A Study on e-Customer Relationship Management

Dr. Kavita
Asst. Professor (Management),
UIET MDU ROHTAK (HARYANA)

ABSTRACT: Customers are the wheel behind which business revolve. In the fast changing economic environment the success of banking depends upon technology, people and customer. eCRM which is the latest buzzword in the corporate sector, is perceived as one of effective tool in this direction by the banks. Literature reviews provide a handy guide to a particular topic. A literature review discusses published information in a particular subject area and sometimes information in a particular subject within a certain time period. Comprehensive knowledge of the literature is essential for most researches. The present paper focuses on the various studies done in the field of eCRM.

KEYWORDS: Personal Relationship Management, CRM, eCRM.

INTRODUCTION:
This is an era of company loyalty towards the customer in order to obtain customer loyalty towards the company. The customer is more knowledgeable; companies have to be faster, more agile, and more creative than they were, a few years ago (Paul Gray and Jongbok Byun, 2001).

The last several years witnessed the rise of Customer Relationship Management (abbreviated CRM) as an important business approach. Its objective is to return to the world of personal marketing. The concept itself is relatively simple. Rather than market to a mass of people or firms, market to each customer individually. The objective of this one-to-one approach is to return to the world of personal marketing (McGray 1950, 51, 53, 58).

To achieve this approach, information about a customer (e.g., previous purchases, needs, and wants) is used to frame offers that are more likely to be accepted. According to Peter Keen, the well-known author of Shaping the Future (1991) and The Process Edge (1997) defines CRM as:

“Customer relationship management is the commitment of the company to place the customer experience at the centre of its priorities and to ensure that incentive systems, processes and information resources leverage the relationship by enhancing the experience”.

In the mid-1990s the Web emerged. It changed both the CRM market and customer-related business requirements of all sizes of companies. The new CRM system meant that the existing and potential customers were now able to interact and communicate with corporations. More importantly the client/server architecture behind existing CRM applications would disappear. The big vendors such as Siebel were slow to respond to the Internet. This left more opportunities to start-ups. A new market segment of eCRM emerged.

It is widely acceptable the information technology has a major role in CRM. (Computing 2000)¹ Because of this, the approach of personal marketing base is transforming from CRM to electronic customer relationship management (abbreviated as e-CRM) from the last few years. eCRM has been growing steadily from the last few years and is now seen as the way forward for any business wishing to thrive in the ‘e-future’.

Thus “e-CRM is the phenomenon of building relationship with customers via the internet or the relationship that is web-based is known as electronic CRM (e-CRM)”. e-CRM focuses on electronic channels mainly on the Internet and on technologies that enable automated and electronic management of customer relations.
Why is the literature reviewed?

A literature review discusses published information in a particular subject area, and sometimes information in a particular subject within a certain time period. Literature reviews provided a solid background for the research topic under investigation. Many researches have been done in the field of CRM and eCRM. Their findings and suggestions are reviewed here.

As the new millennium progresses, the business world is focusing more attention on issues concerning customer satisfaction, customer retention, and customer loyalty. The last several years witnessed the rise in the uses of information and communication technologies in dealing issues mention above. The term ‘IT-enabled services’ encompasses many activities carried out through computer networks and the Internet, including inter-organisational commerce, intra-organisational transactions, and transactions involving the individual consumer. The impact of IT made a substantial difference in business-to-customers (B2C) transactions. The IT seemed to offer almost unlimited possibilities. Indeed, numerous firms had already experienced its considerable benefits (Geyskens, Gielens & Dekimpe, 2002). One of the consequences of the development of the IT was the emergence of the World Wide Web, an Internet service that organised information according to hypermedia and hyperlink paradigms (Joseph, Cook & Javalgi, 2001). Some organisations had invested in the Web, often with the objective of using it as a way to maximize resources (McMillan, 2001).

The study by Berry (1983) was the pioneer work in customer relationship management. In this study Berry formally introduced the term customer relationship management into the literature, but several ideas of relationship marketing had emerged much before. Berry (1983) defined customer relationship management as attracting, maintaining and enhancing customer relationships in multi-service organizations. Berry and Persuraman (1991) proposed that customer relationship management concerned attracting, developing and retaining customer relationships. Berry stressed that the attraction of new customers should be viewed only as intermediate step in the marketing process. Customers were more likely to form relationships with individuals and with the organisations they represented than with goods (Berry, 1995).

Paul Gray & Jongbok Byun (2001) summed up in their study that the present is an era of company loyalty to the customer in order to obtain customer loyalty to the company. Customer is more knowledgeable; companies must be faster, more agile, and more creative than a few years ago. Thus, eCRM requires organisational and business level approaches, which are customer centric to doing business rather than a simple marketing strategy (Peppers et al., 1999).

A study by Peppers and Rogers (1999) pointed out that in the ongoing global competitive environment it was essential of companies to recognize and fulfill individual customer preferences with an increasing degree of precision, which could be easily achieved by eCRM technologies.

Rosanna Lifanti and Raffaella Morescht (2002) explained that eCRM provides new ways to recruit customers and retain their loyalty, to customise services and provide personalised products and services, to identify emerging patterns of demand in style and to enhance links with suppliers to meet these demands. The researchers concluded that “Technology is never a good substitute for strategy: eCRM is a set of management processes for medium-to-long term objectives.” The study had provided evidence that one of the main impacts of eCRM within financial organisations was to increase both the retention of existing customers and sales to existing customers more than to gain new customers.

An exploratory study by Liz Lee-Kelley, David Gilbert and Robin Mannicom (2003), How eCRM can enhance customer loyalty was conducted on the link between customer relationship management and customer loyalty within an Internet, or eCommerce, context. While building the research framework, price sensitivity was found to be a primary confounding element on loyalty and was included in the study for control. The findings of the study revealed that e-retail companies (with CD, DVD, video and book products) should consider customers’ perceptions of relationship marketing efforts, as they were fundamental to enhancing customer loyalty and that an enhancement of customer loyalty reduced price sensitivity.

A research by Coulter and Ligas (2004), customer relationships across four service industries (healthcare, financial services, hair care, and automotive repair) documented that customers focused not only on the
functional benefits they received, but also the relational benefits. The study also found that relationship types could be distinguished based on the relational factors, and that relationship types vary by service.

Zineldin Mosad (2005) attempted to empirically develop a better understanding of quality and customer relationship management (CRM) impact on banking competitiveness in the Swedish banking industry. The study found that one necessary condition for the realization of value added quality was quality measurement and control. This was an important function to ensure the fulfillment of given customer requirements. The study suggested that the key ways to building a strong competitive position were through CRM, product/service quality and differentiation.

The study by Andra Brige (2006), Building relationship with customers by using technological solutions in commercial banks of Latvia aimed to look at on bank/customer relationship experience in the Latvian banking system and to examine the impact of technology on bank/customer relationship in banking. The study found that satisfaction with services provided was not the only factor influencing customer loyalty level. A great impact on loyalty level was made by other factors, such as: image, prestige, word of mouth, etc.

Mark Durkin (2007) explored the impact of the internet on bank-customer relationships. Data analysis showed that the more complex the service product offerings, the more customers required reassurance about internet security and the impersonal and intangible nature of online transactions. At the highest level of complexity, they felt the need for “coaching” in the procedures of online banking by bank staff, face-to-face and perhaps even in the home.

Ahmed Tanveer (2009) in his thesis entitled “Electronic Customer Relationship Management in Online Banking” investigated how banks maintain their customer relations using eCRM technologies by comprising two banks one from Sweden and second from Denmark. The findings indicated that banks use eCRM for mass customization, customer profiling, self service, one to one interaction and automatic locks in flow of financial data like security prices which ultimately results in reduced cost of operation and increased customer loyalty and more profits. Similarly staff training and customer feedback is considered as backbone for successful implementation of eCRM strategy.

Kallol Das and Jitesh Parmar (2009) study on “Customer Relationship Management (CRM) Best Practices and Customer Loyalty: A Study of Indian Retail Banking Sector” explored the association between deployment of customer relationship management (CRM) best practices and loyalty of profitable customers in Indian retail banking sector. The finding revels that there was no strong association between deployment of CRM best practices in scheduled commercial banks and loyalty levels of both high and medium relationship value retail customers.

Pedhiwal and Tale (2011) study looked at the status of a CRM in major banks operating in Western Vidarbha District and results showed that there is a direct relationship between perception and satisfaction, commitment and loyalty which underlines the significance of CRM in service industry and employing CRM may only strengthen the relationship between perceptions and up-buying and cross buying which is all in support of introducing CRM in service sector.

Lehal Manbeena (2012) work on Customer Relationships and Information Systems as a competitive strategy in Banking sector: A theoretical framework described that a bank can enjoy competitive advantage of its customers for a long time by building mutually beneficial relationships that increase switching costs and thus cannot be easily replicated.

Kavita (2014) studied techniques of eCRM in banks in Haryana state. eCRM in banks has enabled banks to get a global presence. eCRM in banking is a key element of differentiation that allows a bank to develop its customer base and sales capacity by using various electronics channels. Thus, eCRM is a vital tool now a day for banks.

Kavita(2016) work on eCRM service quality offered by different banks in Haryana state. The study finds that all the selected banks were providing eCRM services at or above par than expected by their customers.

Thus from the above studies the researchers finds that with the advent of web eCRM plays a vital role in different services like insurance and in banking sector.
References: