Effect of Electronic-Customer Relationship Management (e-CRM) on Business Organisations

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Abstract: *Over the last decade (2000-date), the internet phenomenon has continued to present certain advantages which have slowly changed the entire business world and its methods. The internet has become a means for both firms and customers to conduct their businesses. Electronic customer relationship management (e-CRM) presents a managerial approach that enables businessorganisations to identify, attract, and increase the retention of profitable customers online. The main objective of the study is to identify the potential difficulties of managing e-CRM in business organisations. Through a conventional content analysis, the study identified potential challenge of e-CRM and strategies to manage them. It was found that the most iterated challenge of e-CRMis the ability to secure company and customer information from theft, fraud and publishing. This builds trust within the customers and earns the company a remarkable reputation. The paper concluded that e-CRM can be cost effective for both small and large companies in terms of large customer coverage and reduced use of human and physical resources. It was also established that e-CRM alone is insufficient in managing customer relation. It needs to be complemented with other channels such as face-to-face and telecommunication interface.*
Keywords: Electronic Customer relationship (e-CRM)

1. Introduction

It is evident that increasing amount of everyday activities can now be carried out through the internet - from purchasing and online banking to promotional campaigns and establishing business relations. Kotler, *et al*., (2008) view this as a global phenomenon that has entirely changed the way of doing business. According to Internet world statistics (2013) the internet users worldwide have reached about 2.4 billion by June 2012. This number of usersmeans people are going to web not only to seek for information but also for reasons such as purchasing, communal payments, managing funds, establishing relations with business partners**.**eMarketer (2013), forecast has been made that over $1.298 trillion worth of products and services should have been purchased by the end of 2013.

E-commerce has not only changed the way we transact but has also created new business. The potential increase of e-business worldwide is a growing phenomenon; the internet is becoming a means for both firms and customers to conduct their business. The widespread of computer ownership and the continuous improvement of internet access have led to an increase in the use of the internet, thereby allowing business to use this mediumto conduct their business in an electronic way.Thus, it is expected that the e-business will become a universal medium for exchanging products and services.

The above argument has maintained where the whole business interface is heading to. A lot of companies have set up or are on their way toset up their business through the internet. In brick and mortar businesses customer relationship management (CRM) basically has to do with the traditional way of doing business where there is contact between the customer and employees but in electronic customer relationship management (e-CRM) there is reduced contact or no such contact, The uniqueness of the platform of e-CRM is that customers have an established contact and a 24- hour service, 7 days a week contact with their company, this close contact could result to loyalty for the company's brand. The importance of e-CRM in managing customer relations cannot be overemphasised because of the important role e-CRM plays in managing customer relation seen in creating and retention of customers which may grow intoloyalty. Thus it is important for organisation to not only embark on using e-CRM but understand fully howto get the maximum of e-CRM.

Many have studied e-CRM looking at the dimension of security (Batchford 2003,Scullins et al 2002, Aileenk 2006) problem of consistency (Ozok et al 2007), managing the channels (Gottshalk 2000), Database (Gottshalk 2000 Bergeron 2002), employee training and retention (Buttle 2009). To the best of our knowledge there are no studies in Nigeria that researched on the concept of e-CRM by looking at the entire dimension above. This study is aimed at researching the concept using all of the dimensions above.The aim of this study is to identify the potential difficulties of e-CRM in any organisation and how to manage these difficulties.

2. Literature review

This section provides an overview of Customer relationship management and electronic customer relationship management; it also discusses the major concepts in both CRM and e-CRM. Challenges of Managing the e-CRM would also be discussed.

2.1 CRM and e-CRM

One view on customer relationship management (CRM) is as a comprehensive business and marketing strategy that integrates technology, process and all business activities towards the customer (Feinberg, *et al.*, 2002). Similar view is shared by Bradshaw and Brash (2001), who see CRM as a management approach that enables organisation to identify, attract and increase retention of profitable customer by managing relationships with them.

Ozok, *et al.*, (2007) and Buttle, (2009), present a more customer-orientated definition. In their opinion, CRM is an integrated information system that is used for all activities of an organisation in order to improve customer acquisition and retention. They maintain that the primary focus of CRM is long term growth and profitability through a better understanding of customers' behaviour. Ozok*et al* (2007) also add that CRM does not only deal with the retention of customers but also with motivating them to talk positively about the company and its products and services. From this perspective CRM has to do with contributing to building the image of the company and how it is going to be positioned in (potential) customers' minds.Winer (2001), views CRM in a broader and philosophical way. He considers it as an essential part of marketing strategy, calling it the new mantra of marketing. In his perception, contemporary CRM has shifted the traditional focus of marketing from acquiring new customers to retaining them. This implies a continuous dynamic process of managing customer relationships in order for the customers to continue commercial exchange with the company (Bergeron, 2002). Based on the above, in my opinion CRM can then be defined as a management approach using technology which enables organisations not only to retain and also acquire new customers but to make them commercially active.

According to Feinberg *et al*, (2002) electronic customer relationship management (e-CRM) is part of company's comprehensive business and marketing strategy, which is enabled through the use of the internet. They point out the importance of e-CRM is its cost efficiency and ease of managing customer relationship through the web. In addition Bergeron (2002), describes the tools of reaching customers (Internet based customer touch points) such as E-mail, online advertisement and other e-commerce activities.A more detailed definition of e-CRM is provided by Fjermestad and RomanoJr (2003) who assert that e-CRM is a combination of hardware, software, processes, applications and management commitment. This view implies attracting and keeping economical valuable customer while repelling and eliminating those that are unprofitable. A problematic issue in this interpretation of e-CRM is the focus only on economical valuable customers. This neglects other potential customers and leaves the process of attracting new ones vague.

Therefore, it can then be summarised that e-CRM comprises of what CRM offers, but this are offered through the internet (e-mail, online advertisement and so forth).Despite that CRM and e-CRM are two separate terms; still opposing opinions can be found of whether they are similar or different. Pan and Lee (2003) opine that CRM and e-CRM are different. They have summarised the differences in three main areas, and these are customer data, analysis of customer characteristics and customer service. In relation to customer data, they have identified that both CRM and e-CRM have to do with data warehouse which include customer information, transaction history and products information. However, e-CRM data analysis additionally includes click stream and content information.

Another difference they point out is that through e-CRM a more comprehensive analysis of customer characteristics can be made by tracking shopping cart, identifying pattern in visited websites, and so forth. Finally, in relation to customer service, CRM is much more limited in terms of real time service and access to customers. e-CRM on the other hand can provide in time service and thanks to its availability online, it can be accessed at anytime from anywhere.Many may find it reasonable to differentiate CRM and e-CRM. However, some believe that the two terms stand for the same thing. Such an understanding is provided by Bradshaw and Brash (2001), who believe that CRM and e-CRM could be described as the same. The reason behind this lays in their understanding of CRM as a managerial approach (as mentioned above). Looking at it this way, the definition does not mention any particular means of communication or channels, whether traditional or new which is why they cannot be differentiated.

3.0 Challenges of managing e-CRM

One of the main issues in establishing and maintaining customer relations through the internet is the level of security for both customers and companies. Batchford (2003) posits that security concern is a major hindrance to businesses in e-commerce. People tend to see the web as a less secure channel than buying/selling at the traditional physical markets. This is why companies should be able to provide their customers safety by securing their personal information and details, and should spend considerable time, attention, efforts and funds to make themselves a trustworthy and safe-to-shop company. One of the major problems a web-based company can face is securing financial transactions and customers' debit and credit card details, together with faulty or mirrored websites which can mislead and deceive customers (Batchford, 2003). Ozok,*et al*, (2007) in their research proved that the expectation of the customer concerning security issues is very high. This is also linked to their expectation of on-line. This however, makes security the main priority in choosing a company to transact business with. The consequences of a poor security system can lead to damaging company's name and losing customers' trust (Srinivasan, 2004), which inevitably will affect the financial performance of the company. The ease of entering the electronic market makes the threat of potential and actual competition very high. Thus, with a low level of security, a company is most likely to start losing its customers, who would prefer to switch to a more reliable and trustworthy website (company).

Another challenge in e-CRM is the processing and management of the huge database and the cost of archiving this data (Bergeron, 2002). e-CRM allows acquiring various information about customers and their purchase behaviour. However, the more data is collected, the more efforts on its processing is needed. This technical aspect of e-CRM is directly related to the requirements for additional workforce and costs of data management and storage. Companies need to ensure the data analysis is running smoothly and timely, without slowing down or hampering their operations.

Additionally a challenge for the business, according to Bradshaw and Brash (2001), is when companies treat the web as the only channel to operate their business in. What they suggest is that, except for a well designed web page, companies need the traditional front and back office systems to make the overall function successful. The idea of the scholars implies that e-CRM activities should be backed up by the good level of operation of the other functional departments in order to provide an overall high customers' satisfaction. In other words, Bradshaw and Brash's (2001) view on e-CRM is as a (preferably) interrelated with front and back office activities to provide a positive overall shopping experience.

One aspect of the choice of only one channel to conduct business is the risk of losing potential customers. Harrigan*et al* (2009), indicates that there exist a strong customers' preferences in face to face relationship between customer and company. Doing business through the internet may be a barrier for people who still haven't adapted to the fast developing digital world and may prefer the traditional way of buying from a physical store. From this perspective Harrigan*et al* (2009), recommends companies to focus on more than one channel for conducting their business. They add that companies “must be aware of the range of customer preferences and should devise a unique strategy establishing both for whom and in what circumstances internet technologies can improve CRM". However, this might be problematic for small and medium companies due to their smaller resources and investment capabilities.

Furthermore, from a corporate cultural perspective, challenge can be found in the employee motivation and training requirements in the use of e-CRM tools. This idea is proposed by Bergeron (2002) who says that employees may feel threatened by the prospect of losing their jobs due to the requirement of new technological skills. This can affect their motivation. The scholar also argues that training is costly for companies. It may be problematic if there is a high turnover of employees and, respectively, it would be difficult to maintain trained staff. This challenge can be applicable for brick-and-mortar companies that decided to start doing their business online. Since it is a new company that initially starts its business online, a brick-and-mortar company would need to adapt their staff to a new way of operating. This means changing the requirements for the employees and the skills needed to work with the new software.

A relatively unexplored issue among the challenges in e-CRM is the issue of consistency in customer treatment. Ozok*et al.*, (2007) examined consistency and its importance in e-CRM. According to them consistency implies treating customers in the same way – before, during and after the purchase. This includes consistency in providing price quotes, timely and accurate information for products and their availability, products variety, guarantees, safety and fraud protection, and so forth. The scholars make a distinction between consistent treatment and positive treatment. They clarify that a company can treat its customers differently and still achieve high customer satisfaction.

Both being and not being consistent has its rationales, which makes the issue of consistency and its implementation so difficult. Ozok and his colleagues (Ozok*et al.*, 2007) provide proofs with their research that people expect to be treated equally-fairly and receive equal level of good service. However, as the scholars note, there is a positive effect in the non-consistent (non-equal) treatment. This can be explained with the fact that people like to be addressed and recognised as individuals and be provided personalized service and shopping experience. This places a dilemma for companies of whether to implement consistency in their e-CRM or rather stay on the other side, providing tailored service for each customer.

4. Methodology

The researcher adopted conventional content analysis using secondary sources. Content analysis is a widely used qualitative approach. Conventional content analysis is when the researcher code directly from the text data (Hsieh and Shannon 2005). These sources consist of published documents such as journal articles, books and online sources that are relevant to e-CRM and the challenges organisation face while implementing it. Information obtained through these sources was carefully assessed so as to find its relevance and importance to the area being researched. The issue of population and sample are of less concern since we adopted the use of conventional content analysis as suggested and used by Scullins et al (2002), Alim&Ozuew (2014) and Grover (2011).

5.1 Results and Discussions

The most iterated challenges of managing e-CRM are security, consistency, managing channels, the huge database, thus this section analyses these challenges and how they affects organisations.

5.2 Security

Security is an essential part of doing business on the internet. Hence, as stated earlier, it would be of great concern if a company has low level of security. Thus, low security levels can result in losing trust in the company and consequently losing current or potential customer and sales.

According toGottshalk (2000), security should be ensured in several areas, one of which should be the security of information shared between the company and the customer. This information could comprise of card details, transaction details and other financial or personal information that should remain confidential. This area is very important for customers as proved by Ozok*et al.* (2007) research on customer perception and behaviour. The issue for security comes from one of the main characteristics of e-commerce, namely the missing face-to-face interaction with the company. This makes customers more cautious when it comes to purchasing online, especially if it is an unfamiliar or new company (website). That is the reason companies need to make sure they provide the needed safety for their customers and also have perceived reputation as a trustworthy company. Or, as Scullins*et al.* (2002) state, a company should inspire trust in the mindset of their customer that their company is secured. This is done through the use of authentication, non repudiation, automated clearing house or 128 bit data encryption.

From a company's perspective, security of the network and the programming model is also very essential. Without securing their website, these could leave the company vulnerable to hackers and phishing (look alike site). Based on a study by Meridien, fraud detection technology has slashed two thirds of internet fraud (Scullins*et al.,* 2002). Thus, it is necessary for companies to get this technology so as to secure not only information shared but the network and programming model. Security issues could make customers lose confidence in the company and make them switch to another company since the cost of switching in online environment is very low. It is easy to switch with a click.

Even though companies provide secure environment for transaction, they still point out the risks associated with transacting with them.Amazon, an internet shopping company provides a list of potential security issues for their customers so as not to be tricked by fraudsters (www.amazon.co.uk). This shows the concern of the company for their client and provokes their awareness and self-care to be cautious when purchasing online (despite the security provided by the website). Again, this involves customers in the process of protecting and securing their online experience. This point out that security would still continue to be an issue for both customer and company even after providing facilities to reduce or prevent them.

5.3 Consistency

Consistency is a less explored part of e-CRM and it is a challenge for most companies to consider when it comes to treating their customer. Consistency has to do with treating customers in the same manner for all company's activities. It is necessary for companies to understand that treating a customer in a fair or positive manner does not prove that a company is consistent (Ozok*et al.,* 2007).

Companies may choose to be fair to all customers but in a different manner, meaning not consistent. Ozok*et al* (2007), present a guideline for companies to follow if they choose to be consistent. This guideline has to do with being consistent in presenting promotion, providing accurate and timely "in stock" information, equal amount of protection, equal guarantees and a consistent return policies. The main question for companies is whether they need to be consistent in all of their activities or not. This decision is important because of its future impact on customers. Some customers expect to be treated equally fairly while others may choose to be treated differently, in a more personalised manner.

Any strategy a company chooses may tend to be successful. However, it is necessary for companies to consider being consistent in providing some activities. Security, as discussed, is very important for the success of the company, as such it is important for the company to provide equal protection for all their customers, irrespective of what is offered to the customers.

Bradshaw and Brash (2001) posit that rather than being uniform (consistent) as a misconception, a company should provide an actively managed consistency. This, as argued above means the company may choose to be consistent in providing some activities but might choose to be different in others.

5.4 Managing channels

Treating the web as the only channel for conducting customer relations is an important area companies need to consider. As pointed out earlier companies need to put in effort both in front and back office functions. This would create more touch points for the company to gather more information and reach more customers. Furthermore, some customers are still more comfortable with the brick-and-mortar companies. Hence, companies may need to consider that some customers would prefer to be contacted through other non electronic channels.

Scullins*et al.*, (2002) mention that companies conducting business online require the use of e-CRM for managing their customers who are online. However, Aileen (2006) asserts that it is advisable for companies (both small and large) to treat their customers through whatever channel they prefer. This would create a better customer relationship between customers and company. All companies (small and large) should find means of reaching and managing their customer's through the channel which is most appropriate to them and their customers.

5.5 Database

Another challenge for e-CRM is the processing, management and cost of handling the huge database. This database helps a company in understanding the behaviour of their customers and what to expect from them. However, this technology might lack the human experience and knowledge to recognise what is important and what is not. This could account for the huge data being collected. The cost of archiving this data is a challenge, but from a customer point of view, the huge database cause alarm for privacy issues. The software company was gathering far more personal data about their customers than what the company communicates to its customers. Although, this is basically an investigation, customers are wary on what data the software gathers and to what the company is using their personal data for. It is necessary for companies not only to make it clear on the data being gathered by them, but also what this data is to be used for. This would ease customers concern in relation to the amount of information required from them.

5.6 Employee training and retention

Training is an important aspect for employees because it helps in coping with the fast changing technology. Although, training might be costly for companies, it is essential for both the company and its employees in order to be abreast. Retention of employees also becomes a challenge for companies after the employees are trained. In a research cited in Notes and News (2003) it was noticed that a lot of employees after being recruited and trained, were leaving the job in less than four years. This prompted P.A Consulting Group to research on how to reduce the number of turnover. This was done and achieved by training of the employees and also by giving them the opportunity to develop through mentoring, coaching, learning through deputising and so forth.

The findings of this study conforms with the contribution of Scullins et al (2002), Ozok et al (2007), Fjermestad& Romano (2003), Alim, &Ozuew (2014),Harrigan et al (2009), Bradshaw & Brash (2001).

6.0 Conclusion and Recommendations

6.1 Conclusion

The internet is fast becoming the only shop for most companies. With statistics showing about $1.298 trillion, it is evident that companies need to adapt to this fast changing phenomena. Thus managing these large databases of customers needs technology; as such companies need CRM but even much better e-CRM. e-CRM is viewed by many as a management approach by using technology which enables organisations to retain, acquire new customers. The advantages of these technologies include customer's ability to access a company's information from any part of the world, make complaints and make payments to these companies.

The most iterated challenge of e-CRM is security; customers find it very difficult to trust a new company or even an established company because of the information shared. Theft, fraud and Phishing are the major concerns for customers as regards to sharing their information even if it is a secured platform. It is necessary for companies to handle the scepticisms of customers in safeguarding their information so as to have a perceived reputation as a trustworthy company, as a result making their customers to retain their services with the company and also acquiring new customers. It is important to note that even with this a lot of customers might still be sceptical; another strategy could be assuring customers that any information that is not properly guided against either theft or fraud by the company, it will take full responsibility. Managing customer through multiple channels is a better alternative than through just one channel. So to have more outreach to their customer; companies need to put in more effort in using other channels to manage their huge customer database.

From the findings of the research it was also shown that e-CRM can be cost effective for both small and large companies in terms of reduced human resources and large customer coverage. Also, information shared between companies and customers is faster. It was also established from the discussion that e-CRM alone is insufficient in managing customer relation. It needs to be complemented with other channels such as face-to-face and telecommunication interface.

Recommendations

As a result of the conclusion reached, the following recommendations are raised:

1. Companies should not only secure their network and the information shared but also instil trust among their customers while communicating the potential risk associated in transacting with them
2. Consistency should be provided in an actively managed way by providing some activities such as security, presenting promotion, timely and accurate in-stock information in a consistent manner while choosing to be different in others
3. Companies should communicate to customers the purpose for which data is collected about them. This would ease customers' concern about the amount of information acquired from them by the company
4. Companies should find the means of reaching and managing their customers through channels that is most appropriate for them (customers)
5. For large organisations operating online, the best way of managing customers should not only be through e-CRM, but it is necessary to have a non-electronic customer touch point as well.
6. For small companies operating online who have a small budget, they should stick to managing customers through electronic channel as it will be more cost effective.

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