

Chapter 2.2

CRM Practices and Resources for the Development of Customer-Focused Multinational Organizations

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ABSTRACT

This chapter aims to provide a complete characterization of the different perspectives of customer relationship management (CRM) and its potentialities to support knowledge management practices in a multinational context. It describes the strategic and technological dimensions of CRM and how its adoption supports the development of a learning and customer-focused organization, with special emphasis on multinational corporations. CRM strategic approach entails the adoption of customer-focused initiatives and the development of learning relationships with customers. On the other hand, its technological dimension integrates a variety of different information and communication technologies, which makes a powerful system for improving the process of knowledge acquisition. This way, differ-

ent subsidiaries of a multinational corporation can develop their learning capability so that they can better identify local market demands. As a result, the corporation is able to more accurately create a global knowledge stock about its different markets in different regions of the world.

INTRODUCTION

The current world is witnessing profound developments in the areas of information technology and business strategy. In the technological area, recent developments have led telecommunication technologies to reach a high level of integration with computing technologies and vice versa. This trend has had a strong impact upon society, promoting, among other things, an enlargement of the conceptual focus of information technologies to embrace the notion of relationship technologies. Regarding

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business strategy aspects, companies are creating a sound and lasting competitive advantage by adopting “relationship” as the word of order. As a matter of fact, the confluence of changing customer demands, emerging marketing and business theories, and available information and communication technologies (ICTs) have been imposing a shift on the way organizations relate to customers. The gap between strategic marketing approaches and ICT deployment has been diminished over time, culminating in integrated business approaches that involve both strategic and technological dimensions at the same time. This chapter focuses on the integration of knowledge management (KM) and customer relationship management (CRM) approaches.

At the same time as the rise of new ICTs, there has been the development of CRM and KM approaches for enhancing both relationship strategies and organizational learning capabilities. For instance, the evolution and integration of different ICT over time enabled the adoption of different and more evolved marketing approaches, giving birth to the present CRM systems. These systems support the development of current relationship strategies, which, in turn, were delineated by the evolution of marketing relationship strategies over time. On the other hand, market knowledge—which is directly related to information about customers and other environmental elements—and internal knowledge have become a strategically important resource for an organization, serving as a basic source of competitive advantage (Cui, Griffith, & Cavusgil, 2005).

In practice, CRM systems provide the functionality that allows an organization to make its customers the focal point of all departments within the firm. This way, the organization will be able to respond to its customers on a continual basis. More specifically, customer information databases and integrated interactivity enable an organization to develop a learning relationship with its customers, creating organizational capability to differentiate customers and markets,

and to develop personalized interactions so that tailored products or services can be offered. In the context of multinational organizations, the adoption of CRM practices and solutions can improve the process of knowledge acquisition in different local markets, allowing multinational corporations to define and develop both local and global strategies according to regional demands. For example, in a multinational environment, CRM allows different subsidiaries to develop long-term learning relationships with their local customers, which makes the creation of specific business intelligence concerning local market demands possible.

In other words, CRM can be considered as a key element for supporting knowledge management in multinational organizations. Its strategic approach entails the adoption of customer-focused initiatives and the development of learning relationships with customers. On the other hand, its technological dimension integrates a variety of different information and communication technologies, which makes a powerful system for improving the process of knowledge acquisition. This way, different subsidiaries of a multinational corporation can develop their learning capability so that they can better identify local market demands. As a result, the corporation is able to more accurately create a global knowledge stock about its different markets in different regions of the world.

The strategic and technological dimensions of CRM are extremely intertwined and, as a matter of fact, the emergence of CRM strategies, concepts, and practices would not be possible without the appearance of new and evolved ICT resources. This chapter aims to provide a complete characterization of the different perspectives of CRM, describing its origins, concepts, paradigms, technologies, and its potentialities to support knowledge management practices. Considering that the adoption of CRM practices and solutions can generate substantial knowledge about an organization’s customers, this chapter aims to

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