

## MOBILE CUSTOMER RELATIONSHIP MANAGEMENT

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### Abstract

*This study examines communication through the mobile medium in customer relationship management (hereafter mCRM). Although the academic research on mCRM is gradually evolving, there is still a lack of empirical research on this topical issue. Therefore, the purpose of this study is to begin to fill this gap by enhancing the theoretical and practical understanding of mCRM.*

*The empirical part of the study is conducted as a qualitative case study. Seven Finnish companies utilizing the mobile medium as a communication channel in CRM were selected for the empirical analysis. Interviews, observations and personal experiences gained within those companies form the main sources of data.*

*The main theoretical contributions of the present study to existing academic literature are as follows. First, the study proposes the conceptualization of the focal phenomenon of the study, mCRM, and further elicits the salient characteristics of it. Second, following the conceptualization, the study focuses on communication as the core of the interaction between the company and the customer via the mobile medium. Accordingly, the study sheds light on the key elements of the communication process within mCRM and its various phases. Third, the study finds a theoretical framework for mCRM; identifying the customer relationship management, mobile commerce and communication literature streams that define mCRM theoretically. Fourth, the study elaborates on the specific role of the mobile medium as a channel within CRM and highlights the ways in which it differs from all other channels within the multichannel CRM environment.*

*Although mCRM communication has an inherent potential to benefit both company and customer, it has been utilized quite cautiously to date. This is rather surprising given that, compared to other channels, the mobile medium has an exceptional ability to reach people. In addition, greater utilization of the mobile medium could save time and money. This is because many face-to-face encounters could easily be replaced by communication through the mobile medium. The study offers guidelines on aspects ranging from the initiation of mCRM to actual communication through mCRM. Hopefully, the findings of this study will encourage managers, regardless of industry, to consider whether their company could provide added-value of any kind through the use of the mobile medium to benefit their customer relationships.*

**Keywords:** CRM, communication, customer relationship management, mCRM, mobile commerce, mobile customer relationship management, mobile medium.

### Introduction

During the past two decades the marketing paradigm has shifted from transactional marketing to marketing approaches focusing on building and retaining relationships with customers. Along with this paradigm shift, customer relationship management (CRM) has gained widespread popularity in the fields of many disciplines and industries.

The essence of CRM for the company is, in ideal circumstances, the ability to communicate continuously with customers on an individual basis. Accordingly, most

companies communicate with their customers across several channels including, for instance, the internet, face-to-face channels and through call centers. However, with the growing number of channels, getting customers' time and attention has turned into a major challenge. Due to this, it has become more difficult for companies to find the appropriate media and strategies to communicate with their customers. To overcome these challenges, the mobile medium is growing rapidly in the multichannel environment to improve standards of communication with customers.

### **Justification**

The purpose of this chapter is to identify the research gap as well as justify this study academically, conceptually and practically. As an academic research stream mCRM is relatively fresh. In order to justify this study, the previous academic research concerning the phenomenon under investigation is presented and, consequently, the research gap this study contributes to filling is identified. This search was conducted by using the keyword term "mobile customer relationship management". The purpose was to delimit the search to pertain to only academic papers explicitly discussing and focusing on mCRM and having apparent relevance to the marketing discipline.

### **Research Problem**

As mentioned, the current body of academic research on mCRM has several deficiencies. This chapter addresses the research problem of this study. In order to do so, it is necessary to determine the scope, research questions, and research framework of the study.

In this study, it is acknowledged that the communication through mobile medium in CRM is highly dependent on the technology. For instance, a customer database is a prerequisite for any communication conducted through the mobile medium and, additionally, communication in mCRM is facilitated by a device. However, the purpose is not to provide a detailed understanding of technologies underlying communication through the mobile medium. Therefore, in the line with the conceptualization of mobile commerce by Balasubramanian *et al.*, this conceptualization of mobile CRM is independent of any underlying technological platform. Therefore, this conceptualization of mCRM is applicable for future mobile technologies as well.

This study focuses on communication through the mobile medium. This represents mediated communication in which communication is facilitated by a device. The purpose of this study is not to argue that the mobile medium is the best channel in CRM. Rather, this study suggests that communication through the mobile medium may differ significantly from communication through other channels. Furthermore, it is acknowledged that unmediated channels enabling personal communication may be more suitable for complex communication involving issues such as customer complaints or customer acquisition.

### **Customer relationship management**

This study contributes to CRM domain within marketing field. Therefore, CRM literature forms the main theoretical backbone of this study. The origins of CRM can be traced back to the concept of relationship marketing. However, in the line with Zablah *et al.*, this study considers that RM and CRM are different phenomena albeit interrelated and highly associated with each other. In other words, CRM is a specific relationship management domain. On this basis, this study adopts a process view of CRM. According to this view “CRM is concerned with the development and maintenance of a portfolio of profit maximizing customer relationships that is likely to include exchange relationships that vary along the transactional-relational continuum”.

Furthermore, CRM does not focus exclusively on the establishment and maintenance of close, collaborative exchange relationships contrary to RM. Following the process view of CRM, this study adopts a relational perspective in which the customer relationships are viewed as being in continuum from transactional to relational.

### **Mobile Commerce**

The other focal stream stems from mobile commerce literature. To conceptualize mCRM it is of critical importance to scrutinize mobile commerce literature as well since CRM literature does not focus on either individual channels or communication within these channels. Therefore, mobile commerce literature complements CRM literature in order to conceptualize mCRM.

Following the seminal work by Balasubramanian *et al.* outlining conceptualization of mobile commerce, this study acknowledges similarly that communication through the mobile medium has a ubiquitous nature. In other words, “at least one of the parties engaged in the communication must be mobile, in the sense that his, her, or its ability to communicate is not contingent on being at a fixed physical location at a particular point in time”.

The mobile commerce literature also highlights the unique characteristics of the mobile medium. Therefore, this literature is also utilized in order to find out characteristics of mobile medium that creates novel channel to manage customer relationships. It is acknowledged in this study, that the characteristics of mCRM are mostly due to the exceptional features of the mobile medium.

### **Multichannel Environment**

Most companies interact with their customers across several channels including, for instance, the internet, face-to-face channels and through call centers. In parallel, customers have developed expectations of being able to choose the channel through which they interact with a company. This development has led to a situation where supporting a range of channels (i.e. a multichannel environment) is a necessity for companies in most

industries. Additionally, this has also challenged companies to manage this multichannel environment effectively.

### **The Role of Individual Channel**

As mentioned above, companies cannot communicate identically across the different channels and, thus, some channels are more suited to, or more often used for, certain communications (Verhoef & Donkers 2005). Furthermore, it is of critical importance to acknowledge that different channels may serve different purposes.

It is sometimes forgotten that communication in CRM is not only about sales, but about marketing and service activities as well. Bearing this in mind, one channel may function mostly as an information source for customers, while another channel may serve as the sales channel. Furthermore, marketing efforts in one channel can enhance sales through another channel. This is especially inherent to direct marketing channels, such as television or radio, which permit only one-way communication, and are often used to direct the customers to others channels in order to complete a purchase. For instance, customers may find information from the Internet and, thereafter, go to a bricks and mortar store in order to buy the product or service in question.

### **Communication through the Mobile Medium**

This chapter discusses communication through the mobile medium. In this study, it is argued that communication between the company and the customer cannot be exactly the same through the mobile medium as it would be through other channels. This is due to characteristics of the mobile medium. Therefore, the chapter first discusses the characteristics of the mobile medium and, subsequently, the communication phases and communication modes of mobile CRM.

### **Communication Phases**

As customer relationships, the communication process through the mobile medium is assumed to evolve through distinct phases. Accordingly, the author suggests that the communication process through the mobile medium consists of initiation and maintenance stages. Both of these stages involve unique purposes, activities to accomplish those purposes, and channels through which the communication can be conducted.

As noted, the necessary prerequisite to initiate communication with customers is to get their permission to do so. Getting customers' permission to send messages is essential for companies in mCRM. This is due to the fact that the use of mobile medium as a marketing channel is, in the European Union (EU) area, regulated by law and involves asking end users' permission to send unsolicited marketing messages via all electronic communications for marketing purposes.

### **Mobile Customer Relationship Management (mCRM) Communication**

The purpose of this chapter is to develop a theoretical framework of mCRM communication. Accordingly, this chapter gives an overview of the previous discussions and, on that basis, discusses mobile CRM communication more profoundly. The purpose is, thus, to enhance understanding of the key concept of this study. However, it is concurrently acknowledged that this framework is not an exhaustive one but very context-bound as are other theories as well. Therefore, this framework is not necessarily applicable to all industries and all contexts within all countries as such. Instead, it is considered as a foundation for further examination of this phenomenon under investigation in different contexts.

### **Evaluation of Research**

First, the challenge to the abductive research approach in an essay-based dissertation should be noted. This challenge stems from the fact that the essays written at the beginning of the process may have different analytical foundations than the essays written at the end of the process. In this study, the research process has been relatively long. Naturally, the way the author thinks about mCRM has been re-evaluated and has crystallized in parallel with the research process. For instance, the conceptualization of the central phenomenon, mCRM, has developed during this period. In addition, some of the suggestions and arguments made in individual research papers are reflected against my current knowledge in the theoretical section of this dissertation.

Construct validity refers to the manner of identifying the correct operation measures for the concepts being studied (Yin 2009: 40). In other words, it involves establishing correct procedures for the research process and can be increased, for instance, by using multiple sources of evidence. Accordingly, the researcher needs to consider construct validity during the data collection phase (Gibbert *et al.* 2008). Following the principles of critical realism, the study aimed for data triangulation using diverse data (Patton 2002, Yin 2009). Accordingly, the data collection for this dissertation relied on multiple sources of information consisting of semi-structured interviews, observations and the diverse data gathered. The case companies were selected based on the idea of theoretical sampling, in which the cases are selected to represent the problem of the study as well as possible.

Therefore, each of the selected companies utilizes the mobile medium as a communication channel in CRM and was expected to offer rich insights into the phenomenon under investigation. Furthermore, Yin (2009) suggests having key-interviewees review a draft of the report in order to increase construct validity. Accordingly, the interviewees have checked the research papers before submissions and, thus, had opportunity to correct issues related to empirical section of papers. However, not all

interviewees were able to check the transcriptions or the conclusions probably due to the tight schedules.

### Limitations and Further Research

The purpose of this chapter is to acknowledge the limitations of this study and use them to produce recommendations for future research following this study. As in every research, this study should be interpreted in the light of certain limitations. This study can be considered as an early research piece giving an overview of mobile CRM communication from the company viewpoint. As such, the subject phenomenon of this study may be considered relatively broad for a single study and that may lead some to view the findings as a little cursory in nature. Therefore, the findings obtained in this study should be considered as tentative and further research is still needed on conceptualizing mobile CRM and its constituent parts in a more precise manner.

Accordingly, the researcher has developed the theoretical understanding of mobile CRM mainly at the general level in order to ensure coherent discussion of the phenomenon. In parallel, this means that the different contexts - which can be understood as something one must know about in order to understand an action and processes have not been taken into account in this study. However, it is acknowledged that the different contexts may influence different parts of mobile CRM. Accordingly, the emphasis on different elements of mobile CRM may vary according to the industry in question.

Finally, these results may present some insights into this phenomenon globally, but they are still only applicable in Finland as such. Therefore, a natural extension of this study would be to look at how mCRM is utilized in different kinds of companies ranging from B2B to B2C markets. Selecting the case study methodology with a qualitative orientation imposes inherent limitations on the study as well. As a consequence, the study does not strive for statistical generalization of the results, but an in-depth understanding of the phenomenon and an analytical generalization in a business-to-consumer context. Therefore, we should not draw far reaching conclusions from the findings.

Although the interest in this nascent phenomenon has been growing among marketing and information system researchers, knowledge of it is still very limited. Given the potential of the mobile medium it is interesting to understand how consumers are going to relate to mCRM efforts. To gain a holistic picture of the studied phenomenon in-depth interviews with customers would give insights into the utilization of mCRM from the customers' point of view. Although some previous studies concerning mobile CRM (e.g. Lin & Wang 2005, Liljander *et al.* 2007, Chen & Ching 2007, Lee *et al.* 2008, Hsu & Lin 2008) have touched on this important area, further research is needed. This is because it is the customer who determines the value of mobile CRM. If the mobile CRM, or more specifically the mCRM solutions applied in some specific context, do not provide any value for customers, there is no use for the mobile CRM. For instance, travel-related stress may be an

explanation for the customers' positive perceptions towards text messages in the airline industry. If this is the case, then the familiarity of the technology is an evident strength of messaging-based communication. However, this issue has not so far been examined despite the potentially valuable contribution it could make to our current knowledge of mobile CRM.

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