Chapter 6.10

The Impact of E-Commerce Customer Relationship Management in Business-to-Consumer E-Commerce

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ABSTRACT

The growth of business-to-consumer (B2C) e-commerce has gained a lot of attention among SMEs. Most B2C firms are turning their attention on how to retain new customers and are left in a situation to compete with larger firms. This paper aims to examine the impact of E-Commerce Customer Relationship Management (ECCRM) in a small business firm that engages in B2C e-commerce. Drawing upon the theories of customer relationship management, e-commerce, trust and loyalty, we develop an integrated framework of ECCRM model to illustrate the impact of the hard and soft factors that reflect the level of transactional and relational components of communication thereby impacting the customers shopping time lifecycle experiences. We develop a number of hypotheses to facilitate testing of the framework via an exploratory case study. We then discuss the findings of the integrated framework leading to theoretical and practical implications of this study and directions for future research.

INTRODUCTION

The Internet has become the foundation for electronic commerce customer relationship management (ECCRM). ECCRM refers to the application of e-commerce using the Internet and Web applications to manage customers. Information Data Center predicts that e-commerce spending will reach $496.7 billion in the United States and $1.3 trillion globally by the year 2009. In recent years we have witnessed an increased growth of small businesses turning towards the Internet to market their products. Business to consumer

(B2C) e-commerce, a significant subset of total Internet business, can provide significant benefits to customers and small-medium enterprises (SMEs), including the ability to market their products and services online thereby achieving global connectivity, high accessibility, scalability, interoperability, interactivity, and greater information richness (Turban, Lee, King, & Chung, 2006).

SMEs are an important and integral part of every country's economy and have been long recognized as different from larger businesses (Street & Meister, 2004). The Internet helps SMEs to manage customer relationships effectively, as it provides an easy and inexpensive way to advertise, lowering the barriers to entry for SMEs. Despite that customers are now even more demanding than ever before and B2C e-commerce firms are challenged to keep pace with the changing customers needs in maintaining a competitive edge. Unlike traditional means of communication such as newspapers or television, the Web gives the customers control in choosing and processing informing about the firm. Web tools such as online feedback forms, 1-800 telephone numbers, help-desk operators assist customers in obtaining information and clarifying questions quickly. Products such as LikeMinds from Macromedia uses complex algorithms to create affinity groups for each customer, so that B2C firms can better understand their customers engaged in buying from their Web site. The Web overturns the traditional hierarchical system of distribution channels by allowing integration of systems and information between the marketing, sales and servicing activities thereby forcing SMEs to view CRM seriously. Beyond blogs, podcasts, and wikis, social media comprises social networks of all strips, social tagging that provides organized customer generated content for small businesses and customers to share views. The breadth of the medium allows wider availability, accessibility and selection of hard-to-find products and services. Web tools thus serve two purposes namely; to provide Web content and to manage customers' interactions.

Customer relationship management (CRM) is the ability of a firm to capture and integrate customer data from all over the organization and then consolidate, analyze and distribute the data to various touch points within the organization. In most cases CRM uses groupware software to enable these processes to occur. Alternatively, ECCRM uses the e-commerce system and the CRM system of the firm to integrate and consolidate both the firm's and customer's data in order to facilitate access to any type of information, anytime and anywhere using the Web. These Web-based applications enable firms to generate, aggregate, and analyze customer data, thereby employing the results to improve service and marketing activities. ECCRM relies on the Web interactions between the firm and its customers while supporting e-commerce that entails shopping online, thereby contributing to profitability. Thus, it is more than simply a sales or marketing automation tool. It is an end-to-end, company wide solution that integrates the marketing, sales, and service activities.

Despite the hype and growth of the Internet for e-commerce, the application of ECCRM in the context of SMEs is limited. In fact, previous research suggests that only 20% of the SMEs are deploying CRM applications (Markowitz, 2005). This study aims to examine the impact of ECCRM in the context of B2C e-commerce among SMEs. Drawing upon the theories of customer relationship management, e-commerce, and trust and loyalty, we develop an ECCRM model to illustrate the impact of the hard and soft factors that reflect the extent of transactional and relational components of communication thereby impacting the customers shopping time life-cycle experiences leading to four modes namely; learning, monitoring, collaborating and distancing modes. The rest of the article is organized as follows. The next section discusses the ECCRM and its impact on the hard and soft factors. While hard factors reflect the transactional component of communication including Web site's performance, user

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