

Chapter 6.21

The Implications of the Development and Implementation of CRM for Knowledge Management

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ABSTRACT

Throughout the past decade, CRM has become such a buzzword that in contemporary terms the concept is used to reflect a number of differing perspectives. In brief, CRM has been defined as essentially relating to sales, marketing, and even services automation. CRM has also been increasingly associated with cost savings and streamline processes. Accordingly, the topic has been widely covered in terms of its alignment with business strategy. However, there appears to be a paucity of coverage with regards to the concept's alignment with knowledge management. This chapter demonstrates how CRM in fact pivots upon the dynamics of knowledge management. Furthermore, this chapter emphasises how by lieu of its conceptual underpinnings and operational dimensions, CRM

is aligned with business development in the context of knowledge management. References have been made to specific strategies and tactics within the hotel industry in order to illustrate the relevance of this contended association.

INTRODUCTION

The general consensus is that Traditional Marketing tends to be essentially associated with the development, sale and delivery of products and services by means of short-term transactions (Baltantyne, 1996; Healy et al., 2001). However, since the 1980s, academic research has increasingly advocated for longer term exchanges. Relationship Marketing has emerged as an alternative to Traditional Marketing (Berry, 1983).

The reasons given for this shift of marketing thought and business development from an

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emphasis on single transactions and customer acquisition to relationships and customer retention have been varied. While such academics as Brodie et al. (1997) argue that Relationship Marketing has emerged from six distinct streams of research within the theoretical domain, others such as Zineldin (2000a) attribute this shift to the intensification of competition and uncertainty in the marketplace. Still others regard the transition as the forthright effect of the attempt of companies to achieve optimum growth by means of knowledge management. In fact, academics such as Berry (1983), Grönroos (1994a,b) and Gummesson (1997a,b) go as far as to argue that organizations should restructure their efforts in line with the new paradigm that Relationship Marketing represents if they are to be able to survive and even develop their businesses within the increasingly competitive market environment.

CRM, a specialized component of Relationship Marketing, has been widely covered in terms of its alignment with business strategy. However, there appears to be a paucity of coverage with regards to its connection with knowledge management. This chapter demonstrates how CRM in fact pivots upon the dynamics of knowledge management. Furthermore, this chapter emphasises how through its conceptual underpinnings and operational dimensions, CRM is closely related to business development in the context of knowledge management. The examples included throughout this chapter are intended to clearly illustrate this link.

THE BACKGROUND TO THE CONCEPTUAL DEVELOPMENT OF CRM

In spite of much interest and effort, Relationship Marketing persistently remains ambiguous as a concept. In varied attempts to unravel its conceptual and fundamental underpinnings, several academics have defined Relationship Marketing (Harker, 1999). However, rather than clarify what

the concept truly encompasses in reality, many of these definitions have instead arguably limited the scope of the concept. Consequently, depending on which position is being favoured, Relationship Marketing has been described as a specific type of marketing, such as database marketing or services marketing, or even as a series of actions. At other times, the concept has been described as a single entity, which embraces almost every other marketing discipline (Berry, 1983; Gummesson, 1997a,b; Morgan and Hunt, 1994). As such, the precise meaning of Relationship Marketing is not always clear in literature.

Considering the conflict, which appears to prevail with regards to the actual dimensions of Relationship Marketing, it is not surprising that the concept of CRM has attracted just as many varied comparisons. Throughout the past decade, CRM has become such a buzzword that in contemporary terms, the concept has been used to reflect a number of differing perspectives. While it has at times been referred to as being synonymous to a form of marketing such as database marketing (Khalil and Harcar, 1999), services marketing (Grönroos, 1994a,b) and customer partnering (Kandampully and Duddy, 1999b), at other times CRM is specified in terms of more specialised marketing objectives such as customer retention (Walters and Lancaster, 1999a), customer share (Rich, 2000) and customer loyalty (Reichheld and Scheffer, 2000).

In addition to being defined as essentially relating to sales, marketing and services automation, CRM is increasingly being aligned to processes such as “enterprise-resource planning applications”, which are intended to “deliver cost savings and more streamlined services within organisations” (Keynote, 2002a:1). The tracking of the relationships, which organisations have with their customers and their suppliers, has also been considered integral to CRM (Gummesson, 1999; Keynote, 2002a). Indeed, as Lindgreen and Crawford (1999:231) succinctly summarise, this area of Relationship Marketing seems often to be

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