

CUSTOMER RELATIONSHIP MANAGEMENT IN PROFESSIONAL SERVICE ORGANIZATIONS: A STRATEGIC APPROACH TOWARDS A SUSTAINABLE COMPETITIVE ADVANTAGE

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ABSTRACT

Customer Relationship Management (CRM) is gaining increased attention from both academicians and practitioners across various products and especially services industries. It has gained primary attention in large service industry sectors such as the banking sector and is gaining widespread attention across different areas in the service-related businesses. Many researches have been conducted highlighting the importance of adopting CRM systems in large service-related industries, such as the financial, telecommunication and hotel industries, but few researches have explored the application of a CRM system in the context of Professional Service Organizations (PSOs), which are usually considered small or medium-sized enterprises. Examples of professional services include: legal, accounting, design, engineering and architectural services. In addition to the characteristics of services in general, being intangible, heterogeneous and inseparable, professional service organizations provide services that are especially high in people-processing features, involve high contact with customers and are high in credence attributes. PSOs sell their skills, expertise and judgment to their customers as opposed to selling manufactured goods or simple services (DeLong and Nanda 2003). PSOs have to approach clients wherever they are located in order to develop an “engagement relationship” with their clients, as opposed to relying on mass marketing channels to promote a company’s products and services (Cram 1994). These features entail a different approach for CRM application than in the case of larger, transaction-based service organizations. This paper aims to make a contribution to the services marketing field and in particular the professional services area by focusing on CRM as a strategic tool for sustained competitive advantage for PSOs. The objectives of this paper are three-fold (1) to evaluate the evolving nature of the CRM concept (2) examine the application of the CRM approach in PSOs and (3) present a conceptual framework on the use of CRM as a strategic tool for sustained competitive advantage. The application of CRM in PSOs is predicted to result in long-term customer relationships that will become the basis for customer loyalty and retention leading to sustained competitive advantage. This framework provides the basis for future empirical research.

Keywords: Customer Relationship Management (CRM), Professional Service Organizations (PSOs), competitive advantage, customer loyalty, retention.

References available upon request