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Issues and Perspectives in Global Customer Relationship Management

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Over the past few decades, cross-border business has experienced unparalleled growth. This growth is due to advances in communication and information technologies, privatization and deregulation in emerging economies, and emergence of the global consumer. As the era of globalization continues to manifest through the emergence of global companies, the importance of customer relationship management (CRM) in these companies has become increasingly significant. Global CRM (GCRM) is the strategic application of the processes and practices of CRM by firms operating in multiple countries or by firms serving customers who span multiple countries, which incorporates relevant differences in business practices, competition, regulatory characteristics, country characteristics, and consumer characteristics to CRM strategies to maximize customer value across the global customer portfolio of the firm. In this article, the authors present an overview of the GCRM environment and the challenges in formulation and implementation of CRM across national boundaries as a source of sustained advantage. The authors also provide a conceptual framework for GCRM and recommendations for future research in Global CRM.

Keywords: customer value; Global CRM; loyalty programs; cultural issues; global environment

Corporate businesses in the Americas; Europe, Middle East, and Africa (EMEA); and Asia-Pacific have been practicing customer relationship management (CRM) for some time (LaValle and Scheld 2004). Business organizations that aspire to leverage global strengths (in terms of products or processes to strengthen relationships with customers) have to face the reality of differences across countries and cultures of those relationships due to the differences in the marketplace. Corporate businesses that try to implement CRM successfully even in a single market face a tough challenge as evidenced by the following working definition of CRM:

> CRM is the strategic process of selecting the customers a firm can most profitably serve and of shaping the interactions between a company and these customers with the goal of optimizing the current and future value of the customers for the company. (Kumar and Reinartz 2006, 6)

Operationally, CRM can thus be described as the process for achieving a continuing dialogue with customers, across all available touch points, through differentially tailored treatment, based on the expected response from each customer to available marketing initiatives, such that the contribution from each customer to overall profitability of the company is maximized.

As this definition reveals, CRM is an enterprise-wide process potentially affecting decisions as wide-ranging as marketing communications, pricing, customization of products and services, resource allocation across different customers or customer groups, and customer support services.

In recent years, interest in CRM has been growing in both the academic literature and business press. To date, however, there has been little academic research focusing on global CRM (GCRM). By GCRM, we refer to a firm operating in multiple countries or serving customers who span multiple countries. GCRM can be practiced by firms selling services, tangible goods, or some combination and encompasses companies serving other businesses as well as those selling directly to the end consumer. CRM becomes GCRM when the firm or its customers span multiple countries or global regions. The practice of CRM is also known by other labels. For example, Peppers and Rogers (1993, 1997, 1999, 2004) and Peppers, Rogers, and Dorf (1999) popularized the term *one-to-one marketing*, particularly in the business-to-consumer (B2C) context. Relationship marketing is a long-established practice in the business-to-business (B2B) realm, and recently *global account management* is commonly used to refer to processes and practices to coordinate a firm's activities with (key) multinational customers (Montgomery, Yip, and Villalonga 1999). We propose a definition of GCRM as follows:

GCRM is the strategic application of the processes and practices of CRM by firms operating in multiple countries, or by firms serving customers who span multiple countries, which incorporates relevant differences in business practices, competition, regulatory characteristics, country characteristics, and consumer characteristics to CRM strategies to maximize customer value across the global customer portfolio of the firm.

In this article, we focus on various factors that affect the success of firms practicing CRM across national boundaries or cultures. Following this, we elaborate on these factors as we review the relevant background literature and present a conceptual framework for GCRM. The next section explores challenges and considerations in the GCRM environment. Finally, we discuss CRM practices across cultures and conclude with suggestions, which will stimulate further research in this important and growing area.

FACTORS AFFECTING CRM ACROSS NATIONAL BOUNDARIES OR CULTURES

We identified three categories of factors that affected the success of firms practicing CRM across national boundaries or cultures. The first were external to the firm and arose from differences in customer expectations, drivers of satisfaction, loyalty, profitability, and customer value across countries or cultures. The second were also external and arose from differences in the competitive environments, technological infrastructure, political systems, and regulatory variations between countries around the globe. The third were internal to the company and arose from differences in the challenges faced by global firms in forming a customer-oriented organization, which already encountered challenges in the form of culture and power issues. We used these factors, grouped broadly into customer-level and firm-level differences, in examining the extant literature on issues affecting the practice and success of GCRM efforts.

Customer-Level Differences

Heterogeneity among customers on various dimensions including product preferences, shopping habits, and media exposure, though substantial within a given country, is even greater when customers span different countries and global regions. Ward (2005) described how Carrefour, the French retail chain, led Wal-Mart in China in identifying and dealing with the local economy's desired buying experience, and warned

The consequences (of GCRM) are non-trivial. Every aspect of CRM, from IT and supply chain to marketing and strategy, must be reassessed in a global corporation. IT has to model customers differently across borders, and figure out how to align reporting. Marketers have to know the laws about sharing data. Sales people need to communicate sensitively. (p. 3)

Cyr et al. (2005) studied within- and between-culture preferences for participant perceptions of trust, satisfaction, and e-loyalty for a local versus a foreign Web site across four countries, the United States, Canada, Germany (more individualistic), and Japan (more collectivist). They found that Japanese Web users trusted a local Web site least, were least satisfied, and were least loyal as compared to the other three countries. Understanding such differences could help a global firm decide the best strategy for designing Web sites for e-commerce purposes or communication channels with customers.

In another study focusing on cultural differences, Cline (2005) proposed a solution to differing privacy needs among customers in different cultures. He classified customers as "privacy fundamentalist," "privacy pragmatist," and "privacy unconcerned." He proposed that companies should show groups of current customers different examples of privacy policies with different opt-in and opt-out choices. Finally, he proposed a variety of reward schemes for providing personal information, so that customers in different cultures could self-select the level of privacy with which they were comfortable.

Iacobucci et al. (2003) found that there were important differences in the drivers of repeat purchase such as cost, value, quality, and service in the four regions of Asia, Latin America, Northern Europe, and Southern Europe. For example, they found a stronger link between the human elements of service and sales representatives on repeat purchase intentions for collectivistic cultures compared to the more individualistic cultures. De Wulf, Odekerken-Schröder, Iacobucci (2001) studied the effects of investments in consumer relationships across three countries (United States, Belgium, and the Netherlands) in two product categories (food, apparel) and found that direct mail does not affect perceived relationship investment in the United States, that preferential treatment is not effective in any of the three countries, and that interpersonal communications and tangible rewards are effective in all three countries.

Firm-Level Differences

IBM Global Services (LaValle and Scheld 2004) described the drivers of successful CRM in three global geographic areas: Americas; Europe, Middle East, and Africa (EMEA); and Asia-Pacific. The differences in the drivers of success delineated the differences confronting the practitioner of GCRM. For example, businesses in the Americas found CRM value proposition development the greatest challenge, whereas businesses in EMEA found capabilities and risk assessment, customer data integration and data ownership, and process change the greatest challenges in implementing CRM. Companies in Asia-Pacific found stakeholder assessment and CRM value proposition development most challenging. Businesses in all three areas found that process change was very important for successful CRM, whereas organizational alignment figured higher on the CRM priority list for EMEA companies, lower for companies in the Americas, and lower yet for businesses in Asia-Pacific.

The above examples illustrate differences in customers and country characteristics that confront firms practicing GCRM. In the following section, we build on these and other factors to propose a conceptual framework for GCRM.

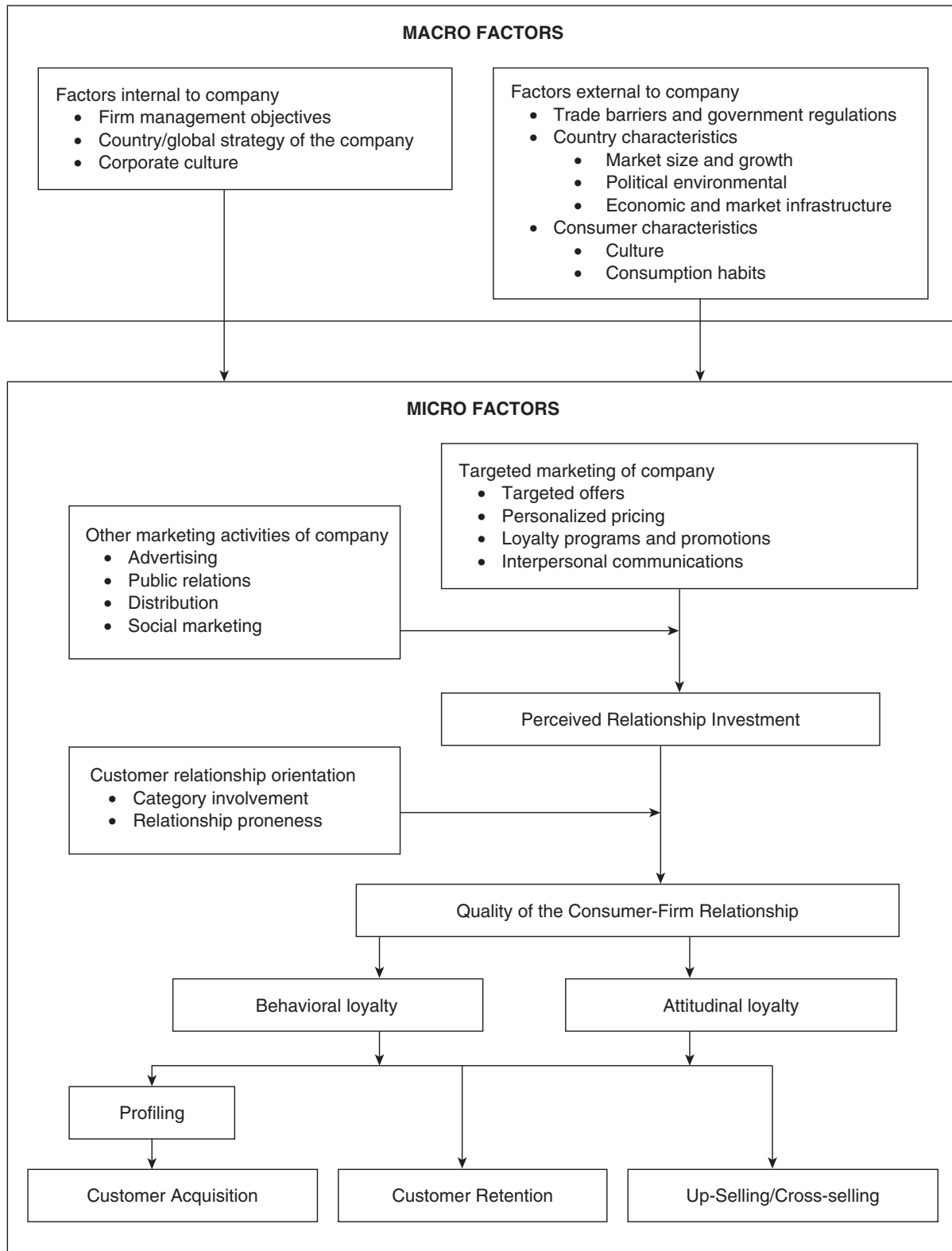## A CONCEPTUAL FRAMEWORK FOR GCRM

Companies that strive to create value for customers across cultures face challenges in terms of both macro and micro factors. The macro factors involve differences that affect entire countries or regions. Quick-service restaurants such as McDonalds have adapted their menus and their positioning of various elements of the marketing mix to the largely vegetarian population in India. In Japan, comparative advertising is a cultural taboo, and consumers are often attracted to the competitor. The micro factors involve individual consumers within those countries or regions. Haagen-Dazs's positioning strategy in China as the luxury brand of ice cream for adults is an example of utilizing micro factors to position effectively the brand for its target segments in that country (Kotabe and Helsen 2001).

We propose a conceptual framework for GCRM (see Figure 1) that consists of both macro and micro factors. We draw on ideas from Douglas and Craig (1995) to develop the macro factors and from the research on cross-cultural retailer-consumer relationships of De Wulf, Odekerken-Schröder, and Iacobucci (2001) and the research of Kumar, Bohling, and Ladda (2003) to develop the micro factors affecting GCRM.

Macro Factors Affecting GCRM

Macro factors include factors internal to the company as well as factors that are external to the company. Internal factors include management objectives, corporate culture,

FIGURE 1
Conceptual Framework for Global Customer Relationship Management

MACRO FACTORS

Factors internal to company
- Firm management objectives
- Country/global strategy of the company
- Corporate culture

Factors external to company
- Trade barriers and government regulations
- Country characteristics
  - Market size and growth
  - Political environmental
  - Economic and market infrastructure
- Consumer characteristics
  - Culture
  - Consumption habits

MICRO FACTORS

Targeted marketing of company
- Targeted offers
- Personalized pricing
- Loyalty programs and promotions
- Interpersonal communications

Other marketing activities of company
- Advertising
- Public relations
- Distribution
- Social marketing

Perceived Relationship Investment

Customer relationship orientation
- Category involvement
- Relationship proneness

Quality of the Consumer-Firm Relationship

Behavioral loyalty

Attitudinal loyalty

Profiling

Customer Acquisition

Customer Retention

Up-Selling/Cross-selling

and country-specific strategies of the company. For example, what role does the country in question play in terms of the portfolio of international businesses of the multinational company? Is it a candidate for continued and increasing investments? How are the international businesses staffed, especially at the senior levels?

Factors external to the company include trade barriers and government regulations, characteristics that are specific to the country, and characteristics that are specific to the consumers in a country. Country-specific characteristics such as market size and market growth, political and environmental orientation, and the economic and market infrastructure impact a company's ability to conduct business in a specific country. Consumer-specific characteristics such as cultural and religious habits, taboos and traditions, and consumption habits impact the reactions of consumers to product categories of interest to international businesses, and to international businesses in general.

Micro Factors Affecting GCRM

Companies that seek to build relationships with individual consumers often engage in targeted marketing activities such as targeted offers via direct mail or e-mail, personalized pricing in the form of targeted coupons, loyalty programs and promotions, and interpersonal communications in an effort to foster warmth and familiarity of the relationship with the consumer. These targeted marketing activities of the firm can directly affect the perceived investment in the relationship with the consumer.

Other marketing activities of the firm can also have an indirect effect on perceived relationship investment. Companies engage in traditional marketing activities such as advertising and distribution, which, though they impact the individual consumer, are designed from a segmentation paradigm, rather than a customization paradigm. These affect the consumer's familiarity with the firm's brands and should thus moderate the effect of targeted marketing activities on perceived relationship investment. Other activities such as public relations, which help fashion the corporate image of the company, and the degree of social responsibility displayed through community outreach and environment-friendly processes also impact the company's perceived interest in the welfare of its consumers and should thus moderate the effect of targeted marketing activities on the perceived relationship investment.

De Wulf, Odekerken-Schröder, and Iacobucci (2001) found evidence that the category involvement of consumers and their relationship proneness moderated the effect of perceived relationship investment on relationship quality. We subsume category involvement and consumer relationship proneness into a consumer-specific construct called *customer relationship orientation*, which

is similar to the *relationship intention* construct of Kumar, Bohling, and Ladda (2003), though it could be applicable to both business and consumer markets. We define *customer relationship orientation* as the extent to which a customer would engage in a relationship with a company, which would be a function of several factors including the category involvement of customers, their relationship proneness in the category, and their history of transactions in the relevant category and in other categories with the company. We hypothesize that consumer relationship orientation would moderate the effect of perceived relationship investment on the quality of the consumer-firm relationship.

De Wulf, Odekerken-Schröder, and Iacobucci (2001) also found evidence that a higher level of relationship quality led to a higher level of behavioral loyalty. We expand this framework by drawing on the research of Kumar and Reinartz (2006), who found that both behavioral and attitudinal loyalty contributed toward increased profitability of consumers through the CRM activities of acquiring customers, retaining customers, and customer expansion through cross-selling and up-selling. Hence, we hypothesize that higher quality of the consumer-firm relationship would lead to higher levels of both behavioral and attitudinal loyalty, and those higher levels of behavioral and attitudinal loyalty would lead to greater profits through effective customer retention and increased customer value through cross-selling and up-selling. Profiling based on behavioral and attitudinal loyalty would also lead to more effective customer acquisition.

The end goal of GCRM is effective customer acquisition, retention, and development via up-selling and cross-selling across nations and cultures, and companies that seek to engage in GCRM will need to manage skillfully the interrelationships between the macro and micro factors that impact customer lifetime value in a global context, as described in this conceptual framework. This framework also proposes relationships between the factors in the model, which will stimulate future research, particularly empirical studies, in this area.

GCRM ENVIRONMENT: CHALLENGES AND CONSIDERATIONS

As outlined above, firms operating in different countries or regions or a single firm whose operations span multiple countries or regions must consider many factors in adopting a GCRM orientation. Thus, firms are likely to face significant challenges, which can be grouped into four areas: (a) technological; (b) economic and market; (c) social and cultural; and (d) political, legal, and regulatory (see Figure 2). Within each of these groups, some

FIGURE 2
Challenges for Global Customer Relationship Management
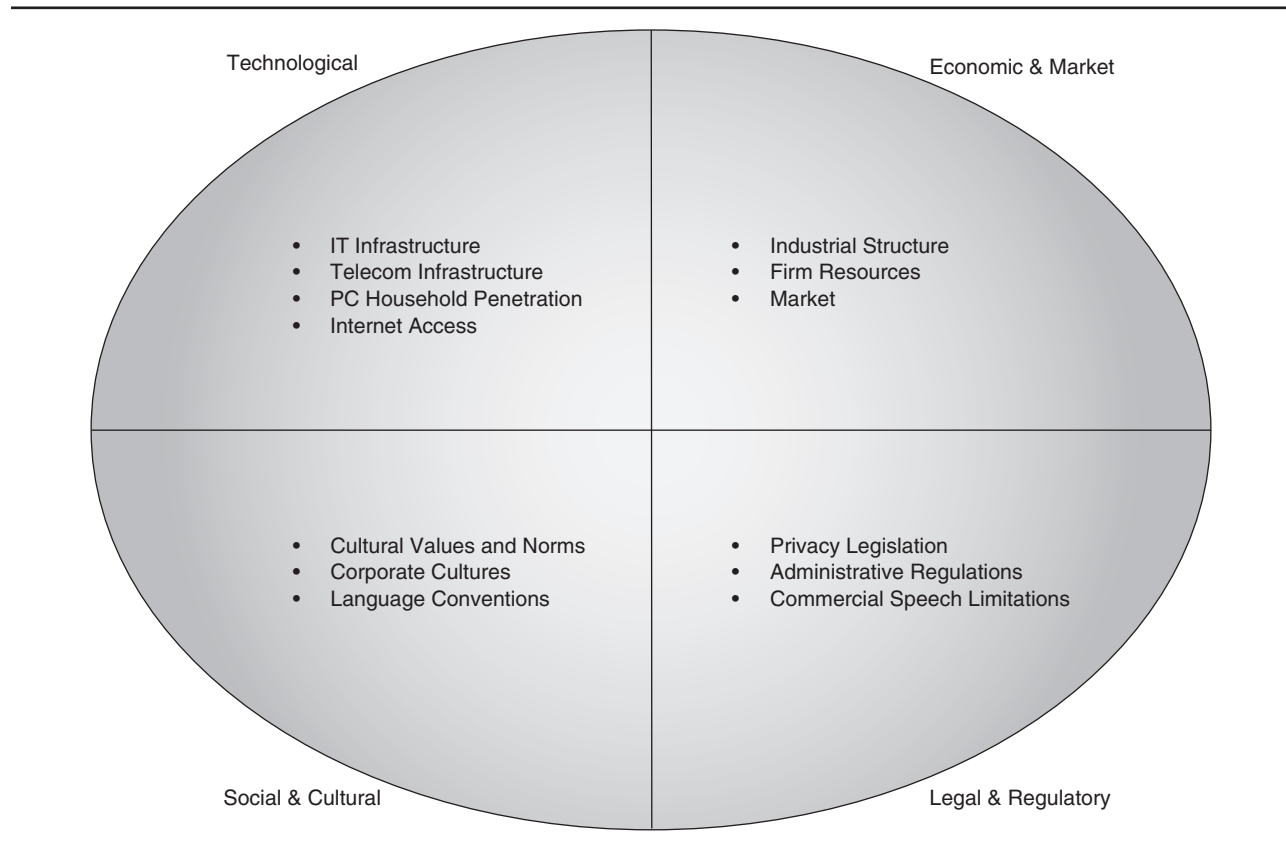
issues are firm-specific whereas others apply more broadly to all firms operating within the country or region.

Technological

Although a customer-centric orientation does not require major investments in information technology (IT), implementing CRM initiatives often does require significant computer hardware and software—especially for firms with large numbers of customers. Stefanou and Sarmaniotis (2003) proposed the following four-level conceptual model of CRM development stages:

1. non-IT-assisted CRM, which relies on manual systems;
2. IT-assisted CRM, in which data is collected manually but uses IT for analysis;
3. IT-automated CRM, which uses IT for customer interaction—what is often characterized as operational CRM; and
4. integrated-CRM (I-CRM), which involves fully integrated systems and analytical CRM.

The level of development of IT infrastructure impacts the amount and quality of customer information available, the ability to analyze the data, and the firm's communication capabilities through different customer interaction channels or touch points.

In terms of customer information, IT capabilities affect data collection, consolidation, consistency, and sharing. The ability to capture transactions and link them to specific customers determines the amount of information available for analysis. Firms in developed countries have gradually increased the usage of electronic point-of-sale scanners and technology combined with shopper identification cards to capture detailed individual customer data in businesses including retail, airlines and hotels, and financial services. In addition, the widespread use of credit and charge cards in economies such as the United States enhances the ability to collect and track individual customer data. Whereas current credit card penetration exceeds 90% in the United States, it is less than 20% in the Asia-Pacific region as a whole and even lower in certain countries (see http://www.devinix.com/g-asiapacific.htm). In economies relying largely on cash

transactions, firms may have access to only limited customer level data.

With integrated IT systems, businesses are able to consolidate information collected from different sources, allowing, for example, a retailer to combine and track a customer's behavior across its bricks-and-mortar stores, catalog, and Internet Web site. Businesses that interact with customers through various channels or touch points or that operate a portfolio of brands such as hotels or casinos recognize the importance of having an integrated, up-to-date, and complete 360° view of the customer (Dyché 2002)

Analytical CRM is emerging as a growing trend in Western markets but can require significant investments in enterprise data warehouses and sophisticated software. For many firms individually and some markets in general, CRM IT investment is limited due to a weak economy or due to frail, older IT infrastructure that is not sufficient for new CRM solutions (Davies 2004; Quan, Hu, and Wang 2005). Although this may be a transient issue for some firms or markets, the costs to implement GCRM can be substantial.

IT capabilities also impact a firm's ability to communicate through different channels or touch points including person-to-person, phone, postal mail, the Internet, kiosks, and e-mail. Companies including Harrah's, Ritz-Carlton, and Continental Airlines use customer data collected in enterprise data warehouses and made accessible to frontline employees to personalize person-to-person interactions. The use of phones as a channel varies considerably depending on the extent of landline communication infrastructure (Dyché 2005). Similarly, the penetration of personal computers and access to the Internet drives the extent to which Web sites and e-mail can be used as customer touch points.

Economic and Market

CRM may be of higher or lower priority depending on economic and market factors in different markets. Kotler and Armstrong (2005) described four levels of industrial structure: subsistence economies, raw material exporting economies, industrializing economies, and industrial economies. To date, the interest in CRM has been concentrated in industrial economies such as the United States and Western European markets. In an empirical study involving B2B firms from 33 different countries from all regions of the world, Montgomery, Yip, and Villalonga (1999) found that U.S. companies were faster than non-U.S. companies to adopt global account management. Talukdar, Sudhir, and Ainslie (2002) used a unique data set that captures the diffusion of six products in 31 developed and developing countries from Europe, Asia, and North and South America (including developing countries such

as China, India, Brazil, and Thailand) to draw empirical generalizations about international product diffusion. They also described the impact of several macro environmental variables (such as international trade and urbanization level) on penetration potential and speed and developed an empirical framework that could guide business managers in evaluating diverse international markets and in doing sensitivity analyses on projected trends.

In addition, the appropriateness of a relationship marketing paradigm for transition economies has been questioned (Batra 1999; Dawar and Chattopadhyay 2002; Pels and Brodie 2004; Wagner 2005). However, with many companies serving growing numbers of international customers and surging economic growth in developing economies, CRM is making inroads into more markets. Still, in markets such as India, which is experiencing rapid growth in many areas, the perceived need for CRM that is often focused on developing and retaining current customers may be low. In such markets, customer acquisition, market share, and keeping pace with demand may be all-consuming. In contrast, in mature markets with low growth potential such as the United States the interest in CRM is higher.

Nevertheless, forecasts by Gartner predict growing investments in CRM for non-Western markets. In particular, the overall Asia/Pacific CRM software license revenue is forecast to grow at a compound annual growth rate of 9.6% from 2003 through 2006 (Dharmasthira, Kumar, and Photduan 2005). Australia, which leads the region in CRM adoption and market size, along with South Korea and China, is expected to continue to dominate the market for CRM. However, despite lagging behind other markets in CRM investment to date, Gartner forecasts the highest growth for China, India, and Thailand, which all have fast-growing economies.

Social and Cultural

The vast majority of the extant CRM literature presumes a Western orientation (Berhad and Tyler 2002). Embedded in this orientation are Western values of self-interest and self-gratification that differ from typical Asian values of filial piety, delayed gratification, loyalty to family, and *Guanxi* (connections and networks of obligation). These differences in values impact a variety of customer-centric activities including the selection of incentives and rewards for loyalty and retention programs as well as the design of the customer experience itself.

To attract and retain valuable customers, the customer experience must be defined and understood within the cultural context. This is particularly true for services because cultural factors tend to have a greater impact on preferences for services as compared with goods (Matilla

1999). For services that involve a high degree of customer interaction with service personnel, cultural elements will have greater impact, and thus service activities need to be adapted to local preferences (Furrer, Liu, and Sudharshan 2000). For example, error-free service may be more important in individualistic cultures, whereas the sincerity of service employees may be more important in collectivist cultures (Raajpoot 2004). Bolton and Myers (2003, p. 114) stated that

> relationships with customers from collectivist societies result in stronger, more intimate, and (thus) more loyal relationships than do relationships with customers from individualistic societies.

As global firms adopt metrics to track customer satisfaction, these differences need to be considered. Whereas the reliability and validity of SERVQUAL for measuring service quality has been demonstrated in North American and European markets, other studies have questioned whether the dimensions hold across different cultures (Winsted 1997). Results from a study in Pakistan suggest that non-Western cultures used different dimensions (sincerity, formality, and personalization) as well as different interpretations of common dimensions (reliability) to evaluate service quality (Raajpoot 2004). Furrer, Liu, and Sudharshan (2000) also found that the relative importance of service quality dimensions differed from culture to culture.

In an empirical study involving one B2B firm providing services across seven countries in three regions (Asia Pacific, Europe, and North America), Bolton and Myers (2003) identified both vertical market segments (i.e., those specific to one country only) as well as vertical segments that transcended national or regional boundaries. This is consistent with the observation that "groups of consumers in different countries often have more in common with one another than with other consumers in the same country" (ter Hofstede, Steenkamp, and Wedel 1999, p. 1). This was an observation supported by their empirical analysis in a B2C consumer packaged goods category. In comparison with global firms using "country segmentation" approaches that cluster countries together and ignore within-country heterogeneity, firms adopting a GCRM perspective based on individual customer-level data should be better able to understand how cultural and other factors impact their customers' preferences for services and goods.

Because complaint handling is an important part of firms' CRM strategies, Mattila and Patterson (2004) examined how cultural values impacted service recovery in an experimental scenario study across two cultures (United States versus Malaysia and Thailand). They found that customer response to different service recovery approaches varied between cultures—for East Asian customers it was particularly important to offer a formal and empathetic explanation, whereas American customers responded to an apology and tangible compensation.

Common to many customer loyalty programs are rewards, recognition, and special status bestowed on high-value customers. Although these may appeal to the self-interest-motivated Western consumer, these incentives may be less effective in non-Western markets. For example, in Asia there may be cultural biases against flaunting wealth (Berhad and Tyler 2002). Cultural norms vary not only between Western and non-Western markets but also across different Western markets. A recent Gartner Research report on CRM in Germany notes that German business culture differs from the Anglo-Saxon business culture—in particular, excellent customer service may lead consumers to be concerned about ulterior motives (Davies 2004). The implication of these studies is that strategies that vary by culture will be superior to a single global strategy.

Cultural differences may pose challenges for even the most basic elements of CRM such as identifying customers by name and communicating in the preferred language. Firms operating in Asian markets must consider potentially complex language preferences. For example, Chinese customers may conduct informal communications in a dialect but use Mandarin for formal communications (Berhad and Tyler 2002). Furthermore, Berhad and Tyler (2002) also noted that it could be a challenge to identify uniquely customers by name in Muslim or Chinese communities where naming customs are quite different from typical Western traditions.

Beyond how cultural differences affect customers' perceptions, there may be different corporate mindsets across regions. A recent Gartner report on CRM in the Asia/Pacific region notes that most of these countries and markets have a manufacturing culture that lacks a customer focus (Dharmasthira, Kumar, and Photduan 2005). McKinsey (2001) also stated that Asian firms' autocratic and hierarchical management structures often made it difficult to develop a true customer-centric focus.

Legal and Regulatory

The customer data collected by companies fuels CRM but also poses significant concerns regarding privacy. International differences in policies are a particular challenge for global companies seeking to use CRM to tailor products and services based on individual customer data (McKenzie 2002). Whereas U.S. firms have considerable latitude to collect, store, and even exchange sell or buy data on individual customers, the general attitude in Europe is that consumers, not the firms, own and control

their personal information. The European Union Data Protection Directive specifies ground rules for the collection and use of individual consumer data. These stipulations are much stricter than those in the United States, particularly for use in direct marketing or for the sale/ exchange of data between firms, and violations can result in heavy fines (Peppers and Rogers 2004).

U.S. firms seeking to do business with European Union organizations must adhere to a set of "Safe Harbor" principles developed by the U.S. Commerce Department regarding notification, choice, disclosure to third parties, security, data integrity access, and accountability. This means that U.S. firms may have to follow different policies regarding data collection and use for customers simply because they reside in different countries. Similarly, in Australia, the Amendments to the Commonwealth Privacy Act 1988 subject private enterprises to 10 National Privacy Principles designed to ensure appropriate management of personal information (Braue 2005).

Customer incentives common in the United States may also be restricted in other countries. Dyché (2002, p. 275) reported that "some countries actually forbid a company from giving incentives to consumers to do business with a partner company, as with car-rental frequent flier miles."

CRM PRACTICES ACROSS CULTURES

As a management concept, CRM is applicable globally. However, just as different countries and regions present different challenges, there are differences in how CRM is currently practiced in different countries. To date, however, there is limited extant literature addressing differences in GCRM practices. In this section, we draw on findings from the academic and business press as well as information from an exploratory study interviewing experts to explore these differences. Interviews were conducted with nine international marketing professors (four in the United States and five outside the United States), five practitioners (two in the United States and three outside the United States), and two consultants in the United States. Though the sample for the interviews is small, we offer the following findings—both similarities and differences across cultures—as a starting point for subsequent, larger-scale research studies to examine more rigorously.

- U.S. multinational corporations (MNCs) generally use a standardized approach to detect customer perspectives and adjust business as needed. In contrast, the European MNCs tend to customize their CRM system from country to country based on their socioeconomic-political differences. U.S. companies justify their standardized approach as a long-term strategy to win in a globalized market that is slowly becoming homogeneous.

- In the United States, greater emphasis is placed on acquiring the best technology to implement CRM. The non-U.S. firms stress the desired outcomes of the system, which determines the appropriate technology to choose. This difference is echoed by Schultz (2000), who identified two "faces" or forms of CRM: the North American version, which is technology-driven and often managed by IT; and the "Nordic School of CRM," which is focused on the goals of building customer loyalty and retention and managed by sales and marketing personnel. Similarly, in a study of CRM implementation models, Henneberg (2005) found a "hard" implementation path, which emphasizes analytical CRM capabilities, and a "soft" implementation path emphasizing customer experience management. Note that Henneberg's sample of German, U.K., and French firms revealed examples of both "hard" and "soft" implementation.

CRM technology encompassing a wide range of features and varying levels of sophistication is available globally. At one end of the spectrum are fully integrated software and hardware suites. However, such an integrated architecture may not be suitable for every firm. The choice of technology should be based in the CRM needs of the company rather than the features a particular architecture provides (Carter 2002a, 2002b; Chung and Sherman 2002). Recent evidence suggests that, rather than trying to transform the entire business, it is often best for a firm to start with narrow, focused projects and then expand to additional areas and processes (Rigby and Ledingham 2004).

- In choosing customers to nurture, non-U.S. companies showed more concern about customer profitability. However, U.S. MNCs, although stressing profitability, did want to grow in terms of customer size. According to the latter, the large customer-base is helpful in spreading the system's costs. For example, U.S. firms in particular embraced loyalty programs as a standard customer relationship tool, and many loyalty programs rewards were based on frequency and quantity of purchase rather than profitability (Kadar and Kotanko 2001).

- Many business and marketing concepts initially evolved in the United States and diffused globally. Although this was the case with large-scale technology and analytically focused CRM implementations, even companies in poor nations such as Bangladesh can establish a Stage 1 or 2 (Stefanou and Sarmaniotis 2003), predominately manual CRM system. Without technology and analytics, customer-centric marketing involves paying attention to the needs, preferences, and interactions of

each customer as if he or she were the only customer. For firms in emerging markets, Chung and Sherman (2002, p. 62) reported CRM successes using relatively low-tech and "pragmatic" approaches and argued that "companies don't need state-of-the-art tools, huge volumes of customer information, and armies of experts to use continuous-relationship marketing effectively."

- U.S. firms, compared with non-U.S. firms, tend to collect a lot of data, some of which are not used. The depth of information collected depends more on the characteristics of the firm (such as large MNCs versus medium-size firms or consumer goods firms versus industrial companies) than on cultural differences of the nations where companies are headquartered. However, culture does make a difference in that certain pieces of information may not be feasible or appropriate to collect or to use in some countries.

- In Europe, there is greater concern (and stricter legislation regarding how data can by used be firms) about the privacy of data that is gathered than in the United States. Some industry watchers predict that in 3 to 5 years an international agency may issue guidelines on privacy with the hope that countries would pass laws to protect the data that firms collect. An international organization, Privacy International, founded in 1990 brings together experts and organizations around the world that focus on issues of privacy.

- Establishing a CRM system can be an expensive undertaking requiring investments up to $100 million or even more for a company. Despite such large investments, there have been numerous business press reports of CRM "failures." According to a study of the International Data Corporation (2001), a little more than a third of the companies interviewed reported that CRM had met their expectations. Two thirds, however, were not satisfied with the investment that they had made in CRM. However, both use of and satisfaction with CRM seems to be improving. A survey of global executives summarized in the Bain 2005 management tool survey (Rigby and Bilodeau 2005) ranks CRM second in usage, lagging behind only strategic planning, and ninth out of 25 management tools in terms of satisfaction. Interestingly, in Asia CRM ranked first in usage in Bain's survey, whereas in North America it ranked ninth. Note that although CRM ranked first in Asia, overall Asian firms had considerably lower usage of management tools compared to the rest of the world (see http://www.bain.com/management_tools/home.asp).

In the midst of global competition, CRM is as important as ever throughout the world. More and more companies understand that investing in CRM is becoming a necessity, although their commitment varies depending on their resources and environment. According to the Gartner Group, companies currently spend about $80 billion on CRM globally. This is 3 times more than what they spent 5 years ago. The influential ideas of Prahalad (Prahalad and Hammond 2002; Prahalad and Lieberthal 2003) may mean that multinationals will increasingly target the economically disadvantaged people in developing countries (the "bottom of the pyramid"). GCRM efforts will thus require such multinationals to identify ways to engage the groups who have very different habits and beliefs about consumption than the relatively affluent customers who have thus far been the traditional market for multinational companies.

SUMMARY AND SUGGESTIONS FOR FUTURE RESEARCH

Businesses around the globe are facing ever-growing challenges. Competition is increasingly global as firms seek new ways to grow and as customers can choose between more alternatives. More and more firms are seeking to expand beyond their traditional national borders and reach a more diverse customer group. At the same time, firms are realizing the value and returns of treating customers as assets—which is a fundamental premise of customer relationship management (Gupta and Lehmann 2005).

Current models of CRM have helped companies develop proven CRM practices that enhance firm performance. However, applicability of these practices in a global context is limited in view of the challenges discussed earlier. Further research is necessary to help firms formulate and implement GCRM, which spans diverse countries and cultures in which global businesses operate. Below, we highlight specific suggestions and topics for future research.

1. *Patterns of usage/implementation:* Research is required to examine the differences in the usage, implementation, and satisfaction with CRM in different regions/countries. Because much of what has been studied has focused on Western and highly developed markets, research in emerging economics such as China and India would be useful. Because expectations of CRM affect the satisfaction levels with CRM, differences in expectations—if any—across countries or regions need also to be considered.

2. *Drivers:* Empirical analysis at regional and global level is needed to determine the drivers or antecedents of GCRM usage and their relationship with GCRM success and satisfaction.

3. *Barriers:* Empirical analysis of the internal and external barriers to CRM at both a regional and global level is needed to help companies develop mechanisms to overcome these barriers.

4. *Impact:* The impact of GCRM needs to be examined on market segmentation, customer acquisition, customer retention, and customer development. Most research studies to date have focused on issues regarding implementation and assessing the impact of CRM. They have not, however, focused specifically on the concept of GCRM or on the factors that determine its success or failure.

5. *Information and cultural issues:* Significant challenges in GCRM relate to quality, completeness, and accuracy of customer information/data. Future research should address the impact of data quality on GCRM implementations and in increasing the effectiveness of CRM under these constraints. Organizations seeking to implement a GCRM project could benefit from research examining data quality and cultural consumer disclosure issues.

6. *Standardization versus customization:* It is important to examine the relevance, merits, and limitations of development and implementation of a standardized GCRM versus customized GCRM. Research is also necessary to determine at what level of the standardization—customization continuum GCRM is most effective and what industry or country factors might moderate this relationship.

7. *Organizational culture:* Adoption of GCRM technologies depends on fundamental change in the organization culture and commitment for building better relationships with customers. In view of this, research could investigate change management practices in organizations, the impact of the level of employee adoption, and intraorganizational communication within a GCRM implementation and their influence on GCRM.

8. *GCRM ROI:* Measuring the ROI of CRM implementations is a complex exercise. It involves determining relevant factors to measure the return on CRM investment; establishing the appropriate time fame to measure ROI; and capturing and analyzing information relating to costs across the organization such as people, processes, software, hardware, and so on. This exercise is further complicated when conducted on a global scale because of lack of clarity and consistency across national boundaries or cultures in what counts as an investment in CRM when measuring the ROI on CRM investments, variations in accounting practices, and difficulties in maintaining and capturing information on various cost components on a periodical basis. Comprehensive research is needed to evaluate the determinants of ROI so that GCRM implementations can be measured objectively.

9. *Customer value metrics and GCRM:* Many forms of customer-based value metrics such as size of wallet, share of category, share of wallet, recency, frequency, and monetary (RFM) methods, and customer lifetime value (CLV) have been identified in the existing CRM literature. The research has also identified a number of limitations of these metrics. Future research therefore must focus on the relevance of such metrics in GCRM context.

10. *GCRM and loyalty programs:* Billions of dollars are spent globally on both CRM systems and loyalty programs. Some authors have questioned the positive effects of loyalty programs (Dowling and Uncles 1997; Kumar and Reinartz 2006; O'Brien and Jones 1995; Reinartz and Kumar 2003; Sharp and Sharp 1997). Examining the relationship between CRM and loyalty programs in global context is a potential area for future research.

CONCLUSION

In practice, CRM is understood in a similar fashion globally. Companies irrespective of geographic location value sound customer relationships. For firms operating in different countries or regions or for a single firm whose operations span multiple countries or regions, regional differences require considerations and pose challenges with regard to technology, economic and market, social and cultural, and legal and regulatory factors. Across cultures, companies concentrate on similar activities in implementing CRM. These include collection and analysis of customer data, analysis of customers' needs and value to the firm, customer selection and acquisition strategies, customer development or expansion via up-selling and cross-selling, development of retention strategies, strategy implementation and result tracking, and making appropriate strategic changes for the future. Globally what is different, however, is the amount of financial commitment to CRM. Companies in developed countries spend more on state-of-the-art technology and systems than those in developing countries. However, even with lower investment, the latter many times are able to achieve significant results from CRM (Chung and Sherman 2002)—perhaps higher returns than their counterparts in developed nations. The key is to make the best use of the limited data available. They put their emphasis on analysis of data and design strategies to win customer allegiance (Ambler 2005). As a result, they may achieve a higher return on their CRM investment than those in industrialized countries.

The increased focus of organizations on understanding the value of forming profitable long-term relationships with their customers has resulted in the rapid growth of CRM systems and programs. Significant research is still needed to make definite conclusions about the implementation and ongoing value of GCRM systems. Given the relevance of this subject to practitioners, and the identified lack of academic attention to this subject, future growth of marketing research in this area is necessary.

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