

MK282

# Customer Relationship Marketing

Semester Two

2008-09

## Module Workbook

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## Module overview

Customer Relationship Marketing (CRM) is a crucial subject to study. In an era of increasingly transient management themes, few board agenda items are attracting sustained attention like CRM. To provide the measure of the explosion of management interest in CRM, Forrester Research searched the Dow Jones' content base of more than 6000 management publications for references about CRM and found 6048 articles in 2000, up from 442 articles in 1998 (Chatham et al. 2001). A recent search on Google scholar by me produced 233,000 relevant articles on CRM.

Research has shown that companies worldwide lose half their customers every five years. But most managers fail to address that fact head-on by striving to learn why those defectors left. This module will delve with issue related to CRM from theoretical as well as practical perspectives and provide the participants with guidance on improving the overall understanding of marketing.

I have chosen to call this a workbook as opposed to a handbook, since if it is used in the ways it is intended, it will direct you in your own personal study of the subject and thereby help you to pass the exam also!

Please refer to the module timetable for more details regarding the topics we will cover from week to week. For each week of lectures, the slides are included with space to make notes during the lectures. There is also a page detailing the seminar activity at the end of each lecture note which provides details of the seminar activity and also provides with the space to make notes during the seminar.

You will also find details and hints regarding the preparation of your coursework and the exam. Past exam papers are included to help with your revision.

If you have any questions about anything contained within this workbook, please book a slot with me during my 'surgery hours' or alternatively email me and I will get back to you.

I hope you enjoy the module!

## **Aims and Objectives**

This module is concerned with the understanding of marketing strategies aimed at delivering quality, securing repeat business and generating customer loyalty. All these elements form the foundations for successful customer relationship marketing.

## **Learning outcomes**

Students will be able to:

- Identify market forces and customer expectations
- Understand the various models of buyer behaviour
- Develop appropriate marketing strategies based on the marketing mix
- Understand the importance of quality in exceeding customer expectations
- Identifying customer expectations by using various customer research methods
- Understand the various elements of successful customer services
- Identify and implement control and monitoring exercises to ensure that quality is maintained and improved where possible
- Appreciate the importance of Direct Marketing in CRM

# Indicative reading list

## Essential reading

All the articles suggested in the timetable section are MUST READ. There will be other articles and book chapters suggested along the way for further reading.

## Additional reading (latest editions of)

- Bruhn, M., Relationship Marketing: Management of Customer Relationships, Prentice Hall.
- Little, E. & Marandi, E., E. Relationship Marketing Management, Thomson.
- Egan, J., Relationship Marketing: Exploring Relational Strategies in Marketing, Prentice Hall.
- Foss, B. & Stone, M., Successful Customer Relationship Marketing: New thinking, New strategies, New Tools for Getting Closer to Your Customers, Kogan Page.
- Hollensen, S., Marketing Management: A Relationship Approach, Prentice Hall.
- Buttle, F., Customer Relationship Management: Concepts and Tools: Butterworth-Heinemann.
- Stone, M., Woodcock, N. & Machtynger, L., Customer Relationship Marketing: Get to Know Your Customers and Win Their Loyalty, Kogan Page.
- Griffin, J., Customer Loyalty: How to Earn it, How to Keep it, Jossey-Bass.

## Journals and Magazines

- European Journal of Marketing
- Journal of Database Marketing
- Journal of Marketing
- Journal of Marketing Management
- Marketing
- Marketing Direct
- Marketing Week
- Mintel and Keynote reports

Financial Times carries various special supplements as well as articles on CRM and related issues so please keep an eye on the same.

## Timetable

Week	Date	Topic covered
1	10/02/09  No seminars for this week as we are starting on a Tuesday	<b>Introduction to CRM</b>  Urban, G. L. (2004), "The emerging era of customer advocacy," MIT Sloan Management Review, 45 (2), 77-82.  Grönroos, C. (1997), "Keynote paper: From marketing mix to relationship marketing—towards a paradigm shift in marketing," Management Decision, 35 (4), 322-39.
2	17/02/09	<b>Strategic CRM: An Overview</b>  Seminar: Do we really need CRM?  Kumar, V., R. Venkatesan, and W. Reinartz (2006), "Knowing what to sell, when, and to whom," Harvard Business Review, 84 (3), 131-7.  Bull, C. (2003), "Strategic Issues in Customer Relationship Management Implementation," Business Process Management Journal, 9 (5), 592-602.
3	24/02/09	<b>External &amp; Internal Audits in B2B and B2C context</b>  Seminar: BA case study  Narayandas, D. (2005), "Building loyalty in business markets," Harvard business review, 83 (9), 131-39.  Stone, M., N. Woodcock, and M. Wilson (1996), "Managing the change from marketing planning to customer relationship management," Long Range Planning, 29 (5), 675-83.
4	03/03/09	<b>Buying Behaviour &amp; Decision Making</b>  Morgan, R. M. and S. D. Hunt (1994), "The Commitment-Trust Theory of Relationship Marketing," Journal of Marketing, 58 (3), 20-38.  Ravald, A. and C. Grönroos (1996), "The value concept and relationship marketing," European Journal of Marketing, 30 (2), 19-30.
5	10/03/09	<b>Customer Expectations, Satisfaction and Loyalty</b>  Seminar: Buying behaviour exercise  Reinartz, W. and V. Kumar (2002), "The Mismanagement of Customer Loyalty," Harvard Business Review, 80 (7), 86-94.  Shankar, V., A. K. Smith, and A. Rangaswamy (2003), "Customer satisfaction and loyalty in online and offline environments," International Journal of Research in Marketing, 20 (2), 153-75.
6	17/03/09	<b>Building Lasting Relationships Through Customer Service</b>  Seminar: Customer expectations and satisfaction exercise

		<p>Heskett, J. L., T. O. Jones, G. W. Loveman, W. E. Sasser, and L. A. Schlesinger (1994), "Putting the service-profit chain to work," <i>Harvard Business Review</i>, 72 (2), 164-74.</p> <p>Frei, F. X. (2006), "Breaking the trade-off between efficiency and service," <i>Harvard Business Review</i>, 84 (11), 93-101.</p>
7	24/03/09	<p><b>The Importance of Quality, Control and Monitoring</b></p> <p>No seminar this week</p> <p>Berry, L. and L. Bendapudi (2003), "Clueing In Customers," <i>Harvard Business Review</i>, 81 (February), 30-37.</p> <p>Lindgreen, A. and I. Crawford (1999), "Implementing, monitoring and measuring a programme of relationship marketing," <i>Marketing Intelligence &amp; Planning</i>, 17 (5), 231-39.</p>
		<p><b>Easter Break</b></p>
8	21/04/09	<p><b>Developing Customer Centric Strategy</b></p> <p>No Seminar this week</p> <p>Rigby, D. K. and D. Ledingham (2004), "CRM Done Right," <i>Harvard Business Review</i>, 82 (11), 118–29.</p> <p>Fournier, S., S. Dobscha, and D. G. Mick (1998), "Preventing the premature death of relationship marketing," <i>Harvard Business Review</i>, 76 (1), 42–44.</p>
9	28/04/09	<p><b>Direct Marketing</b></p> <p>Seminar: Making loyalty pay</p> <p>Loveman, G. (2003), "Diamonds in the Data Mine," <i>Harvard Business Review</i>, 81 (5), 109–13.</p> <p>Kalyanam, K. and M. Zweben (2005), "The perfect message at the perfect moment," <i>Harvard business review</i>, 83 (11), 112-20.</p>
10	05/05/09	<p><b>Customer Equity Management</b></p> <p>Seminar: The customers' revenge</p> <p>Gupta, S., D. Lehmann, and J. Stuart (2004), "Valuing Customers," <i>Journal of Marketing Research</i>, 41 (February), 7-18.</p> <p>Verhoef, P. C. (2003), "Understanding the Effect of Customer Relationship Management Efforts on Customer Retention and Customer Share Development," <i>Journal of Marketing</i>, 67 (4), 30-45.</p>
11	12/05/09	<p><b>Revision</b></p>

## Other articles for further reading:

### Introduction to CRM

- Sheth, J. N. and A. Parvatiyar (1995), "The evolution of relationship marketing," *International Business Review*, 4 (4), 397-418.
- Aijo, T. S. (1996), "The theoretical and philosophical underpinnings of relationship marketing," *European Journal of Marketing*, 30 (2), 8-18.
- Möller, K. and A. Halinen (2000), "Relationship Marketing Theory: Its Roots and Direction," *Journal of Marketing Management*, 16 (1-3), 29-54.
- Perrien, J. and L. Ricard (1995), "The meaning of a marketing relationship: A pilot study," *Industrial Marketing Management*, 24 (1), 37-43.
- Harker, M. J. (1999), "Relationship marketing defined? An examination of current relationship marketing definitions," *Marketing Intelligence & Planning*, 17 (1), 13-20.

### Strategic CRM: An Overview

- Gummesson, E. (1996), "Relationship marketing and imaginary organizations: a synthesis," *European Journal of Marketing*, 30 (2), 31-44.
- Grönroos, C. (1996), "Relationship marketing: strategic and tactical implications," *Management Decision*, 34 (3), 5-14.
- Morgan, R. M. and S. Hunt (1999), "Relationship-Based Competitive Advantage The Role of Relationship Marketing in Marketing Strategy," *Journal of Business Research*, 46 (3), 281-90.
- Grönroos, C. (1999), "Relationship Marketing Challenges for the Organization," *Journal of Business Research*, 46 (3), 327-35.
- Gummesson, E. (1997), "Relationship marketing as a paradigm shift: some conclusions from the 30R approach," *Management Decision*, 35 (4), 267-72.
- Yau, O. H. M., P. R. McFetridge, R. P. M. Chow, J. S. Y. Lee, L. Y. M. Sin, and A. C. B. Tse (2000), "Is relationship marketing for everyone?," *European Journal of Marketing*, 34 (9/10), 1111-27.

### External & Internal Audits in B2B and B2C context

- Ford, D. (1980), "The development of buyer-seller relationships in industrial markets," *European Journal of Marketing*, 14 (5/6), 339-53.
- Gruen, T. W. (1995), "The outcome set of relationship marketing in consumer markets," *International Business Review*, 4 (4), 447-69.
- O'Malley, L. and C. Tynan (2000), "Relationship marketing in consumer markets," *European Journal of Marketing*, 34 (7), 797-815.
- Palmer, A. (2000), "Co-operation and competition: a Darwinian synthesis of relationship marketing," *European Journal of Marketing*, 34 (5/6), 687-704.

### Buying Behaviour & Decision Making

- Gao, T., M. J. Sirgy, and M. M. Bird (2005), "Reducing buyer decision-making uncertainty in organizational purchasing: can supplier trust, commitment, and dependence help?," *Journal of Business Research*, 58 (4), 397-405.
- Huh, Y. E. and S. H. Kim (2008), "Do early adopters upgrade early? Role of post-adoption behavior in the purchase of next-generation products," *Journal of Business Research*, 61 (1), 40-46.
- Sheth, J. N. (1996), "Organizational buying behavior: past performance and future expectations," *Journal of Business & Industrial Marketing*, 11 (3/4), 7-24.
- Johnston, W. J. and J. E. Lewin (1996), "Organizational buying behavior: Toward an integrative framework," *Journal of Business Research*, 35 (1), 1-15.
- Baumgartner, H. and Jbem Steenkamp (1996), "Exploratory consumer buying behavior: Conceptualization and measurement," *International Journal of Research in Marketing*, 13 (2), 121-37.
- Uncles, M., A. Ehrenberg, and K. Hammond (1995), "Patterns of Buyer Behavior: Regularities, Models, and Extensions," *Marketing Science*, 14 (3), 71-78.

### Customer Expectations, Satisfaction and Loyalty

- Crosby, L. A. and N. Stephens (1987), "Effects of Relationship Marketing on Satisfaction, Retention, and Prices in the Life Insurance Industry," *Journal of Marketing Research*, 24 (4), 404-11.

- Duncan, T. and S. E. Moriarty (1998), "A Communication-Based Marketing Model for Managing Relationships," *Journal of Marketing*, 62 (2), 1-13.
- Dowling, G. R. and M. Uncles (1997), "Do Customer Loyalty Programs Really Work?," *Sloan Management Review*, 38 (4), 71-82.
- Spreng, R. A., S. B. MacKenzie, and R. W. Olshavsky (1996), "A Reexamination of the Determinants of Consumer Satisfaction," *Journal of Marketing*, 60 (3), 15-32.
- Sharp, B. and A. Sharp (1997), "Loyalty programs and their impact on repeat-purchase loyalty patterns," *International Journal of Research in Marketing*, 14 (5), 473-86.

### **Building Lasting Relationships Through Customer Service**

- Christopher, M., A. Payne, D. Ballantyne, and L. Pelton (1995), "Relationship marketing: Bringing quality, customer service and marketing together," *International Business Review*, 4 (4), 538-41.
- Tax, S. S., S. W. Brown, and M. Chandrashekar (1998), "Customer Evaluations of Service Complaint Experiences: Implications for Relationship Marketing," *Journal of Marketing*, 62 (2), 60-76.
- Gilbert, D. C. (1996), "Relationship marketing and airline loyalty schemes," *Tourism Management*, 17 (8), 575-82.
- Bejou, D. and A. Palmer (1998), "Service failure and loyalty: an exploratory empirical study of airline customers," *Journal of Services Marketing*, 12 (1), 7-22.
- Cronin, J. J., M. K. Brady, and G. T. M. Hult (2000), "Assessing the effects of quality, value, and customer satisfaction on consumer behavioral intentions in service environments," *Journal of Retailing*, 76 (2), 193-218.

### **The Importance of Quality, Control and Monitoring**

- Gummesson, E. (1998), "Productivity, quality and relationship marketing in service operations," *International Journal of Contemporary Hospitality Management*, 10 (1), 4-15.
- Gummesson, E. (2004), "Return on relationships (ROR): the value of relationship marketing and CRM in business-to-business," *Journal of Business & Industrial Marketing*, 19 (2), 136-48.
- Lengnick-Hall, C. A. (1996), "Customer Contributions to Quality: A Different View of the Customer-Oriented Firm," *The Academy of Management Review*, 21 (3), 791-824.
- Rust, R. T., A. J. Zahorik, and T. L. Keiningham (1995), "Return on Quality (ROQ): Making Service Quality Financially Accountable," *Journal of Marketing*, 59 (2), 58-70.

### **Developing Marketing Strategy for CRM**

- Ryals, L. and S. Knox (2001), "Cross-functional issues in the implementation of relationship marketing through customer relationship management," *European Management Journal*, 19 (5), 534-42.
- Lewin, J. E. and W. J. Johnston (1997), "Relationship marketing theory in practice: A case study," *Journal of Business Research*, 39 (1), 23-31.
- Morris, M. H., J. Brunyee, and M. Page (1998), "Relationship Marketing in Practice Myths and Realities," *Industrial Marketing Management*, 27 (4), 359-71.
- Voss, G. B. and Z. G. Voss (1997), "Implementing a relationship marketing program: A case study and managerial implications," *Journal of Services Marketing*, 11 (4), 278-98.
- Payne, A. and P. Frow (2005), "A Strategic Framework for Customer Relationship Management," *Journal of Marketing*, 69 (4), 167-76.

### **Direct Marketing**

- Peppers, D., M. Rogers, and B. Dorf (1999), "Is your company ready for one-to-one marketing?," *Harvard Business Review*, 77 (1), 151-60.
- Bult, J. R. and T. Wansbeek (1995), "Optimal Selection for Direct Mail," *Marketing Science*, 14 (4), 378-94.
- Balasubramanian, S. (1998), "Mail versus Mall: A Strategic Analysis of Competition between Direct Marketers and Conventional Retailers," *Marketing Science*, 17 (3), 181-95.
- Morwitz, V. G. and D. C. Schmittlein (1998), "Testing New Direct Marketing Offerings: The Interplay of Management Judgment and Statistical Models," *Management Science*, 44 (5), 610-28.
- Morganosky, M. A. and J. Fernie (1999), "Mail Order Direct Marketing in the United States and the United Kingdom Responses to Changing Market Conditions," *Journal of Business Research*, 45 (3), 275-79.

### **Customer Equity Management**

- Blattberg, R. C. and J. Deighton (1996), "Manage marketing by the customer equity test," *Harvard Business Review*, 74 (4), 136-44.
- Thomas, J. S. (2001), "A Methodology for Linking Customer Acquisition to Customer Retention," *Journal of Marketing Research*, 38 (2), 262-68.
- Gupta, S., D. R. Lehmann, and J. A. Stuart (2004), "Valuing Customers," *Journal of Marketing Research*, 41 (1), 7-18.
- Rust, R. T., K. N. Lemon, and V. A. Zeithaml (2004), "Return on Marketing: Using Customer Equity to Focus Marketing Strategy," *Journal of Marketing*, 68 (1), 109-27.

## **Assessment**

100% exam