



Key Account Management in information-intensive services

Jukka Ojasalo*

Swedish School of Economics and Business Administration Finland, CERS Center for Relationship Marketing and Service Management, P.O. Box 479, FIN-00101 Helsinki, Finland

Abstract

Key Account Management (KAM) is surprisingly little known marketing approach in retailing and consumer services context, however it has much to offer to companies in these industries. It provides an effective, practical and rather simple method for companies interested in increasing their profits by right customer and relationship management. Indeed, KAM is a business-to-business marketing approach, however most retailers and service companies can greatly benefit from it. A large number of retailers and service companies operate both in the consumer and business-to-business market. Few retailers or service providers have never invoiced another company. Moreover, most consumer goods and services are influenced by business-to-business services. The availability and quality of consumer goods and services often essentially depends on various business-to-business services in the earlier phases of marketing channels. Furthermore, by understanding the logic of KAM, retailers and consumer service providers can develop their own key supplier management. Information is one of the most important resources of goods and services in post-industrial economy. Information-intensive services are based on knowledge and refining of information. Increasing number of information-intensive services emerge both in the consumer and business-to-business market. This paper describes the nature of KAM and information-intensive services, and suggests a framework for KAM practices in information-intensive services. © 2002 Elsevier Science Ltd. All rights reserved.

Keywords: Key Account Management (KAM); Information-intensive business; Information-intensive services

1. Introduction

Retailing and consumer services research have not traditionally been interested in Key Account Management (KAM) since this approach has its origins in business-to-business marketing management. However, there is an evident need for retailers and consumer service providers to know this approach. A great deal of retailers and service providers sell to both consumers and companies. A sports ware retailer sells clothes to consumers who buy to themselves and also to companies, which buy to their employees and clients for promotion. Similarly, a travel agency sells holiday trips to consumers and business travels to companies. Moreover, the success of retailing and consumer service companies is strongly affected by various business-to-business services since no company is self-sufficient. Sports ware retailer cannot serve its customers properly if the logistical business-to-business services in the

marketing channel are inferior. A travel agency cannot operate if their on-line database services do not function. Indeed, it is certainly important for any retailer and service provider to know the logic of how they are treated by their own suppliers. Consequently, understanding the principles of KAM essentially helps retailers and consumer service providers to develop their own *key supplier management*. The principles of key supplier management are the mirror image of KAM.

In many industries, companies have realized that although it is important to attract new customers, real profitability comes from retaining them. The emphasis of marketing management is increasingly shifting from traditional transactional marketing to relationship marketing and customer relationship management (CRM). The relationship management approach made its break-through at the managerial level in the 1990s. Among academics, the value of long-term relationships was recognized somewhat earlier. Organizational buying behavior (Webster and Wind, 1972), industrial marketing (Håkansson, 1982), business network research (Thorelli, 1986; Håkansson and Snehota, 1989),

*Tel.: +358-9-43133427; fax: +358-9-43133287.

E-mail address: jukka.ojasalo@shh.fi (J. Ojasalo).

relationship marketing (Berry, 1983; Jackson, 1985; Gummesson, 1987; Grönroos, 1989), services marketing (Grönroos, 1990; Berry, 1995), logistics (Christopher, 1994), and one-to-one marketing (Peppers et al., 1999) have all strongly focused on customer relationships. Outside of marketing management, the ideology of Total Quality Management, TQM, (Ishikawa, 1985; Deming, 1986; Juran, 1988) emphasizes long-term customer satisfaction and cooperation. However, academics have very little management practices to offer for building and maintaining loyal and profitable relationships. The KAM approach, on the other hand, aims to bridge theory and practice in this area (McDonald et al., 1996).

What is meant by Key Account Management? First of all, it should be noted that the literature uses the terms KAM (Ehrlinger, 1979; Diller, 1989; Millman, 1994; Millman and Wilson, 1994; Pardo et al., 1995; McDonald et al., 1996; Ojasalo, 2001a), National Account Management (NAM) (Stevenson and Page, 1979; Stevenson, 1980, 1981), and Strategic Account Management (SAM) (Storbacka et al., 1999), without there being any real difference between them. According to Barret (1986, p. 64), National Accounting Marketing means “targeting the largest and most important customers by providing them with special treatment in the areas of marketing, administration, and service”. According to Diller (1992), KAM is a management concept including both organizational and selling strategies to achieve long-lasting customer relationships. McDonald et al. (1997, p. 737) define KAM as “an approach adopted by selling companies aimed at building a portfolio of loyal key accounts by offering them, on a continuing basis, a product/service package tailored to their individual needs”. According to Ojasalo (2001a, p. 201), “KAM refers to the selling company’s activities including identifying and analyzing their key accounts, and selecting suitable strategies and developing operational level capabilities to build, grow and maintain profitable and long-lasting relationships with them”. Key account manager (or key-accounter, e.g. Diller, 1992; Drosten, 1998) is the person in the selling company who represents “the selling company’s capabilities to the buying company, the buying company’s needs to the selling company, and bring the two together” (McDonald et al., 1996, p. 58).

Indeed, KAM is associated with the business-to-business context. However, as explained earlier, there are several reasons why retailers and consumer service providers need to know this approach. This paper deals with KAM particularly in the context of information-intensive services. Information-intensive services are those in which the service input mostly consist of information, the actual service process is based on refining this information, and the outcome is also information.

This paper first discusses the nature of information-intensive services. It then describes the process of identifying and analyzing key accounts. Next, it discusses selecting strategies for key accounts and developing capabilities to build profitable relationships with them. After that, this paper suggests a framework for KAM practices in information-intensive services. Finally, it provides propositions for further research and draws some final conclusions.

2. Research approach

This paper is conceptual and the discussion and conclusions are based on literature analysis. The discussion is also illustrated with empirical material from an extensive study on quality dynamics in professional services (Ojasalo, 1999a). In this study, several aspects of quality and relationship management were identified and examined in professional business-to-business services context. Since KAM is the main marketing approach of the examined companies and the nature of the services examined in the study is very information-intensive, the discussion of this paper can be illustrated with selected extracts of this empirical material.

The method of generating the empirical data used in this article for illustration purposes is as follows. The study was based on in-depth interviews and qualitative analysis (see e.g. Ackroyd and Hughes, 1981; Dey, 1993; Gummesson, 1991; Marshall and Rossman, 1989; Taylor and Bogdan, 1984; Tesch, 1990). The service examined in the study relates to management consulting, namely recruitment/executive search services. This service is used in situations which can be solved in terms of recruitment, although the competence area of these service providers is much broader and involves human resource management in general. The service consists of diagnosis, designing the optimal solution, executing the solution, and the follow-up. The examined service included both the executive search (= direct search = “head hunting”), and advertised search. In executive search, the candidates are sought and contacted directly by the service provider, and in advertised search this happens via newspapers or the Internet. Although this study had a special focus on recruitment services the companies examined provided a large number of other management services thus having a broad experience in professional services in general. Seven highly experienced senior consultants from five different companies, their professional careers varying from 6 to 18 years were interviewed in extensive multi-hour in-depth interviews, which were tape recorded and transcribed. The data were analyzed both between each interview and after they all had been conducted.

متن کامل مقاله

دریافت فوری ←

ISIArticles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات