatiyaar & Sheth, 2001). On the other hand, CRM is more specific on establishing and managing most profitable customers.

3.1 CRM Definitions

Although there is agreement that relationship marketing is the theoretical basis for CRM, however, researchers in the area of relationship marketing are debating on what exactly constitute customer relationship management (Agariya & Singh, 2011b; Rababah et al., 2010; Buttle, 2009). Discussion on CRM definition continues (Greenberg, 2009). Business community and academic consult each other all in a quest for the unified meaning of CRM. Although the research in the area is on-going, effort made to find a common ground on what CRM is all about seems to be far from over (Kevork & Vrechopoulos, 2009). However, Zablh et al. (2004) and Parvatiyar and Sheth (2001) attempted to find a common
acceptable definition of CRM for the development of the discipline, but still the misconceptions continues.

This misconception as Kumar and Reinartz (2006) reported is as result of different understanding between CRM software vendor/practitioners and academicians. Saarijärvi, Karjaluoto, and Kuusela (2013) shared same view and added that the multidisciplinary nature of CRM attributed to its differences. CRM is a combination of management, marketing and information system perspectives.

And most of CRM definitions are aligned to either all or one of these areas of study. For instance, CRM is defined as the following:

(i) Strategy (Bohling et al., 2006; Kumar & Reinartz, 2006; Boulding et al., 2005; Payne & Frow, 2005; Zablah et al., 2004), as

(ii) Philosophy (Zablar et al., 2004; Ryals & Knox, 2001), and as a

(iii) Technological tool (Bose, 2002). See Table 1.

Table 1: CRM Definitions

<table>
<thead>
<tr>
<th>CRM definitions</th>
<th>CRM approaches</th>
</tr>
</thead>
<tbody>
<tr>
<td>..CRM is a relationship orientation, customer retention and superior customer value created through process management” (Ryals &amp; Knox, 2001).</td>
<td>Philosophy</td>
</tr>
<tr>
<td>..as the combination of relationship marketing initiatives and information technology to establish profitable relationship with customers that will last for a long time (Dimitriadis and Stevens, 2007)</td>
<td>Strategy</td>
</tr>
<tr>
<td>CRM as marketing strategy of understanding customer behaviour and factors that influence such behaviour in order to enhance customer acquisition, retention, and the overall company profit (Ngai, 2005)</td>
<td>IT</td>
</tr>
<tr>
<td>CRM is a process that would enable firm to establish and maintain sustainable relationship with customers through customises service and by using different contact point in order to satisfy customers’ needs and maintain optimum level of profit (Bohling et al. 2006)</td>
<td></td>
</tr>
<tr>
<td>A philosophy of doing business that will affect the entire</td>
<td></td>
</tr>
<tr>
<td>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 &amp; Wang, 2009)</td>
<td></td>
</tr>
<tr>
<td>CRM is an enabling technology for organizations to foster closer relationships with their customers” (Hsieh, 2009)</td>
<td></td>
</tr>
<tr>
<td>Is a strategy used to learn more about customer's needs and behaviors in order to develop stronger relationship with them” (Gupta &amp; Lehmann, 2003).</td>
<td></td>
</tr>
<tr>
<td>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).</td>
<td></td>
</tr>
<tr>
<td>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).</td>
<td></td>
</tr>
<tr>
<td>“Resources destined for relationship building and maintenance efforts should be allocated based on customers’ lifetime value to the firm” (Ryals, 2003).</td>
<td></td>
</tr>
<tr>
<td>&quot;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).</td>
<td></td>
</tr>
</tbody>
</table>
| 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,

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).

"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).

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

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

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).

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

Sources: The Author
An analysis of CRM definitions from the perspectives of philosophy, strategy, and Information technology manifest different opinions. However, despite these differences the concept of CRM as a strategy has been accepted by many studies (e.g. Boulding et al., 2005; Peelen, 2005; Reinartz, Krafft, & Hoyer, 2004). Researchers felt the conceptualisation of CRM as a strategy was the best for the organisations. While philosophy and technology concepts are important, Boulding et al. (2005) felt that the frequency of strategy in CRM definition meant that scholars are converging toward a unified definition of CRM. Thus, the level of failure during implementation will be minimised.

However, Bose (2002) positioned CRM as technology and believes that it is the main driver of the present relationship marketing. Hsieh (2009) believes CRM is a complete set of information technology used to conduct one to one marketing for enhanced value creation. He noted that to understand customer behavior customer data is essential. As such, CRM systems can be used not only to get accurate customer data but also to foster closer relationships with customers.

Likewise, CRM as a philosophy is described as the foundation for strategy building (Rababah et al., 2009; Pedron & Saccol, 2009). Therefore, it should be considered above strategy and even technological tools. The philosophical aspect of CRM build foundation for customer oriented strategy. According to Zablah et al. (2004), CRM as philosophy represent the idea that achieving customer loyalty requires building and maintaining long term relationship with them. To build customer loyalty, interaction with customers should be within the context of relationship rather than treating every transaction as an individual event.

However, Zhang, Li, and Wang (2008) in a Chinese rural bank study confirmed that looking at CRM from the three perspectives will generate positive efficacy on firm performance. The author describes CRM as the philosophy, policy, and coordinating strategy. This strategy is facilitated by a set of technologies which focus on creating two way communications with customers. Eventually, firms will have an intimate knowledge of customers’ needs, wants, and buying patterns.

In compliment to the above argument, Pedron and Saccol (2009) believe that merging these three perspectives provides multiple benefits: it enables building of a customer-oriented culture and the need to satisfy customer needs (Rababah et al., 2010), defines CRM objectives in line with organisational goals and direct resource towards CRM actualisation (Ahearne, Rapp, Mariadoss, & Ganesan, 2012), and enables technologies to serve as a conduit for effective strategy implementation (Payne & Frow, 2005).

Again, Payne (2006) believe the way CRM is defined by organization will certainly influence its implementation and practice. Technology is essential in CRM implementation, but positioning CRM as a strategy will focus the entire organisation’s resources to its implementation (Trainor, Andzulis, Rapp, & Agnihotri, 2013).

Figure 1 Shows the Link between Three Different CRM Perspectives

![Diagram of CRM Perspectives](source: Rababah, Mohd and Ibrahim (2011 p. 223))
3.2 CRM Frameworks

Given the analysis of CRM definitions, it is evident that there is no single unified and acceptable CRM definition (Agariya & Singh, 2011a). Equally, consensus is yet to emerge on what constitutes key CRM components (Chikweche & Fletcher, 2013). In an attempt to come up with meaningful and acceptable CRM frameworks, many frameworks were developed and empirically tested. Among them is that of Winer (2001), Osarenkho and Bennani (2007), and Payne and Frow (2005). Prominent CRM frameworks were briefly summarized in Table 2.

According to Winer (2001), CRM implementation requires a comprehensive framework: a framework that will define the entire CRM processes and organise relevant resources around CRM implementation. The author offered a framework for CRM implementation through the use of a basic model with seven basic components. Winer (2001) outlined seven components to guide CRM implementation. These seven tenets include the following: the creation of a database for customer activity, an analysis of the database, customer selection, customer targeting, relationship marketing, privacy issues, and metric.

<table>
<thead>
<tr>
<th>Author</th>
<th>Key components</th>
<th>Framework focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ostroff and Smith (1992), Srivastava et al. (1999)</td>
<td>Sub-processes: identifying potential new customers, determining the needs of customers, managing customer site visit teams</td>
<td>Operational</td>
</tr>
<tr>
<td>Winer (2001)</td>
<td>Seven-stage framework: creation of a database, analysis, customer selection, customer targeting, relationship marketing, privacy issues, metrics</td>
<td>Operational</td>
</tr>
<tr>
<td>Authors</td>
<td>CRM Value Chain</td>
<td>Framework Type</td>
</tr>
<tr>
<td>--------------------------------------------</td>
<td>----------------------------------------------------------------------------------</td>
<td>------------------</td>
</tr>
<tr>
<td>Buttle (2001)</td>
<td>CRM value chain: customer portfolio analysis, investing in people, maintaining dialogue with customers, setting realistic targets, assessing performance, using relationship-based interfaces</td>
<td>Operational</td>
</tr>
<tr>
<td>Sue and Morin (2001)</td>
<td>Initiatives, expected results and contributions</td>
<td>Not explicit</td>
</tr>
</tbody>
</table>

**Sources: The Author**

However, Winer (2001) framework has receive attention, but Chikweche and Fletcher (2013) describe the framework as operational but with less focus on the integration of business processes across firm functional units. In summary, this framework is not cross functional.

Similarly, Osarenkhoe and Bennani (2007) came up with another framework empirically developed to aid CRM implementation. This framework focused on planning, implementation, and management of the CRM programme. They believe that CRM implementation require a series of activities that involve a focus on product quality, focus on customer satisfaction and customer service, and a focus on change management and human resources investment. They emphasise the need for process-oriented structure to enhance the management of the CRM programme through periodic assessment of goals and performance. Equally, this framework was mentioned widely, but it is operational and not cross functional.

Payne and Frow (2005) developed another framework to aid CRM implementation. This framework is cross functional and focuses on creating customer centric strategy. Although this study by Payne and Frow (2005) is not empirically tested, it is a conceptual framework. However, Boulding et al. (2005) acknowledged its relevance to CRM performance link. They describe it as “the best CRM practice template that firms can use to compare the performance of their CRM practice (p. 158).” It attempts to form a single and unified framework of CRM implementation (Chikweche &
Moreover, as argued by Payne (2006, p. 30), “because CRM is cross functional activity and one that, in large companies, seeks to focus on potentially millions of individual customer relationships simultaneously, it can be unwieldy to implement and impossible to get right without a purposeful and systematic framework.”

4. CRM Implementation in Emerging Countries

Considering the diversified nature of CRM study and different frameworks developed since its conceptualization in rich nation, its success was greeted with different reactions (Sharma & Iyer, 2007). In industrialized nations, this is due to many reasons that include, among other factors, varying methods of applications (Payne, 2006). In low income economies, some macro necessities that include political, economic, environmental, and technological factors has been suggested as the main forces that affect CRM success or failure (Shengdong & Xue, 2011).

These imperatives are determined by the level of economic development and technological advancement (Sharma & Iyer, 2007). High income countries have high political stability, a high standard of living, highly educated manpower, and technological prowess (Burgess & Steenkamp, 2006). In most of the developing nations, this is rarely obtainable (Shengdong & Xue, 2011).

CRM implementation in the western world is largely based on the perception that organizational factors are the major antecedent to CRM success (Kemarati et al., 2010). Their major assumption is the manipulation of people, organization process, and technology as the necessary factors for CRM implementation.

Although many CRM studies in developing nations borrow from this perspectives (e.g Keramati, Mehrabi, & Mojir, 2010), the tendency to achieve success using this version of high income countries has been questioned (Shengdon &Xue, 2011; Sheth, 2011; Burgess & Steenkamp, 2006; Gilbert & Choi, 2003). According to Gilbert and Choi (2003), CRM based on western norms of behaviour will hardly achieve success in a non-western context. Cultural differences cannot be ignored in business decisions (Gilbert & Choi, 2003). Contextual factors are the antecedents of generating solid relationships with customers. In support of this argument, Sheth and Sharma (2005) and Shengdong and Xue (2011) stated that the successful implementation of CRM is dependent on country context. Every stage of the CRM implementation is determined by the level of infrastructure and technological development. They further argue that CRM implementation in a country with a low level of telecommunication infrastructure and marketing orientation will achieve hardly any meaningful objectives.

Notwithstanding, several CRM studies have been done in some emerging nations, notably in India (Chadiaichal and Vashista, 2011), Pakistan (Hussain, Hussain and Sahid, 2009), Iran (Rouhlamini and Venkatesh, 2011; Kemarati, et al., 2010), China (Shendong and Xue, 2011; Wang, Hu, and Yu, 2010), Thailand (Sivaraks et al, 2011), and Saudi Arabia (Abdul-Muhmin, 2012; Almotairi, 2009) among others. Some of these studies are analysed below.

In a study of global CRM Ramaseshan, Bejou, Jain, Mason, and Pancras (2006) discovered that acceptance of an IT related strategy is determined by country culture. They describe a study of a website acceptance between three western countries and Japan. They discover that Japanese people were least satisfied and less loyal compared to Germany, the USA, and Canada. They later attributed this to a Japanese collective culture in contrast to the individualist culture of the western world.

Shengdong and Xue (2011) studied one of the Chinese telecom firms: China mobile. In their findings, it was concluded that to implement CRM successfully collectivist culture, which most of the Chinese customers adhere to, needed to be considered. China mobile incorporated this collectivist culture with global CRM in order to serve its important customers. At the same time, China mobile retained their unprofitable customers. Shengdong and Xue (2011) believe that the inclusion of Chinese culture facilitated the successful CRM implementation in China mobile. Specifically, this confirmed the assumption of Gilbert and Choi (2003) that content can enhance CRM success.

Keramati et al. (2010) in a study of Iran telecommunication analysed CRM implementation from process-oriented perspectives and a resource-based view. They suggested that for CRM to effectively yield results, CRM process capabilities needed to be created through the use of CRM resources. They provided some evidence showing that for organisations to succeed with CRM initiatives there is a need for a link between CRM resources of technology, human interaction, organisational structure, organisational culture, and...
CRM process capabilities. It emphasizes that the CRM programme’s success is more dependent on how effectively these resources and CRM processes interrelate. They believe organisational resources are antecedent to CRM success.

Another study of CRM in the emerging nation of India is that of Chadichal and Vashishta (2012). They measured service quality and factors influencing service quality in the Indian banking sector. Factors influencing customer satisfaction in the Indian bank were identified. These factors are customer centric services, customised product and solution, and the confidence people have in banks in providing a solution to their problems. Chadichal and Vashishta (2012) observed that the application of service quality measurement scales should be tailored to suit the cultural context and the specific service sector in which they are being applied in order to enhance their effectiveness.

Likewise, Almotairi (2009) research on CRM implementation used a firm in Saudi telecom as a case study. Based on CRM extant literature, the research work identified and analysed factors that could contribute to CRM failure. In addition, he identified the CRM success factor and based on that developed CRM implementation conceptual framework.

Rouholamini and Venkatesh (2011) conducted their CRM studies on the Iranian banking sector. There is a wide acceptance of CRM practice in the Iranian banking sector. It is used by banks as the most important medium of corporate communication and marketing management process. They noticed that an operation of CRM is not favourable in the Iran banking industry because it involves the use of heavy information and communication technology. They urged that employees should be motivated to be at the centre of CRM practice and learn the art and craft of CRM to enhance the attraction for customers. Managers should be trained on how to articulate customer experience and deliver it at branch level.

5. Conclusion

Main aim of this paper is to review CRM implementation in rich nations and that of emerging nations. Based on the review of CRM literature, it is clear that the existing framework used in CRM implementation by emerging countries may not produce the needed result in their quest to have effective customer strategy. This paper proposes that it could be achieved when their contextual variable are put into considerations. Borrowing rich nation style which hardly cope with our lack of technological advancement will not warrant effective CRM strategy. Furthermore, understanding the effect of copying CRM adoption process of rich nation to emerging nation may represent a future mechanism through which emerging market deepen their CRM and develop it to a whole new level.

References


