The state of CRM adoption by the financial services in the UK: an empirical investigation

Bill Karakostas\textsuperscript{a,}\textsuperscript{*,} Dimitris Kardaras\textsuperscript{b}, Eleutherios Papathanassiou\textsuperscript{b}

\textsuperscript{a}Centre for HCI Design, School of Informatics, City University, Northampton Sq., London EC1V 0HB, UK
\textsuperscript{b}Business Informatics Laboratory, Department of Business Administration, Athens University of Economics and Business, 76 Patission Street, Athens 10434, Greece

Received 15 December 2002; received in revised form 29 August 2003; accepted 10 August 2004

Available online 8 December 2004

Abstract

In recent years, organisations have begun to realise the importance of knowing their customers better. Customer relationship management (CRM) is an approach to managing customer related knowledge of increasing strategic significance. The successful adoption of IT-enabled CRM redefines the traditional models of interaction between businesses and their customers, both nationally and globally. It is regarded as a source for competitive advantage because it enables organisations to explore and use knowledge of their customers and to foster profitable and long-lasting one-to-one relationships. This paper discusses the results of an exploratory survey conducted in the UK financial services sector; it discusses CRM practice and expectations, the motives for implementing it, and evaluates post-implementation experiences. It also investigates the CRM tools functionality in the strategic, process, communication, and business-to-customer (B2C) organisational context and reports the extent of their use. The results show that despite the anticipated potential, the benefits from such tools are rather small.

Keywords: CRM; e-Business; Financial services

1. Introduction

In response to the growing threat from non-financial and non-traditional competitors, established financial services providers (FSPs) are using information technologies (IT) to deliver new financial products or to complement traditional ones, such as deposit, investment, credit, and insurance services. Customer relationship management (CRM) holds the promise to achieve such corporate objectives in this highly competitive arena. It involves the continuous use of refined information about current and potential customers in order to anticipate and respond to their needs and draws on a combination of business processes and IT to discover knowledge about the
customers and answer questions such as “who are the customers?”, “what do they do?” and “what are they like?”. With such effective use of information and communication technologies, organisations can offer their customer a variety of products, lower prices, and personalised service, at the same time. In order to market effectively to the individual customer, companies gather information from both internal and external sources, and use it to provide a unified view (or profile) of the customer for targeted marketing purposes. Therefore, the effective management of information and knowledge is central and critical to the concept of CRM for

- product tailoring and service innovation, e.g. websites tailored to customers needs, experience and other characteristics, and the development of mass customisation,
- providing a single and consolidated view of the customer,
- calculating the value of the customer,
- establishing a strategy for a multi-channel based communication with the customer,
- designing and developing personalised transactions.

Different definitions of CRM put emphasis on different perspectives. CRM’s technological perspective was stressed in [18,20,24], its knowledge management perspective was emphasised in [13], and its business re-engineering and continuous improvement perspective was presented in [3]. Web-based CRM (also known as e-CRM) means that the sources of customer-related data are collected from the customer interactions with the Web and Internet-based systems. From a technological view, it is argued that there are three phases in CRM lifecycle [23]:

- The integration of customer data from different sources.
- The analysis in order to acquire a deeper understanding and knowledge about the customer.
- The action for providing the required positive impact on customer relationships.

The philosophy of CRM [19] is based on:

- Relationship orientation.
- Customer retention.
- Superior customer value created through process management.
- IT as the enabling technology for the discovery and management of customer knowledge.

CRM encompasses the management of all possible ways that an organisation interacts with its customers. From receiving an order through the delivery of the products and services, CRM aims to co-ordinate all business processes that deal with customers and involves the collection, collation, and interpretation of customer data in order to define patterns of buying behaviour that can be used to support effective marketing programs [1,11]. The financial services industry had an early lead in CRM implementation as its transactions were essentially IT-based and contained valuable information about their customers [8,12]. Furthermore, most financial services companies have at least some kind of a customer-marketing database [2,15]. IT support for CRM systems varies in terms of the complexity, the difficulty in implementation, and the range of customer support. In its simplest form a CRM implementation may be a “Frequently Asked Questions,” (FAQ) page on the company’s Web site, a call-centre, an e-mail newsletter, or a customer application download facility. More complex implementations of CRM range from highly complex, customisable merchant servers, to process integration though EDI, to virtual communities. CRM implementations include internal systems, such as customer databases, systems for interaction with consumers, such as home banking, as well as systems directed to business customers, such as order processing via B2B portals on the Internet [7,9,14,16,21,22,25].

This paper is not concerned with the specific types of IT used in CRM implementation but investigates to what extent such systems have been deployed and used in FS organisations.

2. Key drivers of CRM

Traditional marketing approaches have tended to utilise macro and micro segmentation techniques, thereby classifying ‘types’ of customer in a market. However, given the unpredictability of customer buying behaviour, traditional marketing, especially in information-rich sectors like FSPs, is fast giving
دریافت فوری
متن کامل مقاله

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