Strategic Orientation and Customer Relationship Management: A Contingency Framework of CRM Success

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Since their inception, the failure rate of customer relationship management (CRM) projects continues to be high. Using the "Miles and Snow" (1978) strategic typology, this paper advances a contingency framework to explain the failure rates and to better predict the success of CRM projects. The strategic typology perspective allows for the integration of firm strategic orientation, environmental factors, and customer characteristics for the development of a broad framework for understanding CRM success and failure. Several propositions are advanced for how internal and external factors can affect the success of CRM initiatives.

1. Introduction

Embraced by industries in the late 90's and the early 2000's, the customer relationship management (CRM) is an initiative that has become an essential part of the marketing tool. However, this is an expensive initiative to implement with a cost expected to exceed over a million dollars (Martinez, 2010) for a firm. For instance, in the year 2007, the worldwide CRM market was worth $14 billion (Weinberger, 2010), with 38% of the CRM market residing in Europe, 30% in North America, and 27% in Asia Pacific (Economist Intelligence Unit, 2007). Though CRM has been empirically shown to have a positive impact on firm's performance (Verhoef, 2003; Reinartz, Krafft, & Hoyer, 2004; Chen, Li, & Ching, 2009), consistent industry reports of its rate of failure (Greenberg, 2004; Band, 2008; Foss, Stone, & Ekinci, 2008) suggest that CRM implementation and use is challenging for many companies. Thus while academicians have focused on the effect of CRM on performance, companies have been concerned with its implementation. Why so many CRM projects fail and whether the success of CRM initiatives is industry, company, or customer specific, are key questions still waiting to be answered.

Responding to Reinartz, Krafft and Hoyer's (2004) call for a comprehensive framework of factors affecting CRM, we explore various internal, firm-specific factors along with external, environmental factors through the prism of strategic types. Given how the strategic orientation of the firm (Miles, Snow, Meyer, & Coleman, 1978) may affect CRM initiative implementation success, we propose a general framework based on strategic firm types. Linking strategic orientation to CRM supports a framework that integrates the customer-oriented and firm-oriented views (Neslin, 2002) to help understand CRM initiative success and failure. The nature of the framework is such that it is broad enough to provide a general perspective of CRM success and specific enough to be actionable to allow for specific propositions to be advanced. We propose that the internal nature and its environment of a firm either facilitate or obstruct the implementation of CRM initiatives as well as the customer relationship building.

2. What is CRM Success?

Payne and Frow (2005) cite twelve definitions for customer relationship management. They conclude that CRM can be viewed narrowly and tactically, focusing on the implementation of specific technology, or broadly and strategically, as a holistic approach to create shareholder value. As a tool used to achieve the strategic goals of the firm, CRM initiatives can create benefits on an operational (i.e. customer service, customer data management, etc.), tactical (i.e. improve market segmentation, analysis, forecasting, etc.), and/or strategic (i.e. customer satisfaction, business performance, etc.) level (Shanks, Jagielska, & Jayaganesh, 2009). However, the lack of a common and accepted definition makes it difficult to understand what CRM success or failure actually means.

Of the more than eleven different indicators of CRM success identified by the Economist Intelligence Unit (2007), the top three most frequently used are customer satisfaction (49%), customer retention (43%), and increased revenue (30%). Companies tend to adopt definitions and measures of CRM based on their objectives. In other words, CRM success or failure is often company specific, making it difficult to generalize CRM success and failure across firms. For instance, if a company's objective is customer satisfaction, then CRM success is judged by the firm's ability to retain customers. Alternatively, if the objective is to realize a particular profit level, CRM success is judged by its ability to generate profit.

Since CRM initiatives are largely firm specific, CRM should be defined not only by what it does, but also by how it is used given that different companies can use the same CRM technology to achieve different goals. In terms of labeling a CRM initiative a success, Payne and Frow (2005) note that a CRM system can fail either on the tactical level, the strategic level, or on both levels. Additionally, even if a CRM system is implemented flawlessly on a tactical level, if it fails to deliver at a strategic level, it will likely be considered a failure. This would suggest that a truly successful CRM initiative should relate to the strategic goals of the company. For this reason, we define CRM success when CRM initiative is aligned with the strategic orientation of the firm. This alignment helps achieve both short-term and long-term goals through the management of customer relationships. This definition allows for the development of propositions that relates CRM success to the strategic orientation of the firm based on firm strategic types.

A contingency framework based on strategic types offers much promise in understanding why, for instance, in 2007, the EIU reported that on a worldwide scale only 31% of companies considered their CRM initiatives successful. Explanations offered for CRM implementation failure included: lack of strategic planning prior to CRM project implementation (Day, 2000); problems ranging from technological implementation to a lack of organizational integration and customer orientation (Maselli, 2001); a firm's inability to integrate CRM technologies into its functional processes (Erffmeyer & Johnson, 2001; Speier & Venkatesh, 2002); and poor design, planning and measurement of CRM projects (Jain, Jain & Dhar, 2007). Langerak and Verhoef (2003) point: "difficulties that managers encounter in embedding CRM in their strategy and organization" (p. 73) as the cause for the disappointing results of many CRM projects. For Kale (2004), key contributors to an unsatisfactory CRM outcome are a view of CRM as a technology initiative, an absence of a customer-centric vision, an insufficient appreciation of customer lifetime value, inadequate support from top management, underestimating the importance of change management, failing to re-engineer business processes, and underestimating the difficulties involved in data mining and data integration. More recently, Foss, Stone, and Ekinci (2008) suggest that poor planning, a lack of clear objectives and not recognizing the need for business change as the key reasons for CRM failure. Though many explanations of CRM failure have been put forward and while Payne and Frow (2005) argue that successful implementation of a CRM program depends on CRM readiness, CRM change management, CRM project management, and employee engagement, to date there has not been a conceptual framework available that is broad enough to predict and explain CRM success and failure and none has taken into consideration strategic orientation of the firm. Accordingly, we advance testable propositions following our discussion of strategic types and our introduction of the proposed contingency framework of CRM success so that past failures can be better understood and future success can be realized.

3. An Overview of Strategic Types

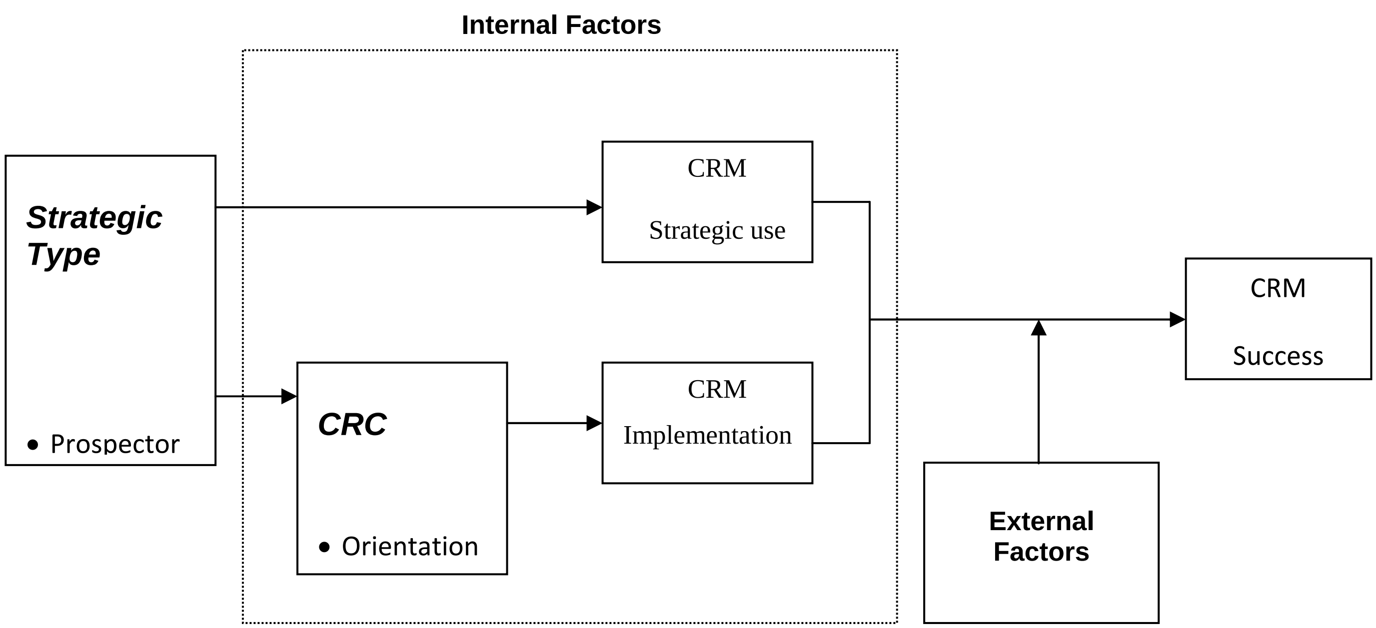
The Miles et al. (1978) typology of firms is based on firms' strategic orientations. Within the typology, *defenders* are firms with a narrow focus on a niche market. These firms experience difficulty when major shifts take place in the market. Alternatively, *prospectors*, concerned primarily with innovation, continually search for new opportunities. Though a consequence of the quest for innovation is inefficiency, prospectors can easily adjust to changes in the environment. Falling between defenders and prospectors are *analyzers*, which are firms that try to take what is best from each type. Analyzers have core products and technologies, which are the backbone of their business. While they seek new opportunities, they only engage with well-established products with proven success. *Reactors*, on the other hand, do not employ any specific strategy and do not initiate action unless forced to do so. Rather, they follow what is most appropriate at the moment of decision-making. For instance, some may adopt a CRM initiative in reaction to their competitors' adoption of one while others may do so in response to an increase in their customer base. A reactor may also adopt a CRM initiative because of a persuasive customer service, product marketing, sales, information technology, or operations champion within the firm. However, in the absence of a specific strategy for adopting a CRM initiative, our framework will not consider this strategic type as a distinct orientation (Matsuno & Mentzer, 2000).

The major thesis of the literature on strategic orientation is that there are unique distinctions among firms, which are primary drivers of distinct behaviors. Overall, it has been established that strategic types do have varying performance levels (Hambrick, 1983). More specifically, McDaniel and Kolari (1987) point to a relationship between marketing strategy and the strategic types in a rapidly changing environment. Slater and Narver's (1993) study of the sources of profit for the strategic types also revealed differences. Additionally, Matsuno and Mentzer (2000) suggest that strategic orientation moderates the market orientation – performance relationship. More recently, it has been suggested that if the marketing strategy of a specific strategic type deviates too much from its "ideal" profile, marketing effectiveness and efficiency suffer (Vorhies & Morgan, 2003). Given the established differences among strategic firm types, CRM implementation success or failure may be explained by the strategic orientation of the firm.

4. A Contingency Framework for CRM Success

The conceptual framework for CRM success we advance is depicted in Figure 1. We propose that the strategic type of the firm affects internal success factors, which in turn affect the success of CRM initiatives. Importantly, CRM success is moderated by factors external to the firm.

Figure 1: A Contingency Framework of CRM Success



Note: CRM – Customer Relationship Management, CRC – Customer Relationship Capability

I. Internal Factors of CRM Success

Internal factors are the idiosyncratic resources and capabilities of a firm. Accordingly, some companies are more capable of implementing CRM initiatives than others. This capability is called customer relationship capability (CRC) (Day &Van den Bulte, 2002; Day, 2003), which is comprised of (1) company orientation, (2) organizational structure (configuration), and (3) information systems.

Company orientation is the mindset of a firm toward CRM initiative implementation. Quite simply, some companies are more ready and able to adopt CRM than others. Since CRM projects are complicated and often involve different functional areas, a firm must be dedicated to the project to make it work. Not only is there a minimum level of orientation toward CRM under which the project's adoption will fail to be implemented successfully, but the threshold level above which the CRM initiative will be implemented and absorbed in the company mindset can vary across firms (Fig. 2).

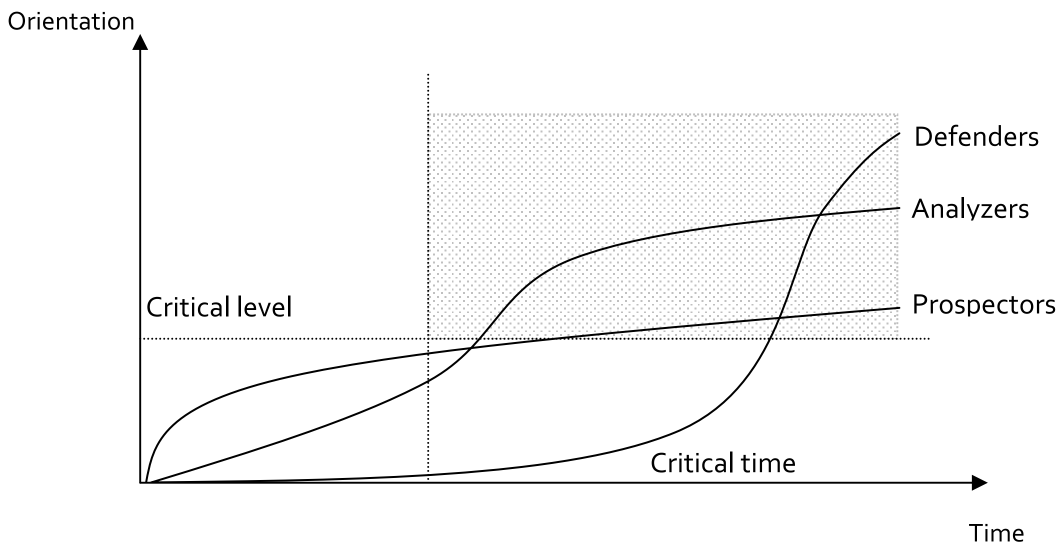
On a very general level, configuration can be related to the structure of the firm. However, configuration can also apply to the way CRM is configured. While highly structured firms may be more efficient, they may also be rigid and inflexible. If the market requires rapid change and response, highly structured companies may have difficulty adjusting their CRM efforts to meet the challenges of the new environment.

Information systems, as part of CRC, refer to the software and hardware delivering the CRM functionality, and their use differs significantly across companies (Zahay & Griffin, 2004). Information systems have been demonstrated to have a positive effect on CRM profitability (Ku, 2010), but their effects on CRM success and implementation are moderate (Reinartz, Krafft, & Hoyer, 2004). This is because information systems are simply tools and their success is determined by how a company uses them especially since many companies adopt off-the-shelf solutions delivered by outside vendors.

5. Strategic Type as a Facilitator of CRM Success

How do different strategic types handle CRM initiatives and which characteristics facilitate or hinder their success? The core proposition we advance is that strategic types will exhibit different customer relationship capabilities (CRC) and will therefore use CRM for different strategic purposes.

Figure 2: **Customer Relationship Orientation Based on Strategic Types**



Defenders “seal off” a niche in the market and “create a stable set of products and customers” (Miles et al., 1978, p. 552). Some characteristics of defenders which could lead to CRM success include their experience with good planning, evaluation and optimization, and the ability to focus on and solve problems efficiently. When implementing a new business strategy, defenders strive for forward and backward integration (McDaniel & Kolari, 1987). They provide the best customer service and focus on customer satisfaction more than any other strategic type (Hambrick, 1983; McDaniel, & Kolari, 1987). They also have the most efficient marketing and market-linking capabilities, which positively impact their performance (Conant, Mokwa, & Varadarajan, 1990; Sang, Di Benedetto, & Nason, 2007).

Though a defender would undertake a CRM effort for cost reduction and increased operational performance, the effort would be planned in detail and would not be launched without absolute conviction regarding its efficiency. Just as important, the effort would be undertaken with the objective to better serve customers. However, because of the defender’s rigid organizational structure, flexibility is likely to be low, meaning it will take time before a functional CRM system is implemented.

Prospectors are “flexible” innovators willing to launch promising new products and to change their organization to meet market needs. A unique characteristic of prospectors is their high technological orientation (Song, Di Benedetto, & Nason, 2007), which gives them the flexibility to quickly implement CRM. The combination of technology and this strategic orientation also results in significant profit (Song, Di Benedetto, & Nason, 2007). Seeking differentiation, CRM could be a primary enabler for a prospector and the improvement of the implementation process and deployment would be ongoing. Prospectors operate through the acquisition of higher market share (Hambrick, 1983, Parnell & Wright, 1993; Pleashko, 2007) and to maintain it they search for new markets. Since they do not stay focused on a single market for long, their CRM efforts are likely to be more tactical than strategic. The prospector's flexibility is high and under the pressure of unexpected change it will take little effort to modify its CRM strategy or even start a new implementation based on a new system. However, it is possible that an existing CRM system may not be optimal in a new market. Therefore, while prospectors may be quick to adopt a CRM system, its long-term success is not guaranteed.

Analyzers "balance" risk and effectiveness. Their second-but-better strategy (Walker, Boyd, & Larreche, 2003) makes them the most profitable of all strategic types (Parnell & Wright, 1993).While prospectors rely on new customers, and defenders rely on serving existing customers at a low cost, analyzers focus on their customers' loyalty. Thus, CRM initiative success should be of greatest importance to analyzers. Analyzers try to maintain optimum levels of innovativeness and efficiency, which should lead to moderate performance on orientation and configuration but would allow them to extract maximum utility from their CRM initiatives and systems in the long-term. Based on the discussion above, the following propositions are advanced for the different strategic types:

P1a: The speed of implementing a CRM project will be fastest for prospectors, followed by analyzers, and then defenders.

P1b: The number of CRM projects undertaken will be highest for prospectors, followed by analyzers, and then defenders.

P2: The level of success a CRM implementation can reach, independent of time, will be highest for defenders, followed by analyzers, and then prospectors.

P3: The long-term effectiveness of CRM implementations will be highest for analyzers.

Based on the propositions above, most failed CRM projects could be ascribed to prospectors since these are the firms quickest to implement CRM. Alternatively, defenders are relatively slow implementers of CRM but they do so with high precision and realize high levels of success. However, after initial success, defenders could have problems in the long-term due to their inflexibility. Analyzers stand in the middle in terms of CRM initiative adoption but have greater chances for long-term success and system utilization.

An internal factor that influences the level of CRM initiative success is the way in which a strategic firm type uses CRM. Langerak and Verhoef (2003) identify operational excellence, customer intimacy, and tactical uses of CRM (see Table 1). Operational excellence refers to CRM used to optimize processes and lower costs. Customer intimacy refers to CRM used to build stronger bonds with customers. The tactical use of CRM refers to achieving specific objectives, which indicates that companies use CRM for different purposes.

A careful examination of Langerak and Verhoef's (2003) classification scheme of the strategic uses of CRM reveals that they correspond closely to each of the strategic types. For instance, by defending their market and striving to satisfy their customers' needs, defenders will most likely use CRM to achieve customer intimacy. CRM will serve as a strategic tool for them as they attempt to build relationships and increase the equity of their customers. The defending niche strategy will also result in a long-term CRM orientation. Alternatively, in their continuous search for new opportunities, prospectors will likely make tactical use of CRM. Benefiting from their technological capabilities, they will likely use CRM as a selling tool with a short-term strategy. Finally, in their search for optimum products and relationships by taking the best from both orientations, analyzers will likely use CRM to achieve operational excellence, which will yield a high return on investment. We therefore propose that CRM use will be firm type specific:

P4a: Strategic type determines the strategic use of CRM.

The customer intimate use of CRM has a long-term focus, which helps build relationships. Because defenders will favor the customer intimate use of CRM, the initiative can align with their long-term strategy and there will be no discrepancy between the purpose of CRM and its strategic use. Alternatively, analyzers will favor the operational excellence use of CRM. Since the focus for analyzers is on internal factors with the goal of maximizing profit, the success of CRM is most likely measured in terms of financial performance. Accordingly, a CRM initiative can be considered more short-term oriented. If a CRM project fails to deliver operational excellence, it can be abandoned relatively easily.

Should an analyzer decide to focus on a new market, some customer relationships will be terminated in favor of building others. Finally, the tactical use of CRM serves different and potentially changing objectives. With a short-term focus on selling, prospectors will favor the tactical use of CRM since an initiative can be relatively easily implemented and abandoned as objectives change. However, since they are concerned more with acquiring new customers than with maintaining existing relationships, for prospectors, the purpose of CRM is likely at be least aligned with its strategic use. Since changing markets and niches often prevents prospectors from building long-lasting customer relationships and since the objective of using CRM to build relationships, CRM use does not align well with the strategy of the prospector. In terms of our proposed framework, the highest rates of CRM failure will therefore be associated with the tactical use of CRM while the lowest rates of failure will be associated with the customer intimate use of CRM.

P4b: The strategic use of CRM affects CRM success.

Table 1: Classification Scheme of CRM Strategic uses*

Characteristics:	Operational Excellence CRM (Analyzers)**	Customer Intimate CRM (Defenders)**	Tactical CRM (Prospectors)**
Value discipline:	Operational excellence	Customer intimacy	Not applicable
Strategic orientation:	Process	Customer	Product / sales
Organization structure:	Process teams	Customer teams	Functional
Organization culture:	Market oriented	Customer oriented	Transaction oriented
Top management commitment:	High	High	Low
CRM level:	Strategic	Strategic	Tactical
CRM focus:	Repeated transactions	Relationships	Selling
CRM objectives:	Cost reduction and loyalty	Customer equity	Marketing efficiency and selling
Customer segmentation:	Behavior (profit) based	Need behavior (profit)	Response based
Role of IT:	Facilitating	Facilitating	Driving
Time horizon:	Mid-term	Long-term	Short-term

* Adopted with modifications from Langerak and Verhoef (2003)

** Corresponding strategic types to the CRM strategic uses

6. External Factors of CRM Success

While external factors such as culture, technology and legislation are important, our analysis and conceptual framework are focused on industry and customer relationships since they represent two of the most important concepts of management and marketing. The importance of industry is highlighted by Reinartz and Kraft (2003) who point to external factors such as industry and distribution channels as being just as important as internal factors. Further, Amit and Schoemaker (1993) propose that the strategic assets (internal factors) should match the external factors in order to produce rents.

Organizational ecology offers an explanation of how the strategy of firms is connected to industry (Astley & Fombrum, 1983; Britain & Freeman, 1980; Zammuto, 1988). It suggests that different strategic types form and prefer to operate in specific niches with different caring capacities, which have formative and mature stages. Though the definition of a niche is somewhat loose, and while it is close in meaning to a new target market, it is perhaps best thought of as a substantial segment of customers with an unmet need. With respect to the strategic types, prospectors will enter the niche first, or as Miles et al. (1978) say, will "design" it. As the niche expands and matures, analyzers will follow suit, followed then by defenders. This view provides additional support for the proposition that prospectors will use CRM tactically when entering a new profitable niche. Since there will be less competition, they will not rely exclusively on CRM for success. When the competition increases by analyzers and defenders joining the niche, prospectors will compete, but they also will be searching for a new niche. Because defenders will enter last, they will find themselves in a competitive market and will need to manage their customers and operational costs utilizing CRM. As an industry matures and attracts new entrants, competition for customers increases and CRM becomes more important. The firm that manages its customers best enjoys higher profits.

The second industry characteristic impacting CRM success is turbulence, as indicated by the level of competition in an industry. Industries with high levels of competition are sometimes called hypercompetitive. The presence of hypercompetition in expanding markets places great pressure on firms and forces them to reconsider their strategies. Frazier and Antia (1995) argue that intense competition leads to worsened relations, and that uncertainty in the environment leads to the increased need for relationships. CRM success is expected to increase in such an environment. Thus, the more heterogeneous the environment, the more successful the CRM efforts are likely to be. Therefore, the following proposition is advanced:

P5: The effect of strategic type on CRM success will be more pronounced in (a) mature, or (b) turbulent industries, than in immature industries, or industries reaching equilibrium.

In addition to industry, inter-firm relationships, as an external factor, can also play an important role in CRM initiative success. While the network-based view of the firm (Astley, 1984) provides insight into CRM efforts by recognizing that the network in which firms are connected plays an important role in performance, more recent advances in the marketing literature discuss the validity of basic assumptions in relationship marketing in the business-to- customer (B2C) environment. Fournier (2002) discusses three myths about CRM that speak to some critical and underlying problems with CRM initiatives: that relationship goals are actionable; that loyal customers exhibit supportive attitudes and behaviors; and that the economics of the relationships are overwhelmingly positive. For instance, Reinartz and Kumar (2000) argue that long-term customers are not necessarily always profitable. In addition, increasing competition in the environment (Frazier & Antia, 1995) accompanied by high turbulence approaching hypercompetition (Wiggins & Ruefli, 2005) could negatively affect efforts to build lasting and profitable relationships. In fact, Johnson and Salnes (2004) demonstrate how, in combination with specific environmental characteristics, acquaintances could be more profitable than partners in established relationships. What is more, some consumers might simply be transaction oriented and feel no need for relationships (Anderson, 2002; Zinkhan, 2000). In short, building relationships with customers may not always be desirable since in some cases they may be too costly to maintain. Hence, CRM initiatives will not succeed in environments that do not favor relationships.

P6a: The effect of strategic type on CRM success in a B2C context is moderated by the feasibility of customer relationships.

Similarly, in a business-to-business (B2B) context, the need for and the nature of relationships can also vary. In order for a relationship to become a relational partnership, there should be a strong relationship intention between the parties (Kumar, Bohling, & Ladda, 2003). The interaction of the firm with its business clients includes a web of successful and unsuccessful relationships. These relationships, then, are not under the total control of the firm. Firms can adjust their behavior to meet their clients' specifics but the range of adjustment is confined within the limits of their own strategic orientation. Some firms will match naturally, some will need to adjust, and some will not work well together at all.

Since the long-term purpose of every relationship is the obtaining of relational rents (Dyer & Singh, 1998), we expect the strategic orientation of the firm to play a critical role in determining patterns of relationship initiation and maintenance. Based on the work of Dyer and Singh (1998), Kumar, Bohling and Ladda (2003), and the summary in Table 2, we propose that *defenders* will not enter into every possible relationship. Instead, they will cautiously and thoughtfully examine a relationship's potential equity. Striving for effective governance in order to achieve lower costs, defenders will invest in a long-term relationship if they are sure of their partner's reliability and stability. Their relational intention will be moderate because they will enter into a relationship not for potential favorable development but to secure low costs or repeated transactions. Relational specific assets will be high because it is an opportunity to further lower costs of future transactions and knowledge sharing routines will be moderate on average since knowledge is their major asset. The complement of their resources and capabilities is moderate because although they have an efficient structure, it is so specialized that it might not work.

Analyzers, with their core products and technologies, will have a moderate level of relationship intention but high relationship capability. They approach a relationship like acquiring an asset. With building profitable and reliable relationships as a major strength, their core activities make them less dependent on the environment.

Prospectors will have a low relationship orientation. Always searching for opportunities and ready to terminate relationships if other opportunities arise, prospectors will be reluctant to invest in a relationship. They will, however, be ready to transfer knowledge from their partners because it could supply them with new ideas.

Table 2: a) Strategic Orientation and Relational Rents

	Defender	Prospector	Analyzer
Relationship Intention	High	Low	Moderate
Relation-specific assets	High	Low	Moderate
Knowledge-sharing routines	Moderate	Moderate	High
Complementary resource and capabilities	Moderate	Moderate/Low	High
Effective governance	Moderate	Low	High

Table 2: b) Nature of the Relationships between Strategic Types

	Defender	Prospector	Analyzer
Defender	- Relatively easy to establish after some time of adjustment and careful selection - Stable over time - Transaction oriented	- Easy to establish but not likely to happen - Unstable over time - Different goals, but transaction oriented from both sides	- Moderate difficulty to establish - Relatively stable over time - Mixed objectives
Prospector		- Easy to establish - Difficult to prolong	- Moderate difficult to establish - Unstable over time
Analyzer			- Easy to establish - Very stable over time - Purely relationship oriented

Given the discussion above, a relationship between defenders is likely to be stable. Both will honor their contracts and will try to build a closer relationship as long as it promises efficiency. A prospector and a defender will have an unstable relationship because it will exist until the prospector finds another innovative idea and moves on. A stable long-term relationship between two prospectors seems to be impossible - they might have frequent transactional activities but neither will invest in the relationship. Analyzers, in contrast, will be able to maintain relatively stable relationships with their partners. Prospectors bring uncertainty but defenders and analyzers are reliable partners. Importantly, analyzers will be able to adjust their relationships in turbulent environments.

P6b: The effect of strategic type on CRM success in a B2B context is moderated by the strategic orientation of customers.

7. Conclusions and Implications

This paper develops a conceptual contingency framework for CRM success and offers a set of propositions that can be tested empirically. The strategic orientation typology literature (Miles et al., 1978) provides an opportunity to integrate firm orientation, environmental factors, and customer relationships for the development of a broad framework for understanding CRM implementation success and failure in both business-to-customer and business-to-business contexts.

From a managerial perspective, the framework may provide valuable insight regarding relationship-building efforts in a B2B context. For instance, the summary in Table 2b, which represents the tendency of the strategic types to engage in relationships, may have important practical implications for CRM implementation and success. If empirically supported, the CRM efforts should be concentrated on the "weak" cells in Table 2b.

CRM is not a panacea and will never change the strategic identity of a firm but it could change its attitude toward a more stable set of relationships. The implication for managers is to identify the strategic orientation of their clients and act accordingly. Our position is that the situation is likely to be discouraging for prospectors since they may be forced to be the first to adopt a CRM perspective because of shrinking industries. Further, their CRM projects may fail because of their inability to concentrate and build efficient systems. However, prospectors, as "designers of the dynamic networks," might be instrumental in making CRM applications popular. Analyzers may be in the process of adopting CRM systems and integrating them more carefully in small chunks. In new and embryonic industries, more prospectors are expected to be born and thus CRM efforts will be high. If clients come from mature industries, it will pose fewer burdens on the CRM systems because primarily analyzers and defenders will remain. However, if the industry is profitable, clients will not be as concerned about relationships.

Finally, the proposed framework, based on the strategic orientation of the firm, may prove to be helpful in understanding why so many CRM projects have failed. CRM initiatives that were first adopted by innovative companies (prospectors) may have lacked the required focus and capabilities. The framework also shows that CRM is not suitable for every company. Also, when building a relationship, firms should consider their own strategic orientation and the orientation of their clients if they want to have at least a minimal level of predictability for the success of the relationship and of the CRM initiative.

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