Examining the role of Electronic Customer Relationship Management (E-CRM) on Attracting Customers in Internet Marketing

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Abstract
Successful organizations, always looking to employ new methods and tools in order to create a competitive advantage in the world of today's business requirements. One of this tools is Customer Relationship Management that Electronic version of it, emerged by advances in technology and communications. This type of management is a strategy through which Companies create useful communications, based on customer value perceptions. Nowadays, Researchers and managers that use this tools or are planning to implement it in the future, are often concerned with understanding and optimal use of these tools.

This research study various aspects of E-CRM And examine the impact of each of these sections on existing customers satisfaction and attracting new customers using the online customer reviews. The results of this study indicate that company formation and electronic communication channels are the most important factors that influence customers in online marketing.

Key words: Electronic Customer Relationship, Management, Marketing.

1- Introduction

Electronic customer relationship management (E-CRM) is a set of activities, tools, and technologies such as web sites, E-mail, communication rooms, which is used for creating and reinforcing long-term relationship with customers through Internet. Internet customer relationship is a marketing
strategy, which is obtained through integration among technology, process, and business related activities based on central role of customer (Abbott, 2001). In fact, this content is rooted in CRM. CRM is a comprehensive business and marketing strategy that integrates all business activities for customers (Anton, 2002). Some researchers consider this strategy as an instrument for attracting and maintaining customers in order to increase profitability (Lavender, 2004). The emergence of Internet, large stores and suburb growth leads to the customer relationship complexity. Organizational endeavors to collect outspread information from various resources and recognizing and maintaining new customers (Seeman, Elain & Margaret O Hara 2006). In order to make sustainable relationship with customers, we need to understand customer relationship, trust, commitment, and loyalty completely. These contents are mentioned in customer relationship management. Although customer relationship management contains many other contents, many experts believe that this relationship should be accompanied by trust, feeling and commitment (Sun, Hongfei & Min Liu, 2009).

Given the quick growth of electronic business and internet-oriented services, a new content that is called E-CRM has been emerged. This content contains all needed processes for capturing, making, and maintaining customer relationship through electronic business activities.

E-CRM is based on web or internet processes, which are occurred between companies and customers (Kundisch et al, 2001). With the beginning of business use of web, E-CRM has been increasingly used by researchers. (Rene et al, 2009). E-CRM arises from CRM. Nevertheless, there is more emphasis on personalizing, direct marketing technologies for sale and representing differentiated services for small parts of market.

E-CRM provides customer to communicate with company more efficiently and reveals their potentials, thus, both company and customer will benefit from this relationship (Dimitriadis, 2008). The more we use E-CRM, the more we need to know about it. Customer satisfaction is one of the main goals of E-CRM and often satisfaction is representation of success. In fact, customer relationship management is a business strategy that leads to increased income and profit through boosting customer satisfaction and loyalty. The main purpose of CRM is maximizing customer lifetime value in company or firm (Blery, Evangelia & G.Michalakopoulos, 2006).

2- Literature review

Seeman & O Hara in 2006 argued that customer relationship management is able to trade in personal interactions through acquisition of customer information and business. However, customer relationship management
consists of practical and analytical parts. Practical area includes data collecting and data analytical area includes data analyzing. Indeed, Customer Relationship Management is a set of business strategies (with a focus on the customer) and software technology to enhance customer communication process and its management. Despite the fact that customer relationship management is often difficult and troubling, the profit is significant. Many researches have been done regarding the applicability of E-CRM. Some of these studies have focused on E-CRM performance criteria (Bauer & Scharl, 2000), while some researchers investigated its efficacy from the customer point of view (Sina, 1999). Baltas and Kryan (2003) introduced 26 factors that were important in consumer electronic attraction. They classified these factors in five general categories and measured their influence on effectiveness of E-CRM.

In previous, firms with more resources and facilities could fulfilled customer needs by standard products and creating advantage through productivity increase and cost reduction. In the middle of twentieth century, mass production and marketing techniques changed competitive environment through increasing customer access to the products and relationship marketing has been emerged. Relationship marketing leads to the changes in focus of marketing from transactions to relationship. Customer relationship marketing considers sustainable customers as the most important and valuable asset of the company, because the cost of attracting a new customer is much higher than the cost of maintaining current customer. Thus, the success of a business depends on creating and maintaining long-term relationships with our customers (Groen, 2000).

Customer relationship management with the relationship marketing approach is focused on creating and maintaining long-term relationships with the customer. Indeed, implementing relationship marketing is possible through customer relationship management. Along with the development of ICT, IT, and the Internet, many companies came up with the idea of using these technologies in order to implement electronic customer relationship management. This attitude led to the formation of electronic management of customer relations. Romano (2002) argues that we can use E-CRM to attract and keep economically valuable customers and remove the customers who do not have more benefit for the firm. He also states that E-CRM is closely related to MIS and other sciences such as computer science, marketing, and psychology.
Since the data obtained from customers is the base of forming and strengthening relationships with customers, the Internet can help to gain this information and strengthen this relationship in next stages. Internet provides the possibility of establishing close relationships between customers and organizations and give organizations help got customer maintaining through personalization and customization the relationships. Walter and Lancaster were presented evidence that the Internet allows the company to offer customers more value such as the following: Customer satisfaction, customer information, personalization of products, services and relationships, and appropriately interaction with the customers. Despite the enormous costs for designing and deploying customer relationship management, researches indicate that approximately 60% of customer relationship management programs fail, which may result from serious and systematic neglect of effective factors on electronic customer relationship management (Feinberg & Kadam, 2001). In addition, among thousands of websites in one area or industry, only a limited number of them have been successful and distinctive from other web sites. Therefore, recognizing the factors influencing the success of web sites, which are the main tool for electronic customer management, will help to reduce the failure rate.

3- Electronic Management of Customer Relationship

Customer relationship management is a strategy that helps companies to create long-term relationships with customers and increase their profits through focusing on customer and applying correct and appropriate management system. Today, the Internet has changed situations dramatically. Therefore, internet is being used for emerging practical customer relationship management programs. This has led to the emergence of electronic customer relationship management or profits arising from the electronic customer relationship management through the flow of information in organizations and communication with customers (Blery & Michalakopoulos, 2006).

Electronic customer relationship management can use so many channels such as email, web, SMS, TV, MMS and IVR. A combination of technical, cultural, operational, and organizational skills that is dominated by teamwork approach are required to choose and implement an efficient electronic customer relationship management system (Belery, 2006).
There are three approaches to the concept of customer relationship management:
1) strict compliance between product or service with customer needs in order to guarantee sales.
2) an integrated view of customer: having constant communication through call centers.
3) Focusing on customer database with the use of customer relationship management and data warehouse support (Light 2003).

4- Research model

Typically, customer relationship management includes changes in business processes and introduction of new information technology. Since leaders are associated with the external environment of the organization, they can develop better organizational strategies and missions for customer relationship management. In addition, leaders have great authority over licensing, cost control, performance monitoring, employee empowerment, and reinforcing main motivations of staff. These contents remind the requirement of a holistic approach. This comprehensive approach indicates that customer relationship management is the heart of the organization and the vital factor for organizational effective growth that integrates customer relationship management systems and customer-oriented processes. Customer relationship management should be done with the assumption of outsourcing direct marketing operations to the customers. (Bull, 2003).

With regard to the mentioned contents and introduction of various parts of electronic customer relationship management system, conceptual model, which seeks to identify and explore the role of E-CRM on the attraction of electronic market customers, is shown in figure 1.

Figure 1: Conceptual model
Generally, a comprehensive customer relationship management system consists of several parts, which are:

- Electronic communication channels: new electronic channels such as Web and personal messaging systems are intermediary systems for fast, interactive, and economic communications with customers.

- Company Formation: A company adopts a process through E-CRM in order to shape the customer orientation experiences and in addition involves all company sections -besides marketing and sales- in this issue.

- Empowerment: E-CRM strategies should be organized in order to promote the dignity of the customer.

- Economy: companies have to consider both customer relationship strategies and economic benefits of implementing this system.

- Customer-driven economy is derived from the investments and endeavors in favour of customers who increase the possibility of return on investment in customer relationships plans.

- Assessment: The organization should evaluate the effect of marketing plans on customer behavior. Customer interactions across multiple communication channels should also be evaluated. This assessment allows the company to improve attempts on optimizing the communication between customers and company.

Usually, in the online market two parallel ways have been used to attract customers. A) Attempt to be more attractive and retain existing customers. B) Use a variety of ways to attract new customers. Both concepts were examined in this study.

5- Research methodology

The simple random sampling method has been used in this study. A sample size of 150 was obtained by Morgan table. 200 online questionnaires were distributed among the people who do online shopping that 153 questionnaires were returned. SPSS and LISREL soft wares have been used
for data analysis. Questionnaire validity has been examined by e-commerce experts and its reliability was approved by cronbach alpha (0.91).

6- Conclusion

The results of this study display that there are significant and positive relationship between "retaining existing customers" with company formation (path coefficient = 0.82), economy (path coefficient = 0.41) and assessment (path coefficient = 0.52). Moreover, there are a positive and significant relationship between "attraction of new customers" with electronic communication channels (path coefficient = 0.86), company formation (path coefficient = 0.43) and assessment (path coefficient = 0.42).

Therefore, the most important result of this study is that focusing on company formation and electronic communication channels can greatly enhance customer satisfaction.

Seeman & O Hara (2006) believe that successful companies in electronic customer relationship management are the one who have improved customer database, processes management, and increase their transactions with the use of improved analysis. This subject is in accordance with the results of this study, which is based on the importance role of organizational formation in E-CRM. Furthermore, the emphasis on the importance of electronic communication is in accordance with Bowel study in 2003. One of the important things that are often overlooked is the lack of robust procedures for the selection and configuration electronic customer relationship management tools, which is recommended to be examined in the future.
References


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