

CUSTOMER RELATIONSHIP MANAGEMENT – BETWEEN MYSTIFICATION AND REALITY: A CASE STUDY ON A CANADIAN RETAIL BANK

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ABSTRACT

The competitive pressures of the last decades have forced the banking institutions to search for solutions that would improve the management of their relationships with the customer. Many have invested significant amounts in implementing “Customer Relationship Management” (CRM). This technology allows them to better target the customers by offering products more adapted to their needs. In this way, the banking institutions are capable of building loyalty over the long term and of tracing the “purchase profile” of their clients. This technology contributes to increase sales productivity and the efficiency of the sales team. In the end, this results in reduced costs and better performance [1].

The CRM sales in North America had an increase of 28% in 2000 and then a decrease of 5% in 2001, 25% in 2002 and 17% in 2003. After the first wave of failures, companies began to realize that the CRM technology is not an “overall solution” to their sales problems and that its main role is to enhance a coherent strategy and good customer relationship management [2]. Moreover, in 2003, 70% of CRM projects failed to bring the expected results [3].

Between mystification and reality, the dream of a successful implementation of CRM technology became a subject of interest to the specialized literature. Many researchers have studied CRM in the last decades, but coherence still lacks as to the definition and the span of influence of this concept [4, 5] as well as to what makes a CRM implementation successful. Therefore, our research tries to close this gap by identifying the best practices that contribute to CRM success in financial institutions.

Our research question is the following: “What are the best practices a retail bank should apply to guarantee the success of CRM implementation?” To answer this question, we have conducted a case study in a Canadian retail bank. Based on this case study, we identified the best practices that allow a retail bank to: (1) choose a CRM technology that is highly performing, but also compatible with its business strategy; (2) Successfully implement the chosen CRM technology in its organization; and (3) Make a continuous monitoring of the functioning of the respective technology so as to obtain the expected effects from the implementation.

Our research focused on three aspects of the retail bank’s CRM activities: Internet banking, call center as well as data warehouses/data mining.

The contributions of our paper are twofold: theoretical and practical. On the theoretical side, our research contributes to building a strong body of knowledge for the concept of CRM that is of high interest for any financial institution today. On the practical side, our study builds a comprehensive list of best practices that will guide managers in a successful CRM implementation.

Key words: Customer Relationship Management, Implementation Project, Best Practices, Case Study, Canadian Retail Bank

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