



The impact of new technologies on customer satisfaction and business to business customer relationships: Evidence from the soft drinks industry

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ABSTRACT

Sales technology has been touted as a primary tool for enhancing customer relationship management (CRM) and thus improving overall customer satisfaction. The marketing, IT, and practitioner literatures make numerous references to the impact of CRM on business orientation and performance. However, according to Richard et al. (2007), not many studies have investigated customer relationship technology adopted by a firm and the impact on relationship development. The aim of this paper is to examine the relative impact of new technologies on improving customer relations and overall customer satisfaction within the sales industry. New technologies have revolutionised the workplace and have become an integral part of organisations throughout the world (Forster, 2000). Driving this revolution are two powerful new forces, cyberspace and computing power. This article defines three key terms which include CRM, customer satisfaction and new technologies and evaluates the impact of these emerging technological developments on relationships and customer satisfaction in a sales force/customer context. Primary research was conducted using two focus groups consisting of nine participants from Britvic. The analysis reveals that technology is both beneficial and essential within the sales force industry for both the sales representative and their customers and provides an insight into the impact of technology on the sales force/customer relationship. The paper concludes with reference to new technologies and the future.

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1. Introduction

Contemporary literature in the field of marketing (Bagozzi et al., 1999; Gronroos, 2001; Vargo and Lusch, 2004) highlights the importance of emotions in marketing exchanges and relationships and how positive emotions can lead to improved consumer satisfaction and loyalty. According to Ranchhod and Gurau (2004) in the twenty-first century, real progress will be made by customer centric organisations that can truly understand how and why consumers or customers behave in the ways that they do. Understanding how to create repeat purchases is essential in the current competitive climate. Committed customers are profitable to an organisation for the long term as the customer lifetime value is extended through the creation of commitment. Commitment forms when a customer's expectation is satisfied and the customer receives a good experience from his/her relationship with the organisation (Park and Kim, 2003). In order to fully appreciate how to create satisfaction and thus commitment or loyalty (Gronroos, 2001), companies must first adopt a company strategy that will facilitate the process of being customer orientated which focuses on relationships as a means to competitive advantage. This paper has three key

objectives. The first is to evaluate the relative significance of creating satisfaction in today's market place and the importance of customer orientation and CRM for improving relationships and business performance, with a specific emphasis on the sales industry. Second to this, is to define technology and examine new emerging technologies and their contribution in supporting and improving the overall efficiency and effectiveness of the sales function. The final objective is to provide primary data on the extent to which new technologies enhance and build relationships for a leading soft drinks manufacturer, by conducting two focus groups with the sales team. Before evaluating CRM technology and its impact on building relationships and creating customer satisfaction, it is important to understand how the successful implementation of CRM technology relies on an understanding of other aspects to business which contribute towards providing a seamless customer experience. The first aspect involves a closer examination of customer satisfaction and the business pre-requisites for achieving this.

2. Customer satisfaction, relationships and business performance

Customer satisfaction is recognised as one of the most important elements within any business management strategy

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today. In an economically challenging environment where survival is increasingly difficult across a whole range of businesses, understanding customers and providing exceptional value and satisfaction, even to the point of exceeding expectations, is crucial. For the purpose of this paper, customer satisfaction is assumed to be "... a summary cognitive and affective reaction to a service or incident from experiencing a service quality encounter and comparing that encounter with what was expected", (Rust and Oliver, 1994). Creating satisfaction in general brings about many benefits for organisations (Fornell, 1992). Satisfied customers are less price sensitive, tend to buy additional products and are less influenced by competitors, staying loyal for longer. Customer satisfaction is considered to be one of the most important competitive factors and one of the best indicators for a firm's future profits as it is positively associated with return on investment (ROI) and market value.

Within the literature, two principle interpretations of satisfaction exist, satisfaction as a process and satisfaction as an outcome (Parker and Mathews, 2001). As an outcome, satisfaction results from the consumption experience, thus customer satisfaction has been defined as a "post-choice evaluative judgment concerning a specific purchase decision" (Lin, 2003 p. 203). The process school of thought however stresses that satisfaction or dissatisfaction are not inherent in the product or service but instead it is an "individual's perceptions of that product/service's attributes as they relate to the individual". Thus satisfaction or dissatisfaction is formed by the interaction of perceptual interpretations of the service and customer expectations of that service (Boshoff and Gray 2004). Customer expectation determines the level of a customer's perceived quality, perceived value and overall customer satisfaction. If most of a firm's customers complain about the provisions it offers, customer loyalty is likely to be very low. If the overall customer satisfaction of a firm is high, it indicates the firm must have been successful in delighting its customers to some degree and customers are likely to be more loyal to the organisation, resulting in more repeat purchases. Marketing philosophy places the customer at the centre of all activities. A truly customer orientated firm is one which monitors closely the needs and expectations of not only customers, but other stakeholders in achieving the organisations goals. As Gronroos (2001) indicates, customers are greatly influenced by their interaction with employees and the organisation when assessing services provided. In a private sector context, Deshpande et al. (1993) defines customer orientation as: "... the set of beliefs that put the customer's interest first, while not excluding those of other stakeholders such as owners, managers and employees, in order to develop a long-term profitable enterprise." Managing relationships and ensuring an organisation achieves an efficient and effective workforce has therefore been at the heart of many debates within the relationship management literature. Moreover, Heskett et al. (1994) as cited in Silvestro and Cross (2000) make reference to the service profit chain which stipulates there is a strong correlation between profit; growth; customer loyalty, customer satisfaction; the value of goods and services delivered to customers; service quality and productivity and employee capability, satisfaction and loyalty. It has been argued (Forster, 2000; Landry et al., 2005; Lin, 2003; Schultz and Good, 2000) that understanding CRM and the role CRM technology adoption plays for improving customer/client relationships is essential for long-term business success.

3. Customer relationship management defined

According to Chen and Popovich (2003) customer relationship management (CRM) is a combination of people, processes and

technology that seeks to understand a company's customers. Messner (2005) defines the term as "a strategic and action-orientated view on the relationship between the customer and a company." Stone and Woodcock (2001) as cited in Landry et al. (2005) state "CRM is a term for methodologies, technologies and ecommerce capabilities used by companies to manage customer relationships." CRM has developed as an approach based on maintaining positive relationships with customers, increasing customer loyalty and expanding customer lifetime value (King and Burgess, 2007). CRM tends to revolve around marketing because a marketing oriented company usually focuses on meeting the needs and expectations of customer through the value co-creation within the production and consumption process. A closer understanding of customer behaviour allows an organisation to better interpret specific needs and wants within a given context. Chaffey (2003) presents a three stage model of CRM which shows how customer relationships can be managed. His model proposes that customers are first acquired through clear communication and a powerful value proposition. They are retained through good service and finally relationships are extended through the delivery of tailored products/services to clearly defined customer segments. The sales force has traditionally been the firm's main means of customer contact and thus the integration of selling with other CRM activities is critical. As Landry et al. (2005) state, salespeople not only serve as customer relationship managers to bolster company profits through selling, but they also act as customer feedback conduits to enrich other important activities of the firm such as product design, customer service, production and research and development. A number of technologies have changed the way salespeople build and maintain customer relationships (Anderson, 1996 as cited in Landry et al., 2005).

4. CRM technology adoption

The term "technology" is broad and has numerous definitions. Howells (2005) states that technology is "the knowledge of how to organise people and tools to achieve a specific end". Schon (1967) cited from Howells (2005) defines technology as "any tool or technique: any product or process, any physical equipment or method of doing or making by which human capability is extended". Schroeder (1989) also cited from Howells (2005) defines technology as "a set of processes, tools, methods, procedures and equipment used to produce goods or services". With the recent advances in customer centric processes and the tools available to store and effectively utilise information, CRM has been able to evolve. According to Chen and Popovich (2003), some organisations use CRM simply as a technological solution that extends separate databases and sales force automation (SFA) tools to bridge sales and marketing functions in order to improve targeting efforts. Other organisations use CRM as a one to one tool for communication with its customers. What is important is when these systems are implemented correctly and the entire organisation is involved, relationships are maximised (Richards et al., 2007). Recent advances in enterprise software technology, including an outgrowth of SFA tools, is making CRM much more practical (Messner, 2005). SFA software automates routine tasks such as tracking customer contacts and forecasting. It allows the sales team to concentrate much more on the selling function rather than dealing with administrative tasks. Innovations in network infrastructure, customer/server computing and business intelligence are all leading factors in the development of CRM. Given the nature of this study, it is important to evaluate the historical development of technology and how new technologies

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