

An Analytical Study on Industry Perceptions on eCRM

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Abstract

Electronic Customer Relationship Management (eCRM), a strategy that leverages very advanced technologies, is the way to cut through the 21st century business chase. We experience eCRM ourselves everyday. Dinning at a favorite restaurant or taking our car in for a service is an interaction with a business that leaves us with an experience. Long-term relationships with customers are more important than short-term relationships. Long-term relationships, which rely on commitment and trust which in turn, lead to longer streams of revenue. Short-term customer acquisition programs, where the customers come and go, are normally more expensive to maintain. eCRM strives to identify customers that provide the greatest return to the company, and to optimize relationships with those customers. Truly loyal customers form a market share base that is unassailable to the competition.

Introduction

CustomerAsset.com is a global eCRM company providing customer interaction and database management services to e-businesses in the US, UK and India. Headquartered in Bangalore, India, CustomerAsset.com's services run the entire gamut of the eCRM spectrum including inbound and outbound customer interaction management, data mining, and campaign planning and fulfillment (<http://findarticles.com>).

As changes are inevitable, marketing environment has also been changing and the developments in information technology gave scope for innovations in retaining customers on one side and maintaining cordial relationships with the customers (Burke *et al.*, 1999). Customer relationship management (CRM) has become an essential and vital function of marketing (Bose, 2002). Electronic Customer Relationship Management, or

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eCRM, is an information technology industry term for methodologies, strategies, software, and other web-based capabilities that help an enterprise organize and manage customer relationships. In other words, eCRM is about people, process and technology and these are key paramount to success (Rosen.K, 2000). eCRM is described as combination of software, hardware, application and management commitment to improve customer service, develop a relationship and retain valuable customers and this motivates valuable customers remain loyal with the enhanced features of eCRM, 'e' makes the huge difference(Dyche, 2001). eCRM is the design, communication and use of information to ensure that customers grow more and more confidence, trust and sense of personal value in their relationship with the company. The increased customer loyalty, information accumulated by eCRM system helps organizations to identify the actual input cost of winning and retaining long lasting relationships with customers (Scullin *et al.*, 2002). AVIVA Life Insurance has made its mark in the Indian insurance industry in just two years. It has been aided in this endeavor by the deployment of Talisma's e-CRM suite that has helped it launch new products and services to differentiate

itself from competitors ([http://www . expresscomputeronline.com](http://www.expresscomputeronline.com)).

Benefits for Aviva

- Aviva's entire sales and marketing operations have been integrated through the deployment of the e-CRM suite. The customer service team at Aviva has successfully leveraged it to provide superior service across multiple channels.
- Aviva can share real-time customer information across its customer-facing departments across locations.
- It has facilitated the timely analysis of the company's sales and marketing initiatives, thus helping Aviva modify its products and services to the tastes and requirements of customers.

Source:<http://www.expresscomputeronline.com>

Strategic eCRM solutions can enable enterprises to grow profitably by acquiring new customers, developing these customers to their full profit potential and retaining these profitable customers indefinitely. eCRM providing cost savings, opportunities, and threats drive action and innovation even in conservative banks (Haverty, 1998). The major benefits derived

by the organizations by the use of eCRM package are; relationship with the customers, use of email for business communication, personalized or one to one services, website to market products or services and transaction security (Sims, 2000). Similarly, the major benefits of eCRM to customers are; interaction with customers and satisfaction, convenience, transactions are processed fast through e-Response, more service quality and trust (Mohini Singh, 2002).

Last but not least, many eCRM initiatives fail because they do not “start with the end in mind”. These initiatives are not initiated in the context of a fully developed eCRM future-state vision and strategy.

Objective

The primary objective of the study was to obtain the perception of users as well non-

users of eCRM from different types of organizations, different backgrounds, different type of internal working models and their different business priorities.

Methodology

The methodology for the study is adopted as follows:

Sample Size

The need of eCRM is relatively found to be more in banking and finance, health care and hospitality and travel, retailers and distributors. Hence those business units are concentrated for the study. The sample size of banking and financial institutions, Healthcare, Hospitality and Travel, Retailers and Distributors in the city of Hyderabad is as follows:

Table 1 Sample Size – Distribution

S. No.	Category of the industry	Sample Size	Percentage
1.	Banking & Finance (Group-1)	42	35
2.	Health Care (Group-2)	12	10
3.	Hospitality (Group-3)	12	10
4.	Travel & Tour (Group-4)	13	11
5.	Retailers & Distributors (Group-5)	41	34
	Total	120	100

Questionnaire

The Questionnaire was prepared in accordance with the primary objective of the study that is, obtaining the observations of users and non-users of eCRM; it was simple, short and concise and tested. Based on the pilot study, the instrument was finalized and prepared after close discussions with the respondents by the use of closed-ended questions. Through discussion five critical aspects are identified, namely, a) Vendor Company & Its Reputation (C1), b) Cost of the E-CRM (C2), c) Features in the E-CRM (C3), d) Implementation of E-CRMs (C4) and e) Timely After Sales Software Support (C5) and the opinions of the respondents on the eCRM what they were using were collected in a five point scale.

Data collection & sources

Data collected for the research is predominantly primary data, and was collected with the help of drop in questionnaire accompanied by a pre-survey letters addressed to the respective respondents requesting their participation in filling the questionnaire. The respondents were those using the eCRM package and their superiors looking after the CRM section. The secondary data was also referred to

understand the concept of eCRM and its merits and demerits to the users of the software, namely business organizations on one hand and on the other, the customers. Further a brief literature review also was done and included in introduction part of this study.

Statistical tools

The data collected was scrutinized thoroughly and classified and tabulated in accordance with the objectives of the study. The data were analyzed in percentages, average scores and by assigning ranks to draw valid interpretations. Further, ANOVA one-way is applied to test a hypothesis whether the order of preference as for as critical aspects to decide eCRM differs among the categories of the customers.

Hypothesis

The preference of critical aspects identified for eCRM rated significantly different by a different category of customer-respondents, which could imply nature of the business of the customer respondents affects the preference of the critical aspects for accepting eCRM package.

Limitations of the study

The study is restricted to twin cities only and hence the findings cannot be generalized.

Findings

The following are the findings of the study

As per the table1, 35 percent respondents belong to Banking and Finance sectors followed by retailers and distributors (34

percent), travel and tour (11 percent), health care and hospitality (10 percent each). In other words, around 70 percent of the respondents are from banking, finance, retailers and distributors. The respondents from healthcare, hospitality and travel are in 30 percent.

As per the Table 2, 79 percent of the respondents are users of eCRM, whereas 21 percent are non users.

Table 2 Users and Non-users of eCRM

S. No.	Category of the industry	Respondents	Percentage
1.	Users	94	79
2.	Non-users	26	21
	Total	120	100

This implies that the users represent significant size of the sample.

Further the users and non-users of eCRM are classified and presented in table 3.

Table 3 Users and Non-users of eCRM – Customer Category

S. No.	Category of the industry	Users	Non-users	Total
1.	Banking & Finance (Group-1)	36 (86)	6 (14)	42
2.	Health Care (Group-2)	8 (67)	4 (33)	12
3.	Hospitality (Group-3)	7 (58)	5 (42)	12
4.	Travel & Tour (Group-4)	10 (77)	3 (23)	13
5.	Retailers & Distributors (Group-5)	33 (80)	8 (20)	41
	Total	94 (79)	26 (21)	120

Figures in parentheses are percentages

It is observed that more than 70 percent of the users of eCRM are found in banking and finance, retailers and distributors and travel and tour groups.

The feedback of the respondents who use the eCRM software is analyzed and presented in the Table 4. It is observed that 67 percent of the respondents are impressed by the package and followed by 27 percent favorable, 3 percent unfavorable and 3 percent can't say.

Table 4 Feedback of the users of eCRM

S. No.	Category of the industry	Users n1 = 94	Percentage
1.	Impressed	63	67
2.	Favorable	25	27
3.	Unfavorable	3	3
4.	Can't say	3	3
	Total	94	100

This implies that majority of the eCRM user-respondents (67 percent impressed + 27 percent favorable) is positive towards eCRM package.

Further to investigate whether there is any variation in the feedback among the different category of customers, the data on feedback is classified and presented in the table 5.

Table 5 Feedback of the users of eCRM – Customer Categories

S. No.	Category of the industry	Impressed	Favorable	Unfavorable	Can't say	Users n1= 94
1.	Banking & Finance(Group-1)	23 (64)	12 (33)	1	0	36 (86)
2.	Health Care (Group-2)	6 (75)	1	0	1	8 (67)

3.	Hospitality (Group-3)	5 (71)	1	0	1	7 (58)
4.	Travel & Tour (Group-4)	7 (70)	1	1	1	10 (77)
5.	Retailers & Distributors (Group-5)	22 (67)	10 (30)	1	0	33 (80)
	Total	63 (67)	25 (27)	3 (3)	3 (3)	94 (79)

Figures in parentheses are percentages

It is disclosed that majority of the user-respondents have from all the categories is positive to eCRM.

In the following table, Model 1, an on site eCRM model developed with the help of live information and Model 2 is an eCRM model, which is a customizable software application. As per the table 6, 94 percent of the respondents favored model 1 whereas only 6 percent of the respondents favored model 2.

Table 6 Respondents' opinion on two models

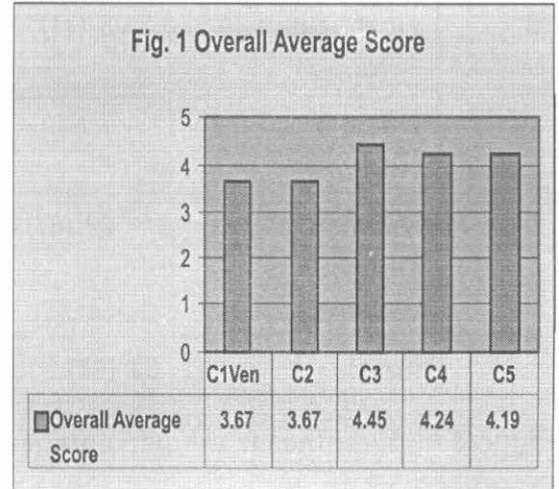
S. No.	Model	Respondents in favor (n1 = 94)	Percentage
1.	Model - I	88	94
2.	Model - II	6	6
	Total	94	100

It is interpreted that majority of the user-respondents is in favor of the Model-I.

Overall ranking for the critical aspects (C1; Vendor Company & Its Reputation, C2; Cost of the E-CRM, C3; Features in the E-CRM, C4; Implementation of E-CRMs and C5; Timely After Sales Software Support) for all the groups is computed and presented in the table 2 as follows:

**Table 6 Overall ranking
 (Group 1 + Group 2 + Group 3 +
 Group 4 + Group 5)**

Critical Aspects	Overall Total Score	Overall Average Score	Overall Rank ing
C1	221	3.67	4
C2	221	3.67	4
C3	274	4.45	1
C4	268	4.24	2
C5	249	4.19	3



The above figure and table shows the C3 is ranked no.1, followed by C4, C5, C1 and C2 respectively on the overall ranking.

It is further classified in accordance with the customer-category, to see if there is variation in the overall ranking, and presented in the table 7

Table 7 Overall Average Scores– Customer Categories

S. No.	Category of the industry	C1 Vendor Company & Its reputation	C2 Cost of the E-CRM	C3 Features in the E-CRM	C4 Impleme ntation of eCRM	C5 Timely after sales software support
1.	Banking & Finance (Group-1)	3.56	3.48	4.95	4.35	4.32
2.	Health Care (Group-2)	3.61	3.61	4.52	4.25	4.29
3.	Hospitality (Group-3)	3.54	3.29	4.69	4.39	4.25

4.	Travel & Tour (Group-4)	3.51	3.56	4.85	4.68	4.22
5.	Retailers & Distributors (Group-5)	3.39	3.42	4.92	4.67	4.16

It is observed that apparently there is no variation among the customer categories about their order of preference on the critical aspects as for as eCRM package concerned. However, ANOVA (Analysis of variance - one-way) test is applied at 5 percent level of significance to find whether there is difference as follows:

Ho: there is no significant difference in the average scores assigned to the critical aspects among the categories of the customers

H1: there is significant difference in the average scores assigned to the critical aspects among the categories of the customers

Significance level is assumed 5 percent

Confidence level is 95 percent

Degrees of freedom: numerator = 4

and denominator = 20

F ratio is 0.04156 Critical value is 2.87

As F ratio is less than the critical value, the null hypothesis is accepted. This implies that the order of preference on the

critical aspects does not differ significantly among the customer categories. This confirms the order of preference as for as critical aspects to decide eCRM is same for all categories of customers.

Implications of the Study

The following are the implications of the study:

The company management has to focus on its training on the marketing force in order to make the model 1 very successful. In the findings it is revealed that customer classification and preference giving same priorities about the critical aspects, therefore features of eCRM (as it is rated number one) can be developed further with latest features to suit exactly the needs of market. Besides, in this dynamic, competitive and technological business world every company should look for GCTC (getting closer to the customer) and e-CRM helps very much in this respect to build image and reputation for the company.

Conclusion

Today's business world depends on eCRM. The managers of eCRM must develop and implement a strategy-first approach to their initiatives. It should be noted that a strategy-first approach can only be effective if it is supported by a strong business case and is connected to focus business objectives and is sponsored by cross functional leadership.

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