Chapter 5
E–Novation Customer Relationship Management

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ABSTRACT

In the early 1990's, marketing theory experienced a paradigm shift from a transactional approach focusing on sales to a relationship one. This shift was due to several limits of traditional mix marketing based on the "four P's" and to the change in the market business models. In fact, the growing role of branding in mass markets, the development of services marketing, and the importance of network and human interactions in business are some of the main reasons behind relationship marketing emergence. Relationship marketing is then aimed at developing and maintaining mutually profitable relationships with customers and even stakeholders. In the era of technology evolution and Internet, customer relationship management (CRM) is moving forward to better manage, drive, and keep value-added relationships. However, CRM is, first of all, a company strategy and a shared vision that involves organization, people, and processes in satisfying and retaining customers. This chapter deals with the concept of customer centricity and its development, customer lifecycle with acquisition and retention, and finally the issue of CRM implementation.

CUSTOMER CENTRICITY

The aim of CRM strategy is the development of customer-centric business culture in the hope of achieving two results – improving the customer's experience and lowering sales and marketing costs. Relationship marketing consists in acquiring and maintaining customers by creating and providing better value than competitors do (Naumann 1995). Then it seems to be at the heart of a successful CRM initiative. The process begins with the development of a clear relationship marketing strategy (Godson 2009; Peppers and Rogers 2004). This requires the definition of roles for customer facing functions like sales, marketing and customer service. Once the roles are defined within the relationship marketing

strategy the processes have to be reengineered to operationalize the cited strategy. Finally, the appropriate level of technology needs to be acquired to support the customer centric approach now in place. In globalized markets and while products and services offers become standardized, customer knowledge represents the imperative key to drive markets and gain a competitive advantage. From a marketing point of view, customer should be the center of marketing decisions. In other words, customer centricity is the result of the evolution of marketing from a transactional approach to relational paradigm supported with knowledge of the customers and their preferences and behaviour. Marketing has moved from being a company's function dedicated to simply promote products to shift inventory to playing a major role in customer satisfaction and retention.

However, some marketing scholars call for a broader relationship and centricity approach that goes beyond the customer to reach a balanced centricity (Gummesson 2008; Gummesson 2009). The main idea is to align the service-dominant logic with marketing development by integrating a complex relationship approach based on all stakeholders' network under many-to-many marketing (Vargo and Lusch 2004). Consequently, the value chain should be processed and analyzed by keeping in mind the satisfaction of all intermediaries needs from the supplier to the customer. The case of a company adopting ethical raw material sourcing to meet its customers' philanthropic motivations represents clearly the question of stakeholders' interdependence. Also, a pure player that tries to build valuable relationships with its logistics and fulfilment suppliers to ensure a better delivery service quality to the end customer is a typical example.

Customer-centricity is more than a simple slogan or mission statement but should be a company's strategy based on the alignment of resources to effectively meet the evolution of customers' needs while creating mutually profitable relationships (Buttle 2004). In concrete terms, implementing a customer centric approach consists in internalizing basic marketing values that involves a number of measures (Grönroos 1990). First of all, the company should build a customer oriented corporate culture and ensure employees' adherence. Then, the company should demonstrate this empathic customer orientation. That's to say, that management should try to play the customer role and to put himself instead of the customer to understand his way of thinking. The objective is to be able to better serve the customer and meet his or her expectations. The concept is simple, however, implementation is very difficult in an ongoing firm. Success in building customer centricity is easier in start-up companies. The reason is that the success of a company is found in its systems, processes, and knowledge of its employees. Moving from a transactional marketing system to a customer-centric system requires the destruction or reform of most of the existing transactional system. And, it is very difficult to do this in a gradual approach. Early CRM system implementations failed at high rates because of the resistance of the established organization to a new philosophy of customer centricity.

While customer centricity may refer to a common principle, there are some differences in the way of applying it between business-to-consumer and business-to-business markets. In facts, these markets don't adopt systematically the same means to build their customer centricity. For instance, business-to-business relationships used to be built around personal interactions through the critical role and customer orientation of sales force and sometimes engineering staff members. Salespeople should enjoy empowerment to manage customer relationships (Crosby et *al.* 1990; Johnston 1997). The study of Homburg and Rudolph (2001) shows that the sales force interaction quality influences significantly customer satisfaction. Moreover, Bennett, Kennedy and Coote (2000) found the positive impact of trust and commitment to the salesperson on attitudinal brand loyalty.

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