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Progress in Customer Relationship Management Adoption:

A Cross-Sector Study

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Abstract

Businesses across sectors use Customer Relationship Management (CRM) to capture and manage their customer data, yet many published studies focus on single industries so their generalizability is limited. In this article, the authors take a multi-sector view of CRM implementation in three areas of the UK services sector: banking and finance, professional services, and the government/public sector. The study is designed to capture differing degrees of progress in the CRM journey, contributing to existing knowledge through its cross-sector view of CRM implementation, addressing the need for more generalizable findings; applying an existing framework of CRM implementation to tease out progress in relation to: *people* (ie: the company's staff), the *company* itself, the *customers* (and customer data), and the *technology*; and using this framework as the basis for greater insight into the variations in CRM practice and progress across sectors. Implementation recommendations are presented for managers whose organizations have reached different stages in the CRM journey.

Introduction

Recent advances in information technology coupled with growing concerns about managing customers have resulted in the increasing use of Customer Relationship Management (CRM). Businesses in all sectors routinely use CRM systems to capture and manage customer data as a means of improving customer acquisition and retention levels. These organizations are attracted by CRM's potential to enhance customer satisfaction and retention (Jayachandran et al., 2005; Mithas et al., 2005), to enable them to seek out high value customers (Harding et al., 2004; Sciglimpaglia and Ely, 2006), and by the business performance improvements which this can bring (Knox et al., 2003; Ryals, 2005).

Many businesses using CRM have been on a 'journey' which began by using market segmentation to identify and target attractive customers. From this departure point, some of these firms progressed to applying relationship marketing ideas to gain customer closeness, before moving on to implementing full CRM systems. These organizations' progress will have been impacted by their ability to plan strategically, using segmentation analysis to clarify target segments; and tactically, through their implementation of CRM to guide day-to-day customer contact strategies. A growing body of research evidence views organizations as having reached different points in this CRM journey (Roscoe, 2001; Peppard and Ward, 2005), with little uniformity in CRM uptake or consistency in the achieved outcomes (Karakostas et al., 2005). Even in financial services, home to many sophisticated CRM users, the level of sophistication varies considerably (Dibb and Meadows, 2004). At the same time, alongside increasing evidence that "companies have developed proven CRM practices that enhance firm performance" (Boulding et al., 2006), there is growing concern about the practical difficulties

faced when implementing CRM (Langerak and Verhoef, 2003; Kale, 2004). Therefore, despite burgeoning academic and practitioner interest in CRM (Reinartz and Kumar, 2003) there are significant gaps in existing knowledge around CRM implementation.

First, not enough is known about CRM success factors and their implications for practitioners. In a recent special issue on customer management, Kumar et al. (2006: 90) describe "understanding the critical elements for successful CRM implementation (as) our next key challenge". They highlight three priorities: i) identifying the critical elements for CRM success; ii) pinpointing the main moderators that influence the CRM implementation and success relationship; and iii) considering what can be learnt from organizations which have been successful in their customer management strategies. Similarly, Boulding et al, (2009:185) call for "A better understanding of … key success factors in CRM implementation (to) enable academics to better theorize about CRM-implementation-related issues and CEOs to create organizational environments that are conducive to effective implementation of CRM strategy and programs." More in-depth research is now needed to explore CRM implementation and to tease out the factors impinging on successful outcomes.

Second, most previous research on CRM has used single industry studies (eg: Karakostas et al., 2005), often involving single in-depth case studies (eg: Plakoyiannaki, 2005). Although the complexity of CRM readily lends itself to qualitative methods of analysis, a consideration which has undoubtedly influenced sampling decisions, the generalizability of these studies' findings is limited. More cross-sector studies of the CRM journey are now needed, so that deeper insights into the critical similarities and differences across industries can be gained.

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Third, previous research has highlighted a myriad of implementation problems and barriers that appear in many forms (Payne and Frow, 2005). As Bohling et al. (2006: 185) explain: "Successful implementation of CRM initiatives rests on successful cross-functional integration of processes, people, operations, and marketing capabilities that is enabled through information, technology, and applications". This suggests that implementation studies need to reflect varying contexts, including the different stages which firms have reached in their CRM journeys. Therefore, practitioners would benefit from tools which do more to tailor recommendations about success factors to their specific contexts. This would enable a more realistic assessment of progress and more specific guidance about the particular staffing, data, technology and organizational priorities.

This study takes a quantitative, multi-sector view of CRM adoption in three areas of the services sector: banking and finance, professional services, and the government/public sector. Data are collected from a survey of Strategic Planning Society members in the UK; the survey has been designed to capture the differing degrees of progress in the CRM journey. The study contributes to existing knowledge by (1) taking a cross-sector view of CRM implementation, addressing the need for more generalizable findings; (2) applying an existing framework of CRM implementation within this context to tease out progress in relation to: *people* (ie: the company's staff), the *company* itself, the *customers* (and customer data), and the *technology*; (3) using this framework as the basis for greater insight into the variations in CRM practice and progress across sectors; and (4) making tailored implementation recommendations for practitioners at different stages in the CRM journey. The article begins by reviewing the literature relating to

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CRM adoption in the services sector, to establish the foundations for the dimensions around which the data collection is organized.

CRM: The Conceptual Background

Customer Relationship Management has its origins in the relationship-based approach to management emerging from the marketing, strategy and supply chain management domains (Osarenkhoe and Bennani, 2007). According to Plakoyiannaki et al. (2008), the concept draws on, and overlaps with, customer orientation, database management, and relationship marketing (Payne and Frow, 2005); although the term CRM is more likely to be used to refer to 'information-enabled relationship marketing' (Ryals and Payne, 2001:3). As a consequence of these broad origins, the definition of CRM has been hotly debated (eg: Langerak and Verhoef, 2003; Verhoef, 2003), particularly by those regarding consistent definitions as a pre-requisite for established fields (Parvatiyer and Sheth (2001) and others who believe this affects how organizations perceive and practice CRM (Payne and Frow, 2005). In moving the debate forward, Payne and Frow (2005) categorize published definitions into three perspectives, according to whether they are: (i) narrowly and tactically focused around technology; (ii) concerned with more integrated customer-focused technology solutions; or (iii) take a more holistic approach and strategic approach to managing customer relationships. The pertinence of these different CRM perspectives is that they reflect what Dibb and Meadows (2001, 2004) describe as the "journey" from segmentation to relationship marketing to customer relationship management. Payne and Frow (2005) favour third of these perspectives because it encourages a strategic and consistent CRM approach throughout the organization, seeing CRM as:

… a strategic approach that is concerned with creating improved shareholder value through the development of appropriate relationship with key customers and customer segments. CRM unites the potential of relationship marketing strategies and IT to create profitable, long-term relationship with customers and other key stakeholders.

<div align="right">Payne and Frow (2005:168)</div>

In the marketing literature, the evolution from mass marketing to a segmented view of markets is well documented (Kotler, 1992), with CRM emerging out of the progression from database and niche marketing to relationship management (Peppers and Rogers, 1993). Ryals and Knox (2001) see the philosophy behind CRM as based on: i) relationship orientation (Gummesson, 1999); ii) customer retention (Verhoef 2003); iii) creating superior customer value (Reinartz et al. 2004); iv) IT as the enabling technology (Swift, 2001). This is reflected in Yuan and Chang's (2001) description of CRM as a three-part technological life cycle: (i) collecting and integrating customer data from a range of sources; (ii) analysing the data to gain deeper customer knowledge; (iii) taking action which will positively impact upon customer relationships.

The benefits associated with building a relationship between a customer and an organization (Danaher et al., 2008) are central to CRM practice; which Plakoyiannaki (2005) describes as the "...development and retention of relationships in business-to-consumer markets and learning about customers' desires through ongoing transactions with the firm". It is also recognised that the relationships at the heart of this practice must construct value for both participants (Ostrom et al., 2010), with CRM itself involving a dual creation of value, 'in which firms can create value for one customer through information drawn from other customers.' (Boulding et al., 2005: 159). Many UK organizations, particularly in the services sector (De Wulf et al., 2001; Galbreath,

1998), have been attracted by CRM's potential to enhance business performance (Knox et al., 2003). Firms are induced by the promise of profitability improvements resulting from an enhanced ability to collect customer data, identify the most attractive customers and improve customer retention (Maklan et al., 2005). There is growing evidence to support these claims: eight articles in a recent Journal of Marketing special section on CRM reported performance improvements (Boulding et al., 2005), including greater customer satisfaction Mithas et al., 2005; Srinivasan and Moorman, 2005), enhanced business unit profits (Ryals, 2005), increased customer retention and satisfaction (Jayachandran et al., 2005). However, a key feature of CRM is the benefits which extend to customers, who can save time and effort (Sheth and Parvatiyar, 1995), while enjoying more responsive supplier relationships, better tailored product offerings and enhanced service quality.

CRM therefore capitalises on IT developments, enabling better customer data capture and management, so that high value prospects can be attracted and retained. Databases of customer characteristics and buying behavior provide the basis for generating consumer profiles for identifying the attractiveness (Zeithaml et al., 2001), value and relative 'lifetime value' of customers to the organization (Reichheld, 1996; Reinartz and Kumar, 2003). This exposes the increasing use of technology to enhance customer relationships (Thurston, 2000; Sievewright, 2001), while simultaneously bringing the connections between CRM and relationship marketing into focus. Both emphasise the value of achieving (Reichheld and Sasser, 1990; Reichheld, 1993; Roberts, 2000; Zeithaml, 2000) and managing (Gronroos, 1989; Howcroft and Durkin, 2000) customer relationships. In each case, customer loyalty is considered to be the route to long-term sales over the lifetime of these relationships. The growth in loyalty schemes which

reward customers in order to "…provide a means to establish reciprocity between the customer and the company" (Kumar and Shah: 328) is one manifestation of these relationships (Smith and Sparks, 2009). In relationship marketing, the buyer-seller interaction (Berry, 1995) and the development of what Pepper and Rogers (1993) term 'learning relationships' provide the basis for developing marketing offers that aid customer acquisition and retention (Gronroos, 1994; Storbacka, 1997).

CRM Implementation Issues

Despite CRM's capacity to align the needs of an organization and its customers (Boulding et al., 2005), successful outcomes cannot be guaranteed (Karakostas et al., 2005). For example, substantial sales losses were the result of Hershey's widely reported problems in implementing new customer ordering and management software (Ragowsky and Somers, 2002). Bohling et al. (2006) suggest that two sets of factors are involved in determining CRM success: the suitability of the organization's CRM strategy and implementation effectiveness. For example, their survey of CRM practice in 101 US firms identified the importance of linking CRM strategy to the organization's overarching marketing strategy. This distinction is consistent with Levine (2000) and others, who highlight strategic and technical dimensions which signal organizational readiness for CRM. Other researchers have linked CRM success with overall cultural change within the organization (Slavens, 2001; Wilson et al., 2002); top management support (DaSilva and Rahimi, 2007); employee-oriented organizational culture (Plakoyiannaki et al., 2007); altered customer management strategies arising from customer value insights (Ryals, 2005); and with IT systems supported by committed workers (Wilson et al., 2002).

Given that CRM implementation involves every aspect of the organization's contact with its customers, a broad range of factors can cause it to fail. This breadth of contact is captured in Karokostas et al's. (2005:854) description of the processes involved: "From receiving an order through the delivery of the products and services, CRM aims to co-ordinate all business processes that deal with customers (.)". The reasons for CRM failure include restrictive organizational structure, inflexible corporate culture, poor understanding of the customer base, unsuitable or inflexible technological resources, HR policy around training/recruitment (Dibb and Meadows, 2004; Perrien and Ricard, 1995). These aspects are also reflected in Osarenkhoe and Bennani's (2007:144) description of "…relationship implementation involv(ing) developing social bonds and structural ties in a relationship by bonding people, organizational systems, and processes together". They capture the breadth of CRM implementation dimensions in a "5-S" framework constituting staff, style, structure, systems and schemes. The first two of which they describe as the cognitive elements or *software* of strategy, with the remaining elements constituting the technical elements or the *hardware* of strategy. [1]

Dibb and Meadows (2004) make a similar distinction, describing a mix of 'harder' (the *customers* and *technology* used) and 'softer' (the *company* and its *staff*) implementation dimensions (see Table 1). Each dimension incorporates a number of features: for example, the *staff* dimension concerns the extent to which organizational members are empowered to make decisions for customers, the emphasis being placed on responsive dialogue with customers, and whether staff are rewarded for customer retention as well as for customer acquisition. Dibb and

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[1] Osarenkhoe and Bennani (2007:149) offer the following explanation: 'Structure: organizational structure for relationships… Staff: people dimension of a relationship… Style: everything that managers say and do… Systems: set-up of relational systems like sales service processes, supply chain management… Schemes: programs that support relationship implementation..'.

Meadows (2004) use these dimensions to classify financial services firms' progress in implementing relationship management and to focus on varying degrees of CRM sophistication. While investments in appropriate technology and systems can readily alleviate some of the harder barriers, they find that softer issues around company culture and staff orientation can be more problematic. This is consistent with the view of other authors who suggest that despite their importance to the process (Srivastava et al., 1999) there is a shortage of empirical evidence about the role and perspectives of organizational members on CRM (Hart et al., 2002; Plakoyiannaki, 2005).

Insert Table 1 about here

The dimensions in Table 1 are used in this study as the basis for judging CRM implementation progress in the service sector, where CRM is widely used (Karakostas et al., 2005). This prevalence is partly due to sector characteristics, particularly the intangibility and complexity of service products which increases the importance of service provision (Perrien and Ricard, 1995) and the customer/supplier relationship as a source of differential advantage (Berry, 1996; Spekman, 1988). Deregulation in some parts of the UK services sectors has also raised the competitive stakes, increasing priorities around protecting the customer base (Reichheld and Sasser, 1990). The economic arguments are equally clear-cut. In a sector that is increasingly oriented toward customer life-time value, technology's capacity to facilitate the capture and management of transactional data is widely recognised (Luneborg and Nielsen, 2003; Zielinski, 1994). Suppliers are also attracted by economic evidence linking the use of relationship marketing principles in the sector with business performance. Reichheld and Kenny's (1990)

study connects customer retention improvements with higher margins, while Mitchell (1995) suggests that considerable profit improvements can be achieved when customer life cycles are extended by five years. The rewards of CRM also extend to customers, who are more likely to receive suitable service products by engaging in a two-way exchange with suppliers (what is described as a 'learning relationship' by Peppers and Rogers, 1993, 1997, 1999).

Method: Factors associated with the progress of CRM initatives

The survey instrument was designed to gather data on CRM progress in a range of different services organizations. The main body of the survey was focused around the four dimensions of the framework explained in Table 1: the *Company, Staff, Technology* and *Customers*. Preliminary qualitative work had indicated that CRM is generally viewed as a highly strategic project within service organizations; hence a number of additional questions around organizational strategy were included to capture the context of the organization's CRM activities. These questions helped to identify some of the organizational culture and other issues which have been shown to impede CRM. For example, the authors wanted to explore whether participating organizations had a clearly articulated direction or vision which included the importance of a better understanding of customer needs; whether they were considering and planning for possible future customer needs; and whether their performance measurement systems were explicitly covering their CRM activities.

The survey was structured as shown in Table 2 below. A copy of the full survey instrument is available from the authors on request.

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Insert Table 2 about here

Given the survey's coverage, those completing it needed to have a good knowledge of strategic planning in their organization, and of strategic projects such as CRM. The UK's Strategic Planning Society mailing list was deemed to satisfy these criteria, but the covering letter also encouraged recipients to pass the survey onto a more appropriate colleague if necessary.

The survey form was piloted with 100 names from the mailing list, with the main survey distributed to all 1173 usable names and addresses on the UK Strategic Planning Society database. 113 usable responses were received, giving a response rate of around 10%, allowing for returned mail and other minor difficulties with reaching intended respondents.

Analysis: Exploring Cross Sector Differences in CRM Implementation

84 out of the 113 respondents described themselves as either members of a strategic planning team, or head of such a team. All other respondents described themselves as either "aware of" or "contributing to" the strategic planning process. The majority of respondents (90 out of 113) were involved with the strategic planning process at a *corporate* level. Some were also involved at a *subsidiary* or *departmental* level. Tables 3 and 4 below show that survey respondents represented a broad range of organizational sizes, from small to very large.

Insert Tables 3 and 4 about here

Respondents were asked to assess the rapidity of change in their industry sector, using a one to seven scale (1 = very slow; 7 = very rapid), The average (mean) score was 4.89, with a standard deviation of 1.28; indicating that most believe that they are operating in a fast-changing industry sector. The time horizon used by organizations for strategic planning was typically three to five years, with very few organizations looking beyond this as part of their strategic planning process. 29 out of the 113 responding said that their organization had a team or function with the title CRM; with the team being located within the marketing function in 20 of these cases.

In Appendix 1, the authors provide a table which shows the response rate from each industry sector. The rest of the article focuses on the three sectors enjoying the best response rates, namely; financial services, professional services, and the government/public sector.

The remaining questions, all of which used 1 to 7 scales, were explored via simple descriptive statistics (mean, standard deviation, plots etc.). Respondents used the scale to indicate their level of agreement with a series of statements. Across the sample as a whole, some strong opinions were expressed on a range of questions. The data were checked for statistically significant differences between the three main industry sectors, to enable profiles of typical firms for financial services, professional services, and the government/public sector to be developed. As Table 5 illustrates, these profiles pinpoint the variations in practice across the CRM implementation dimensions and highlight the contrasts in corporate vision and organizational culture. Appendix 2 contains the full statistical analysis, while Appendix 3 summarises the typical views expressed by respondents from the three sectors identified, on survey questions where statistically significant differences exist between at least two of the sectors.

Insert Table 5 about here

Results: Profiling Cross Sector Differences

The findings show that a typical *professional services* firm expresses very positive attitudes about CRM. Staff are quite likely to believe that the organization's vision is realistic and desirable. The organization believes that the future is one-to-one, and there is almost never a conflict of interest between the needs of customers and other stakeholders. The culture is very flexible in its approach to innovation and change. Product development focuses on high relationship products as well as improving sales volumes, and CRM implementation is permeating all parts of the organization. Emphasis is on a customer's life-time value rather than today's sales. Contact with the customer is instigated by the company, rather than the other way around. Information is viewed as a strategic tool (rather than just for recording transactions). Front line staff have full access to the company's customer data when handling enquiries, and systems have some access to attitudinal/buying behavior to identify life events. Staff handling direct marketing co-ordinate their activities with front line staff, and staff training emphasises building relationships, rather than sales skills and sales targets. Front line staff are empowered to make decisions when dealing with customers. The organization is highly responsive to changes in the external environment, and customer loyalty is consistently used throughout the organization as a key performance measure.

When considering a typical *financial services* firm, a rather different picture emerges. Staff are quite likely to believe that the organization's vision is unrealistic and undesirable. The

organization does not really believe that the future is one-to-one, and there is sometimes a conflict of interest between the needs of customers and other stakeholders. The culture is slightly inflexible in its approach to innovation and change. Product development initiatives are felt to focus on introducing new products to increase sales volumes, rather than on high relationship products, and CRM implementation is not permeating equally throughout the organization. Emphasis is on the value achieved from customers today (perhaps through the sale of an extra product), rather than on a customer's life-time value. Contact with the customer is sometimes instigated by the company, but often by the customer. The emphasis tends to be on using information to record transactions rather than as a strategic tool. Front line staff sometimes have access to only basic customer data when handling enquiries, and systems have some access to attitudinal/buying behavior to identify life events. Staff handling direct marketing tend to co-ordinate their activities with front line staff, and staff training places more emphasis on sales skills and achieving sales targets than on using communication to build customer relationships. Front line staff are sometimes empowered to make decisions when dealing with customers. The organization is felt to be very slow to respond to changes in the external environment, and customer loyalty is quite an important performance measure which is used in some parts of the organization.

The starkest contrasts emerge when considering a typical organization in the *government/public sector.* Attitudes CRM progress are rarely positive. Staff are very likely to believe that the organization's vision is unrealistic and undesirable. The organization does not (in any way) believe that the future is one-to-one, and there is often a conflict of interest between the needs of customers and other stakeholders. The culture is slightly inflexible in its approach to innovation

and change. Product development initiatives do give some consideration to the introduction of high relationship products as well as to increasing demand for products and services, and CRM implementation does not permeate through all parts of the organization. Emphasis tends to be on a customer's life-time value rather than on the value achieved from a customer today. Contact with the organization is always instigated by the customer. The emphasis is on using information to record transactions rather than on using information as a strategic tool. Front line staff have access to only very basic customer data when handling enquiries, and systems do not have access to attitudinal/buying behavior to identify life events. Staff handling direct marketing sometimes co-ordinate their activities with front line staff, and staff training does tend to place more emphasis on using communication to build relationships rather than sales skills and sales targets. Front line staff tend to be empowered to make decisions when dealing with customers. The organization is felt to be quite slow in responding to changes in the external environment, and customer loyalty is not used at all as a performance measure.

Discussion and Implications

The aim of this article has been to take a multi-sector view of CRM adoption in banking and finance, professional services, and the government/public sector. This has responded to calls for more research focusing on CRM success factors and their implications for practitioners. In particular, the authors sought to apply a framework of CRM implementation which would enable the variations in practice and progress across the studied sectors to be assessed. By examining the *people, company, customers* and *technology* aspects of CRM the authors aimed to generate more tailored implementation guidance for firms at different stages in the CRM journey.

Dealing first with the statements concerning the organization's direction, this study shows that professional services firms have more positive views than either financial services firms or government/public organizations. Respondents from professional services firms consider the majority of staff to believe the vision to be realistic, relevant and desirable; they also tend to see no conflict of interest between the needs of customers and other stakeholders. Perhaps such a conflict of interest is more predictable in the public sector, where it is easier to see that organizations have multiple, complex objectives. However, the authors also find evidence of this conflict in the financial services industry, even though this sector is widely considered to lead the way in CRM implementation.

Turning to survey questions covering the "pre-requisites" for an organization embarking on a CRM project, a similar picture emerges, with professional services firms expressing the most positive views. Organizations in the government/public or financial services sectors are significantly less likely to express the belief that "the future is one-to-one"; they are also more likely to consider their organizational culture to be inflexible to change and innovation. The implication for managers laying the CRM foundations in these sectors is that a program's effectiveness is likely to rest on having a sound understanding of the likely difficulties and on putting in place a clear plan for overcoming them. Drawing on evidence from other change management programs such as TQM (Kanri, 2004) and strategic planning (Nolan et al., 2008), the authors suggest that internal workshops could be used to explain the potential benefits of the initiative to organizational members. External consultants might also have a role to play in showcasing good practice from other sectors. This may be particularly useful in the

government/public sector, where employment practices mean there are fewer staff with experience of CRM in the commercial sector.

The section of the survey dealing with the *Company* suggests that the product development initiatives for financial services firms are particularly likely to focus on introducing new products to increase sales volumes, rather than on introducing high relationship products. By contrast, government/public organizations give at least some consideration to high relationship products, even though CRM may not be implemented equally through all areas of the organization. Professional services firms are more positive than either of the other two sectors on a number of aspects. They have an emphasis on customer-driven, life event-led marketing rather than on transaction-driven marketing; the company tends to focus on the individual rather than on customer groups; and CRM implementation is more likely to permeate equally through all parts of the organization. These differences in approach chime with these organizations' underlying commitment and belief in CRM and in the one-to-one future. The implication is that the kinds of efforts described above to address the required CRM "pre-requisites" may need to focus on fundamental changes in the organizations' mindsets. For example, in financial services and government/public, greater orientation towards customer-driven, high relationship marketing may be necessary.

Examining the *Customers* dimension of the framework, suggests that respondents from government/public organizations regard contact with the company as always being instigated by the customer, with smaller differences between the other two sectors. However, respondents from financial services firms feel most strongly that their organization emphasises the value to be

achieved from customers today (perhaps through the sale of an additional product) rather than on customers' life-time value; and that their company is poor at anticipating and reacting to customer needs (events-based marketing). The authors note a connection between the responses in this area of the framework and those relating to the *People* dimension. The main cross-sector difference is that financial services firms are significantly most likely to comment that staff training places more emphasis on sales skills and achieving sales targets than on using communication to build customer relationships. This reinforces the problems in establishing event-driven marketing in this sector.

Important differences also emerge in the area of *Technology*. Professional services firms say that the emphasis is on using information as a strategic tool rather than to record transactions; and that front-line staff have good access to customer data when handling customer enquiries. This contrasts with the two other sectors, where respondents were more negative on these points. Government/public sector organizations are significantly more negative than the other two sectors about their systems not having access to the attitudinal/buying behavior data that is required to identify "life events". This is a likely consequence of the changing remit of government/public sector organizations over time. Many of these providers must increasingly offer a 'joined up' service to customers across a range of 'product' and 'service' areas, which traditionally might have been supplied through separate departments. There are implications for how future systems are specified in this sector, particularly in relation to providing front-line staff with access to customer insight linked to life events.

Finally, there are relatively few significant differences between the sectors on the remaining areas of strategic planning, such as performance measurement. However, professional services firms are more likely to comment that their organization is highly responsive to changes in the external environment, and government/public sector organizations are significantly less likely to say that customer loyalty is consistently used throughout the organization as a key performance measure. This is not particularly remarkable, given the nature of the relationship between these organizations and their customers is that people tend not to be free to 'shop around' in the same way as they are in other sectors.

In conclusion, this study highlights significant cross-sector differences in some aspects of CRM practice and adoption. Consequently, organizations in different sectors are likely to start from different positions in terms of their readiness to adopt CRM. These differences may include elements of their strategic positioning, such as their attitude to a host of stakeholder groups or their whole-hearted adoption of an organizational vision with a strong customer focus. Thus government/public sector organizations which traditionally may have offered distinct services through separate departments are increasingly under pressure to develop more seamless relationships with customers. However, these organizations differ from some commercial organizations in terms of the technology they have available to collect customer behavior and attitude data. Since these data are necessary to help identify the kinds of "life events" which are central to CRM and its implementation, their level of progress is likely to suffer. For the financial services sector, which is still seen as being at the forefront of CRM practice, a very different picture emerges. Here, despite considerable investment in technology, the main impediment to progress is the legacy of transaction-based sales targets and the inherent

difficulties in establishing events-driven marketing. Overall, a picture emerges of a different CRM "journey" for organizations in different sectors, with distinctive milestones and obstacles to be negotiated along the way. This reinforces the need for implementation guidance which is tailored to the priority issues for particular sectors.

The distinctiveness of the CRM journey in different sectors reinforces the need for further research that probes cross-sector differences in CRM implementation. With a disproportionate body of work focusing on the financial services and retailing sectors, enquiry should be extended to consider effectiveness and implementation issues in other domains and contexts. A more in-depth understanding of the managerial implications arising from contrasting practices is also needed, for which qualitative research design might be best suited. For example, longitudinal case studies drawn from different sectors could provide more detailed insights into the dynamics between managers and functions, and the consequences for implementation. Finally, given the varying distances which different firms *within* a sector have travelled towards CRM implementation, future research should also explore how this impacts upon the state of implementation both within and across different sectors.

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Appendix 1

The table below shows the response rate for each industry sector. Respondents were allowed to select more than one industry sector (hence the total number of responses is greater than 113). The final column, the sector response rate, has not been completed where the total number of potential responses in that sector is very small. The table identifies sectors where the level of response is relatively high in both absolute and percentage terms as such sectors are a focus for the analysis that follows.

Industry Sector	Number of responses	Number of contacts on mailing list	Response rate (%), where applicable
Aerospace	3	3	
Agriculture	0	7	
Airlines	1	1	
Automotive	4	5	
Banking/finance/insurance	28	124	22.6%
Charity/third sector	0	29	
Chemical/petroleum	2	20	
Construction	4	5	
Defense	3	3	
Design	0	3	
Education	12	122	
Electrical/electronics	3	5	
Engineering	3	11	
Food/beverage	4	5	
Government/public	27	160	16.9%
Health/medical	8	8	
IT	8	31	
Leisure/entertainment	0	1	
Manufacturing	0	4	
Media	4	8	
Mining/minerals	0	8	
Professional Services	29	248	11.7%
Property	0	1	
Publishing	6	10	
Retail	5	5	
Telecommunications	7	20	
Tobacco	1	4	
Transport (other)	0	4	
Utilities	7	29	
No affiliation/unclassified	0	289	

Appendix 2

The table below shows the statistical analysis to identify any differences between the three key sectors: banking and finance (abbreviated to 'Bank'), professional services (abbreviated to 'Prof') and government/public sector (abbreviated to 'Gov'). Results that are statistically significant at the 5% level are highlighted **in bold.**

Survey question	t-statistics			p values		
	Prof- Bank	Prof-Gov	Bank-Gov	Prof-Bank	Prof-Gov	Bank-Gov
Q11A Our organization has/does not have a clear statement of vision or direction	1.09	0.00	-1.05	0.22	0.40	0.23
Q11B The majority of staff are aware/unaware of the vision statement	1.26	1.09	-0.24	0.18	0.22	0.39
Q11C The majority of staff hold negative/positive views about the vision	0.45	1.47	0.94	0.36	0.14	0.26
Q11D The majority of staff believe that the vision is relevant/irrelevant to them	1.94	2.14	-0.10	0.06	**0.04**	0.40
Q11E The majority of staff believe that the vision is realistic/unrealistic	-2.03	-2.61	-0.56	**0.05**	**0.01**	0.34
Q11F The majority of staff believe that the vision is desirable/undesirable	-1.66	-2.48	-0.66	0.10	**0.02**	0.32
Q11G Our approach to customers is (not) an important part of our vision statement	-1.28	-1.48	-0.17	0.18	0.13	0.39
Q11H CRM is (not) an important strategic issue for the organization	-0.70	0.46	1.27	0.31	0.36	0.18
Q11I Responsibility for CRM lies with a single/many organizational function(s)	-0.92	-1.05	-0.28	0.26	0.23	0.38
Q11J There is often/never a conflict of interest between the needs of customers and other stakeholders	1.21	2.85	1.12	0.19	**0.01**	0.21
Q11K There is often/never a conflict of interest between the needs of customers and the financial goals of the organization	0.74	1.41	0.60	0.30	0.15	0.33
Q11L Our organization often/never faces important strategic decisions with respect to our approach to customers	0.59	2.00	1.41	0.34	**0.05**	0.15
Q11M Our approach to customers is strongly/only weakly linked to the organizational vision	-0.33	-1.33	-1.01	0.38	0.16	0.24
Q12A There is no/strong desire within the organization for relationship marketing	-0.90	0.42	1.37	0.27	0.37	0.16
Q12B The organization strongly/does not believe(s) that the future is one-to-one	2.53	2.72	0.32	**0.02**	**0.01**	0.38
Q12C CRM has/does not have a strong champion at the top of the organization	-0.21	0.90	1.06	0.39	0.27	0.23
Q12D Senior management is highly/not at all proactive in supporting CRM projects	-1.97	-1.15	0.75	0.06	0.21	0.30
Q12E The organizational culture has a totally flexible/highly inflexible attitude to change	3.05	3.41	0.45	**0.00**	**0.00**	0.36
Q12F The organizational culture is (not) well suited to supporting CRM	-1.69	-1.94	-0.28	0.10	0.06	0.38
Q12G Decisions about CRM are usually made at a high/low strategic/tactical or operational level	-1.14	0.30	1.51	0.21	0.38	0.13
Q13A The company always uses new/traditional distribution channels	-0.11	1.69	1.86	0.40	0.10	0.07
Q13B Emphasis is on transaction driven marketing rather than customer driven and life event led marketing (or vice versa)	2.14	2.18	0.18	**0.04**	**0.04**	0.39
Q13C The company always focuses on customer groups rather than individuals (or vice versa)	2.60	2.68	0.09	**0.01**	**0.01**	0.40
Q13D The company focuses on increasing sales volumes rather than relationship building (or vice versa)	3.27	1.92	-0.96	**0.00**	0.06	0.25
Q13E Product development focuses on high relationship products rather than increasing sales volumes (or vice versa)	-3.30	-0.46	3.25	**0.00**	0.36	**0.00**
Q13F CRM implementation does not permeate/permeates equally through all parts of the organization	2.23	2.52	0.38	**0.03**	**0.02**	0.37
Q13G Effective/ineffective communication channels often support/hinder the implementation of CRM	-1.31	-0.46	0.85	0.17	0.36	0.28
Q13H Our CRM activities (do not) fit well with other customer facing initiatives	-0.43	0.01	0.46	0.36	0.40	0.36
Q13I Our approach to CRM is very different to/much the same as our competitors	0.54	-1.10	-1.65	0.34	0.22	0.10
Q14A Emphasis is on the value to be achieve from customers today rather than on life time value (or vice versa)	2.84	0.93	-1.87	**0.01**	0.26	0.07
Q14B The company always instigates contact with the customers (or vice versa)	-0.61	-3.33	-3.19	0.33	**0.00**	**0.00**
Q14C During customer contact the emphasis is on conducting transactions rather than updating information systems	0.27	0.60	0.36	0.38	0.33	0.37

Q14DCompany focuses on relationship building via traditional channels rather than remote channels (or vice versa)	-0.10	-0.43	-0.34	0.40	0.36	0.38
Q14E Remote and traditional channels are well integrated/distinct and separate	-1.37	-1.38	-0.15	0.16	0.15	0.39
Q14FThe company is very poor/very good at anticipating and reacting to customer needs	2.61	1.89	-0.69	**0.01**	0.07	0.32
Q15A The emphasis is on using information to record transactions rather than as a strategic tool (or vice versa)	2.83	3.03	0.38	**0.01**	0.00	0.37
Q15B Systems are highly integrated/not well integrated	0.19	-0.07	-0.26	0.39	0.40	0.39
Q15C When handling customer enquiries, front line staff have access to only very basic data/full access to customer data	3.45	3.18	0.29	0.00	**0.00**	0.38
Q15DComputer system design and implementation are driven by internal accounting needs rather than external customer needs (or vice versa)	0.97	0.32	-0.53	0.25	0.38	0.35
Q15E Computer screens are generally (not) shared with customers	0.68	0.91	0.27	0.32	0.26	0.38
Q15F Systems have full access/no access to attitudinal/buying behavior required to identify life events	-0.40	2.04	2.39	0.37	**0.05**	**0.02**
Q15GThose handling customer direct marketing always/never coordinate their activities with front line staff	1.09	2.56	1.39	0.22	**0.02**	0.15
Q15H Details of customer contacts are always/never logged and shared by staff	-0.78	-1.10	-0.46	0.29	0.22	0.36
Q15I Our CRM systems are always/rarely reviewed and updated	0.51	-0.76	-1.22	0.35	0.30	0.19
Q16A Staff never/always use day-to-day contacts with customers as a market research opportunity	2.04	1.82	-0.09	**0.05**	0.08	0.40
Q16B Pay structures are entirely relationship based/entirely transaction based	-0.71	-1.38	-0.64	0.31	0.15	0.32
Q16C Staff training places more emphasis on sales skills and sales targets than on communication to build customer relationships (or vice versa)	4.72	0.60	-3.90	**0.00**	0.33	0.00
Q16D Front line staff are generally (not) empowered to make decisions when dealing with customers	3.37	1.20	-1.73	**0.00**	0.19	0.09
Q16E Senior management (does not) actively support(s) CRM on a day-to-day basis	-0.82	-0.63	0.16	0.29	0.33	0.39
Q16F Senior management always/never sets objectives which reflect the company stance on CRM	-0.09	-0.76	-0.68	0.40	0.30	0.32
Q17A Our company is very good/poor at exploring and anticipating possible future customer needs	-1.82	-1.22	0.67	0.08	0.19	0.32
Q17B We constantly/never scan external sources to learn about the customer of the future	-0.87	-0.53	0.45	0.27	0.35	0.36
Q17C We always/never take into account future social trends when designing systems and procedures	-1.77	-0.66	1.12	0.08	0.32	0.21
Q17D Our organization is constantly/never facing key uncertainties with respect to customer issues	-0.20	0.39	0.66	0.39	0.37	0.32
Q17E We are very good/poor at assessing key uncertainties in the external environment	-0.89	-0.14	0.80	0.27	0.39	0.29
Q17F We regularly/never use formal tools and techniques to assess external uncertainties and risks	0.05	-0.52	-0.59	0.40	0.35	0.34
Q17G Our organization is highly responsive/very slow to respond to changes in the external environment	-3.43	-2.50	0.90	**0.00**	**0.02**	0.26
Q18A Our approach to customers heavily influences/is only weakly reflected in our performance measures	-1.40	-0.35	1.02	0.15	0.38	0.24
Q18B The Balanced Scorecard has been fully implemented/not adopted anywhere in our organization	0.59	0.81	0.33	0.33	0.29	0.38
Q18C Customer satisfaction is a key performance measure used throughout our organization/ not used anywhere	-1.66	-0.89	0.95	0.10	0.27	0.26
Q18D Customer loyalty is a key performance measure used throughout our organization/ not used anywhere	-0.62	-2.98	-2.46	0.33	**0.00**	**0.02**
Q18E Our organization is very good/poor at measuring the effectiveness of our CRM activities	0.32	0.05	-0.24	0.38	0.40	0.39
Q18F Our CRM activities are performing very well/poorly on our chosen performance measures	0.36	0.76	0.50	0.37	0.30	0.35
Q18G Our CRM activities have a very positive/negative impact on our financial performance measures	0.99	-1.20	-2.64	0.24	0.19	0.01
Q18H Our CRM activities have a very positive/negative impact on our customer facing performance measures	0.53	-0.32	-0.87	0.35	0.38	0.27
Q18I Our CRM activities have a very positive/negative impact on our internally facing performance measures	-0.67	-0.71	-0.08	0.32	0.31	0.40

Appendix 3

Differences between Industry Sectors	
Industry sectors being compared	**Questions were statistically significant differences were observed**
Government/Public Sector v. Professional Services	The majority of staff believe that the vision is *irrelevant/highly relevant* to them.
	The majority of staff believe that the vision is *realistic/unrealistic.*
	The majority of staff believe that the vision is *desirable/undesirable.*
	There is *often/never* a conflict of interest between the needs of customers and other stakeholders.
	The organization *often/never* faces important strategic decisions with respect to its approach to customers.
	The organization *does not in any way believe/strongly believes* that the future is one-to-one.
	The organizational culture has a *totally inflexible/highly flexible* attitude to change and innovation.
	Emphasis is on transaction-driven marketing rather than customer-driven/life event-led marketing (or the opposite).
	The company always focuses on customer groups rather than the individual (or the opposite).
	CRM implementation *does not permeate/permeates equally through* all parts of the organization.
	The company always instigates contact with the customer (or the opposite).
	The emphasis is on using information to record transactions rather than a strategic tool (or the opposite).
	Front line staff have full access/only very basic access to the company's customer data when handling customer enquiries.
	Systems have *full access/no access* to attitudinal/buying behavior data required to identify 'life events'.
	Those handling customer direct marketing *always/never* co-ordinate their activities with front line staff.
	Our organization is *highly responsive/very slow to respond* to changes in the external environment.
	Customer loyalty is a key performance measure, which is used consistently throughout our organization (or the opposite).
Financial Services v. Professional Services	The majority of staff believe that the vision is *realistic/unrealistic.*
	The organization *does not in any way believe/strongly believes* that the future is one-to-one.
	The organizational culture has a *totally inflexible/highly flexible* attitude to change and innovation.
	Emphasis is on transaction-driven marketing rather than customer-driven/life event-led marketing (or the opposite).
	The company always focuses on customer groups rather than the individual (or the opposite).

	The company focuses on increasing sales volumes rather than relationship building as the route to competitive advantage (or the opposite). Product development initiatives focus on introducing high relationship products rather than introducing products to increase sales volumes (or the opposite). CRM implementation *does not permeate/permeates equally through* all parts of the organization. Emphasis is on the value to be achieved from customers today rather than on customers' life-time value (or the opposite). The company is very poor/very good at anticipating and reacting to customer needs (events-based marketing). The emphasis is on using information to record transactions rather than a strategic tool (or the opposite). Front line staff have full access/only very basic access to the company's customer data when handling customer enquiries. Staff *never/always* use day-to-day contacts with customers as a market research opportunity. Staff training places more emphasis on sales skills and achieving sales targets than on using communication to build customer relationships (or the opposite). Front line staff are generally *empowered/not empowered* to make decisions when dealing with customers. Our organization is *highly responsive/very slow to respond* to changes in the external environment.
Financial Services v. Government/Public sector	Product development initiatives focus on introducing high relationship products rather than introducing products to increase sales volumes (or the opposite). The company always instigates contact with the customer (or the opposite). Systems have *full access/no access* to attitudinal/buying behavior data required to identify 'life events'. Staff training places more emphasis on sales skills and achieving sales targets than on using communication to build customer relationships (or the opposite). Customer loyalty is a key performance measure, which is used consistently throughout our organization (or the opposite). Our CRM activities have a very *positive/negative* impact on our financial performance measures (profitability, return on capital, etc.).

Table 1: Customer Relationship Management Implementation Issues

COMPANY
- Stated desire for relationship management
- Belief in a one-to-one future
- Belief that better relationships can deliver competitive advantage
- Offline and online distribution channels adopted
- Customer-driven and event-led marketing

CUSTOMERS
- Emphasis on current and potential customer value, with lifetime value focus
- Relationships achieved through integrating technology and the human face
- Focus on easy, regular contact with the customer, leading to updated systems
- Ability to anticipate needs through event-based marketing

TECHNOLOGY
- Understanding that information is powerful and vital to strategy
- Highly integrated systems and processes which are customer, rather than account driven
- Full access to customer information for staff dealing with enquiries
- Suitable databases for contact management purposes with careful logging of customer contact to allow continuity between transactions
- Customer contacts used as market research opportunity

STAFF
- Emphasis on excellent and responsive communication which 'connects' with customers
- Empowered self-managed staff who can make quick decisions for customers
- Rewarded for customer retention as well as customer acquisition

Source: Adapted from Dibb, S. and Meadows, M., (2004), Relationship Marketing and CRM: A financial services case study, Journal of Strategic Marketing, 12 (June): 111-125.

Table 2: Structure of the survey instrument	
Section	**Topics covered (illustrative)**
Responder's profile	Job title, experience of and involvement with strategic planning
Organization's profile	Location, turnover, number of staff, industry sector(s), perceptions of speed of change in their industry sector(s)
Customers and Organizational Direction	Their vision statement – its relevance and desirability, etc.; approach to customers and other stakeholders
Pre-requisites for CRM	Support for CRM from senior management and organizational culture; belief in a "one-to-one" future
Implementing CRM – The *Company*	Focus on individuals or on groups of customers; focus on customers and their life events or on transactional marketing
Implementing CRM – *Customers*	Focus on value today or on lifetime value of customers; balance between 'traditional' (face-to-face) channels and 'remote' (technology based) channels
Implementing CRM – *Technology*	IT as a strategic tool or simply to record transactional data; range of customer data available to staff
Implementing CRM – *People*	The role of reward systems and staff training in supporting a relationship-based approach
Meeting customer needs in the future	Anticipating customer needs; scanning external sources; use of tools and techniques to understand risks and uncertainties
Performance measurement	Customer facing performance measures, such as loyalty and satisfaction; the impact of CRM activities on key performance measures

Table 3: Organizational Size – Turnover (£ sterling)	
Turnover (£ sterling)	**Number of responses**
Less than 500,000	17
500,000 to 5m	15
5m to 100m	23
100m to 500m	20
More than 500m	36

Table 4: Organizational Size – Number of staff	
Number of staff employed	**Number of responses**
Fewer than 50	26
50 to 250	13
250 to 1000	20
1000 to 3000	16
More than 3000	38

Table 5: Main Cross-Sector Differences		
Customers and Organizational Direction		
Government and Public	**Banking and Finance**	**Professional Services**
The majority of staff are very likely to believe that the vision is unrealistic and undesirable.	The majority of staff are quite likely to believe that the vision is unrealistic and undesirable.	The majority of staff are quite likely to believe that the vision is realistic and desirable.
There is often a conflict of interest between the needs of customers and other stakeholders.	There is sometimes a conflict of interest between the needs of customers and other stakeholders.	There is (almost) never a conflict of interest between the needs of customers and other stakeholders.
Pre-requisites for CRM		
Government and Public	**Banking and Finance**	**Professional Services**
The organization does not (in any way) believe that the future is one-to-one.	The organization does not really believe that the future is one-to-one.	The organization believes that the future is one-to-one.
The organizational culture has a slightly inflexible attitude to change and innovation.	The organizational culture has a slightly inflexible attitude to change and innovation.	The organizational culture has a highly flexible attitude to change and innovation.
Implementing CRM – *The Company*		
Government and Public	**Banking and Finance**	**Professional Services**
Product development initiatives do give some consideration to introducing high relationship products as well as to introducing new products to increase sales volumes.	Product development initiatives focus on introducing new products to increase sales volumes rather than on introducing high relationship products.	Product development initiatives do tend to focus on introducing high relationship products as well as on introducing new products to increase sales volumes.
CRM implementation does not permeate through all parts of the organization.	CRM implementation tends not to permeate equally through all parts of the organization.	CRM implementation permeates equally through all parts of the organization.
Implementing CRM – *Customers*		
Government and Public	**Banking and Finance**	**Professional Services**
Emphasis tends to be on customers' life-time value rather than on the value achieved from customers today.	Emphasis is on the value achieved from customers today (perhaps through the sale of an additional product), rather than on customers' life-time value.	Emphasis is on customers' life-time value rather than on the value achieved from customers today.
Contact with the company is always instigated by the customer.	The company sometimes instigates contact with the customer.	The company tends to instigate contact with the customer.

Implementing CRM – *Technology*		
Government and Public	**Banking and Finance**	**Professional Services**
The emphasis is on using information to record transactions rather than as a strategic tool.	The emphasis tends to be on using information to record transactions rather than as a strategic tool.	The emphasis is on using information as a strategic tool rather than to record transactions.
Front-line staff have access to only very basic customer data when handling customer enquiries.	Front-line staff sometimes have access to only very basic customer data when handling customer enquiries.	Front-line staff have full access to company's customer data when handling customer enquiries.
Systems do not have access to attitudinal/buying behavior data required to identify life events.	Systems have some access to attitudinal/buying behavior data required to identify life events.	Systems have some access to attitudinal/buying behavior data required to identify life events.
Implementing CRM – *People*		
Government and Public	**Banking and Finance**	**Professional Services**
Those handling customer direct marketing sometimes co-ordinate their activities with front-line staff.	Those handling customer direct marketing do tend to co-ordinate their activities with front-line staff.	Those handling customer direct marketing always co-ordinate their activities with front-line staff.
Staff training does tend to place more emphasis on using communication to build customer relationships rather than on sales skills and achieving sales targets.	Staff training places more emphasis on sales skills and achieving sales targets than on using communication to build customer relationships.	Staff training places more emphasis on using communication to build customer relationships rather than on sales skills and achieving sales targets.
Front-line staff tend to be empowered to make decisions when dealing with customers.	Front-line staff are sometimes empowered to make decisions when dealing with customers.	Front-line staff are generally empowered to make decisions when dealing with customers.
Meeting Customer Needs in the Future		
Government and Public	**Banking and Finance**	**Professional Services**
Our organization is quite slow to respond to changes in the external environment.	Our organization is very slow to respond to changes in the external environment	Our organization is highly responsive to changes in the external environment.
Performance Measurement		
Government and Public	**Banking and Finance**	**Professional Services**
Customer loyalty is not a performance measure used anywhere in our organization	Customer loyalty is quite an important performance measure, which is used in some parts of our organization.	Customer loyalty is a key performance measure, which is used consistently throughout our organization.