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BOOK REVIEW

Review of “CRM Systems in Industrial Companies: Intra- and Inter-Organizational Effects”

by Andrea Perna and Enrico Baraldi (Palgrave MacMillan, 2014)

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While many words have been expended on the topic of CRM in consumer markets, it is a topic that has been investigated less in business-to-business markets. In this work Perna and Baraldi address this neglected topic using an approach that may surprise the reader. The main title suggests a rather conventional treatment of the subject matter. On seeing the title the prospective reader may imagine a work that perhaps describes the different applications of CRM systems in B2B companies, or even a textbook-style work that seeks to explain how to implement a CRM system in an industrial business. But, in fact, the book is rather more interesting than that. The principal, novel contribution of the work is to present an in-depth longitudinal case study of the design, implementation and application of a CRM system at a single industrial firm – the Italian Loccioni Group (www.loccioni.com). The authors had the unique opportunity to work alongside the management of the Loccioni Group as they went through the process of devising, creating, and using their CRM system. For those who think that academic research in marketing is not always as close to business practice as it should be (Baines, Brennan, Gill, & Mortimore, 2009; Brennan, Tzempelikos, & Wilson, 2014; Cornelissen, 2002; Wierenga, 2002), this is about as close to the realities of business management as researchers can get.

The structure of the book is admirably clear. After a brief introductory chapter, there are four chapters expounding the relevant theoretical, empirical and practical background information concerning the subject matter, then four chapters that present the Loccioni case study, followed by a conclusion. The relevant background research in the field

(chapters 2 thru 5) comprises the Industrial Networks (or IMP) approach to analysing business markets; a historical explanation of the emergence of increasingly sophisticated IT systems in business culminating in CRM; an investigation of prior research into CRM; and then the integration of these background studies through the mechanism of conceptualizing CRM as an “interacting resource”. In this way the authors provide a neat conceptual framework that ties together the theory of business markets and marketing with that of CRM systems.

The Industrial Networks or IMP Approach is explained in some detail in chapter 2. The principal concepts include the complexity and embeddedness of business-to-business relationships; the Actors/Resources/Activities framework and associated actor bonds, activity links and resource ties; the dynamics of customer relationships; and, managing relationships. The authors argue that because of the nature of B2B relationships, relationship management cannot be considered to be a unilateral, seller-dominated process. Chapter 3 provides a historical account of the development of IT systems in business from the early use of computers in the 1950s through the development of Management Information Systems, Database Management Systems, Enterprise Resource Planning Systems and Knowledge Management Systems. This provides the context for the discussion of the emergence of CRM Systems. In chapter 4, the authors build on this historical account by examining CRM in detail. They argue that: “... there is still no consensus within academia on a widely accepted definition of CRM ...” (Perna & Baraldi, 2014: 62). In support of this assertion they present several different definitions of CRM that have been proposed, showing, in particular, that there are those, such as Bose (2002) who define CRM as a set of IT tools, and those, such as Payne and Frow (2005) who define CRM as a strategic

function. In chapter 5, the final chapter before the exposition of the in-depth case study, the authors provide an integrated conceptual framework drawing upon the preceding three chapters. CRM is conceptualized as a socio-technical resource, and management theories that focus on resources are brought into use, starting with the Resource Based View of the Firm [RBV] (Barney, 1991, 2002). However, while the RBV focuses on intra-organizational resources, the Industrial Networks Approach considers both intra-organization and inter-organizational resources. Consequently, the authors prefer the Industrial Networks Approach, and make use of the 4R Model of resources developed within this field: resources are classified into physical/technical resources (products and facilities), or social/organizational resources (business units and business relationships). Following from the underlying logic of the Industrial Networks Approach, not all resources are under the direct control of a single organization; notably, business relationships are by definition controlled by more than one organization. Having established their theoretical background and conceptual framework, the authors move on to present their case study of Loccioni Group.

Loccioni Group is a systems integrator mainly providing customised measurement and testing solutions for automotive and home appliance industrial customers. Loccioni sells direct to industrial customers (no intermediaries) such as Whirlpool, Delphi, Continental, Pilkington and GlaxoSmithKline (GSK). Key account managers (KAMs) are responsible for managing existing customer relationships, while salespeople develop new customer prospects. The marketing function gradually evolved within Loccioni, maturing into a “Marketing Lab” division in 2005; in the same year the CRM project was initiated to replace an older marketing database system that had experienced a low level of use. The CRM

system itself was developed in-house by the Group's Telecommunications business unit in collaboration with the Polytechnic University of Marche. Launched in May 2008, the CRM system was not an immediate or unambiguous success. Follow-up research among user groups found relatively low adoption and usage rates; Perna and Baraldi (2014: 133) summarise this amusingly: "A few months after the CRM system was launched, the project team identified several different ways of using the system, including basically not using it."

An important merit of this work is the in-depth information provided about business marketing and the management of customer relationships by a major provider of industrial systems. So, in chapter 8, the authors provide details of how the CRM system was integrated into the management of relationships with six major customers: Magneti Marelli (with whom Loccioni first established a business relationships in 1985); Whirlpool (1986); Trenitalia (1989); Continental (1989); Tod's (1997) and Haier (2007). In doing this the authors provide six case studies of B2B supplier/customer relationships of different levels of maturity and complexity, and then investigate the impact of CRM on each of those relationships. Chapter 9 then provides the overall analysis of the case material using the theoretical perspectives developed in the earlier chapters, while chapter 10 provides the overall conclusion and summarises the managerial and theoretical contributions arising from the work. It transpires that the age of the supplier/customer relationship is an important factor contributing to the degree of success achieved by the CRM system: "... a customer relationships that starts after the introduction of a CRM system does not meet the same barriers ... as relationships that preceded its installation." (Perna & Baraldi, 2014: 198). Even though one would expect that the Loccioni Group to provide a favourable organizational context for the introduction of a new CRM system, since it is a technology-

driven company employing highly educated and skilled managers, the impact of the CRM system on customer relationships was variable and, in some cases, far less than expected. At Loccioni Group, the CRM system had the most beneficial effects on relatively new customer relationships and low-to-medium complexity relationships, and few or no beneficial effects on well-established and high complexity relationships. Additionally, younger KAMs who were more tech-savvy made considerably more effective use of the CRM system than older KAMs who were less tech-savvy. Indeed, some of the older and more senior KAMs felt threatened by a system that seemed intended to usurp their position as a unique source of knowledge about an important customer relationship.

The intended readership of this book includes scholars, managers and students in the field of business-to-business marketing. Each of these groups will find something here. In particular, for those students who have little or no prior experience of B2B marketing this book is, arguably, at least as useful as a conventional textbook—to which this book would provide an excellent complement. The reader obtains an excellent insight into the complexities and realities of B2B marketing from the book, together with insights into how theory and practice can be integrated. For the B2B scholar this book will provide many interesting insights, as well as inspiration and concrete ideas for important research topics. Finally, while the experienced B2B practitioner may find much that is familiar here, the way in which the theoretical material is used to complement the practical information creates a novel perspective, and for a practitioner relatively new to the field of B2B marketing this work would provide an engaging and informative read.

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