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Developing a Global CRM Strategy

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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.

Keywords: CRM; financial services industry; global strategy

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).

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 vain, 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 utlising 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 life-cycle 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 alignment (employee reward systems, organisational structure, training procedures) and investments in CRM technology. Interestingly, the level of technological sophistication of CRM technology makes no contribution to economic performance and supports the view that CRM is more than just software (Reinartz et al., 2004).

CRM can be conceptualised at three levels: (1) company wide, (2) functional, and (3) customer facing (Buttle, 2004). This study adopts the company-wide definition of CRM which views CRM as a core customer-centric business strategy focused on acquiring and retaining profitable customers (Buttle, 2004). This requires a customer-centric business culture, formal reward and recognition systems that promote employee behaviours that enhance customer satisfaction and the sharing of customer information and its conversion into useful knowledge.

Unfortunately, CRM's potential has, in many instances, failed to be realised. Successful implementation requires the adoption of a customer-centric business strategy and a redesign of functional activities, workflows, and processes (Galami, 2000; Nelson & Berg, 2000). Some organisations have begun focusing their business strategy around their customers and capturing, sharing, and applying customer knowledge to deliver superior service and customisation (Mitchell, 1998).

However, despite the rhetoric, empirical research on CRM strategy development is scarce. In particular, work on the vexing standardisation/localisation issue is lacking. In this increasingly globalised economy, it is surprising that researchers have overlooked cross-national differences and global CRM strategy issues. To address these gaps, the present study will seek to explore in depth the issues surrounding standardisation versus localisation of CRM strategy development. A case study of a leading financial services company is used to explore these issues. The paper reviews the localisation/centralisation literature, describes the study to be undertaken, and based on the findings draws a number of conclusions regarding global CRM strategy development and highlights areas worthy of future research.

GLOBAL CRM STRATEGY

In an increasingly competitive and complex market environment, multi-national enterprises (MNE's) are under constant pressure to re-assess the degree of autonomy they grant to their local subsidiaries. While headquarters are likely to have more expertise on strategic matters, local subsidiaries are likely to have more information on operational issues and be more responsive to dynamics impacting their specific market. Within a specific MNE context, centralisation refers to where decision making is vested largely with the global parent company (Cray, 1984). By contrast, decentralised organisations are defined as those where each subsidiary has a high degree of autonomy in making decisions on processes and products relevant to the needs of the local market (Edwards, Ahmad, & Moss, 2002).

There is some empirical evidence to suggest that although subsidiaries of global parent organisations may be given some autonomy in making operating decisions, strategic decision making is invariably controlled by the parent organisation (Bowman, Farley, & Schmittlein, 2000), which can be manifested through IT (Roche, 1996). Moreover, IT provides an efficient and effective decision support system to transfer information from the local subsidiary into the parent company's reporting models, increasing the capacity of headquarter management to engage in local company decision making (Clemmons & Simon, 2001; McDonald, 1996). Using a case study approach, Ciborra and Failla (2000) found that IBM failed in its vision for global CRM because of their fixation for standardisation and centralisation and the use of IT to enforce behaviours. Furthermore, they concluded that this variation in CRM adoption at the country level and unique regulatory requirements made the concept of "global CRM" tenuous at best, although they acknowledge that CRM is a "powerful weapon for centralisation" (Ciborra & Failla, 2000, p. 122).

This desire for greater parent company control is a function of perceived risk. That is, the greater the perceived level of risk, the greater the desire for active decision making (Garnier, 1982). The types of decisions likely to require parent company decision making include capital expenditure; acquisitions and divestments; and funding. A criticism of centralised decision making is that it is expensive and that local subsidiaries are unable to react quickly to changes in local market dynamics (Harris, 1992). There is some empirical evidence to suggest that organisations with decentralised decision making performed better than those organisations characterised as having centralised decision making with respect to marketing (Ozsomer & Prussia, 2000). Moreover, highly centralised organisations make less contribution to their host country in terms of investment, knowledge transfer, and management expertise than their decentralised counterparts (Fina & Rugman, 1996).

We have adopted a typology developed by Barlett and Ghoshal (1989) to classify the predisposition of organisations for a globalised/localised orientation. They describe organisations as: global, international, multi-national, and transnational. A global organisation is characterised as driven by the need for global efficiency, while having structures that are more centralised in their strategic and operational decisions. An international organisation is characterised as transferring and adapting the parent company's knowledge or expertise to foreign subsidiaries. The parent retains influence and control, but to a lesser extent than a classic global structure. A multi-national organisation manages its subsidiaries as though they were components of a portfolio of multi-national entities with headquarters exercising low control and low coordination. Finally, a transnational organisation seeks a balance between global integration and local responsiveness. This type of organisation has structures considered to be both centralised and decentralised simultaneously. Transnational firms have higher degrees of coordination with low control dispersed throughout the organisation. Using this typology, our focal firm can be characterised as a global organisation. That is, they employ structures that are more centralised in their strategic and operational decisions, and their products are homogenous throughout the world. Given a centralised structure, most of the decisions are made at headquarter level and imposed on subsidiaries.

Agency Theory

We use agency theory (Ross, 1973) as the theoretical foundation for describing the relationship between headquarters and country subsidiaries. Agency theory refers to the basic agency structure of a principal and agent who are engaged in cooperative behaviour, but having differing goals and attitudes to risk (Ross, 1973). In our research, the principal is headquarters and the agent is the subsidiary organisation. Goal differences, risk tolerance differences, and information asymmetry can create problems in agency relations (Eisenhardt, 1985). The first general problem is differences in the goals of principal and agents. Agents may act in their own self-interest at the expense of the principal. Secondly, principals and agents may have different tolerances towards risk. In the context of CRM strategy development, the principal is likely to have a lower risk tolerance than the agent. The third problem, asymmetric information arises when one party has more information than the other, or when one party prefers to keep some information private.

There are two types of agent behaviour that could be detrimental to the principal. The first, adverse selection might refer to a subsidiary's misrepresentation of its ability to undertake/implement CRM. The second moral hazard refers to the fact that the agent may not act as diligently as anticipated in carrying out the will of the principal. However, agency theory proposes that better information management systems can reduce the agency problem and provide the principal with greater control and is consistent with our earlier discussion on global CRM strategy development. Control may take the form of behaviour-based or outcome-based strategies. Both rely on the principal's ability to evaluate the performance of the agent, either on a behaviour-by-behaviour basis or at the end of the project based on its outcome (Eisenhardt, 1985).

From the principal's perspective, adopting an outcome-based control strategy is likely to be difficult given that the principal would need to wait until the long-term outcomes became known. Consequently, a behaviour-based control strategy may be preferred by the principal in CRM strategy development. The degree of knowledge that the principal (headquarters) has about the agent (wholly owned subsidiary) in terms of market characteristics, customer profile, and processes, enables headquarters to more effectively monitor and control a subsidiary's behaviour (Kirsch, 1996). This is likely to mitigate the risk of subsidiaries acting in their own self-interest at the expense of the entire organisation. Agency theory (Ross, 1973) is therefore useful in addressing our research questions: what aspects of CRM strategy should be centralised/localised? and what are some of the complexities of cross-national CRM strategy development? Another fundamental concept is the level of involvement between the principal and agent in implementation. For instance, if the agent is able to customise the CRM implementation to reflect their country's requirements, then the principal has less ability to control the behaviour of local country CRM managers compared to where the local subsidiary is required to implement a standardised CRM solution. However, the control dichotomy needs to be balanced to avoid implementation failure particularly where headquarters does not have an in-depth understanding of local market conditions. Furthermore, where a standardised implementation is imposed, it is important to consider the level of knowledge and dynamic learning mechanisms that will need to be created in the local subsidiary to address system failures.

We also examined the channel coordination literature (i.e., Frazier, 1999; Frazier & Rody, 1991; Hunt & Nevin. 1974), which describes the relationship between buyer and seller involving a distribution channel. However, given that this research seeks to examine the relationship between headquarters and its subsidiaries, agency theory offers a more robust theoretical foundation with respect to CRM strategy development. The channel coordination literature relates more to relationships characterised as involving a distribution channel, rather than describing the parent-subsidiary relationship.

METHOD

Data Collection

Understanding both substantive and methodological context permits the reader to put the research into context and thus derive deeper meaning from the findings (Johns, 2001). Data were derived using the case study method and utilising a multi-sample longitudinal research design (Yin, 1994). Case studies enable the development of deep insights into respondent beliefs and assist in theory development (Beverland, 2001). Bonoma (1985), Hirschman (1986), and Deshpande (1983) have all advocated for greater application of qualitative research methods in marketing. In order to avoid cueing subjects into a desired response, respondents were asked fairly general questions on the topic in order to elicit themes (Strauss & Corbin, 1992). Specifically, two "grand tour" questions (McCracken, 1988) were asked. The first related to issues surrounding local subsidiary decision-making empowerment in relation to CRM strategy. The second, on what CRM processes and systems should be centralisation versus decentralisation. Each participant was also sent a copy of the final transcript for comment. Any comments were noted and the results adjusted accordingly (Johnston, Leach, & Liu, 1999). The research questions were then e-mailed to sample 1 respondents with a statement thanking them for participating in the initial depth interviews and reiterating the purpose of the research. This was broadly described as seeking to gain an understanding of global CRM strategy development complexities with the aim of sharing the eventual findings across the whole group. In order to cross validate the results using a different group of respondents, we e-mailed the same two research questions to a second sample of respondents coupled with a statement describing the research. The objective was to assess the robustness of the initial sample findings with a separate sample of respondents (Deshpande, Farley, & Webster, 1993).

Two rounds of interviews were conducted with managers having a functional responsibility for CRM in their respective national subsidiary. Whether CRM respondents were responsible for CRM strategy or implementation was dependent on the level of the respondent within the organisation. Invariably, more senior respondents were responsible for strategy formulation. We had a mix of both strategic and operational CRM respondents (see Tables 1 and 2). The first sample consisted of CRM representatives from the following subsidiaries: Australia, Belgium, Germany, Italy, Nether-

Table 1. First round sample characteristics

Subsidiary	Person Interviewed	Function
1.	**Senior Consultant CRM Project**	**Strategic**
2.	**Customer Relations Manager**	**Strategic**
3.	**Marketing Manager**	**Operational**
4.	**Leader CRM**	**Strategic**
5.	**Customer Service Manager**	**Strategic**
6.	**CRM Manager**	**Operational**
7.	**Marketing Manager**	**Operational**
8.	**CRM Director**	**Strategic**
9.	**CRM Manager**	**Operational**
10.	**CRM Manager**	**Strategic**
11.	**Senior Consultant - XYZ Consulting**	**Strategic**

Table 2. Second round sample characteristics

Subsidiary	Person Interviewed	Function
1.	**Marketing Manager**	**Operational**
2.	**CRM Manager**	**Operational**
3.	**Customer Relations Manager**	**Strategic**
4.	**CRM Manager**	**Operational**
5.	**Marketing Manager**	**Operational**
6.	**Leader CRM**	**Strategic**
7.	**CRM & Corporate Sales Manager**	**Operational**
Subsidiary	Person Interviewed	Function
8.	**Manager CRM & Internet Marketing**	**Operational**
9.	**Marketing Manager**	**Operational**
10.	**Marketing Manager**	**Operational**
11.	**Marketing Manager**	**Operational**
12.	**CRM Director**	**Strategic**
13.	**CRM Programs Manager**	**Operational**
14.	**CRM Manager**	**Operational**
15.	**Manager Prospecting & New Media**	**Operational**

lands, Spain, Switzerland, United Kingdom, and United States. To improve construct validity, interviews were also conducted with the internal strategy department at headquarters and with external consultants assisting in CRM strategy formulation. This provided a strategic level view of the vision for CRM from a Group/HQ perspective (Deshpande, 1983; Johnston et al., 1999). Details of first round respondents are presented in Table 1.

The first round of interviews was conducted by one of the authors over the telephone (Holbrook, Green, & Krosnick, 2003) and recorded/transcribed in order to assist in thematic analysis. The transcribed data was then edited and any additional data was integrated to develop a case summary. Details of second-round respondents are presented in Table 2. Australia, Germany, Netherlands, Spain, and Switzerland were represented in both samples, although in this case an alternative respondent, having responsibility for CRM, was interviewed.

FINDINGS

In reporting our results, we quote actual statements made by respondents in order to improve the validity of the findings for the reader (Eisenhardt, 1989; Yin, 1994).

Perceived Complexities of Global CRM Strategy Development

The general consensus of both samples suggested that they are limited in their ability to make strategic decisions. *"[Subsidiaries] get a very strong framework from headquarters."* Most respondents also anticipate that strategic decision-making is unlikely to become more devolved. Some respondents noted a distinction between strategic decision-making in terms of IT and operations: *"I must say that the CRM project on the IT side is very much directed by the project group at head office. On the other hand, nobody asks us if CRM processes are in place and actively managed"* and *"CRM initiatives particularly system related are being governed on a global or regional basis [and the subsidiary] probably does not have an overriding influence on it."* An exception to this is country X, where the different stage of CRM development in that market has meant that *"[head office] kind of gave us the ability to operate outside of their purview."*

Respondents in both samples noted cultural differences and maturity of markets as contributing to the complexity of global CRM strategy development. For instance, *"local cultural differences make it difficult to offer standardised CRM tools."* Another respondent noted *"no one central system can accommodate all of the differences that exist."* And another: *"what works great in one country may not work at all in another country."* Another perceived complexity was the capacity to meet all the different subsidiary requirements. *"The number of countries and the differences in market size and maturity creates another layer of complexity."* And *"you have to deal with a lot of market specifics—market-specific business processes and market-specific system adaptations."* Process concerns were also articulated, *"…existing local IT systems and related business processes cause issues when trying to overlay a global IT system."* Interestingly, hardly any respondents considered software-related issues as potential barriers to CRM strategy development, which may reflect their view that CRM is more than just software. However, one respondent noted, *"fractured information flows between head office and local subsidiaries results in misinformation regarding CRM developments."* And another respondent (in the second sample) raised the issue of cross functionality: *"CRM can't be implemented easily because it is cross functional."* Some respondents also noted that *"country-specific legislation also needs to be considered."*

Standardised Across Markets or Tailored to Local Market Requirements?

On the question of whether CRM processes and systems should be centralised, or decentralised, a "hybrid" approach has practical merit. That is, embracing a centralised CRM IT system which can then be configured by subsidiaries to meet local market requirements.

The perceived benefits of this approach are that it is cost and resource efficient. Nearly all agreed that there were considerable advantages to centralisation. For example, *"If you just let every country do what they wanted, it would be chaos. Everybody would come up with unique solutions, there would be double investments and duplication of effort, there would no co-operation and I think the organization would suffer."* And *"centralise as much as possible and localise as little as possible."* A small market perspective was that *"we feel that some sort of centralisation in one country can very much benefit smaller countries due to budget constraints impeding their ability to develop their own systems."* The general consensus was that decentralisation would be inefficient in terms of resource utilisation, costs, and duplication of effort. On the other hand, they did recognise that complete centralisation would lead to a situation of inflexibility. *"If you do everything on a central basis, one size fits all, then you are going to end up with inertia of the organization—think global act local."* There was some dissension on whether centralisation was more cost efficient than localisation. *"From a high level perspective [centralisation] might be cheaper, but down the road, one country will have a couple of hundred requirements, another country will also have another couple of hundred and the question is whether it is going to be worth it. The money that you and everyone is going to spend for changes will be [the] same as having a local solution."* The answer seems to be somewhere in the middle. *"In my opinion, I think it makes sense to develop them centrally and to adapt to local requirements. Each market is different and has different cultures, has different issues and so to develop things centrally makes sense because of development costs. But each market has to adapt them locally."* And, *"You may need to develop some tools that are able to have some consistency at its core, but which can then be configured to meet local needs, because its in the local market where you have got to survive."* And *"a centralised CRM tool is cost efficient and easy to update if you want to further develop the tool. If it is decentralised, then each country may spend a lot of financial resources doing that. The negative thing is that it doesn't take into account the local needs of the market."*

Another perspective viewed lack of market-specific information as a potential barrier to centralisation. *"My perspective is that markets know more what they need than the central department. I think the processes are not that different from country to country, but the key integration points are different for each market and are not well understood by headquarters. I think that when you try and bring a group approach to a specific problem its not going to work."* Another respondent noted the possibility for resistance, *"...what I can see, there is high resistance [to a centralised tool] from the markets because they want a lot of customisation which is not allowed and that causes a lot of problems."* Similarly, *"I think that CRM processes should be decentralised because of the respective market idiosyncrasies and it is important to set common objectives and standards and pursue them. In my opinion, centralisation is much more expensive [compared to localisation] because of the customisation costs."* One respondent noted that performance measurement also needs to be standardised in order to enable comparability. *"Success measurement KPIs need to be defined so that the performance of one market can be objectively compared against another market."*

One respondent suggested a set of guiding principles or framework could be utilised to assist in providing some direction, but ultimately subsidiaries would be responsible for decision making given their more intimate understanding of the market. *"I think there needs to be a strategic framework which is applicable for all subsidiaries all over the world and you can act within this framework to bring in your own experience, bring in your market-specific issues."* Another respondent noted that an alternative to the centralisation-decentralisation dichotomy is clustering markets based on similar characteristics and then applying a common approach.

"It might be a European solution for say all European countries, 'an Americas solution' for North and South America and so forth."

Global Strategy

Local subsidiaries are often not empowered to make strategic decisions with respect to CRM. This may be a function of the perceived risk (Garnier, 1982). This finding is consistent with Bowman et al. (2000) who found that strategic decision making was controlled by the parent company. There also appears to be some dissension on whether the organisation has achieved a global strategy for CRM. *"Is there one [a global strategy]? To my mind we have only managed to derive some more or less binding rules for the subsidiaries, which tell them the 'do's', and 'don'ts' in treating their customers. A concise strategy focused on retention and acquisition to my mind does not yet exist."* In summing up, one respondent noted that, *"CRM is really about the business first and the business processes. The system should be designed to support this, not the other way round."* A number of large market respondents noted that there should be a global platform for knowledge management. *"We need to capture the key learnings from each market and leverage off these for the next country."* And *"lets stay connected and learn from each other."*

Cross-National Differences

In comparing differences between countries a clear pattern begins to emerge: two countries are demonstrably more advanced in terms of CRM implementation than the other 18, who are largely still in a passive "data collection" phase, not yet using customer data in their marketing strategies to anywhere near its full potential. The two advanced countries, by contrast, are well ahead of the curve—using advanced customer analytics for segmentation purposes to proactively manage customer relationships. The other interesting dynamic within this context is the fact that Head Office has largely allowed the advanced country "to get on with it" and granted them a high degree of autonomy. Among the other 18, there is another fairly obvious partition, between more advanced and less advanced. We say obvious because the split is fairly predictable and is driven by country size, stage of economic/social development, and market size. Basically, mature versus developing economies.

There also appears to be a feeling that the group strategy favours large markets and the needs of smaller subsidiaries in emerging markets are subordinated. *"There needs to be more attention paid to the smaller [market] solution and strengthening central support."* And *"from the point of view of small markets, you might think that decisions are sometimes based on the big market."*

DISCUSSION

Most respondents recognised the many advantages of standardisation. They could see the merit in having a universal strategic framework to guide the CRM process. They acknowledged that IT systems should be standardised to avoid resource duplication and any possible re-inventing of the wheel. This was particularly evident in smaller and/or less developed markets. However, a number of problems with standardisation were also acknowledged. These included inability to factor into account cultural differences/idiosyncrasies, country-specific legislation, and complexities arising from the inherently cross-functional nature of CRM. Thus, somewhat predictably, calls for a hybrid approach can de deduced from the data. However, based on the strength of arguments and also drawing on the literature, we conclude that local adaptation needs to be well justified and should be viewed more as the exception rather than the norm.

Theory-Building and Managerial Implications

This paper makes at least two significant contributions to the extant CRM literature. First, given the lack of empirical research in the area, it extends on earlier work on the complexities of global CRM strategy development (Ciborra & Failla, 2000; Massey, Montoya-Weiss, et al. 2001). Findings confirm that there is a lack of clarity regarding what the important antecedents are to global CRM success. The more mature markets in this study seem to have a better developed understanding of the importance of these dimensions and invest resources in enhancing their competencies in these areas. Second, we have shed some light on the perennial standardisation/adaptation question and have provide a preliminary framework of what elements may be amenable to centralisation and which to localisation. For global CRM managers and strategists, the findings suggest that a centralised approach has merit. Indeed, the majority of CRM functionality could well be centrally located, with the more customer-centric elements driven at the subsidiary level. The benefit of this approach is that it improves control and coordination while reducing transaction costs (Clemmons & Simon, 2001).

Limitations and Future Research

A number of limitations of this research are noted. First, the non-random selection of respondents introduced an element of judgement into the sampling process. Furthermore, for the majority of subsidiaries, a single informant may not accurately represent the entire view of the organisation. However, it was felt that the manager identified as responsible for CRM activities was the most qualified to respond to in-depth interview questions. Another limitation of this study is that it only involves a single organisation in a single industry and therefore the results may not be generalisable to other organisations or industries. The researchers attempted to mitigate the limitations of the sample by utilising two respondent samples (Deshpande et al., 1993). A problem also arises in attempting to find a suitable second informant in small subsidiaries, and some initial respondents may object to having a cross-validation process. Finally, stringent university "Ethics in Research Involving Humans" guidelines prevented us from identifying verbatim quotes with individual respondents because that would compromise respondent anonymity.

A number of directions for future research have emerged from this exploratory study. First, a study examining global CRM strategy development across industries would be useful to test the generalisability of these findings. In addition, further research is required to examine the relative importance of those global CRM factors we have identified and test whether there are some other factors which contribute to global CRM complexity, which have been overlooked in the current study. Also further work is required to quantify the cost-benefit of localisation versus centralisation. It is not clear whether the inflexibility that a centralised CRM tool mandates compensates for the anticipated cost benefits. It may be that the costs of local market customisation erode these cost benefits. An interesting stream for future research would be to attempt to develop a framework that provides organisations with some insights into the required sequencing of CRM activities consistent with stage of implementation in order to build a solid foundation for the development of further CRM capabilities. Finally, from a cross-cultural perspective, the applicability of a stage model to global CRM implementation is worth considering.

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