Examining the Interconnections Between E-CRM, Customer Experience, Customer Satisfaction and Customer Loyalty: A Mediation Approach

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ABSTRACT

This study examines the impact of electronic customer relationship management (E-CRM) on customer loyalty through the mediating effects of customer experience and customer satisfaction in the context of the banking industry. Customer experience and customer satisfaction are considered to be pre-requisite tools for improving and enhancing long-lasting relationships with customers. The study has adopted stimulus-organism-response (S-O-R) model as theoretical support to examine the relationships. To achieve the objectives, the data was gathered from 836 banks’ customers of India. The data was then analyzed using structural equation modeling (SEM) through AMOS. The results revealed that all the relationships were found to be significant and positive and also customer experience and customer satisfaction proved to be mediators on the relationship between E-CRM and customer loyalty. Thus, these empirical results will have both theoretical and managerial implications which will further provide useful insights to the bank managers to improve their long-term relationships with the customers.

KEYWORDS
Banking Industry, Customer Experience, Customer Loyalty, Customer Satisfaction, E-CRM, SEM

INTRODUCTION

Globally, the CRM market in 2021 is expeditiously growing at a pace of 13.7% compound annual growth rate (i.e. CAGR) as per Gartner estimates (Adair, 2020). The companies have realized the worth of CRM/E-CRM in acquiring and retaining customers for a much longer period. Whether it be a small or a big company, everyone is indulging themselves in enhancing long-lasting relationships with their customers as they have understood the saying that it is the customers who are the king (Das et al., 2018). To meet the objectives of customer-centric, CRM systems need to evolve further to improve their predictive and precision power and at the same time also aim at delivering valuable experiences to their customers. That is the reason, the investment in technology sector in CRM has increased to 44% from 38% in the preceding year (SuperOffice, 2021). The companies have understood the fact that there is a need to change the CRM systems to E-CRM systems in order to incorporate
the digital demands of their customers and provide them with seamless services at their fingertips (Herman et al., 2020). Still, the significance of E-CRM is not yet utilized in Indian perspectives as the majority of the research in the area of E-CRM is studied in the developed nations (Mang’unyi et al., 2018). E-CRM is still in an “infancy” stage in India which is needed to grow at a much higher level keeping in view the necessity of digital transformation. Therefore, investment in E-CRM is a need of an hour. E-CRM is defined as “the marketing activities, tools and techniques, delivered over the Internet (using technologies such as web sites and e-mail, data capture, data warehousing and data mining) with a specific aim to locate, build and improve long-term customer relationships to enhance their individual potential” (Lee-Kelley et al., 2003, p. 241). E-CRM is a process that consists of a combination of hardware, software, processes, applications and commitment of management practices to establish much higher quality of customer service and customer maintenance and is considered to be one of the most powerful and effective applications of information systems (Usman et al., 2012). E-CRM has been considered as a part of online marketing, which is similar to traditional CRM tools but is implementing use of electronic channels with electronic businesses to form E-CRM strategy for the organization (Gartner, 2021).

Another vital issue is customer loyalty which is still one of the most significant factors for any service sector to overcome (Khan et al., 2020). The reasons for not being able to achieve customer loyalty are highly competitive business environment, rapid changes in taste and preferences of the customers, lack of attention to the needs and demands of the customers’, deficiency of resources and lack of tactics (Herhausen et al., 2019). This has made the companies lose their existing and old customers to their competitors. Therefore, there is a desperate need to gain the loyalty of the customers which can only be possible by investing more time and efforts in managing durable relationships with the customers (Mang’unyi et al., 2018), creating memorable experiences for them and satisfying their needs and wants (Mulyono & Situmorang, 2018).

Many studies have been conducted in the past that link E-CRM with customer retention (Al-Dmour et al., 2019), customer satisfaction (Rashwan et al., 2019), customer loyalty (Mang’unyi et al., 2018), business profitability (Dubihlela & Khosa, 2014). Despite of these efforts, there is hardly any study that links E-CRM to customer experience apart from Mulyono and Situmorang (2018). Also, Zaim et al., (2020) clearly identified this gap that to achieve customer satisfaction from E-CRM, there is a need to study customer experience. Also, there is dearth of studies on E-CRM in the Indian context (Kaur, 2016; Shastri et al., 2020) despite the popularity of E-CRM in the developed nations. Farh et al., (2004) pointed out in their study that merely transposing any developed nation designed studies into developing nation designed studies will not be sufficient due to changes in the organizational structure, policies or internal management practices, etc. (Khan et al., 2020). Thus, there is a need to study the role of E-CRM in the Indian context.

Furthermore, the extant literature found that customer satisfaction mediates the relationship between E-CRM and customer loyalty but Ismail and Hussin (2016) and Rashwan et al., (2019) opposed this connotation and revealed that customer satisfaction has no role to play in the relationship between the E-CRM and customer loyalty. This calls for further investigation into the relationship between the E-CRM and customer loyalty via customer satisfaction. Consequently, there is hardly any research that links E-CRM and customer loyalty via customer experience. Also, to the best of the researcher’s knowledge, this study is the foremost that examines the relationship between E-CRM and customer loyalty through customer experience and customer satisfaction in the context of the banking industry under a single framework. Hence, the current study is important on its own as it highlights the significance of customer experience which is considered to be a pre-requisite for improving and enhancing the long-lasting relationship with the customers. Thus, this study aims to fulfill all the aforesaid gaps and tries to provide fruitful insights into the existing literature. Table 1 summarizes the recent studies in the context of E-CRM. The current study has been conducted in the context of the banking industry as banks are the traditional form of the service industry which has inside-out information of the customers and is also considered as one of the utmost sources of economic wealth.
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