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## Electronic Customer Relationship Management (E-CRM): A Study of Its Role, Influence & Benefits to E-Commerce

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# **ELECTRONIC CUSTOMER RELATIONSHIP MANAGEMENT (E-CRM): A STUDY OF ITS ROLE, INFLUENCE & BENEFITSTO E-COMMERCE**

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## **ABSTRACT**

Internet and other developing computing and communicative techniques have redesigned the way of commerce, erased old boundaries of time, place and have shaped novel cybernetic societies of customer and suppliers with new demands of products and services. E-CRM has also been becoming an important aspect in this regard since the emergence of technology as it encompasses all the CRM functions over the internet. Emerging usage of internet for commercial purposes has increased the impact of e-commerce on the entire business events done globally. Now India, China, Brazil and many South East Asian nations have become the center of the IT-enabled services and now providing essential means to conduct worldwide e-commerce effortlessly. Therefore, with increased competition in the global e-market, now the emphasis is slowly flowing to the customers. So real challenge lies in retaining those customers rather than just acquiring new. That is why most of the business organizations in the world have already started assimilating Customer Relationships Management Strategies and Policies into the e-commerce ambiance so as to provoke customer's interest and instant customers' fulfillment in the long run so that the customer is retained without unwavering loyalty. The main reason for presenting this subjective paper is to focus on how the CRM plays its role in E-commerce and what sort of impact does it give on the same. Globalization also has brought in its wake a widespread and wonderful prospect for the development of e-commerce thus increasing the significance of business at a low cost and in the disturbance-free transactional atmosphere in a very rapid time. Apart from that, Localization also dictates and makes local socio-political conditions to be measured while incorporating CRM strategies in the modern e-commerce environment. Overall, this paper is an effort to showcase the E-CRM's role in E-Commerce, its impact and various benefits that it gives to E-commerce.

**Keywords:** CRM, Customer Loyalty, E-CRM, & E-Commerce, etc.

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## INTRODUCTION

Internet's uprising is indeed helpful for the customer and has the necessary shift of market power from sellers to buyer's hand. This innovative economy's customers have very diverse expectations than earlier. Company's understanding of the alteration and its capacity to take advantage from it intend to be crucial for the success. Web, Internet & emergent computing technologies have actually eased the business, by removing old-fashioned restrictions of time and locations, as a result generating newer and more virtual customers and suppliers' societies with new and effective mandate for the product and service. Overall, E-commerce is just a single portion of e-business. Formerly, companies' websites only showing the company products etc. then companies-initiated e-commerce as being the distribution channel in adding to the existing arrangement for sales that have eventually build an e-commerce arena.[10]

The word e-commerce or Electronic commerce entails of all the business actions done by using emergent electronic mode i.e., A computer network, which comprises leading business practices through the electronic media, by bringing the Information Technology (I.T.) into work, such as Electronic Data Interchange (EDI). Simply saying, E-commerce includes marketing of products and services over the Internet & World Wide Web (WWW). Customers buy anything straight from a car drive or a TV sitting restfully in the room and give it to the one sitting far away by a simple mouse click. For the distribution or the word, shipping is generally used for the delivery of the products ordered. Each & every leading businesses & firm now making their transaction electronically i.e. by a computer, and the computer is not left as just the concept but also capable of making the transaction fully automatic. Every commercial application now becoming in the shape of e-commerce and also one of the crucial features for carrying each transaction swiftly. This business world enclosed by extremely competitive and unpredictable market situations. Now any new idea or technology would be standard only if it delivers sturdy benefits to each and every stakeholder. E-commerce gives some distinct advantages as well-

**A. Portability/Handiness-Because** of its handiness and portability it improves the organization's basic mode of working.

**B. Market Share Enhancement-** Now e-market is being used by multiple customers at the equal time or we can say at the same time at various places. This enhances the scope of business at large.

**C. Supply Chain Combination Cycle-** Now every operation became dynamic and customer-centric. On the basis of transactions' nature led through e-commerce, most commercial activities of the internet can be largely categorized of groups like B2B, B2C, C2B, C2C, and G2B.

let's discuss few of the above-mentioned categories very briefly.

**1. Business to Business (B to B):** These transactions are done online between business to business.

**2. Business to Consumer (B to C):** These commercial transactions empower companies to get connected with their customers, make sales & service to their customers over the Internet.

**3. Consumer to Business (C to B):** In these transactions, consumers stipulate their necessity and the business attempts to fulfill them so the consumer can have the best of bargains and businesses have just competition.

**4. Consumer to consumer (C to C):** Through these transactions customer trade among themselves by way of auctions & bid. In Indian perspective it is not much common but its scope is gradually increasing with the upsurge of various social media tools.

**CRM and E-Commerce:** Full form of CRM is Customer Relationship Management. It's just a methodology which is actually used to learn more and more about the customers' need and behaviors for building & developing stronger associations with them. Numerous technological modules are there for the CRM, nonetheless prejudicing about CRM in mainly technological relations is a pure mistake. More valuable way to think of CRM as a procedure that will help take masses of pieces of information together is a complex strategy that supports companies comprehend, expect and accomplish the customer needs. The foremost agenda of CRM comprises bifurcating the group of a customer, as a result, to offer appropriate & differentiated services for each of these groups. Customers in-fact justify minimum a basic level of services, but more tactically sound customers deserve a greater level cluster services indeed. CRM is way beyond a bunch of technologies [12].

Additionally, it is proposed to be a recurring process to guarantee constant, frequently refined and reliable results. Basically, CRM includes the attainment and placement of information about their prospective customers to help the company to sell maximum possible of their offerings even efficiently and effectively. It is a well-organized method that allocates property investment to optimize the value of their customer. CRM confirms the channel with the accurate offer. The genuine or possible worth of separate customer relationship analytically directs the firm's marketing decisions about allocation of investment and its disbursement. The CRM, indeed signifies and enhances marketing activities. Overall through CRM, Specific customer relationships are prioritized and improved, application of channels is optimized, and each operation along with marketing contact is also optimized. Through CRM, an even balance of needs and values of a customer are attained. CRM makes businesses to try the technology, use human resources to achieve insight into the customer behaviour and value of those customers as well. E-CRM is a set of software and hardware, along with management's commitment. Generally, E-CRM can be of two kinds as of Operational and Analytical.

Working/operational E-CRM is given significance to customer touch points which may have contacts with customers over telephones as well as letters and e-mails. So, customer touch points may have some web centered e-mails, telephone calls, direct sales call & fax etc. Systematic/Analytical CRM is an assembly of data and is perceived as a continuous course. That needs technology to analyse customer's data. Key resolution in this would be to recognize and comprehend customers' demographics purchase pattern etc. just to generate new business opportunities that give importance to customers. An important and effective advantage of web grounded E-CRM is the quantity of information accessible to customers' web surfing. At times, this can be understood as a drawback of web-based E-CRM. Overall, we can anticipate that the prospect of web-based E-CRM is entirely in the hands of personalised and customized websites.

**Technology of E-CRM:** New technologies are being used to revolutionize the way of interaction between customers and enterprises and ultimately building lasting E-Commerce relationships. Numerous studies have observed into how online interface affects online based consumer behavior and the findings have been diversified. As new technologies arise for the majority of the usage in E-Commerce, it is of more importance to evaluate their effectiveness with respect to E-CRM. With respect to the technological point of view, several key research questions are being endorsed are:

- What is the impact of technology on service quality i.e. (reliability, responsiveness, assurance, empathy, tangibles)?
- How are the demographics going to interrelate with technology?
- Is the loyalty of customer transformed when networking with technology as compared to employees?

## LITERATURE REVIEW

e-CRM is a blend of software, hardware, application and management's commitment, also taking numerous forms depending upon the organizational objectives. It has 2 types: Analytical and Operational e-CRM. Analytical e-CRM is a collection of customer's data as a continuous process and operational e-CRM means the varied way of approaching to the customers by e-mails, fax, and phone etc. (Dyche, 2001) [5].

e-CRM is focused on attracting and possessing economically treasured customers and avoiding less profitable ones (Romano and Fjermestad, 2001)[14]. e-CRM is also committed for constructing loyalty and success, augmenting customer satisfaction, shortened procedures, lesser costs, improved vision and decision making of the organization (Reichheld, 1996[13]; Winer, 2001)[20].

e-CRM is also one of the modern technique businesses are adopting to upsurge and strengthen their marketing skills and competences (Alhaiou et al., 2009)[3]. e-CRM has been developed and became progressively popular as a Communication means and used as a relationship-building platform with the rising global diffusion of the Internet, (Lam et al., 2013)[11].

In today's contemporary and purely competitive business environment, e-CRM is blood for the success and better future of Indian businesses. With the help of big data, companies can comprehend and approximate customers' needs, wants and may satisfy them by creating customer-centric marketing plans that might help in making worth for customers, making available tailored products and services (Sheth et al., 2000)[17].

Internet and email being a part of electronic and interactive media, are also playing substantial part in operationalizing CRM and support effective customized information between the organization and customers (Kennedy, 2006)[9]. In fact, e-CRM has become a must-have for every organization to exist these days. It does not merely provide a competitive advantage but also lets customers to be in stake with the company from many places, being a result of internet's increased access points in modern days (Karami,2013)[8].

By means of technology along with optimizing interactions with customers, companies can make a 360-degree view of customers to study the past interactions and also to optimize future ones (Chen and Popovich, 2003)[4].

As it is clearly shown in the reviewed literature that most of them were conceptually revolving around e-CRM. Apart from them some literature also discussed about e-CRM's role in today's marketing scenario and had showed that how it has become so vital for the organizations to survive. In lieu of the above literature and taking other relevant literature as a supporting statement, this study shall throw light specifically on the e-CRM's role on e-commerce. Furthermore, this will also work over e-CRM's influence on modern booming e-commerce transactions and dealings. This will eventually make the study eligible to talk about the cream benefits of e-CRM that it gives to e-commerce arena or we can say online marketing as a whole.

## OBJECTIVES

- 1- To elaborate the role that Customer Relationship Management (CRM) plays in E-Commerce.
- 2- To analyse the impact & influence of Customer Relationship Management (CRM) over E-Commerce.
- 3- To find out the benefits that Customer Relationship Management (CRM) gives to E-Commerce.

## RESEARCH METHODOLOGY

This study is of a qualitative nature and generally describes the CRM's role and influence in the success of E-Commerce in today's technologically sound business era and also throws light on benefits that CRM gives to this electronic mode of Business and hence makes use of secondary data. The entire study is based only on observation and documentary analysis. Furthermore, the required & relevant secondary data are collected from various Research Papers, Journals, Publications & Websites of the various academic portals.

## FINDINGS

The finding part has been divided in three parts as per the objectives of the study. So, let's discuss it one by one.

### 1- Role of Customer Relationship Management (CRM) in E-Commerce.

By applying a decent CRM system, a company can simply access the market data that will let them serve the customers better. CRM is all about communicating with big data that is ever rising with the advancement of digital marketing and social platforms. CRM gives a 360-degree interpretation of the customers, shoppers and web browsers. The traders should use this data to examine the preferences and tastes of their customers of the various demographics and design a robust strategy. Let's see how the incorporation of CRM to B2C and B2B in E-Commerce space will help to push the small and medium businesses to greater elevations and also strive with the larger businesses.

**i- Loyalty Rewards-** Very often, retailers do have some kind of loyalty programs for the customers. To have superior retention tracking of customers and offer them incentives accordingly, they need to monitor the different ways they communicate with their customers. For all these events and programs CRM is required.

**ii- Assimilation and Smooth Execution-** All principal CRM systems can be assimilated with third-party software. Thus, you can plan your system to share data between accounting as well as banking records, suppliers, contractors and many more. A properly fixed CRM will make seamless logistics, unified product handling, accurate payment tracking as well as refund processes. With numerous systems, you can extract all data into customer relationship management and have the capacity to have a single console to regulate the workflow.

**iii- Advanced control over vital data-** CRM permits quick access to important data related to all customers such as their address, delivery data, purchases, mode of payment, refunds etc. with CRM, it's easy to record all the communication as well as contact with customers in a very short span of time.

**iv- Integrated tracking and structured storage -** CRM lets users gain access to anything and everything and pinpoint all available data from a prime location. The plus point of CRM is that it becomes very simple to monitor customers even after the sales process. Now you can know if the customer is actually satisfied or not with the product or service. Complaints can also be registered and consolidated online. Based on customer purchase history and data related to his/her preferences retailer can offer products or services personalized to his/her likings.

**v- Future orientation-** CRM empowers follow up reminders and have the knack to dispatch emails at arranged intervals. The software boosts cross-selling as well as up-selling hence boosting the customer retention ratio. CRM systems are not static at all, they are regularly being restructured and improved to successfully meet current and future business needs.

## **2- Impact & influence of Customer Relationship Management (CRM) over E-Commerce.**

CRM observes customers as a vital strength of the organization and preserving the relationship of the customer is an essential course of a business. Business who succeed in retaining its customers is even five times extra profitable. CRM effects and gives a positive impact on E-Commerce by adopting following techniques.

**i- Stylish and designed website-** What is more annoying for a customer than complex, un-user-friendly websites? Customers may visit your website suggested by search engines or driven by other links from websites. When a customer is upset with the website and is unable to find what they were searching for, it is most likely that they would not visit again in the future. So, to have a good retention ratio, you must have the most user-friendly website.

**ii- Permission/Consent marketing-** Shaping a good relationship with customers, it is recommended that seller must firstly request for their consent before that they offer more info about the products. Opt-in email is a good example. In this type of emails, prospective customers give their permission to the company before the company directs them emails about the information on numerous products.

**iii- Database management and marketing-** Naturally, customer loves to feel being valued or esteemed by the organization. E-business can provide this kind of service by using a skill named as database marketing. The company gathers data from customers and summarize those data under the database of the company. Now, this information is ready to be used for structuring a good relationship with customers. Here a perfect example of the same is, Amazon.com uses its profile of the customers to endorse those books which are measured fit for its customers. Endorsements are actually made principled on the information given by customers telling what are their book preferences.

**iv- Online community and blogs-** Building and Maintaining relationship is a cooperative process, customers want to be heard as significantly as they have already heard of the company.

The online community, like web blogs or forums, makes customer able to freely share their views and suggestions that are very crucial for business development. As soon as soon customers start feeling being heard and appreciated, they start to visit and return to the desired website again in the future.

## **3- Benefits of Customer Relationship Management (CRM) to E-Commerce.**

There are various benefits that CRM gives to the E-Commerce. Eventually, it can be viewed from two perspectives like Customers Perspective & Banking Perspective. Let's discuss both points in brief detail.

**A- Customers Perspective-** CRM gives following benefits to customers in E-Commerce.

**i- Communication to Customers and their Satisfaction-** According to Harris (2004)[6], E-CRM makes customers to have any service available anytime round the year and seller can also assist the customer in any way he/she requires and give away any information about the company's product or service, on the basis of the previous permission when the customer was browsing over pages at the Sellers's website. The E-CRM also upholds long lasting relationship with customers with given that trust, integrity and friendship.

**ii- Processing Speed of the transaction via e-response-** According to Jason et. al. (2006)[7], e-responses or e-feedbacks are being widely used by businesses to acknowledge receipt of instructions, payment and information's delivery as well. Various companies have reformed the mark time to 24 from 48 hours by the way of E-CRM as customers are now being able to visit the company's website at their own prescribed time. It is also emphasized that the character of e-responses supports to build up the relationship between the learner and customer.

**iii- Improved quality of service-** Taylor (2009)[18] says that the main prospects of service quality are reliability, empathy, performance receptiveness, excellence, and assurance. Additionally, bringing high-quality services is a way company succeed in advancing and progressing their relationships with customers. Bringing great quality services is a condition for achieving customer satisfaction and only customer satisfaction can increase the company's loyal and dedicated customers. Furthermore, numerous of the quality magnitudes of supposed E-CRM are new and most are linked with technology: navigation easiness, suppleness, effectiveness, site features and knowledge of price etc.

**iv- Ease of access and confidence-** Conveniences and confidence or trust both plays an energetic role for choosing a company or organization and if the consumers are not happy with the accessibilities, it only takes a little time of customer to switch over between the organization. According to Sharp, D. E. [16] with the speedy increasing knowledge and advantage of the customer's e-retailer are now trying to persuade customers giving facilities like easy user interface, promotional offers on sales, EMI purchase, convenience, friendliness and faster responsiveness.

**B- Banking Perspective-** From the view of banking facilities, the following benefits are being given by the CRM to E-Commerce.

**I- Personalized services-** Every interaction with the customer is an opportunity to figure out a strong association between business and customer. As per Adebajo (2003)[1], Customization can be defined as serving the sole requirements of individual customers. Giving interactive and friendly customer conversations may become the reason that organization can progress those individual customer relationships. The main thing here is to recognize the needs of the customer and provide the best possible answer that makes it a quality service to the customers because today's customers are now becoming choosier and the success is based primarily on tailored services.

**ii- Enhanced relationship with customers-** To build a long-term dealing, organizations are required to be in steady touch on regular basis. According to Shanmugam (2004)[15], once the organization attains the customers and is able to have them enduringly forever, then only it infers that the customer becomes extra dedicated and making a good use of services of the organization.

**iii- Authenticity of transactions and its security-** According to Albrecht Enders (2008)[2], J. T. security and safety is the major issue and obstacle to internet transactions. So, it is important that companies' websites must have been able for sufficient privacy declarations and a clarification of security procedures and also to train the customers about the unofficial and unauthorised users like hackers. Though, it is noble that businesses are also trying hard to guarantee secure payments on the internet by using newest technologies like encryption and firewalls.

**iv- Email for business communications-** As per the Venugopal(2008) [19], as email is the comparatively cheaper and faster way used to socialize information like sending confirmations orders, update on transactions, endorsing new services and responding to enquiries from the customers. Because a large number of emails are needed to customers, organizations have applied computerized/automated emails systems. emails may also cover the reviews, responses and any edited contacts by providing all these E-CRM bringing a connection between the seller and customer over email business communication.

## CONCLUSIONS

Internet has not only been a means of communication rather a backbone for the conduction of e-commerce transactions globally. More than 30 years ago, a novel world of electronic communication known as the internet emerged on the horizon. Today, this new electronic world is not limited to



boundaries but far ahead itself, it is here connecting us and stimulating every concept of the detached horizon in time and space. Along with the same rapid leap, the growth of e-commerce is carrying world into quicker, closer reach for numerous businesses, altering strategic vision, and their processes and operations.

As we are also well versed about the unlimited spread and scope of internet and its compliance to the business operations in contemporary business world, days are not far ahead when people or customers over e-CRM interferences will get each and every product/service tailored to the smallest details.

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