

Analysing impact of online CRM practices on companies productivity and customer retention

Dr. Yogesh Jain

Director-Academics

Akme The Scholar Arena Girls Degree College, Udaipur

dryoge@gmail.com,9413549533-M

Neetu Patel

Research Scholar

Faculty of Commerce, Pacific University, Udaipur

nitupatel708@gmail.com,9828766669-M

Abstract

On-line retailing is now providing retailers with the rich source of individualized customer data, that allows them to undertake effective one-to-one marketing and in so doing make a very real contribution to improved organizational performance. An increasing number of companies are considering implementing e-CRM systems to satisfy the growing expectation of customer service. e-CRM systems have unique characteristics that support customer-business interactions that are linked to internal business processes and systems across different areas for operational and analytical purposes. The present paper analysed impact of online CRM practices on company's productivity and customer retention.

Keyword: e-CRM, online shopping, productivity and customer retention

Analysing impact of online CRM practices on companies productivity and customer retention

1. Introduction

It is now widely recognised that the Internet's power, scope and interactivity provide retailers with the potential to transform their customers' shopping experience (Evanschitzky et al, 2004; Wolfinbarger and Gilly, 2003), and in so doing, strengthen their own competitive positions (Doherty & Ellis-Chadwick, 2009; Levenburg, 2005). The Internet's capacity to provide information, facilitate two-way communication with customers, collect market research data, promote goods and services and ultimately to support the online ordering of merchandise, provides retailers with an extremely rich and flexible new channel (Basu & Muylle, 2003). In so doing, the internet gives retailers a mechanism for: broadening target markets, improving customer communications, extending product lines, improving cost efficiency, enhancing customer relationships and delivering customised offers (Srinivasan et al, 2002). By and large, consumers have responded enthusiastically to these innovations (Soopramanien & Robertson, 2007), and on-line retail sales have grown significantly over the past fifteen years, and are predicted to continue rising into the future (Ellis-Chadwick & Doherty, 2002; Ho et al, 2007).

Serious attempts to trade on-line started to emerge in the mid-1990s when innovative, technically savvy companies responded to the opportunities and challenges posed by the Internet, to develop sophisticated web-sites to serve customers, in their homes. However, looking back, nearly two decades, to when this fast-paced electronic business environment was just starting to evolve, its ultimate success must have looked far less certain.

Although electronic shopping didn't emerge in any organised and substantive way until the mid 1990s, its arrival had been widely heralded for many years, beforehand. Indeed, almost thirty years before it did eventually burst onto the retail scene, Doddy and Davidson (1967) had presented a powerful vision of how the future of retailing lay in consumers directly using computer terminals to order their goods directly from central warehouses. As detailed previously, in the early days of electronic commerce, it was envisaged that a radically different type of market-place would evolve. Perhaps one of the most obvious manifestations of this transformation is that, in electronic markets, marketing is now routinely practiced on a one-to-one, rather than a one-to-many, basis (Simmons, 2008). Effective one-to-one marketing requires the capture of significant quantities of customer-oriented information, so that their needs and preferences can be inferred, and then elements of the marketing mix can be specifically tailored to these requirements (Arora et al, 2008). In practice, this process has typically been enabled by integrating customer-facing, retail websites with CRM software, to create e-CRM applications (Dussart, 2001) On-line retailing is now providing retailers with the rich source of individualized customer data, that allows them to undertake effective one-to-one marketing (Frow & Payne,

2009) and in so doing make a very real contribution to improved organizational performance (Warrington et al., 2007). However, many other commentators strike a more cautionary note, as there still many challenges to be faced - such as data integration, building trust, system usability and customer retention - before the full potential of electronic CRM can be realised. An increasing number of companies are considering implementing e-CRM systems to satisfy the growing expectation of customer service. e-CRM systems have unique characteristics that support customer-business interactions that are linked to internal business processes and systems across different areas for operational and analytical purposes.

2. Literature Review

Trainor, Andzulis and Agnihotri (2014) in their paper on Social media technology usage and customer relationship performance: A capabilities-based examination of social CRM, examined that how social media technology usage and customer-centric management systems contribute to a firm-level capability of social customer relationship management (CRM). Drawing from the literature in marketing, information systems, and strategic management, the first contribution of this study is the conceptualization and measurement of social CRM capability. The second key contribution is the examination of how social CRM capability is influenced by both customer-centric management systems and social media technologies. These two resources are found to have an interactive effect on the formation of a firm-level capability that is shown to positively relate to customer relationship performance. The study analyzes data from 308 organizations using a structural equation modeling approach.

Chang, Wong and Fang (2014) in their paper on, the effects of customer relationship management relational information processes on customer-based performance, investigated the influence of the completeness of CRM relational information processes on customer-based relational performance and profit performance. In addition, interaction orientation and CRM readiness were adopted as moderators on the relationship between CRM relational information processes and customer-based performance. Both qualitative and quantitative approaches were applied in this study. The results revealed that the completeness of CRM relational information processes facilitates customer-based relational performance (i.e., customer satisfaction, and positive WOM), and in turn enhances profit performance (i.e., efficiency with regard to identifying, acquiring and retaining, and converting unprofitable customers to profitable ones). The alternative model demonstrated that both interaction orientation and CRM readiness play a mediating role in the relationship between information processes and relational performance. Managers should strengthen the completeness and smoothness of CRM information processes, should increase the level of interactional orientation with customers and should maintain firm CRM readiness to service their customers. The implications of this research and suggestions for managers were also discussed.

Steel, Dubelaar and Ewing (2013) in their paper on Developing customized CRM projects: The role of industry norms, organisational context and customer expectations on CRM implementation, investigated the influence of industry, organisational, and customer context on customer relationship management (CRM) projects. Organisations go through four phases in their CRM projects (assessment, design, implementation, and evaluation), yet the impact of industry norms, organisational contexts, and customer expectations on each phase are rarely examined. A longitudinal case study approach with six cases was used to investigate the potential impact of contextual factors on CRM projects. The cases covered a range of industries, organisational structures, and customer types. We found that current industry conditions and customer expectations influence the reasons for undertaking CRM and the assessment stage of the project. The organisational context has a noticeable impact on the design and implementation project stages. At the evaluation level, customer responses combined with organisational expectations affect the perceived success of the projects. By understanding the impact of context, customised CRM projects can be developed.

3. Research Methodology

Based on reviews of literature the research methodology related with the current research on CRM of E-Commerce companies is being described here. The current study includes understanding the assumptions underlying of CRM techniques and to know the criteria by which by certain techniques and procedures. Through the application of scientific procedure the researcher have tried to find out their problems and expected solution may be suggested for growth of CRM services. Following hypothesis were made:

H1-There is significant relationship among CRM and productivity of selected Indian & multinational e-commerce companies.

H2: There is significant relationship between CRM & customer retention among selected Indian and multinational e-commerce companies.

The present research use Explanatory and Descriptive research approach. First the researcher have explored the variables to be used to analysed the by E-Commerce companies for measuring the CRM practices and later to conclude the research work the hypothesis were checked. After that, empirical research and data collection were conducted to test the hypothesis to draw conclusions from the evidences. Questionnaire method was used for data collection. It is a form containing structured questions which were asked to respondents and their replies were taken. Structured questionnaire containing easily understandable questions for the respondents were prepared. For the purpose of the study, the secondary data were also be extracted from the e-commerce companies, from their annual reports. In addition, the secondary data were also gathered from government records, commercial newspapers, magazines, journals, articles,

websites and different books on Customer relationship management of companies. Sample size was 400 Customers respondents and 100 employees. The sample was spread across areas of various Indian cities majorly from metro cities.

Table 3.1: Variables of Doctor's perception

Variables	SPSS Name
1. I like to use this website	Attit_1
2. Overall, my attitude towards the current retailer is favourable	Attit_2
3. I am happy to purchase from this website	Attit_3

4. Data Analysis

The demographic profiles of the consumer are enlisted in various points including the types of websites visit first which is enlisted in table below

Table-4.1: Demographic Profile of Customers

Company wise distribution of respondents					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Indian	200	50.0	50.0	50.0
	Multinational	200	50.0	50.0	100.0
	Total	400	100.0	100.0	
Age wise distribution of respondents					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Up to 30	66	16.5	16.5	16.5
	31-40	63	15.8	15.8	32.3
	41-50	150	37.5	37.5	69.8
	51-60	40	10.0	10.0	79.8
	over 60	81	20.3	20.3	100.0
	Total	400	100.0	100.0	
Gender wise distribution of respondents					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	187	46.8	46.8	46.8
	Male	213	53.3	53.3	100.0
	Total	400	100.0	100.0	

Education wise distribution of respondents					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Post graduate	236	59.0	59.0	59.0
	Under-graduate	55	13.8	13.8	72.8
	Upto XII	109	27.3	27.3	100.0
	Total	400	100.0	100.0	
Period of purchase					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less than 1 year	112	28.0	28.0	28.0
	1 to 3 years	133	33.3	33.3	61.3
	4 to 6 year	155	38.8	38.8	100.0
	Total	400	100.0	100.0	

As it was identified that the CRM can be used as a mode of productivity, to check the same the Pearson coefficient of correlation between satisfaction and productivity factors was calculated. For this purpose following hypothesis were made:

H1-There is significant relationship among CRM and productivity of selected Indian & multinational e-commerce companies.

To check the above hypothesis the Pearson's correlation coefficient was calculated and the results were shown in table1 as under:

Table 4.2: Correlation between the Satisfaction and productivity

a. Descriptive Statistics				
		Mean	Std. Deviation	N
Satisfied		3.8340	1.19218	500
Inc_profi		2.0860	.91229	500
Effec_costred		1.4840	.70905	500

b. Correlations				
		Satisfied	Inc_profi	Effec_costred
Satisfied	Pearson Correlation	1	-.438**	-.052
	Sig. (2-tailed)		.000	.248
	N	500	500	500
Inc_profi	Pearson Correlation	-.438**	1	.081

	Sig. (2-tailed)	.000		.070
	N	500	500	500
Effec_costred	Pearson Correlation	-.052	.081	1
	Sig. (2-tailed)	.248	.070	
	N	500	500	500
**. Correlation is significant at the 0.01 level (2-tailed).				

As per table 1 the Pearson correlation of coefficient for satisfaction and productivity, a significant negative correlation were found $r = -.438$, $p < 0.000$, for effect_costred insignificant correlation were reports as $r = -.052$, $p > 0.050$ this revealed that the CRM can be used for increasing profit.

As per the objective (To measure the relationship between CRM & customer retention among selected Indian and multinational e-commerce companies) the agreement of the respondents related with the various areas are checked with the broader hypothesis. The perception of the consumers was sought in relation to selected variables for measuring customer retention among selected Indian and multinational e-commerce companies. The following hypothesis was developed:

H2: There is significant relationship between CRM & customer retention among selected Indian and multinational e-commerce companies.

To identify the relationship Pearson Correlation coefficient analysis has been used with SPSS-19 software and results were shown in table-2 as under:

Table 4.3 Pearson Correlation coefficient of CRM and Customer retention

a. Descriptive Statistics			
	Mean	Std. Deviation	N
Personalisation	2.6658	.66332	400
Web effectiveness	3.2544	.46234	400
Communication	3.0598	.44256	400
Attit_1	4.0975	.75460	400
Attit_2	3.7975	.96635	400
Attit_3	2.5675	1.38573	400
b. Correlations			

		Personalisation	Web effectiveness	Communication	Attit_1	Attit_2	Attit_3
Personalisation	Pearson Correlation	1	.324 ^{**}	-.219 ^{**}	-.002	.049	-.105 [*]
	Sig. (2-tailed)		.000	.000	.976	.332	.035
	N	400	400	400	400	400	400
Web effectiveness	Pearson Correlation	.324 ^{**}	1	.077	.080	.026	-.229 ^{**}
	Sig. (2-tailed)	.000		.125	.108	.606	.000
	N	400	400	400	400	400	400
Communication	Pearson Correlation	-.219 ^{**}	.077	1	-.029	-.079	.148 ^{**}
	Sig. (2-tailed)	.000	.125		.558	.114	.003
	N	400	400	400	400	400	400
Attit_1	Pearson Correlation	-.002	.080	-.029	1	.464 ^{**}	-.003
	Sig. (2-tailed)	.976	.108	.558		.000	.957
	N	400	400	400	400	400	400
Attit_2	Pearson Correlation	.049	.026	-.079	.464 ^{**}	1	-.021
	Sig. (2-tailed)	.332	.606	.114	.000		.681
	N	400	400	400	400	400	400
Attit_3	Pearson Correlation	-.105 [*]	-.229 ^{**}	.148 ^{**}	-.003	-.021	1
	Sig. (2-tailed)	.035	.000	.003	.957	.681	
	N	400	400	400	400	400	400
**. Correlation is significant at the 0.01 level (2-tailed).							
*. Correlation is significant at the 0.05 level (2-tailed).							

As per table 2 the Pearson correlation of coefficient for variation in Factors of satisfaction revealed that a significant Positive correlation were found between Personalisation and Web effectiveness= 0.324, $p < 0.050$, for Personalisation and Communication= 0.324, $p < 0.05$ and for personalisation and Attit_3r= 0.324, $p < 0.05$, Negative correlation for Variable Web effectiveness and Attit_3r= -0.229, $p < 0.05$, positive and significant correlation for Communication and Attit_3r= -0.148, $p < 0.05$, positive for Attit_1 and Attit_3r= -0.229, $p < 0.05$. This means that significant relationship between CRM & customer retention among selected Indian and multinational e-commerce companies were recorded.

5. Conclusion

Over the past decade, retailers have been able to collect enormous amounts of information at the customer level measuring customer purchases, marketing activities, and customer attitudes. An important example is Tesco, which is using its Loyalty Card as a core element of its marketing strategy. CRM as the practice of analysing and utilizing marketing databases and leveraging communication technologies to determine corporate practices and methods will maximize the lifetime value of each individual customer. Conventional communication processes are often time delayed, e-CRM allows organizations to always operate in real-time and more than that interaction with customers are transparent so that organizations are able to draw conclusions on customer behaviour and measure the success of activities.

The major suggestions of the study were enlisted in following points that the Multinational companies must put their attention on communication of company by e-mail with consumers. The Multinational companies must provide clear and sufficient information on payment and return/exchange policies on their Website. The Indian companies must provide effective and responsiveness Website to fulfil the orders. The Indian companies must provide easily tracking facilities for customers order tracking. The Indian companies must create an environment for customer to trust the website for their online purchases.

References

- Arora, N, Dreze, X., Ghose, A., Hess, J D., Iyengar, R., Jing, B., Joshi, Y., Kumar, V., Lurie, N., Neslin, S , Sajeesh, S., Su, M. Syam, N., Thomas, J. and Zhang, Z. J. (2008), “Putting One-to-One Marketing to Work: Personalization, Customization, and Choice,” *Marketing Letters*, 19, pp. 305–21.
- Basu, A. and Muylle, S. (2003), “Online support for commerce processes by web retailers”, *Decision Support Systems*, 34 [4], pp. 379-395.
- Chouhan, V., Chandra, B., Goswami, S., & Verma, P. (2016). Analyzing the Performance Appraisal System of a Public Sector Organization in India: The Case of Rajasthan State Mines and Minerals Limited. *IUP Journal of Management Research*, 15(1), 48.
- Doddy, A. F. & Davidson, W. R. (1967) “Next Revolution in Retailing”, *Harvard Business School*, 45 (May-June), pp. 4-16
- Doherty, N.F., Ellis-Chadwick, F.E. (2009), “Exploring the Drivers, Scope and Perceived Success of ecommerce Strategies in the UK Retail Sector”, *European Journal of Marketing*, 43 [9/10], pp 1246-1262
- Dussart, C. (2001) „The transformative power of e-Business over consumer brands“, *European Management Journal*, 19 (6), pp.629-637.

- Ellis-Chadwick, F.E., Doherty, N.F. and Hart, C.A. (2002), "Signs of Change? A Longitudinal Study of Internet Adoption in the UK Retail Sector", *Journal of Retailing and Consumer Services*, Vol. 9 No.2, pp 71-80.
- Evanschitzky, H., Gopalkrishnan, R., Hesse, J. and Dieter, A. (2004), "E-satisfaction: a reexamination", *Journal of Retailing*, Vol. 80, pp. 239-247.
- Goswami, S., & Chandra, B. (2013). Convergence Dynamics of Consumer Innovativeness Vis-à-Vis Technology Acceptance Propensity: An Empirical Study on Adoption of Mobile Devices. *IUP Journal of Marketing Management*, 12(3), 63.
- Goswami, S. (2015). A Study on the Online Branding Strategies of Indian Fashion Retail Stores. *IUP Journal of Brand Management*, 12(1), 45.
- Goswami, S., & Khan, S. (2015). Impact of Consumer Decision-making Styles on Online Apparel Consumption in India. *Vision: The Journal of Business Perspective*, 19(4), 303-311.
- Goswami, S. (2015). Investigating impact of Electronic Word of Mouth on Consumer Purchase Intention. *Capturing, Analyzing, and Managing Word-of-Mouth in the Digital Marketplace*, 213.
- Ho, C. F. and Wu, W. H., "Antecedents of Customer Satisfaction on the Internet: An Empirical Study of Online Shopping," *Proceeding of the 32nd Annual Hawaii International Conference on System Sciences (HICSS)*. Hawaii 1999.
- Hsin Hsin Chang, Kit Hong Wong, Po Wen Fang, The effects of customer relationship management relational information processes on customer-based performance, *Decision Support Systems*, Volume 66, October 2014, Pages 146-159, ISSN 0167-9236, <http://dx.doi.org/10.1016/j.dss.2014.06.010>.
- Kevin J. Trainor, James (Mick) Andzulis, Adam Rapp, Raj Agnihotri, Social media technology usage and customer relationship performance: A capabilities-based examination of social CRM, *Journal of Business Research*, Volume 67, Issue 6, June 2014, Pages 1201-1208, ISSN 0148-2963, <http://dx.doi.org/10.1016/j.jbusres.2013.05.002>.
- Levenburg, N. (2005), "Delivering Customer Value Online: Analysis of Practices, Applications and Performance", *Journal of Retailing and Consumer Services* Vol.12 No.5, 319-331.
- Marion Steel, Chris Dubelaar, Michael T. Ewing, Developing customized CRM projects: The role of industry norms, organizational context and customer expectations on CRM implementation, *Industrial Marketing Management*, Volume 42, Issue 8, November 2013, Pages 1328-1344, ISSN 0019-8501, <http://dx.doi.org/10.1016/j.indmarman.2012.08.009>.
- Mathur, M., & Goswami, S. (2014). Store Atmospheric Factors Driving Customer Purchase Intention-An Exploratory Study. *Journal of Management Research*, 6(2).
- Rachel Duffy, Andrew Fearne, Sue Hornibrook, Karise Hutchinson, Andrea Reid, Engaging suppliers in CRM: The role of justice in buyer-supplier relationships,

International Journal of Information Management, Volume 33, Issue 1, February 2013, Pages 20-27, ISSN 0268-4012, <http://dx.doi.org/10.1016/j.ijinfomgt.2012.04.005>

- Simmons, G. (2008) “Marketing to postmodern consumers: introducing the internet chameleon”, *European Journal of Marketing*, 42 [3/4], pp: 299-310.
- Soopramanien, D.G.R., Robertson, A. (2007), "Adoption and usage of online shopping: an empirical analysis of the characteristics of „buyers“, „browsers“, and „non-Internet shoppers“", *Journal of Retailing and Consumer Services*, Vol. 14 No.1, pp.73-82.
- Srinivasan, S., Anderson, R., and Kishore, P. (2002), “Customer Loyalty in e-commerce: an Exploration of its Antecedents and Consequences”, *Journal of Retailing*, 78 [1], pp. 41-50
- Warrington, P.; Gangstad, E.; Feinberg, R., & de Ruyter, K. (2007). Multi-channel retailing and customer satisfaction: implications for e-CRM. *International Journal of E-Business Research*, 3(2), p. 57-69.