



CUSTOMER RELATIONSHIP MANAGEMENT

**Integrating Marketing
Strategy and
Information Technology**

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INTEGRATING MARKETING STRATEGY AND
INFORMATION TECHNOLOGY

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*Bill, you left us too soon.
Your cheerful laugh will always be with us.*

Preface

The purpose of this book is to describe elements of Customer Relationship Management as they relate to marketing strategy and to information technology. We explore the practical idea that information about past, present, and future customers should form the heart of strategic plans. The basic premise is that successful executives must understand both marketing concepts and information system architecture in order to successfully acquire and use a comprehensive, reliable, and integrated view of the customer base over time.

Practically speaking, the book is written to serve as an introductory course in customer relationship management/marketing at the undergraduate or graduate levels of course work. Further, this text may be beneficial as an additional reading for most business courses, particularly marketing management, sales management, principles of marketing, or management information systems as the content focus is on the intersection of marketing concepts and information systems technology. The cross-functional blend of marketing and information systems can be an effective way to:

- provide a central focus for a course in customer relationship management or marketing;
- foreshadow a research or data analysis experience by providing information about the development and usage of the MIS infrastructure required to answer basic market segmentation questions;
- complement an executive or managerial continuing education course for those who must balance the costs of CRM systems with the expected benefits in reaching defined customer segments;
- support an information technology or data mining course where an understanding of user applications could provide practical insight; and,
- stimulate discussions in an organizational environment where managers and employees could use the information as a source of ideas.

ORGANIZATION OF THE BOOK

The book begins and ends with fundamental marketing management theory as it presents concepts as they relate to understanding and satisfying customer needs. The text covers the development of the information system and provides students with a roadmap of how to acquire information about customers over time. The chapters and their primary concentrations are as follows:

CHAPTER 1: THE NATURE OF CUSTOMER RELATIONSHIP MANAGEMENT

Defines CRM as a process and as a hub of learning for the organization, and outlines costs and benefits of the CRM system for organizations and customers

CHAPTER 2: UNDERSTANDING CUSTOMER DIFFERENCES

Begins with a basic view of market segmentation and concludes with aspects of using CRM systems in B2B markets.

CHAPTER 3: INFORMATION TECHNOLOGY AND COLLECTING CUSTOMER DATA

Profiles the CRM architecture, contact points for data input, data storage, methods of arranging data to facilitate retrieval, the concept of closed-loop marketing, and sources for collecting customer data.

CHAPTER 4: THE CRM DATA WAREHOUSE

Begins by defining the data warehouse and its architecture; identifies the components of the warehouse data repository, metadata repository, and the types of metadata; concludes with information on navigation and security.

CHAPTER 5: CUSTOMER LOYALTY

Defines loyalty as behaviorally or attitudinally based; the chapter then outlines factors that affect loyalty in a positive and negative direction.

CHAPTER 6: CUSTOMER RETENTION STRATEGIES

Describes the evolution of relationship marketing programs and methods of retaining customers throughout the customer life cycle, as well as ideas for responding to customer complaints.

CHAPTER 7: WINBACK AND ACQUISITION STRATEGIES

Offers ideas for identifying why customers are about to leave the organization and potential actions to take to acquire and to reconnect with customers.

CHAPTER 8: SALES FORCE AUTOMATION AND AUTOMATED CUSTOMER SERVICE CENTERS

Outlines the tasks for sales force automation systems, reasons for resistance to implementation, and an overview of customer service centers.

CHAPTER 9: THE BASICS OF DATA MINING, ONLINE ANALYTICAL PROCESSING, AND INFORMATION PRESENTATION

Defines and describes concepts of data mining, its functions, and relational online analytical processes.

CHAPTER 10: MEASURING CUSTOMER SATISFACTION AND LOYALTY

Offers a review of the basic steps in conducting surveys, as well as examples of measures to assess quality, brand loyalty, and e-loyalty.

CHAPTER 11: ISSUES FOR IMPLEMENTING CRM SYSTEMS

Concludes the text with reminders of the need for phased development for CRM systems, supporting and challenging forces for its implementation, and the potential rewards for CRM implementation.

PEDAGOGICAL FEATURES AND WEB SITE SUPPORT

Each chapter begins with an example from the real world that illustrates the content to follow. Each chapter includes a list of key terms as well as a set of discussion questions for review and critical thinking. The Instructor's Manual (available online) then provides suggested answers to these questions and suggestions for other assignments or activities. Instructional resources also include a test bank with a generous number of multiple choice questions for each chapter, along with a reference for each question to the specific pages in the text it covers.

SUMMARY

An academic colleague of one of the co-authors asked, "How can anyone write a book about customer relationship management (CRM) when many are still debating the basic definition of the term?" Have we defined CRM in this first attempt to combine marketing and information system concepts? We hope you find that we have at least begun to help you frame the discussion of the intersection of these fields and the implications for the future of business practice.

OUR FRIEND, BILL

While it has been a pleasure to work on completing this text, many of the central concepts are due to the artful prose of Bill Zikmund. Part of his legacy to education is found in his analogies and examples. Hopefully, Bill's skillful twist of a phrase is still obvious throughout

the revisions to this text and will remain an obvious anchor through future revisions as well. The notion of blending marketing and information system theory with authors from disparate disciplines is also due to Bill's drive and to his curiosity about new ways to view the art of business. With much gratitude and fond remembrance, this text is dedicated to the life and consummate skill of William G. Zikmund.

ACKNOWLEDGEMENTS

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Rick Leyh has had the pleasure to know Bill Zikmund as a friend through many successful textbook projects. Giving Leyh Publishing the opportunity to contribute to this groundbreaking text in our small way is an example of Bill's generosity.

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Scott Bonifield, University of Central Florida

Harold F. Koenig, Oregon State University

David Paradice, Florida State University

David Strutton, University of North Texas

Dennis N. Bristow, St. Cloud State University

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A native of the Chicago area, William G. Zikmund lived in Tulsa, Oklahoma. He was a professor of marketing at Oklahoma State University. He received a Bachelor of Science degree in marketing from the University of Colorado, a Master of Science degree in marketing from Southern Illinois University, and a Ph.D. in business administration with a concentration in marketing from the University of Colorado.

Before beginning his academic career, Professor Zikmund worked in marketing research for Conway/Millikin Company (a marketing research supplier) and Remington Arms Company (an extensive user of marketing research). Professor Zikmund had also served as a marketing research consultant to several business and nonprofit organizations. His applied marketing research experiences ranged from interviewing respondents and coding questionnaires, to designing, supervising, and analyzing entire research programs.

During his academic career, Professor Zikmund published dozens of articles and papers in a diverse group of scholarly journals ranging from the *Journal of Marketing* to *Accounting Review* to the *Journal of Applied Psychology*. In addition to *Essentials of Marketing Research*, Professor Zikmund has written *Exploring Marketing Research*, *Business Research Methods*, *Marketing*, *Effective Marketing*, and a work of fiction, *A Corporate Bestiary*.

Professor Zikmund was a member of professional organizations including the American Marketing Association, the Academy of Marketing Science, the Association for Consumer Research, the Society for Marketing Advancement, the Marketing Educators' Association, and the Association of Collegiate Marketing Educators. He served on the editorial review boards of the *Journal of the Academy of Marketing Education*, *Marketing Education Review*, the *Journal of the Academy of Marketing Science*, and the *Journal of Business Research*.

Raymond McLeod, Jr.

Prior to accepting an appointment as assistant professor at Metropolitan State College in Denver, Ray worked in industry with IBM, Recognition Equipment Inc., and Lifson, Wilson, Ferguson, and Winick, a management consulting firm. In 1973 he accepted a faculty position at Texas Christian University and in 1980 joined the faculty at Texas A & M University. In 1998 he joined the management science and information systems faculty at the University of Texas at Austin, where he now serves as adjunct professor, teaching courses in Marketing and MIS.

Findings of Professor McLeod's research have appeared in such journals as *California Management Review*, *MIS Quarterly*, *Journal of Management Information Systems*, *Decision Sciences*, *IEEE Transactions on Engineering Management*, and *Communications of the ACM*. He is co-author with George Schell of *Management Information Systems*, Eighth Edition (Prentice-Hall, 2001) and *Management Information Systems Case Book*, Sixth Edition (Prentice-Hall, 1995). He is author of *Information Systems Concepts* (Macmillan, 1994), and *Introduction to Systems Analysis and Design: An Organizational Approach* (Dryden, 1994).

Dr. McLeod has served on the editorial boards of the *Journal of Management Information Systems*, *Data Base*, *Information Resources Management Journal*, and *Journal of Information Technology Management*. He is past chair of the ACM Special Interest Group for Computer Personnel Research (SIGCPR), and holds a Certificate in Data Processing, awarded by the Data Processing Management Association (DPMA). He is presently serving as editor of the *International Journal of Information Technology Education*.

Faye W. Gilbert

Faye W. Gilbert is a Professor of Marketing and Pharmacy Administration at The University of Mississippi where she is also currently serving as the Associate Dean for the MBA program. With a 1988 Ph.D. from the University of North Texas, Faye has published her work in the *Journal of the Academy of Marketing Science*, the *Journal of Retailing*, the *Journal of Business Research*, *Psychology and Marketing*, the *Journal of Marketing Theory and Practice*, the *Journal of Research in Pharmaceutical Economics*, *Marketing Education Review*, and the *Journal of Marketing Education*, among other journal and conference proceeding outlets. Faye has also written supplementary materials to accompany several texts. She has served as president of the Society for Marketing Advances and as a founding member of the Ole Miss Women's Council for Philanthropy. She is the recipient of the outstanding teaching award, the Elsie M. Hood, for The University of Mississippi, as well as two commendations from the Mortar Board Honor society.

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