Electronic Loyalty of Islamic Banks in Saudi Arabia: Do E-CRM Practices Matter?

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ABSTRACT

This paper aims to explore the impact of electronic customer relationship management practices (website quality, ease of use, customer privacy, and information quality) on the customer electronic loyalty. The population of this study is customers of the Islamic banks in Saudi Arabia. The questionnaire is used as a basic tool in the survey related to the current research. The hypothesized structural equation model was tested using the AMOS software version 20. The study has found that with respect to the bank customers, e-CRM has a significant impact on electronic customer loyalty. Based on the results of the study, bank managers and decision makers should focus more on the optimal distribution of the available resources and strengthening their electronic relationship with customers in order to attract more customers, retain existing customers, and get rid of less profitable customers.

KEYWORDS

Electronic Customer Relationship Management, Electronic Loyalty, Islamic Banks, Saudi Arabia

INTRODUCTION

The growing global penetration of internet technology has drastically changed how organizations foster relationships with their customers. According to Yeo et al. (2021) the availability of the internet encourages customers to use the web more frequently and to be more comfortable with online applications. Further, a study by Potapova et al. (2022) confirmed the influence of societal digitalization on individuals’ banking transactions. Technological application refers to a set of systems that are represented by databases, analyses, and software applications, while organizational implementation refers to companies’ efforts to align internal structures, people, and processes with a customer relationship management (CRM) perspective that is customer-centric (Dalla et al., 2018). Internet usage in marketing presents great opportunities for marketers to develop creative strategies that were not previously possible. Farmani et al. (2021) state that to promote business success, e-commerce systems must be supported by effective e-CRM. Marketers must cultivate a comprehensive understanding of customer behaviour during online purchases. Consequently, marketing managers...
require CRM programs to better align with and satisfy customer preferences and needs. Internet technology has transformed CRM into electronic CRM (e-CRM) because companies can use internet technologies to capture new customers, track their preferences and online behaviours, and customize support and services designed primarily to create and manage long-lasting customer relationships (Naim, 2022). E-CRM is the latest paradigm in the world of CRM. Companies can no longer rely on past strategies; instead, they should adapt themselves to market progress (Fathollahzadeh et al., 2011; Chauhan et al., 2022).

E-CRM has become increasingly popular as a communication tool and relationship-building platform (Nadube & Ordah, 2023; Kumar & Mokha, 2021). It encompasses web browser activity, online customer care service via chat rooms and electronic forums, email, and systems for enhancing the management of social media content (Walsh et al., 2021). E-CRM comprises all the processes and techniques an organization employs in order to gain, increase, and maintain its customer base, as well as those processes that allow the organization to provide consumers with high-quality service via the internet (Alam et al., 2022). E-CRM is described by Balamuruganet al. (2017) as ‘a business and marketing strategy that analyses consumers’ needs and behaviour to create an effective relationship between an organization and its consumers’. E-CRM is described as an electronic customer relationship management process (Sujitha & Johnson, 2017), enabling organizations to deliver the right product that satisfies a customer’s desires, thereby creating customer satisfaction and enhancing loyalty (Dolly & Pruthi, 2014; Al-Hawary & Alhajri, 2020; Dubhilela & Molise-Khosa, 2014). The use of e-CRM leads to increased profitability through the attraction and retention of customers (Shahnavazi et al., 2020).

Online customer loyalty is on the rise, with electronic loyalty (e-loyalty) emerging as the predominant inclination of consumers towards e-business, resulting in repeated purchasing behaviours (Dhaniswara et al., 2023). E-loyalty refers to a customer’s allegiance to a particular company or store online, manifesting in recurring visits or consistent purchases of the brand’s products or services (Masita et al., 2022). Furthermore, Chopra et al. (2021) noted that loyalty is linked to quality, on-time delivery, and reasonable price of shipping and handling. The banking sector in the Kingdom of Saudi Arabia is experiencing significant growth, particularly with the adoption of the Islamic banking system. This industry stands as one of the most prominent sectors in numerous countries and ranks among the top employers.

The main objective of this research is to investigate the impact of e-CRM adopted by Islamic banks in Saudi Arabia on customer e-loyalty. This research seeks to validate the positive influence of e-CRM on customer e-loyalty. E-CRM has become a leading information system, offering organizational leaders insights into their customers’ needs. It empowers them to tailor products that align with customer preferences, thereby fostering satisfaction and enhancing loyalty in ways previously unattainable. This research offers a model and framework to assess the influence of e-CRM implementations by Islamic banks in Saudi Arabia on customer e-loyalty. It delves into a relatively unexplored dimension, focusing on the Islamic banking sector from the customer’s perspective, thereby enhancing our comprehension of the topic. With the internet emerging as a pivotal marketing information hub, there are unprecedented opportunities for marketers to devise innovative strategies. Addressing this, our study bridges a knowledge gap by examining the effect of e-CRM on e-loyalty within Saudi Arabia’s Islamic banking sector.

**THEORETICAL FRAMEWORK AND HYPOTHESES DEVELOPMENT**

**Electronic Customer Relationship Management**

CRM is a popular managerial tool that has attracted great interest from researchers (Dalla et al., 2018). It is a wide-ranging area that encompasses much of companies’ business practices, with a focus on customers (Al-Hawary & Aldaihani, 2016). In today’s increasingly competitive environment, an organization’s ability to enhance customer relationships may be viewed as an advantage in the
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