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**STRATEGY OF CUSTOMER RELATIONSHIP MANAGEMENT IN
MULTINATIONAL CORPORATIONS**

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Pages: 118**ABSTRACT**

A successful strategy and system of Customer Relationship Management will help the company to better understand the needs and the behaviour of customers. Especially in Multinational Corporations, which an organization that owns or controls production of goods or services in one or more countries other than its home country. Due to the various background of customers have different perspectives, preferences and purchase behaviours, it is very difficult and also important to understand and manage the relationship between customers and the company.

This thesis discusses about the strategy to optimize the relationship between a firm and its customers to find more opportunities to create competitive advantages. And it mainly focuses on the perspectives of people (particularly from culture and social aspects), information technology and business process to understand the present and future customers, therefore to come up a strategic CRM framework for MNCs.

The theoretical data is analysed and processed base on the different articles and literatures. The interpretive and qualitative methodology is adopted in the empirical data collection approach, and the analysis method will be based on content analysis.

The result of this Master's thesis proposes a final CRM framework in MNCs based on the empirical findings, which is integrated with a CRM Evaluation. In order to build a successful CRM strategy, in addition to considering People, Information Technology and Business Process, the other factors like the company's organizational structures and the local business environments should also take into consideration. Through evaluating the results of the implementation of this CRM framework, then to develop and manage the future business process accordingly.

KEYWORDS: Customer Relationship Management, Multinational Corporations, People, Information Technology, Business Process

1. INTRODUCTION

Numerous management concepts emerge and become popular quickly by promising to change fundamentally the operations and the organization of the corporation. And in the past two years, many executives, practitioners and scholars speculated whether customer relationship management (CRM) was just another buzzword or indeed a new customer-driven business model. CRM appeared as a new concept at the peak of the Internet boom. In 1998 JPMorgan's analysts forecasted that the demand for CRM technology would grow with double-digit annual rate because the Internet was causing a quiet revolution in the way customers demanded to interact with corporations. (Kotorov 2003: 566)

Many academic researches about CRM has been done before, however as the pace of information technology develops and evolves so fast that the cultural and economic aspects are changing accordingly too. Which means as time progresses, the business models or CRM models in MNCs need to be modified at the same time. When a CRM strategy is integrated with a firm's overall strategic plan, it helps the firm perceive and respond to the business and economic trends. (Lassar, Lassar & Rauseo 2008: 69) According to leading IT analyst Gartner, CRM software license revenues will continue to grow at an annual growth rate of 6.5% between 2009 and 2014, after four years of double-digit growth between 2005 and 2008. Roughly 44% of this is in sales applications, 20% in marketing automation applications and 36% in customer service and support applications (Cognizant 2011). According to Gartner, worldwide customer relationship management (CRM) software totaled \$23.2 billion in 2014, up 13.3 percent from 20.4 billion in 2013 (Gartner 2015).

1.1. Background

By the early 2000s, many companies acknowledged the importance of building “relationships” with customers – of improving customer experience, taking the

customer's point of view, and taking steps to measure and manage customer value. In many cases, companies that had been product-oriented changed their philosophy, their culture, their metrics, and even their organizational structures to put customers at the forefront. (Peppers & Rogers 2011: 37).

Corporate business in the Americas; Europe, Middle East, and Africa (EMEA); and Asia-Pacific have been practicing CRM for some time (LaValle & Scheld 2004). Business organizations that aspire to leverage global strengths (in terms of products or process to strengthen relationship with customers) have to face the reality of difference across countries and cultures of those relationships due to the differences in the marketplace (Ramaseshan, Bejou, Jain & Mason 2006: 195 – 207).

CRM is the strategic process of selecting the customers that a firm can most profitably and 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 & Reinartz 2006).

"As customers change, learn, and evolve in response to the pressures they face, businesses that serve them must change with them or lose out." – Robert E. Wayland and Paul M. Cole. Paul Cole, national director of the CRM practice at Ernst and Young LLP in Boston, reiterates this view. He believes that "we've been thinking too statically and looking the customer relationship as a fixed asset rather than a continuous stream of interactions that can build or destroy that asset. It's the relationship and not the customer with an account number that drives your growth." (Emerald Insight Staff 2005)

Customer Relationship is very important to develop and maintain, customers can choose or change their service or products very easily, as the manager of a company should really think of the question 'do we really know about the customers, do we think in their positions and do we hear enough from them?'

Strategic CRM is focused on the development of a customer-centric business culture. This culture is dedicated to winning and keeping customers by creating and delivering value better than the competitors. The culture is reflected in leadership behaviours, the

design of formal systems of the company, and the myths and stories that are created within the firm. (Buttle 2008: 4)

As the developing of information technology, more and more companies use applications or software to manage the broad customer databases. Today that pressure is probably less to get on CRM per se than to get on a Software-as-a-Service (SaaS) version of CRM from salesforce.com or Oracle or to expand your marketing campaigns to include social media, weather through blogs, or Facebook, or Twitter (Peppers & Rogers 2011: 455–456).

On June 26, 2014 in Paris, Salesforce.com, the world's NO.1 CRM platform, today celebrated customer success and announced new investments in France to power the digital transformation of French companies. Salesforce.com unveiled a new French headquarters in the heart of Paris, which will feature the industry's first Digital Transformation Hub. The company also plans to open a new data centre in France. Leading French companies such as Accor, BNP Paribas Cardif, Cofely GDF SUEZ, Europcar, Louis Vuitton, Petzl, Renault, Solocal and TF1 Publicite, use salesforce.com's leading customer platform to connect with their customers in a whole new way. These announcements were made today at the Salesforce1 World Tour Paris, the biggest cloud computing event in France. (PR Newswire 2014).

According to the PR Newswire (2014), the leading French brands transform their businesses with Salesforce that make the world is becoming completely connected. Millions of new products, apps and devices are connecting to the Internet every day. According to Cisco, by 2020, there will be more than 50 billion connected things that connect from smartphones and wearable smart devices to jet engines and cars. And behind every product, app and device, there is a customer. The companies still struggle to connect with them, although the customers have never been so close. In the coming generations, the main role and the management system of CRM will belong to the internet. Information technology make the world smaller and connected, and make all the customers attachable if using the right communication ways and tools.

This thesis will shed lights especially on the culture issues to discuss the influence and connections to CRM. In further, the thesis will present the other important issue which is

Information Technology. Based on all the previous researchers' studies and researches in the literature reviews, to come up a CRM framework model and the revised Framework will be proposed after the empirical findings and summary. The final proposed model will help the multinational corporations to prepare and find more opportunities in the fast-changing business environment.

1.2. Research Problem and Objectives

The research problem is going to solve 'How to manage the Customer Relationship successfully in MNCs?' It is very interesting to study due to the fact of the world has been in the process of globalization and as the fast developing of Internet in the past decades, the world is becoming increasingly smaller. And of course this creates more opportunities for companies to be multinational, but it also poses more problems when the companies run and develop business in other countries under different cultures. For instance, whether the company could understand the local cultural implications and the sales process, whether they have already found the right talents to be fulfilled in the local country, or whether the talent team could adapt themselves into the local culture to understand the customers' consumption preferences and habits.

This is why CRM shows a very important role in a multinational corporation. From the point of view by Lassar et al. (2008), CRM is not simply a software application for tracking client data and activities. It is a strategic tool firms can use to leverage proprietary information to identify cross-selling opportunities, new prospects, and potential conflicts of interest or independence issues. By developing a deeper understanding of your clients—their industries, markets and relationships— through CRM, your firm can gain a sustainable competitive advantage in challenging times.

In this thesis, the research problem will be discussed and solved by understanding the basic factors and foundations of CRM strategy. According to Lassar et al. (2008), a successful CRM strategy requires a supportive organizational infrastructure, a client-centric culture and formalized business processes. CRM implementation must be

marketed internally to ensure that all functional personnel use and regularly update client information.

In the past decades, the challenge for businesses was optimizing production process to reply to the growing demand, and using marketing techniques to capture customers in the market. Goods manufacturers today are competing in a sever business environment, and transaction marketing (product, price, place, and promotion, the 4 Ps) alone is perceived to be insufficient. As a result, CRM is recommended for establishing unique relationships with customers and for generating more value to goods and services than what is possible through traditional transaction marketing. Customer retention is necessary and these calls for loyalty which is caused by great service, trust and, to a degree, personalization. (Arab, Selamat & Zamani 2010: 702)

Many previous studies has pointed out the necessities and advantages of CRM strategy, however, there are still not enough of studies about CRM strategy in MNCs that the implementation adjust to the change of local environment and cultures accordingly, and to adapt into the fast changing Internet era. Therefore, in order to get a deep understanding and studying into this topic, the primary research objective of this thesis is: to study the advantage of a successful CRM strategy and implementation of a CRM framework in MNCs.

As Kotorov (2003) indicated, today “bandwidth trading” is considered a buzzword, for the market failed to emerge and transform how corporations build and manage their information infrastructure. On the other hand, a handful of successful CRM projects provide both a proof-of-concept and a managerial blueprint for a successful CRM implementation. Furthermore, the successful projects have created enormous competitive advantage, thus making the implementation of CRM by rival companies a sheer survival necessity.

For figuring out how to successfully manage a Customer Relationship, the study suggests to study through the main important factors for conducting a CRM strategy in MNCs, which the thesis will present particularly from three aspects: contingency theory, cultural and social differences, and Information Technology (IT). Through an in–depth study of these main factors, the CRM framework will be easily to be organized and structured.

In order to address the possibilities and space to improve the implementation of CRM strategy in MNCs, it is possible to divide the objective of the study further into three sub-objectives based on the above mentions:

- I. Why CRM is so important in MNCs?
- II. What factors are particularly important for conducting a CRM strategy in MNCs?
- III. How to build a CRM strategy framework successfully in MNCs?

CRM is a vital and necessary part of today's competitive and fast growing business environment. Regardless of the fact that the customers or consumers belong to any level, external or internal, from business environment or outside the business, local or global, CRM plays an important role in any business's success. (Dudovskiy 2013)

In order to attract new customers and retain the valuable customers, it is necessary to understand the cultural and social context that related to the customers' preference and satisfaction. Moreover, technology has provided the catalyst for CRM to manifest itself within the enterprise. Computer databases help companies remember and keep track of individual interactions with their customers. (Peppers & Rogers 2011: 17) Therefore, a well-trained personnel team are needed to implement a successful and satisfied CRM strategy.

In MNCs, it is important to create an organized structure and business strategy to implement the CRM strategy according to the business environment and cultural background. In the process of CRM, the strategy is centred by cultural approach and driven by Information Technology. And the CRM strategy needs to be developed and adjusted after the evaluation results.

In order to achieve the objectives, this thesis will begin with an embedded literature review of CRM conceptions and explanation of the advantage and main factors in detail. And discusses and analyses the previous researchers' CRM models, then a theoretical framework is created. Online-case studies in different industries [PT Unilever Indonesia Tbk., Caesars Entertainment Corporation (formerly Harrah's Entertainment) and Royal Bank of Canada] has been applied in order to collect different practical models, and then to test and adjust the theoretical framework.

1.3. Structure of the Study

This thesis is consist of mainly two parts: literature review and three case studies. The purpose of this thesis is to analyse why the MNCs need to pay more attention to CRM, and the focus is how to manage and build the strategy to conduct the CRM strategy. The mostly-used literatures are “Customer Relationship Management: A Global Perspective” by Raab, Ajami, Gargeya and Goddard (2008), and “Managing Global Customers: An Integrated Approach” by Yip and Bink in 2007.

The theoretical data is analysed and processed base on the different articles and literatures. The interpretive and qualitative methodology is adopted in empirical data collection, and the analysis method will be based on content analysis. The first chapter is the Introduction which includes the background of CRM, research problem, and research objectives.

The second chapter is the Literature Review which consists of four sub-chapters: the first part is a basic concept explanations; then lead to the part of advantages and importance of CRM; after explaining why CRM strategy is important, the following part will indicate the main factors to conduct CRM strategy in MNCs; last but not the least, will finally create a theoretical framework which draw the experience of the previous CRM models by different researchers.

The empirical part includes chapter three and chapter four which are research methodology and empirical findings. The research methodology is consisted by research approach, data collection, validity and reliability. And the case descriptions and cross-case analysis will be presented at the following chapter. The summary, the contribution and implications, and the limitations and future research will be presented in the last chapter of this thesis.

2. LITERATURE REVIEW

The content of this chapter will focus on the literature reviews of CRM in MNCs. In the first part of this chapter describes the concepts and definitions of CRM and in the further part will analysis the main factors of CRM and the strategy of CRM in MNCs, moreover to analyse two previous CRM models and in the last part will discuss and present a theoretical framework.

2.1. Concepts of Customer Relationship Management

CRM is the core business strategy which integrates internal processes and functions, and external networks, to create and deliver value to targeted customers at a profit. It is grounded on high-quality customer data and enabled by IT.

CRM is an approach to manage a company's interactions with current and future customers. It often involves using technology to organize, automate, and synchronize sales, marketing, customer service, and technical support. Effective feedback is required for any entity or business, and in today's global economy the successful corporation will be the one that formulates a management structure conducive to timely feedback as it regards the wants and desires of the customers (Raab et al. 2008: 1).

Laudon and Laudon (2014: 86) propose the definition of CRM system is that it provides information to coordinate all of the business processes that deal with customers in sales, marketing, and service to optimize revenue, customer satisfaction, and customer retention. This information helps firms identify, attract, and retain the most profitable customers; provide better service to existing customers; and increase sales.

According to Buttle (2008: 4), a number of different types of CRM have been identified: strategic, operational, analytical and collaborative. As the definition states, the CRM infrastructure is made up of four key components which are information, process,

technology and people. Each of these components is critical to delivering a successful CRM implementation. **Table 1** below shows the brief description of each component (Ariffin, Hamdan, Omar & Janom 2012: 486).

Component	Description
Information Process	Raw material of Customer Relationship Management. Customer centred process are the “product” of Customer Relationship Management.
Technology	Machinery that enables Customer Relationship Management to work such as software products, networking, database, and security features.
People	People are power supply of Customer Relationship Management. People are “reset” through various change management tools and support mechanisms such as training, new tools and measurement and rewards.

Table 1. Customer Relationship Management Components (Ariffin et al. 2012: 486).

As the conceptualizations of CRM have evolved significantly, there are various definitions of CRM depending on the perspectives looked at. An important concept in CRM is customer value. Customer value is essentially the financial value of the customer relationship to the firm. It can be expressed in terms of contribution margin or net profit. Customer value is widely used by firms to evaluate their marketing efforts. A better term that gives managers an idea of how the value of a client has evolved over time is customer lifetime value (CLV). (Kumar & Petersen 2012: 2)

According to Kumar and Petersen (2012: 2), customer lifetime value (CLV) refers to the net economic value of a customer to a firm over his/her entire lifetime (three years in most cases but it can depend on the length of the average purchase cycle of customers) with the company. A characteristic of the calculation of long-term customer value is that in addition to the value of a customer being calculated on the basis of short-term sales turnover or profit expectations, the customer’s specific period of time spent as part of the

regular clientele, is also factored in (Schulz 1995).

Based on the research of Raab et al. (2008: 99), a calculation of CLV is useful for winning new customers and also within existing business relationships. From the present point of evaluation, it is possible to observe in two directions:

- Looking back, 'is data' serves to determine past-related customer profitability. As a possible means of determination, the already discussed the calculation of the customer profit contribution (CCPC) may be of use. The goal of the calculation of the customer profit contribution (CCPC) is the gathering and classification of costs, revenues, and impairments to revenue, which are attributable to customers or to segments of customers (Schulz 1995).
- Looking ahead, the calculation of the CLV supports projections of prospective customer value, which arise out of future, continuous transactions.

Another definition is made by Dyché (2001: 4) who stated that CRM is an infrastructure that enable describing and rising customer importance, and provide the means to stimulate the precious customers to maintain their loyalty to the organization. Celep et al. (2013) pointed that the CRM process and collecting information about the customers and using them in order to produce differentiate products has become one of the key conditions of an effective and sustainable for competition. According to Hadi (2015: 246), it is clear from the above definition that a CRM is a business strategy with a goal to build a long-term relationship with selected profitable customers. In order to succeed the organization must change their business philosophy to customer centric and require changing the organization's culture to customer focused.

2.2. Advantages and Importance of CRM

In multinational corporations, it is very essential to create a framework to sustain the international advantages, which must have a complete understanding about different kind of customers and to know which customers provide the long-term profitable relationships

for the company. By implementing a successful strategy of CRM, a good relationship with customers will be remained and developed which will increase the potential and future sales and profit. Through the framework or strategy of CRM, the company could understand and anticipate the needs of customers and make a right movement or business change in order to fulfil customers' requirements, after all customers are the central trends of business.

Customer Relation Management Systems have many different functions that can be extremely beneficial to any business (**Figure 1**) (Schneck, Viaggio, Nardi & Alese 2016):

- Customer Relation Management Systems can process a company use to track and organize its contacts with its current and prospective customers. CRMs store all customer data in a single database. This helps businesses avoid customer data errors. It can also improve services for customers to use customer contact information for target markets.
- Customer Relation Management Systems integrate all the primary business activities. This makes every day business processes much more efficient.
- Customer Relation Management Systems prioritize customers using their purchase history. This allows a company to delineate which customers are most important and then to target most of their efforts towards. This means that Customer Relation Management Systems maximize the value of a company's existing customer base. This system enables employees in every department to see and know the customer's complete history. Enabling employees to review customer history allows them to analyse customer activities and can help to sell more of their product or service to that customer. Employees can do this by viewing customers who have previously ordered large quantities of their product or service. On the other hand it can help a company to realize when they have lost a customer. A company can do this by seeing the past history of the customer. This is helpful so that a company does not waste time on a customer that they have already lost. It can also help to avoid any complaints or issues that a customer may have had in the past and to correct it for the future.
- Another function of Customer Relation Management Systems is that it is helpful to turn the prospective customers into loyal customers. All of these functions help

companies maximize the value of their existing customers as well as acquire new customers.

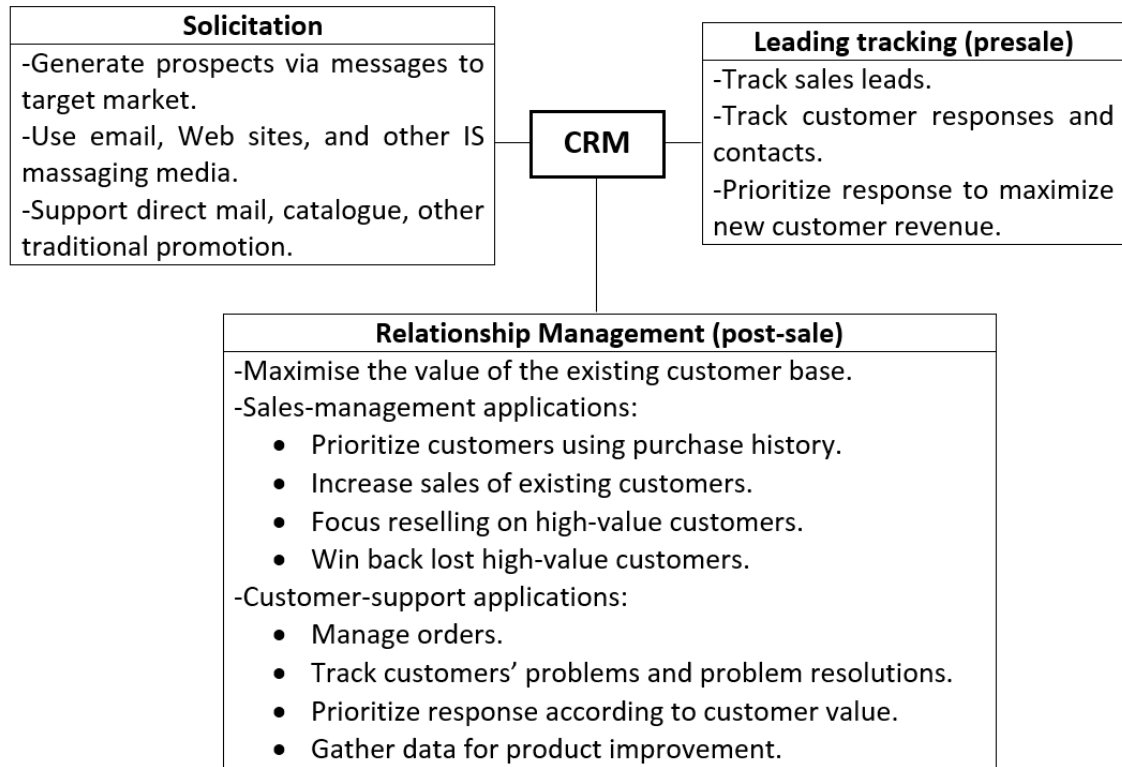


Figure 1. Functions of Customer Relationship Management (Schneck et al. 2016).

According to Raab et al. (2008: 2–3), there are three competitive advantages are enhanced or made possible via the implementation of CRM practices. The first competitive advantage is global efficiency. By expanding internationally rather than remaining in its country of origin, a firm can lower its costs and improve the bottom line performance via location advantages. CRM is very important in this context, as a firm must fully understand the customer profile that is most likely to provide them with a profitable, long-term relationship. A second competitive advantage is multi-market flexibility. Large multinational firms must respond to changes in numerous markets that are all inter-related. A third competitive advantage is achieving worldwide learning in the modern corporation. The need for understanding the customer in various markets is essential, but

so is the need for listening to the internal customer as well.

Many considerations justify investment in the setting up and realizing of CRM (Ederer, Seiwert & Küstenmacher 2000: 84).

- Every satisfied customer brings in at least three more customers.
- An unhappy customer communicates his negative experience to ten more potential customers.
- The rate of repeat sales climbs with increased reliance and satisfaction with the performance of their suppliers.
- Regular customers exhibit less price sensitivity than new customers.
- Customer-oriented companies can even charge higher prices than the competition.
- Marketing and sales costs for maintaining customer relationships drop.
- Reducing the level of customers leaving the firm by five percent can raise profit by as much as 85 percent (Töpfer 1996: 92)

It is becoming clear what an immense increase in effectiveness that the implementation of CRM can provide. (Raab et al. 2008: 9) Through a successful CRM, the relationship between customers and the company will be enhanced, thus increase the customer's loyalty and satisfaction.

2.3. Factors of Conducting CRM in MNCs

As Yip and Bink (2007: 28) implies, most MNC customers are expanding their businesses geographically, thanks to increased globalization. Market deregulation and macro-economic factors have created these growth opportunities. Customers in saturated markets are seeking new markets where they can introduce their products and services.

2.3.1. Contingency Theory

A contingency theory is an organizational theory claims that there is no best way to organize a corporation, or to lead a company, or to make decisions. Instead, the optimal course of action is contingent (dependent) upon the internal and external situations. According to Morgan (2006), the main ideas of contingency theory are:

- Organizations are open systems that need careful management to satisfy and balance the internal needs and to adapt the environmental circumstances
- There is no one best way of organizing. The appropriate form of organizing depends on the kind of task or the dealing environment
- Management must be concerned, above all else, with achieving alignments and good fits
- Different types or species of organization forms are needed in different types of environments

In the article written by Shannahan and Shannahan (2010: 2), it implies a contingency framework based on strategic types offers much promise in understanding why, for instance, in 2007, the EIU reported that on a worldwide scale only 31% of companies considered their CRM initiatives successful. Explanations offered for the failure of CRM implementation which included: lack of strategic planning prior to CRM project implementation (Day, 2000); problems ranging from technological implementation to a lack of organizational integration and customer orientation (Maselli 2001); a firm's inability to integrate CRM technologies into its functional processes (Erffmeyer & Johnson 2001; Speier & Venkatesh 2002); and poor design, planning and measurement of CRM projects (Jain, Jain & Dhar 2007). Langerak and Verhoef (2003: 73) point: "difficulties that managers encounter in embedding CRM in their strategy and organization" as the cause for the disappointing results of many CRM projects. For Kale (2004), key contributors to an unsatisfactory CRM outcome are a view of CRM as a technology initiative, an absence of a customer-centric vision, an insufficient appreciation of customer lifetime value, inadequate support from top management, underestimating the importance of change management, failing to re-engineer business

processes, and underestimating the difficulties involved in data mining and data integration.

When the contingency theory applies in CRM, it means that there is no the best way or only way to build the strategy, and it has to cooperate with the other departments in the corporation and also need to consider the cultural factors according to the local environments. For example, the different cultures could have different consumption preferences, different buying customs and different consumer behaviours. In the following parts, the thesis will present the details about these factors and also the explanations about why they could affect the model of CRM.

2.3.2. Cultural and Social Differences

Consumption can be driven by functional or social needs, for example, a car may satisfy a functional need, but the type or the brand of car can satisfy a social need. Difference in sensitivity to certain product attributes are varying buying motives can be explained by the underlying cultural values that vary by product category. Understanding the variations in what motivates people is important positioning brands in different markets. (De Mooij 2009: 104–107) For computers, needs vary between functions, efficiency, design, running speed, and weight, which related to different cultural values. The buying motives may underlie brand image, brand preference and the brand value. Self-actualization is a highly individualistic motive.

Cultural generalizations need to be empirically grounded and commonly accepted as being true by those being stereotyped. Nevertheless, given these provisos, it can be very useful to examine the values and beliefs that characterize and distinguish a society. (Martinsons & Westwood 1997)

The six dimension index scores of culture offered by Hofstede, Hofstede and Minkov (2010) explains behaviour of individuals and organizations by their cultural peculiarities, measured through level of Power Distance, Collectivism versus Individualism, Uncertainty Avoidance, Masculinity versus Femininity, long Term versus Short Term

Orientation and Indulgence versus Restraint. The six major replications (14 or more countries) used populations of country elites, employees and managers of other corporations and organizations, airline pilots, consumers and civil servants (Hofstede et al. 2010)

➤ Power Distance

Power distance has been defined as the extent to which the less powerful members of organizations and institutions accept and expect that power is distributed unequally (Hofstede 2011). In low power distance countries, the authority is separated within the organization and superiors are dependent on subordinates as consultation on a limited extent while in high power distance countries, power is always centralized within the organization. Only a considerable dependence exists from subordinators to superiors. (He & Liu 2010: 5)

In Hofstede et al. (2010) Power Distance Index scores are listed for 76 countries; they tend to be higher for East European, Latin, Asian and African countries and lower for Germanic and English-speaking Western countries.

➤ Individualism vs. Collectivism

Individualism on the one side versus its opposite, Collectivism, as a societal, not an individual characteristic, is the degree to which people in a society are integrated into groups. On the individualist side we find cultures in which the ties between individuals are loose: everyone is expected to look after him/herself and his/her immediate family. On the collectivist side we find cultures in which people from birth onwards are integrated into strong, cohesive in-groups, often extended families (with uncles, aunts and grandparents) that continue protecting them in exchange for unquestioning loyalty, and oppose other in-groups. (Hofstede 2011) The two dimensions seem to be negatively correlated: larger power distance countries are also likely to be more collectivist; small power distance countries are more individualist. (He & Liu 2010: 5–6)

In Hofstede et al. (2010) Individualism Index scores are listed for 76 countries; Individualism tends to prevail in developed and Western countries, while collectivism prevails in less developed and Eastern countries; Japan takes a middle position on this dimension.

➤ Masculinity vs. Femininity

Masculinity and femininity means the extent of how the society views the role of male and female. In “masculinity” country, people are more competitive, assertive, and ambitious and accumulated wealth and material possessions are always valued (Usunier & Lee 2005). Managers in masculine cultures are convincing decision-makers and they believe in facts rather than group discussions (Newman & Nollen 1996). Feminine managers are “intuitive rather than decisive for consensus” and they listen to the suggestions of the groups (Hofstede 1997). In Feminine cultures welfare of the society is more valued: people care for others, sympathy for the weak and pay more attention to the quality of life. In comparison, masculine cultures power and material progress are valued: gender roles are clearly distinct, people respect for the strong and pay more attention to competition and performance. (He & Liu 2010: 6)

In Hofstede et al. (2010) Masculinity versus Femininity Index scores are presented for 76 countries; Masculinity is high in Japan, in German speaking countries, and in some Latin countries like Italy and Mexico; it is moderately high in English speaking Western countries; it is low in Nordic countries and in the Netherlands and moderately low in some Latin and Asian countries like France, Spain, Portugal, Chile, Korea and Thailand.

➤ Long Term vs. Short Term Orientation

Hofstede (1997) presents that the dimensions of culture can be described as a society's "time horizon" or the importance related to the future comparing with the past and present. In long term oriented countries, "*persistence (perseverance), ordering relationships by status, thrift, and having a sense of shame is included in the value while in short term oriented societies, normative statements, personal steadiness and stability, protecting ones face, respect for tradition, and reciprocation of greetings, favors, and gifts*" are included.

Long-term oriented are East Asian countries, followed by Eastern- and Central Europe. A medium term orientation is found in South- and North-European and South Asian countries. Short-term oriented are U.S.A. and Australia, Latin American, African and Muslim countries. (Hofstede et al. 2010)

➤ Uncertainty Avoidance vs. Acceptance

Uncertainty avoidance indicates to what extent a culture programs its members to feel either uncomfortable or comfortable in unstructured situations. Hofstede (1997) explains that this feeling is expressed through nervous stress and in a need for predictability or a need for written and unwritten rules. In these cultures, such situations are avoided by maintaining strict codes of behaviour and a belief in absolute truths. Cultures strong in uncertainty avoidance are active, aggressive, emotional, compulsive, security seeking, and intolerant. Cultures in uncertainty acceptance are contemplative, less aggressive, unemotional, relaxed, accepting of personal risks, and relatively tolerant. (Jandt 2004).

In Hofstede et al. (2010) Uncertainty Avoidance Index scores are listed for 76 countries; they tend to be higher in East and Central European countries, in Latin countries, in Japan and in German speaking countries, lower in English speaking, Nordic and Chinese culture countries.

➤ Indulgence vs. Restraint

Indulgence stands for a society that allows relatively free gratification of basic and natural human desires related to enjoying life and having fun. Restraint stands for a society that controls gratification of needs and regulates it by means of strict social norms. (Hofstede 2011) Indulgence tends to prevail in South and North America, in Western Europe and in parts of Sub-Saharan Africa. Restraint prevails in Eastern Europe, in Asia and in the Muslim world. Mediterranean Europe takes a middle position on this dimension. (Hofstede et al. 2010)

The world has changed in many ways since Hofstede came up with his concept of cultural dimensions. Globalization has changed many things since the 70's. The world has gone culturally and economically closer together. Information and interactions spread around the Internet faster than anyone could've imagined forty years ago. Some might say that Hofstede's model is out of date. (Piepenburg 2011)

Under different cultural environment context, customers' shopping habits and consuming preferences are very different.

- Ward (2005) described how Carrefour, the French retail chain, led Wal-Mart in China identifying and dealing with the local economy's desired buying experience, and warned: the consequence of Global CRM 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.

- Cyr, Bonnani, Bowes and Ilserver (2005: 25–54) 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 purpose or communication channels with customers.
- In another study focusing on the cultural difference, 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 proving personal information, so that customers in different cultures could self-select the level of privacy with which they were comfortable.
- Lacobucci, Grisaffe, Duhachek & Marcati (2003) found that there were important differences in the drivers of repeat purchases such as cost, value, quality, and service in the four region 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 repeating purchase intentions for collectivistic cultures compared to the more individualistic cultures.

In addition to differences at the customer level, multinational firms must also face a myriad of challenges outside of the customer dynamic. Factors such as the competitive environment, technological infrastructure, trade barriers, political systems, and legal regulations all vary in different jurisdictions of the world (Ajami, Cool, Goddard & Khambata 2006). Each of these factors makes a completely standardized approach to

CRM very difficult, depending on the level of disparity among the markets where a given firm operates (Raab et al. 2008: 125).

By Liljander and Strandvik (1995: 15), another factor characterizing a relationship is different kinds of bonds between the customer and the firm. Thus, a customer who has purchased twice from the company, feels some positive commitment to it, and/or has bonds with it, has a stronger relationship than someone who has purchased twice without being committed and/or having bonds. Bonds can be studied at both company and individual levels. Thus a customer may be committed to, feels trust for and has a social bond to a specific person in the company, without feeling commitment and trust for the company as a whole. Bonds can be compared with the distance concept, which has been used mainly within the Network Approach concerning international markets. Some distances, which affect the relationship have been suggested; social distance, technical distance, cultural distance, geographical distance and time difference (Ford 1980).

Geographical distance is the distance measured along the surface of the earth. Nowadays, more and more companies expand their business across different countries. When they provide service or products to customers, the geographical distance is very effective to the relationship between customers and providers. According to Swartz, Bowen and Brown (1995), a customer is, for example, unlikely to use a service provider which is located geographically further away than other service companies and which has working method that are unfamiliar to the customer (cultural distance).

Based on the view of Swartz et al. (1995: 7), the difference between bonds (**Table 2**) and distance is in their view that bonds constitute exit barriers for the customer while distance is a descriptive characterization of the relation between the buyer and the seller. The five first bonds in the table, legal, economic, technological, geographical and time bonds, constitute effective exit barriers for the consumer. They are contextual factors that cannot easily be influenced by the customer but can be observed and managed by the service firm. They propose that they are more likely to be perceived in a negative sense than the other five bonds.

Type of bond	Examples
Legal bond	A contract between the customer and service provider (e.g. telephone company, cable TV, electricity, gas, bank services)
Economic bond	Lack of resources may force the customer to buy a service that fits the customers budget, price reductions based on relationship
Technological bond	The purchase of a specific brand which requires the use of a specified dealer for repairs/maintenance and/or original spare parts from manufacturer or retailer
Geographical bond	Limited possibilities to buy the service from other than one or a few service providers because of distance and/or lack of transportation.
Time bond	A service provider may be used because of suitable business hours or because of a flexible appointment system. Customers are limited by business hours set by service providers (e.g. child care from 8-16) or employers (office hours and limited lunch hour).
Knowledge bond	The customer may have an established relationship with a doctor who knows the customer's medical history. A customer's relation to a bank clerk may be strong because of the clerk's knowledge about the customer's business, which facilitates the transactions. It also works the other way, so that the customer gains knowledge about the service provider (e.g. the scripts of how to behave are known to the customer, which reduces uncertainty)
Social bond	Social bonds exist when the customer and the service personnel know each other well, contact is easy, there is mutual trust (services can be handled by phoning the bank, the customer does not have to go there personally) .
Cultural bond	Customers may identify themselves with a subculture (e.g. language, country) and therefore relate more strongly to certain companies or products made by certain countries
Ideological bond	Customers may be inclined to prefer some service providers because of certain personal values (e.g. green products, avoiding companies that exploit the nature, support home-country products)
Psychological bond	The customer is convinced of the superiority of a certain service provider (brand image)

Table 2. Different types of bond between customers and service providers. (Swartz et al. 1995: 7)

2.3.3. Information Technology

In terms of technology, the levels of infrastructure development worldwide are very different. These differences could make the costs associated with data collection very high, and could also impact the quantity and quality of the information available. Thus, companies that wish to employ a customer orientation worldwide may find that it is very difficult to do this on a standardized basis given the differences in technological sophistication. (Raab et al. 2008: 125)

In a multinational culture business context, it is required to have a well-organized and efficient CRM system or framework to manage those global customers. In this century, the CRM system is more based on Internet or cloud computing software, which is technology. Stefanou and Sarmaniotis (2003) proposed the following four-level conceptual model of CRM development stages:

- I. Non-Information Technology (IT)-assisted CRM, which relies on manual systems;
- II. IT-assisted CRM, in which data is collected manually but uses IT for analysis;
- III. IT-automated CRM, which uses IT for customer interaction – what is often characterised as operational CRM;
- IV. Integrated-CRM (I-CRM), which involves fully integrated system and analytical CRM.

The level of development of IT infrastructure impacts the amount and quality of customer information available, the ability to analyse the data, and the firm's communication capabilities through different customer interaction channels or touch points (Ramaseshan et al. 2006: 195 – 207). Kutner and Cripps (1997) argued that three doctrines constitute the basis of the CRM, from marketing angle. These are:

- Customers should be managed as important assets.
- Customers' profitability varies from one to the other – not all of them are equally desirable.
- Customers vary in their needs, preferences, buying behaviour and price sensitivity.

In order to maximize the overall value of the customer portfolio, companies should try to understand customer drivers and profitability so that they can tailor what they offer accordingly (Maleki & Anand 2008: 69). Curley (1999) suggested that CRM systems consist of four main technological components regarding to the information systems perspective. These components are:

- A data warehouse with customer, contract, transaction and channel data.
- Analysis tools for examination of the database and identifying customer behaviour patterns.

- Campaigning management tools for allowing the marketing department to define communication and facilitate automatic generation of these communications.
- Interface with the operational environment for maintaining the marketing database and communication channels to deliver the messages.

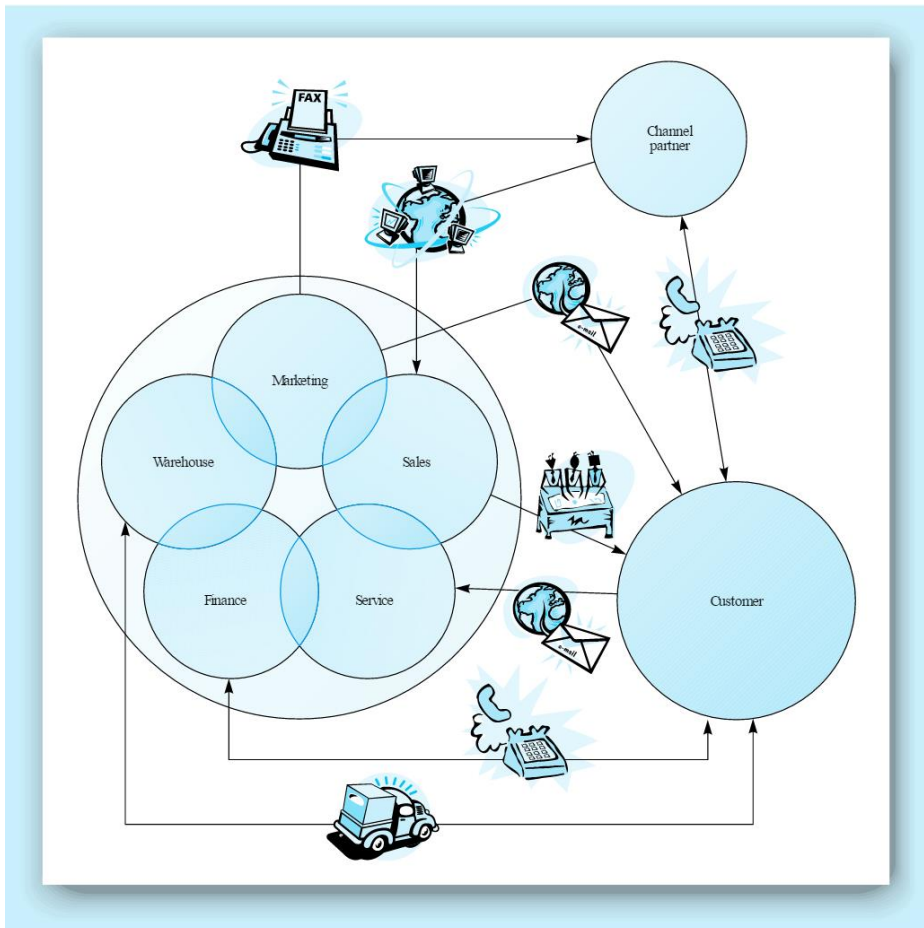


Figure 2. The challenge of multiple disparate channels of communication between an organization, its partners and its customers (Buttle 2008: 367).

From the book of Buttle (2004: 365), in the late 1980s, some organizations attempted to consolidate some of these disparate technologies. For example, the customer information file (CIF) that was central to many insurance companies and banks started to be seen as a

source of marketing information, rather than a basic record of a customer's account. Call centres began being used for outbound calls such as up-selling customers rather than just responding to inbound service calls. The customer started to be recognized as a single entity across all customer-facing departments, leading to the idea of a 'single view of the customer' (**Figure 2**).

Large corporations invest huge amounts of money, time, and resources in ERP and CRM solutions. These are systems that have the capability of automating core business processes, like manufacturing, finance, and sales operations. They also enable companies to manage critical master data on products, customers, and transactions. (Maleki & Anand 2008: 67)

In the view of Wallace (2016), the primary purpose of CRM software, sometimes known as contact management software, is to consolidate customer information into one repository, so users can better organize and manage relationships. In **Table 3**, it shows the different functions of CRM software solutions. Additionally, these applications automate common processes and provide tools for monitoring performance and productivity. Systems vary, but the best CRM software will include at least the following four core functions:

- Customer data management. Most products provide a searchable database to store customer information (such as contact information) and relevant documents (such as sales proposals and contracts).
- Interaction tracking. These systems document conversations held by phone, in person, through live chat, email or other channels. These interactions can be logged manually, or automated with phone and email system integrations. Depending on the product, some systems can also track interactions on Facebook, Twitter and other social platforms.
- Workflow automation. This standardizes business processes, usually through a combination of task lists, calendars, alerts and templates. Once a task is checked off as complete, for example, the system might automatically set a task for the next step in the process.
- Reporting. Management can use these CRM tools to track performance and productivity based on activities logged in the CRM system—for instance, how

many new contacts were added to the database that day, or how much revenue was generated. These tools can also be used for forecasting, such as for the next-quarter sales pipeline.

Marketing Integration	Lead management (including tools for lead generation, scoring and nurturing), email and event marketing, landing pages, Web and marketing analytics tools and campaign management.
Sales force automation	Contact and opportunity management, workflow automation, territory management, sales forecasting, pipeline analysis and reporting.
Customer service & support	Trouble ticketing, knowledge management and knowledge base systems, self-service solutions, case management, live chat and surveys.
Field service management	Dispatching, scheduling, invoicing, inventory management and order management.
Call center automation	Call routing, recording and monitoring; load balancing, call list management, autodialing, scripting, computer telephony integration (CTI) and interactive voice response (IVR).
Help desk automation	Trouble ticketing, knowledge management, self-service, IT asset management, network management, service level agreement (SLA) management and remote control.
Channel management	Lead and contact management, partner portals, partner relationship management and market development funds management.

Table 3. The most common functions of CRM software (Wallace 2016).

CRM is fast emerging as a top priority initiative for businesses According to Gartner (2008), the world's leading information technology research and advisory company. From **Table 4**, it shows worldwide CRM software revenue totalled \$8.1 billion in 2007, a 23.1 percent increase from 2006 revenue of \$6.6 billion, demand of software as a service (SaaS) is increasing for marketing automation and customer service and support solutions. SaaS continued to drive the market forward, representing more than 15 percent of total CRM software market revenue in 2007. (gartner.com) In its 2007 press release,

Gartner (2008) ranked vendors in worldwide CRM software revenue accounting for 25.4 percent of the market.

“Though currency buoyed growth, this represents the fourth year of solid market performance for CRM, the market was driven by greater contributions from emerging regions, continued rapid adoption of software as a service (SaaS), and a continued focus on investments that promote customer retention and enhance the customer experience.”– Sharon Mertz, research director at Gartner (2008).

Company	2007 Revenue	2007 Market Share (%)	2006 Revenue	2006 Market Share (%)	2006-2007 Growth (%)
SAP	2,050.8	25.4	1,681.7	25.6	22.0
Oracle	1,319.8	16.3	1,016.8	15.5	29.8
SalesForce.com	676.5	8.4	451.7	6.9	49.8
Amdocs	421.0	5.2	365.9	5.6	15.1
Microsoft	332.1	4.1	176.1	2.7	88.6
Others	3289.1	40.6	2,881.6	43.7	14.1
Total	8,089.3	100.0	6,573.8	100.0	23.1

Table 4. Worldwide Vendor Revenue Estimates for Total CRM Software, 2006–2007 (Millions of U.S. Dollars) Source: Gartner (2008).

Even the CRM software or technological applications are so efficient and broadly used, CRM technologies are much more than a simple suite of applications according to the opinion of Buttle (2008: 368), which implies that CRM must be flexible enough to stay in touch with a changing audience (the customer). It must reflect different requirements in different industries. It must be accessible to external stakeholders and mobile professionals such as salespeople and field technicians. It must operate over any communication channel, and it must integrate with other systems to provide a single view

of, and for, the customer. Finally, it must be implemented in such a way that appropriate work practices and skills are deployed, as many of the requirements of CRM cannot be solved by technology alone.

2.3.4. Strategy of CRM in MNCs

In a company, when it launches a product and get many feedbacks from the customers. The company's management embraced the idea immediately, and realizing to use the power of social media to improve its customer service. And with the actionable voice of the customer data it began collecting, the company transformed not only its service process but the way the whole organization worked together. The results is that customer-focused business decisions by integrated multidisciplinary teams working together to solve customers' issues, develop new products, create fanatical customer experiences, increase customer retention and revenue, and reduce costs for customer service, marketing, and engineering. (Peppers & Rogers 2011: 229–230).

The need to manage networks is recognized in modern CRM systems, with moving towards extra-enterprise CRM. CRM systems now include applications for managing relationships with partners (PRM), the integration of websites for investor relations, and the management of employees (ERM), through integration with enterprise resource planning (ERP), the management of suppliers. (Buttle 2008: 299).

When the customer team needs to take an action to make their products or services more comprehensive due to the demand of customers, according to Peppers and Rogers (2011: 232), the action process actually goes throughout the whole organization: product development, relationship marketing, brand management, and public relations. Customer interactions, conversations, and relationships are what transform CRM into social CRM. Only when the whole organization work together that could make the action process perfectly and efficiently.

CRM is an example of a managerial philosophy that helps firms find the appropriate level of balance between these two pressure points via elucidating which customers are the most important for a given firm, and what is the most efficient way to satisfy the needs of this customer base. (Raab et al. 2008: 3) In this Master thesis, it also analyses the following **Table 5**, which is the summary of common strategies for international active firms: Multi-domestic or multinational strategy, which executives at firms that opt for this strategic alternative often view themselves as a collection of relatively independent; Global strategy, under this scenario, the corporate leaders view the world as a single marketplace, with the primary goal of creating standardized goods and services that will meet the needs of customers worldwide; Transnational strategy, this strategic alternative is considered to be the ‘Holy Grail’ of corporate strategies at the international level, which the firm attempts to combine the benefits of global scale efficiencies with the benefits of local responsiveness. This strategic alternative involves compromising with complexity, and trying to balance multinational and global concerns. This is typically done via assigning tasks and responsibilities to areas best able to achieve the desired balance between efficiency and flexibility. (Raab et al. 2008: 4)

	Multi-domestic Strategy	Global Strategy	Transnational Strategy
Strategic Focus & Perspectives	Adapting to regional/national differences and accommodating customer preferences	Aggregated and centralized to global scale	Compromising with complexity to balance local variations with worldwide innovations and learning
Deployment of Firm Specific Resources & Capabilities	Resources/capabilities are partitioned/ decentralized, effectively at the local level	Efficient centralization/ standardization to global scale/ cost, scope, and critical mass	Resources and capabilities are recombined to capture competence and process advantages interdependently for CRM

Table 5. Common strategies for international active firms (Raab et al. 2008: 12).

According to Shumanov and Ewing (2007: 73), a multinational organisation manages its subsidiaries as though they were components of a portfolio of multinational entities with headquarters exercising low control and low coordination. Within a specific MNCs 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).

2.4. Analysis of Two Previous CRM Frameworks

In this part, the thesis will analyse and criticise the two major different framework models from different literature reviews, and then introduce the advantages to integrate an independent theoretical framework in the summary.

In nowadays, more and more companies increase the investment to CRM, if one company failed to make a good framework of CRM, it will lost many customers which means lose its competitive advantage in the business battle.

The two most important aspects of the integrated approach are that the GAM (Global Account Management) programme should be integrated within the organization and that the management of the global relationship should go beyond sales to have an integrated approach towards all aspects of the customer's organization. With this integrated approach, it will be easier to build a global relationship with the customer which will deliver the added value that is enclosed in the opportunities of global business. (Yip & Bink 2007: 15)

In the following **Figure 3**, there is one framework for global customer management by Yip and Bink (2007: 16). The reason to choose this framework is that the perspective of the integrated approach is not only from the point of view of CRM strategy, but also have

the cultural issues included. The Framework is very practical and comprehensive for the corporations to manage the relationship with global customers under the international business environment.

The integrated approach results in a framework of four parts, which will also be used as the structure of this book: the foundation, the tools, the content and the process. It shows the complete framework, and its components. In the following descriptions of the four contents are all based on the research of Yip and Bink (2007: 17–19).

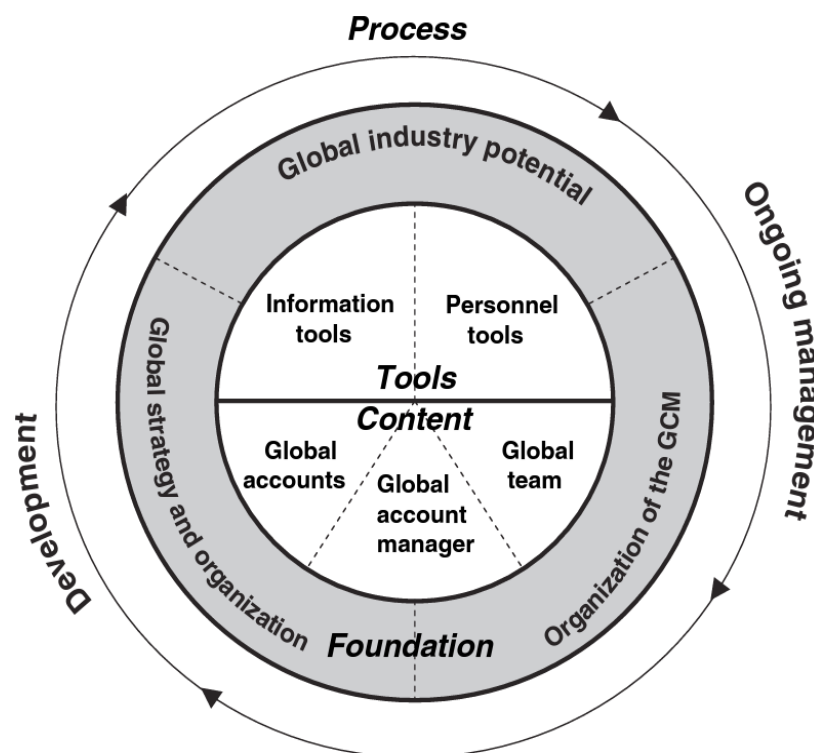


Figure 3. Framework for global customer management (GCM): the integrated approach (Yip & Bink 2007: 16).

Foundation

As Yip and Bink (2007: 17) implies, the foundation of the integrated approach is the research and preparation that needs to be done before implementing the

complete programme. The following guidelines need to be taken into consideration when building the foundation for a GCM (Global Customer Management) programme:

- Analyze the customer's industry.
- Analyze your own industry and your place in it.
- Assess the five global strategy levers: global market participation, global products and services, global location of value-adding activities, global marketing, and global competitive moves.
- Assess how a GCM programme will fit with the elements of your global organization: organization structure, management processes, people and culture.

Content

After the company situation has been thoroughly examined and a suitable GCM organization for the company's situation has been designed, it is important to take some care in providing the right content for the programme. Choosing the right accounts can be a daunting activity. Most customers will want to be part of the programme, but it is important that only those customers that can be of added value to the programme are included otherwise GCM will end up as a costly operation of price (and probably profit) reduction. As the GCM programme should lift Global Account Manager (GAM) beyond a general sales approach, the role of the GAM should be more than that of a salesperson. It takes specific skills and seniority to be a GAM that can handle the complexity of the global situation while still being able to build on any extra potential. Therefore, selecting the right person for the position of gam can be the key aspect of lifting the programme beyond global account coordination towards global customer management. As the total relationship is a lot more complex than in a country-based relationship with a customer, the gam cannot handle the account completely on his or her own. Most companies have a formal or informal team (such as virtual networks and cross-functional teams) that assists the GAM in his or her activities. There are many

different ways of setting up a global account team, but in the integrated approach, it is important to include members with different skills in the team. This will help the programme to be more aligned with the rest of the organization, and will give the programme greater recognition within the whole company. (Yip & Bink 2007: 17–18)

Tools

Once the GCM programme is designed and running, its members will need to be provided with tools to help the programme to run smoothly within the rest of the organization, and to create the integrated approach. Customer information constitutes an important tool to reach a high level of integration. Especially in a globally complex situation it can be hard to keep track of every piece of information involving the account. The position of the gam can sometimes resemble that of an account specific ‘information manager’. Many systems are available to help manage this information, but most companies agree it is hard to use this tool effectively and to its full potential to promote the integrated approach. As employee perception can have a major effect on the programme, it is important to use tools that helps motivate staff and give them reason to work hard for the success of the GCM programme. Incentives and compensation can be an important tool in the development of the programme. (Yip & Bink 2007: 18–19)

Process

Once the GCM programme has been implemented, the company will want it to run as smoothly as possible. Companies have to realize GCM is a process, not a project, and manage it accordingly. The programme needs to be developed over time, as improvements can be made and situations change. The processes that are needed to run the programme to its full potential, and to help develop the programme and make it fit in with the rest of the organization and the current times. The different supporting systems to help the programme develop are

featured, as are the different approaches to improving relationship management. (Yip & Bink 2007: 19)

From this framework, we can see that this framework more focuses on the perspective of people and business process, and lack of paying close attention on how information technology plays the role in the business process. Even though it mentions Global Account Manager (GAM) and tools, but it more tends to how to manage the talents and personnel.

The second CRM Framework is explained by Chen and Popovich (2003: 676) (**Figure 4**). The reason to choose this Framework is mainly because the CRM strategy has a balance combination of three factors: people, process and technology, which is similar with this thesis. Moreover, the technology is mentioned in this framework to cover the shortage of the first integrated approach, and as a bedding for this thesis's CRM Framework.

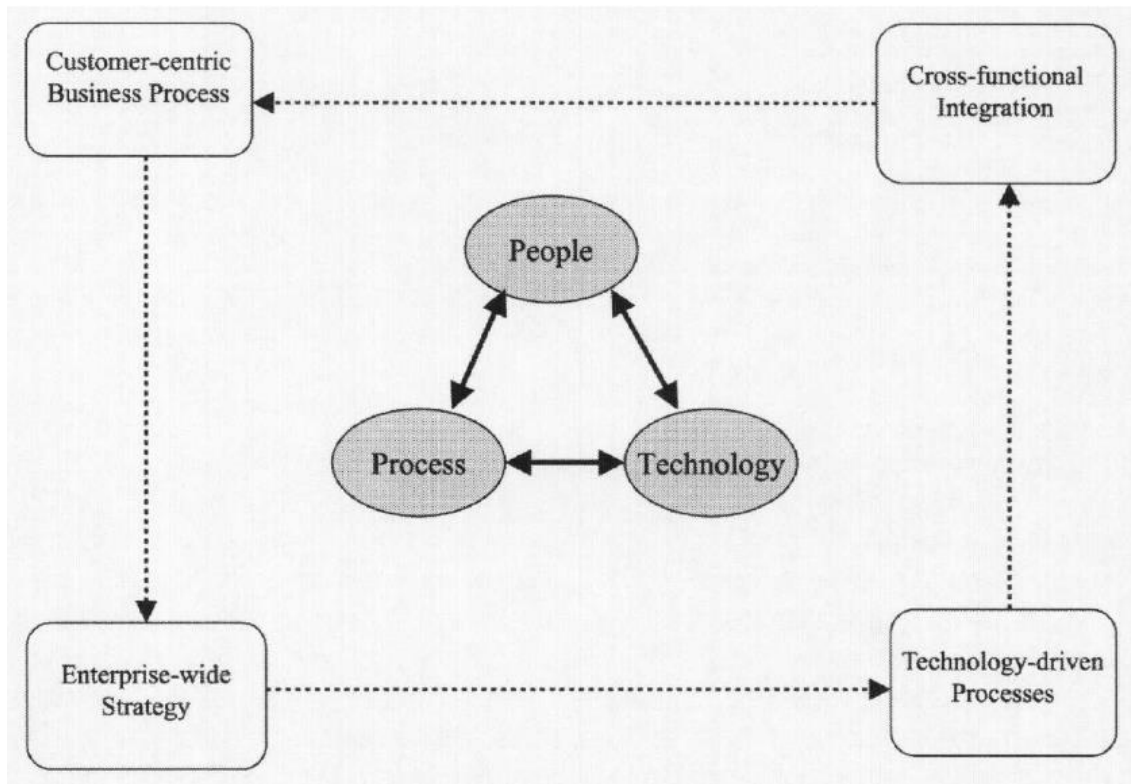


Figure 4. A CRM implementation model (Chen & Popovich 2003: 676).

A CRM implementation model that integrates the three key dimensions of people, process, and technology within the context of an enterprise-wide customer-driven, technology-integrated, cross-functional organization is proposed.

The Technology Factor

Information technology (IT) has long been recognized as an enabler to radically redesign business process in order to achieve dramatic improvements in organizational performance (Davenport & Short 1990; Porter 1987). IT assists with the re-design of a business process by facilitating changes to work practices and establishing innovative methods to link a company with customers, suppliers and internal stakeholders (Hammer & Champy 2006).

CRM application takes full advantage of technology innovations with their ability to collect and analyse data on customer patterns, interpret customer behaviour, develop predictive models, respond with timely and effective customized communications, and deliver product and service value to individual customers. Using technology to «optimize interactions» with customers, companies can create a 360 degree view of customers to learn from past interactions to optimize future ones (Eckerson & Watson 2000). Among others, data warehouses, enterprise resource planning (ERP) systems and the Internet are central infrastructures to CRM applications.

Business Process Changes

Chen and Popovich (2003: 681) indicates that as more firms enters into the market, mass marketing techniques where the goal was to sell what manufacturing produced that starts to lose effectiveness. Target marketing, or segmentation, shifts a company's focus to adjusting products and marketing efforts to fit customer requirements. Changing customer needs and preferences require firms to define smaller and smaller segments.

Customer relationship marketing techniques focus on single customers and require the firm to be organized around the customer, rather than the product.

Customer–centric organizations seamlessly integrate marketing and other business processes to serve customers and respond to market pressures.

CRM is an enterprise–wide customer–centric business model that must be built around the customer. (Seybold 1998; Seybold, Marshak & Lewis 2001). In Seybold’s work, five steps in designing a customer–centric organization were suggested:

- I. Make it easy for customers to do business;
- II. Focus on the end customer;
- III. Redesign front office and examine information flows between the front and back office;
- IV. Foster customer loyalty by becoming proactive with customers;
- V. Build in measurable checks and balances to continuously improve.

The goals of a customer–centric model are to increase revenue, promote customer loyalty, reduce the cost of sale and service and improve operations.

People Changes

Implementation of enterprise technology, such as CRM and ERP, requires changes to organizational culture (Al–Mashari & Zairi 2000: 156–166). While both technology and business processes are both critical to successful CRM initiatives, it is the individual employees who are the building the blocks of customer relationships. There are several underlying dimensions surrounding management and employees that successful CRM implementations require. Top management commitment is an essential element for bringing an innovation online and ensuring delivery of promised benefits.

The META group Report (1998) concluded that investing in CRM technology without a customer oriented cultural mindset is like throwing money into black hole. Dickie (1999) also warns against starting a CRM project if senior management does not fundamentally believe in re–engineering a customer–centric business model.

A customer–centric model requires sharing the data enterprise–wide; this usually requires a fundamental paradigm shift in the culture to sharing information and knowledge. Additionally, management must ensure that job evaluations, compensation programs, and reward systems are modified on a basis that facilitate and reward customer orientation. After all, how people are measured that will determine their behaviour. (Chen & Popovich 2003: 685)

This second CRM model is more similar to the thesis’s independent Framework, but as the model was proposed in 2003 which means the technology part has been out of date. And since the People Changes is directly relate to Technology, which means this part is not very convinced either. This model is technology–integrated, so the technology is the key to the success of implementation. Therefore, the information technology related part need to be absolutely updated.

2.5. The Theoretical Framework

This part will present a CRM framework (**Figure 5**) which bases on all the preview literatures. It is generally constituted by (Figure 3) Framework for global customer management (GCM): the integrated approach Yip and Bink (2007: 16) and (Figure 4) A CRM implementation model (Chen & Popovich 2003: 676), which combined the mains points and important information of both frameworks that required by this thesis.

The first step of making a framework is to segment the market in CRM. By the view of Buttle (2008: 127–128), market segmentation is the process of dividing up a market into more–or–less homogeneous subsets for which it is possible to create a different value proposition. At the end of the process the company can decide which segment(s) it wants to serve. If it has chosen, each segment can be served with a different value proposition. Market segmentation in many companies is highly intuitive. The marketing team will develop profiles of customer groups based on their insight and experience. This is then used to guide the development of marketing strategies across the

segments. In a CRM context, market segmentation is highly data dependent. The data might be generated internally or sourced externally. Internal data from marketing, sales and finance records are often supplemented with external data from external sources such as marketing research companies, partner organizations in the company's network and data specialists (**Table 6**). And the market segmentation process can be broken down into a number of steps:

- identify the business you are in;
- identify relevant segmentation variables;
- analyse the market using these variables;
- assess the value of the market segments;
- select target market(s) to serve.

Intuitive	Data-based
-Brainstorm segmentation variables: <ul style="list-style-type: none"> • Age, gender, lifestyle • Standard Industrial Classification (SIC), size, location -Produce word-profiles -Compute sizes of segments -Asses company/segment fit -Make targeting decision: <ul style="list-style-type: none"> • One/several/all segments? 	-Obtain customer data: <ul style="list-style-type: none"> • Internal and external -Analyse customer data -Identify high/medium/low-value customer segments -Profile customers within segments: <ul style="list-style-type: none"> • Age, gender, lifestyle • Standard Industrial Classification (SIC), size, location -Assess company/ segment fit -Make targeting decision: <ul style="list-style-type: none"> • One/several/all segments?

Table 6. Intuitive and data– based segmentation processes (Buttle 2008: 128).

The perspectives of the theoretical framework mainly center of people (from cultural aspect), Information Technology (IT) and business process. As we can see from the Figure 5, the background and principle of this research are in a multinational business

environment. Base on the objectives and MNCs environment, then to come up with a multinational strategy. According to Raab et al. (2008: 3–4), executives at firms that opt for this strategic alternative often view themselves as a collection of relatively independent operating subsidiaries, each of which focuses on a specific domestic market. As **Table 5** Common Strategies shows that the perspective of strategy focuses on adapting to regional or national difference and accommodating customer preferences, and deployment of Firm specific Resources and Capabilities are decentralized effectively at the local level. The strategy is akin to decentralized atmosphere, with the advantage of being highly customized to the markets in which the firm competes. As is often the case in a decentralized management framework, best practices from the alternatives site may not be communicated, and the firm loses valuable data collection ability from the lack of communication. Thus, this strategy is strong on local responsiveness.

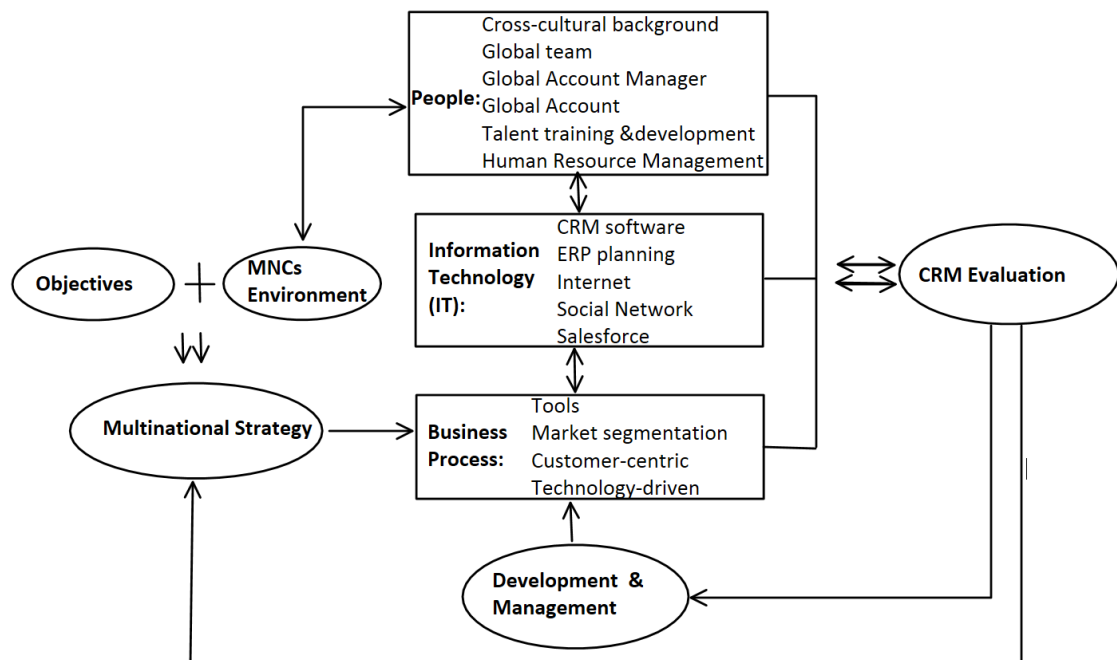


Figure 5. A theoretical framework for CRM in MNCs.

Different subsidiaries will have different local strategies according to the local situations, and the aspects will come from the three main factors: people, Information Technology and business process.

People

This factor particularly focuses on the cultural and social aspects. For a multinational corporate, each subsidiary has a different cultural background which makes the culture of the corporate is very diversified. The vast majority of the extant CRM literature presumes a Western orientation (Berhad & 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. (Ramaseshan et al. 2006: 195 – 207)

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 & Tyler 2002)

In order to attract and satisfy the existing and valuable customers, the cultural and social factors have a certain impact for the customers' consumption preference. 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 & 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: 114) states 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.

In general, any companies with large, international customers will have different national account managers (nams) dealing with the separate parts of the account. When the large, international customer account becomes a global account, these local account managers will need greater coordination. Also, the nam becomes more than a local sales manager. He or she has to realize that she or he is part of a global team, and that sometimes a global objective will ask for local sacrifices. With regards to global accounts, the main GAM-related task of nams becomes the local implementation of global agreements, in addition to the usual selling and maintenance responsibilities for the local unite of the global customer. Therefore, it is important for the nam to keep informed about activities on the global level. On the flipside, the GAM is dependent on the nam for information at the national level, in order to get a good overview of the total situation with the account. In a way, the nams are the eyes and ears of the global account team. They have the most direct links with different parts of the customers, and will gather information that will not be available at the global level. (Yip & Bink 2007: 76–77)

On the other hand, the Human Resource Management Department is also very import regarding to choose the right personnel, process the talent training programme and development. The rights people are the keys to have a successful CRM strategy, they are the ones who make decisions to choose the right people in the leader positions.

Information Technology (IT)

Information technology has long been recognized as an important component of CRM (e.g. Chang, Park & Chaiky 2010: 850; Jayachandran, Sharma, Kaufman & Raman 2005; Rapp, Trainor & Agnihotri 2010). Most of the technology described in extant CRM literature, however, tends to relate to the automation of information processing among employees internally and between salespeople and their customers externally (e.g., IT such as e-mail, interactive voice response systems, sales force automation, and systems for customer analytics and database

marketing). In other words, CRM technology is typically viewed as a sales or marketing–centric tool that increases employee efficiency and effectiveness (Ahearne, Hughes & Schillewaert 2007: 336–349; Crittenden, Peterson & Albaum 2010: 103–110), and CRM technology has been broadly defined as “the degree to which firms use supporting information technology to manage customer relationships” (Chang et al. 2010: 850).

In this framework, presents several technology applications for CRM includes CRM software, ERP planning, Salesforce software, and Internet Social Network and Media. These are the most common–used applications, software and methods in this century,

Social media applications have introduced new customer–centric tools that enable customers to interact with others in their social networks and with businesses that become network members (Kietzmann, Hermkens, McCarthy & Silvestre 2011). Examples include blogs, discussion forums, user–created communities, and user–generated content sites. More specifically, applications like LinkedIn, Facebook and Twitter have transformed from completely customer–specific (i.e., originally developed as a peer–to–peer communication tool) to customer–centric tools that allow organizations to take part in the interactions between network members (Trainor 2012).

Trainor (2012) indicates that firms that use the technologies described above will have access to valuable information related to customer requirements, complaints, and experiences, which are discussed among customers on social networking applications, blogs, online communities, and/or discussion forums. To summarize, as Trainor, Andzulisb, Rappb and Agnihotric (2014: 1203) implies, social media technology use will influence an organization's social CRM capability of engaging customers in collaborative conversations and enhancing customer relationships.

Business Process

In the book that written by Buttle (2008), it suggests data mining can be used for market segmentation and customer valuation purposes. It has particular use when

there are large volumes of data that need to be analysed. Clustering techniques can be used to analyse complex data sets with a view to identify the segments of customers. Moreover, in the market segmentation process, some basic questions need to answer:

- How can we segment our customers?
- Which customers offer the greatest potential for the future?

After the market segmentation, it is ready to start a CRM project process. Raab et al. (2008: 121) indicates that when beginning a CRM project, all of the business process in an organization must be reviewed to determine which are the processes that are the most likely to be improved with CRM technology. The customer-oriented organization must collect data on all customer interfaces, and must map out the point of contacts between the customers and the firm, wherever this might occur.

In order to manage the CRM programme successfully, Yip and Bink (2007) suggests to use tools to control the process which include information tools and personnel tools. GAM and IT systems could as tools to promote the approach, and the tools such as incentives and compensation will be very good examples too.

The deployment of customer-centric management systems is shown to influence the implementation of CRM and “break down functional barriers to customer-centred actions” (Jayachandran et al. 2005: 180). Firms with more effective CRM implementations are likely to facilitate more effective customer-firm interactions and make greater use of the information generated from social media technologies. In other words, the technology-enabled IT resources of social media applications will exhibit resource complementarity when coupled with customer-centric management systems resulting in greater social CRM capabilities (Trainor et al. 2014: 1204).

However, in period of implementing the business process, it will occur many problems and insufficiencies which need to develop and manage according to the situations. There are no certain rules to solve all the problems according to the contingency theory.

Evaluation

Companies should measure, monitor, and track the system's effectiveness, with an eye to continuously improving performance once the system goes begins to operate. (Maleki & Anand 2008: 79) According to Woodcock, Stone and Foss (2003: 17), measurement of all elements of customer management activity forms feedback into the planning process ensuring continual improvement and thus building sustainable competitive advantage. It also enables individuals and channels to understand how well they are performing their roles and how much they are contributing towards the overall customer management success of the organization. Measuring the effect includes:

- strategic measures;
- key performance indicators;
- corporate measures cascading down to individuals;
- campaign measurement;
- channel management.

According to Kim, Suh and Hwang (2003: 6–9), for enterprises to achieve ROI (return on investment) from CRM, investments in the application domains and technologies of CRM should contribute tangible business benefits to the enterprise, as well as intangible benefits like the brand image. The effectiveness of CRM can be measured as a satisfaction level achieved by CRM activities. To evaluate the effectiveness of CRM, we need an evaluation tool, which can assess both tangible and intangible elements and overcome the drawbacks. Nonfinancial outcomes such as customer satisfaction, channel management, and customer understanding are as important as financial ones such as increased profit, net sales, and reduced cost. Balanced Scorecard (BSC), therefore, was chosen as a well-coordinated and harmonized evaluation tool for CRM effectiveness.

In the 1990s, Kaplan and Norton (1992) presented the BSC concept in Harvard Business Review. Their basic idea is that evaluation criteria should include not only financial measures but also other perspectives such as customer satisfaction, internal business process, and innovation and learning.

The CRM evaluation process model is an iterative process that assesses the effectiveness of CRM. As the **Figure 6** proposed by Kim et al. (2003: 8), it indicates that the first step in this process is to determine the mission and the goal of CRM. Once this is decided, the next step is to establish a CRM strategy. The purpose of this step is to figure out the principle strategic factors. After figuring out the strategic factors, the next step is to find interrelationships among CRM activities and business goals (business goals being increased profits). By analysing these relationships, we can learn what should be done to achieve better outcomes and what perspectives are important towards achieving the outcomes. The outcome of the analysis is evaluated to identify the effectiveness of CRM. This assessment gives further insights into the CRM strategy and helps the marketer to determine the strategy of CRM. The iterative process continues until the current CRM activities become effective.

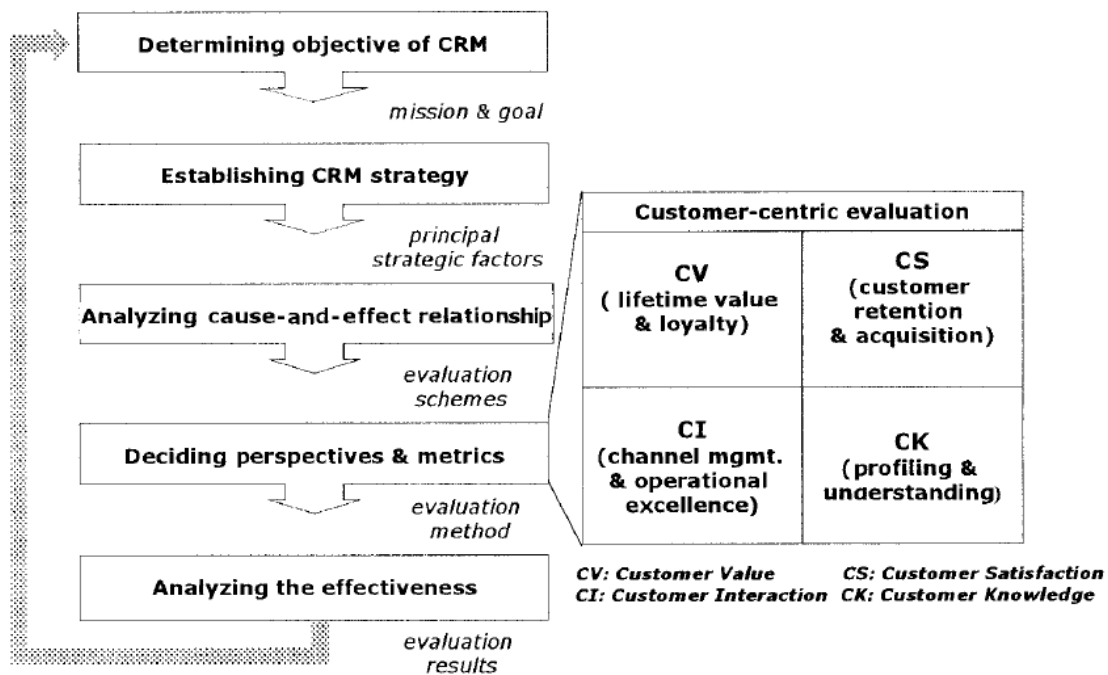


Figure 6. CRM Evaluation Process (Kim et al. 2003: 8).

But as the above evaluation model is not tailored for the theoretical framework model, so the evaluation method need to adjust in accordance with the framework. A proposed

evaluation measurement from three aspects in the Evaluation Process according to People Sector, Information Technology and the development of Business Process:

- Customer loyalty and satisfaction from customer feedbacks
- Financial results: the turnover is increased or reduced
- Lack of channel management and operation productivity

After the evaluation results, the CRM strategy for the future need to be modified and updated accordingly. (Figure 5)

Summary

CRM initiatives require vision and each and every employee must understand the purpose and changes that CRM will bring. Re-engineering a customer-centric business model requires cultural change and the participation of all employees within the organization. Some employees may opt to leave; others will have positions eliminated in the new business model. Successful implementation of CRM means that some jobs will be significantly changed. Management must show its commitment to an ongoing company-wide education and training program. (Chen & Popovich 2003: 685)

This framework gives an example that how to manage and process in a multinational business environment context, and points out that the main factors should focus on customer-centric and technology-driven business process. As Ramaseshan et al. (2006: 195 – 207) points out that 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 global customer relationship management (GCRM), which spans diverse countries and cultures in which global businesses operate. In the next chapter of this research, will present the research methodology.

3. RESEARCH METHODOLOGY

In this chapter, the thesis will present the research approach, data collection and at the end of this chapter will discuss the validity and reliability of this research.

3.1. Research Approach

Quantitative research is based on the measurement of quantity or amount. It is applicable to phenomena that can be expressed in terms of quantity. Qualitative research, on the other hand, is concerned with qualitative phenomenon, i.e., phenomena relating to or involving quality or kind. For instance, when we are interested in investigating the reasons for human behaviour. Qualitative research is especially important in the behavioural sciences where the aim is to discover the underlying motives of human behaviour. (Kothari 2013: 3) As the research topic in this thesis is Customer Relationship Management, a qualitative research method will be used to effectively gather cultural and social information, customer behaviours and the opinions. Through qualitative research, to analyse several factors that affect the implementation of CRM strategy. According to Kothari (2013: 5), qualitative approach to research is concerned with subjective assessment of attitudes, opinions and behaviour.

Qualitative research, as it is configured today, is not only the result of theoretical statements or cultural backgrounds but is also the consequence of technological developments influencing research practices (Graffigna & Bosio 2006). The interpretive and qualitative methodology is adapted in this study and it concentrates on collecting qualitative data. This study uses the case studies as the main methodological approaches.

In the handbook of qualitative research Denzin and Lincoln (2005) describe qualitative research as involving "... an interpretive naturalistic approach to the world. This means that qualitative researchers study things in their natural settings, attempting to make sense of or interpret phenomena in terms of the meanings people bring to them."

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). The systematic collection and objective evaluation of data related to past occurrences in order to test hypotheses concerning causes, effects or trends of these events that may help to explain present events and anticipate future events (Gay 1996).

The analysis method will be based on content analysis. Further, study is more theory-guiding analysis than data or theory driven. Inductive reasoning can be seen in this study as a supporting role. Through these two analysis methods, the study will complete through exploring, researching, and comparing the data of individual cases to analyse the similarities and differences.

Researcher Yin (1984: 23) defines the case study research method as an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used.

3.2. Data Collection

Case studies enable the development of deep insights into respondent beliefs and assist in theory development (Beverland 2001: 207–215). The data collected based on the main empirical objective is to compare the similarities and differences among three cases [PT Unilever Indonesia Tbk., Caesars Entertainment Corporation (formerly Harrah's Entertainment) and Royal Bank of Canada], through three different on-line case materials.

The first phase of choosing the cases is to follow the criteria below for the selection of companies:

- Purpose of the companies
- Industry sector
- Size of the company
- Location

After setting the criteria, the range of the companies needs to be defined accordingly:

- Use three case studies to testify and evaluate the theoretical CRM framework.
- All the three companies are from different industry sectors to increase the convincing of the cross-case analysis.
- As the setting size of the company in this Master's thesis is under Multinational Corporations, therefore the choosing cases of the companies are all multinational corporations in order to increase the reliability of the thesis.
- All the three companies are from different national cultures to increase the diversity of the cases: the first case is based in Indonesia; the second case is based in United States; and the third case is based in Canada.

In summary, all the case studies and on-line materials relate to multinational companies and international business operations. The method of data analysis is to use the cross-cases analysis of comparing the similarities and differences.

3.2.1. Case I – CRM at PT Unilever Indonesia Tbk.

The first case is based on a multinational company – PT Unilever Indonesia Tbk. is part of the Unilever group, a British–Dutch multinational consumer goods company co–headquartered in Rotterdam, Netherlands, and London, United Kingdom. Unilever was founded in 1930 by the merger of the Dutch margarine producer Margarine Unie and the British soapmaker Lever Brothers. During the second half of the 20th century the company increasingly diversified from being a maker of products made of oils and fats, and expanded its operations worldwide. Its products include food, beverages, cleaning agents and personal care products. Unilever has more than 400 brands, 14 of which generate sales in excess of €1 billion a year. (Unilever 2016)

Unilever is multinational with operating companies and factories on every continent except Antarctica and research laboratories in: Colworth and Port Sunlight, England; Vlaardingen, Netherlands; Connecticut and New Jersey, United States; Bangalore, India; and Shanghai, China. It has subsidiaries in almost 100 countries. Notable Unilever subsidiaries include Hindustan Unilever, in which Unilever holds a 67% controlling share.

Unilever is organised into four main divisions: Personal Care (production and sale of skin care and hair care products, deodorants and oral care products); Foods (production and sale of soups, bouillons, sauces, snacks, mayonnaise, salad dressings, margarines and spreads); Refreshment (production and sale of ice cream, tea-based beverages, weight-management products and nutritionally enhanced staples sold in developing markets); and Home Care (production and sale of home care products including powders, liquids and capsules, soap bars and other cleaning products). (Unilever annual report 2013)

PT Unilever Indonesia Tbk. has the form of a matrix-organizational structure. The structure is intended to produce goods that are well coordinated as well as directing the development of cross-functional expertise in the organization. In the structure of such organizations, an employee can have two bosses. (Shinta 2012) The reason to choose this case is that the cultural background of this case is in Southeast Asia, the strategy is centred by Processes, People and Technology, and the case was done by partially interviewing the managers in Unilever. Due to these reasons, the case is very helpful for this Master's thesis to apply the framework model in empirical part.

3.2.2. Case II – Caesars Entertainment Corporation (formerly Harrah's Entertainment)

Caesars Entertainment Corporation (formerly Harrah's Entertainment from 1995 to 2010) is an American public gaming corporation that owns and operates over 50 casinos and hotels, and seven golf courses under several brands. The company, based in Paradise, Nevada, is the fourth-largest gaming company in the world, with annual revenues of \$8.6 billion (Statista 2014). Caesars is a public company, with a joint venture of Apollo Global Management and TPG Capital owning a large portion of the stock and The Blackstone Group also holding a significant stake. (Knightly 2008)

The name change from "Harrah's Entertainment Inc." to "Caesars Entertainment Corporation" was made official on November 23, 2010. Harrah's remains a brand in the company. On November 5, 2010, Harrah's announced an initial public offering of 31,250,000 shares but retracted this offering on November 19. On February 8, 2012, an

initial public offering took place, and the common stock trades on the NASDAQ under the symbol "CZR." (SEC Filings 2013).

In 1997, Harrah's launched its Total Gold loyalty program (renamed as Total Rewards in 2000) (Las Vegas Sun 2000), developed at a cost of \$20 million (Thompson 1997). It was the first gaming company to offer a system wide comps program, allowing points earned at one casino to be redeemed for goods and services at any of the company's other casinos (Alm 1997). The system would be credited as a major driver of Harrah's growth over the coming years (Schwartz 2015).

3.2.3. Case III – Royal Bank of Canada's CRM

The Royal Bank of Canada (RBC; French: Banque Royale du Canada), operating as RBC Financial Group, is the largest financial institution in Canada. The bank serves 18 million clients and has 80,100 employees worldwide (Royal Bank of Canada: Annual Report, 2008). According to the report in 2010, the company corporate headquarters are located in Montreal, Quebec, and its operational head office in Toronto, Ontario. The bank was founded in 1864 in Halifax, Nova Scotia. RBC's Institution Number (or bank number) is 003.

From the company website, in Canada, the bank's personal and commercial banking operations are branded as RBC Royal Bank in English and RBC Banque Royale in French and serves approximately ten million clients through its network of 1,209 branches. RBC Bank (2011) was the U.S. banking subsidiary with 439 branches across six states in the Southeast, which served more than a million customers. RBC also has 127 branches across seventeen countries in the Caribbean, which serve more than 1.6 million clients (Royal Bank of Canada: Annual Report 2008). RBC Capital Markets is RBC's worldwide investment and corporate banking subsidiary, while the investment brokerage firm is known as RBC Dominion Securities. Investment banking services are also provided through RBC Bank (2011) and the focus is on middle market clients.

RBC is listed as the largest Canadian company by revenue and market capitalization by The Globe and Mail (2011) and was ranked at 53 in the 2015 Forbes Global 2000 listing (Forbes 2015). The company has operations in Canada, and 40 other countries based on the company website and has 673.2 USD Bn of assets under management according to the Scorpio Partnership Global Private Banking Benchmark 2014, this represented an increase of 5.6% on the 2013 figure. (Scorpio Partnership 2014)

3.3. Validity and reliability

Validity relates broadly to the extent to which the measure achieves its aim, i.e. the extent to which an instrument measures what it claims to measure, or tests what it is intended to test. Reliability refers to matters such as the consistency of a measure – for example, the likelihood of the same results being obtained if the procedures were repeated. (Wilkinson 2000)

Validity is concerned with how valid are the finding of a study and are the findings what they appear to be (Saunders, Lewis & Thornhill 2012: 384). And reliability refers to whether one's data collection techniques and analysis will produce consistent findings, if they were to be carried out by another researcher or would the results be replicated on another occasion (Saunders et al. 2012: 192)

In this thesis, the research uses most of the recent studies and researches, and the on–line case studies are referenced from a more academic database and in a more authority method. We use different sources and references to improve the validity.

Yet, however many questions we have about the consistency, reliability and validity of reviewers' comments, we can learn from peer review to improve our writing: there is evidence that the review process raises the quality of papers (Lock 1986; Weller 2001; Fletcher & Fletcher 2003). To achieve validity, the three cases are found in a more professional website and were published more authorized. These practical factors prompted us to parcel the analysis among us in order to share the work, as well as to

achieve some consensus, consistency, or in the words of survey researchers, reliability. (Bryman & Burgess 1994: 116)

In this thesis, the on-line cases will be based on different researches or surveys of multinational companies. It will be much better if the cases could have a high authority and value, so we could have more persuasion and credibility. All the companies in the cases have multinational operation experience and international customers, in order to increase the validity.

In order to increase the reliability of the study, use the content analysis method in the first empirical part, and the cross-cases analysis will be used to analyse the similarities and difference of the three cases.

Moreover, the online case studies: Unilever Indonesia CRM, Caesars Entertainment Corporation (formerly Harrah's Entertainment) and Royal Bank of Canada, their parent companies are all from different countries and different industries, which means their corporations' culture and organization structures are different. More importantly, they are all very successful in their own fields and they do business closely and directly with customers, so they are qualified to be the CRM case studies. Based on these three different cases, the theoretical Framework will be examined and measured which will help make the Framework to be more persuaded.

4. EMPIRICAL FINDINGS

In this chapter, the followings are three cases that we are going to analyse and compare. The first case is Unilever Indonesia CRM programme, the second case is Caesars Entertainment Corporation (formerly Harrah's Entertainment), and the third case is Royal bank (of Canada)'s CRM. In the following parts, the research will present a description for each case and then analyse the three cases based on the similarities and differences and then give a discussion in the end of this chapter.

The three cases will be analysed mainly according to three case studies' researches, which are *Unilever CRM* written by Shinta (2012), this case has chosen as a subsidiary of Unilever in a background of Asian culture; "*Harrah's Entertainment Inc.*" *Harvard Business School Case* written by Lal and Carrolo (2004), this case is a very representative and has a high reliability and validity; and *CRM Case Study: The Analytics That Power CRM at Royal Bank [of Canada]* written by Khirallah (2001), which is a very investigative case study. The reason to choose these three case studies are that they are in different industries and have different business operations and patterns, they are all very successful companies and have a high reputation which means the strategy within the three corporations are very feasible and advanced. In order to verify and improve the theoretical framework in empirical cases, the case companies need to have already a systematic CRM strategy and the implementation.

In the following three case descriptions and analysis, the original theories and statements will be taken from the content of three cases and conduct them into a new order due to the need of this thesis. Due to the fact of that the second and the third cases were written more than ten years ago, thus the updated information that are related to the cases will be added.

4.1. Case I

According to the case (Shinta 2012), Unilever Indonesia implement CRM to win the competition in maintaining relationships with customers and attract new customers. Through this program, the customers in particular are expected from the retail customers become loyal to the company.

Unilever is committed to providing branded products and services which consistently offer value in terms of price and quality and are safe for the purpose of use. Products and services will be labelled, advertised and communicated accurately and properly. And there are three phase customer life cycle in CRM (Shinta 2012):

I. Acquired the new customers

Unilever can get the new customers by the new innovations to the product or service facilities that already exist, thus attracting more customers by giving them alternative options. Unilever R&D already has a long history of developing products that meet these exacting criteria, and looking to the future, all their products will incorporate social, economic and environmental metrics in their innovation plans. (Shinta 2012)

For examples (Unilever at Indonesia 2016):

- They were investing around 2.4 million euros in the year 2007–2012 to reduce the impact of climate change through a program that covers all stages of the production process of Ben and Jerry's in Europe and offset the impact of emerging with investments in clean energy projects with Gold Standard.
- In 2007, Small & Mighty save 33 million litres of water and the size of the 262 million plastic shopping bags and 665 tons of CO₂.
- Design 50 ml Rexona deodorant roll-ons and improved manufacturing process to reduce energy consumption by six million KW per hour.
- In October 2007, Lifebouy launched Global Handwashing Day in 70 countries, supporting UN programs that could save more lives than the vaccine or medical intervention.

II. Increasing customer value

The values of Unilever is that they always provide the best service and products to meet the needs of the community. In addition, Unilever always maintain the quality of its product to make sure they are always good and satisfying the customers. (Shinta 2012)

III. Maintain the existing customers

- a. Unilever is a company that really listens and meets customer needs, which this can be viewed from creating new innovations for the products to meet customer needs. Examples of incidence product innovation "Molto Sekali Bilas" or "Sunlight Sekali Usap". It can meet the needs of Indonesian housewives who need products that could assist them doing housework. (Shinta 2012)

The Project Sunlight initiative first launched in 2013 with short videos and a social-media campaign aimed to encourage people to live more sustainably and create a better future for children. Unilever has also launched a local campaign site where users can view speeches and videos and contribute ideas for the project. (Iyer 2014)

Besides, Unilever also opens to all kinds complaints from the customers' dissatisfaction. It can be seen by the customer care or call Unilever consumer voice in which the consumer can critic, ask, and give advice on Unilever's products. Unilever Indonesia tbk's winning the award of "Call Centre Service Excellence Service" organized by the Frontier Centre for Customer Satisfaction and loyalty. (Shinta 2012)

- b. Sending brochures or souvenirs at certain events to the loyal customers. Unilever often opens stand on specific events and provides sufficient promotion of its products. For example, the promotion of the new flavour of ice cream Magnum, promotion of a product at a discounted price or the promotion of the product of extra size with a fixed price. (Shinta 2012)

The technology-driven business process from sourcing raw materials to delivering the end product. They interact with customers and provide the channels to communicate with them in a number of innovative ways (Shinta 2012):

- Give rewards for the loyal consumers by doing a surprise like door to door program (give a surprise like money or merchandise to a customer who has lifebouy product in their home).
- Rumah cantik citra provides services for the females who want to care herself by buying the product, and rumah cantik citra will give a free charge service like massage, lulur, etc.
- In–store sampling for the range of home care and personal care products like molto, axe parfume, and the other products that have a fragrance.
- Self–service Stores.
The self–service store is a great way to increase the interaction with consumers and they are fully leveraging this opportunity to drive trial and preference for their brands.
- Pioneering New Ways for Customer Relationship.
They created the touch points for the brands that relevant to the scale and the opportunity for the Indian consumers. They are thus creating a new set of channels that are designed on the principles of holistic contact with consumers. (Shinta 2012)
- Understanding customers’ needs
The main purpose is to understand the customers’ needs and work together to solve joint logistical challenges such as on shelf availability. It includes ordering management, working at the interface between warehousing and transportation, and ensuring the right products arriving the right place at the right time. (Shinta 2012)
- RealDialog (Bell 2008)
In order to improve the customer experience and gather better customer information, Unilever has started using Astute Solutions' RealDialog tools in its call centres. RealDialog uses a linguistics engine to analyse customers' questions and then the contact centre agents to provide the easy–to–read responses.

RealDialog allows companies to control their messaging. Another major strength of the system is that it simplifies the agents' jobs by allowing them to provide answers more quickly so they could focus on building relationships with the customers.

RealDialog is also helpful for Unilever and the other customers, for example, gathering actionable consumer insights in Circuit City. The system logs their queries and comments verbatim, so that the managers and executives can measure the consumers' feelings about their products. When Unilever adds RealDialog to its branded Websites, the brand managers will be able to react to consumers' comments online in real time. With RealDialog, the consumers do not have to hunt for answers and they feel confident in their accuracy. It will increase the value of the customer experience and ultimately increase the revenue because the customers are happy and satisfied with the service and they could have the product information or service that they are looking for.

In this case, PT Unilever Indonesia Tbk is a subsidiary in Southeast Asia, the deployment of firm specific resources will not be totally decentralised due to the legal, social, economic, political and technological aspects are very different from its parent company in Europe and the strategy need to adapt to the local cultural and consumption habits. Like the proposed theoretical framework (Figure 5) suggested, the Multinational CRM strategy is based on both of the Objectives and MNC's environment. In **Figure 7**, it shows Indonesian culture through the lens of the 6-D Model relative to Netherland and United Kingdom.

The most very obvious difference are Power Distance and Individualism, which means Indonesia scores high on this dimension (score of 78) which means that the following characterises the Indonesian style: Being dependent on hierarchy, unequal rights between power holders and non-power holders, superiors in-accessible, leaders are directive, management controls and delegates; Indonesia, with a low score of (14) is a Collectivist society. This means there is a high preference for a strongly defined social framework in which individuals are expected to conform to the ideals of the society and the in-groups to which they belong. Because of the company's environment is differ from the parent company, so the strategy and management of Human Resources Department and

Customer Service Centre will be influenced and so the whole Business Process. When a MNC make a CRM strategy for its subsidiaries, it is necessary to adjust the strategy to fit into the local level.

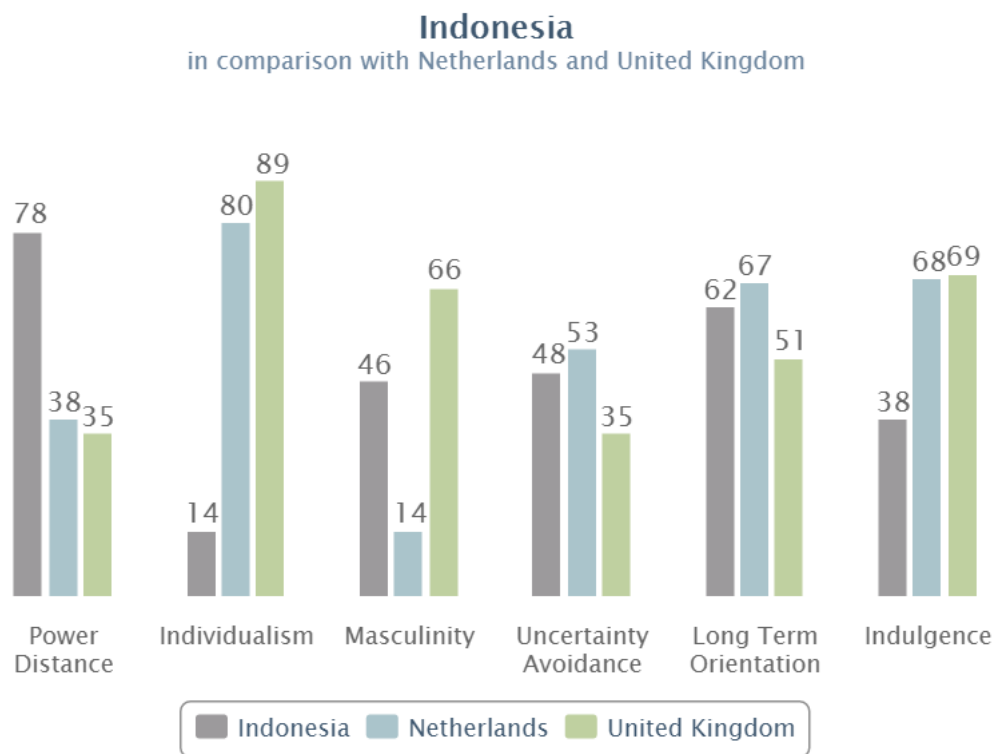


Figure 7. Indonesia in comparison with Netherlands and United Kingdom (Hofstede 2016).

4.2. Case II

Gary Loveman joined Harrah's in 1998 bringing his atypical range of experience. To achieve this goal, Loveman launched three major initiatives: changing the organization structure, building the Harrah's brand, delivering extraordinary service, and exploiting relationship marketing opportunities. (Lal & Carrolo 2004)

CR at Harrah's consists of two elements:

- Database Marketing (DBM) – to execute direct marketing strategies that increase the efficiency and effectiveness of their marketing dollars.
- The Total Gold program – motivates customers to consolidate their play

The big innovation by Mirman and his group of “propeller heads” (David Norton, vice president of Loyalty Marketing and Dave Kowal, vice president of Loyalty Capabilities and Revenue Management) was development of quantitative models to accurately predict “customer worth”—the theoretical amount the house expects to win, over the long term, from a customer based on his level of play (see **Table 7**). Historically, the casino industry had determined customers worth based only on observed play. Their ability to accurately predict play enabled them to begin building relationships with customers based on their future worth, rather than on their past behavior. (Lal & Carrolo 2004)

$$\text{Theoretical Win from a Customer per day} = A * B * N * H$$

A= the house advantage on a game (e.g., 6% hold on slot machines)¹⁰

B= the average bet (e.g., \$ 1)

N= the number of bets per hour (a good slot machine player can pull the lever almost 15 times per minute)

H= the number of hours played per day.

Table 7. The Calculation of Predicted Customer Worth – Theoretical win (Lal & Carrolo 2004).

Database Marketing (DBM) – changed the way Harrah’s invested in its customers. There are two steps to complete the database marketing process, which are Proactive Marketing and Marketing Experiments.

Proactive Marketing: Opportunity-based Customer Segmentation—As soon as players used their Total Gold cards, Harrah’s began to track their play preferences, betting patterns, where they liked to eat in the casino and whether they stayed the night, how often they visited, how much and how long they played. Combined with the basic information contained on the application card, which included birth date and home address, Harrah’s could begin to develop a sophisticated customer profile. Using this detailed information for every customer, Harrah’s predicted potential customer playing behavior at Harrah’s properties. As shown in **Figure 8**, there were three key opportunity segments for Harrah’s as well as a segment where re-investment could be rationalized. Harrah’s used customized marketing to achieve specific objectives such as driving incremental frequency, budget, or both. (See Appendix 1 for an overview of the potential messages and types of offers that Harrah’s sent to customers. Appendix 2 provides a typical letter to a customer.) (Lal & Carrolo 2004)

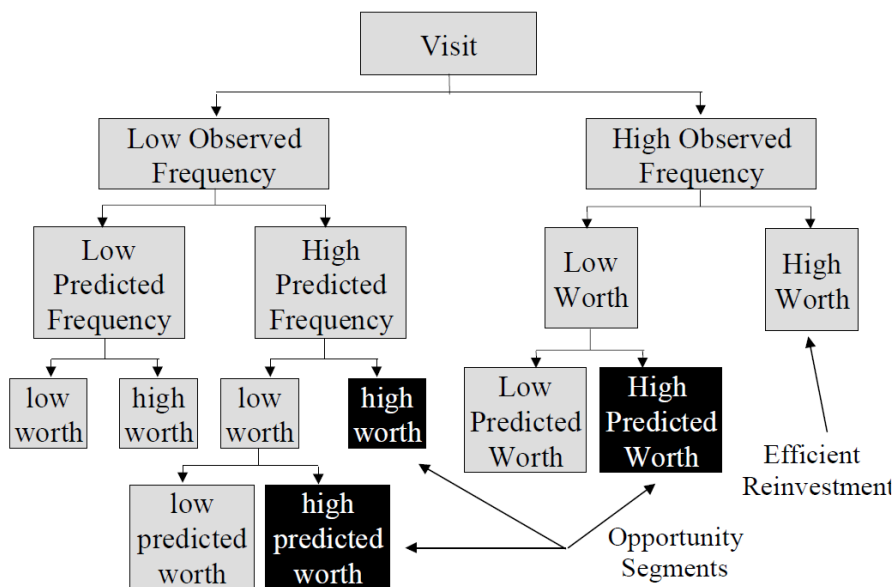


Figure 8. Opportunity-based Customer Segmentation (Lal & Carrolo 2004).

Marketing Experiments—Harrah’s quantitative approach also made it possible to conduct “marketing experiments” and track customers over time. This helped Harrah’s discover the right marketing instrument, for the right behavior modification, for the right customer.

Harrah’s had developed a **customer centric approach** to direct marketing. There were three key phases to a customer relationship (Lal & Carrolo 2004):

- The first phase, “new business,” was focused exclusively on customers new to the brand or to the property.
- The second phase, “loyalty,” was focused on customers known for at least six months or three trips.
- The final phase, “retention,” was focused on customers who had broken their historical visitation pattern.

By using IT and decision science tools, Harrah’s developed a variety of direct marketing programs to establish relationships with new customers, strengthen relationships with loyal customers, and reinvigorate relationships with customers who had shown signs of attrition.

Results from the following programs of Data Base Marketing (Lal & Carrolo 2004):

- New Business Program

The New Business Program was designed to improve the effectiveness at converting new Total Gold members into loyal customers. The program used predicted customer worth (theoretical wins) to make more effective investment decisions at the customer level—thus allowing the particular offer to be more competitive with what the customer was currently receiving from their existing scenario of choice. This resulted in a more effective and more profitable new business program (**Figure 9** illustrates the impact of such a program at a property).

Sign-up Month	New Customers		1 Month After Signup		2 Months After Signup		3 Months After Signup	
	Customers	Theoretical	Customers	Theoretical	Customers	Theoretical	Customers	Theoretical
1-Apr-99	1022	\$31,992	125	\$10,857	103	\$10,478	85	\$10,093
1-May-99	837	44,673	133	10,772	134	15,799	102	10,950
1-Jun-99	825	46,291	135	13,231	128	10,941	91	12,823
1-Jul-99	808	45,725	162	24,712	137	23,229	109	26,629
1-Aug-99	742	43,423	164	17,494	103	11,122	97	11,817
1-Sep-99	760	42,257	141	20,102	118	15,744	104	18,995
1-Oct-99	990	54,935	178	26,086	151	24,168	148	16,080
1-Nov-99	1064	63,687	225	28,657	182	23,824	142	21,988
1-Dec-99	772	41,494	143	15,906	149	16,517	94	13,229
1-Jan-00	986	\$46,502	206	\$20,041	193	\$22,123	92	\$12,476

	Customers					Revenues			
	1st Month	2nd Month	3rd Month	1st-3rd		1st Month	2nd Month	3rd Month	1st-3rd
1-Apr-99	12%	10%	8%	31%	1-Apr-99	34%	33%	32%	98%
1-May-99	16	16	12	44	1-May-99	24	35	25	84
1-Jun-99	16	16	11	43	1-Jun-99	29	24	28	80
1-Jul-99	20	17	13	50	1-Jul-99	54	51	58	163
1-Aug-99	22	14	13	49	1-Aug-99	40	26	27	93
1-Sep-99	19	16	14	48	1-Sep-99	48	37	45	130
1-Oct-99	18	15	15	48	1-Oct-99	47	44	29	121
1-Nov-99	21	17	13	52	1-Nov-99	45	37	35	117
1-Dec-99	19	19	12	50	1-Dec-99	38	40	32	110
1-Jan-00	21%	20%	9%	50%	1-Dec-99	43%	48%	27%	118%

Source: Harrah's Entertainment Inc.

Note: The first two columns report the number of new customers signed up in a particular month and the predicted worth of these customers. Offers, of varying type and value, were sent to each new customer that played at Harrah's, and were redeemable one month, two months and three months after their first visit. The following columns report the number of customers who came back to Harrah's in the subsequent months and predicted worth of these customers. For example, in April 1999, 1,022 new customers came to Harrah's. In May, 125 customers of these 1022 customers returned to Harrah's and their predicted worth was \$10,857 compared to \$31,992, the predicted worth of the 1022 customers who signed up in April. Similarly, 103 of the customers who signed up in April returned in June, and 85 returned in July, with no demonstrable change in predicted worth for the pool. Each month brought a new vintage of customers signing up.

Figure 9. New Business Program Analysis (Lal & Carrolo 2004).

- Loyalty Program—Frequency Upside

This program was designed to identify customers that, Harrah's predicted, were only giving Harrah's a small share of their total spending in a particular market. Harrah's capabilities enabled properly marketers to develop programs that offered incentives for these customers to visit Harrah's properties more frequently.

- Loyalty Program—Budget Upside

Harrah's also identified customers with budget upside—customers who were only giving a small share of their gaming budget to Harrah's on each trip.

- Retention Program

The objective of Harrah's Retention Program was to reinvigorate customers who had broken their historical visitation pattern or had demonstrated other signs of attrition.

The Total Rewards Program

The Total Gold Program was designed to facilitate and encourage the cross-market visitation patterns of Harrah's customers. It was intended to capture this lost business by making it easier for customers to earn and redeem rewards seamlessly at any of Harrah's properties across the country. To execute Total Gold, Harrah's designed a completely integrated information technology network that linked all their properties together. The network enabled customer level information, like customer gaming theoretical value, to be shared in real time across the various casinos. Total Gold was a revolutionary technological innovation, but it lacked a number of the marketing fundamentals necessary to make it a true loyalty program. (Lal & Carrolo 2004)

In 2005, after Harrah's Entertainment bought Caesars Entertainment, Inc., Harrah's announced that the "Connection Card" program (Caesars loyalty program), would be merged into the Total Rewards program. Transferring former Caesars properties from the Connection Card loyalty program to the Total Rewards program began in December 2005 with Flamingo Las Vegas and was completed in May 2006. (Wikipedia 2016) Over the years Harrah's has made significant changes to the program based on the data and research it does with its customers. Last year one of those changes included adding the ability to track and reward non-gaming spending, which has allowed it to better entice people who don't view themselves as big gamblers. (Bush 2009)

CRM should include an assessment to determine which customers are worth having a relationship with. And because Caesars (formerly Harrah's Entertainment from 1995 to 2010) has so much detailed historical data, the firm can make fairly accurate projections of customer lifetime value (CLV). (Gallaughier 2012)

Total Rewards is the gaming industry's leading loyalty program and the key to earning and redeeming rewards at nearly 40 resorts and casinos around the world. It's totally free, and you get great rewards and member access to shows, shopping, dining and hotels. No other online casino can offer you an extensive loyalty program like we do. It's the envy of the hospitality industry. (Harrah's casino 2016)

Total Rewards gives players two types of points based on their casino play: Tier Credits and Reward Credits. Every time you earn a Tier Credit it is added to your annual Tier Score, which determines your Tier Status (Gold, Platinum, Diamond, or Seven Stars). Tier Credits are earned during a calendar year (January 1 – December 31). Reward Credits are your currency for receiving benefits. Reward Credits earned online can be used toward instant cash back online or transferred to your Total Rewards account for room, food or entertainment at any Caesars Entertainment property. (Harrah's casino 2016)

The firm was also one of the first to sign on to use Microsoft's Surface technology—a sort of touch-screen and sensor-equipped table top. Customers at these tables can play bowling and group pinball games and even pay for drinks using cards that the tables will automatically identify. Tech even helps Caesars fight card counters and crooks, with facial recognition software scanning casino patrons to spot the bad guys. (Gallaughier 2012)

The firm's chief marketing officer points out that when the Total Rewards effort started, the firm was earning about thirty-six cents on every dollar customers spent gaming—the rest went to competitors. A climb to forty cents would be considered monstrous. But within a few short years that number had climbed to forty-five cents, making Caesars the biggest monster in the industry. (Gallaughier 2012)

Signing up customers

To encourage sign-up and play, the casino's program allows customers to "advance" through reward tiers as they spend more. As they spend with the rewards card, customers are rewarded with meals, room upgrades, show tickets, limo rides – all the way up to complimentary stays, flights for top tier members. The membership card is used at almost

every point of contact within the casino chain, and each contact offers another point of data. In exchange, Caesar's (formerly Harrah's Entertainment from 1995 to 2010) receives a plethora of information on the customer and his/her behaviour while in the casino. (Harvard Business School 2015) All one had to do to participate was to enrol in the Total Reward program and play. Customers knew that all these goodies came from the play being recorded.

And Total Rewards is going social, too. Caesars has partnered with Silicon Valley—based TopGuest to tie social media to its loyalty program. Caesars customers who register with TopGuest (which also works with clients Virgin America, Holiday Inn, and Avis, among others) can receive fifty Total Rewards bonus credits for each geolocation check-in, tweet, or Instagram photo taken at participating venues. (Caesars Blog 2011)

Caesars unites information from customers coming through social channels across business units, program teams, time zones, and languages. A content-building component allows Caesars' marketers to listen in and respond in real time. Caesars uses that data to evaluate campaigns in regard to KPIs, like number of nights booked, and adjust them on the fly to ramp up conversion rates. (Urbanski 2013)

In Caesars (formerly Harrah's Entertainment from 1995 to 2010), the main activities are within United State, which make the CRM strategy easier to promulgate and follow. But as the type of Business is service, which make it harder to understand and reserve all the customers from the world. When the customers are from all the world, it is hard to anticipate and please them, so segment the customers is the foundation to all the strategies. This is also why Caesars had developed a customer centric approach as we introduced above.

4.3. Case III

According to the CRM Case Study: The Analytics That Power CRM at Royal Bank [of Canada] written by Khirallah (2001), in pursuing a CRM business strategy, the stated

objective of the bank is “to capture the full potential of their customer base through the use of customer information to deliver the right solutions in a consistent, professional manner at every point of contact.”

While the bank has pursued technologies that enable CRM through both customer interaction and customer knowledge, it has made particular strides in the areas of customer knowledge, decisioning, and the use of advanced analytics. Royal Bank’s success with CRM can be traced to a number of factors. First, the bank was an early adopter of a client information file (CIF) over 20 years ago. Second, the bank has aggressively used its customer data (a rolling 3 months of detailed transaction data and 18 months of summarized customer data online in its data warehouse) to better understand its customers and create meaningful and actionable segments and customer strategies. Third, the bank’s CEO and executive team vocally and visibly support the bank’s CRM efforts. Finally, Royal Bank is willing to experiment with CRM and learn from its mistakes. (Khirallah 2001)

According to Khirallah (2001), CRM relies heavily upon the integration of many technologies for success. And yet CRM is not wholly and solely reliant upon these technologies—financial services institutions (FSIs) quickly realize that properly trained employees and precisely aligned business processes play an equally important role in CRM. At Royal Bank, Technologies Driving CRM – The technologies that can be described as CRM-related fall into two categories: gathering and mining customer data, and the execution of strategies at the customer interface. **Figure 10** provides an overview of the key technologies within these two key spheres. Simply put, customer knowledge capability drives the CRM business strategy, and the customer interaction technologies deliver it.

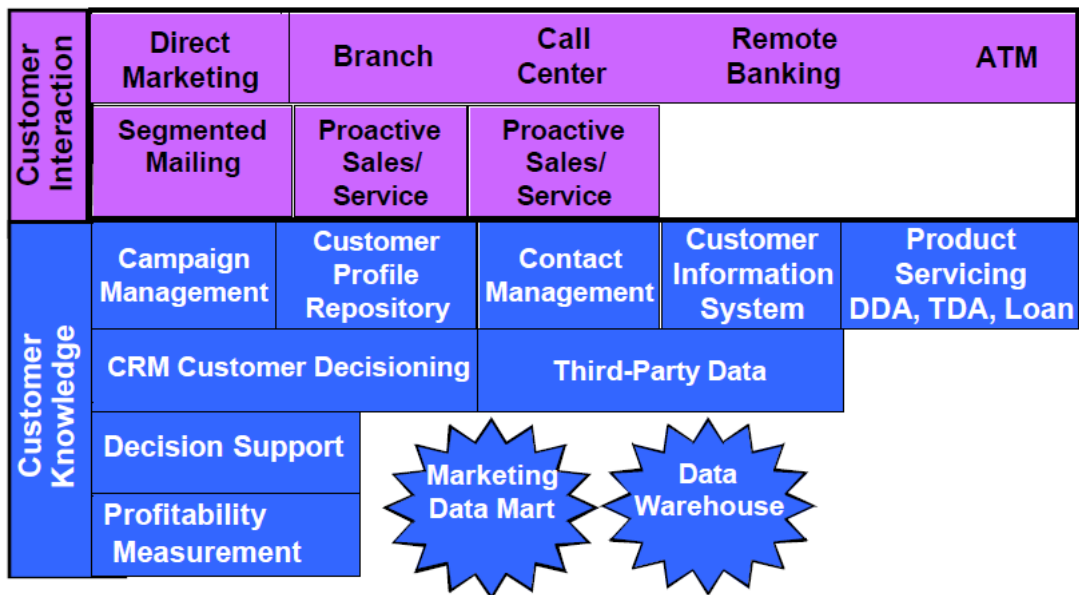


Figure 10. Customer Interaction and Customer Knowledge Technologies at Royal Bank (Khirallah 2001).

Royal Bank has organized itself into five customer platforms: Personal and Commercial Banking; Wealth Management; Corporate & Investment Bank; Insurance; and Specialized Transaction services. The concept of CRM divided into two areas, which are CRM was viewed as integral to the marketing of products and services within the bank, and a discipline for managing customer interactions. There are three main parts of **CRM program at Royal Bank** (Khirallah 2001):

- Addressing Cultural Issues

Sales Culture. Following the methodologies espoused in *Managing Local Markets* from Exchange, the bank has developed a sales infrastructure that includes weekly sales goals, regular sales meetings, and a system of sales incentive compensation.

Service Culture. Royal Bank's service orientation is to provide critical customer information to the points of customer contact. In essence, the bank is attempting to use technology as a distributed platform for institutional memory. The key elements that

allow customers to receive excellent service in their home branches are captured and distributed across the touch points.

Training. A critical aspect of Royal Bank's CRM initiative lies in its commitment to training staff. Embracing a CRM business strategy requires more than the development of a mission statement—it requires employees to acknowledge it, believe it, and understand how the strategy will change the way they do their jobs. Within Royal Bank, the training of employees to deliver a true customer-focused business strategy is acknowledged to be the most critical aspect of the CRM implementation.

- **Aligning Business Processes for CRM**

Centralizing Operations. The direct impact of the transition is an increase in the time available for sales and services activity. Royal Bank estimates that the amount of time branch employees can spend on sales and service activities went from an average of 40% to 70% of their time.

Organizing Around Customers. Within the core retail bank, nine customer segments have been identified. Of the nine, five have been carved out with a purely consumer focus, as is shown in Figure 16. The four business segments at Royal Bank are (1) small business, (2) business, (3) farming, lifestyle agriculture, and agribusiness, and (4) commercial clients (the latter are not part of CRM activities).

- **Implementing CRM-related Technologies**

As was shown in **Figure 11**, CRM-related technologies fall into two distinct realms, those that drive strategy and those that enable execution. Royal Bank has sought to implement technologies from both areas but has enjoyed a distinct advantage in its customer knowledge infrastructure.

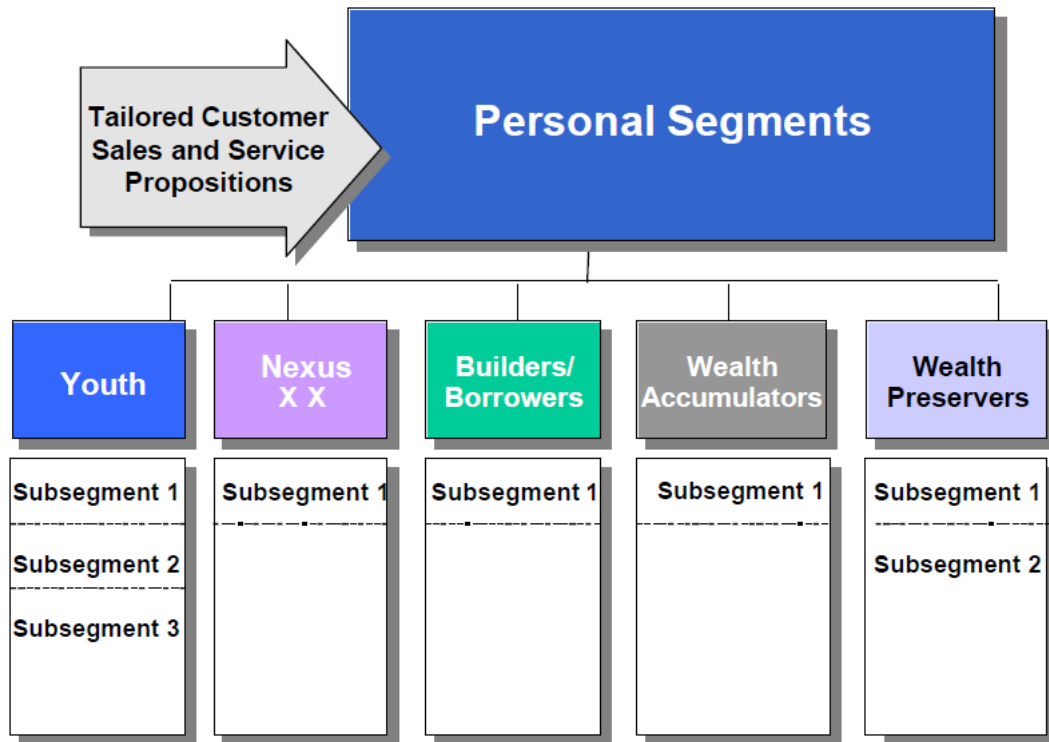


Figure 11. Royal Bank's Five Major Consumer Customer Segments (Khirallah 2001).

To analyse CRM at Royal Bank, have to know the core responsibilities of the Strategic Marketing Research and Analytics (SMR&A) group are: (1) customer profitability measurement, (2) customer decisioning, (3) segmentation, modeling, and other advanced analytics, and (4) primary marketing research. (Khirallah 2001)

- Staffing of Strategic Marketing Research and Analytics

The challenge of difficult business problems and the quality of tools available are critical motivators for these highly specialized staff members. Furthermore, at Royal Bank, there is a strong integration of market research and analytics, which is an uncommon model. Market research, analytics, and CRM client decisioning are on the same team.

- Current Business Challenges

Besides developing product campaigns that are accurately targeted to customers, the SMR&A group has now expanded to include two key customer-oriented strategies: Marketing & Sales and Customer Experience.

- Building Individualized Customer Relationships

It is important to recognize that relationships with customers vary significantly. Every Royal Bank customer has a relationship with the bank, but the nature and definition of the relationship vary according to the needs and requirements of the customer.

Royal Bank believes that its competitive advantage lies in its ability to optimize between the client's needs and the bank's objectives. To facilitate that optimization, SMR&A at Royal Bank has grouped customers into four categories according to its strategic objectives:

1. Retain existing profitable customers
2. Grow and strengthen customer relationships
3. Manage and control customer credit risk
4. Optimize costs

Customers are scored according to their profitability, credit risk profile, vulnerability to attrition, and projected lifetime value.

- Analytical Techniques for CRM

The SMR&A group at Royal Bank is committed to using a variety of analytical techniques. From experience the bank has learned that no one technique can support all of its business requirements. Typically the SMR&A group will try several techniques concurrently and then select the most appropriate approach for the business problem to be solved (Appendix 3 lists some of the techniques commonly in use at Royal Bank, albeit the nonparametric approaches are used to a lesser degree).

The SMR&A group at Royal Bank runs 35 separate models on a monthly basis. These models can be broken into two primary groupings—those that solve strategic business problems and those developed for tactical issues. (Khirallah 2001)

- Decisioning Capabilities

While the advanced analytical techniques described above allow Royal Bank to mine customer data, it is the rules-based decisioning engine that moves the bank closer to putting the data into action. Each model is run on a monthly basis to produce scores and statistical evaluations of customer behaviour. The decisioning engine incorporates these scores so that decisive action can be taken when interacting with customers. As shown in **Figure 12**, Royal Bank takes the output of the modelling process along with other selected internal and external data to provide input to the decision engine. These data points combined with defined business rules in the decision engine, create actionable customer strategies. Actions resulting from the customer strategies are stored in a Customer Profile database that is displayed to call centre and branch personnel on their desktops. Royal Bank plans to display these actions to other channels such as the Internet in subsequent phases of its project. The evaluation of the CRM is based on the scores and statistical evaluations of customer behaviour.

Royal Bank of Canada (RBC) was one of the first banks to look carefully and analytically at the youth segment as a promising group of retail banking customers when most banks were overlooking this segment due to their low current (actual) value. RBC recognized the high potential value of young college students, many of whom would become highly paid professionals in the future. The bank gained a competitive advantage by reaching out to and building loyalty in this segment early on. In a similar way, certain groups of customers who are in a temporary financial slump, or even in bankruptcy, could have the potential to be promising and high-value customers in the future. A bank that identifies such customers (differentiating them from other customers who are bankrupt now and likely to remain in financial distress for the long term) and reaches out to them at this difficult stage in their lives is certain to win these customers' loyalty and trust. (Peppers & Rogers 2011: 131)

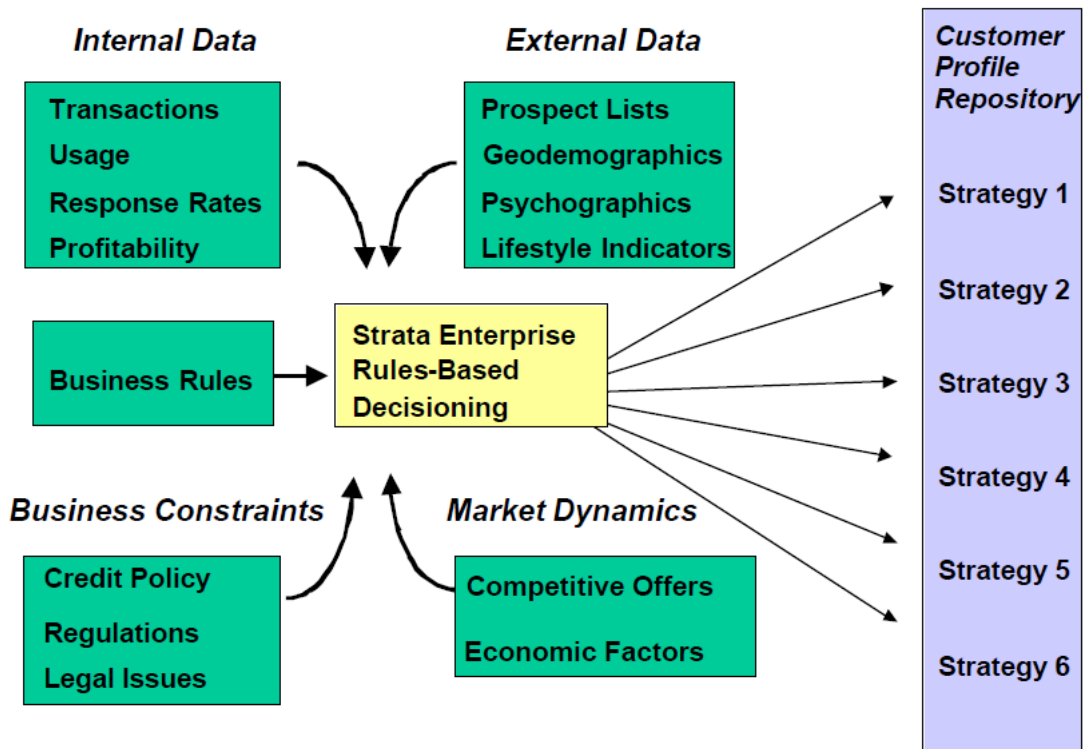


Figure 12. Overview of the Modeling and Decisioning Process at Royal Bank (Khirallah 2001).

Royal Bank have different official pages through social media tools, which include Facebook, Twitter, YouTube, and LinkedIn. The functions of the pages are providing the financial advice, new products, latest news, and career opportunities. The social networks make Royal Bank near and more connected to the customers.

The CRM approach at Royal Bank shows a balance among technology, people, and business processes. While technology powers the advanced analytics that allow the bank to create meaningful and appropriate sales and service strategies, it must also rely upon well-trained personnel and CRM-based business processes if it is to be successful in building relationships with clients. This case is a perfect statement for the theoretical

CRM framework (Figure 5) to apply with, the Business process is customer–centric and technology–driven.

4.4. Cross – Case Analysis

From the above three cases' descriptions and analysis, the following sections will present the summaries of the similarities and the differences.

Similarities

Since the framework of CRM in multinational corporations is based on three factors: People, Information Technology (IT), and Business Process, the similarities for the previous three cases will also summarise from these three perspectives:

- People – Customer Centred Approach

No matter which cases, they all managed their customer relationship based on their customer consumption preferences, customs and also rely on their well–trained personnel. According to Chen and Popovich (2003: 685), CRM initiatives require vision and each and every employee must understand the purpose and changes that CRM will bring. Reengineering a customer–centric business model requires cultural change and the participation of all employees within the organization.

Unilever Indonesia via three phase customer life cycle in CRM to build a personalized relationship with the Most Valuable Consumers, and they has started using Astute Solutions' RealDialog tools in its call centres as a long–term strategic project which also need all the country managers to cooperate; Harrah's had utilised the customer centric approach to direct marketing, and the Total Gold Program was based on a premise that the best way to improve business performance was not to attract new customers but instead to get the existing customers to spend more. Harrah's realized that capturing a higher percentage of its existing customers' gaming budget would significantly improve the company's profits. This led Harrah's to shift its emphasis towards building long–

lasting relationships with its customers (ICMR 2005); Royal Bank addressing cultural issues for CRM and building individualized customer relationship (customer-focused) to satisfy the needs and requirement of the customers.

- Information Technology (IT)

In the case of Unilever, they had built a consumer database for CRM, but the Hardware hosting, systems integration and ongoing maintenance of the consumer database require dedicated computing and IT resources together with specialised capabilities in CRM and Direct Marketing (DM). In 2002, Unilever has used mySAP CRM program in Asia, the solution enabled faster response time to queries and needs raised by consumers, provided for effective maintenance of its customer database, and gave the company easy access to customer information for analysis and the strategy development. (Enterprise APPS today 2002) Moreover, Unilever has started using Astute Solutions' RealDialog tools in its call centres, which improved the efficiency between customers and the contact centres. Therefore, the customers are more satisfied with the service which make the customer relationship more solid.

Harrah's used information technology (IT) for CRM developing a variety of direct marketing programs. To face millions of customers every year, the extensive use of information technology (IT) was central to the success of Harrah's CRM initiatives (ICMR 2005).

Royal Bank has used a client information file (CIF) over 20 years, and using technologies that enable CRM through customer interaction and customer knowledge. At Royal Bank, the CRM program using technologies to gather and mine customer data, and the customer interaction technologies deliver the CRM business strategy.

- Business process

The philosophy base of CRM are relationship marketing, customer profitability, Lifetime Value, retention and satisfaction created through business process management. (Chen & Popovich 2003: 682) All the three cases' customer relationship strategies ran in a CRM-

based business process and delivered by technologies in order to manage their relationship with customers successfully.

Finnegan and Willcocks (2007) state that an increasing amount of firms are now following the ways to keep good relationships with their valuable customers. The companies understand very well that good customer relations provide them with wealth to their businesses. Due to technological advancements in networking, massive use of internet and highly organized information management systems, firms can get motivated and find ways to get closer to their customers. From the three cases, we can see that no matter Unilever, or Harrah's, or Royal Bank, the similarity in their business processes is the combination of technology and the CRM strategy, at the meanwhile, they optimize the understanding and management of their customers based on their needs and values.

The evaluation of CRM strategy will be most likely depend on the incremental turnover which is the financial aspect and the satisfaction from the customers' feedbacks. After the analysis of the evaluation to obtain a result of cons and pros, and then to propose the modification for the future CRM model in MNCs accordingly.

Differences

Firstly, all the three selected cases are operating in different industries which means their business emphasis could be different and the range of customers could from different levels and areas, which will add the differentiation of marketing segmentation; secondly, the business culture is very different, which means the degree of organization structure and power of leadership could be greater; Thirdly, these three cases are very successful companies in their own industries and areas, which make them very worthy to be as case examples in the empirical parts because their business strategies are very effective and advanced, even though they have different operation modes; in further, take the theoretical CRM framework model into three different kind of cases to test the feasibility will increase the reliability and credibility of the thesis.

Table 8 is the table of the similarities and differences among the three case studies, as the cultural issues are used to compare the three different cultural background, the **Figure 13** shows Indonesian Culture in comparison with United States and Canada through the Lens of the 6–D Model with different scores.

Their CRM strategy is different: Unilever has managed their consumers differently according to their current and potential values, and the Astute Solutions' RealDialog tools is the purpose of improving the consumer experience and gather better customer information and create facility for their agents. They have used analysing incremental turnover and measuring consumer satisfaction to measure the results of CRM program. Harrah's is more focus on Database Marketing and the Total Rewards Program, to increase the loyalty of their existing customers. Both the two program need to be intergrade with information technology to execute. Since Royal Bank is in financial services industry, it highly relies on the integration of many technology tools. They also divided their consumers into different platforms based on the different purpose of their service needs (such as Personal and Commercial Banking; Wealth Management; Corporate & Investment Bank; Insurance; and Specialized Transaction services.).

The evaluations among the three case tend to be different, which the first case evaluates the results by communication and feedbacks from the customers; the second case analyses the data like KPIs to evaluate the financial performance; and the third case analyses the scores and statistical evaluations of customer behaviour.

Description	Case I	Case II	Case III
Industry	Consumer goods	Gaming, hospitality	Financial services

Country of the case corporations	Indonesia	United States	Canada
Multinational corporate	Yes		
Customer-centric CRM	Yes		
Centralized organizational culture	Yes	No	No
Power Distance	High Power Distance (score of 78)	Lower Power Distance (score of 40)	Lower Power Distance (score of 39)
Individualism or Collectivism	Collectivism (score of 14)	Individualism (score of 91)	Individualism (score of 80)
Masculinity or femininity	Masculinity (score of 46)	Femininity (score of 62)	Femininity (score of 52)
Long Term or Short Term Orientation	Long Term Orientation (score of 62)	Short Term Orientation (score of 26)	Short Term Orientation (score of 36)
Uncertainty Avoidance or Acceptance	Uncertainty acceptance (score of 48)	Uncertainty acceptance (score of 46)	Uncertainty acceptance (score of 48)

Indulgence or Restraint	Restraint (score of 38)	Indulgence (score of 68)	Indulgence (score of 68)
Information Technology Method	MySAP CRM Program. Astute Solutions' RealDialog tools in its call centres.	Use Microsoft's Surface technology—a sort of touch-screen and sensor-equipped tabletop.	Client information file (CIF). Financial services institutions (FSIs) to train employees. A list of some techniques used in RBC in Appendix 3.
Social Media	Social-media campaign and local campaign site.	Social channels across business units, program teams, time zones, and languages; Twitter and Instagram.	Facebook, Twitter, YouTube, and LinkedIn
CRM Strategy	Customer-centric CRM. Use Astute Solutions' RealDialog tools to increase the business process.	Database Marketing and Total Rewards Program.	Addressing Cultural Issues, Aligning Business Process and Implementing CRM-related Technologies.
Evaluation	Feedbacks and communications from the customers.	Data like KPIs to evaluate the financial aspects.	Scores and statistical evaluations of customer behaviour.
Problems to Improve/change	Apply the CRM strategy to the local culture and habits.	Reward not only the gaming customers, but also the non-gaming spending.	Improve customer segmentation

Table 8. Similarities and differences among the three case studies.

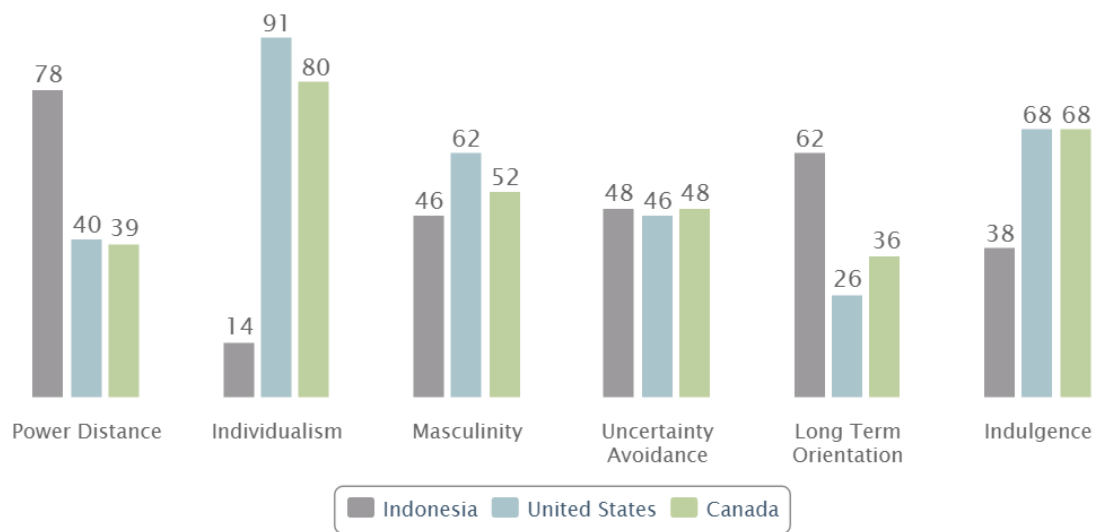


Figure 13. Indonesian Culture in comparison with United States and Canada through the Lens of the 6–D Model. (Hofstede 2016)

From Table 8, we can clearly see that all the three cases have social media impact even though the focus are different. In the twenty-first centuries, the social media, for example, Facebook, Twitter, LinkedIn, and YouTube have become increasingly important in the role of direct contacting with the customers. It provides a more easy and convenient way to provide the latest products or news to the existing or future customers, and evaluates the results from the feedbacks more quickly and lower cost.

The cultural difference has a vital impact to the CRM strategies, in Figure 13 and Table 8, from Power Distance, Individualism, Masculinity, Uncertainty Avoidance, Long Term Orientation and Indulgence to compare the cultures among Indonesia, United States and Canada according to six cultural dimensions of Hofstede framework. From the results, we can see a cultural similarity between United States and Canada, which is opposite to Indonesia's culture except the term of Uncertainty Avoidance. According to the difference of national cultures, the organizational structure and company culture will be different too.

5. SUMMARY AND IMPLICATIONS

In this chapter, the summary of this Master's thesis, contribution and implications, the limitation, and the future research will be presented.

5.1. Summary of the Study

This thesis discusses about what is the best strategy to optimize the relationship between a firm and its customers to find more opportunities to create competitive advantage based on the research problem 'How to manage the Customer Relationship successfully in MNCs?', and presents a CRM Framework for MNCs.

The research mainly includes two parts, which are theoretical data and empirical data. In the first part of the research, analysed multiple literatures to explain the concept and advantages of CRM, and what factors will affect the conducting in CRM. There are three possible potential factors that could affect the strategy of customer relationship management, which are People, Information Technology (IT) and Business Process.

According to Kim, Suh and Hwang (2003), the potential benefits and advantages could be as follow:

- Increased customer retention and loyalty;
- Higher customer profitability;
- Creation value for the customer;
- Customization of products and services;
- Lower process, higher quality products and services.

In fact, there is no one specific framework of CRM for all the companies, under a different background, the CRM model and strategy should be also changed along with the local

business environment and situation. It is backed up by thoughtful investment in people, technology and business processes” (Morrell & Philonenko 2001). Buttle (2008: 67) believes that CRM can stand for different things for different people and used in different situations.

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). It is very important to make CRM strategy in the perspective of consumer behaviour including their culture, custom and also their consumption behaviour. And the strategy should be centred on the customer service and customer satisfactions.

Recent research has generally agreed that successful CRM can be achieved through the interrelationship of technology, process, people, and culture (Day 2003; Sin, Tse & Yim 2005). Moreover, through these three perspectives which abstracted from the previous literatures, this thesis came up a CRM framework which was summarized by the previous literature reviews and analysis.

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. (Shumanov & Ewing 2007: 72)

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, Krafft & Hoyer 2004). According to Shumanov and Ewing (2007: 71), Standardising CRM processes enables consistent execution to customers across all delivery channels.

CRM has changed the way companies handle customer enquiries, advertise and sell their products or manage the entire relationship with their customers. As the power of CRM technology has expanded, companies have come to view it as a resource ever more critical

to their success in customer management. CRM technology has delivered great benefits to some firms, even propelling a few into positions of industry leadership, but for most businesses it is a continuous source of frustration, disappointment and costs. (Messner 2005)

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. (Ramaseshan et al. 2006: 195 – 207) The CRM software has been grown in most of big companies, ERP and CRM software solutions are integrated approaches that make use of today's technology to collate information from departmental sections in the case of ERP and disparate channels such as sales, marketing, customer care, and field service. (Maleki & Anand 2008: 80) However, 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 & Sherman 2002).

In today's business patterns, the social media and social network plays a very important role regarding the communication and interaction with the customers directly. Most of the companies have official page in Facebook, Twitter, LinkedIn, etc., which are the most popular and common social network applications so far.

Social media holds unprecedented potential for companies to get closer to customers and, by doing so, facilitate increased revenue, cost reduction and efficiencies. Businesses are rapidly embracing social media not only to build virtual communities, but also to create innovative social commerce programs, improve customer care and streamline customer research. (Baird & Parasnis 2011)

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).

From the empirical findings, this thesis has analysed and compared the similarities and differences between the three multinational corporations' case studies. Based on the contingency theory, that there is no one fixed CRM system for all kind of companies. However, there is a balance at all the companies that the main perspectives of CRM strategy are centred on People Sector, IT and Business process.

From the within – cases description and the cross – case analysis, we can see the different CRM strategies according to their own business and cultural context. Even the business types and countries are different, the three companies all managed their Customer Relationship very successfully. And they all created the CRM program from the perspective of People, Information Technology (IT) and Business Process.

Organizations today must focus on delivering the highest value to customers through better communication, faster delivery, and personalized products and services. It will need more technology based CRM pattern to build and manage their relationships. CRM technology enables firms to formulate more appropriate marketing strategies and to execute specific marketing actions more efficiently and quickly by offering superior front–line support and the access of integrated customer data (Chen & Popovich 2003).

However, since the first case Unilever is much qualified as a multinational corporation compare to the other two, so the organization and management are more complicated and complex. The type of the organizational structure has to take into account when making the CRM strategy. The strategy need to apply with the local cultural and social issues.

To build a successful CRM strategy in a Multinational Corporation (MNC), it need to apply the information technology (eg. CRM software, ERP planning, Salesforce, Internet, Social Network/Media) to deliver it through all the organizations with continuous creation and progress, also count on a well–trained personnel (Global team, Global Account Manager, Global Account, Talent training & development, Human Resource Management) and a customer–centric and technology–driven business process which aligns with the companies' international and local strategy. Therefore, the theoretical framework need to be revised based on the results from the empirical findings. A Revised Framework is proposed in the **Figure 14**.

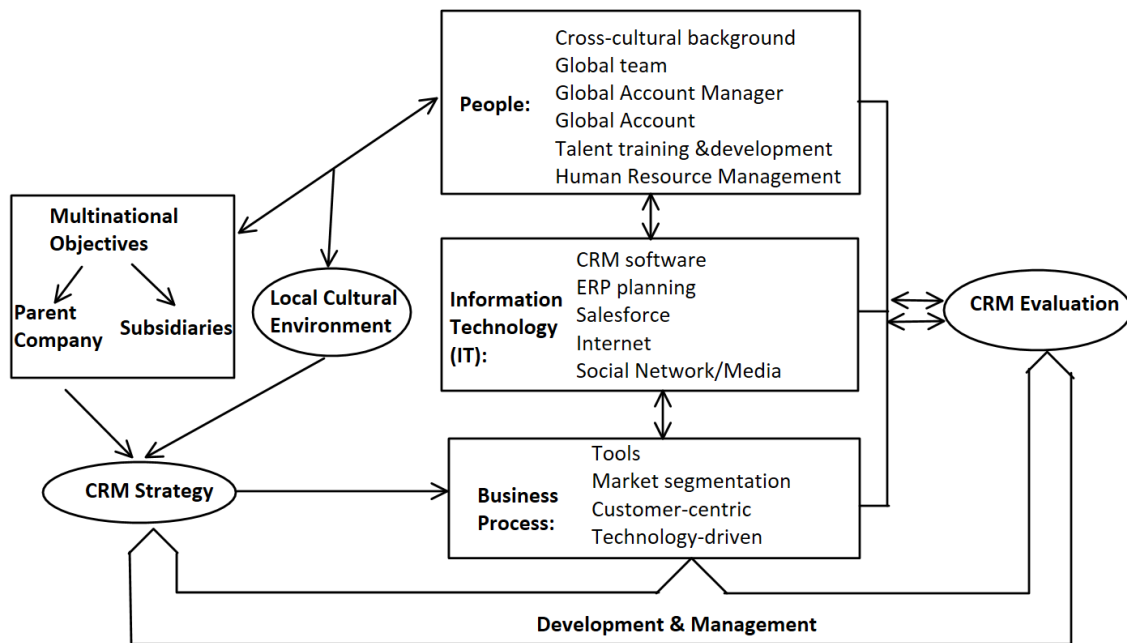


Figure 14. The Revised CRM Strategy Framework in MNC

In this revised CRM framework, the main changes are about the initial objectives and strategy within the organization of the company. As a MNC has different subsidiaries in different countries, so the type of the organizational structure in the local subsidiary could be very different due to the cultural and social issues.

Thus, for building a successful CRM strategy in MNCs, it must consider both the company organizational structure and the local cultural business environment. Through evaluating (**Figure 15**) the results of the implementation of this CRM framework, then to develop and manage the future business process accordingly.

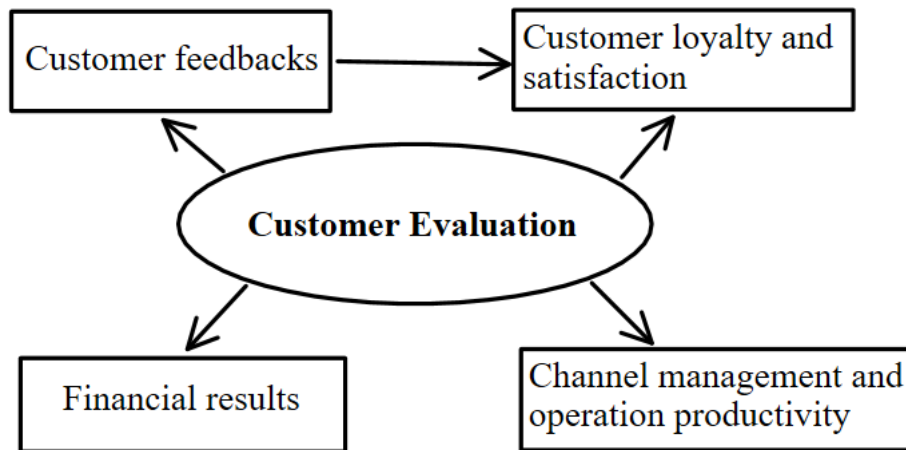


Figure 15. The key issues of Customer Evaluation

However, when take the local cultural environment into account of making strategies, another important issue which is globalization should be also considered. As the global business becoming increasingly internationalized and networked, E-commerce, a promising business model is fast-developing. The CRM framework and strategy for E-commerce need to build differently, due to the different major consumer groups and different business patterns. In the further research, the E-commerce could be a very interesting subject to research in-depth.

5.2. Contribution and Implications

In this thesis, a strategic CRM framework has been proposed in the theoretical part and then applied in the empirical part. Even though the framework plan and outline is similar to the previous researchers and have been already researched, the idea of uniting all the cultural and social differences, contingency theory, and Information Technology is new.

The proposed CRM Framework in MNCs is integrated with a CRM Evaluation could consider as a contribution. Moreover, the structure of the thesis is very logic which this thesis could as a foundation for continuing researching it in the future.

In the empirical part, three complete different cases has been presented to verify the CRM Framework from the theoretical part, and the theoretical model could improve and change after knowing the results of the CRM evaluation. Therefore, this thesis could use for the further research.

5.3. Limitations and Future Research

A number of limitations of this thesis are admitted due to the fact that too many aspects cannot be covered within one study. Firstly, the study is based on the existing literatures of CRM strategies and framework, but the range of the choosing literatures are not wide enough and there are no intentional purpose to organize the research directions among the literatures. Due to this fact, the thesis may lack of enough statements to back up the theoretical framework.

Secondly, on account of the range of the topic is too wide, this thesis is lack of solid consideration. For example, the thesis did not collect all the related information of a MNC as influencing factors into consideration. There are many other factors could have big effects to build a successful CRM strategy in a company, but for the reason to answer the research objective that only the most useful factors for the purpose of this thesis have been taken.

Moreover, the empirical findings are collected and achieved through on–line case studies in MNCs. There are still many limitations, even though the materials are professional. For example, the information cannot be totally assured since there are no practical experience in those MNCs or no real interview with any of their managerial personnel, which reduce the reliability of this thesis.

Furthermore, it is lack of considering the local cultural and social issues in different subsidiaries since the thesis is focus on the cases of MNCs. In addition, the thesis has not yet considered the existing organizational structure of the companies, which bring the uncertain issues for adopting the Framework.

In the last, the case studies are not based on the most recent research, so the CRM strategies of the companies could have been already partially changed. For example, the technology of the CRM in the company could have already used a more updated software or a more advanced platform. However, the limitations of this thesis will be taken into consideration for the further research, and the empirical research for the future studies would adopt the method of interviews to increase the validity and reliability.

The future studies of CRM strategic framework in MNCs could focus on a specific strategy and the different stages of the implementation in different subsidiaries. The literature reviews could be more specific and considering the organizational culture as a very important influence factor. And the empirical approach could be applied by semi-structures interviews with Customer Relationship Mangers who work in Multinational Corporations and have international working experience in different cultures.

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APPENDIX 1. Segmentation Communication Program (Lal & Carolo

2004)

Segment Number	Segment Description	Reinvestment	Hotel Coupon	Goal of Contract	Redemption Window	Letter Tone	Letter Messages
1	Local, lodger		no, maybe too high worth only	probably don't mail			note: do not want locals in hotel as there is no incremental value generated
2	Local, nonlodger		no	probably don't mail			note: do not want locals in hotel as there is no incremental value generated
3	New, lodger	normal to high	yes	get back for second trip	longer	introductory	welcome, explain Total Rewards
4	New, nonlodger	highest	yes	get back for a second trip as a lodger	longer	introductory	welcome, explain Total Rewards, want in the hotel, explain why our hotel is the best
5	Existing, 1 trip in last 12 months, lodger	normal	yes	thanks	longer	friendly	thanks, make sure you stay with us on your next trip
6	Existing, 1 trip in last 12 months, nonlodger	higher	yes	thanks	longer	friendly	thanks, want in the hotel, reinforce the hotel as the place to stay
7	Existing, 2+ trips in last 12 months, lodger	normal	yes	thanks	longer	appreciative	thank our best guests
8	Existing, 2+ trips in last 12 months, nonlodger	higher	yes	thanks	longer	appreciative	Thank our best guests, want in the hotel (these guests likely to stay with competitors or be day trip guests)

Source: Harrah's Entertainment Inc.

APPENDIX 2. Sample Letter to Loyal Customers (Low Actual and High Predicted Frequency) (Lal & Carrolo 2004)

Dear Steve,

All of us want you to know how much we appreciate your recent Harrah's visit. It's always gratifying when good, loyal customers like you keep coming back. But the bottom line is, WE WANT YOU TO BRING ALL YOUR PLAY TO HARRAH'S. That way, you'll earn even bigger rewards, more often . . . just by playing at Harrah's. To thank you again for your recent play we've enclosed these valuable rewards. Why settle for less anywhere else?

It may be cold outside, but the action and winning are hotter than ever inside. But don't take our word for it. [Ask Veronica Hale of Goldsby, Oklahoma. She just won \$42,468 playing Harrah's one dollar Red, White and Blue slot machine.] At Harrah's you're always a winner when you use your Total [Gold] card. The more you use it, the more you can count on receiving exclusive discounts, comps for meals and hotel stays, even CASH REWARDS near the middle of each month. Right now, you can count on enjoying special happenings like these:

Offer:

Offer:

Remember, nobody rewards loyal players better or bigger than Harrah's. So doesn't it just make good sense to bring even more of your play to Harrah's? After all, the more you play using your Harrah's card, the more it pays. And the sooner you can move up to Harrah's next level of exclusive rewards and recognition. Make the most of your play. Come back to Harrah's now!

Best of Luck Always,

Name
Vice President and General Manager

P.S.: With all that Harrah's has to offer, just imagine how much greater your rewards could be if you only play Harrah's.

Source: Harrah's Entertainment Inc.

APPENDIX 3. Parametric and Nonparametric Modeling Techniques

(Khirallah 2001)

Parametric Models	Analysis Techniques (The user selects an appropriate model for the data to be analyzed and then estimates the parameters of the model.)
Genetic Algorithms	A computer-based method of generating and testing combinations of possible input parameters to find the optimal output. Uses processes based on natural evolution concepts such as genetic combination, mutation, and natural selection.
Neural Networks	A complex nonlinear modeling technique used to predict outputs (dependent variables) from a set of inputs (independent variables) by using an activation function to make nonlinear transformations of linear combinations. Neural nets are often applied to predict future outcome based on prior experience. Example: A neural net application could be used to predict who will respond to a direct mailing.
Factor Analysis	A statistical technique for uncovering common sources of variability in data. Example: Used to uncover the underlying factors in investment returns. Limitation is that the factors are statistical constructs and are not easily associated with economic or financial variables.
Cluster Analysis	Algorithms for finding groups of items that are similar. Example: An insurance company could cluster customers according to income, age, types of policies purchased, and prior claims experience. Divides a data set so that records with similar content are in the same group, and groups are as different as possible from each other.
CHAID	A statistic that assesses how well a model fits the data. In data mining, it is most commonly used to find homogeneous subsets for fitting categorical trees as in CHAID. It relies on the chi-squared statistic to split the data into small, connected data sets.
Statistical Regression	Equation that allows algebraic expression of the relationship between two (or more) variables. In particular, indicates the extent to which one can predict some variables by knowing others, or the extent to which some are associated with others.
Logistic Regression	A generalization of linear regression. Used for predicting a binary variable (with values such as yes/no or 0/1). Example: Modeling the odds that a borrower will default on a loan based on the borrower's income, debt, and age.
Non-parametric Models	Used when certain assumptions about the underlying population are unknown. Often more powerful than parametric tests for detecting population differences when certain assumptions are not satisfied.
Bayes Theorem	A technique for estimating the conditional probability of a cause given that a particular event has occurred.

Source: TowerGroup