



# Global account management strategies: Drivers and outcomes

Linda Hui Shi<sup>1</sup>,  
J Chris White<sup>2</sup>,  
Shaoming Zou<sup>3</sup> and  
S Tamer Cavusgil<sup>4</sup>

<sup>1</sup>University of Victoria, Victoria, Canada; <sup>2</sup>Texas Christian University, Fort Worth, USA; <sup>3</sup>University of Missouri, Columbia, USA; <sup>4</sup>Georgia State University, Atlanta, USA

**Correspondence:**

S Zou, Department of Marketing,  
Robert J. Trulaske, Sr. College of Business,  
University of Missouri, Columbia, MO  
65211, USA.  
Tel: +1 573 884 0920;  
Fax: +1 573 884 0368

**Abstract**

Global account management (GAM) has become a vital part of many multinational enterprises' global marketing. Yet little is known about successful GAM strategies. In this study, we conceptualize GAM strategies, and develop and empirically test an integrated theoretical model that links GAM strategies to their drivers and outcomes. We find that: (1) global strategic priority and globalization are significant drivers of four GAM strategies – inter-country coordination, inter-organizational coordination, marketing activities standardization, and global integration; (2) inter-country and inter-organizational coordination have significant main effects on GAM performance, while global customer demand positively moderates the effects of marketing activities standardization and global integration on GAM performance; and (3) GAM performance significantly influences relationship continuity. We discuss the theoretical and managerial implications, and provide suggestions for future research.

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## INTRODUCTION

Spurred by advances in communication, information, and transportation technologies, a shift toward market economies, privatization and deregulation in emerging markets, emergence of the global consumer, the availability of transnational media, and a proliferation of global products, globalization is rendering the world a huge, single, and virtually borderless marketplace (Yip, 1995). Further, this market openness has increased the speed, frequency, and magnitude of access to global markets by a new and more diverse set of companies. Once they become multinational enterprises (MNEs), these companies begin to have enormous need for product/services in various country markets. As a result, there is increasing pressure on suppliers to serve these customers beyond their home markets. In response to these growing challenges and opportunities, many companies have begun to rely on global account management (henceforth: GAM). GAM is defined as the organizational form and process in a multinational supplying company by which the worldwide activities serving a given multinational customer are coordinated centrally by one person or team within the supplying company. GAM is in essence an extension of national account management strategies beyond country borders, to the most important countries in which

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the most important customers are operating (Montgomery, Yip, & Villalonga, 1999). GAM is regarded as “the new frontier in relationship marketing” (RM) by business scholars (Yip & Madsen, 1996) and a critical competitive weapon by managers (Shi, White, McNally, Cavusgil, & Zou, 2005; Shi, Zou, & Cavusgil, 2004).

The market is replete with examples of GAM. For instance, Xerox establishes relatively independent GAM units for global accounts such as Motorola and BP. These units are located near the customers’ headquarters, and frontline employees in the units provide technical support and sales service. For example, Xerox’s GAM unit for Motorola is located in Chicago, close to Motorola’s regional office. The units are closely linked to Xerox headquarters and back-end functions such as R&D and manufacturing: thus the units can call on company resources to serve the key accounts. Similarly, Procter & Gamble’s (P&G) customer teams work closely with Wal-Mart and Carrefour on a global basis. P&G’s customer team located at Wal-Mart’s headquarters decide global strategies, while the worldwide team members work on site in Wal-Mart stores to assist with order placements, inventory management, and marketing research.

Despite the importance and prevalence of GAM in many multinational suppliers, scholarly research on GAM is in its nascent stage. Though relevant research can be found in the inter-organizational relationship and global marketing strategy (GMS) literature, there is a lack of a theoretically based integrative framework that can help us understand key GAM strategies and the contingency conditions that impact on their effectiveness, as well as their drivers and outcomes. Furthermore, there is a lack of empirical research that can substantiate the performance effect of GAM strategies. These gaps in the literature limit our understanding of what drives MNEs’ GAM strategies, how GAM strategies impact MNEs’ performance, and under what contingency conditions GAM strategies would be effective.

The purpose of this paper is twofold. First, we develop a conceptual framework based on GMS theory (Zou & Cavusgil, 2002) that integrates drivers and outcome of GAM strategies, and which delineates contingency conditions for GAM strategies. Second, we attempt to substantiate empirically the proposed relationships between GAM strategies and their drivers, moderators, and performance outcomes. This study intends to advance the GAM literature significantly by laying a solid theoretical

and empirical foundation for the GAM literature. The remainder of this paper is organized into three main sections. First, we assess related literature streams pertaining to GAM, RM, and GMS. Second, we present our conceptual model and discuss the proposed hypotheses. Third, we describe the research design and methodology of the study and present the results of the empirical analysis. Finally, we discuss the findings of our research and their implications for theory development and practical application.

## OVERVIEW OF GAM-RELATED LITERATURE

Development of our conceptual model was guided by the relevant GAM and GMS literature. In this section we briefly review the GAM literature and highlight its limitations. But first we discuss the differences between GAM and domestic account management in order to highlight the unique parameters that come into play when serving a global account.

### GAM vs Domestic Account Management

GAM and domestic account management are distinguished primarily by differences in their contextual complexity and the extent of coordination demanded at multiple organizational levels. GAM is more contextually complex because it requires inter-country coordination at both functional and country subsidiary levels across national borders. In contrast, a purely domestic account management also entails coordination and communication across functions, but within one country. Because of greater environmental uncertainties due to factors such as cultural diversity, economic imbalance, legal constraints, or political instability, a global supplier that adopts GAM often faces greater challenges, and needs to invest in dedicated resources to understand the environmental uncertainties and assist global account customers to win in the global market. It is likely to employ more sophisticated strategies (e.g., standardization, coordination, and integration) to meet the global account customer’s needs in the global market.

Compared with key account management in the domestic context, a successful GAM relationship requires a greater degree of involvement of top executives from both sides, and a higher level of ability for firms to coordinate at multiple organizational levels and across the country markets where they do business. In our site interviews, GAM executives repeatedly mentioned that the involvement of senior-level executives in GAM is

different from that for domestic account management. For example, one executive explained that the CEOs from both supplier and customer firms often meet to set up annual strategic plans for the account, whereas this occurs far less often in the case of a purely domestic account.

### GAM Literature

Table 1 presents a summary review of selected GAM research. The research studies included in the table were selected because they are the major studies published on the topic, and they contain key concepts or measures that can be adopted in developing the present study. In addition, each of these studies contains results based on either empirical data or comprehensive case studies.

Prior GAM research has focused mainly on *adopting* and *formulating* GAM programs. In terms of GAM program adoption, researchers argued that, to qualify a global account, a supplier should choose a customer that has significant size and revenue potential, has centralized procurement activities, is strategically important to the supplier, and receives attention from top executives from both the supplier side and the customer side (Arnold et al., 2001; Yip & Bink, 2007). Importantly, Montgomery and Yip (2000) contend that it is industry globalization drivers that create conditions for the adoption of GAM. In particular, global accounts increasingly request coordinated services on a worldwide basis. Thus a supplier must change its organizational structure and strategy to cope with these customers' demand.

Using a cross-industry, cross-national survey, Homburg et al. (2002) find that key foci when formulating a successful GAM program include marketing activities, account managers and use of the account team, and access to functional support. Birkinshaw et al. (2001) report that GAM structure (e.g., centralization of supplier activities, scope of account) influences GAM performance.

More recent GAM studies have paid more attention to tailoring a GAM program to the individual customer's need. For example, Shi et al. (2004) propose that the fit of a supplier's GAM strategy and structure to its global account customer's need for standardization and coordination can enhance the supplier's performance. Toulan et al. (2002) posit that a high degree of fit between a supplier and its global account customer will result in higher GAM performance, and find that GAM relationships are more efficient when they are established at the senior executive level of the two organizations. In a

recent study, Yip and Bink (2007) propose that suppliers should determine which form of GAM program to offer, based on two factors: the balance of power between a central GAM group and national sales organizations, and the trade-off between customizing GAM programs for individual customer and efficiently allocating resources for each program. According to the level of involvement and the degree of collaboration with customers, McDonald et al. (1997) classify five types of key account management programs, ranging from the simple transactional program to the complex synergistic program. In another recent study, Ivens and Pardo (2007) find that increased supplier commitment to a GAM program does not necessarily increase customer satisfaction or trust to supplier. The possible explanation is that the program may not create value for the customer. In other words, a GAM program may not add value to a customer if its adoption or design does not fit with customer demand.

Few studies have discussed the development of GAM capability or the use of GAM strategies. Drawing on dynamic capability theory, Shi et al. (2005) delineate GAM capabilities, including the ability to understand customer and competitor, the ability to coordinate cross-functional and national borders, and the ability to reconfigure as necessary. In another study, Montgomery and Yip (2000) report that a supplier's use of GAM strategies results in higher supplier performance. However, there is a lack of details about what types of GAM strategies should be used, or when they should be used.

Overall, our review of the GAM literature reveals that there are three important limitations in the current GAM literature. First, despite the importance of the GAM phenomenon, academic research on GAM strategies is limited. There is an imperative need for an integrative theoretical framework that links GAM strategies to their drivers, moderators, and outcomes. There is also a need for empirical research to substantiate the effect of GAM strategies on performance. Second, although a number of GAM studies point out the need for a strategic fit between the supplier's GAM strategies and the customer's demand, there is a paucity of evidence regarding specific contingencies with performance implications. We know little about the contingency conditions for effective application of GAM strategies. Third, prior studies focus primarily on the supplier's overall organizational performance, as opposed to the performance of a specific GAM

**Table 1** Selected global account management literature

<i>Authors</i>	<i>Empirical basis</i>	<i>Dimensions discussed</i>	<i>Main focus/key statements</i>
Yip and Bink (2007)	A study of 165 major suppliers from the authors' consulting work	GAM program adoption criteria	Suggests when and how suppliers should offer GAM program to customers.
Ivens and Pardo (2007)	91 key account relationships and 206 ordinary supplier-buyer dyads	Supplier's relational behavior	Suggests that KAM suppliers' increased value-creating activities lead to increased commitment. However, customers are neither more satisfied, nor do they trust their suppliers more when they receive key account status.
Shi et al. (2005)	A discovery-oriented approach that integrates 20 executive interviews and 35 case studies	GAM capability	Explores three key dynamic processes: intelligence acquisition, coordination, and reconfiguration.
Shi et al. (2004)	Drawing on executive interviews and literature review	GAM capability	GAM performance is positively influenced by three dyadic GAM capabilities: organizational culture to support GAM, strategic fit between supplier and customer, and proper GAM program design.
Toulan, Birkinshaw, and Arnold (2002)	A survey of 106 global account managers in 16 multinationals	Inter-organizational fit	Greater fit between vendor and customer on a variety of strategies as well as structural aspects will result in higher performance of the relationship.
Homburg, Workman, and Jensen (2002)	A sample of 385 firms	Activities, teams and managers, cross-functional support of key account management	Empirically classify designs of key account management programs, including activities, actors, resources, and formalization. Failure to achieve access to and commitment to cross-functional resources seems to play a critical role for the success of KAM programs
Arnold, Birkinshaw, and Toulan (2001)	Stage one involved face-to-face interviews with 35 managers in ten companies. Stage two involved sending questionnaires to managers in 16 companies, resulting in 172 completed questionnaires.	GAM program adoption criteria	Global account relationship cannot work unless the relationship is strategically important to both partners, both partners are committed to global marketing, and top executives from both partners support the relationship.
Birkinshaw, Toulan, and Arnold (2001)	A total 106 global account managers from 16 companies	Bargaining power of supplier	GAM structure allows the multinational enterprise to increase its information-processing capacity as well as its bargaining power to the global account customer. The effectiveness of structures for increasing information processing is conditional upon the presence of high customer dependence.
Montgomery, Yip, and Villalonga (1999)	A sample of 191 senior executives from 165 multinational companies	Globalization drivers, customers' GAM demand, and suppliers' use of GAM	Industry globalization drivers affect customer's potential as a global account. The tests showed a very strong relationship between customers' demand for GAM and suppliers' use of it.
McDonald, Millman, and Rogers (1997)	A judgmental sample of 12 dyads representing a range of product/service contexts and stages of development	Development process of key account management relationship	The typical progression of a relationship between supplier and customer through five stages: pre-KAM, early KAM, mid KAM, partnership KAM, and synergistic KAM.

Table 1 Continued

Authors	Empirical basis	Dimensions discussed	Main focus/key statements
Yip and Madsen (1996)	Five case studies about GAM in advertising industry, IBM, Xerox, HP, and Citibank	Globalization drivers, GAM strategies	Industry globalization drivers affect the opportunity to use GAM. Global strategy response to the demand of global customers includes building global market participation, global standard products and services, providing value-adding activities across countries, and making competitive moves on a global basis.

program. As a result, they have limited effectiveness in linking GAM strategies to supplier performance.

To overcome these limitations in the literature, the present study develops and tests an integrative model of GAM strategies that links a supplier's GAM strategies to their antecedents and outcomes. In doing so, we deliberately seek to identify contingency conditions that enhance the relationship between GAM strategies and performance. We also examine performance of both the individual GAM program (GAM program performance) and the strength of the GAM relationship (relational continuity).

### A CONCEPTUAL MODEL OF GAM STRATEGIES

#### Theoretical Foundation

GAM strategies can be considered within the wider context of GMS. As stated by Yip and Madsen (1996: 29), "Global account management magnifies a company's ability to use most elements of global strategy." Because the GAM strategies that a multinational supplier adopts to serve its global account customers are essentially its GMS specifically tailored for the most important global account customers, the GMS theory of Zou and Cavusgil (2002) can be applied to the context of GAM to develop a theoretical model of GAM strategies. Zou and Cavusgil (2002: 42) define GMS broadly as "the degree to which a firm globalizes its marketing behaviors in various countries through standardization of the marketing-mix variables, concentration and coordination of marketing activities, and integration of competitive moves across the markets." This broad conceptualization of GMS effectively integrates the three major perspectives of global marketing in the previous literature: standardization (Hout, Porter, & Rudden, 1982; Jain,

1989; Samiee & Roth, 1992); configuration-coordination (Craig & Douglas, 2000; Porter, 1986); and integration (Birkinshaw, Morrison, & Hulland, 1995; Roth & Morrison, 1990; Yip, 1995; Zou & Cavusgil, 1996).

In applying GMS to the GAM context, it is useful to recognize that, when developing a GMS, an MNE (or a global firm) has full control over its international activities. Particularly, it can decide which foreign markets to enter, the mode of entry, and the marketing strategy that it will implement. In contrast, in GAM, the customer (i.e., the global account) initiates international expansion, and the supplier has to go along with the customer's decisions.<sup>1</sup> Thus we incorporate global customer demand as a moderating factor of the relationship between GAM strategies and GAM performance in our conceptual model to demonstrate this difference. *Global customer demand* is defined as the extent to which a global account customer requests and depends on the focal supplier for global solutions to its needs in various country markets. Specifically, we posit that the effectiveness of GAM strategies is contingent on the ability to meet the demands of the global account customer; in other words, the fit between the GAM strategy and global customer demand will enhance performance of the individual GAM program.

In addition, the RM literature improves our conceptual understanding of the roles of inter-country and inter-organizational coordination for global key accounts. Since global accounts are often the most important customers, GAM is a vital form of inter-organizational relationship. Key RM constructs such as coordination (Buvik & John, 2000), flexibility (Heide, 1994), trust and commitment (Morgan & Hunt, 1994), imbalanced dependency and mutual adaptation (Hallen, Johanson, &

Seyed-Mohamed, 1991) can be applied in GAM research. The RM literature, however, is focused largely on how a player can leverage its bargaining power and influence its suppliers or customers (Ganesan, 1994; Heide, 1994). An issue remains as to how a supplier can manage its relationship with a specific global account customer that is equally influential and which spans multiple country markets. Since global accounts can be large in size and strategically important to a supplier, a GAM relationship serves as a good context to study this type of relationship.

### An Integrative Model of GAM Strategies

In line with GMS theory, and building on the GAM literature, we define GAM strategies as the extent to which a supplier standardizes its marketing-mix activities to serve its global account customer, coordinates these activities internally and externally, and integrates competitive moves across country markets to retain and grow business with the global account customer.

According to the above definition, there are four major elements of GAM strategies. *Inter-country coordination* is defined as the extent to which a global supplier coordinates its marketing-mix and supply chain management activities across nations within the organizational boundary to serve a global account customer, whereas *inter-organizational coordination* refers to the extent to which a global supplier purposively organizes joint activities at each level (i.e., senior executive, global account manager, local account manager, and operational-level employee) with a global account customer. Thus inter-country coordination is an internal coordination within the supplier organization, whereas inter-organizational coordination is an external coordination between the supplier and its global account. *Marketing activities standardization* is defined as the extent to which a global supplier standardizes its marketing activities (including marketing-mix and supply chain activities) across nations to serve a global account customer. And, finally, *global integration* is the degree to which a supplier follows a global account customer into various countries and integrates its competitive moves in different countries to serve the needs of the global account customer.

Various elements of GAM strategies share a common goal of enhancing GAM performance, and are theoretically influenced by similar internal and external drivers. Since GAM strategies are more relationship-specific than Zou and Cavusgil's

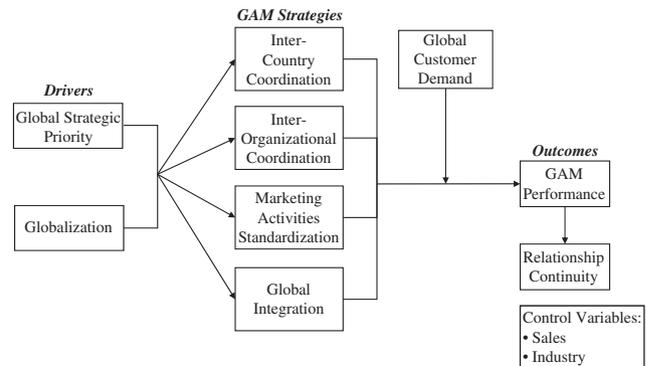


Figure 1 GAM strategies: Drivers and outcomes.

(2002) GMS, two drivers are particularly relevant to GAM strategies: an internal driver – global strategic priority – and an external driver – globalization. Furthermore, GAM strategies are expected to influence the firm's GAM program performance and, in turn, GAM program performance is expected to foster relationship continuity.

Based on the preceding discussion, we present an integrative theoretical model of GAM strategies in Figure 1. The unit of analysis underlying this model is a GAM relationship between a global account customer and a focal supplier. In this model, global strategic priority and globalization are posited as the drivers of GAM strategies – inter-country coordination, inter-organizational coordination, marketing activities standardization, and global integration. These four GAM strategies are posited to influence GAM program performance positively, and those relationships are expected to be moderated by global customer demand. Finally, we expect GAM performance to influence relationship continuity positively. In the following section, we will discuss the components of the model and their related relationships.

### Drivers of GAM Strategies

**GAM strategic priority.** GAM strategic priority refers to a set of beliefs within the focal supplier firm that it is important to treat the global account customer's interest preferentially (Shi et al., 2004). Specifically, GAM strategic priority signals that the focal supplier firm is willing to give the global account customer preferential treatment. Usually, within the supplier firm that places a high priority on the global account customer, there is an open organizational environment to share information regarding the global account customer's concerns

and address those concerns by using various resources within the supplier organization and providing globally standardized solutions. For example, 3M's global account manager detected that IBM storage with 3M material suffered from a contamination issue. The 3M global account manager then called on back-end functions such as R&D and manufacturing to invent a new material to prevent IBM disk drives from contamination. As a result, 3M was able to help IBM reduce storage loss, thus retaining IBM as 3M's most important customer. Firms that place a strategic priority on global account customers are more likely to understand those customers' explicit and latent needs, and, as a result, the global account team will be empowered to engage in the strategies needed to provide superior customer value.

**Hypothesis 1:** The greater the GAM strategic priority, the greater the (a) inter-country coordination, (b) inter-organizational coordination, (c) marketing activities standardization, and (d) global integration.

**Globalization.** In a GAM context, globalization refers to the external forces that are conducive to global marketing. Globalization makes it more feasible for a supplier firm to engage in standardization of marketing programs, coordination of worldwide marketing activities, and integration of competitive moves across country markets (Yip & Madsen, 1996; Zou & Cavusgil, 2002). Therefore, when faced with increasing globalization, firms are likely to increase the use of GAM strategies.

**Hypothesis 2:** The greater the globalization, the greater the (a) inter-country coordination, (b) inter-organizational coordination, (c) marketing activities standardization, and (d) global integration.

### **GAM Strategies and GAM Program Performance**

*GAM program performance* refers to the extent to which a GAM program achieves enhanced market outcomes for the supplier firm. Market outcomes may include customer satisfaction, customer value, desired growth, new product introductions, and customer retention (Homburg et al., 2002). GMS can significantly impact on a firm's performance in global industries (Andrews, 1971; Porter, 1980; Yip, 1995; Zou & Cavusgil, 1996). Consequently, we expect that GAM strategies will have a positive effect on GAM program performance. In the

following, we will advance specific hypotheses linking GAM strategies to their outcomes.

**Inter-country coordination.** The role of a global account manager is to coordinate resources in order to satisfy the needs of the global account customer (Montgomery & Yip, 2000; Moon & Gupta, 1997). Both inter-country coordination (internal coordination) and inter-organization coordination (external coordination) increase openness in communication and therefore foster utilization of individual knowledge to achieve objectives (Zaltman, Duncan, & Holbek, 1973). Thus the greater the inter-country and inter-organizational coordination, the more likely it is that the supplier can detect and accommodate the needs of the global account customer faster than its rivals. In this study we include both inter-country and inter-organizational coordination as key elements of GAM strategies.

Inter-country coordination draws on the skill of collectively utilizing organizational resources to satisfy the global account customer's needs. It may include meetings, training, business presentations, periodicals and newsletters, and reports and measurements. In fact, any individual within the global supplier organization has the potential to contribute to the creation of customer value. Cross-functional global account team members bring not only their unique knowledge but also their social networks, which can be utilized to draw resources from individuals who are not in a GAM team. Effective inter-country coordination should result in a more effective cross-functional GAM team, leading to improved GAM performance. Hence:

**Hypothesis 3:** The greater the inter-country coordination, the greater the GAM program performance.

**Inter-organizational coordination.** Inter-organizational coordination requires communication and joint action not only between cross-functional operators from the customer and supplier companies, but also between top executives from both organizations (Montgomery et al., 1999). Inter-organizational coordination is posited to influence GAM performance positively, because strong inter-organizational coordination allows the supplier to manage its selling activities at each level of the organization so that the needs of the global account are best served. As a result, the global account customer will be more willing to



reward the supplier by increasing its business with the supplier. A positive link between inter-organizational coordination and performance has been empirically supported in the RM literature (Buvik & John, 2000; Heide, 1994; Heide & John, 1990).

**Hypothesis 4:** The greater the inter-organizational coordination, the greater the GAM performance.

**Marketing activities standardization.** In this study, the standardization of marketing activities is relative to a specific global account customer. Proponents of the standardization perspective of GMS argue that the world market is largely homogenized, and consumers demand high-quality products at low prices (Jain, 1989). Therefore, all else being equal, the main imperative for a global corporation is to achieve a global scale of economy and provide consistent customer service. The standardization of marketing activities is an important strategy for a supplier firm to achieve a low-cost position and offer consistent services to the global account customer (Zou & Cavusgil, 2002). Hence:

**Hypothesis 5:** The higher the degree of marketing activities standardization, the greater the GAM performance.

**Global integration.** The global integration perspective contends that a firm can attack its rivals by leveraging its strategic resources across country markets (Bartlett & Ghoshal, 1988; Yip, 1995). To serve the needs of a global account customer on a worldwide basis, a multinational supplier must follow the global account customer into various countries, be able to cross-subsidize its operations in some markets with resources generated in others, and respond to competitive attacks in one market by counter-attacking in others (Zou & Cavusgil, 2002). Since global competition is intense, global integration can help a supplier focus on its global interests, and link all organizational units to accomplish GAM tasks collectively so as to win battles in global competition (Bartlett & Ghoshal, 1988). This should lead to better performance of the supplier with regard to serving the global account. Hence:

**Hypothesis 6:** The greater the global integration, the greater the GAM performance.

### The Moderating Role of Global Customer Demand

In our model, global customer demand is theorized as a contingency for the four GAM strategies. In the strategy literature, an appropriate strategy for a particular firm depends on the context in which the firm operates (Katsikeas, Samiee, & Theodosiou, 2006; Venkatraman, 1989). A firm can increase its performance by achieving a fit between its strategies and environmental context. As we noted before, the difference between the GMS framework and GAM is that in the GAM context suppliers must accommodate customers' demand and tailor the GAM program based on customers' needs. Thus global customer demand serves as an important environmental context for GAM strategies. We propose that global customer demand is a moderator for the four GAM strategies. In other words, an increased fit between GAM strategies and global account demand will result in an increased performance of a GAM program.

In a globalized market, global account customers increasingly demand globally coordinated services to support their global expansion needs (Montgomery & Yip, 2000). Since a global account customer may account for a significant percentage of a focal supplier's business, the focal supplier is likely to respond to the global account customer's demand with GAM initiatives. Montgomery and Yip (2000) report that vendors acknowledge the increase in customer demand for GAM initiatives, and that these initiatives increase vendor performance. The global solution demanded by global customers may include offering uniformity in prices and terms of trade, standardizing products and services, improving consistency in service quality and performance, coordinating resources for serving customers, providing a single point of contact, and servicing even those accounts in markets where the supplier firm has no other operations. For example, BP's global account customers in the transportation industries asked for a global coordinated fueling service because these customers constantly change their international routes and need to ensure that their planes and ships are refueled in a timely fashion.

Although the previously discussed GAM strategies – inter-country coordination, inter-organizational coordination, marketing activities standardization, and global integration – are all expected to be important drivers of GAM performance, those relationships are dependent on a fit between the degree of coordination, standardization, and integration employed by the supplying firm, and the degree to which the global account

customer requests and depends on the focal supplier for those strategies. Hence:

**Hypothesis 7:** Global customer demand positively moderates the effects of GAM strategies of (a) inter-country coordination, (b) inter-organizational coordination, (c) marketing activities standardization, and (d) global integration) on GAM performance.

### Relationship Continuity

A key indicator of success for any inter-organizational relationship is the likelihood that the relationship will be long-lasting. We define *relationship continuity* as the focal supplier's belief that the relationship with the global account customer will continue for a long time. There is a key temporal distinction between GAM performance and relationship continuity. While GAM performance represents the *past* achievements that have been realized by GAM strategies, relationship continuity represents anticipated *future* interactions that result. Thus we posit that GAM performance should lead to a greater expectation of GAM relationship continuity.

**Hypothesis 8:** The greater the GAM performance, the greater the relationship continuity.

## RESEARCH METHODOLOGY

### Sample

Data were gathered using a cross-industry online survey of companies that are members of the Strategic Account Management Association (SAMA), a non-profit organization devoted to developing and promoting the concept of customer-supplier collaboration. Initially, SAMA e-mailed all its members a cover letter, explaining the purpose and significance of the study, and providing the Internet address of the online questionnaire. Since in practice there are various terms used for global account customers (Workman, Homburg, & Jensen, 2003), the survey instructions directed respondents to focus on their most familiar global account with which their organization conducted business on at least two continents, regardless of the labels used in their company for such accounts. Three weeks after the initial e-mail was sent, a second letter was e-mailed to all SAMA members, encouraging non-responding members to participate in the study and providing them again with the Internet address of the online survey.

The total number of responses received was 274. Of the 2866 e-mails sent to SAMA members in the first phase, 133 were non-deliverable, which resulted in a total sampling frame of 2733 SAMA members. Since only 40% of SAMA members are considered to be global account managers, the final sampling frame of global account managers is 1093. Of the 274 responses, 71 cases were dropped from further analysis primarily because of incomplete responses, leaving 203 complete responses in the final sample. Thus the response rate is 25.1% (274/1093) and the overall effective response rate is 18.6% (203/1093). Considering the length of the survey and the top-level management of the companies targeted, this effective response rate is comparable to those of other studies that examine complex organizational phenomena (Harzing, 1997; Menon, Jaworski, & Kohli, 1997; Workman et al., 2003).

To assess potential nonresponse bias, two comparisons were made. First, firms responding to the first e-mail request were compared with those responding to the second e-mail request in terms of the tenure of their GAM program, the percentage of sales revenue from global account customer(s), the number of global account customers under the global account manager, and the annual sales revenue of the supplier. Using a t-test, no significant difference was found between early responding firms and late responding firms in any of these four variables. Second, sales revenues of the all responding firms were compared with that of SAMA's membership organizations. Using a t-test, we found that there was no difference between respondents and the overall SAMA membership in terms of sales revenue. Thus there is no evidence to suspect that nonresponse bias is a problem in our data (Armstrong & Overton, 1977).

Since measures of the constructs were obtained from the same subjects in the online survey, there is a possibility that common method variance bias could be present in the data. We used *post hoc* methods, namely Harman's one-factor rule and partial correlation, to assess the potential effect of common method variance bias (Podsakoff & Organ, 1986). We found that there was no single dominant factor in our measurement model, and that many partial correlations between the constructs remain significant even after the first principal component was partialled out. These findings suggest that there is no evidence to suspect that common method variance has biased our measures (Podsakoff & Organ, 1986).



In terms of the profile of the sample, some 65% of responding global account managers are located in North America, followed by 26% from Western Europe. Among participants, 63% of the global account customers served by these managers are located in North America and 30% of customers are in Western Europe. About 38% of responding companies are from service industries, 31% are from consumer packaged goods industries, and 24% are business-to-business manufacturing companies. With respect to sales revenue, of the companies represented in the survey, approximately 31% generated over \$10 billion in revenue, and about 27% generated between \$1 billion and \$10 billion.

About 40% of participating companies have been operating a formal GAM program for 6–10 years, and 26% of them have 3–5 years of GAM experience. Nearly 8% of respondents are chief executive officers or principals, 30% are senior executives at president or vice president level, and 26% are sales/marketing directors.

### Measures

The measurement instrument was developed in a multi-stage process. We started by scanning the relevant literature on globalization, strategy, marketing, and management to locate verified scale items that measure the constructs in our model. Potential scale items were extracted primarily from the conceptual and empirical literature on RM, Key Account Management (KAM), and GMS. Selected items were expanded into Likert-type statements answered on a seven-point scale ranging from 1 (“strongly disagree”) to 7 (“strongly agree”).

Next, we reviewed recent survey questionnaires used by SAMA. These questionnaires were especially useful in generating classification and GAM performance scales. Following Zou and Cavusgil (2002), we then conducted personal interviews with the CEO, the education director, and the research director of SAMA, each of whom is very familiar with GAM managerial strategies. They were asked to assess the practical validity of the proposed items. In a similar vein, we also asked a panel of academics familiar with research pertaining to GMS in general, and GAM in particular, for their comments about whether the items used were meaningful, understandable, and valid measures of the proposed constructs in the model. Based on their feedback, some statements were dropped; others were modified; and a few new items were added to the list.

Finally, the revised questionnaire was sent back to the same SAMA leaders and academicians to see whether they were satisfied with the revision. Following a few minor changes, the Likert-type statements were formatted for an online survey. Among the nine constructs used in this study, seven were measured using scales adapted from the global marketing or RM literature. The items in these scales were modified to fit the GAM context.

GAM strategic priority and GAM performance were measured using newly developed items. GAM strategic priority focuses on the extent to which supplier firms prioritize activities supporting global accounts, treat global account customers preferentially, and share information about those customers within the organization. GAM performance taps the extent to which global accounts enhance the supplier firm’s strategic position in the global market, as well as performance in key areas such as global market share, sales growth, and overall profitability. Firm size, measured as self-reported total revenue of the organization, was included as a control variable. The scales used, the measurement statistics, and the sources of measurements are reported in Table 2.

### ANALYSIS AND RESULTS

We analyzed the data in multiple stages. First, the descriptive statistics were analyzed, and potential non-normality issues were diagnosed and addressed. Second, we conducted PLS-based confirmatory factor analysis to ensure that the items specific to each scale load on a single factor, and that the loadings of all individual items are greater than the minimum cut-off recommended by Hulland (1999). Table 2 reports the measures used, their respective item loadings, and the construct reliabilities. Table 3 provides the correlation of constructs along with additional measurement statistics. Third, we used Fornell and Larcker’s (1981) measures to assess internal consistency. All of these analyzes indicated that the data are robust, and well within acceptable ranges.

Next, we evaluated the discriminant validity of each construct by two different methods. First, as reported in Table 2, the square root of the average variance extracted is greater than all corresponding correlations (Fornell & Larcker, 1981). Second, each correlation is less than 1 by an amount greater than twice its respective standard error (Bagozzi & Warshaw, 1990). Based on these three tests, we conclude that the constructs exhibit satisfactory discriminant validity.

**Table 2** Measurement statistics

Construct	Items	Loading <sup>a</sup>
GAM strategic priority $\alpha=0.83^b$ (New scale)	We place a high priority on business activities supporting the global account customer.	0.82
	We are willing to treat the global account customer preferentially.	0.76
	We believe it is important to share information about the global account customer within our organization.	0.77
Globalization $\alpha=0.86$ (Zou & Cavusgil, 2002)	Customer needs are standardized worldwide.	0.82
	Competitors market standardized products worldwide.	0.73
	Purchasing practices are standardized for our products worldwide	0.90
Inter-country coordination $\alpha=0.90$ (Homburg et al., 2002)	<i>Extent to which the following activities are coordinated between your organization's functions and subsidiaries across country markets:</i>	
	Product-related activities (e.g., product adaptation, new product development)	0.82
	Service-related activities (e.g., training, advice, troubleshooting, guarantees)	0.87
	Price-related activities (e.g., special pricing terms, pricing policy, financing)	0.79
	Supply chain activities (e.g., inventory management, transportation, order proc)	0.82
Inter-organizational coordination $\alpha=0.86$ (Birkinshaw et al., 2001)	<i>Extent to which your organization is coordinated with the global account customer across country markets at the level of:</i>	
	Senior executive	0.60
	Global account manager	0.86
	Local account manager	0.86
	Operational-level employees, such as field sales, accountants, technicians, etc.	0.77
Marketing activities standardization $\alpha=0.88$ (Zou & Cavusgil, 2002)	<i>Extent to which the following activities are standardized within your organization to serve this global account customer across country markets:</i>	
	Product-related activities (e.g., product adaptation, new product development)	0.77
	Service-related activities (e.g., training, advice, troubleshooting, guarantees)	0.82
	Price-related activities (e.g., special pricing terms, pricing policy, financing)	0.72
	Supply chain activities (e.g., inventory management, transportation, order proc)	0.81
Global integration $\alpha=0.81$ (Zou & Cavusgil, 2002)	We have business operations with the global account customer in all the major markets where this global account does business.	0.77
	Our local representatives and country subsidiaries are rewarded to support the global account customer.	0.78
	We often subsidize our competitive campaigns in a country using resources generated from other countries to serve our global account customer.	0.64
	We do business with our global account customer in whatever country the global account wants to do business.	0.67
Global customer demand $\alpha=0.84$ (Montgomery et al., 1999)	<i>To what extent does the global account customer:</i>	
	Request global coordination of resources?	0.74
	Request global standardization in products and services?	0.75
	Request global standardization in marketing approaches (e.g., promotion, pricing, distribution)?	0.74
GAM performance $\alpha=0.92$ (New scale)	Depend on us to meet its requests.	0.78
	<i>How successful has your organization been in achieving the following objectives since the establishment of your global account relationship?</i>	
	Growing sales to the global account customer worldwide.	0.88
	Cross-selling additional products and services to the global account customer.	0.83
	Developing new business with the global account customer.	0.89
Increasing profit from the business with the global account customer.	0.82	
Increasing responsiveness to the global account's specific needs.	0.76	

Table 2 Continued

Construct	Items	Loading <sup>a</sup>
Relationship continuity $\alpha=0.88$ (Noordewier, John, & Nevin, 1990)	Our relationship with this global account customer is a long-term alliance.	0.77
	Renewal of the relationship with this global account is virtually automatic.	0.84
	A high degree of trust exists between both organizations.	0.81
	Our organization expects the relationship with this global account customer to continue for a long time.	0.82

<sup>a</sup>Denotes measurement model loadings for items of reflective measures. All items are greater than 0.50, as recommended by Hulland (1999).

<sup>b</sup>Denotes composite reliability (internal consistency) of reflective measures (Fornell & Larcker, 1981). Composite reliability is calculated as follows:  $(\sum \lambda_{yi})^2 / [(\sum \lambda_{yi})^2 + \sum \text{var}(\epsilon_i)]$ , where  $\text{var}(\epsilon_i) = 1 - \lambda_{yi}^2$  (see Fornell & Larcker, 1981).

Table 3 Construct-level measurement statistics and correlation of constructs<sup>a,b</sup>

	1	2	3	4	5	6	7	8	9
1. Global strategic priority	<b>0.78</b>								
2. Globalization	0.21	<b>0.83</b>							
3. Inter-country coordination	0.38	0.34	<b>0.81</b>						
4. Inter-organizational coordination	0.55	0.27	0.55	<b>0.77</b>					
5. Market activities standardization	0.37	0.34	0.59	0.36	<b>0.78</b>				
6. Global integration	0.53	0.45	0.49	0.53	0.48	<b>0.71</b>			
7. Global customer demand	0.34	0.37	0.52	0.44	0.45	0.48	<b>0.75</b>		
8. GAM performance	0.46	0.27	0.53	0.53	0.51	0.55	0.42	<b>0.83</b>	
9. Relationship continuity	0.38	0.38	0.46	0.55	0.38	0.38	0.43	0.58	<b>0.81</b>

<sup>a</sup>Numbers on the diagonal shown in bold denote the square root of the average variance extracted.

<sup>b</sup>Raw measures mean-centered prior to creating interactions.

Finally, we tested the hypotheses using structural equation modeling (specifically, SmartPLS 2.0 M3; Ringle, Wende, & Will, 2005). SmartPLS allows for the simultaneous testing of hypotheses, and enables the use of both single-item formative (in the case of the two control variables) and multi-item reflective scales (White, Varadarajan, & Dacin, 2003).

PLS is similar to LISREL in that both examine the structural relationships among latent variables, and relationships between latent variables and observed variables may be modeled. PLS provides two important advantages for this study. First, it is suitable for the analysis of relatively small sample sizes. Second, it provides a superior test of moderation because it analyzes moderated relationships using continuous interaction terms by multiplying the indicators of the interacting factors rather than through a comparison of dichotomized groups (as is the case with LISREL) (Chin, Marcolin, & Newsted, 2003). Unlike other structural equation modeling techniques (such as EQS or LISREL), PLS makes no distributional assumptions. As a result, a

limitation of this technique is that traditional parametric methods of significance testing (e.g., confidence intervals,  $\chi^2$ ) are not appropriate. Therefore we used a bootstrapping method (sampling with replacement method) to ascertain the stability and significance of the parameter estimates. Tables 4 and 5 report the beta coefficient and t-value for each hypothesized path, as well as the variance explained for each endogenous construct, and summarize the results by path and hypothesis for each test.

The results reported in Tables 4 and 5 reveal that the estimates of model parameters are good (e.g., average variance extracted (AVEs) are greater than the correlation between respective constructs; construct reliability is high for all constructs; factor loadings are all positive and significant; and cross loadings are low). These results suggest that the model hypothesized in Figure 1, as a whole, fits the data well, supporting the soundness of the proposed model of GAM strategies.

With regard to testing specific hypotheses, global strategic priority (Hypothesis 1), and globalization

**Table 4** Test of hypothesized relationships: Beta coefficients and t-values<sup>a</sup>

	<i>Inter-country coordination</i>	<i>Inter-organizational coordination</i>	<i>Marketing activities standardization</i>	<i>Global integration</i>
Global strategic priority	0.326 (6.14)**	0.512 (8.77)**	0.313 (5.46)**	0.454 (10.07)**
Globalization	0.273 (4.97)**	0.159 (3.03)**	0.268 (5.21)**	0.352 (8.27)**
Construct <i>R</i> <sup>2</sup>	0.23	0.34	0.22	0.40

<sup>a</sup>t-values reported in parentheses, one-tailed tests.

\*\*p < 0.01.

**Table 5** Test of hypothesized relationships: Beta coefficients and t-values<sup>a</sup>

	<i>GAM performance</i>	<i>Relationship continuity</i>
Inter-country coordination	0.151 (2.60)**	n/a
Inter-organizational coordination	0.238 (4.24)**	n/a
Marketing activities standardization	0.204 (3.71)**	n/a
Global integration	0.228 (4.07)**	n/a
Global customer demand	0.037 (0.64)	n/a
Inter-country coordination × Global customer demand	0.277 (1.41)	n/a
Inter-organizational coordination × Global customer demand	0.057 (0.21)	n/a
Marketing activities standardization × Global customer demand	0.348 (1.68)*	n/a
Global integration × Global customer demand	0.582 (2.25)*	n/a
GAM performance	n/a	0.387 (9.33)**
Control variable: Sales	0.060 (1.12)	0.035 (0.70)
Control variable: Industry segment	0.035 (0.04)	0.058 (1.17)
Construct <i>R</i> <sup>2</sup>	0.51	0.34

<sup>a</sup>t-values reported in parentheses, one-tailed tests. n/a = not applicable.

\*p < 0.05; \*\*p < 0.01.

(Hypothesis 2) both have a significant positive impact on all four GAM strategies. In turn, all four GAM strategies – inter-country coordination (Hypothesis 3), inter-organizational coordination (Hypothesis 4), marketing activities standardization (Hypothesis 5), and global integration (Hypothesis 6) – have a significant positive main effect on GAM performance. Global customer demand was hypothesized as positively moderating the relationship between GAM strategies and GAM performance. The interactions of global customer demand with marketing activities standardization and global integration are found to be significant and positive. Thus global customer demand positively moderates the relationship between marketing activities standardization (Hypothesis 7c) and GAM performance, as well as the relationship between global integration (Hypothesis 7d) and GAM performance, providing partial support for Hypothesis 7. And finally, GAM performance has a significant positive effect on continuity expectation (Hypothesis 8).

**DISCUSSION**

GAM has become a strategic issue for many multinational suppliers. Unfortunately, the current literature on GAM has been limited and fragmented. There is an imperative need for an integrative and empirically supported theory that helps illuminate the GAM strategies and their antecedents and outcomes. The current research is a major endeavor to address these voids in the literature. By applying the GMS theory (Zou & Cavusgil, 2002) to the context of GAM, we have developed an integrative theoretical model of GAM strategies. Based on an online survey of global account managers in collaboration with SAMA, we have found empirical support for our proposed theoretical model of GAM strategies.

Several conclusions can be drawn from our empirical analysis. First, our results provide empirical support for two important drivers of GAM strategies. These drivers represent two different but related foci. Global strategic priority is supplier focused, whereas globalization is



environment-focused. Driven by a strategic focus on serving global account customers, and by globalization, suppliers adopt GAM strategies to defend their global market position. Indeed, all of the hypotheses pertaining to the drivers of GAM strategies are supported by the results. Second, the results provide evidence that all four GAM strategies – inter-country coordination, inter-organizational coordination, marketing activities standardization, and global integration – are important to suppliers' enhanced GAM program performance. Third, we find that the effects of marketing standardization and global integration on GAM performance are strengthened when global account customers' demand for GAM is high. In other words, there are significant benefits to match GAM strategies carefully to meet the specific demands of the global account customer. And, fourth, we find that GAM program performance positively influences the supplier's willingness to continue the GAM relationship with the global account customer. Presumably, the effectiveness of the suppliers in coordinating the activities of their various functions and subsidiaries, and in coordinating their marketing approach with their global account customers, can lead to greater sales volume to the customers and their satisfaction with the GAM relationship.

### Theoretical Contributions of the Study

The findings of our study suggest that our proposed theoretical model of GAM strategies can serve as an integrative theoretical foundation for examining GAM strategies in future research. Based on our literature review, there is limited GAM research discussing specific GAM strategies and contingency effects. Much of the extant GAM research focuses on either the criteria for selecting global account customers or the formulation of a GAM program, rather than on integrating the two perspectives. Thus there has been no conclusive examination of how, and under what contingency, the use of a particular GAM strategy might benefit the supplier firm.

In the current study, four GAM strategies – inter-country coordination, inter-organizational coordination, marketing activities standardization, and global integration – are found to be significant direct determinants of suppliers' GAM program performance, and indirect determinants of relationship continuity. Since these GAM strategies are rooted in GMS theory, and are found to be significant determinants of GAM program

performance, a major theoretical contribution of our study is that we have established these strategies as a basis for future research on GAM strategy and performance. Moreover, following the GMS framework, we test and provide empirical evidence supporting a key internal driver (a supplier's global strategic priority) and an external driver (globalization) of GAM strategies. Thus another theoretical contribution of our study is that we have found that, like the broad GMS strategy, GAM strategies are also driven by both internal and external drivers, lending further support to the GMS theory. Furthermore, this study suggests that two out of four GAM strategies – marketing activities standardization and global integration – significantly interact with global customer demand to lead to enhanced GAM program performance. This finding not only lends support for the "fit" perspective on the strategy–performance relationship, but also emphasizes that global customer demand is an important contingency condition for GAM strategies to be effective. Hence the third theoretical contribution of our study is the identification of a contingency perspective of GAM strategies. Specifically, the GAM strategies that fit the global customer demand are likely to be most effective. Combined, the four GAM strategies, their antecedents, outcomes, and the moderating role of global customer demand form an integrative and empirically validated framework for understanding when GAM strategies should be adopted, how GAM strategies impact on GAM performance, why it is important to match GAM strategies with global customer demands, and how GAM performance can impact on expectations for the continuity of the relationship with the global account. Therefore the most important theoretical contribution of our study to the literature is the establishment of an integrative and empirically substantiated theoretical framework of GAM strategies that can be built upon by future researchers.

It is particularly worth noting that, building on the prior GAM literature on strategic fit, this research tests the nature and performance consequences of fit between each GAM strategy and a key contingency factor. In the GAM context global customer demand is an important contextual moderator, because in GAM the supplier has to go along with the customer's decisions to go global and provide consistent services, which is the key difference between GAM strategy and generic GMS. In line with contingency theory (Drazin & Van de Ven,

1985; Venkatraman, 1989), the findings of our study support that marketing activities standardization and integration lead to superior GAM program performance, to the extent that the supplier has successfully achieved a fit between global customer demand and the implemented strategies. Thus this study contributes to the existing GAM research by empirically establishing the role of the “fit” between each GAM strategy and global customer demand. This contribution is important, because prior GAM research has either proposed fit from only a theoretical perspective (Shi et al., 2004; Yip & Bink, 2007) or used strategic fit as a driver for performance (Toulan et al., 2002). This study for the first time empirically tests the concept of fit by using global account customer demand as a contingency.

We find that global customer demand does not moderate the relationship between the two GAM strategies (i.e., inter-country coordination and inter-organizational coordination) and GAM performance. A possible explanation is that the two coordination strategies lay out a critical foundation for a successful GAM program, no matter how customers' needs may change. In other words, to ensure a GAM program's success, the supplier must shift resources from functional, subsidiary, and organizational levels to the GAM program, and coordinate with the global account. As suggested by Homburg, Workman, and Jensen (2000), account management represents one of the most fundamental changes in contemporary marketing organization. In summary, our findings offer insight into which GAM strategies need to be tailored to global account customer demand (marketing activities standardization and integration), and which strategies are likely to always be critical (inter-country and inter-organizational coordination).

Another contribution of our study is the demonstration that it is useful to focus on the relationship with a key global account customer as a unit of analysis, and on the impact of GAM strategies on performance. Previous studies on GMS have focused on the firm as the unit of analysis (e.g., Jain, 1989; Samiee & Roth, 1992; Zou & Cavusgil, 2002). Our study points out a fruitful venue to apply the GMS theory to a specific buyer–seller relationship.

By evaluating the influence of GAM strategies on relationship continuity, this study also contributes to the RM literature. Palmatier, Dant, Grewal, and Evans (2006) synthesized RM empirical research in a meta-analytic framework and found that most RM

research has conceptualized the effects of RM on relationship continuity as being fully mediated by relational constructs such as trust, commitment, relationship satisfaction, and relationship quality. Thus the existing RM research focuses largely on the emotional evaluation (i.e., trust and relationship satisfaction) and cognitive evaluation (i.e., commitment and relationship quality) of relationship strength, instead of managerial processes that managers practise in their daily work. Our study contributes to the RM literature by delineating the managerial practices that constitute GAM strategies, and by showing that GAM strategies may influence not only GAM performance, but also the continuity of relationships with global account customers.

### Managerial Implications

The importance of GAM is widely recognized in the trade journals (e.g., *McKinsey Quarterly*, *Velocity*). For example, in the 2005 McKinsey Customer and Channel Management Survey of 29 leading North American consumer goods makers, 81% of respondents acknowledged that their companies have been restructured to focus on key customers in the past 3 years. Despite efforts by these companies to improve relationships with key customers, only eight succeeded in achieving higher sales and lower costs (Allen, Ebrahim, & Kelly, 2006). Thus managers are interested in knowing which account management strategies are more likely to impact on performance and relationship quality.

The findings of our study address these questions. First, our conceptualization of GAM strategies suggests that a supplier can improve GAM performance and increase the life of global account relationships by focusing on inter-country and inter-organizational coordination, marketing activities standardization, and global integration. Internationally, global account executives should carefully assess the functional collaboration and support within the organization for their GAM strategies. Inter-organizationally, GAM entails a multilayered relationship involving top executives and sales/purchasing representatives from both the supplier and the buyer. Also, global account executives should seek new ways to improve coordination to deliver timely and consistent services to the global account customers on a worldwide basis. One method that leading suppliers such as HP, Cisco, P&G, and Xerox employ to improve global coordination is to set up GAM branches at customer headquarters. Although these branches



are often relatively independent from the parent organization, they maintain close interactions with senior management and relevant global resources to ensure that, once a new initiative is approved, global account managers have sufficient support to implement what they promise to their customers.

A standardized offering should be made to a specific global account customer to increase GAM performance. For example, center-led procurement (CLP) is a new global procurement structure that, according to the Aberdeen Group, will have been adopted by 75% of customer enterprises by 2008. CLP allows internal collaboration within a customer organization, and increases customers' political influence over suppliers by consolidating global orders. Therefore a supplier's standardized marketing mix program may help its subsidiaries coordinate their activities and build closer ties with the global customer, meeting the requirement of a global customer's CLP.

The central thrust of GAM integration is to leverage a supplier's worldwide strategic resources to achieve coordination and flexibility simultaneously (Bartlett & Ghoshal, 1988). To serve the needs of a global account on a worldwide basis, a multinational supplier must be able to "cross-subsidize" its operations in some markets with resources generated in others, and respond to competitive attacks in one market by counter-attacking in others (Zou & Cavusgil, 2002). Such cross-subsidization can significantly impact on the performance of the focal GAM program (as we found in our study). For example, firms that successfully implement GAM strategies, such as IBM and MasterCard, implement a front-end and back-end structure, focusing on key customers and integrating resources across product lines and across country subsidiaries. The advantage of this structure is that front-end employees can focus not only on providing solutions to key customers but also on collecting first-hand information about markets from customers. What were originally product-focused units now become back-end, and often locate in headquarters to support the front-end, which is located across world markets.

Second, we find that the presence of fit between two GAM strategies – marketing activities standardization and global integration – and global customer demand will lead to superior performance of GAM. GAM program performance depends on the extent to which a supplier's marketing activities standardization matches customer demand for

standardization. Global account customers may require globally consistent products and services whenever possible. However, when doing business in different markets, a global account may have to adapt to different environments when necessary, and thus require a supplier to accommodate its adaptation needs flexibly. For example, in an executive interview, Larry Letteney, President of the Creo Americas, a graphic printing company, explained his experience to meet customer's needs for standardization. Its global accounts are Fortune 1000 ad agencies, publishers, and designers. Creo Americas found that these accounts faced extreme margin pressure and difficult technological choices. According to the needs of global accounts, Creo Americas initiated new solutions to standardize customers' color processes and customize printing options when necessary. Because Creo America can transform its existing program and offering according to a customer's needs, and thus create better value for customers, the accounts reward the company with strong margins and limited discounts (Koerner, 2004). When the GAM relationship manifests a match of a customer's standardization needs and a supplier's activities, superior performance will be achieved.

It is also evident that global integration strategy interacts with global customer demand to benefit GAM performance. In response to a customer's different needs across borders, a supplier must be able to subsidize one subsidiary by using resources from the other country markets. Sometimes a supplier has to transform its reward system and reporting line of account managers to enable all subsidiaries to work collectively for a global account. For example, Marriott employs a dedicated GAM program and integration strategy to manage its most complex and high-value corporate accounts. Marriott's global accounts often use centralized purchasing to find best-value lodging choice, because travel and entertainment is usually among the top three largest expense items in the company P&L statement. They often have complex needs for meetings, expatriate relocation, and short-term travel in various countries, which requires an integrated solution. To serve the changing needs of the 30 most important corporate accounts, Marriott chose to build networks around the accounts by assigning specialists and experts from various functions. Marriott also unified its three functions – the strategic SAMA inside the US, the worldwide sales offices outside the US, and travel industry sales and marketing – into one

global sales organization (GSO). Thus each member of the GSO can access global resources and dedicated support, and also have the flexibility to adapt to a customer's local demands. For instance, through the help from the GSO, a local representative could arrange a meeting with a local customer and access global statistics. In the meantime, this local representative could understand and meet the customer's culturally influenced demands (Riemann & Lapierre, 2003).

Third, an assessment of a supplier firm's ability to coordinate with global accounts should probably start with an understanding of the firm's strategic priorities. For example, according to a recent *Purchasing Magazine* survey, a top concern of industry leading customers is supplier collaboration. A global account wants a supplier to have open inter-organizational communication and put its needs at the top of the priority list. Our results show that coordination is significantly improved when supplier firms place a high priority on global accounts, and are willing to treat global account customers preferentially, and when information about global accounts is shared within the firm. Globalization is another significant driver of GAM strategies, but this exogenous factor is largely beyond the control of managers.

### Limitations and Suggestions for Future Research

Some limitations of this study provide opportunities for further testing and expanding the theoretical framework developed in this study. First, all of the questions in our measurement instrument are self-expressive and collected from the same source selected on a convenience basis, which may introduce sampling bias and/or common method variance bias. Although our *post hoc* analysis did not show evidence of serious biases, future researchers are encouraged to use multi-source data from more representative samples. Second, our approach explores GAM strategies from the perspective of the supplier, neglecting the other side of the dyad (i.e., the global account customer). Future research should focus on the global account customers to test whether our proposed theory holds from the customers' perspective. Third, our data are cross-sectional, which means we only observed a "snapshot" of GAM strategies. Longitudinal data could provide insights into how the impact of industry and firm-level conditions on GAM strategies, along with the dynamics of the relationship between GAM performance and these activities, evolve over time. Fourth, it might be

instructive to include additional industry- and firm-level conditions as control variables.

It would be worthwhile for researchers to investigate a number of unresolved issues. First, they could study the human resource strategies necessary to support a GAM program. Second, more research is needed to understand the role of cross-cultural differences in managing global account customers. Third, global account managers told us that it is critical for a supplier to manage internal communication, database systems, and promotional activity to sustain the support of a GAM program. Therefore the impact of utilizing information technology on GAM performance might be an interesting research avenue. Fourth, relationships with global accounts may evolve significantly over time: therefore research is needed to study how the GAM drivers and GAM strategies change throughout the life of a relationship. Ideally, such an investigation would adopt a dyadic perspective. Fifth, we have found that global customer demand does not moderate the effects of inter-country coordination and inter-organizational coordination on GAM performance. Future research should further investigate which factors may moderate these links.

Finally, since global accounts are among the most important customers, GAM lies at the heart of customer relationship research. During the past decade there has been a shift in the focus of GAM programs from revenue driven to profit driven (Mathias & Capon, 2003). Future research can study how GAM can create economic value for customers and ensure profitability for suppliers. In a site interview we conducted at a Fortune 500 consumer goods company we were told that, in the past few years, the global pricing calculation system has become extremely complicated, owing to the number of variables and parameters the system must incorporate to calculate global pricing. In such a complicated system, sales volume is only one weighted variable; other variables include promotion support, and collaboration efforts. Even the trivial details are included in the system: for example, truck load for product delivery is included as a weighted variable in the system. The company formed a specialized function called Global Financial Service Solution to be responsible for pricing and other profit-related services. The objective of establishing this function is to ensure profitability. Thus it is very important for future research to study how GAM can create economic value for both customers and suppliers.



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### ABOUT THE AUTHORS

**Linda Hui Shi** (PhD, Michigan State University) is Assistant Professor of Marketing & International Business at Faculty of Business, University of Victoria. Her research interests include global account management, global marketing strategy, business-to-business relationship management, marketing issues in China, and service management. She has published in *Journal of International Marketing*

and *International Business Review*. She is a native of P.R. China, and a permanent resident of Canada. She can be reached at [lshi@uvic.ca](mailto:lshi@uvic.ca).

**J Chris White** (PhD, Texas A&M University) is Assistant Professor of Marketing at the Neeley School of Business, Texas Christian University. His research interests include marketing strategy decision-making, formulation, and implementation. His research has been published in the *Journal of Marketing*, *Journal of the Academy of Marketing Science*, *Journal of Retailing*, *Journal of International Marketing*, *Marketing Letters*, and other journals. He is a native of the USA and can be reached at [c.white@tcu.edu](mailto:c.white@tcu.edu).

**Shaoming Zou** (PhD, Michigan State University) is Robert J. Trulaske, Sr. Professor of Marketing and Associate Professor at University of Missouri. His research is focused on global marketing strategy, export marketing, and international joint ventures. He has published in *Journal of Marketing*, *Journal of International Business Studies*, *Decision Sciences*, *Journal of the Academy of Marketing Science*, *Journal of Advertising*, and *Journal of International Marketing*, among others. He is a native of China and a US citizen. He can be reached at [zou@missouri.edu](mailto:zou@missouri.edu).

**S Tamer Cavusgil** (PhD, University of Wisconsin) is Fuller E. Callaway Professorial Chair and Director of the Institute of International Business, Robinson College of Business, Georgia State University. An elected Fellow of the Academy of International Business, his areas of specialization include international marketing strategy, early internationalization, and emerging markets. He has published in *Journal of Marketing*, *Journal of Marketing Research*, *Journal of International Business Studies*, among others. He is a native of Turkey and a citizen of the USA. He can be reached at [stcavusgil@gsu.edu](mailto:stcavusgil@gsu.edu).

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