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Electronic Customer Relationship Management and Consumer Behavior

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Abstract

Electronic customer relationship management (E-CRM) is a business and marketing strategy that analyzes consumer needs and behavior in order to create effective relationships between organizations and their consumers. E-CRM is a combination of hardware and software, processes, applications, and management commitment to develop high quality customer service and maintenance. This paper discusses the positive and negative impacts of E-CRM as a marketing strategy for an organization. It further explains the behavior of consumers toward organizations and the emergence of electronic commerce that brought about positive changes in the global market.

Ⅰ. Introduction

The management of customer relationships has become one of the most important concerns for organizations. Accordingly, organizations are now seeking supplementary and effective relationship activities in order to increase the value of their customer relationships by improving relationship quality or delivering better relationship benefits.[3] Electronic customer relationship management (E-CRM) is an important tool for measuring the performance of an organization in order to help it to increase its profits as well as enhance customer loyalty towards its product.[8] The performance of E-CRM is rising in marketing and information technology research and practice.[9] Although the foundations of consumer relationship management (CRM) have been around since 1956, it is only within the last few years that CRM has had an important impact on global business.

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E-CRM is a new process that comes from Internet and web technology, and its implementation is easy and flexible.[10] E-CRM concentrates on web-based interactions between service providers (i.e., organizations) and customers.[11, 12] the biggest advantage of CRM and E-CRM is in helping companies to identify and categorize customers in order to enhance their loyalty and generate profits, Rudolph 1999.

Ⅱ. Customer Relationship Management (CRM)

Customer relationship management (CRM) originated in business practices that focused on managing customers, including attracting new customers and retaining them.[13] CRM is a business process that improves an organization's competitive ability. It also creates a strategy that helps an organization to focus on customer behavior, promotes the emerging speed of the firm, and maintains customers in highly competitive market environments.[14] the need to understand consumer behavior is very important in electronic commerce. CRM deals with both customers and employees.[15] Although its perspective is based outside of an organization (i.e., in the marketplace and in the eyes of consumers), CRM communication is market communication, such as communicating various types of relationship and consumer's behaviors.[16.] CRM has to do with the relationships that are involved in business-to-business communication, customer lifecycles, various segments of consumers, and the nature of these consumers. It also communicates time value and profitability to consumers.[17]

Ⅲ. The Impact of Electronic Customer Relationship Management (E-CRM)

Electronic customer relationship management (E-CRM) is an electronic commerce approach that is used by organizations to identify and draw customers for the purposes of profitability.[18] This is done by developing proper relationships with customers and drawing them in a way that future requirements will be satisfied. Practicing E-CRM involves developing an accurate image of customer requirements and behaviors.[19, 30] E-CRM is one of the most developed managerial methods, and it can be utilized in any organization. It is one of the best approaches that organizations can use in order to attract and retain consumers and to keep them from switching to other companies and preventing customer churn.[20] E-CRM is all of the processes and techniques that an organization has in order to gain, increase, and maintain its customer base and that allows that organization to provide consumers with high quality service through the use of Internet. E-CRM is a flexible and secure channel method to gain high profitability, retain customers, and maintain relationships with customers in a convenient and effective manner.[21]

E-CRM technology will need to become more advanced in order to meet the requirements fordeveloping knowledgeable customers. Use of CRM technology has a consistent and strong impact on CRM performance. Greve and Albers (2006) propose that the more comprehensive a CRM technology is and the higher the CRM technology usage, the better CRM performance will be across all stages of customer lifecycle. CRM technology has a significant impact on the performance of customer relationships with organizations.[2] According to Sheng[1], the primary objectives of customer relationships are the acquisition andretention of consumers, which leads to financial benefits for the organization. CRM has started in recent years to become one central strategy for organizations that aim to gain information that allows them to understand and meet the needs of their customers.[23] The rapid growth in Internet-based technologies encourages the development of E-CRM, which allows for many innovations in relationship management, supply chain management, and inter-organizational collaboration.[2.] E-CRM is one of the most effective applications of information systems (IS).

Ⅳ. Consumer Behaviors

The American Marketing Research Foundation defines consumer behavior as “the dynamic interaction of affect and cognition, behavior and the environment by which human beings conduct the exchange aspects of their lives” Bennett, 1995.[33] This definition indicates that affect and cognition are significant aspects of understanding consumer behavior. Affect and cognition involve consumers’ psychological responses to various situations.

A consumer is the final user of a company’s product or service. Consumer behavior involves the psychological processes that consumers go through in order to identify their needs.[32] When trying to solve these needs, consumers need to make purchase decisions (i.e., whether or not he or she will purchase a product, and if yes, then which brand and where), interpret information, make plans to purchase, and implement these plans by comparing a variety of products.[24] Consumer behavior is a crucial factor that determines the intention to accept or reject new information about a company's product. Cognitive dissonance theory states 3 that under normal circumstances, an individual's cognitive system is behavior-inconsistent, which leads to tensions and conflicts in the individual's mind and causes him or her to change attitudes or adjust behaviors.

Ⅴ. Impact of E-CRM on Consumer Behavior

The E-CRM system incorporates new technologies-such as the Internet, telemarketing, and email-with CRM.[25] E-CRM is built for the business and marketing industries. Most organizations that possess good E-CRM system imple- mentation are moving towards positive impact.[26] An organization that uses an E-CRM software system is able to communicate with its customers and access customer information and history. This leads the organization to enhance its consumers' loyalty.[27] E-CRM provides an organization with the chance to understand its consumers' future expectations, and this provides the organization with a deeper look at levels of consumer satisfaction. Kotler[5] explains that satisfaction refers to a person's feeling of pleasure or disappointment that results from comparing an organization's product to its perceived performance or outcome.

Satisfaction is associated with feelings of acceptance and happiness.[6] Factors that affect customer satisfaction include friendly employees, knowledgeable employees, accuracy of billing, billing timelines, competitive pricing, quality, good value, and fast service, Hokason.[7] Other positive impacts of E-CRM including improving customer service, providing customer support, efficiency, and encouraging cost reduction.[4] In addition, E-CRM helps in collecting, updating, and fulfilling orders remotely and accurately.[28] For any organization, this requires a long dating and maintenance process to retain existing customers and attract new customers.[29] Organizations also use ECRM as a tool for centralizing all customer data into a single database and allowing each department within the organization to exchange customer profiles.[31]

Ⅵ. Discussion

From the surveys conducted by experts, we can conclude that the E-CRM system requires necessary consumer information that describes consumers'daily activities to organizations. Such information includes the financial status of a given customer, as well as occupation, age, and personal interests. This research shows that E-CRM has positive effects at the organizational level in terms of organizations'products and services, consumer loyalty, efficiency, internal processes, management channels, and innovation.

E-CRM technology and organizational support also have positive impact on E-CRM performance. Within the technological context, it is crucial for organizations to consider E-CRM technology integration and customer information analysis. On the other hand, in the organizational context of E-CRM, personal assets, consumer knowledge management (CKM), and learning and sensing the consumer market, account for the organizational support of good E-CRM. Competition intensity and consumer power in an environmental context should be put into consideration as well. Advanced technologies and information provide organizations with off-the-shelf software to maintain better electronic systems. A better understanding of how employees communicate with customers when facing a problem about their organizations' products and services should also is put into consideration. As a result, qualitative and quantitative research about the organization and its products and services should be conducted from both the employee and consumer perspectives.

Ⅶ. Conclusion

The E-CRM framework presented in this paper addresses the current electronic business needs that are involved in any organization's becoming successful in the highly competitive electronic commerce environment. The study of consumer behaviors in the electronic market and the factors that control the consumer behavior towards organizational goals are also discussed in this paper. Consumers' perspectives about the organizational business model may have an impact on the success of E-CRM. Other factors that influence the results of successful E-CRM implementation will be made available by other experts and/or researchers in the future.

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