

Chapter 5

Effects of e-CRM Value Perceptions on Website Loyalty: An Empirical Investigation from Customer Perspective

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ABSTRACT

Web-enabled customer relationship management, or e-CRM, holds the promise to simultaneously achieve the conflicting goals of strategic flexibility and operational efficiency in developing and executing innovative e-commerce marketing strategies. A new multi-disciplinary field involving such diverse areas as marketing, information systems, and consumer behavior, e-CRM seeks to strengthen customer relationship via a portfolio of trust-building practices with the support of powerful information technologies. While most literature in e-CRM has focused on how firms formulate and implement e-CRM initiatives, there is a dearth of literature on viewing the overall quality of an e-commerce firm's e-CRM practices from the consumer point of view. This research proposes such a consumer-oriented concept, e-CRM value, based on existing e-CRM research literature and examines the effect of e-CRM value on website loyalty. It was found that customers' perception of e-CRM value has a positive causal effect on their website loyalty. The implications of this finding for the theory-building of e-CRM and marketing practices of e-commerce firms are discussed.

BACKGROUND

The Internet technology has essentially become an integral component of information infrastructure for business operations and managerial decision making in all business functions. Marketing ac-

tivities, especially, are increasingly incorporating the Web in the strategic initiatives and relying on the website as the primary platform of interaction with existing and prospective customers that are otherwise difficult to reach for technical or financial reasons. In some information and knowledge-intensive industries (information technology, insurance, and banking, for example),

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the website is becoming an ever more important source of impact upon customers' purchasing decision. Leveraging the power of information and knowledge in the knowledge economy, both companies and customers are using the website as a strategic tool for obtaining maximum value in the e-commerce market.

In light of the strategic value of the Internet as a crucial enabling technology, companies are increasingly placing their emphasis on managing customer relationship (CRM) through effective website design and management. Technological advances in such areas as search engines, blogs, Really Simple Syndication (RSS 2.0), social networking services, highly distributed databases, multimedia, personalization, localization, and computer-telephone integration have provided a rich set of system capabilities and are prompting for implementation of innovative and highly interactive mechanisms to serve prospective as well as existing customers (Chen et al., 2007). Given the growing popularity of Web-enabled CRM (or e-CRM), it is essential for business researchers to develop a systematic understanding of important aspects of this business initiative.

Due to the multidisciplinary nature of the field, a variety of issues surrounding e-CRM have been investigated from different points of view. In particular, research in information systems has identified the importance of evaluation technology applications from the user perspective (Gefen & Straub, 2000). Tung (2007) studied the e-CRM in the context of technology diffusion. Marketing research has examined the role of Internet technologies for generation, distribution, and application of market information (Chen & Chen, 2004; Min et al., 2002). Consumer behavior studies also confirm the value of examining e-CRM issues from customer /user point of view (Lee et al., 2006; Scullin et al., 2004). These studies suggest that, in order to obtain a systematic understanding of the highly composite nature of e-CRM, more research must be conducted along

a variety of distinctive dimensions and at deeper levels. This study is a response to that calling. Specifically, this study is conducted to evaluate the website users' perceived value of e-commerce firms' CRM activities. It also examines the effect of e-CRM value on website loyalty.

These two research issues are addressed by answering two research questions:

1. What are the significant components of website users' perceived value of e-commerce firms' CRM activities, or e-CRM value?
2. Does website users' perceived e-CRM value significantly affect their loyalty to the websites?

Answering these questions would shed some light on the value perception of e-CRM value from the e-commerce customer's point of view, and thus contribute to systematic accumulation of knowledge and insight regarding this important business concept.

In the rest of the paper, we describe the concept of CRM and e-CRM. We also address measurement issues of e-CRM as proposed in the existing literature. The concept of customer loyalty is described in the same section. The third section of the paper presents the data collection and data analysis methods employed in this research. We then discuss the result of data analysis. The paper is concluded by the summary of the research and discussion of implications for both e-commerce practices and academic research.

From CRM to e-CRM

As a manifestation of customer and market orientation, CRM is a concept that influences strategic, tactical, and operational levels of business and organizational management. Although the importance of customer orientation has never been ignored in the past decades, it is becoming an ever more critical issue in today's knowledge-

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