

Chapter 74

An Integrated Model for E-CRM in Internet Shopping: Evaluating the Relationship between Perceived Value, Satisfaction and Trust

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INTRODUCTION

Customer relationship management in electronic commerce (e-CRM) is one of the fastest growing management techniques adopted by online enterprises (Letaifa & Perrien, 2007). Much research has been done on topics such as e-CRM management (Romano & Fjermestad, 2003; Letaifa & Perrien, 2007), e-CRM marketing techniques (Jackson & Wang 1995; Pan & Lee, 2003), the adoption of e-CRM in organizations (Wu & Wu, 2005), and e-CRM applications that facilitate Internet business (Wang & Head 2001; Adebajo, 2003; Joo & Sohn,

2008). Still, many online enterprises encounter difficulties implementing effective e-CRM because they tend to overlook customer's perspective on e-CRM issues (Woodcock & Starkey, 2001).

The objective of this study is to develop an integrated e-CRM model by investigating the psychological process that occurs when a customer maintains a long-term relationship with an Internet online retailer. By highlighting key factors, a series of dynamic linkages among these factors affecting customer long-term relationship orientation are empirically investigated. Finally, managerial implications and limitations are discussed in the conclusion.

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BACKGROUND

Overview of Web-Based Customer Relationship Management

E-CRM is a newly developed customer-oriented business philosophy that reorients online enterprise operations in order to improve customer satisfaction, loyalty, and retention (Adebanjo, 2003; Pan & Lee, 2003; Letaifa & Perrien, 2007). Many of the e-CRM facets that are analyzed in the literature correspond to the stages discussed in Oliver's cognitive-affective-cognitive-action model for loyalty (1980). In the next three sections, e-CRM is explained in terms of the cognitive, affective, and cognitive stages that lead to the final stage of "action loyalty."

Explanation of Cognitive Belief

Purchasing stages in Internet shopping can be classified into five phases: information research, placing an order, requesting post-purchase services, delivery options and online payment (Nour & Fadlalla, 2000). Through these experiences, customers have a cognitive response related to the perceived benefits and costs of a purchase from a specific retailer (Zeithaml 1988). Cognition can also be described as awareness, knowledge, or beliefs that may or may not have been derived from previous shopping experiences (Fishbein, 1967).

According to the Theory of Reasoned Action (TRA) (Fishbein & Ajzen, 1975; Ajzen & Fishbein, 1980), an individual's performance is determined by his or her behavioral intentions, which are jointly determined by cognitive factors such as attitudes and subjective norms. As an extended model of TRA, the Theory of Planned Behavior (TPB) was derived by adding the perceived behavioral control as a determinant of behavior (Ajzen, 1985). Davis (1989) proposed the Technology Acceptance Model (TAM), based on TRA and TPB, to explain and predict the user's

acceptance of information systems or information communication technology (ICT). In TAM, cognitive beliefs such as the perceived usefulness and perceived ease of use are counted as key factors for technology acceptance. The three theories (TRA, TPB, and TAM) have been widely validated and are widely used to predict or explain the cognitive behavior in social psychology.

Explanation of Affective Experience

The expectation-confirmation theory (ECT) has suggested that satisfaction is the primary motivation for the continued purchase of a product or service (Oliver, 1980). The majority of previous studies consider satisfaction to be an effective response to an expectancy confirmation involving a cognitive process (Pascoe 1983; Melone 1990; Taylor 1994; Oliver, 1997). Anderson and Sriniwasan (2003) suggest that customer satisfaction should be evaluated as a positive, indifferent, or negative feeling following the customer's initial experience with the service. This affective evaluation is identical to the notion of attitude in the IS-use literature (Melone 1990), and the attitude-intention association validated in IS-use research provides additional support for the association between satisfaction and choice or continued usage (Davis, 1989; Mathieson 1991; Taylor & Todd 1995).

Explanation of Cognitive Behavior

Geyskens et al. (1996) describe commitment as a customer's long-term orientation toward a business relationship. Morgan and Hunt (1994), Kalafatis and Miller (1997), and Wu and Cavusgil (2006) consider commitment as the crucial factor in determining long-term customer retention. Morgan and Hunt's (1994) empirically validated and widely accepted commitment-trust theory (CTT) claims that long-term relationships are built on the foundation of mutual "trust-commitment," which is similar to the process

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