New directions in customer research and the issue of ownership: A marketing research viewpoint

Received (in revised form): 16th July, 2003

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Abstract The growth of customer relationship management (CRM) has been dramatic, yet the CRM opportunity is rarely fully exploited. Reasons for this are described with, in particular, an emphasis on opportunities for marketing researchers to become more involved and help implement CRM effectively. The possibility of marketing researchers becoming marginalised is discussed and the need for marketing researchers to consider the role of principal guardian of all customer research is proposed. The importance of understanding the CRM mind-set is emphasised and the ways in which marketing researchers can contribute to CRM are discussed. These include significant contributions in conceptual and operational definitions, quality fieldwork, model building and holistic customer and employee research.

INTRODUCTION

CRM: What is it?

Customer relationship management (CRM) should be the application of a genuinely customer-oriented model of marketing by an organisation, focusing on understanding and relating to the customer as a means to improve customer satisfaction, loyalty and profit.

The term 'customer' is used here to include both business-to-business (B2B) buyers and consumers. Many consumer marketing companies, for example Seagram and Tesco, have implemented direct marketing and relationship programmes with their consumers, adopting many CRM principles. In addition, fast moving consumer goods companies may implement CRM with

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intermediaries.

Byatt, a member of the marketing research community (NFO WorldGroup), provides a researcher's perspective in his definition:

'CRM is a continuous process of strengthening customer relationships by providing products, services and delivery systems that more closely match customers' changing needs. This process is underpinned by an insight into precise customer requirements with an organisational and operational structure that facilitates change to meet ever increasing customer demands.'¹

CRM involves identifying customer wants and expectations, managing them, closely monitoring the customer experience, anticipating problems and taking appropriate actions to foster and nurture relationships. Some of these areas (information gathering and management) seem to be the rightful territory of a marketing researcher.

CRM is sensitive to the type of relationship, if any, which the customer wants and to setting up realistic expectations, depending on whether the business model is transactional or relationship-based and on the relative power of buyer and seller.

CRM focuses on identifying from database analyses and market research the best prospects for acquisition and development (up-sell/trading-up, cross-sell). Retention is an important focus, involving issues of customer service and satisfaction. The identification of potential defectors, based on analysis of defector characteristics, may lead to marketing programmes designed to reduce defection, particularly among customers deemed to be the most important, because of their monetary value or because they are influential.

Traditionally, organisations have developed databases to capture customer information. The main database

data/information would typically be:

- customer profiles
- organisation-graphics (B2B)
- demographics (B2C)
- products purchased, when and value
- customer behaviour, eg responding, giving feedback, complaining and which channels used
- customer experience through observation
- informal feedback through sales and/or service personnel
- limited questionnaire feedback
- if possible, competitor allegiances (and so share of wallet/budget etc).

Most marketing and sales organisations attempt to capture these themselves, though in some industries (for instance information technology and financial services) 'database research agencies' collect and then sell this information to the various players in the industry. Such data are used by sales, service and marketing management personnel to determine market size, trends and customer preferences including service and maintenance requirements. Research conducted by Bristol Business School for the Royal Mail by Aspinall, Nancarrow and Stone² reveals that many organisations collect limited information on their existing customers (and the authors' experience is that often the information is not completely accurate). The collection of relevant behavioural information is an essential cornerstone of effective CRM activity.

CRM AND MARKETING RESEARCH: AN EVALUATION

CRM: A growth discipline or discipline unfulfilled

There are two reasons why CRM as a *philosophy* has enjoyed rapid growth. First

of all, customer acquisition and retention, in particular, are increasingly the bases of senior management's analysis of business. Management appreciates more and more the value of the customer life cycle as a basis for planning (recruiting, welcoming, developing, preventing defection, winning back and, if needs be, orchestrating a happy separation). Secondly, the use and subsequent integration of various direct marketing channels (direct mail, telemarketing), and the rise of e-business, e-communication and the increasing use of the internet as a conduit for customer care and sales has led to the growth of CRM but, at the same time, has exposed a degree of management inexperience and uncertainty.³

In many increasingly competitive environments where there is little product or brand differentiation, CRM is regarded as a way for organisations to gain a competitive edge. The financial services sector, in particular, has moved towards this belief, with retailing and telecommunications following close behind.^{4,5}

While CRM should have a very positive effect on branding by increasing responsiveness, relevance and allowing control, it can, however, have a very negative impact if introduced too quickly, at the wrong time or on the wrong customers. It is also easy to break the law or regulations through abuse — in areas such as data protection or specific regulations about the conduct of business (in some industries such as financial services, utilities).

There are many reasons why CRM does not always lead to the much-vaunted improvement in customer relations and profit. Reasons include the quality of the data collected and databases, the people who work with customers, either in using the information or in dealing with customers

on the basis of implementing it, and finally, the tendency of management to assume what is planned is implemented (the management myth). An organisation called QCi that specialises in evaluating CRM activities and identifying where improvements can be made (CMAT: Customer Management Assessment Tool) has regularly reported a fairly depressing picture in terms of the gap between theory and practice for those with databases:⁶

- only one in ten use a lifecycle model
- only one in five understand customer lifetime value
- only one in 15 has a game plan for high-value customers
- only about half use cross-sell triggers
- only about half understand the relationship between satisfaction and loyalty (see later).

Similarly disappointing observations are made across many aspects of all the main elements of CRM:

- analysis and planning
- the proposition
- customer management activity
- people and organisation
- measuring the effect
- understanding the customer's experience
- information and technology.

A marketing research heaven?

While many researchers might applaud the 'listen, observe and learn' ethos of CRM, sadly the reality, as noted, often leaves much to be desired. This is not because of under-investment but rather misplaced investment in many cases — investment amounts have been very high and continue to grow.⁷ Often, however, management 'delegates' its marketing responsibility to CRM

software projects, not thinking through the strategic and operational issues specifically relevant to the management of their customers.

This paper addresses a number of key factors that affect the quality of customer understanding and indicates the opportunities for marketing researchers.

True guardians and managers of customer understanding and insight?

There are many sources of customer information — database analysts, reports from those on the customer front line (sales and service personnel in particular), as well as internal handlers of spontaneous customer feedback (plaudits and complaints), social and business observers and, of course, ‘traditional’ marketing researchers. In a research report by the Chartered Institute of Marketing, it is suggested that in many organisations traditional marketers are not embracing the new strategic e-marketing (and CRM reality) and so will increasingly find themselves marginalised.⁸ The traditional link between marketers and client market researchers would therefore suggest that market researchers also risk becoming sidelined unless they forge for themselves a new, more central, broader organisational role — not just working with marketers but with everyone who is monitoring and managing customers.

The greatest benefits of any CRM model are to be gained when employees at all levels, in particular key players, who will subsequently be relied upon to implement service improvements, are brought into the process.⁹ All parties can then work together to ensure any output is actionable and tailored to mirror the internal structure of the organisation, bringing together all sources of customer

behavioural and attitudinal information that are available.

In many client companies, marketing researchers should consider whether they should become managers and guardians of customer information or at least seriously involved with other information handlers. In research agencies, it may be increasingly appropriate to consider how any non-database research activity fits into the bigger customer knowledge picture. Some market researchers (client and agency) will need to check whether they have developed a marketing research silo mentality that short-changes internal or external clients.

Understanding the CRM mind-set

What follows represents what should be rather than what is. Many organisations, as already noted, that claim to have CRM in place are in fact operating at a superficial level.

Working to the customer life cycle and customer differences

There are many business models in the new economy, some treating all customers equally, others favouring more valued customers in different ways and building relationships with these, some dealing with customers directly, others through intermediaries. These models vary in the depth, duration and mutuality (in terms of commitment, exchange of information, planning and value) of the relationship.¹⁰ Where there is likely to be a relationship rather than a one-off transaction, the customer life cycle is a useful basis for research and planning. Customer life cycle activities are:

- recruitment
- welcoming
- developing (cross-sell and trade-up/upsell)

- retention (minimise defection)
- win back lost desirable customers
- amicable separation (when unavoidable).

At each stage, it is essential to determine who to target and customer differences that need to be taken into account and to understand how to achieve the desired customer behaviour (responses, giving information, purchases) and to test and then monitor the marketing activities designed to achieve this. The research may be qualitative, looking for fresh insights and/or quantitative with highly sophisticated statistical techniques to determine what fosters the desired behaviour. All of this, arguably, should be marketing researchers' arena, given the fit with their knowledge and skills set. Of course, researchers will need to adhere to relevant codes of conduct and the Data Protection Act.

It was mentioned that customer differences should be taken into account. Aside from understanding customers' needs and wants, it may also make marketing and marketing research sense for an organisation to determine the relative profitability (actual and potential; current and lifetime) of individual customers and to analyse other behavioural and attitudinal data, perhaps by decile segments of these measures of profitability. Highly profitable customers may need to be treated differently to those who are not so profitable. There may even be a case for demarketing to non-profitable individuals or segments. The customer's propensity to deal with and buy from the company is also relevant, as in the end this leads to the company achieving different share of wallet.

Marketing researchers, of course, are used to sampling to ensure a good representation of heavy users for analysis, but they should also consider the

possibility that users of different categories can be (too) costly to serve. For example, in B2B markets, heavy users may also be very demanding users in terms of special terms and conditions, perhaps even special prices. Conversely, in consumer markets, a common problem is light users (and therefore low revenue providers) who are very demanding — high cost to serve can result from users being inexperienced. Measures need to be refined to take account of profitability and to be comparable (where possible). Merging data under Data Protection Act conditions is also a possibility. Few companies (though a growing number) segment by customer profitability, due to problems of measuring or estimating customer profitability. On occasion, this can be derived by weight of purchasing or weight of use but these are far from perfect measures. There is a need in many organisations for the development of more sophisticated measures.

Loyalty, commitment and retention

Rather than customer profitability, another basis for marketing strategy is the degree of 'loyalty' or commitment a customer exhibits. The value spectrum¹¹ combines value and loyalty as the basis for segmentation and one marketing objective might be to move customers who are profitable up the loyalty ladder.

Loyalty ladders, however, raise another marketing research issue — how best to measure loyalty? Some may even question the use of the term 'loyalty' in relation to brands where there is no interpersonal dimension. While brand 'personality' discourse is useful and illuminating in some respects,¹³ the fact that a brand is not a person (nor rarely a cause) means loyalty as metaphor for commitment or disposition may be misleading.

Figure 1: The value spectrum¹²

Table 1: Measures of commitment

Behavioural measures	Attitudinal measures
Recency, Frequency, Monetary value (RFM) Share of budget/wallet Recommended brand/product to others Loyalty card schemes Buy across range/trade-up	Brand preference Willingness to pay a premium Declared intent to consider/purchase Disposition to recommend

There are of course both behavioural and attitudinal measures of commitment. Indeed there can be a confusing array, see Table 1 for examples.

There is still much to do in terms of organisations having clear definitions and appropriate operational measures. Aspinall, Nancarrow and Stone surveyed how managers and directors responsible for the marketing from a customer database(s) within their organisation defined customer retention and measured it.¹⁴

This sample was highly focused on customer retention. Over half of the sample (54 per cent) considered customer retention to be more important than acquiring new customers (only 12 per cent mentioning the latter). Thirty-two per cent thought both were equally important. Given the apparent focus on retention, it was disappointing to see how few in the sample could define retention. Respondents were asked if

their organisation or sphere of operation had an agreed definition of customer retention, and if so, what this definition was. Interviewers were instructed to encourage the respondents to state the definition 'as fully as possible'.

Only a quarter of the sample claimed that their company had a definition of customer retention. At the same time, 20 per cent of those with a claimed definition stated that they did not know what it was. Among those who knew, the majority gave behavioural definitions such as 'keeping your customers', 'repeat business' or 'respond to an activity'.

Clearly, marketers need to focus on what precisely they are trying to achieve in terms of buyer behaviour and attitude. Indeed, there is an argument that measuring both attitude and behaviour provides particularly useful insights.

Dick and Basu clearly define loyalty as a two dimensional construct — behavioural and attitudinal and on this

		<i>Attitudinal commitment</i>	
		High	Low
<i>Behavioural commitment</i>	High	<i>True loyalty</i>	<i>Spurious (inertia)</i>
	Low	<i>Latent loyalty</i>	<i>None</i>

Figure 2: Attitudinal x behavioural loyalty/commitment¹⁶

basis developed a potentially useful matrix for loyalty classification (see Figure 2).¹⁵ The Dick and Basu grid helps marketers understand who is to be rewarded (NW quadrant), who is vulnerable (NE quadrant) and who offers an opportunity (SW quadrant).

Variables and measures of retention differ in relevance and importance from product category to category. Finding the best definition and measures is essential for an organisation to evaluate its performance and link this performance to actions in the market. In the study by Aspinall, Nancarrow and Stone, while relatively few managers claim to have a definition of customer retention, 58 per cent stated that their organisation measured customer retention (either on the database or by means of market research). The larger the organisation and the bigger the database, the more likely they were to measure retention. The researchers probed the nature of measures used and were instructed to seek precise definitions. Examples were given at the briefing as well as for the analysts coding the answers. Once again, behavioural rather than attitudinal measures were used more often. Many measures were basic rather than sophisticated (see Table 1). Among those measuring retention, 38 per cent either did not have a benchmark against which to measure

customer retention or did not know what benchmark (if any) was used.

The main criterion against which retention was measured was a comparison with past performance (an introverted perspective). Only a few compared performance with competitors (external perspective). Other external benchmarks used appeared to be more challenging such as 'comparison with the best' or 'against national quality standards' (See Table 2).

Clearly, there is an opportunity for marketing researchers to provide useful conceptual and operational definitions and, indeed, to measure the total market, not just customers on the database. Aside from setting targets for retention and monitoring these, a major preoccupation of CRM is establishing what fosters customer loyalty or commitment. There are a variety of models that determine

Table 2: Benchmarks used to evaluate customer retention¹⁷

Benchmark	%
Comparison with past performance	27
Arbitrary target set by the authors	14
Level of sales	14
Comparison with key competitors	7
Comparison with best available	4
Against national quality standards	5
Other	14
None	15
Don't know	23

Base: all measuring customer retention (180)

		High	Low
Claimed importance	High	Motivators	Hygienics
	Low	Hidden opportunities	Potential savers
		Derived (real) importance	

Figure 3: Importance: Action Grid²⁰

statistically the link between how a customer rates a product or service on various attributes and commitment to the product or service, eg that of NFO WorldGroup. Its single measure of commitment (Customer Retention Index) is based on four other measures:¹⁸

- overall satisfaction
- likelihood to repurchase
- likelihood to recommend
- competitive advantage.

Overall satisfaction is by itself a poor indicator of commitment. Customers that are satisfied can defect to a perceived better offering. Commitment based on a composite of the above also reflects current and future disposition. Byatt states that the attitudinal Retention Index has been a good indicator of subsequent customer behaviour. Having used this methodology for a number of years as part of a CRM strategy, Pauline Williams (Senior Controller Market Research, Nationwide) concurs:

‘Having attached this information to real customer data over time, we have found that the Commitment Index is highly predictive of loyalty, increased spend and increased cross-selling.’¹⁹

Using the Retention Index, one can infer statistically the factors that seem to lead to a good retention level. Of course respondents can also be asked to rate the importance of various attributes.

Respondents, however, often rationalise and minimise the importance of factors that may seem trivial but in effect are not. Respondents also exaggerate the importance of other factors such as price. In many markets, however, (eg personal banking) price is not the main determinant of customer retention.

Although, respondents claim that a high interest rate is an important factor, few switch banks because of it. There are more important service factors. Few customers can quote the rate of interest on their accounts.

Using both approaches (asking what is important and inferring it statistically) can provide useful insights. The researcher needs, however, to be sensitive to the possibility that an important criterion may not register on the basis of statistically derived importance analysis if brands on the market are seen to be the same.

An organisation’s performance on attributes in the motivator quadrant needs to be better than average, given both their recognised and actual

importance. Positive perceptions of product and service delivery is all that is required of hygienics quadrant attributes, which are claimed to be important but do not seem to foster retention. The hidden opportunities, as the name suggests, represent the opportunity to make the attributes the property of the brand and draw attention to this. Finally, an organisation should check there is not an over-investment on attributes in the potential savers quadrant.

The customer experience and timing of research

While the research on customer commitment and loyalty highlights the importance of a valid measure of commitment and its determinants, it is important to cover all the ways in which an organisation 'touches' a customer. Ideally, research should take place at the close of the transaction or consumption/experience. Qualitative research with customers and discussion with frontline employees and first-line managers can help identify the different ways in which an organisation touches its customers. It is not easy, however, to ensure the research is conducted at the 'moment of truth' for everyone, especially in some B2B markets where there is a constant stream of such moments for many buyers. Tracking studies in some markets may offer a solution, but in others it just has to be accepted that only some of the samples can be experienced and related to commitment models like NFO's. So, marketing researchers need to consider carefully the timing of research interviews or establish the time interval between transaction and interview.

One further issue relevant to monitoring customer experience is that it is possible that some customers will become over-researched and, in the end,

less cooperative. Nancarrow, Pallister and Brace have discussed this problem, which has become more acute with the advent of internet-based research.²¹

Other measures of customer importance

The potential of segmenting customers by profitability and commitment was noted earlier. There are, however, many other bases for segmentation (products bought, benefits sought etc). Also, the influence some customers have should not be forgotten. Opinion leaders exist in both business and consumer markets and there is a tradition of research in this area. Methods to identify consumer opinion leaders are by self-designation (self-ratings), observation and sociometrics. Similar methods are possible for business customers. The sphere of influence (number of others that could be influenced) is rarely established, although research has shown that the sphere of influence, the number of engagements in a period and likelihood of a customer making recommendations can be measured.^{22,23} Recommenders may be important to new initiatives and may warrant special marketing attention to ensure they become effective advocates of a brand. A similar observation was made by Oxley and Nancarrow with respect to identifying potential innovators and early adopters, who, because of their importance and different characteristics to late adopters, may require a different marketing programme.^{24,25}

The focus of research: Customers and staff

CRM researchers clearly wish to understand their customers, test activities and evaluate these when rolled out. Some of the preoccupations have been

noted above. Employee research or internal marketing research is also valuable however. Research into employee attitude and behaviour (just as with customers) during the implementation programme, helps to:

- identify strengths and weakness
- identify and evaluate training and support needs
- move towards improving results.

It has been noted that customer management research suggests a high correlation between having the right people and people programmes in place and achieving results. This may explain why some successful managers extol the mantra 'the customer comes second', meaning that where there is internal focus on employees, they in turn will be able to understand customer needs and manage relationships effectively.²⁶ Furthermore, given that service elements such as the telephone contact experience often play an important role in determining a customer's overall commitment towards a provider (and, clearly, customer-facing employees often have a great influence in this area), companies depend on motivating their employees to deliver the required service levels.

Sears implemented a set of total performance indicators using the 'soft' measures of employee satisfaction and customer loyalty that enabled them to estimate their effect on financial performance and to set targets for employee and customer satisfaction.²⁷ 'Every 5 point increase in [employee] satisfaction is related to a 1.7% increase in customer loyalty which in turn is associated with a 3.4% increase in earnings'. So it is evident that researching employees is highly relevant to business success with service-oriented categories. Employees can provide early warning of

problems as well as opportunities. A scan of the Market Research Society's Directory reveals many market researchers claiming to have the employee research credentials so relevant to successful CRM operations and so, hopefully, are meeting this opportunity.

Research culture

There is undeniably a strong quantitative research culture in CRM. This may create the impression that the CRM research-management platform is 'If you can't measure it, you can't manage it'. Of course, this is not the case — many good managers work by feel and produce better results than their peers who feel exposed without measurement. Indeed, a policy of managers themselves 'staying close to customers' and ensuring that staff do the same can be just as effective as measurement-driven management. Many of the biggest database-driven marketers, such as Dell Computers, spend a fair share of research monies on qualitative research, to get beneath the metrics. What is measurable may provide a distorted picture of the market. This distortion may be due to classic research biases or simple omission of key influences or factors because of problems of measurement.

Where the value of qualitative research is not appreciated, organisations may find they are moving towards a quantitative, data-rich culture that is perhaps not 'information rich'. What data are collected often depends on what have always been collected or what are easily collected. Both may lead to a serious distortion in an organisation's view of its customers.

Another tendency in some CRM database-driven operations is to base analysis on the measures available rather than trying to collect vital missing data from customers. Some customer metrics

being used — such as customer numbers, churn rates and customer satisfaction — are useful, but on many occasions can be misleading. A focus on customer numbers normally results in a strategy to ‘acquire at any cost’ and the acquisition of many unprofitable, or even loss-making, customers. A focus on customer satisfaction, as typically measured by large companies, gives misleading results, as customers who rarely transact with the company, and spend little with them, are asked what they think — and their views dilute the views of heavy users and loyalists. It is the satisfaction of the most valuable and/or most loyal buyers that counts. A focus on customer churn is misleading because (1) CMAT results show that it is rarely defined or measured accurately and ‘received wisdom’ is the norm. Thus, any figures put forward by companies are likely to be doubtful. And (2) the really telling figures may be the churn of heavy users and loyalists.

All of the above problems and issues spell opportunities for marketing researchers interested in CRM to bring to bear their understanding of customers across many issues and studies and, of course, their research expertise. Some users of CRM, however, believe that sales or service personnel make good research interviewers. The authors’ experience is that is often not the case, as training rarely takes place, let alone the problem of competing interests (selling versus research). A conversation with a manager in a major blue chip organisation revealed that the telesales administration of a questionnaire had been disappointing. Questions were skipped or wrongly administered, such that the subsequent analysis lacked credibility. The original database proved not to have the data on it to allow meaningful predictive potential (who would be recruited, who would become a good customer etc).

CONCLUSIONS

While both interest in CRM and CRM activity continue to grow apace, CRM practice often fails to match expert prescription. It has perhaps been easier for new e-commerce ventures to adopt the new discipline than for established organisations to adapt. In addition, too much reliance has been placed on software solutions rather than on making the necessary changes in culture, people, organisation and customer research and its dissemination. The evidence is, however, that where CRM is implemented well, it does pay off.²⁸

Despite the roll-out of CRM practice being generally weak, there is a risk that client-based marketing researchers who do not adapt to the new customer information reality will be sidelined. Marketing researchers should consider their role in the organisation and the need for someone to pull all the customer research together to see the bigger picture, maximise insight and disseminate this throughout the organisation. To achieve this, researchers need to understand the mind-set and culture of those in CRM. Key bases for CRM strategy include the customer life cycle, acquisition and retention, historical and lifetime value of customers. Many marketing researchers have the skill sets, aptitude and techniques that can add value. New lines of research on opinion leadership, word of mouth and networks also seem highly relevant, suggesting new bases for targeting influential customers. Sophisticated models of commitment based on more meaningful, composite measures of commitment that identify what fosters commitment will provide actionable findings. New ways of assessing the relevance of what is important to customers can also be very useful. For instance, NFO WorldGroup cross-reference direct questioning of customers on the qualities they deem

important with what is revealed as important through statistical inference. This analysis yields actionable insights in terms of what to major on, what needs a token presence and what can be relaxed. While CRM practice is far from perfect the evidence is that where it is executed intelligently and sensitively it makes a real difference to business success. Some barriers to its success include poor research focus and poor problem and concept definition as well as unsophisticated measures and models. This is territory in which the client-side marketing researcher should at least be involved and the agency researcher prepared to act as consultant and researcher.

At the heart of the CRM implementation problem often lies a lack of appreciation by senior management that for CRM to be implemented successfully, a company needs to take a different approach, not just to customer service and marketing management, but also to people and operations management. For customer contacts to be managed better, those managing the contacts need to be trained, motivated and supported with all relevant customer information. They also need to be confident that other parts of the organisation will provide the necessary support and deliver to expectations. To ensure that this happens, the connections between employee satisfaction or engagement, operations, customer service and customer acquisition, retention and profit need to be understood and monitored so that corrective action (and employee reward) can be planned and implemented. Burke's Enterprise Value Management Model provides just such a conceptual framework and statistical model for researchers to monitor the ripple effects through an organisation.²⁹

Using this type of framework and, say, the QCi Customer Management

Assessment Tool,³⁰ it is possible to see how developed CRM is within an organisation, in particular

- what stage of maturity it has reached
- how well it makes strategic and tactical use of information about customers' contact and experiences with the organisation and its competitors
- what needs to be done in terms of organisational culture, planning, targeting, practices, measurement and feedback.

For many organisations the challenge is tough, requiring changes of leadership and culture, and with major resource implications. Companies with poor track records of change in marketing and customer service need not apply.

Marketing researchers must be prepared to shift from the often ivory tower operation, to think not just strategically but tactically and, perhaps just as importantly, to champion the customer and bring together managers involved in the customer experience. They will be helped by a much stronger focus in the marketing profession on 'customer experience management', which includes managing the relationship but also includes other aspects of the customer experience, eg in a retail store, what it is like to visit and buy.

Researchers need to make sure that they are discovering what experience customers receive and what they would like to receive, and make sure that those whose actions affect the experience of customers understand what the research says. To ensure acceptance of this kind of research, it is essential that those whose customer management activities are being researched are involved in the research from the beginning. This can be achieved by proper consultation with internal stakeholders, at all levels of the organisation, at all stages of the research

process, in the form of workshops, meetings, one-to-ones and e-mail, newsletters, suggestion boxes etc, as appropriate. This also ensures all business and customer issues are identified and covered in the research. The marketing researcher with good research skills can lead in the research design of internal surveys of employees to determine strengths and weaknesses in the organisation's customer management, particularly where these involve connections between different customer-facing functions. Finally, it is worth noting that although questionnaires are still a prime research tool (see Appendix for a typical customer-focused questionnaire project), they may not be enough to ensure understanding of how changes to customer management strategies and processes affect customers and the staff who manage them. Properly conducted mystery shopping and

participant observation is increasingly regarded as a very important part of the battery of techniques used to understand the customer experience.

RECOMMENDATIONS

Rather than end on a traditional section of recommendations, a call to action is presented in the panel below.

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The call to action: Questions to be answered by client and agency researchers (based on this paper)

Client researchers where CRM or database marketing is practised
<ol style="list-style-type: none"> 1. Are you involved in <i>all</i> customer research and knowledge management? 2. Should you be the guardian and manager of all such knowledge? Or at least work more closely with those who are? 3. Is the optimum set of data collected from customers in order to manage them effectively and profitably? 4. Do you know what your company collects? 5. Have you been involved in efforts to correlate market research-based measures of the quality of customer management with the outcomes, eg sales, profit? 6. Do you identify best customer prospects in terms of value, profitability, influence? 7. Is the customer life cycle relevant? If so, how, and what research is needed to understand how it affects what and how customers buy and respond at different stages of the life cycle? 8. What is the relative importance of acquisition and retention for your organisation? How is this reflected in marketing research activity? 9. How are retention, loyalty and commitment defined and measured? 10. What in an organisation drives these (see Burke White Paper Series³¹) 11. What benchmarks are used to evaluate, say, retention activities? 12. How do you determine what drives/fosters commitment and what is really important? How does this apply to customers of different net profitability to your company? 13. Do you distinguish between claimed importance versus inferred importance? 14. Are you involved in relevant CRM employee research? 15. How would you evaluate the organisation's CRM activity?
Agency researchers
<ol style="list-style-type: none"> 1. Do you know the answers to the above for your clients? 2. What value could you add against the above? 3. Does your organisation successfully implement CRM? 4. Do you check this? 5. How?

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APPENDIX

Table A1: Typical customer insight research project schedule

Stage 1	Thorough pre-proposal briefing to ensure proposed approach fully meets needs and requirements
Stage 2	Provision of written document and presentation of proposal to ensure full buy-in from research team to allow them to champion approach within organisation
Stage 3a	Staff workshops — across all areas of the business from back-office to customer-facing staff — highlighting staff perceptions of customer service and internal problems that could impact on customer service delivery
Stage 3b	Audit of existing research to provide additional learnings to help shape current programme
Stage 4	Depth interviews with customers (using different channels and products) and, if appropriate, intermediaries, to ensure that findings not only useful for quantitative questionnaire development but also providing actionable feedback even at this stage
Stage 5a	Qualitative debrief and initial discussions about quantitative questionnaire development
Stage 5b	Client taking forward actions from qualitative findings
Stage 6a	Quantitative benchmark with each customer and introducer audience
Stage 6b	Qualitative research with prospects
Stage 7	Debriefs from stages 6a and 6b — including input from initial qualitative findings where appropriate
Stage 8a	Wider dissemination of benchmark findings
Stage 8b	Action planning workshop
Stage 8c	Shortening of questionnaires for tracking purposes
Stage 9	Quantification among non-customers to provide competitive context
Stage 10	Continuous monthly tracking of key audiences
Stage 11	Findings from monthly tracking provided quarterly, for tracking data, showing trends and effect of 'events' such as advertising, publicity, competitor activity so that changes in performance can be cross-referenced with other activities