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An evaluation of divergent perspectives on customer relationship management: Towards a common understanding of an emerging phenomenon

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Abstract

Prompted, in part, by the highly publicized failure of customer relationship management (CRM) initiatives, academic research on CRM has begun to flourish. While numerous studies have yielded important insights, the extant CRM literature appears to be inconsistent and is highly fragmented due, primarily, to the lack of a common conceptualization. Thus, to help advance a cohesive body of knowledge on this topic of growing interest and importance, this paper attempts to provide a clear and accurate delineation of CRM's domain. Following the review and analysis of process, strategy, philosophy, capability, and technology-based CRM perspectives, the authors propose that the phenomenon is best conceptualized as an ongoing process that involves the development and leveraging of market intelligence for the purpose of building and maintaining a profit-maximizing portfolio of customer relationships. Based on the proposed conceptualization, a detailed description of the CRM process is provided, along with a comprehensive framework intended to aid marketers in their quest to achieve CRM success.

Keywords: Customer relationship management, CRM; Interaction management; Knowledge management; Relationship marketing

1. Introduction

> "[CRM]...isn't a technology. As you will see, that's true, but not strictly. I also heard that it was a 'customer-facing' system. That it is a strategy and/or a set of business processes. A methodology. It is all of the above or whichever you choose" (Greenberg, 2001, p. 4).

Over the last 2 years, few topics have generated as much interest among academics and practitioners as has customer relationship management (CRM). While evidence of the impact of CRM on firm performance is still scarce, business firms around the globe are spending billions of dollars a year on what software pioneers, such as Siebel and Oracle, call "CRM technology." In fact, early projections suggest that within the next 3 to 4 years, yearly global expenditures on CRM technology are likely to exceed US$17 billion (Aberdeen Group, 2003), and that estimate surpasses US$100 billion if the market is broadened to include CRM-related services (e.g., consulting, customer care outsourcing, and change management; Schneider, 2003).

Prompted by numerous reports in the popular press that emphasized the prevalence of CRM failure (cf. Rigby, Reichheld, & Schefter, 2002; Yu, 2001), academic research efforts initially focused on identifying the antecedents and consequences of CRM success. While those efforts uncovered critical success factors (e.g., Ryals & Knox, 2001; Ryals & Payne, 2001) and have provided some evidence of CRM's impact on organizational performance (e.g., Day & Van den Bulte, 2002; Reinartz, Krafft, & Hoyer, 2003), the growing body of literature on CRM is somewhat inconsistent and highly fragmented. This is due, in large part, to the fact that a common conceptualization of the phenomenon is still lacking (Bull, 2003; Fairhurst, 2001; McKim, 2002; West, 2001). As the introductory excerpt illustrates, significant ambivalence exists among marketers as to CRM's

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nature: While some suggest that it is a specialized collection of technological tools, others stress it is a set of business processes that focus on managing the customer experience, and still, others propose that it is best conceptualized as a comprehensive strategy for customer retention. Unfortunately, the ambiguity surrounding CRM's nature has also permeated the academic literature and, as a consequence, has generated research streams that address CRM from seemingly incongruent perspectives.

Therefore, to help advance a cohesive body of knowledge on this topic of growing interest and importance, this effort attempts to develop a conceptualization and description of CRM that adequately captures the true nature of the phenomenon. Furthermore, this paper aims to build on the proposed conceptualization and review of the literature to provide marketers with a framework that outlines the key building blocks of successful CRM initiatives.

As a first step towards delineating CRM's domain, this article begins with a review and analysis of the numerous perspectives that characterize the popular and academic CRM literature. Then, the proposed conceptualization is presented and is used to examine the correspondence between CRM and its philosophical predecessor, relationship marketing. Following, a descriptive model that outlines the key dimensions of CRM is introduced. Finally, a framework for CRM success is presented along with other managerial implications derived from the literature. The paper concludes with some brief remarks that highlight the key contributions stemming from this effort.

2. Divergent perspectives on CRM

As a cursory review of the literature is likely to reveal, numerous definitions of CRM have been proposed by marketing practitioners and scholars alike. While some of these conceptualizations are similar, there is definitely a lack of consensus as to the most appropriate way in which this emerging phenomenon should be defined. In an attempt to develop a conceptualization that captures the true meaning of CRM, an extensive review of the extant literature was conducted. Aside from published and working academic papers, the review also included vast amounts of literature from the popular domain. For instance, articles posted on key CRM web portals were evaluated (e.g., CRM Community, 2003; CRM Guru, 2003; CRMXchange, 2003; Destination CRM, 2002; European Centre for Customer Strategies, 2003; ITtoolbox.com, 2003), as well as definitions offered by the top CRM software manufacturers and providers (e.g., Siebel, Oracle, SAS). Overall, the literature review yielded approximately 45 distinct definitions of CRM.

A detailed analysis of the identified conceptualizations was conducted to identify common elements and recurring themes among them. The analysis revealed that, collectively, the definitions advance five major perspectives on CRM. More specifically, it was found that CRM has, implicitly or explicitly, been conceptualized as a (1) process (e.g., Day & Van den Bulte, 2002; European Centre for Customer Strategies, 2003; Galbreath & Rogers, 1999; Gronroos, 2000; Plakoyiannaki & Tzokas, 2002; Reinartz et al., 2003; Srivastava, Shervani, & Fahey, 1999); (2) strategy (e.g., Adenbajo, 2003; CRM Guru, 2003; Croteau & Li, 2003; Deck, 2003; Destination CRM, 2002; IT Director.com, 2003; Kracklauer, Passenheim, & Seifert, 2001; Tan, Yen, & Fang, 2002; Verhoef & Donkers, 2001); (3) philosophy (e.g., Fairhurst, 2001; Hasan, 2003; Piccoli, O'Connor, Capaccioli, & Alvarez, 2003); (4) capability (e.g., ITtoolbox.com, 2003; Peppers, Rogers, & Dorf, 1999); and/or (5) technological tool (e.g., Gefen & Ridings, 2002; Shoemaker, 2001). Although individual definitions tended to advocate a specific perspective, it was not uncommon to find conceptualizations that simultaneously stressed multiple perspectives at a time (e.g., Kim, Suh, & Hwang, 2003; Pantazopoulos, 2003; Rigby et al., 2002).

Table 1 provides a description and representative conceptualization of each of the five major perspectives on CRM. Moreover, the table outlines implications for CRM success (i.e., a firm's ability to build profitable customer relationships) that become particularly salient when CRM is defined in terms of one of the individual perspectives. Given that the five views on CRM contribute in unique ways to our understanding of this phenomenon, each will be discussed in the remainder of this section before proceeding to discuss how they relate to each other and to articulate our own conceptualization.

2.1. CRM as a process

A process refers to a collection of tasks or activities that together result in a desired business outcome (Davenport & Beers, 1995; Davenport & Short, 1990; Hammer, 1996). Stated differently, a business process refers to a group of activities that convert organizational inputs (e.g., human resources) into desired outputs (e.g., successful new products). Given that groups of tasks can be subdivided or aggregated into lower and higher level processes, the specific nature (i.e., inputs and outputs) of a business process depends on the level of aggregation used to define it (Fahey, Srivastava, Sharon, & Smith, 2001). For instance, Srivastava et al. (1999) define CRM as a macrolevel (i.e., highly aggregated) process that subsumes numerous subprocesses, such as prospect identification and customer knowledge creation. Moreover, they suggest that these subprocesses can often be further separated into more refined microlevel processes (e.g., data collection and storage is a microlevel process that forms part of the customer knowledge creation subprocess). Thus, for any given set of tasks, the specification of the required inputs and intended outputs depends entirely upon how the constituent activities are aggregated.

Table 1
Dominant perspectives on CRM

Perspective	Description	Implications for CRM success	Representative conceptualization
Process	Buyer–seller relationships develop over time and must evolve to perdure.	CRM success is contingent upon a firm's ability to detect and respond to evolving customer needs and preferences.	[CRM is concerned with] the creation and leveraging of linkages and relationships with external marketplace entities, especially channels and end users (Srivastava et al., 1999, p. 169).
Strategy	A customer's lifetime value determines the amount and kinds of resources that a firm invests in a particular relationship.	CRM success requires that firms continually assess and prioritize customer relationships based on their relative lifetime profitability.	[CRM enables companies to] invest in the customers that are (potentially) valuable for the company, but also minimize their investments in nonvaluable customers (Verhoef & Donkers, 2001, p. 189).
Philosophy	Customer retention (and hence profitability) is best achieved through a focus on relationship building and maintenance.	CRM success requires that firms be customer-centric and driven by an understanding of customers' changing needs.	CRM is not a discrete project—it is a business philosophy aimed at achieving customer centricity for the company (Hasan, 2003, p. 16).
Capability	Long-term, profitable relationships result only when firms are able to continuously adapt their behavior towards individual customers.	CRM success is contingent upon a firm's possession of a set of tangible and intangible resources that afford it the flexibility to change its behavior towards individual customers on an ongoing basis.	[CRM] means being willing and able to change your behavior toward an individual customer based on what the customer tells you and what else you know about that customer (Peppers et al., 1999, p. 101).
Technology	Knowledge and interaction management technologies represent the key resources firms need to build long-term, profitable customer relationships.	CRM success is primarily driven by the functionality and user acceptance of the technology firms implement in an attempt to build customer knowledge and manage interactions.	CRM is the technology used to blend sales, marketing, and service information systems to build partnerships with customers (Shoemaker, 2001, p. 178).

When viewed as a process, CRM has been defined at two different levels of aggregation. More specifically, some have defined it as a higher level process that includes all activities that firms undertake in their quest to build durable, profitable, mutually beneficial customer relationships (e.g., Plakoyiannaki & Tzokas, 2002; Reinartz et al., 2003; Shaw, 2003; Srivastava et al., 1999). Yet, others have construed it more narrowly and define it as a process that is concerned with managing customer interactions[1] for the purpose of promoting the establishment and maintenance of long-term, profitable relationships (e.g., Day & Van den Bulte, 2002; Galbreath & Rogers, 1999; Kohli et al., 2001). Comparatively speaking, then, the former perspective defines CRM as a macrolevel process, while the latter focuses exclusively on interaction management, arguably one of the subprocesses subsumed under the macrolevel perspective (Hirschowitz, 2001; Reinartz et al., 2003).

Regardless of the level of aggregation used to define CRM, this view is different from all others in that it accounts for the process aspects of relationship development and maintenance. That is, the process perspective is the only one that overtly acknowledges that buyer–seller relationships develop over time (i.e., are characterized by a lifecycle) and must evolve to perdure (cf. Dwyer, Schurr, & Oh, 1987; Gronroos, 2000; Parvatiyar & Sheth, 2000). In fact, it is due to this reason that emerging academic research favors and advocates the process perspective of CRM (e.g., Day & Van den Bulte, 2002; Reinartz et al., 2003). Nonetheless, it is also important to underscore that the usefulness of this view is limited by the fact that CRM has been defined at different levels of aggregation, and thus, it is unclear which tasks would be subsumed under such a process and what its requisite input and intended output would actually be.

2.2. CRM as a strategy

Strategy is defined as an "overall plan for deploying resources to establish a favorable position" (Grant, 1998, p. 14). The strategic view of CRM emphasizes the fact that resources destined for relationship building and maintenance efforts should be allocated based on customers' lifetime value to the firm (i.e., estimated net profits over the course of the relationship; CRM Guru, 2003; IT Director.com, 2003; Kracklauer et al., 2001; Tan et al., 2002). More specifically, this view suggests that all customers are not equally valuable and that, therefore, maximum profitability can only be achieved when available resources are invested in customer relationships that provide a desired level of return (Ryals, 2003). The main implication stem-

[1] The term interaction is akin to the conceptualization of Kotler (1972) of a transaction, which refers to any instance in which two parties engage in the exchange of values. However, following in the tradition of the Industrial Marketing and Purchasing (IMP) Group, the term interaction is used herein to reflect that the exchange of values (e.g., goods and services exchanged for money) occurs between two active parties that have the ability to exert influence upon each other (Campbell, 1985; Cunningham, 1980; Ford, 1980; Kalafatis, 2002; Metcalf, Frear, & Krishnan, 1992; Turnbull, Ford, & Cunningham, 1996).

ming from the strategic perspective is that firms must continually assess and prioritize customers based on their expected lifetime value—if they are to build long-term, profitable customer relationships.

Those who define CRM as a strategy also tend to emphasize that it enables firms to build the ''right'' type of relationship with each individual customer, which, in some instances, implies choosing not to build one at all (Kracklauer et al., 2001; Verhoef & Donkers, 2001). The focus of this view of CRM is not on how relationships are developed and maintained, but more so on how building the right type of relationships can have a substantial positive impact on corporate profitability. Hence, closely associated with this view of CRM is the notion that customer relationships should be treated as a portfolio of assets or investments that need to be actively managed to maximize profitability (Plakoyiannaki & Tzokas, 2002; Ryals, 2002, 2003; Ryals & Knox, 2001). While the application of portfolio theory to customer relationships predates the CRM era (e.g.,Jackson, 1985), it is increasingly receiving attention in the CRM literature and is touted as a valuable tool for enabling firms to identify an optimal combination of customers in which to invest their limited resources (Turnbull et al., 1996).

2.3. CRM as a philosophy

The recent emphasis on CRM stems, in part, from the research of Reichheld (1996), which demonstrated that a strong link exists between customer loyalty and corporate profitability. When defined as a philosophy, CRM refers to the idea that the most effective way to achieve such loyalty is by proactively seeking to build and maintain long-term relationships with customers. Rather than treating recurring transactions between buyers and sellers as isolated events, the philosophical view of CRM stresses that a loyal customer base can only be achieved if interactions are viewed within the context of an ongoing relationship (Piccoli et al., 2003; Shahnam, 2003).

As a business philosophy, CRM is inextricably linked to the marketing concept (Hasan, 2003; Shahnam, 2003), which stresses that firms must organize around and be responsive to their customers and their changing needs (Kohli & Jaworski, 1990; Narver & Slater, 1990). That is, the philosophical perspective recognizes that in order for exchange relationships to last, selling firms must be able to continually deliver what their customers value—a feat that is best accomplished by those firms that boast a customer-centric culture (Rigby et al., 2002; Wilson, Daniel, & McDonald, 2002). Moreover, this perspective effectively builds a bridge between the marketing concept and relationship marketing paradigm and focuses on the importance of creating customer value, something that is only implied in the other perspectives. Stated differently, this view suggests that to build long-term, profitable relationships, it is critical that firms' day-to-day activities be driven by an understanding of customers' evolving needs.

2.4. CRM as a capability

Grant (1991) distinguishes between resources and capabilities. Resources include factors of production such as capital equipment, the skills of individual employees, and patents. Capabilities, on the other hand, refer to the ''capacity for a team of resources to perform some task or activity. While resources are the source of a firm's capabilities, capabilities are the main source of its competitive advantage'' (Grant, 1991, p. 119). Unlike resources, capabilities are typically knowledge-based, are complex, and cannot simply be purchased or acquired in factor markets (Grant, 1991; Maritan, 2001; Teece, Pisano, & Shuen, 1997). Stated differently, capabilities refer to the hard-to-imitate skills and accumulated knowledge that enable firms to perform the activities that form part of business processes (Day, 1994).

The capability perspective on CRM highlights the fact that firms must invest in developing and acquiring a mix of resources that enables them to modify their behavior towards individual customers or groups of customers on a continual basis (ITtoolbox.com, 2003; Peppers et al., 1999). For instance, suppose that a large hardware distributor has, for some time now, supplied a relatively small advertising firm with their desktop computers and related services. Moreover, suppose that due to improving economic conditions and a growing reputation for unparalleled creativity, the advertising firm expects to double in size within the next year. According to the capability perspective of CRM, the hardware distributor will be able to capitalize on this relationship-enhancing opportunity if it is capable of (1) anticipating the customer's changing needs and (2) modifying its behavior towards the advertising firm in a manner that reflects that it is aware of and understands those changing needs (e.g., increase levels of service and support, more flexible pricing, etc.).

Although the capability view of CRM has not received widespread support in the literature, it does serve to emphasize that a certain mix of resources are needed to effectively manage customer relationships. After all, organizational capabilities are what enable the execution of a firm's day-to-day activities (Day, 1994). The example provided above and the emerging literature suggest that effective CRM demands that a firm, at a minimum, be capable of (1) gathering intelligence[2] about its current and prospective customers (Campbell, 2003; Crosby & Johnson, 2000) and (2) applying that intelligence to shape its subsequent interactions with them (i.e., change its behavior towards them; Bradshaw & Brash, 2001; Hirschowitz, 2001). In addition, the capability perspective suggests that effective CRM represents a potential source of competitive advantage, given that it requires an indeterminate, hard-to-imitate mix of resources (Grant, 1991; Teece et al., 1997).

[2] The terms intelligence and knowledge are used interchangeably throughout this paper and refer to ''a justified belief that increases an entity's capacity for effective action'' (Alavi & Leidner, 2001, p. 109).

2.5. CRM as a technology

Although the emergence of CRM technology is what propelled relationship management to the forefront of marketing practice and academic research (Massey, Montoya-Weiss, & Holcom, 2001), few (if any) marketers would now argue that CRM is simply a technological tool that enables firms to build customer relationships. In fact, one of the most common views expressed in the literature is that "CRM is much more than technology" and that a lack of understanding about its true nature is, in part, responsible for the failure of numerous CRM initiatives (Chen & Popovich, 2003; Fairhurst, 2001; Kotorov, 2003; Ragins & Greco, 2003). This contention is bolstered by recent empirical studies that suggest that CRM technology only has a moderate to weak impact on the overall success of firms' relationship building efforts (Day & Van den Bulte, 2002; Reinartz et al., 2003).

Nonetheless, it is important to emphasize that technology does play a substantial role in CRM efforts by, among other things, seamlessly linking front (e.g., sales) and back office (e.g., logistics) functions to provide for the efficient and effective management of interactions across different customer touch-points (e.g., Internet, direct mail, sales call, etc.; Chen & Popovich, 2003). In addition, CRM tools enable firms to harness the power of database, data mining, and interactive (e.g., Internet) technologies to collect and store unprecedented amounts of customer data, build knowledge from that data, and disseminate the resulting knowledge across the organization (Bose, 2002; Crosby & Johnson, 2001b; Greenberg, 2001). Such knowledge is deemed crucial to effective relationship management (Crosby & Johnson, 2000; Hirschowitz, 2001). Thus, it seems that both over and underestimating the role that technology plays in CRM initiatives can have detrimental effects on firms' relationship management efforts.

3. Towards a common conceptualization

The five perspectives advanced in the literature each conceptualize CRM in a unique way. While all of the perspectives could potentially "stand on their own," it is our contention that the macroprocess view provides the best conceptual foundation for the CRM phenomenon. Our position is based on the notion that the macroprocess perspective offers the most comprehensive, inclusive view of CRM (i.e., subsumes highly related subprocesses, such as interaction management) and, more importantly, explicitly acknowledges the process aspects of relationship development and maintenance (i.e., buyer–seller relationships develop over time and must evolve to perdure). However, that is not to say that the other perspectives do not contribute to our understanding of CRM. Thus, in the paragraphs that follow, the insights gleaned from the remaining perspectives will be utilized to better define or characterize the nature of the CRM process. Building on that analysis, this section will conclude by presenting a formal definition of CRM.

To define and accurately describe a business process, it is imperative to begin by identifying its requisite inputs and intended outputs. As indicated by Hammer (1996), "the essence of a process is its inputs and its outputs, what it starts with and what it ends with. Everything else is detail" (p. 12). Although CRM has been previously described as a macrolevel process, the extant literature is unclear about the type of input and specific nature of the output associated with this broad, highly inclusive process. This may be due to the fact that, unlike manufacturing processes, which often require and result in highly concrete inputs and outputs, the CRM macroprocess involves the use and production of more intangible, highly complex resources that are resistant to identification and/or description. Thus, as a first step towards a better understanding of the CRM process, the knowledge gained from the remaining four perspectives will be utilized to shed some light on the nature of the process input and output.

The strategic perspective provides the most conclusive evidence regarding the intended output of the CRM process. If you recall, the strategic view suggests that CRM is about building the right type of relationship with each individual customer. It is about prioritizing customer relationships and making commensurate investments in those relationships to maximize organizational profitability. Stated differently, the strategic perspective argues that CRM involves the judicious use of limited organizational resources in a matter that enables firms to build a portfolio of customer relationships, which—given the customer's needs and preferences and the firm's capabilities—results in the greatest organizational profitability. Thus, based on the insights afforded by the strategic perspective, we posit that the intended output of the CRM process is a profit-maximizing portfolio of customer relationships.

Having described CRM's intended purpose, the question now becomes: What is the requisite input of the CRM process? In other words, what resources or combination of resources (i.e., capabilities) do firms need to possess or have access to in order to build that profit-maximizing portfolio of customer relationships? While it would be extremely difficult (if not impossible) to provide an exhaustive listing of all of the resources that are required by such a broad, macrolevel process, the remaining three perspectives—that is, CRM as a philosophy, capability, and/or technological tool—serve to identify some of the critical resources or combination of resources that are needed to achieve the process output. Consequently, they will be subsequently utilized to inform our discussion of the process inputs.

However, before proceeding to consider these inputs, it is first necessary to briefly describe the basic types of organizational resources that can potentially serve as input to organizational processes. Broadly speaking, firms possess three basic types of resources: (1) physical, (2) human, and (3) organizational (Barney, 1991; Grant, 1991). Physical resources include assets such as property, plant, equipment, and raw materials. Human resources, on the other hand, refer to the personnel-based resources, including the training, insights, and judgment of individual employees. Finally, organizational resources include intangible elements such as culture, brand image, and firm reputation.

The philosophical and technological perspectives each identify fundamental resources that form part of the requisite inputs. More specifically, the philosophical perspective identifies what is considered by some to be the most crucial organizational resource of all: a customer-centric culture (cf. Rigby et al., 2002; Wilson et al., 2002). Recall that the philosophical perspective argues that to build long-term, durable relationships, it is imperative that firms' day-to-day activities revolve around an understanding of customers' (changing) needs. Doing so is what enables firms to continuously deliver customer value, something which is central to the formation of durable buyer–seller relationships (Gronroos, 2000; Park & Kim, 2003). Thus, it is fair to construe customer centricity as one of the key organizational (cultural) inputs that forms part of the mix of resources that firms need to build a profit-maximizing portfolio of customer relationships.

On the other hand, the technological perspective identifies a physical resource that is designed to substantially enhance firms' ability to execute the CRM process. In particular, the technological view suggests that CRM tools help firms successfully perform the CRM process. As was previously discussed, CRM tools not only help firms to more productively build and disseminate customer intelligence, but also enables organizational members to apply that intelligence—across different touch points—to influence the outcome of customer–firm interactions. Because of this reason, CRM tools are viewed as part of the basic set of resources that serve as input to the CRM process.

Although the capability perspective does not identify the specific physical, human, and/or organizational resources (i.e., inputs) that are needed to successfully execute the CRM process, it does reveal that firms must possess a collection of resources that work together (i.e., capabilities) to enable firms to (1) develop customer or prospect knowledge (i.e., market intelligence) and (2) adapt their behavior towards individual customers or prospects based on that intelligence (i.e., use that knowledge to influence interactions). In other words, the capability view of CRM suggests that firms need a complex and (potentially) indeterminate mix of resources that enables them to acquire and adaptively respond to market intelligence.

As revealed in the discussion and analysis exposed in the preceding paragraphs, the five perspectives on CRM contribute substantially to our understanding of this complex, multidimensional phenomenon. Based on the analysis, it was suggested that the macroprocess view provides the best conceptual foundation for the phenomenon, particularly because of its inclusive nature and accurate representation of the manner in which buyer–seller relationships develop. In addition, an examination of the remaining perspectives revealed that the purpose of the said process is to enable firms to build a profit-maximizing portfolio of customer relationships, and that to do so, they need to possess a mix of resources that enables them to develop and adaptively respond to market intelligence. Therefore, building on these insights, the following conceptualization is proposed:

> CRM is an ongoing process that involves the development and leveraging of market intelligence for the purpose of building and maintaining a profit-maximizing portfolio of customer relationships.

4. CRM and relationship marketing

Relationship marketing is often cited as the philosophical basis of CRM (e.g., Christopher, Payne, & Ballantyne, 2002; Ryals & Knox, 2001). Not surprisingly, then, both phenomena are thought to share what one author calls "striking similarities" (Light, 2003). In fact, some perceive them to be so similar as to not warrant a distinction in the literature (i.e., employ the terms interchangeably; e.g., Jain & Singh, 2002). Hence, to effectively demarcate CRM's domain, it is critical to establish how it relates to relationship marketing. Are CRM and relationship marketing truly distinct phenomena or merely synonymous terms? Achieving a satisfactory answer to this question is crucial to the purpose of this effort, yet is complicated by the fact that there are also several distinct perspectives on relationship marketing (cf. Parvatiyar & Sheth, 2000). Thus, as a point of departure, four representative views on relationship marketing will be briefly presented in the paragraphs that follow. These views will then be employed as a basis for comparison with the proposed conceptualization.

When Berry (1983) initially coined the term, he defined relationship marketing as "attracting, maintaining and—in multiservice organizations—enhancing customer relationships" (p. 25). Over the decade of the 1990s, the term was expanded to include relationship development and maintenance with other types of exchange partners, such as suppliers, competitors, and employees. This broadening of the relationship marketing concept was advocated by Morgan and Hunt (1994), who defined the phenomenon as "all marketing activities directed toward establishing, developing, and maintaining successful relational exchanges" (p. 22). This broad construal of relationship marketing is not without controversy though. Parvatiyar and Sheth (2000), among others, argue that such an expansive definition of relationship marketing threatens the viability of the discipline by blurring the boundaries of its domain. Hence, they suggest that relationship marketing is best defined as "the ongoing process of engaging in cooperative and collaborative activities and programs with immediate and end-user customers to create or enhance mutual economic value at reduced cost" (p. 9). Finally, in a retrospective evaluation of his original work, Berry (2002) suggests that relationship marketing can also be viewed as a philosophy. More specifically, he states that relationship marketing is, at its best, "a philosophy, not just a strategy, a way of thinking about customers, marketing and value creation, not just a set of techniques, tools, and tactics" (p. 73).

Before proceeding to discuss how the different views relate to the proposed conceptualization, it is important to highlight several commonalities and differences among the preceding perspectives. Aside from the philosophical view of relationship marketing, the conceptualizations presented herein recognize, implicitly or explicitly, that relationship development and maintenance is an ongoing process (cf. Parvatiyar & Sheth, 2000). Moreover, the three process-based perspectives appear to suggest that relationship marketing is concerned with the organizational activities needed to establish, develop, and enhance relational exchanges (i.e., close, collaborative relationships). Nonetheless, it is important to highlight that the relationship marketing views articulated by Parvatiyar and Sheth (2000) and Berry (1983) differ from that advanced by Morgan and Hunt (1994) in that the former limit its domain to buyer–seller relationships while the latter favor including other types of exchange arrangements. Finally, it is worth emphasizing that the philosophical perspective articulated by Berry (2002) stands apart from the rest in that it advocates viewing relationship marketing as an organizing concept that should be at the center of a firm's activities.

The foregoing discussion clearly points towards a high level of association between relationship marketing and CRM. The specific nature of their correspondence depends upon the particular view of relationship marketing that is adopted, with the apparent overlap between the two being the greatest when a process-based—as opposed to a philosophical—view of relationship marketing is held. Nonetheless, as will be subsequently illustrated, it is our contention that relationship marketing and CRM are different phenomena that warrant a distinction in the literature.

The proposed conceptualization of CRM and the process-based views of relationship marketing are similar in that they both explicitly acknowledge that exchange relationships evolve over the course of a lifecycle (i.e., both recognize that relationship development and maintenance is a process). Nonetheless, unlike relationship marketing, CRM does not focus exclusively on the establishment and maintenance of close, collaborative exchange relationships. More specifically, CRM is concerned with the development and maintenance of a portfolio of profit-maximizing customer relationships that is likely to include exchange relationships that vary along the transactional–relational continuum. That is, CRM is a strategically oriented process concerned with "producing" an ideal mix of customer relationships, while relationship marketing focuses only on the tasks needed to build and sustain relational exchanges. Consequently, CRM subsumes a collection of activities, for example, subprocesses related to the evaluation and prioritization of current and prospective customers, and market-relating tactics that are not under the purview of relationship marketing (see the strategic perspective on CRM for a review). Stated differently, relationship marketing activities constitute a subprocess of the significantly broader, more strategically oriented CRM process. Therefore, although relationship marketing and CRM are both concerned with relationship development and maintenance activities, crucial differences regarding the intended process outputs (i.e., close, collaborative exchange relationships vs. profit-maximizing portfolio of customer relationships) and the (necessarily) broader nature of CRM indicate that the two are related but distinct phenomena.

If a philosophical view of relationship marketing is adopted, the nature of the association between the two phenomena changes dramatically. More specifically, if relationship marketing is viewed as an organizing philosophy that emphasizes customer retention, then, CRM can be thought to represent the organizational implementation of such a philosophy (Ryals & Knox, 2001; Ryals & Payne, 2001). This type of interpretation is not without precedent in the marketing literature. A parallel argument was made by Kohli and Jaworski (1990), who suggested that market orientation refers to the organizational implementation of the marketing concept (i.e., a business philosophy). While this construal of the correspondence between both phenomena is intuitively appealing, its acceptability hinges upon one's willingness to defy convention and define relationship marketing as a philosophy rather than as a process. Nonetheless, whether relationship marketing is viewed as a process or philosophy, it appears that CRM is a distinct phenomenon that warrants consideration in the literature.

5. A description of the CRM process

According to the proposed conceptualization, CRM is concerned with the creation of market intelligence that firms can leverage to build and sustain a profit-maximizing portfolio of customer relationships. Thus, to develop a more refined understanding of CRM, it is imperative to consider not only the specific set of activities that firms undertake to create that intelligence but also how they utilize it to achieve the intended process objective (i.e., a profit-maximizing portfolio of customer relationships). Broadly speaking, the CRM literature suggests that the requisite market intelligence is generated through the effective execution of a knowledge management process (Campbell, 2003; Crosby & Johnson, 2001a; Fahey et al., 2001; Massey et al., 2001; Plakoyiannaki & Tzokas, 2002; Stefanou & Sarmaniotis, 2003) and that the resulting intelligence is utilized to build the profit-maximizing portfolio of customer relationships by enabling firms to select the right customers, prioritize relationships, and productively manage interactions with them (Hansotia, 2002; Hirschowitz, 2001; Reinartz et al., 2003; Rigby et al., 2002). Thus, as illustrated in Fig. 1, knowledge and interaction management are posited as the major subprocesses of the CRM macrolevel process. The remainder of this section will be devoted to discussing and explaining the interrelationship between these key subprocesses.

5.1. Knowledge management

Building on the work of Huber (1991) and Nonaka (1994), Alavi and Leidner (2001) define knowledge as "a justified belief that increases an entity's capacity for effective action" (p. 109). Knowledge management then refers to the organizational process that is concerned with the creation, storage, retrieval, and application of knowledge (Alavi & Leidner, 2001). The literature on CRM suggests that to build a profit-maximizing portfolio of customer relationships, firms need to develop knowledge stores related to the (1) desirability of prospects, (2) customer defection intentions, (3) needs and preferences of customers, (4) likely profitability of current and prospective customers, and (5) emergence of market threats (cf. Crosby & Johnson, 2000; Fairhurst, 2001; Hirschowitz, 2001; Massey et al., 2001; Park & Kim, 2003; Reinartz et al., 2003; Rigby et al., 2002; Ryals & Payne, 2001; Stefanou & Sarmaniotis, 2003). Thus, from a CRM standpoint, the knowledge management process is concerned with all of the activities directed towards creating and leveraging the market intelligence that firms need to build and maintain a portfolio of customer relationships that maximizes organizational profitability.

As Fig. 1 suggests, the knowledge management process can be further subdivided into three distinct microprocesses: (1) data collection, (2) intelligence generation, and (3) intelligence dissemination (Alavi & Leidner, 2001; Fahey et al., 2001). As its name implies, the data collection process refers to a firm's activities that focus on capturing information about customers and markets. It can involve recording details about a particular interaction (e.g., customer response to a direct mail campaign), obtaining data from secondary sources (e.g., U.S. Census data), or querying customers about their satisfaction with the firm (Park & Kim, 2003; Stefanou & Sarmaniotis, 2003). In contrast, the intelligence generation process attempts to convert data that has been amassed into actionable intelligence. This involves employing traditional analysis techniques, as well as data mining and modeling methods, to identify trends and patterns related to customers' behavior and/or general market conditions (Campbell, 2003; Fahey et al., 2001). Any intelligence that has a potential bearing on the outcome of buyer–seller interactions is considered especially valuable (e.g., customer value drivers, changing preferences, cross-selling opportunities, etc.). Finally, any intelligence that is generated needs to be disseminated to all members of the organization who either have direct contact with the customers (i.e., boundary-spanners) or have an influence over the marketing mix elements of a firm's operations (Campbell, 2003; Ryals & Knox, 2001).

The knowledge management process is highly dependent upon the technological and human resources of a firm. From the technology side, CRM technology provides firms not only with the database technology needed to store vast amounts of customer data, but also the necessary tools to derive and disseminate actionable intelligence from it (Crosby & Johnson, 2001b; Greenberg, 2001). In addition, organizational members have a tremendous impact on the knowledge management process. Whether they can articulate it or not, employees (particularly, boundary spanners)

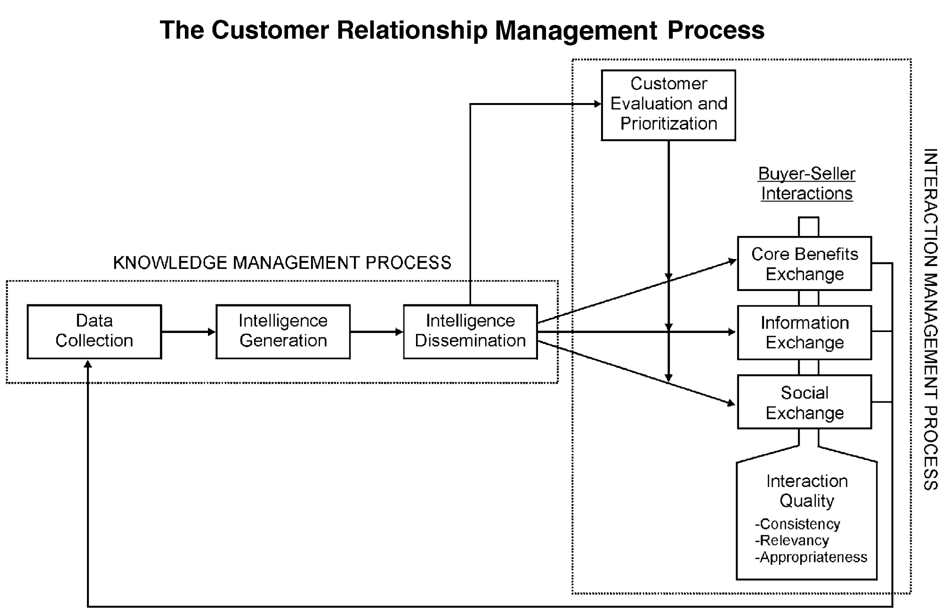

Fig. 1. The CRM process.

possess substantial amounts of knowledge about individual customers and their needs and preferences (cf. Abbott, 2001; Alavi & Leidner, 2001). The ability to harness such intelligence has been empirically linked to the effectiveness of firms' interaction management efforts (e.g., Zahay & Griffin, 2003).

5.2. Interaction management

An interaction refers to any instance in which two active parties, which have the ability to exert influence upon each other, engage in the exchange of values (Cunningham, 1980; Ford, 1980; Kotler, 1972; Turnbull et al., 1996). Broadly speaking, an interaction can focus on the exchange of core benefits (i.e., products and services for money), information exchange, social exchange (i.e., interpersonal exchange), and/or any combination of the three (Cunningham, 1980; Kalafatis, 2002; Metcalf et al., 1992). Increasingly, the marketing literature has stressed the importance of recognizing that buyer–seller interactions do not exist in isolation but rather occur within the context of an ongoing relationship (Cunningham, 1980; Gronroos, 2000; Turnbull et al., 1996). That is, every buyer–seller interaction takes place within the context of all preceding interactions (Peppers et al., 1999), and, consequently, all interactions must be actively managed to nurture the development and growth of exchange relationships (cf. Reinartz et al., 2003).

As depicted in Fig. 1, the interaction management process leverages available intelligence to build and strengthen customer relationships by enhancing the quality of individual exchange episodes. More specifically, the derived market intelligence is utilized to influence the productivity (i.e., efficiency and effectiveness) of interactions in which the buyer and seller engage in, either: (1) the exchange of products and services for money (i.e., core benefits exchange), (2) information exchange, such as planned (e.g., direct mail piece) or unplanned communications (e.g., e-mail request for product information), or (3) social exchange (e.g., business lunch). As the figure also illustrates, the extant CRM literature suggests that, regardless of the specific purpose and/or nature of the exchange episode, interactions should remain consistent, relevant, and appropriate (Khirallah, 2000; Ragins & Greco, 2003) over the course of a relationship's lifecycle (i.e., interaction quality is determined by the collective consistency, relevancy, and appropriateness of individual exchange episodes).

Moreover, in line with the strategic view on CRM (e.g., Kracklauer et al., 2001; Tan et al., 2002), Fig. 1 indicates that the evaluation and prioritization of customer relationships are key activities of the interaction management process. Customer evaluation involves making an informed assessment of the current state of the relationship (i.e., of how the relationship is evolving; Reinartz et al., 2003). For instance, do the customer's needs appear to be changing? Is the relationship in danger of being lost to a competitor? In contrast, prioritization is concerned with making a determination of the relative importance of individual customer relationships to allocate organizational resources accordingly (Fairhurst, 2001). For example, some firms may elect to allocate more organizational resources (e.g., key account manager) to high-value customers and/or to at-risk customer accounts (Hirschowitz, 2001). Finally, it is important to highlight that an organization's perceived level of responsiveness to the available market intelligence is contingent upon the customer evaluation and prioritization subprocesses. That is, firms' response to market intelligence will be moderated by an understanding of the current state and priority status of each individual relationship. Thus, for example, even if the available intelligence suggests that a customer is at risk of being lost, a firm may elect to take no corrective action because the priority status of the relationship suggests that it is not warranted from an organizational profitability standpoint.

Again, the interaction management process is highly dependent upon the technological and human resources of a firm. For instance, CRM technology enables firms to develop highly targeted marketing campaigns. In addition, it provides buyers and sellers with the opportunity to interact on a much more frequent basis through the use of customized extranets, e-mail, web chats, and so forth (Crosby & Johnson, 2001b; Greenberg, 2001). Moreover, the human "touch" is also highly critical to effective interaction management. Employees' ability to leverage their understanding of individual customers and human behavior often has a substantial impact on the outcome of exchange episodes (e.g., a service representative's response to a highly unusual customer complaint).

Although interaction consistency, relevancy, and appropriateness were previously identified as the key dimensions of interaction quality, these concepts have, thus far, not been defined. Therefore, in an attempt to provide the reader with a more thorough understanding of the interaction management process, this section concludes with a brief discussion of each of the interaction quality dimensions.

5.2.1. Interaction consistency

Consistency refers to the extent to which an interaction varies from and builds upon the preceding stream of buyer–seller interactions. Thus, an interaction is consistent if it does not vary significantly from preceding interactions in regard to things such as product and service quality, delivery time, methods of communication, ordering procedures, and so forth. Moreover, consistent interactions are characterized by a cumulative understanding of the buyer–seller relationship, regardless of how (e.g., over the phone or electronically) or with whom (e.g., key contact employee or anonymous service representative) a customer interacts. For instance, consider the case of a customer that reports a service failure electronically (e.g., e-mail) and then proceeds to call the support desk a few hours later in regard to the same problem. Upon calling the support desk, the service representative has no information regarding the previous interaction and thus asks the customer to restate the difficulties that he or she has been experiencing. In this scenario, the subsequent interaction (the call to the support desk) is not consistent because it fails to build upon the interaction that immediately preceded it (i.e., the call to the support desk is not consistent with the state of the relationship).

Numerous articles on CRM, in both the popular press and academic literature, cite interaction consistency as one of the key factors leading to desirable relationship outcomes (e.g., Bradshaw & Brash, 2001; Butler, 2000; Pan & Lee, 2003; Rheault & Sheridan, 2002). In addition, consistency has been described as a signal of suppliers' commitment to a relationship (Dwyer et al., 1987) and has been thought to enhance the effectiveness of the sales process (Keillor, Parker, & Pettijohn, 2000) as well as the impact of organizational communication efforts (Naik & Raman, 2003). Empirically, the inconsistency of promotional mix elements has been found to have a negative effect on consumer brand evaluations (Swait & Erdem, 2002). Before concluding, it is also important to underscore that consistency does not refer to a regulated uniformity or an unwillingness to change (Bradshaw & Brash, 2001; Doyle, 2001). In her 1985 work, Jackson talks about the challenge of consistency and concludes that buyers want their suppliers to demonstrate a consistent concern for their needs, but also want them to be agile and responsive to change. That is, it is not about achieving a static consistency, but about being consistent and yet dynamic in response to changing conditions.

5.2.2. Interaction relevancy

Relevancy refers to the degree to which an interaction creates value within the context of a buyer–seller relationship. In this context, value is defined as the buyers' perception of the net bundle of economic and psychological benefits gained from engaging in a particular exchange relationship (Anderson & Narus, 1998; Park & Kim, 2003; Ulaga, 2001, 2003; Ulaga & Eggert, 2003). In the case of an individual exchange episode, value is created when the net marginal benefits of the interaction are greater than its associated marginal costs (Gronroos, 2000). For example, suppose a seller sends an existing customer a direct mail piece announcing the introduction of a new service. Upon receiving the communication from the seller, the buyer takes the time to read it and concludes that the new service could potentially enhance the productivity of their operations. From the buyer's perspective, this interaction is relevant—that is, it creates value because the benefits gained (i.e., knowledge about the new service) exceed the associated costs (i.e., time invested in reading and digesting the direct mail piece).

Relevancy is also often cited as a highly desirable interaction attribute (e.g., Fairhurst, 2001; Hansotia, 2002; Hirschowitz, 2001). From an information exchange standpoint, relevancy is highly valued, as targeted communications are thought to aid consumers in decision making and reduce or minimize information overload (Ansari & Mela, 2003). In an online environment, where high levels of interactivity are possible, relevancy has also been linked to desirable outcomes. More specifically, the customization of communication messages and the personalization of online content have been empirically linked to favorable consumer attitudes and behaviors (Karuga, Khraban, Nair, & Rice, 2001; Postma & Brokke, 2002; Thorbjornsen, Supphellen, Nysveen, & Pedersen, 2002).

5.2.3. Interaction appropriateness

Appropriateness refers to the extent to which an interaction maximizes both customer value and the long-term return on organizational resource investments. Stated differently, an interaction is appropriate if it provides customers with an optimal amount of net benefits, given their lifetime value to the firm. As an example, suppose a service representative at a web-hosting company receives a call from one of its three major customers who indicates that they are expecting increased traffic on their website and need to substantially increase their server capacity within 24 hours. Given the lifetime value of this particular customer to the firm, the service representative willingly accommodates the short-notice request, although it implies additional marginal costs for the firm (e.g., overtime pay). This interaction is appropriate because it provides the customer with the optimal level of service (in the short term) while ensuring that the marginal costs incurred to deliver such level of service will result in a superior, long-term return on organizational resource investments (i.e., the marginal costs incurred are insignificant compared with the marginal revenues that will be accrued over the duration of the relationship with this customer).

Numerous authors have addressed the importance of interaction appropriateness and have stressed how providing the "right" customers with the "right" products and services is crucial to enhancing customer satisfaction (and thus retention; e.g., Abbott, Stone, & Buttle, 2001; Ansari & Mela, 2003; Fairhurst, 2001; Galbreath & Rogers, 1999). In addition, empirical evidence also provides credence to the appropriateness dimensions of interaction quality. For instance, the appropriate handling of customer-initiated complaints was found to have a positive impact on customer share and word-of-mouth behaviors (Bowman & Narayandas, 2001). In addition, a positive relationship was found between a supplier's use of the right mix of communication tools and buyer trust in the supplier firm (MacDonald & Smith, 2004). Finally, purchasing managers express higher levels of interaction satisfaction when they perceive that their counterparts provide them with an appropriate level of service and support (Tellefsen, 2002).

6. Managerial implications

For firms to effectively practice CRM or be able to diagnose the root cause of failed initiatives, a clear understanding of what the phenomenon entails is needed. This paper has taken that first step by proposing what is (hopefully) an adequate, representative conceptualization of CRM and providing a brief description of the process. As a result, it is now possible to outline a basic framework that identifies the key steps towards CRM success. Before proceeding to do so, it is important to mention that based on the proposed conceptualization, CRM success is defined hereafter as a firm's ability to efficiently build and sustain a profit-maximizing portfolio of customer relationships.

Fig. 2 illustrates the proposed framework for achieving CRM success and indicates that the first step towards this goal is specifying a relationship management strategy. If you recall, it was previously suggested that successful relationship management requires that firms prioritize relationships and allocate resources destined for relationship building and maintenance based on customers' value to the firm. Thus, a firm's relationship management strategy should reflect how it plans to allocate available resources when dealing with customers belonging to different priority levels. In other words, the relationship management strategy should specify, ex ante, how a firm plans to build durable relationships with customers who (potentially) value different things and differ in terms of their profitability to the firm. For instance, a firm might divide its customer base (and classify prospects) into three tiers based on the amount of after-sales support that they require and on their apparent price sensitivity. After defining the different customer groups, the firm can then proceed to define the specific elements of the marketing mix as they pertain to individual customer groups. Hence, in this situation, tier one customers might warrant individualized attention from a key account manager, while tiers two and three customers might primarily be serviced through self-service technologies.

Moreover, it is also important to highlight that the objective of the relationship management strategy should be to maximize both the value that customers derive from their relationship with the firm as well as long-term corporate profitability. The goal, however, is not to devise a strategy that enables firms to form close, highly collaborative relationships with all customers. Rather, it is to articulate a strategy that enables firms to form mutually beneficial, durable relationships with their customers. For some, this relationship might be based on close collaboration or high levels of service. For others, it might be based on cost savings and no-frills service. The point is that the strategy should help the firm build a loyal, profit-maximizing customer base. Finally, it is worth mentioning that to construct a relationship management strategy, firms must have a profound understanding of the types of customers that they serve, what they value, and how they differ from each other and from other customers who do not form part of their target market. Such an understanding is critical to the development of an effective relationship management strategy.

Having specified a relationship management strategy, firms can proceed to define the relevant CRM processes and process roles. This includes providing a detailed mapping and description of the relevant processes (knowledge and interaction management) and subprocesses, as well as an allocation of responsibilities for process activities among individuals and groups (i.e., process roles; Buckley & Carter, 1996). The objective here is to ensure that all CRM processes are well defined and that members of the organization have a clear understanding of what they are expected to do. Moreover, a specification of the processes and roles enables managers to specify interfunctional dynamics, including communication flows and coordination patterns.

Once the CRM processes have been defined and roles assigned, managers must assess the state of their CRM capabilities to ensure that they have the requisite resources to effectively execute the activities related to each of the CRM processes. In general, CRM capabilities refer to the mix of human, physical (including technological), and organizational (e.g., capital) resources that enable firms to execute the knowledge and interaction management processes. In other words, the management must decide whether the firm can execute the CRM processes—as they have been specified—given the firm's current mix of resources. Following the capability assessment, management can proceed to make enhancements as necessary. For instance, new technologies might have to be adopted and/or processes and process roles might need to be respecified. The point is to ensure that the appropriate mix of resources is available to execute the CRM process. Upon the completion of this

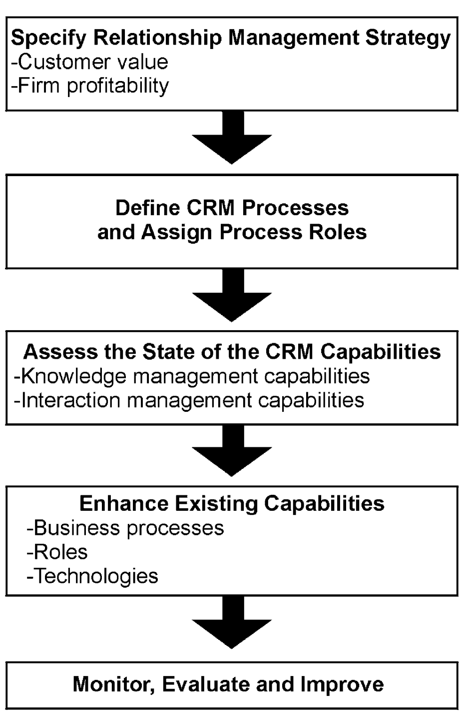

Fig. 2. A framework for achieving CRM success.

stage, all of the "pieces of the puzzle" needed to achieve CRM success should be in place.

Finally, the last step in the framework involves the continual monitoring, evaluation, and improvement of the process and individual subprocesses. The management's focus here should be on ensuring that the process is delivering the desired outcomes and finding new ways to enhance the productivity of the process. The following are some examples of appropriate measures that can be utilized to assess the firm's level of CRM success: (1) the relative efficiency with which resources destined for acquisition and retention efforts are deployed, (2) the quality of relationships in the customer portfolio, (3) the number of cross- and up-selling opportunities that are generated, and (4) the share of a customer's business that the firm is able to capture.

Aside from providing the foundations for a CRM success framework, this paper also points to several other issues that are of managerial importance. First, implicit in the definition of CRM as a process is the notion that customers derive value from building long-term relationships with their exchange partners. Thus, before embarking on a CRM initiative, managers must really consider if their customers are interested in being "managed." For instance, some customers might resent the fact that a supplier is trying to manage the relationship, and others simply might not see any benefits in forming a long-term relationship with a particular supplier. That is, when considering CRM investments, the management needs to address the following question: What is in it for our customers? Careful consideration of this issue might help firms save substantial amounts of money on CRM ventures that are essentially doomed from the start.

A second key implication stemming from this effort is the idea that CRM success is highly dependent on a process management orientation (cf. Gronroos, 2000; McCormack & Johnson, 2001). While the literature has (appropriately) stressed that CRM success cannot be achieved without customer orientation, it has failed to emphasize the importance of a process-oriented culture. More specifically, when attempting to build customer relationships, managers also need to focus on directing and coordinating the cross-functional activities that enable firms to build such relationships (Ryals & Knox, 2001). By focusing on the processes themselves, managers can ensure that organizational resources will be effectively utilized to generate the desired outcome (i.e., profitable, long-term relationship).

Third, it was suggested that to effectively manage customer relationships, firms need to develop capabilities related to the knowledge and interaction management processes. Judging by the reportedly high failure rate of CRM initiatives (cf. Rigby et al., 2002; Yu, 2001), it appears that these capabilities (which involve tangible and intangible resources) are hard to imitate and thus represent a potential source of competitive advantage. Consequently, in industries where competition is intense, firms can achieve superior performance if management focuses its efforts and resources on acquiring and fostering the development of such capabilities.

Finally, a profit-maximizing portfolio of customer relationships was identified as the desired output of the CRM process. This indicates that the customers belonging to this portfolio are likely to change over time and that the strategies used to relate to individual customers are also likely to change as the relationship progresses through the lifecycle. Consequently, managers should demonstrate a willingness not only to change their behaviors towards individual customers over time (e.g., decrease in request turnaround rate) but also to discontinue relationships with those customers who are no longer maximally profitable to the firm (cf. Reinartz et al., 2003).

7. Concluding remarks

Thus far, the somewhat casual demarcation of CRM's domain has resulted in a highly fragmented body of knowledge that fails to address many of the issues related to this topic of growing importance. After reviewing the major perspectives on CRM, this paper puts forth a conceptualization that attempts to not only outline CRM's domain but also to reconcile the divergent perspectives found in the academic and popular literature. While the analysis presented in this paper is in agreement with the process perspective on CRM, it attempts to extend existing definitions by characterizing the CRM process as being strategic in nature and describing its requisite input and intended output.

Aside from proposing a formal definition, this paper also provides specific details about the nature of the CRM process. More specifically, CRM was described in terms of its two key subprocesses: knowledge and interaction management. Moreover, it was also suggested that the collective goal of these processes is to enable firms to build and maintain a profit-maximizing portfolio of customer relationships by ensuring that interaction quality is preserved over the course of a relationship's duration. Interaction quality was posited to have a significant impact on relationship outcomes, given that dyadic exchange relationships are, in essence, composed of a series of interrelated interactions that transpire over time. Three criteria were advanced that can be utilized to assess the quality of buyer–seller interactions—consistency, relevancy, and appropriateness.

Finally, a framework for achieving CRM success was also proposed. The framework builds upon the view of CRM presented within the paper and is intended to provide managers with a broad outline as to how CRM initiatives should be approached. The framework builds on the proposed conceptualization and emphasizes the need for a formal relationship management strategy within a CRM program. It also reveals that a focus on process management is likely to enhance the success of CRM initiatives.

While this paper only attempted to address some of the many knowledge needs related to this topic, the ideas put forth herein can certainly help enhance other research endeavors. At a minimum, future efforts can utilize the framework and conceptualizations detailed in this paper to develop measures and conceptual models that help unravel the, thus far, enigmatic phenomenon known as customer relationship management.

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