Chapter 7

The Role of Customer Relationship Management in the Global Business Environments

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ABSTRACT

This chapter reveals the role of customer relationship management (CRM) in the global business environments, thus describing the theoretical and practical concept of CRM; the components of CRM in terms of key customer focus (KCF), CRM organization, knowledge management (KM), and technology-based CRM; the significance of CRM in global business; the significance of organizational characteristics in CRM; and the implementation of CRM in global business. The achievement of CRM is vital for modern organizations that seek to serve suppliers and customers, increase business performance, strengthen competitiveness, and acquire routine success in global business. Thus, it is essential for modern organizations to consider their CRM applications, create a strategic plan to consistently investigate their dynamic promotions, and instantly respond to CRM needs of customers. Applying CRM will significantly improve organizational performance and accomplish strategic goals in the global business environments.

INTRODUCTION

CRM is one of the most famous strategies to identify customers and attract customer satisfaction (Pamsari, Dehban, & Lulemani, 2013). The use of CRM technology is expected to enhance organizational capability to sustain profitable customer relationships through the integration and sharing of information that influences the efficient interactions between organization and customers (Mohammad, Rashid, & Tahir, 2013), and the appropriate analysis of customer data (Mukerjee, Singh, 2009).

CRM is a major part of organizations’ strategies to increase consumption of customers with the goal of profit maximization (vom Berg, Valdés, Memari, Barakat, & Gómez, 2014). CRM is one of the most complicated innovations in organizations (Keramati, Nazari-Shirkouhi, Moshki, Afshari-Mofrad, & Maleki-Berneti, 2013). CRM is a central perspective of business intelligence, and sales campaigns are

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often used for improving customer relationships (Yao, Sarlin, Eklund, & Back, 2014). Ensuring customer satisfaction and maintaining long-term relationships with customers have become essential for survival among competitive service industries (Cheng, Yang, & Teng, 2013).

Maintaining long-term customer loyalty has been an important issue in the service industry (Hsieh, Chen, & Yuan, 2014). Strong customer relationship is an important perspective of proving the organization with competitive edge and maximizing organizational income (Jang, Kim, Lee, & Kim, 2013). A basic change in CRM thinking is needed to shift the focus of CRM from empowering organizations to empowering customers (Saaritjarvi, Karjaluoto, & Kuusela, 2013).

The strength of this chapter is on the thorough literature consolidation of CRM. The extant literature of CRM provides a contribution to practitioners and researchers by describing a comprehensive view of the functional application of CRM to appeal to different segments of CRM in order to maximize the business impact of CRM.

BACKGROUND

Interest in CRM began to grow in 1990s (Ling & Yen, 2001; Xu, Yen, Lin, & Chou, 2002). The changing environment forces the companies to change their focus from customer acquisition to customer retention (Sheth, 2002) by building relationships with customers and adding more value to goods and services (Lindgreen & Wynstra, 2005). In the late 1990s, CRM is formed as a popular business term, which holds the same roots with relationship marketing and enhances the paradigm with the emerging information technology (IT).

The low level of success rates, the unsuccessful CRM implementations may lead to decrease in customer satisfaction and customer loyalty (Richards & Jones, 2008). As a result of the low success level of CRM, measurement models are proposed by both scholars and practitioners. The mentioned frameworks are classified into two groups: partial measurement model and holistic measurement model. The process of an organization is considered as one of the main components of CRM (Chen & Popovich, 2003; Mendoza, Marius, Perez, & Griman, 2007).

ROLE OF CUSTOMER RELATIONSHIP MANAGEMENT IN GLOBAL BUSINESS

This section reveals the theoretical and practical concept of CRM; the components of CRM in terms of KCF, CRM organization, KM, and technology-based CRM; the significance of CRM in global business; the significance of organizational characteristics in CRM; and the implementation of CRM in global business.

Concept of Customer Relationship Management

CRM refers to a firm’s activities for establishing and maintaining relationships with its customers (Kalaighnanam & Varadarajan, 2012). CRM is widely accepted as an effective approach for collecting, analyzing, and translating valuable customer information into managerial action (Ernst, Hoyer, Krafft, & Krieger, 2011). The concept of CRM has traditionally been considered as a set of philosophies, strategies, systems and technologies that will effectively manage the transactions of customers with
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