Chapter 7

A Conceptual Framework Illustrating the Effects of E–CRM on Customer Loyalty

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ABSTRACT

Customer relationship management (CRM) is recognized as a business strategy to identify the most profitable customers in the banking industry and to devote time and attention to gain their loyalty. The purpose of this chapter is to propose a conceptual framework representing sub-factors of electronic customer relationship management (e-CRM) and customer loyalty as a base model to examine the effect of e-CRM on customer loyalty. E-CRM is a well-structured and systematized process of CRM that automatizes processes of marketing, sales, and customer service. This study helps us to have a better understanding of the role of e-CRM in customer loyalty in Tejarat Bank. The main focus is on e-CRM including factors such as e-banking, customer support, security, and additional services.

INTRODUCTION

In recent decades, considerable transformations such as distribution changes via the use of ATMs and mobile banking have made alterations to the banking industry causes lower transaction costs and higher pace of service. Besides, customers have become more demanding, knowledgeable, independent, and empowered. Regarding all these changes and market competitiveness, CRM and its benefits encourage banks to invest a lot financially and devote resources such as technology and human resources to implement CRM in banks (Cvijović et al., 2017). CRM is a strategy for the purpose of managing relationships with customers of a company and analyzing behaviors of clients and sales. CRM is built based on technology for organizing, automating business processes especially activities related to sales, marketing, customer service, and technical support. Generally, companies implement CRM to follow goals such as finding, attracting, and absorbing new customer, retaining existing customers, reminding customers who left the company and finally decreasing the costs of marketing and client service (Rathod, 2012).

An efficient e-CRM system gives an organization the ability to communicate with customers. Information obtained through the e-CRM system helps the organization to understand the true cost of customer acquisition and retention. With this information, the organization is able to allocate its resources and time to the most profitable customers (Waltner, 2001). In this research, the concepts of CRM and customer loyalty and their factors are expressed. The research model including the main factors and sub-factors of the research is presented.

As a result of the advancement of technology, banks have become an organization which can provide and offer services for 24 hours by telephone, internet, and ATMs. In order to provide a higher quality of life for people, banks have carried out a number of activities such as an automatic bill in addition to the classic banking services.

As a result of fierce competition, banks bear high expenses to offer various services and perform marketing activities. Although, just focusing on costly advertising campaigns is not sufficient in competition. For the sake of this, infrastructure and automation support are necessary. It is important for banks to have individualized relationships with their clients, define their needs, and offer services. In CRM, gathering and making up to date information are activities that create a considerable change. Not only, data collection is important, but also providing information for customers enhances customer loyalty to create a sense of worthiness. When personnel are knowledgeable of banking procedures and they have become masters in the subject, they can do the procedures faster. Thus any attempt to train the personnel is essential to have more customer loyalty. Banks follow the implementation of CRM

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