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Corporate Strategy, Corporate Culture & Customer Information

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Abstract

The original definition of CRM describes it as a strategic process combining management practices, knowledge, resources and suitable customer information software of a firm to better serve the needs of its customers and to increase their loyalty. This view greatly depends on information technology support and software development.

Is the acquirement of such software from the enterprise interconnected with the corporate strategy designed and the corporate culture developed?

This paper examines on the correlation between the existence of customer information software in internationalized companies with concrete corporate strategies developed and implemented by the companies.

Empirical results showed that when a corporation uses CRM information software, then multiple marketing strategies to approach customers and markets, complex market strategies and corporate strategies of high internationalization involvement are developed, facts that reflect the creation of a strategically structured, outward-oriented and customer focused corporate culture.

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1. Introduction

Many advances on strategic alignment of business and information systems have been discussed in the relevant literature [1]. Moreover, the development of computational methods and techniques have been extensively researched in similar studies [2 – 16]. However, there is a lack of evidence observed related to the integration of the concepts of corporate culture, corporate strategy and customer information systems, into the wider frameworks of Customer Relationship Management (CRM) and corporate internationalization.

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CRM is considered to be highly related to the satisfaction of customers' desires, as it takes into account the expectations of the company's customers. In this direction, it provides valuable insights on the way the company's products can be modified and promoted effectively. CRM integrates management of clusters of customers, offering tailor made solutions that address their personalized desires.

This study aims to contribute to the existing literature by incorporating the implementation of Customer Relationship Management (CRM) with the marketing and organizational strategies of the firm, deriving from its corporate culture and corporate identity. Also, in the context of company's internationalization, we correlate the implementation of CRM through customer information acquisition software with the level of internationalization activity of the company.

Findings provide clear evidence on the existence of interconnections between the utilization of CRM software and the development of active marketing strategies deployment, of a high level of internationalization engagement and of an increased level of strategic complexity, all aspects depicting the organization culture of the company.

2. Literature Review

2.1. Corporate Culture & Corporate Identity

Like human beings, companies are distinguished by their special characteristics that, when integrated, shape the special feature called "identity" [17]. The identity of a corporation becomes recognizable through a number of features recognised in the existing literature. Corporate identity is frequently described relevantly to "what the company is or expects to be", "what it does" or "what it stands by" [18].

Although there is a theoretical convergence on the conceptualization of the "corporate identity" concept, most researchers consent that corporate identity consists of all the key and secondary organizational characteristics that depict the spirit, the character and the internal culture of the organization [17].

The externally projected corporate identity, also called "communicated identity" defines the company's character in the minds of stakeholders [19].

Accordingly, the internally projected corporate identity constitutes the basis, the guide for the company's activities, the company's management, the development and implementation of the corporate strategy [20].

Corporate behaviour is visualized as the organization's actions performed in accordance with its culture or, oppositely, the actions occurring impulsively and without prior planning, representing the way it acts towards the environment [18].

Following this reasoning, customer information obtainment through relevant information systems can be seen as expression of the corporate behaviour in accordance with the company's culture, since is not voluntarily or altruistically developed. Actually, the implementation of proactive customer centred strategies may be basically the primary expression of the corporate culture, as customer values are often ingrained in the corporate principles.

2.2. Corporate Strategy & Customer Information

Firms have every reason to obtain customer information. It allows them to effectively target their most valuable ideas, make tailor made offerings to individual desires, increase customer satisfaction and loyalty, and recognize opportunities for new products or services. All the necessary strategies designed and applied for these purposes are based in the customer information acquisition process [21]. The exploitation of customer information facilitate the design of marketing strategies, expressed as targeting sales and marketing campaigns to the most valuable customers [22].

Customer relationship management (CRM) has been defined as the management of the organisation's customers through a customer database and reporting software [23]. A CRM system entails the organization-

wide obtainment, processing and exploitation of knowledge about customers so as to sell more products and services, even as improve customer satisfaction [24].

A Customer Relationship Management (CRM) system is a front-office software tool that aspires to build long-term, profitable customer relationships. CRM assists the recognition, approach and satisfaction of new and existing customers. Enterprises have to differentiate themselves from their competition and create effective switching cost for their customers [22].

As a result, customer value creation seems to be interconnected to the IT initiations of a company which is aligned to its corporate strategy, culture and identity [25].

CRM has become largely identified as a crucial part of the internationalization strategy. Although it hasn't been a wide convergence on the concept, Ngai (2005) [26] underlined the significance of understanding CRM as “a comprehensive set of strategies for managing those relationships with customers that relate to the overall process of marketing, sales, service, and support within the organization” (p. 583). Santouridis & Trivellas (2010), claim that information technology and information systems can be used to sustain and combine the CRM process to satisfy the desires and retain customers [27].

The effective use of CRM software not only allows companies to build and maintain strong relationships with domestic customers, but also broader the ability of the firm to reach new market potential in foreign markets [28] an important step towards the company's internationalization.

As proposed by McGowan & Durkin (2002) [29] CRM increases both the internal and external organizational efficiency throughout all stages of the supply chain. However, it should not be employed autonomously but in alignment with the overall internationalization strategy [28].

According to the above framework, three main research hypotheses can be formed:

H1: Companies, owning a CRM system, as they are supposed to be customer oriented in their corporate culture, are expected to design and apply multiple, direct and indirect marketing strategies in the foreign markets they activate in.

H2: Companies, owning a CRM system, are expected to be actively involved and highly committed to the markets they develop their business activity As a result they are expected to have a higher grade of internationalization involvement.

H3: Companies, owning a CRM system, are expected to be market oriented, designing and applying multiple strategies for each market they wish to penetrate, develop and compete.

3. Research Method

The survey instrument used for this study was developed through a comprehensive review of the relevant literature along with 10 personal interviews obtained from internationalization managers occupied in Greek internationalized manufacturing companies. These represent various business sectors and company sizes.

It takes the form of a structured questionnaire. The questionnaire survey lasted from May to November 2010.

For our research we used data collected from Greek manufacturing enterprises. A multi-industry sampling design was used, to broaden the generalize ability of the findings. Sample sectors include food products, mineral and ores products, chemical and allied products, rubber and plastic products, machinery, electrical, textile and mill products, medicines etc. These industry sectors represent a major volume of the Greek manufacturing activity. We excluded all companies belonging to the services sector.

We used a mail survey methodology for data collection, along with personal visits to the targeted firms.

About 1.400 internationalized manufacturing companies are recognized by the Hellenic Foreign Trade Board's (HEPO) directory.

As for the sample size the 158 usable out of 165 questionnaires received, correspond about to 11,22% of the population. An effective response rate of 20.93% was attained. As for the sampling method we applied stratified sampling.

Many issues were addressed in the questionnaire, but the responses used in the present study resulted from questions on the existence of any kind of CRM system and on questions about the market and management strategies developed by the firms.

Phi Correlation and binary logistic regression techniques are used, in order to validate/ reject our research hypotheses. Measures concern on the one hand the existence/ absence of CRM software in the under examination companies and on the other hand the existence/ absence of concrete marketing, organization, internationalization strategies.

4. Empirical Results

We correlate the existence/ absence of CRM software with variables that operationalize marketing strategies in foreign markets, management and organizational strategies of the firms as well as the internationalization strategies of companies, depicting the level of their involvement in foreign markets.

The Phi Correlation Coefficient is used, as all variables are dichotomously measured.

Table 1: CRM Software * Advertisement of the Company's Products in Foreign Markets - Symmetric Measures

N of Valid Cases: 157		Value	Approx. Sig.
Nominal by Nominal	Phi	,257	,001
	Cramer's V	,257	,001

As shown in the table above, phi coefficient = 0,257. Given that phi coefficient belongs to [-1,1], we observe a positive correlation between the two variables. That means that the existence of a CRM system in the enterprise is positively correlated to existence of concrete direct marketing strategies expresses as advertisement of the company's products in the foreign markets. Results are statistically significant at the level of significance 0,001 ($\text{sig}=0,001<0,05$).

Table 2: CRM Software * Sponsorship - Symmetric Measures

N of Valid Cases: 157		Value	Approx. Sig.
Nominal by Nominal	Phi	,159	,046
	Cramer's V	,159	,046

As shown in the table above, phi coefficient = 0,159. Given that phi coefficient belongs to [-1,1], we observe a weak positive correlation between the two variables. This fact suggests that the existence of a CRM system in the enterprise is positively correlated to existence of concrete indirect marketing strategies expresses as sponsorships in the market ($\text{sig}=0,046<0,05$).

Table 3: CRM Software * Product Promotion through Distributors _Symmetric Measures

N of Valid Cases: 157		Value	Approx. Sig.
Nominal by Nominal	Phi	,244	,002
	Cramer's V	,244	,002

As presented in table 3, phi coefficient = 0,244. Given that phi coefficient belongs to [-1,1], we observe a positive correlation between variables. That means that the existence of a CRM system in the enterprise is positively correlated to the promotion of the company's products through distributors in foreign markets. Results are statistically significant at the level of significance 0,002($\text{sig}=0,002<0,05$).

Table 4: CRM Software * Joint Ventures - Symmetric Measures

N of Valid Cases: 157		Value	Approx. Sig.
Nominal by Nominal	Phi	,169	,034
	Cramer's V	,169	,034

As we may note in table 4, phi coefficient = 0,169. Given that phi coefficient belongs to [-1,1], we observe a weak positive correlation between the two dichotomic variables. That means that the existence of a CRM system in the enterprise is positively correlated to the strategic choice of activating in a market through joint ventures in foreign markets. Results are statistically significant at the level of significance 0,034 ($\text{sig}=0,034<0,05$).

Table 5: CRM Software * Mergers & Acquisitions - Symmetric Measures

N of Valid Cases: 157		Value	Approx. Sig.
Nominal by Nominal	Phi	,245	,002
	Cramer's V	,245	,002

Table 5 presents the phi coefficient value = 0,245. Given that phi coefficient belongs to [-1,1], we observe a positive correlation between the two variables. That means that the existence of a CRM system in the enterprise is positively correlated to the strategic choice of activating in a market through mergers and acquisitions in foreign markets. Results are statistically significant at the level of significance 0,002($\text{sig}=0,002<0,05$).

Table 6: CRM Software * Foreign Subsidiaries - Symmetric Measures

N of Valid Cases: 157		Value	Approx. Sig.
Nominal by Nominal	Phi	,208	,009
	Cramer's V	,208	,009

As we observe in table 6, the phi coefficient value = 0,208. Given that phi coefficient belongs to [-1,1], we observe a positive correlation between the two variables. That means that the existence of a CRM system in the enterprise is positively correlated to the strategic choice of founding subsidiaries in foreign markets. Results are statistically significant at the level of significance 0,009($\text{sig}=0,009<0,05$).

Table 7: CRM Software * Production Unit Abroad - Symmetric Measures

N of Valid Cases: 157		Value	Approx. Sig.
Nominal by Nominal	Phi	,238	,012
	Cramer's V	,238	,012

As shown in the table above, the phi coefficient value = 0,238. Given that phi coefficient belongs to [-1,1], we observe a positive correlation between the two variables. That means that the existence of a CRM system in the enterprise is positively correlated to the strategic choice of operating a production unit(s) abroad. Results are statistically significant at the level of significance 0,012($\text{sig}=0,012<0,05$).

Table 8: CRM Software * Exports Department - Symmetric Measures

N of Valid Cases: 157		Value	Approx. Sig.
Nominal by Nominal	Phi	,230	,004
	Cramer's V	,230	,004

Table 8 presents the phi coefficient value = 0,230. Given that phi coefficient belongs to [-1,1], we observe a positive correlation between the two variables. That means that the existence of a CRM system in the enterprise is positively correlated to the strategic choice of creating a special department in the company, responsible for the export/ internationalization activity of the company ($\text{sig}=0,004<0,05$).

Table 9: CRM Software * Level of Strategic Complexity - Symmetric Measures

N of Valid Cases: 157		Value	Approx. Sig.
Nominal by Nominal	Phi	,355	,000
	Cramer's V	,355	,000

Table 9 presents the phi coefficient value = 0,355. Given that phi coefficient belongs to [-1,1], we observe a positive correlation between the two variables. That means that the existence of a CRM system in the enterprise is positively correlated to the level of strategic complexity of the enterprise. Results are statistically significant at the level of significance 0,000($\text{sig}=0,000<0,05$).

We conduct binary logistic regression, using as the dependent variable the existence/ absence of a CRM software and as independent variables all the variables correlated to the dependent above. The final results are presented in the following table.

Table 10: Binary Logistic Regression Results

	B	S.E.	Wald	df	Sig.	Exp(B)
Advertisement in Foreign Markets	,652	,382	2,921	1	,087	1,920
Product Promotion via Distributors/ Wholesalers	,937	,382	6,019	1	,014	2,553
Step 8 ^b Internationalization via Mergers & Acquisitions	20,325	11307,471	,000	1	,999	671781900,133
Multiple strategies applied	1,017	,388	6,867	1	,009	2,766
Constant	-44,736	22614,941	,000	1	,998	,000

5. Discussion

According to the empirical results of this study, the existence of a CRM system is positively correlated with the development of direct (advertisements) and indirect (sponsorships) marketing strategies in foreign markets. We note that direct marketing strategies, operationalized as any kind of advertisement in foreign markets, are highlighted as extremely significant by the binary logistic regression, increasing 1,920 times the probability the company to obtain and manage customer information through CRM software.

This finding is in line with Marinagi & Akrivos (2011) [22] and many other researchers, stressing that the exploitation of customer information facilitate the design of marketing strategies, expressed as targeting sales and marketing campaigns to the most valuable customers [22], retaining them and increasing customers loyalty [30].

These results verify our first research hypothesis, e.g. companies, owning a CRM system, are expected to design and apply multiple, direct and indirect marketing strategies in the foreign markets they activate in, as they are able to acquired the necessary information/ knowledge that allows them to evaluate, design and implement these marketing strategies. The investment in CRM software and the development of structured, targeted marketing strategies, reflect their customer-centred corporate culture, leading to the creation of values, as observed also by Kutsikos & Mentzas (2012) [31].

We also found that there is a positive correlation between the existence of CRM software in the enterprise and the company's internationalization mode (using distributors/ wholesalers, founding subsidiaries in foreign markets, merging with or acquiring other companies abroad or establishing production units in foreign markets). In particular, the internationalization mode via mergers and acquisitions and through distributors and wholesalers emerged as particularly significant by the binary logistic regression. As we see, the actively engaged, second grade internationalized enterprises, have higher probabilities to obtain and use information about their customers, so as to enhance their performance and increase their revenues in foreign markets.

This finding is aligned with Harrigan et al (2008) [28] argument, that the effective use of CRM software not only allows companies to build and maintain strong relationships with domestic customers, but also broader the ability of the firm to reach new market potential in foreign markets [28] an important step towards the company's internationalization.

Our second research is validated by these results, showing that companies, owning a CRM system, are expected to be actively involved and highly committed to the markets they develop their business activity. As a result they are expected to have a higher grade of internationalization involvement, to be active in foreign markets and outward-oriented, a fact that is clearly motivated by and interconnected with the corporate culture and the corporate vision.

Finally, we observed a positive correlation between the existence of CRM software and the existence of a special exports/ internationalization department and with the high level of strategic complexity, operationalized as the development of multiple targets for each foreign market. The existence of a special internationalization

department enables the company to study foreign markets and develop multiple, structured, market targeted strategies.

Findings are aligned with Ngai (2005) [26] who underlined the significance of understanding CRM as “a comprehensive set of strategies for managing those relationships with customers that relate to the overall process of marketing, sales, service, and support within the organization” (p. 583).

These empirical results verify our third research hypothesis, e.g. companies owning a CRM system, are expected to be market oriented, designing and applying multiple strategies for each market they wish to penetrate, develop and compete.

6. Conclusion

In this paper we investigate the interconnection of the existence of CRM software in an internationalized enterprise, with the development of targeted marketing strategies, the grade of internationalization engagement and the level of strategic complexity. All these aspects reflect and are motivated by corporate culture and corporate identity of the organization.

Findings show that there is an increased probability for companies running CRM software to develop targeted direct and indirect marketing strategies, to be pro-actively internationalized, engaged to second-grade internationalization mode and to develop structured, differentiated, targeted market strategies.

The integrated framework composed by the empirical results, depict the adoption of an outward-looking, customer and market oriented corporate culture, reflected to the corporate strategies developed using the knowledge gained from the processing of the information provided from the CRM software.

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