Original Article

The dark side of customer relationship management: Exploring the underlying reasons for pitfalls, exploitation and unfairness

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ABSTRACT As customer relationship management (CRM) practices become increasingly sophisticated, there are great benefits but at the same time disadvantages that firms must consider. The aim of this article is to explore the dark side of CRM and to discuss the underlying causes. The article provides insights into understanding the essence of CRM. The misinterpretation of CRM and depletion of customer trust have resulted in customers perceiving themselves as being exploited by firms' unfair CRM schemes. Further examination of fairness, trust and transparency is needed, as CRM schemes may pose a significant threat if they are over-used or misused. The danger of implementing CRM to lead customers to believe that they are worse off requires more research, especially in favouring certain customers over others. This article includes implications for the development of fairer CRM schemes by correctly conceptualising CRM to suit firms' individual cases and by incorporating the essence of the good buyer–seller relationship. Indeed, incorporating fairness and trust into CRM will improve the quality of the marketplace. Customers will not feel mistreated and firms will not put themselves at risk of long-term failure. Theoretical contributions lie in the identification of issues related to CRM and differential treatment of/favouritism towards customers, and more importantly, the fact that these arise from two underlying areas, related to (i) the misinterpretation in the conceptualisation of CRM practices and (ii) the ambiguity of what constitutes good firm–customer relationships, which may lead to these negative perceptions.

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INTRODUCTION

As increasing concerns about privacy in customer tracking systems, information-storing in customer databases, favouritism

towards profitable customers, dynamic pricing and hidden surcharges have all been associated with Customer Relationship Management (CRM) and its schemes, the

Figure 1: CRM issues leading to matters of fairness and trust.

issue of fairness in CRM and customer engagement is noteworthy.^{1–5} For example, Amazon.com's test use of dynamic pricing was a public relations nightmare for the company. As Feinberg, Krishna and Zhang⁶ put it, *Few things stir up a consumer revolt quicker than the notion that someone is getting a better deal. That's a lesson Amazon.com has just learned ... Amazon was recently revealed to be selling the same DVD movies for different prices to different customers.* The idea that someone else is getting a better deal on the same offer can raise eyebrows and evoke dissatisfaction.^{7,8} Nevertheless, the foundations of CRM lie in the fact that certain customers have certain needs, and want different products and services – even different prices and methods of promotion.^{9,10} Indeed, owing to the simultaneity characteristic of such services,¹¹ word of mouth tends to be more prevalent and more potent. Consequently, when customers communicate with each other, they are likely to find out about the deals others received and possibly feel mistreated by not getting the same deal. Thus, without careful consideration of differential treatment of customers, inappropriate usage and misuse of CRM may put the firm's marketing efforts at risk of long-term failure.

An overarching objective of this article is to provide marketers with a perspective on the pitfalls related to differential treatment and issues of consumer exploitation within

buyer–seller relationships. Theoretical contributions lie in the identification of issues related to differential treatment of and favouritism towards customers in a CRM context, and more importantly, the fact that these arise from two underlying areas, namely, (i) the misinterpretation in the conceptualisation of CRM practices and (ii) the ambiguity of what constitutes good firm–customer relationships, which may result in these negative perceptions. There are important implications from recognising how differential treatment affects customers' perceptions and, accordingly, for understanding fairness in handling them. Propositions about fairness and trust are put forward to improve CRM implementation and add to the existing marketing literatures, which have been very limited in addressing these issues.

The article first engages in a discussion around the nature of CRM and the direction of its advances, before elaborating on the two issues underlying the dark side of CRM. Recommendations are offered for how CRM should manage its evolving schemes, as seen from a fairness perspective. Figure 1 illustrates the article.

A REVIEW OF CRM IMPLEMENTATION

CRM is a critical tool in increasing a firm's profitability by enabling it to identify the

best customers and satisfy their needs, in order to keep them loyal to the firm's activities.^{12–15} Over past decades, discussions on CRM and customer experience approaches have put emphasis on involving and engaging customers in long-term relationships so that the firm can learn about customers' individual needs. This in turn will give the firm the knowledge to customise products that suit the customers' needs on a one-to-one basis and thus create a differential marketing strategy. As this is inherent in the relationship marketing paradigm, it suggests that a particular business should be defined by its customers through ongoing relationships, commitment and trust.^{16–18} Examples of CRM schemes include bonus and loyalty programmes, dynamic pricing, service quality programmes, value offers and deals, personalised advertising, social media messaging, Internet blogging, and web communities as ways to create interactive buyer–seller relationships.^{3,4,19,20}

Most practitioners today suggest that long-term success is contingent on customer retention over customer acquisition, and that building and retaining long-lasting relationships with existing customers is more profitable than continually recruiting new customers to replace lost ones.^{21–24} However, building customer relationships is much more complex. Simply focusing on customers is no longer adequate. Managers are becoming deeply concerned about declining customer loyalty as competitors lure away their customers with lower prices and purchasing incentives.⁴ The sole focus on a customer- and loyalty-oriented business model has come of age.²⁵ Today, firms are facing a radically different landscape: the liberalisation of markets requires firms to be more conscious of an increasingly global and intense competitive environment; technological advancements have boosted customer information; there are demands for more interaction between the firm and its customers through blogs, forums, web communities and social

networking websites; there are increasing trends in advanced economies to be service oriented, niche oriented and information oriented; there is increasing fragmentation of consumer markets; customer buying patterns and lifestyles are changing rapidly; customers are more sophisticated and demanding; and there is increasing demand for higher standards of quality.^{26–31} Peppers and Rogers⁴ suggest that the impact of technology has spawned a revolution led by the customers themselves. Customers now know exactly what they want, and demand products just the way they want them. They want flawless service, and to be treated less like 'a number' and more like the individuals they are.³² This landscape increasingly calls for more individualised, interactive and sophisticated approaches to CRM than in the past.³³ It suggests that firms must make a coordinated effort to learn more about customers in order to attract, keep, maintain, grow and retain valuable customers who have taken on a far greater role than in the past. As a result, CRM applications have largely been driven by technology and newer approaches to customisation in order to achieve more effective forms of CRM.

ADVANCES IN CRM APPLICATIONS TO CREATE PERSONALISED EXPERIENCES

Recently, firms have attempted to engage in this challenging environment. Particularly by adopting new technologies and the Internet, firms have enabled CRM schemes to flourish. Using emails, social media, for example, Facebook pages, YouTube and Twitter, and blogs, the communication directed towards potential customers can now be customised at an individual level.³ At the same time, the interactions between firms and their customers can now be effortlessly stored by a CRM database system.^{34,35} Such information about customers is essential in CRM to create offers that suit customers. In this interactive

era, firms now have the ability to track and store customer information optimally, in order to customise offerings to suit individual customer needs, desires and behaviours. For example, Google now has advanced algorithms that personalise searches to suit individual interests, effectively choosing the relevant information in the vast amount of information that exists on the Internet.³⁶ Such a technological impact has meant that firms can create personalised ads and deals for individual customers, one individual at a time. Ultimately, these relationships may give them an advantage over their competition.

Indeed, it would seem as if there was a perfect match between firm customisation efforts and customers' changing attitudes towards individual treatment. By using CRM to build relationships, firms build ties with their customers through information and learning, resulting in successful profitable strategies that coordinate marketing, customer service and quality programmes.^{37–39} This learning relationship is a key factor for success in CRM⁴⁰ with numerous benefits, including repeat purchases, increased sales, cross-sales, up-selling, reduced costs, free word-of-mouth advertisements, employee retention, added customer life-time value, partnership activities and less price sensitivity.^{41–43} However, this 'perfect' match also has its imperfections. CRM applications that have been overly implemented have led to the discussion of a paradox within CRM where customers should be treated individually, but where, in certain instances, unfairness arises owing to the unequal distribution of outcomes.⁸ This CRM paradox results from the process of treating all customers differentially based on their needs and wants, but at the same time, it is limited, as negative perceptions including unfairness may occur as a result of favouritism. The Amazon example is a good illustration of this, but there are plenty of others. Facebook advertisers,

for instance, analyse users' data including personal interests, age, gender, location and status updates for the purpose of customising advertisements and creating individually targeted deals.⁴⁴ In this case, the negative perceptions are directed towards the use of personal information to sell more products. The idea that a technology can take similar products and customise them differently for different customers also raises eyebrows.

Research suggests that these same mechanisms of inequality and such favouritism towards and differential treatment of customers may cause perceptions of unfairness,^{45–53} which may lead to buyers opting out of relationships, spreading negative information or engaging in behaviour that may damage the firm.^{1,45,54–56} Despite such damaging consequences, little attention has been paid to understanding unfairness in CRM schemes.

EXPLOITATION OF CONSUMER PRIVACY AND VALUE

In an ideal relationship, one of the key factors for success is a growth in value so that both are better off, or in the CRM context, an expansion of the value-creation pie that leads to win-win propositions.² However, this is not always the case. Boulding *et al*² note that the extensive research into CRM from a firm perspective may be considered as increased value for the firm, leaving the customers with less value. CRM can, in this case, be seen as a pie-splitting mechanism, whereby the firm can learn things about the customer that enables it to take a bigger slice of the created value.

For example, as CRM becomes increasingly sophisticated, firms have an advantage over the customers in their abilities to collect customer data, generating more power for the firm. However, if a customer starts to anticipate what a firm will do with its data after it

collects them, that customer may modify its behaviour and choose to try and gain a larger share of the value-creation pie, leaving the firm with a smaller share.^{57–59} In this case, there are issues of symmetry in the relationship in terms of buyer and seller having to battle for a larger piece of the pie. This often results in unstable relationships and may be a reason for termination. Customers who experience this may attempt to act strategically in return and keep their information to themselves or be selective about the given information. They may even distort their data if they feel that they are in a disadvantageous position.

Therefore, a firm must be aware of such symmetry issues as it can put itself at substantial risk if information reciprocity (that is, giving and receiving information in return) breaks down and customers choose to opt out of the relationships.² Because a firm must rely on customers to provide their personal information, an ongoing dialogue between customer and firm is crucial. When interacting with customers, the firm must anticipate that customers are likely to set limits in terms of what type of firm behaviour or request is acceptable and what is not. Certainly, privacy issues are at the centre of collaboration between a firm and its customers owing to the sensitivity in handling customer data that is often linked to exploitation. Hence, it is not always in the interest of the customer to provide data to these firms, especially if they begin to consider that firms are using them to make excessive profits.⁶⁰ This is supported by the theory of Scherer's Schema,⁵⁷ which maintains that customers hold intuitive beliefs about marketers' influence tactics and acts, or modify their behaviour accordingly if they dislike what they see or experience.

For example, in today's Internet setting, there has been an explosion of spyware that is used by firms to track customer behaviour. This has led to a general distrust

in online shopping and a desire for more consumer privacy. In these cases, ethical issues and issues of trust have emerged as customers infer how firms will use their data. In addition, with the increasing use of social networking websites, blogs and forums, there is a greater chance that customers will share their negative experiences with others by writing for web communities or simply giving a firm a low rating.⁶¹ If customers become less trusting of a firm's behaviour, over repeated transactions, they will spread negative word of mouth and thereby reduce the firm's value-creation pie if they hold beliefs about a firm's misbehaviour.^{56,62}

If a firm does not consider these issues, CRM activities will potentially cross the line in terms of what the consumers consider fair. As a result, this may decrease trust in firm activities and cause dissatisfaction and loss of potential key advantages.⁴⁸ In particular, customers who believe that firms are exploiting their data will attempt to keep their data private, or will distort their data. Ultimately, this could lead to both individually and collectively based efforts to keep all data private or to campaign for more privacy regulations.^{2,48} Thus, long-term successful implementation of CRM requires that firms consider with foresight the issues of trust, privacy implications and perceptions of fairness.² A firm must adequately consider fair value creation for both the firm and the customer, or they may lose access to the data required for the dual value-creation process. Consequently, CRM requires careful consideration of the monitoring, tracking and use of customer data. Firms that collect large amounts of data may damage future opportunities as a result of increased regulation. Thus, emphasis must be placed on developing trust and privacy. In the past, trust has been defined as *a willingness of an exchange party to be vulnerable to the actions of another party in whom one has confidence*.⁶³ (For more about

the trust concept, see Morgan and Hunt,¹⁷ Chenet *et al.*,⁶² Bart *et al.*,⁶⁴ and Fang *et al.*⁶⁵).

THE ISSUES WITH FAVOURITISM AND DIFFERENTIAL TREATMENT

While the earlier discussion focused on the symmetry of relationships in terms of the reciprocation of customer information, another pitfall within CRM relates to the differential treatment of customers in a way that is perceived negatively by customers. In CRM, it is a well-known practice to treat some customers differently, but often firms do not appreciate the consequences of such a strategy. There are clear benefits of a strategy that favours one customer over another. By targeting and favouring some customers, firms may increase the attractiveness of their offers to a certain group and thus increase the potential for creating cross-sales, up-selling, increasing profits and for developing a long-term relationship. However, the literature on unfairness suggests that customers may attribute negative inferences to a firm that is increasing prices without justification, such as increasing prices on snow shovels the day after a snow storm, or favouring certain customers over others, such as giving promotional deals to new customers over loyal customers.^{66,67} The above example can be explained by attributions theory, equity theory, distributive theory and procedural theories, which are key to understanding customers' perceptions of unfairness. These theories can be used to explain the (un)fairness in the processes and outcomes of CRM pitfalls, despite often being neglected in a CRM context.^{2,8} Perception of fairness has been defined as *a judgement of whether an outcome and/or the process to reach an outcome are reasonable, acceptable, or just.*⁴⁷ The present study adopts the above definition with a more holistic view of fairness akin to integrity owing to the similar connotations with morals and ethics. (For more on the unfairness

literature, see Xia *et al.*,¹ Bolton *et al.*⁴⁷ Campbell⁶⁰ and Samaha *et al.*⁶⁸).

As suggested by Boulding *et al.*,² the precursor to issues of consumer trust is fairness. For example, a customer shows trust to bond in a relationship with a firm when they know that the firm is being fair in creating a win-win situation. However, will customers trust that firms will be fair in splitting the value-creation pie in the first place? The Amazon.com example illustrates this well, as customers felt unfairly treated for being loyal and having disclosed their data to the firm, yet received increased prices. At the same time, seeing that a new customer was getting a better deal on the same offer stirred rebellious behaviour. Nevertheless, CRM treats some customers more favourably than others, because CRM fundamentally involves treating customers differently based on the assumption that they are different and have different needs, and thus each individual customer will receive different offers. However, as the examples show, certain situations may cause dissatisfaction and be perceived as unfair owing to the perceived inequality, eventually resulting in distrust.

On the other hand, there are also examples whereby customers did not become upset by being treated differently. Reitz⁶⁹ cites an example of customers who did not become upset when they were on the same airline flight, even though they had paid different prices and received different services. He notes that customers have norms for what is perceived as fair and unfair in terms of differential treatment of customers, and that it is easy for firms to cross over the line of unfairness. Consequently, firms need to recognise the concerns about different treatment and manage perceptions of trust and fairness because these issues are connected to customers' willingness to provide data and their overall satisfaction with the relationship. CRM creates the potential for negative consumer feelings, and firms

must consider the consequences of such a strategy. Indeed, few studies have to date explored the underlying reasons for these pitfalls within the CRM scheme, and even fewer the symmetry of relationships with and favouritism of certain customers. The next section discusses the underlying causes of the exploitation of consumers, which may lead to these negative perceptions.

ISSUES WITH THE CONCEPTUALISATION OF CRM LEADING TO DIFFERENT DIRECTIONS AND PRACTICES

The first issue relates to the numerous directions and practices in the way that CRM has been adopted. With the extensive contribution of authors who have defined CRM, the discourse has produced a rich and diverse set of meanings. CRM has not developed into an integrated and streamlined body of research.³³ Whereas some regard this as stemming from confusion about what constitutes CRM, and note that it creates a significant problem for adopting CRM,^{70,71} others view the attempts to cover CRM definitions as reflecting the multifaceted nature of the scheme itself.^{27,72}

The lack of a universally accepted definition of CRM has caused inconsistency in how academics define the concept, and even more inconsistency in how practitioners apply the concept.² This is a major reason for the unfair use of CRM, as firms have misinterpreted the 'essence' of CRM. Indeed, there is a challenge in defining CRM in that any definition is contingent on the level at which CRM is practiced in an organisation, or what the researcher believes about the correct level of CRM.⁷⁰ Thus, conceptualising and operationalising the CRM concept is difficult owing to the numerous definitions of CRM. With so many differing definitions, it is not surprising that there is so much confusion. Some software vendors and major

management consultancies have even tried to associate CRM with the implementation of a particular technological solution.⁷³ However, on the other hand, this myopia of definitions may be regarded as the versatile nature of CRM that is flexible and more adaptive to the changing environment.⁷⁴ Nevertheless, these inconsistencies have led to different understandings of CRM schemes, resulting in different practices and ideas of what CRM is. Coupled with the pressure from the environment, CRM has built on technological advances that may have misinterpreted the essence of CRM. The consequence is unfair practices that are negatively perceived, such as obtrusive collection of consumer information or favouritism of customers.

Despite the lack of consensus in the literature on a definition, as CRM increases in exposure, a growing number of scholars emphasise the need for a holistic approach that reflects CRM as a process, integrating market orientation and information communication technology.^{75–77} Boulding *et al.*² have more recently proposed a convergence of CRM on a common definition. According to Boulding *et al.*,² CRM is no longer a customer-focused orientation, but rather *an integration of all relationships and use of systems to collect and analyse data across the firm, linking the firm and customer value along the value chain in order to develop capabilities to integrate these activities across the firms network to subsequently, generate customer value, while creating shareholder value for the firm.* Nevertheless, whether the above definition will be adopted by all academics and practitioners is still uncertain, as recent definitions each seem to focus on a specific area, notably by Frow *et al.*⁵ and Nguyen and Mutum⁷⁴ and Peng and Wang.⁷⁸

Furthermore, the literature on CRM shows a great number of attempts to provide a classification of the concept. For instance, according to Palmer,⁷⁹ CRM can be classified into three broad approaches:

tactical, strategic and philosophical. Zablah, Bellenger and Johnston⁸⁰ go further, and distinguish between CRM as a process, a technological tool, a capability, a strategy and a philosophy. Peppers and Rogers⁴ conceptualise CRM as having two broad areas, namely, operational CRM, which focuses on the IT-related processing that affects the day-to-day operations; and analytical CRM, which focuses on the strategic planning of how a firm can build customer relationships and enhance their value base, as well as the cultural measurement and organisational changes required to implement the strategy successfully. Reinartz *et al*⁷⁰ view CRM entirely as a process, consisting of three stages, namely, initiation, maintenance and termination. Such confusing definitions and concepts of CRM explain the inconsistency in the application of the CRM scheme that has increasingly led to unfair practices. In other words, not conceptualising CRM or having an unclear idea about CRM may cause inconsistency in how it is applied. For example, a firm may emphasise the idea of building relationships with customers. Although this may be permeated throughout the organisation, differing views on CRM across different levels in the organisation could be troublesome. If the sales staff view CRM only as a database system, their emphasis will be on collecting as much data on the customers as possible, not paying attention to the broader aspects of CRM, that is, to create value both for the firm and for the customers in a fair way. In addition, as mentioned earlier, such approaches to data coupled with technological advancement of sophisticated schemes may cause concerns over privacy and distrust. To overcome this, sales staff must be more careful and consider fairness and trust, as well as issues of ethics and morality, in order to enhance relationships, rather than focusing on building assets with data. Understanding the essence of CRM will maintain such

an effort. Thus, because CRM is defined on the level at which a firm believes is the correct level of CRM, with unclear conceptualisation, and owing to the numerous definitions, this may consequently lead to questionable practices. Therefore, it is proposed that:

Proposition 1: The essence of CRM must be explored in each individual case and defined so that unfair practices are avoided. Understanding the essence would create a shared understanding of what constitutes a fairer CRM approach, thus clarifying the concept of fairness in marketers' CRM schemes.

However, exploring the essence of CRM is just the first step. Equally important are firms' commitment to permeating the organisation with knowledge on what constitutes a good relationship, as the fundamental aspect of CRM is the buyer–seller relationship. Therefore, a clear understanding the building blocks of a good relationship must be explored. This is explained next.

UNCLEAR IDEAS ABOUT WHAT CONSTITUTES A GOOD RELATIONSHIP

The second underlying element relates to the little attention that firms put into striving for good relationships within a CRM scheme. Every relationship is different, as mentioned by Gummesson⁸¹ who identifies 30 types of relationship, which are divided into four levels. In CRM, it is not always clear what constitutes a good relationship, and little attention is paid to understanding differences in relationships. To create successful CRM implementation and long-lasting relationships, it is important to look at the fundamental mechanisms pertaining to a strong relationship. This section looks at four factors, namely, trust and commitment, satisfaction, symmetry and dependence, and fairness.^{82,83}

Trust and commitment

There is a common and shared notion that trust is a feeling of security based on the belief that favourable and positive intentions are key in a relationship, as opposed to lying or taking advantage of the vulnerability of others.^{17,84} Existing literatures suggest that trust is an essential component of commitment and, conceptually, is linked to satisfaction and loyalty.^{17,85,86} Important outcomes of trust include improved cooperation, enhanced commitment, increased relationship duration and better quality. As trust increases commitment, customers are more drawn to trustworthy partners because commitment results in their own vulnerability of personal data.⁸⁷ Furthermore, trust encourages investment in long-term relationships by securing future business rather than short-term gains.^{17,85} In events of disputes among trusted parties, this can be solved in an efficient and amicable way, whereas in the absence of trust, disputes are perceived as signals of future difficulties and usually bring about relationship termination.^{83,87,88} As a result, trust reduces feelings of uncertainty and risk, thus acting to engender increased cooperation between relationship members, and is therefore vital in any good relationship.^{17,84,89}

Satisfaction

Research shows that satisfaction and loyalty are positively related.^{20,90–92} Satisfied customers are more inclined to remain in a relationship, whereas a dissatisfied customer is likely to look for alternative options. A positive relationship exists between satisfaction and the duration of the relationship. Bolton and Lemon⁹³ show a positive effect of overall customer satisfaction on the duration of the relationship for telecommunication subscriptions services. The duration of the relationship depends on the customers' subjective assessment of the value of a relationship, which is continuously

updated based on perceptions of past experiences.⁸³ Hence, as firms seek effective ways to measure customer relationships, many have turned to the traditional tool of customer satisfaction monitoring.

Symmetry and dependence

Being dependent on another party is not a strategically favourable position, and could cause a member to seek other relationships. Relationship symmetry refers to the degree of equality between relationship members. Through various relationship elements, including information sharing, dependence and power, the balance of power determines the stability of a relationship. In a symmetric relationship, members have equivalent stakes in the relationship. In contrast, asymmetric relationships undermine the balance of power and create motivation for the stronger party to act opportunistically; with differing interests, this is a determinant of conflict and eventually, a less stable relationship.⁹⁴ Hence, commonality of interest is strongest when the relationship is symmetric. This is supported by Adams'⁹⁵ theory of equity, which suggests that justice in interpersonal relationships is achieved when the distributions of resources are fair and equal. Increased dependency by one party will result in a more asymmetric and less stable relationship, as one party may feel vulnerable and constantly look for more favourable relationships.

Fairness

The various definitions of fairness suggest two distinct types of relationship fairness – distributive and procedural. Distributive fairness is based on the weighing of relationship rewards versus relationship obligations and thus looks at the outcomes of a particular relationship.⁹⁶ Procedural fairness is based on whether the used procedures and processes are fair, and thus more behaviour-oriented independent of the outcomes.⁹⁷ A number of theories can

be used to explain unfairness perceptions. Both equity theory and the principle of distributive justice suggest that fairness perceptions are induced when a person compares an outcome with a *comparative other's* outcome. This *reference other* may be another person, a class of people, an organisation, or the individual herself relative to her experiences from an earlier point of time.⁹⁸ The principle of dual entitlement suggests that individuals have expectations about what they are entitled to because of their situation.⁶⁷ In addition, there are also considerations given to the individual's knowledge, beliefs and social norms in a society⁹⁹ and to the attributes that a customer may infer towards a provider.⁴⁵ Attributions theory indicates that people are likely to search for causal explanations for an event when the event is surprising and/or negative.⁵⁴

Because CRM advocates the creation of long-term relationships, it is vital to understand all of the above relationships and mechanisms, as these are the building blocks for a good relationship. An agreement on what constitutes a good relationship is the first step towards fairer, more trustworthy and more long-term collaboration. In summary, building good buyer–seller relationships requires firms to consider issues of trust, commitment, satisfaction, symmetry, dependence and fairness. The objective is to create mutuality, interaction, iterative and shared benefits.

Proposition 2: Understanding the factors underlying a good relationship must be part of any CRM scheme to avoid unfair treatment of customers. It is proposed that a measure of fairness is developed so that marketers can assess the level of fairness or unfairness from consumers' perspectives.

To summarise the previous sections, two issues within CRM have been presented,

potentially causing issues of consumer exploitation that could undermine CRM schemes. Without careful execution, these practices can diminish customers' role in the relationship, causing issues of privacy and violating consumers' perceptions of what is fair. These issues echo the broader CRM and marketing literatures. To overcome such consumer distrust, relationships must be improved with an increased focus on enhancing trust and fairness. Fang *et al*⁶⁵ suggest that trust operates on a number of levels, as does fairness.¹ Thus, a vital step in strengthening relationships is to address the various dimensions within these constructs. Next, the implications are discussed and concluding thoughts are presented.

IMPLICATIONS FOR EFFECTIVE CRM IMPLEMENTATION

This article adds to existing theories in CRM by proposing that fairness must be considered in any CRM scheme with respect to favouritism and differential treatment. In particular, it is vital to consider two underlying factors that have led to unfair CRM practices, namely (i) the varying conceptualisation and definition of CRM in each individual case and (ii) not understanding the building blocks that support the good relationship.

Certainly, by having a consistent idea about CRM throughout the organisation, implementation pitfalls and costly mistakes may be avoided. Furthermore, through understanding the essence of good buyer–seller relationships that are based on trust, a process of dual value creation can be achieved. This is one of the real advantages of CRM, as the firm's relationships will enable it to obtain measures that are of strategic value, including information about customers' lifetime value or acquisition and retention costs, all of which can contribute

to the value-creation process. As a result, this information will create a better picture and deeper insights into the implementation of CRM, which in essence is one of the key benefits.

For successful implementation of CRM, there is a need to integrate CRM into the overall operations of the firm. However, because different firms have different core capabilities, CRM activities have differential effects depending on the context of where and when they are implemented.¹⁰⁰ For example, Srinivasan and Moorman¹⁰¹ show that CRM does not always enhance firms' activities but rather may reduce firm performance, depending on where and when it is implemented, by creating unnecessary rigidities, and thus decreasing firm performance. Jayachandran *et al*¹⁰⁰ show that the effects of CRM technology investments are enhanced when the firm has the appropriate relational information processes in place. This is further supported in a different context, where Thomas and Sullivan¹⁴ show how an enterprise CRM system coordinates and integrates data from different channel sources, enabling a firm to gain new knowledge about individual customers and thus enhanced firm performance.

Therefore, although the effectiveness of CRM may vary depending on the context, it appears that the most important element in CRM implementation is for the firm to acquire customer knowledge and use it to create added value.² Data are one of the firms' most important assets, and therefore every effort must be made to prevent public outcry leading to regulations that will limit marketers' abilities to collect data. Incorporating fairness and trust may give the firm the edge in doing so. As a result, future applications of CRM should integrate understanding of consumer (un)fairness and, where possible, manage it in order to avoid such damaging outcomes.

An effective way for firms to prevent unfairness is to generate positive inferences

towards their offers. With the increasing use of social networking sites, various Internet forums, blogs, comparison websites and so on, more transparency exists in firms' various offers. Using social media and mobile technologies is an increasingly common way for firms to interact with their customers to improve their image, create more interaction, and enhance relationships with promotions and activities via Facebook, Twitter and YouTube.

By creating web-based content such as online communities, consumers will be able to quickly share their delight with how well they have been treated, effectively improving a firm's brand reputation.⁶¹ Using these channels, a firm can promote their fairness efforts together with their personalised offers. In this way, customers will feel reassured that they are being fairly treated and will have positive inferences towards the firms' efforts. It is important for firms to recognise the inherent issues with differential treatment and understand that certain customers are disadvantaged as a result of a CRM scheme. More research into the behaviour of these disadvantaged customers is warranted as they are the group that are most likely to complain and spread negative word of mouth.

The uncertainty in the future of CRM is vast and unpredictable, but whatever the applications being developed, technological advancements such as social media are certain to be a major part of the future. This article further proposes that future CRM incorporates issues about fairness and trust, and focuses on the adaptive strengths of the CRM scheme. To stay at the forefront, it must consider issues of fairness and trust so that the overuse of CRM will be avoided and long-term efforts not wasted.

CONCLUSION

The key suggestions of this article are to recognise the uncertainties and pitfalls in CRM and to identify the underlying factors that can help to manage these uncertainties

that are associated with the development and implementation of CRM. The propositions here present academics and practitioners with a better understanding of issues of unfairness, so that they can deploy fairer approaches to CRM. The propositions made will minimise costly mistakes and help managers to better manage their resources regarding fair use of their CRM applications. They will also aid the integrity of firms adopting such an approach.

In this article, CRM has been reviewed and it is shown that there are many great CRM schemes that have proven successful. However, the danger of implementing CRM in such a way as to lead customers to believe that they are worse off requires more research. The risks of depleting customer trust as they perceive themselves as being exploited by a firm's CRM schemes have been discussed, and pose a significant threat to CRM if it is over-used or misused. Advances in CRM must consider issues of transparency, fairness and trust.

Future studies should examine the factors that affect buyer–seller relationships, that is, the factors that are likely to contribute to fair customer relationships. Bansal, Shirley and Yannik¹⁰² call for research to enhance our understanding of the specific factors that push customers towards or pull them away from a firm. With the emergence of social media, how will CRM adapt and emerge in such a future? With social media, relationship building can be taken to a new level – more personalised and intimate – and thus a stronger emphasis must be placed on fairness. It is hoped that this article will generate an interest in issues of fairness and trust in CRM – with a particular focus on procedures related to customer data and differential treatment – so that future marketers can continue to collect data and customise offerings. Indeed, it is hoped that in the near future one of the fundamental questions in marketing will be answered, and that is of course what the essence of CRM is.

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