

# THE IMPACT OF ELECTRONIC CUSTOMER RELATIONSHIP MANAGEMENT ON CONSUMER'S BEHAVIOR

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## ABSTRACT

*Electronics customer relationship management (E-CRM) is a business and marketing strategy that analyzes about consumer's needs and behavior in order to create an effective relationship between an organization and its consumers. E-CRM is a combination of hardware and software, process, applications and commitment of management activities to develop high quality of customer service, and customer's maintenance. However, the slight is known about how various activities may exert differentiated impact on organization the concerned. This paper's focus is to discuss the positive and negative impacts of electronics customer relationship management (E-CRM), as a marketing strategy for an organization. The paper further explains the behavior of consumers toward organizations and the emergence of electronic commerce that brought a positive change towards business in a global market.*

**KEYWORDS:** *electronics customer relationship management (E-CRM), consumer behavior*

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## INTRODUCTION

Managing customer relationship has become one of the most important concerns for an organization. Appropriately, organizations are seeking for supplementary and effective relationship activities to increase organizational value of customer relationship by improving relationship quality or delivering better relationship benefits. Electronics customer relationship management (E-CRM) is an important tool for measuring the performance of an organization in order to help the company to increase its profit and enhance customer loyalty towards the company product. The performance of E-CRM has becoming a rising alarm in marketing and information technology research and practice. Although the important basis of CRM has been around since 1956, it is within the last few years that CRM has generated an important impact in global business industries. It is a new process that comes from the internet and web technology to make the implementation of E-CRM easy and flexible. The electronics customer relationship management concentrates on internet web-based interaction between service providers (organization) and customers. The most crucial advantage of CRM and E-CRM is to help the company to identify and categorize customer for enhancing their loyalty and generating profit .

## CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

Customer relationship management (CRM) starts off from new business practices that focus on how to manage customers, such as attracting new customers and retaining them. Customer relationship management is a business strategy process that improves organization's competitive ability. It also creates a successful strategy for an organization which helps them to focus on customer's behaviors, promotes the emerging speed of firm and maintains their customers in a very highly competitive marker environment. The need to understand the consumer's behavior in various marketplaces is very important in electronic commerce. CRM deals with both customer and employees. Although its perspective is based on outside of an organization (i.e.) in marketplace and eyes of the consumers, CRM communication is a market communication, such as communication various types of relationship and consumer's behaviors. Example is communicating the relationship that involved in business-to-business, customer lifecycles, various segments of consumers and their nature. It also communicates the consumer

time value and profitability of consumers.

### **IMPACT OF ELECTRONICS CUSTOMER RELATIONSHIP MANAGEMENT (E-CRM)**

Electronics customer relationship management (E-CRM) is an electronic commerce (marketing) approach used by organizations to enable them identify and draw customers that are potentially profitable. This is done by developing proper relationship with customers and drawing them in a way that their future requirements will be satisfied. Practicing E-CRM system means developing an accurate image of customer requirements and behavior. E-CRM is one of the most developed managerial methods that can be utilized in any organization. E-CRM is the complete process and techniques that an organization has to gain, increase, and maintain in order to provide consumers with high quality service through the use of internet. As a result E-CRM is a flexible and more secure channel method to get high profitability, customer retention and maintenance of relationship with the customers in a convenient and effective manner. E-CRM technology should be more advanced and erudite to meet the requirement for developing and knowledgeable customer, usage of CRM technology consistently has a strong impact on CRM performance (Greve and Albers, 2006), they propose that the more comprehensive the CRM technology is, and the higher the CRM technology usage, the better the CRM performance will be across the stages of customer life-cycle. The CRM technology creates a significant impact on the performance of customer relationship with an organization. According to Sheng, the primary objectives of customer relationship are the acquisition and retention of consumers, which is leads to the bottom line of financial benefits.

The CRM has started the recent years in order to become the central strategies for organizations that aim to provide information of understanding and meeting the needs of customers. The rapid growth of the latest developments in internet-based technology encourages the development of electronic customer relationship (E-CRM), which allows many innovations in a relationship management, supply chain management, and inter-organizational collaboration. E-CRM is one of the most effective application of information system (IS).

#### **ECRM success**

Although an old concept, CRM has evolved in recent years to become the central strategy that provides seamless integration of different activities for anticipating, understanding, and meeting customer needs. According to Sheng the main objectives of CRM are the acquisition and retention of customers, leading to bottom-line financial benefits. The latest developments in Internet-based technology prompted the emergence of eCRM, enabling many innovations in relationship management, supply chain management and inter-organizational collaboration.

Although researchers and practitioners alike are claiming positive effects of eCRM, we still lack appropriate conceptualization and empirical evidence of these effects. In fact, there is no consistent measurement for eCRM success, making it difficult to manage and assess eCRM activities. Since eCRM is an IS application, the IS success literature can shed some lights on the conceptualization of eCRM success.

IS success has attracted a great deal of research, resulting in several frameworks. For example, Yoon et al. proposed five categories of system success: business profitability, improved decision quality and performance, perceived benefits, level of system usage, and user satisfaction. A widely accepted IS success model is that of DeLone and McLean, which defines six constructs associated with IS success: system quality, information quality, system use, individual impact, organizational impact, and user satisfaction. Seddon extended DeLone and McLean's model further, conceptualizing success as a value judgment reflecting the point of view of the stakeholder. Thus IS success is meaningful only in terms of a specific evaluation target and from a particular perspective. Building on previous IS studies, we ground our research in the IS success model, adopting Seddon's approach. As eCRM is a customer-centric strategy, it only makes sense to study its success from the customer's perspective.

Previous research suggests that directly measuring IS success is impractical and perhaps impossible, justifying the usage of surrogates. Satisfaction is not just an important determinant of success, but also its proxy. Due to its conceptual closeness and its empirical linkages to the success construct, satisfaction is often used as a surrogate measure of IS success in general and the success of e-commerce applications in particular. Compared to other common proxies for success, such as usage and perceived usefulness, satisfaction renders a higher degree of content

and construct validity . Gble et al. even argued that satisfaction is an overall measure of success, rather than one of its dimensions. In the context of eCRM, customer satisfaction is an immediate objective that also determines the medium-term goals (e.g., customer retention and loyalty) and subsequently the bottom-line, i.e., profitability. Indeed, satisfaction has been shown to have significant effects on customer loyalty , customer retention and profitability . Based on the theoretical and practical arguments presented earlier, we use online customer satisfaction as a proxy of eCRM success in this study.

## CONSUMER'S BEHAVIORS

The American marketing research foundation defines consumer behavior as “the dynamic interaction of affect and cognition, behavior and the environment by which human being conducts the exchange aspects of their lives (Bennett, 1995). This definition indicated that affect and cognition are significant aspect in understanding consumer's behavior. Affect and cognition are consumer psychological respond in various types of situation. A consumer is the final user of a company's product or service. Consumer behavior involves psychological processes that consumers go through for them to identify their needs. as a result when trying to solve these needs, there is a need for making a purchase-decision (example is whether the consumer will purchase a product or not, if yes then which brand and where), interpret information, make the plans, and implement the plans by comparison on variety of product or purchasing a product. Consumer behavior is crucial factor determines consumer's behavior and intention to accept or reject new information about a company's product. The cognitive dissonance theory states that under normal circumstances, an individual's cognitive system is in behavior inconsistent, which will lead to create tensions and conflicts in the individual's mind, making he/she to change attitude or adjust behaviors.

## ECRM success

Early IS research focused on end-user satisfaction, modeling it as a function of system, information and service attributes. The proliferation of electronic commerce has blurred the distinction between end-users and online customers, driving the need to account for the mix of technological and marketing elements that become more salient in the Internet environment. The satisfaction of online customers is not solely determined by product and service attributes (as in the marketing literature), but also shaped by the customer's interaction with the system (as in the IS literature). It is hard to discern these sources of satisfaction. Similarly, in studying the role of eCRM in satisfaction formation, it is not possible to separate the effects of marketing activities from those of system features. A holistic view of satisfaction is therefore preferable .

Integrating both technological and marketing elements, eCRM covers all aspects of the customers online experience throughout the entire transaction cycle. In the context of e-commerce, Sterne proposes a framework to characterize online customer experience, consisting of three stages: pre-sale, sale, and after-sale interactions. uses this framework to study the effects of e-commerce functionality on satisfaction, demonstrating that eCRM features contribute differently to the satisfaction associated with each transaction stage. Following the same line, Feinberg et al. map the eCRM features of retail websites into the pre-sale, sale and post-sale stages in investigating the relationship between eCRM and satisfaction. The usage of the transaction cycle framework to classify satisfaction is also advocated by Khalifa et al, who investigate the relative contribution of pre-sale, sale and post-sale satisfaction to the formation of overall satisfaction.

In addition to the transaction cycle, the conceptualization of satisfaction should also account for the customer lifecycle. Recent developments in IS satisfaction research highlight the dynamic nature of satisfaction, arguing for a longitudinal approach . Satisfaction formation in the initial stages of usage is more likely to be determined by inner wants, i.e., desires . With experience, the user's beliefs and attitudes are likely to change . The satisfaction formation is then mainly determined by more concrete expectations.

The significance and relative importance of the satisfaction determinants are likely to change depending on the adoption stages, i.e., pre-adoption and post-adoption. For eCRM, these adoption stages correspond to the customer lifecycle phases of attraction and retention. The eCRM features that are important for customer attraction are not necessarily the same as those needed for customer retention.

## THE IMPACT OF E-CRM ON CONSUMER'S BEHAVIORS

The E-CRM system is built up from co-corporation of the new technology, such as the internet, telemarketing and email, with customer relationship management. E-CRM is built for the business and marketing industries. Most organizations with a good E-CRM system implementation are moving towards more positive than negative impact. An organization using E-CRM software system will be able to communicate with their customers and access customer information and history, and this will lead the organization to enhance its consumer's loyalty implicitly. E-CRM provides organization with chances of understanding the consumer's future expectations level, which will provide the organization with a deeper look at the level of consumer satisfaction. Kotler explains that satisfaction refers to a person's feeling of pleasure or disappointment that results from comparing an organization's products perceived performance or outcome in relation to his/her expectations. Satisfaction can be associated with feeling of acceptance, and happiness. Factors that affect customer's satisfaction include friendly employees, knowledgeable employees, and accuracy of billing, billing timelines, competitive pricing quality, good value and fast service. (Hokason) Other positive impacts of using E-CRM are improving customer service and providing support, efficient and encouraging cost reduction. In addition E-CRM helps in collecting, updating and fulfilling orders remotely and accurately. For any organization, this requires a long dating and maintaining process to retain the existing customers and attract new customers. Organizations also use E-CRM as a tool for centralizing the entire customer's data into a single database storage and allow each department within an organization to exchange customer profile.

## DISCUSSION

Across the surveys conducted by most experts, we conclude that the E-CRM system requires all the necessary consumer information that will describe the consumer's daily activities and the leisure activities to the organization. Such information includes the financial status of a customer, occupation, age and personal interest. This research shows that E-CRM has positive effects at the organizational level for their respective products and services, consumer's loyalty, efficiency, internal process, management channels and innovative sufficient account for E-CRM impact. The E-CRM technology and organizational support also have positive impact on E-CRM performance. Within the technological context, it is crucial for an organization to consider the E-CRM technology integration and customer information analysis. On the other hand (organizational context), E-CRM personal asset, consumer knowledge management (CKM), learning and sensing consumer market, appropriately account for the organizational support on good E-CRM.

Competition intensity and consumer power in an environmental context should be put into consideration as well. Advanced technology and information provide organization with off-the-shelf software to better electronic system. Better understanding of how employees communicate with customers when facing a problem about the organization's product and services should also be put into consideration. As a result, qualitative and quantitative research about the organization and its product and services should conduct thoroughly from both the employees and consumer's perspective.

## CONCLUSION

The E-CRM framework (impact) presented in this paper addresses the current electronics business needs for an organization to become successful in a highly competitive electronic commerce environment. The study of consumer's behaviors in an electronic market and the factors that control the consumer's behavior towards organizational goals are also discussed in this paper. Consumer's perspective about organizational business model may have an impact on the result of a succeeding process of E-CRM. Other factors that influence the results of a successful E-CRM implementation are available there for other experts and/or researcher to recognize in the future.

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