

The Research Issue to Understand the Effectiveness of Retailer's CRM
: Toward the Strategic Implications for Efficient Consumer Response

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The Research Issue to Understand the Effectiveness of Retailer's CRM : Toward the Strategic Implications for Efficient Consumer Response

ABSTRACT: The purpose of this paper is to identify the research issue to understand the effectiveness of retailer's CRM (Customer Relationship Management) by reviewing existing research. We propose the examination on the effect of CRM to consumer purchase behavior in consideration of the CRM diversity. The CRM diversity means various types of CRM activities, from the basic one such as point-rewarding to consumers, to advanced ones such as selective promotions based on purchase data and display improvement by sharing purchase data with suppliers. Existing researches confirm the effectiveness of CRM by demonstrating the difference between CRM members and non-members. These researches have enormous significance in confirming the importance of CRM. However, it remains unclear about how to manage the CRM to improve consumer's response continually after customers enroll in CRM program. The examination with CRM diversity has significance to improve the absence of strategic perspective on how to integrate CRM activities (Boulding et al. 2005). Additionally, it makes more effective to examine the effect of diverse CRM activity with various contingent factors. It helps retailers to make decisions on CRM management. Finally, we point out the necessity to understand the influence to retailer's collaborative relationship with suppliers to understand how CRM results in the sustainable competitive advantage to receive efficient consumer response continually.

1. BRIEF REVIEW OF EXISTING RESEARCH

1-1. THE IMPORTANCE OF "COMPREHENSIVE AND INTEGRATED CRM ACTIVITY"

As a new information technology to improve customer management, CRM has attracted attention of practitioners since the middle of 1990s against the background of the development of IT technology and relational marketing thought with consumers in mature market (Payne & Frow 2005 p.167, Payne 2006 pp.4-5). CRM has gradually attracted attention not only practitioners but researchers. From the marketing research perspective, CRM was researched with the framework of relationship marketing, loyalty marketing, and service marketing, and so on (Parvatiyar & Sheth 2001 pp.1-5).

Various approaches to CRM resulted in various CRM concepts. Payne & Frow (2005) and Boulding et al. (2005) reviewed the CRM concepts, set out the CRM concept, and indicated the directions for future research. The issues in their discussion can be summarized as below.

First, constructive concept of CRM was clarified. Payne & Frow (2005) noted that there had been various concepts, from narrow perspective to broad one, which is the cause of confusion in CRM research (pp.167, 174-175, and Boulding et al. 2005 p.157). Concretely, the narrow one sees CRM as the implementation of a specific technology project, the middle one sees CRM as the implementation of an integrated series of customer-oriented technology solutions, and broad one sees CRM as a holistic approach to managing customer relationships to create shareholder value (Payne & Frow 2005 p.168). They pointed out CRM should be seen not as IT solution, but as a strategic approach that helps companies to understand the characteristics of customer value, utilize the understanding of their market cross-functionally, and plan the company-wide strategyⁱ. According to Payne & Frow (2005), it is important to manage the CRM activity with strategic viewpoints.

Secondly, Payne & Frow (2005) and Boulding et al. (2005) emphasized that comprehensive and integrated CRM activity lead excellent performance (Payne & Frow 2005 p.168, Boulding et al. 2005 pp.158-159). That is, they pointed out cross-sectional or inter-enterprise coordination is important to improve the performance of CRMⁱⁱ. Comprehensive and integrated CRM leads to improvement of the company's organizational capability, to building long-term relationship with customers, and to providing customer's life time value.

Third, the future research directions were indicated. Efficient CRM needs the comprehensive and integrated activity. Therefore, it is important to understand the performance of CRM with the broad perspective in which CRM is seen as strategic approach (Boulding et al. 2005 p.157).

In particular, firstly, the link between the CRM and company's revenue and long-term competitive advantage should be investigated. They notes how CRM enhances firm performance and results in competitive advantage is an important issue. They indicated that researchers should investigate what resources or capabilities are needed to conduct comprehensive CRM (Boulding et al. 2005 pp.161-162).

Second, the research on the link between the CRM and long-term relationship with customers and their life time value is necessary. That is, it is necessary to understand whether CRM really leads to building the

long-term relationship such as customer satisfaction and behavioral loyalty, and improving their life time value or not, and what types of CRM activities encourage customers in particular purchase behavior and help to build relationship efficiently (Boulding et al. 2005 p.157). The purpose of CRM is not only to lock-in the existing customers but to provide the firm deeper insight on the markets and customers thorough CRM (Boulding et al. 2005 p.158). Therefore, what enriches the firm's understanding on the purchase behavior and market by CRM activity is an important research issue.

Finally, the effect of CRM under competition is important. For CRM includes strategic elements as Payne & Frow (2005) notes, we should take account of the relationship between the CRM and competitive process to discuss the performance of CRM accurately. Payne & Frow (2005) indicates that the firm which implements excellent CRM may have ability to integrate the knowledge which they acquire through market competition into CRM and increase the accuracy of CRM. However, Payne & Frow (2005) and Boulding et al. (2005) note that existing researches haven't uncover how the effectiveness of CRM is influenced by the competitor's actions, how should the firm reflect the change of competitive environment to CRM in order to enhance the effectiveness of CRM. Therefore, we should clarify whether the firm can obtain desirable benefits under competitive conditions or not, and how the firm acquires their sustainable advantage by CRM (Boulding et al. 2005 p.161)

1-2. THE EXPERIMENTAL RESEARCH ON THE EFFECTIVENESS OF CRM

Experimental researches have confirmed the effectiveness of CRM. CRM is the business practice to build the long-term relationship between firms and customers, and to provide more value to both sides. Especially, in retail context, many researches see the CRM activity such as loyalty programs, frequent shoppers program, point program as practical tools to shape the CRM strategyⁱⁱⁱ. And they confirm the effectiveness of CRM activities. According to many existing researches, CRM activity is defined as "and integrated system of marketing actions that aims to make member customers more loyal" (Leenheer et al. 2007p.32, Mayer-Waarden 2007 p.224). That is, CRM activity is seen as a system by which provides customers incentive to purchase continually, to build relationship with customers, and to bring in them (Liu 2007 p.20, Liu & Yang 2009 p.94, Dorotic et al. 2012 p.218). Therefore, the main discussion point in experimental research has been on the right and wrong of introducing the

CRM. In other words, whether the CRM activity really leads to efficient consumer response or not has been mainly focused (Liu 2007 p.19).

Many experimental researches confirm the CRM effect by demonstrating the difference of the performance between CRM activity members and non-members (Mauri 2003 p.13, Demoulin & Zidda 2009 p.393). Magi (2003), Lewis (2004), Seiders et al. (2005), Meyer-Waarden (2007), Leenheer et al. (2007), Mayer-Waarden and Benavent (2009) are the examples. Representatively, Lewis (2004) confirms the effect of CRM activity to enhance the customer's repeat-purchase behavior by comparing members of CRM activity and non-members. Thus, they indicate CRM activity actually has significant effects by offering the evidence on the difference on purchase behavior and long-term loyalty.

Some researches advocate the effectiveness of CRM activity by confirming the effect of a specific reward-program in CRM activity. For example, Taylor & Neslin (2005) covers the point-reward program and uncovers it has not only short-term effect to purchase behavior, but long-term effect. Verhoef (2003) demonstrates the effect of point-reward and selective promotion (direct mail) based on the purchase data through CRM activity. They indicate point-reward has effects both to retaining the customers and to improving share of purchase, while direct mail has effect only to improving share of purchase. Gazquez-Abad et al. (2013) examines the effect of some types of DM. They identify the difference of the effect to customer's purchase behavior between the promotional DM and relational DM. They imply the necessity to introduce the CRM proactively by demonstrating the effect of a particular activity.

Many of existing researches expressed the positive view to CRM effect. On the other hand, some researches questioned the effectiveness. For example, Sharp & Sharp (1997), which examined the effect of CRM activity of several retailers, indicated the effect of CRM activity was quite weak and was lower level than expected. Similarly, Dowling & Uncles (1997), Bolton et al. (2000), Dowling (2002) demonstrates CRM activity doesn't improve the pattern of customer's purchase behavior, and questioned the effect. Furthermore, Shugan (2005), which examined the CRM activity of certain brand, indicated CRM activity didn't relate to cultivation of customer's brand loyalty and creation of customer assets. They even referred to CRM activity as shams. Overall, existing researches have provided mixed support for CRM effect (Magi 2003 p.98, Verhoef 2003 p.36, Liu 2007 p.19, Liu &

Yang 2009 p.93).

Such a mixed support raises the interest in the contingent factors which influence the result of CRM activity (Magi 2003 p.97, Taylor & Neslin 2005 p.295, Liu 2007 pp.21-22, Meyer-Waarden & Benavent 2009 p.346, Liu & Yang 2009 pp.93-97). The emerging perspective is that all customers don't response uniformly and the effect of CRM activity can depend on the customer characteristics and the environment where the CRM activity is conducted.

Some researches pay attention to the influence of several customer characteristics and purchase behavioral factors. For example, Magi (2003) demonstrated that the effect to customer behavioral loyalty was not seen to the economic oriented customers or cherry-pickers. The characteristics which were examined in existing research are the size of family unit (Leenheer et al. 2007), household income (Taylor & Neslin 2005, Seiders et al. 2005, Leenheer et al. 2007), variety seeking (Zhang et al. 2000), economic orientation (Kim et al. 2001, Krishnamurthi & Papatla 2003, Magi 2003, Cao & Gruca 2005), the strength and length of relationship with the stores and firms (Magi 2003, Seiders et al. 2005, Gazquez-Abad et al. 2011), information-seeking behavior, goal orientation, shopping enjoyment (Taylor & Neslin 2005).

Additionally, competitive factors were paid a little attention. One reason of this is because of the increase in attention to contingent factors. Another is because of the absence of strategic perspective in CRM research (Boulding et al. 2005). Liu & Yang (2009) pointed out it is necessary to examine the effect of CRM activity under competitive environment for the purpose of resolving this problem. Practically, in these days, many competitors conduct CRM activity. Therefore it is dangerous to demonstrate the effect of CRM activity without competitive factors because it leads to over-estimation of the effect.

The examples of the examination with competitive factors are Mayer-Waarden (2007) and Liu & Yang (2009). They indicates that the firms whose market share are large tend to benefit from CRM activity, the impact of CRM activity decreases as the market becomes more saturated with competing CRM activity, however, such a saturation effect disappears when the CRM activity is conducted in multi categories. The result shows that the CRM effect appears under competitive environment.

Another reason of mixed support for the effectiveness of CRM activity can be because there are various

metrics to verify the effectiveness.

The one is financial performance such as profit and ROE. CRM activity is important because it achieves stable returns over a long period through well-established relationship with customers. Therefore the link between the CRM activity and financial performance was investigated mainly by the researchers who lay more weight on the CRM effect to the company than that to customers. The examples of this perspective are Reinartz & Kumar (2003), Reinartz et al. (2004), Cao & Gruca (2005), Reinartz et al. (2005), Ryals (2005), Minami & Dawson (2008). These researches identify that CRM activity enhances company values, but CRM activity doesn't relate to financial performance directly. As a result, they point out that it is necessary to identify the capability in order to unite CRM activity and financial performance.

On the other hand, to create the company value by CRM activity, firms need to create customer value at first. Therefore, the link to the retention and relationship with customers was investigated. Such a research was mainly based on the perspective which lays more weight on the effect to the customers. As noted above, these researches basically show positive view to the effectiveness of CRM activity.

In these researches, the relationship with customers is measured by various metrics, which represent diverse aspects of purchase behavior. The effect was demonstrated with the metrics such as customer satisfaction (Magi 2003, Mithas et al. 2005, Gustaffson et al. 2005, Seiders et al. 2005, kumar et al. 2013), attitudinal loyalty (Seiders et al. 2005, Demoulin & Zidda 2009), and behavioral loyalty (Magi 2003, Taylor & Neslin 2005, Seiders et al. 2005, Leenheer et al. 2007, Mayer-Waarden 2007, Liu 2007, Demoulin & Zidda 2009, Mayer-Waarden & Benavent 2009, Gazquez-Abad et al. 2011). By segmenting metrics, we can confirm the process where the CRM activity promotes, and we can discuss the reason why CRM activity functions well, or how to facilitate the effect of CRM activity.

2. THE RESEARCH ISSUES ON THE CRM IN RETAIL

However, some research issues are left. In this paper, we discuss the research issues in terms of the necessity to consider 1) the diversity of CRM activity, 2) contingent factors, and 3) the influence to the collaborative relationship to manufacturers.

2-1. THE DIVERSITY OF CRM ACTIVITY

First, existing researches have explained the effect of introducing the CRM. However, it remains unclear what types of CRM activities can lead to efficient customer responses continually after introducing the CRM.

As seen above, by indicating the difference between the members and non-members, existing researches have explained the benefits of introducing CRM. These researches have significant implications to consider the implementation of CRM.

However, CRM is important for retailers because the effect would continue for a long time after implementation of the CRM, as theoretical research pointed out (Boulding et al. 2005 p.161, Dorotic et al. 2012 p.218). Existing researches, which mainly examined the difference between the members and non-members, explain the impact of introducing CRM, but they don't refer to the way to manage the CRM activity after the implementation. Therefore, they don't explain explicitly how retailers manage the CRM to enhance the customer response and to build the relationship with customers continually^{iv}.

Actually, it is an important first step for retailers to let customers enroll in their own CRM in order to retain the customers for a long term. But the more important is to brush up the CRM more precisely to create continual relationship with customers. However, it has not been uncovered how to manage the CRM to promote customers to re-purchase effectively after they enroll in CRM. That is, the first research issue that we can point out is to examine the effective CRM management after implementation of CRM.

Then, it should be beneficial to clarify what types of CRM activities result in what types of effect. To examine the CRM effect with the diversity of CRM activity, which means various types of CRM activities, from the basic one such as point-rewarding to consumers (e.g. Jayachandran et al. 2005, Leenheer & Bijmolt 2008), to advanced ones such as selective promotions based on purchase data and assortment and display improvement by sharing purchase data with suppliers (e.g. Mithas et al. 2005)^v.

The first reason why this research issue, we think, is important is that theoretical research, such as Boulding et al. (2005), Payne & Frow (2005), pointed out the importance of comprehensive and integrated CRM. To indicate the "CRM activity mix" after implementation of the CRM should be significant to provide strategic

implication of CRM.

The second is that little is known inclusively about the benefit of each diverse CRM activity. Each CRM activity should have different benefit. However, existing research mainly shed light to the effect of point-reward activity among various CRM activities (Liu & Yang 2009 p.106). Therefore, the effect of other activities than point-reward activity or how different effect each CRM activity has have not uncovered enough yet. Actually, some existing researches referred to the importance of selective promotions theoretically (e.g. Jayachandran et al. 2005 p.179, 181, Leenheer and Bijmolt 2008 p.438, Liu and Yang 2009 p.96, 106, Mark et al. 2013 p.243), however, little research has examined the effect of diverse CRM activity including advanced CRM activities like selective promotions and display improvement inclusively.

This should be a serious cause which results in the lack of strategic implications in CRM research (Boulding et al. 2005 p.158), because it is not clear what types of CRM activities make the whole CRM more effective after implementation of the CRM, despite theoretical research pointed out the importance of the comprehensive and integrated CRM activity. Therefore, we can note the necessity of the research focused on the diversity of CRM activity.

The research with the diversity of CRM activities enables us to understand not only “whether or not” the CRM has any effect for retailers and customers, but also “how” should retailers conduct the CRM to tune up them for successive effectiveness after retailers introduce the CRM. In addition, the examination with various objective variables, such as customer satisfaction, attitudinal loyalty and behavioral loyalty, which existing researches referred to, enriches the understanding of the effectiveness of the CRM activities, because it uncover “for what” each CRM activity has strong effects.

Overall, the examination with the diverse CRM activities provides for retailers comprehensive implications to make decisions on the CRM management to maintain and build the relationship with customers for a long time. That is, the diversity of CRM activity has a significance to resolve the problem of the lack of strategic implication in CRM research.

2-2. QUEST FOR CONTINGENT FACTORS

The significance of the diversity of CRM activity would be enhanced by examined with customer characteristics, customer purchase behavior factors and competitive factors. Secondly, we note the necessity to consider the influence of contingent factors to the effectiveness.

This is because, as discussed above, existing researches have pointed out the necessity to focus on the contingent factors in the wake of the mixed result on the CRM effectiveness (Taylor & Neslin 2005, Liu 2007, Liu & Yang 2009). To consider the CRM effectiveness with both the contingent factors and the diversity of CRM activity enables us to understand “especially in what situation” “what kinds of CRM activities” make the effect, and it results in deepening the understanding of CRM management.

On the other hand, however, it remains some problems to consider contingent factors. One is that the quest of contingent factors in existing research has been only fragmentary, and contingent factors have not been considered comprehensively yet (Liu & Yang 2009). For example, Taylor & Neslin (2005), which considered the influence of contingent factors such as customer’s economic orientation, information searching behavior and so on, noted that there were not enough existing discussions to construct hypothesis on how such contingent factors influence to the CRM effectiveness in advance (p.295).

Therefore, it is necessary to quest “what factors” influence the effect of each CRM activity and “how” these factors influence to the effect. Exploratory investigation should be needed to examine the influence of contingent factors comprehensively (Liu 2007 p.31, Liu & Yang 2009 p.97). At this time, it would be beneficial to focus not only the customer characteristics, but customer purchase behavior factors. Puchinelli et al. (2009) notes that it is beneficial to focus on the purchase behavior in order to deepen the understanding on the retail strategy.

According to Pucinelli (2009), for example, we can discuss the influence of the “goal orientation” or “information seeking behavior”, “time pressure” to CRM effectiveness. Among various CRM activities, selective promotion would be effective only to the less goal-oriented customers. For the customers who pay close attention to the price information frequently, point-reward activity can be more effective than the customers who do not, because point-reward activity would perform the alternative to discount or bargain. For the customers who has “not enough time” and has “variety-seeking trait”, the selective promotion and display improvement would be

more effective, because they need to decide the item to purchase in limited time and the item they purchase depend mainly on the information they process in the store. In this manner, to consider the purchase behavioral factors helps us to understand the conditions that each CRM activity has the desired effect.

In a similar way, competitive factors, such as the distance to store and so on are important, because they enhance the ability to manage the CRM. Boulding et al. (2005) and Liu & Yang (2009) pointed out the necessity to clarify the effect under competitive condition. To examine the effect of the diverse CRM activity under competitive condition enables us to demonstrate what types of CRM activities enable retailers to retain the customers certainly under competitive conditions and take customers away from competitors.

Overall, to examine the diverse CRM activity with contingent factors would provide a comprehensive framework to understand the effectiveness of CRM (see Figure 1). That is, to consider with contingent factors uncovers “when” each CRM activity enhance the effectiveness. Therefore, it enhances the significance of the diversity of CRM activity to resolve the lack of strategic implication in CRM research.

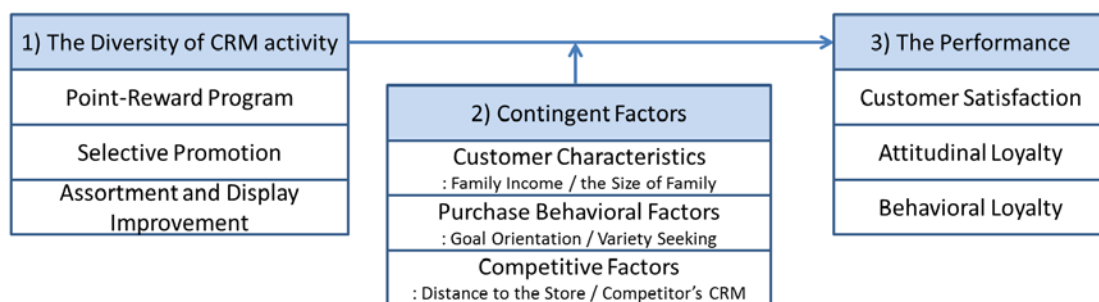


Figure 1 Theoretical Framework of Proposed Research Issue

2-3. THE INFLUENCE TO THE COLLABORATIVE RELATIONSHIP TO SUPPLIERS

As described above, CRM is a market strategy to build and retain the relationship with customers based on the customer information (Payne & Frow 2005, Ryals 2005). The basic purpose of CRM is to create long-term benefit by increasing the customer loyalty through building and retaining good relationship with customers. And in order to increase the customer loyalty, it is necessary to increase customer satisfaction, and many researchers focused on the condition to increase this tie of link (see Figure 2).



Figure 2 Basic Thought of CRM in Existing Research

The quality of customer data which is acquired in solid customer base, which is created through CRM, would be better than that at the beginning of CRM, because the data of customer characteristics and FSP data would be more precise gradually. And this data would be valuable not only for retailers but for suppliers to understand the market more precisely.

According to resource based view, the sustainable competitive advantage appears as long-term and above-average profit in a market (Barney 1986, Praharad & Hamel 1990, Grant 1991). In the case of retailers, many researchers have pointed out the collaborative relationship with suppliers can be a cause of their competitive advantage (Christopher 1992, Bowersox & Closs 1996, Lambert et al. 1999, Mentzer et al. 2001, Tseng 2009, Barrett & Barrett 2011). Therefore, if we demonstrate that CRM enables retailers to build and strengthen the relationship with suppliers, we can expand the effectiveness of CRM to receive the long-term profit as Figure3.

The dotted line in Figure 3 represents the points which remain to be uncovered fully in existing research.

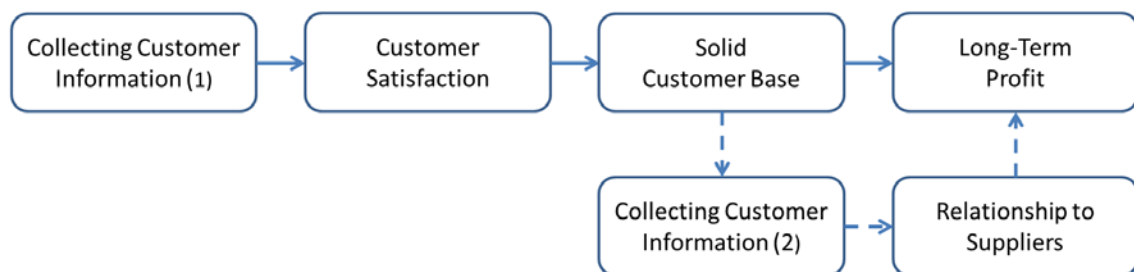


Figure 3 Expanded thought of CRM

Retailers with CRM can acquire the information on the amount of purchase and repeat information from customer data. This information implies who bought, how many and what product was bought, therefore retailers can collect the attribute information of customers. In addition, repeat information implies what kind of customers repeated, what product was repeated, and what kind of customers didn't purchase the product and stopped to purchase. This repeat information is valuable for suppliers, especially manufacturer not only in conducting the product development, but in developing the market strategy.

Furthermore, the data from CRM contains the address and E-mail address of customers. Therefore,

retailers can promote only to specific customers. It means that retailers can enhance the effectiveness of promotion to customers, in addition that suppliers can conduct precise test marketing.

At the same time, the result of co-promotion with suppliers appears as repeat information. Therefore the performance is easy to be verified. Some researches notes that cooperative innovation between firms is prevented by the obscure performance. But the cooperative innovation between the retailers and suppliers in the wake of CRM can enable them to avoid the problem of the obscure performance. Therefore, CRM can facilitate the collaborative relationship to suppliers.

As described above, CRM can facilitate the collaborative innovation with suppliers, enhance the retailer's competitive advantage, and, as a result, contribute to the long-term profit. However, this has been paid little attention in existing research. A few researches about CRM, which focused on the collaborative relationship with suppliers can be classified into two types, the one sees the collaborative relationship as an antecedent variable of CRM, the other sees it as an objective variable of CRM.

Many of existing researches which focused on the link of the CRM and the collaborative relationship with suppliers sees the collaborative relationship as an antecedent variable (Kracklauer 2001, Kros & Molis 2004, Xavier et al. 2005, Mithas et al. 2005, Schramm et al. 2006). These researches take notice of the positive effect of the collaborative relationship to CRM performance. This may be related to the research trend in CRM research that many researchers focused in clarifying the conditions of successful CRM.

These researches are valuable to the extent of focusing on the collaborative relationship to suppliers, but most researches provide only conceptual description, and have not yet examined theoretically and experimentally. Exceptionally, Kim et al. (2004) examines that the strength of the collaborative relationship to suppliers correlates positively to CRM performance.

In addition, we propose that it is necessary to focus simultaneously on the CRM effect that facilitates the collaborative relationship with suppliers. However, little has not discussed theoretically and experimentally on this yet.

Partly, some researches refers to the CRM effect that CRM can enhance the retailer's ability to negotiate with suppliers because the data from CRM are valuable for suppliers (Richard & Laine 2003), and that the

integration of CRM and ERP (Enterprise Resource Planning) can result in improving the productivity of whole SCM (Liu & Yu 2011). However, these researches refer to these points only as a research issue in their papers, do not examine theoretically and experimentally. Therefore, as it stands now, the theoretical and practical implications are lacking.

Overall, in CRM research, there are a few researches that focus on the relationship to suppliers, and a few researches only refer to this point. In addition, the researches which try to understand the effect of CRM to the collaborative relationship only refer to the possibility of the effect. Therefore, we can point out the research issue is remained on how the CRM can influence to the collaborative relationship with the suppliers and how the collaborative relationship can contribute to the long-term profit of retailers.

As discussed above, CRM is expected to get the profit continually by building the relationship to customers. Many existing researches have demonstrated that CRM have significant effects to build the relationship to customers, however, they have provided mixed result on the influence to the financial performance. There may be various reason of the mixed result, but it can be one of the important reasons that they have examined the CRM effect without the collaborative relationship to suppliers as the objective variable of CRM. Therefore, it can be quite valuable for retailers to consider the mechanism to facilitate the collaborative relationship to suppliers by CRM in order to understand the condition to acquire the profit thorough CRM^{vi}.

3. FUTURE RESEARCH DIRECTIONS

In this paper, we have discussed the research issues in CRM research. We have pointed out that it is necessary to examine the CRM effectiveness, with 1) the diversity of CRM activity, and 2) the contingent factors, 3) to the various customer purchase behavior. At the same time, we pointed out the necessity to examine the CRM effect to the collaborative relationship to suppliers, as well as the effect to customers. By examining these issues which are pointed out in this paper, we can uncover 1) what kind of CRM activity can be effective, 2) in what case each CRM activity can enhance the effectiveness, and 3) to what purchase behavior each CRM activity can have the effect or what kind of relationship the CRM activity can build. To uncover such issues enable us to provide the theoretical and practical implications on the CRM management after the implementation of CRM, which have

been said to be necessary in existing theoretical research.

We can point put three future research directions.

First is the experimental research with the diversity of CRM activity. This paper reveals that the experimental research with the diversity of CRM activity and contingent factors has significance to enhance the strategic implications in CRM research.

Therefore, it should be beneficial to examine the effect of diverse CRM activity with retailer's point card program which is based on the advanced CRM activity. One example is "Ogino", which is a middle-ranking retailer in Japan and manages about 40 stores especially in Yamanashi Prefecture. Ogino conducts the selective promotions to customers based on the customer purchase data, the assortment management and display improvement with suppliers in the wake of CRM data as well as point-reward program to customers (Kim 2012). Therefore, Ogino should be suitable in order to examine the effectiveness of each CRM activity.

Secondly, the exploratory research on the contingent factors should be needed. As discussed above, the contingent factors have not been explored comprehensively yet. In addition, it remains unclear how the contingent factors which have been referred in existing research affect to the CRM effectiveness.

Therefore, it should be beneficial to explore the contingent factors which can influence the CRM effectiveness and the way how these factors influence by qualitative research, such as interview research for the members of advanced CRM activity. These exploratory researches on the contingent factors are necessary to understand the effectiveness of CRM activity comprehensively.

Finally, survey research on the influence of CRM activity to the collaborative relationship to suppliers should be needed. To clarify this issue, at first, some case study on the relationship between the retailers which conduct CRM and their suppliers, because little is known about this point in existing research. Then, we should conduct the survey research of the retailers and their suppliers. The effect of CRM appears to the relationship to suppliers as well as the relationship to customers. Therefore, the survey research should be significant to clarify the influence of the CRM activity to the relationship to suppliers and the organizational resources needed to enhance the performance of the CRM continually.

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ⁱ Concretely, Payne and Frow (2005) defines the CRM as "a strategic approach that is concerned with aerating improved shareholder value through the development of appropriate relationships with key customers and customer segments. CRM unites the potential of relationship marketing strategies and IT to create profitable, long-term relationships with customers and other key stakeholders. CRM provides enhanced opportunities to use data and information to both understand customers and cocreate value with them. This requires a cross-functional integration of processes, people, operations, and marketing capabilities that is enhanced through information, technology, and applications." (p.168)

ⁱⁱ For example, the Effectiveness of CRM is enhanced by the coordination with the department of inventory management and supply chain members (Mithas et al. 2005), or by sharing the data acquired by the CRM with other department (Jayachandran et al. 2005). These researches support the necessity of the research with the diverse CRM activity, which is proposed in this paper.

ⁱⁱⁱ In existing research, practical tools of CRM were referred in various ways, such as loyalty program, frequent shoppers program, loyalty card program, and so on. In this paper, the practical tool of CRM is referred as CRM activity, because we propose the importance of diverge CRM activity other than point-reward program, besides existing researches have paid attention mainly to point-reward activity.

^{iv} It is clear that CRM can be effective in the beginning, but it is not clear that the effectiveness of CRM continues after then (Jayachandran et al. 2005 p.190). This implies the importance to provide the implications to manage the CRM after introducing the CRM, too.

^v The point-reward program, the selective promotion based on the CRM data and the assortment and display improvement with suppliers are diverse in the point of the organizational resources needed to be conducted and the expected performance.

The selective promotion is different from the point-reward program because more advanced information processing ability to integrate the information among various departments should be needed to conduct selective promotion precisely. Jayachandran et al. (2005) notes that the information processing ability of the firm enhance the effectiveness of CRM (p.179, and Boulding et al. 2005 p.158), because the firm with high information processing ability can deepen the understanding of customer purchase behavior and can customize the promotion based on the customer responses effectively (Mithas et al. 2005, p.202, Leenheer & Bijmolt 2008 p.438).

In addition, the assortment and display improvement with suppliers needs the ability to coordinate with suppliers in various departments. Mithas et al. (2005) notes that the effect of CRM can be enhanced by sharing the customer data with suppliers (p.201). Such an activity should be more advanced and comprehensive activity than other CRM activity.

Furthermore, in the point of performance, each activity can be different. The point-reward program can be effective mainly as the alternative of discount and can enhance the behavioral loyalty, while the selective promotion and assortment and display improvement can be effective mainly in improving customer's easiness to purchase and can be more related to the customer satisfaction and loyalty than point-reward program.

^{vi} To understand this point, we should discuss both 1) the conditions that CRM facilitate the collaborative relationship and 2) the condition that the collaborative relationship, which CRM facilitates, result in the profit.

There can be various conditions. The first condition, which we propose, is “cross-sectional communication”. CRM data is collected by the information division of store or front office, but the communication with suppliers are handled mainly by merchandise division in front office. Therefore, the cross-sectional communication can be an important condition.

Second is “in-house dedicated division” to analyze the CRM data. If retailers use CRM data for customer management, they can manage by out-sourcing. But they use the CRM data for creating and strengthening the relationship to suppliers, they need to coordinate with suppliers and need high commitment. In addition, if they use CRM data for customer- centered assortment and selective promotion, in-house dedicated division can be necessary.

Third is “centralized organizational structure”. To utilize the CRM data effectively, in-house dedicated division, merchandise division and suppliers need to communicate each other frequently. Therefore, it can be desirable to make decisions on CRM related activity in front office.

These three condition can be located as 1) the conditions that CRM facilitate the collaborative relationship.

The last is “the standardization of the job on the data collecting, analyzing, and utilizing”. Standardization can be desirable in order to communicate with other divisions and to manage multi stores effectively. Therefore, standardization can enhance the effectiveness of information management and sharing, and, in a result, improve the earnings structure. This condition can be located as 2) the condition that the collaborative relationship, which CRM facilitates, result in the profit.