Chapter 2.16
Developing a Global CRM Strategy

Michael Shumanov
Monash University, Australia

Michael Ewing
Monash University, Australia

ABSTRACT
While the managerial rationale for adopting customer relationship management (CRM) has been fairly well articulated in the literature, research on strategy development is scant. Moreover, reports of “CRM failures” in the popular business press have done little to inspire confidence. To date, what little research has been conducted in the area of CRM strategy development has been confined to a single country (often the U.S.). Global CRM strategy development issues have yet to be specifically addressed, particularly which elements of CRM strategy should be centralised/decentralised. The present study examines the complexities of global CRM strategy using the case of a leading financial services company. Interviews are conducted in 20 countries. Global Head Office and external IT consultant perspectives are also considered. Our findings confirm that a hybrid approach has wide practical appeal and that subsidiary orientation towards centralisation/decentralisation is moderated by firm/market size and sophistication.

INTRODUCTION
Recent advances in information technology (IT) have enhanced the possibilities for collecting customer data and generating information to support marketing decision making. CRM has been heralded by some as being the key to delivering superior business performance by focusing organisational efforts towards becoming more customer-centric and responsive (Davenport, Harris, & Kohli, 2001; Puschman & Rainer, 2001). However, others have cautioned that increasing information may actually increase the complexity of the decision-making process thereby adversely affecting decision-making performance (Van Bruggen, Smidts, & Wierenga, 2001).
Developing a Global CRM Strategy

Much of the extant academic literature on CRM has focused on identifying antecedents and consequences (e.g., Bull, 2003; Day & Van den Bulte 2002; Kotorov, 2003; Ryals & Knox, 2001). CRM has been variously conceptualised as (1) a process (e.g., Day & Van den Bulte, 2002; Galbreath & Rogers, 1999; Srivastava, Shervani, & Fahey, 1998); (2) a strategy (e.g., Croteau & Li, 2003; Verhoef & Donkers, 2001); (3) a philosophy (e.g., Fairhurst, 2001; Reichheld, 1996); (4) a capability (e.g., Peppers, Rogers, & Dorf, 1999) and (5) a technology (e.g., Shoemaker, 2001). Although there is clearly more to CRM than technology (Day & Van den Bulte, 2002; Reinartz, Krafft, & Hoyer, 2004), it is important to recognise that technology does play a central role in supporting the seamless integration of multiple customer touch points. IT also enables organisations to collect, store, develop, and disseminate knowledge throughout the organisation (Bose 2002; Crosby & Johnson, 2001). Customer knowledge is critical for successful customer relationship management (Crosby & Johnson, 2000; Davenport et al., 2001; Hirschowitz, 2001).

CRM Defined

The importance of technology in enabling CRM is exemplified by the attempts at defining the concept. CRM has been defined as the alignment of business strategies and processes to create customer loyalty and ultimately corporate profitability enabled by technology (Rigby, Reichheld, & Schefter, 2002). In a similar vein, Ryals (2002) defines it as the lifetime management of customer relationships using IT. E-CRM is defined as the application of customer relationship management processes utilising IT and relies on technology such as relational databases, data warehouses, data mining, computer telephony integration, Internet, and multi-channel communication platforms in order to get closer to customers (Chen & Chen, 2004; Fjermestad & Romano, 2003). In many respects e-CRM is a tautology in that without “e,” or technology, there would be no CRM. We therefore standardise on the term CRM throughout the paper.

As a business philosophy, CRM is inextricably linked to the marketing concept (Kotler, 1967) and market orientation, which stresses that firms must organise around, and be responsive to, the needs of customers (Kohli & Jaworski, 1990; Narver & Slater, 1990). From a capability perspective, CRM needs to be able to gather intelligence about current and prospective customers (Campbell, 2003; Crosby & Johnson, 2000; Davenport et al., 2001; Zablah, Bellenger, & Johnston, 2004) and apply that intelligence to shape its subsequent customer interactions. Furthermore, CRM processes need to acknowledge that relationships develop over time, have distinct phases, and are dynamic (Dwyer, Schurr, & Oh, 1987). Adopting this view highlights that CRM processes are best thought of as longitudinal phenomena. The interesting feature for firms is that they should interact and manage relationships with customers differently at each stage (Srivastava et al., 1998). Essentially, CRM involves the systematic and proactive management of relationships from initiation to termination across all channels (Reinartz et al., 2004). Another aspect of the relationship continuum is that not all relationships provide equivalent value to the firm. CRM requires firms to allocate resources to customer segments based on the value of the customer segment to the firm (Zablah et al., 2004; Zeithaml, Rust, & Lemon, 2001).

CRM Strategy

A high degree of CRM process implementation is characterised as where firms are able to adjust their customer interactions based on the lifecycle stages of their customers and their capacity to influence or shape the stages (i.e., extending relationships, Reinartz et al., 2004). Standardising CRM processes enables consistent execution to customers across all delivery channels. Successful CRM also requires organisational align-
Related Content

Blog Marketing: Potential and Limits
www.igi-global.com/chapter/blog-marketing-potential-limits/41290?camid=4v1a

What Has Been Learned from Emergent Music Business Models?
www.igi-global.com/article/has-been-learned-emergent-music/1886?camid=4v1a

How Consumer Perceptions of Network Size and Social Interactions Influence the Intention to adopt Peer-to-Peer Technologies
www.igi-global.com/article/consumer-perceptions-network-size-social/1892?camid=4v1a

Balancing Accuracy of Promised Ship Data and IT Costs
www.igi-global.com/chapter/balancing-accuracy-promised-ship-data/9308?camid=4v1a