



NEW BOOKS IN REVIEW

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WHY CRM DOESN'T WORK: HOW TO WIN BY LETTING CUSTOMERS MANAGE THE RELATIONSHIP, Frederick Newell, Princeton, NJ: Bloomberg Press, 2003, 256 pages, \$29.95.

THE ULTIMATE CRM HANDBOOK: STRATEGIES & CONCEPTS FOR BUILDING ENDURING CUSTOMER LOYALTY & PROFITABILITY, John G. Free-land, ed., New York: McGraw-Hill, 2003, 304 pages, \$34.95.

CUSTOMER RELATIONSHIP MANAGEMENT: CONCEPTS AND TOOLS, Francis Buttle, Amsterdam: Elsevier, 2004, 384 pages, \$37.95.

CUSTOMER RELATIONSHIP MANAGEMENT: A FAD OR A FIELD?

Evidence that customer relationship management (CRM) is a field could be derived from the American Marketing Association's Faculty Consortium, which, in 2004, focused on CRM. Approximately 80 scholars from around the world took part in the event, and interest was generated from many more. In addition, the market for CRM software and applications is projected to double over the next few years. Evidence of CRM's faddish life cycle, however, could be derived simply from the difficulty in defining CRM. Is it a technology, strategy, or philosophy? Is it a subfield of marketing, statistics, or information systems? For example, Prentice Hall lists CRM books under the category Management and Information Technology.

There is little doubt that CRM as a field (or fad) of study and practice suffers from a lack of scope and definition. A person need only to peruse the opening chapter of any of the myriad books on CRM to learn that CRM is a technology, a strategy, a philosophy, and more; indeed, to some people, CRM is a new religion, and what could be more faddish than that?

Furthermore, there is the counterfad, or counterreligion. For example, in his book, *Why CRM Doesn't Work*, Frederick Newell argues that the practice of CRM is simply all wrong. Only 25%–30% of companies that have implemented CRM believe that they are getting their money's worth. Readers are not told what flavor of CRM the companies implemented (i.e., technology, strategy, or philosophy), only that it does not work, at least in terms of how it is implemented.

Newell quotes (p. 7) John Benson (1937), who nearly 70 years ago in the first issue of *Journal of Marketing* wrote, "as you well know, the customer is king. Perhaps hereafter we shall use less ingenuity in the way of fanciful appeal and more in finding out what people really want. The consumer himself is boss." Newell argues that CRM is no different than traditional marketing in failing to live up to Benson's call. As Newell states (p. 7), "Customers have shown they don't want to be hunted like prey."

Why CRM Doesn't Work is not a diatribe against CRM, however. After the reader works past the argument that the customer should be in control of the relationship, Newell offers a fairly standard set of topics and practices that are expected in any CRM book. For example, after four chapters in which Newell distinguishes customer-managed relationships from CRM, he offers eight chapters on what needs to change. This section is really about how CRM can be performed better (e.g., how to use e-mail marketing, what works in loyalty marketing), which, frankly, is not the interesting part.

What is interesting, however, is the notion that the customer is motivated to manage the relationship, which has its roots in Dwyer, Schurr, and Oh's (1987) original landmark article. The article offers a model of propensity to relate—that is, a two-dimensional model that recognizes that the buyer's and seller's propensity to relate are not necessarily the same. In some cases, the seller's propensity to relate is much stronger than that of the buyer, and in other situations, the opposite is true. As a discipline, marketing has done a remarkably poor job in understanding why consumers might have a propensity to relate. Newell identifies why this is such an important need.

Other parts of the book offer justification for Newell's position, but these really yield insightful research questions for academicians. For example, Newell cites NASA's invitation to the Internet community to assist in identifying the 40,000-plus craters of Mars. In a single day, more than 90,000 entries were recorded, a number that more than doubled two months later. What type of emotional ties would lead so many people to devote their time to a volunteer project? Kenneth Kanady develops this idea of emotional ties (which Newell cites) as a three-dimensional model of loyalty. Although Kanady does not develop the model in academic terms, he states that the three key elements of customer loyalty are engagement (the capacity that helps a buyer feel affiliated and connected), enablement (the state of achieving desired outcomes from the supplier), and

empowerment (the belief that customers develop about themselves as a result of interacting with a company). In general, academic researchers took Dwyer, Schurr, and Oh's (1987) article and focused on trust as the key aspect of loyalty; in contrast, Kanady (and Newell) perceives it as something far more reaching than simply trust.

Why CRM Doesn't Work is an "airport read." I suggest that readers spend more time with at least the first four chapters, because it is there that Newell makes his central argument. There are enough interesting ideas to warrant reading the remainder of the chapters, but the first part is the most important.

The Ultimate CRM Handbook, by John Freeland, is no airport read. Notably, Freeland begins the preface with the following: "You may ask yourself if another book about customer relationship management (CRM) is really necessary" (p. vii). This would be a fair question, despite the infancy of this fad, err, field.

The Ultimate CRM Handbook is composed of 32 essays by 43 Accenture consultants. The book, which is copyrighted by Accenture (as is *Defying the Limits* [Freeland 2004], an annual publication of essays on CRM), represents part of Accenture's ongoing strategy to provide thought leadership. However, the book is not so much about *thought* leadership as it is about *practice* leadership. Most likely, that is intentional because, after all, consultants who can sell actual things are probably more likely to make money than consultants who have only thoughts to sell. Perhaps that is why academia is so penurious.

As a book devoted to the practice of CRM, *The Ultimate CRM Handbook* could make a useful textbook, much in the way that I have used Paul Greenberg's (2004) *CRM at the Speed of Light*. Although *The Ultimate CRM Handbook* is lighter on theory and concept than Greenberg's book, except for the essays on strategy, such lightness enables Freeland to add value. The essays on topics such as how to use wireless technology and maximize life-cycle revenue through service management offer brief case studies and examples and how-to practicality. Researchers seeking ideas should look elsewhere; *The Ultimate CRM Handbook* is a book best suited for the classroom or, perhaps, the bookshelf. That is not to say that this is not a book worth reading; rather, the book's focus on practice means that it can provide a professor with examples and source material for lectures in many areas.

However, as a series of essays, it is not a linear read. For example, the first multichapter section (Chapters 2 through 6) is about strategy. The first chapter in the section is an introduction to strategy, followed by three chapters on customer strategy, brand strategy, and channel strategy, respectively, and one on CRM strategy. The essay on CRM strategy is not a summary chapter, and throughout this section, there is little flow from essay to essay. However, this section is probably the most linear. For example, the fourth part of the book contains nine chapters on reinventing customer contact. Service management follows workforce development, but an essay about communication strategies is inserted between them. *The Ultimate CRM Handbook* is not a textbook to be read one chapter after the next, but it is a book that belongs on the shelf of anyone who is serious about CRM.

Surely an important development in any field is the creation of textbooks. Textbooks should represent a body of knowledge in a defined field, and it was that lack of textbooks that led Francis Buttle to write *Customer Relationship Management*. Yet a limitation is that Buttle wrote the book for the following audiences: MBA students and upper-level undergraduates, students in diploma courses of professional organizations, and practitioners. The result of this broad positioning is weak or missing pedagogical devices. For example, some of the cases offered are no more than a paragraph and are often worthless. There are no end-of-chapter devices, such as discussion questions. Faculty members who want to use this as a text will be disappointed by the lack of such material.

However, there are few textbooks on any topic that offer as much material so quickly, and there are no CRM textbooks as well written. Buttle presents theory and concepts with machine gun-like speed, supported with practical application. The book's ten chapters include customer portfolio analysis, developing customer intimacy (which is really about data warehousing and mining), networks, creating value, and managing the customer life cycle. Buttle breaks this last topic into two chapters, acquisition and retention. The concluding chapter focuses on CRM organization.

One of the most interesting aspects of the American Marketing Association's Faculty Consortium on CRM was the session that Wes Johnston (Georgia State) organized, which included Nicole Coviello (presenting the Australian and New Zealand view) and Evert Gummesson (representing the Industrial Marketing and Purchasing Group). The session highlighted the differences among European, Australian and New Zealand, and American schools of thought. In his book, Buttle integrates all the differences in a lively and fast-paced way.

A comparison of Buttle's definition of the CRM field to Accenture's (through Freeland), though, is worthwhile. The topics that Freeland develops as part of CRM include brand and channel management, topics that Buttle barely discusses. In contrast, Buttle emphasizes team selling and sales force automation, but Freeland does not. Freeland's technology discussions are broader. It is obvious that Freeland is unconstrained by a curriculum that would include courses on consumer behavior, marketing principles, and the like, constraints that may have led to the structure of Buttle's text, and the audiences are clearly different. However, one conclusion is that the field is still being defined.

More specifically, in the first chapter, Buttle begins with an overview of CRM that essentially defines his perspective of CRM. The strategic role of CRM in the value chain is an important beginning, followed by information technology, two chapters that are relatively short. Greater emphasis is given to the marketing issues of customer portfolio analysis (including segmentation, lifetime value, and sales forecasting, along with the important topic of activity-based cost accounting). An interesting aspect of Buttle's book is the chapter devoted to network management (the Industrial Marketing and Purchasing Group influence). Another interesting aspect is that the next chapter focuses entirely on the creation of value. More traditional marketing perspectives consider the emphasis of value derived from the product; in

contrast, Buttle develops a more comprehensive picture of value, including how value is derived from customer communication.

In addition, Buttle develops the customer life cycle. One chapter covers customer acquisition, and another chapter presents customer retention and development. Although this order seems backward to me, an interesting conclusion to the chapter is “strategies for sacking customers.” The book ends with a discussion of organizational structure for CRM.

In a ten chapter, 384-page book, any attempt to be complete necessitates only the briefest of coverage. Such is the case with *Customer Relationship Management*. In conjunction with *The Ultimate CRM Handbook* or more established books, such as Greenberg’s *CRM at the Speed of Light*, the package would serve a graduate class well. By itself, it would also serve an undergraduate class. In both cases, however, the professor will still need to develop exercises, cases, and other pedagogical tools.

So, is CRM a field or a fad? Whereas Newell’s customer-managed relationship model suggests that CRM is a fad on the fade, Freeland and Buttle argue otherwise. There is no doubt, however, that marketing will never be the same.

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