Chapter 1.12

E–CRM:
A Key Issue in Today's Competitive Environment

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INTRODUCTION

As competition and the cost of acquiring new customers continue to increase, the need to build and enhance customer relationships has become paramount for businesses. The building of strong customer relationships has been suggested as a means for gaining competitive advantage (Mckenna, 1993) so, in today's marketplace, a growing number of firms seek to develop profound, close and long-lasting relationships with their customers since it is much more profitable to keep and satisfy current customers than to manage an ever-changing customer portfolio (Reinartz & Kumar, 2003; Ross, 2005; Llamas-Alonso et al. 2009).

This one is a consequence of many paradigmatical changes in the marketing field during the past decades, such as a transition from a focus on the product, transactional marketing, acquiring clients (responsive marketing approach) and market share towards a customer centric approach, relationship marketing, two-way communication, retaining customers (proactive and holistic marketing approaches) and share of customer. Thus, in this fast-moving and highly competitive scenario Customer Relationship Management (hereafter referred to as CRM) emerges as a business philosophy devoted to enhance customer relationships and consequently create value for both the company and the customer.

CRM has become a cornerstone issue not only in off-line buyer-seller relationships, but also in on-line customer-supplier relationships. The impact of information technology in the fields of marketing and management has emphasized the importance

of re-arranging a new plan for marketing that gets benefited from new technologies. With the rise of e-business applications and the use of electronic channels, CRM has expanded the capacity of the organizations to interact with their customers and suppliers using e-technologies such as the Internet, which is termed as e-CRM. The availability of information on real time, interactivity and personalization, as characteristics of the Internet as well as of other e-technologies, are furthering e-CRM functions fostering a closer interaction between customers and business organizations (Chandra & Strickland, 2004).

The aim of this chapter is to highlight the importance of e-CRM as a key business process for global companies, gaining a better understanding of its benefits from different managerial perspectives, emphasizing key factors for effective implementation and pointing out challenges and future directions in the field.

CUSTOMER BASED ADVANTAGES AND NEW MARKETING ORIENTATIONS: PROACTIVE AND HOLISTIC APPROACHES

The development of competitive advantages based on the continuous creation and offer of value to customers, contributes significantly to the business success. Thus, firms that aim to achieve these advantages need a market oriented corporate culture which boosts customer knowledge and learning, as well as customer communication and cooperation (Slater & Narver, 1999) in order to: (1) give an effective response to customers' needs (Matthing et al., 2004) and (2) gain a competitive positioning in the market.

Customers can exhibit two types of needs: manifest and latent. Manifest needs are defined as those ones that the customer is aware of, and they are clearly and directly manifested while latent needs are those that are not expressed by the customer, either because he/she has never

previously experienced them or because he/she has never planned on responding to them (Matthing et al., 2004). In this context, marketing oriented firms can implement two types of actions with the aim of meeting customer demands. The first type, called responsive marketing orientation, focuses on understanding the manifest needs of customers in order to develop products and services to meet them (Slater & Narver, 1999). The second behaviour, termed as proactive marketing orientation, seeks to learn about and understand customers' latent needs with the goal of offering them proper and satisfactory solutions (Slater & Narver, 1999; Matthing et al., 2004).

Some studies highlight the direct and positive relationship between proactive marketing orientation and business success (e.g., Kuada & Buatsi, 2005; Slater et al., 2006). A proactive marketing orientation will help the firm to get to know the customer's needs (both latent and manifest) and so, it will be able to offer products and services that increase the value that the customer receives (Grönroos, 2000), providing the firm with a sustainable competitive advantage and improving business results in the long term.

No doubt that, as suggested by Dipak et al. (2002), among others, marketing needs to evolve quickly, especially in order to provide customers with adequate responses to their requirements. This will increase the success of the firm, considering the current scenario characterized by globalization, new technologies –especially the Internet – and hyper competence. In this context, the holistic marketing implies to take an step further in the marketing field (Keller & Kotler, 2006). Thus, in order to create and deliver value, the firms seek to interact in all potential areas with all agents (clients, employees, partners, stakeholders and communities). As pointed out by Dipak et al. (2002), this new marketing approach makes it necessary to the firm: (1) adapt a more holistic perspective regarding the customers needs, trying to offer more than a specific product or service; (2) develop a more holistic perspective about

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