

Customer Relationship Management (CRM) and E-Commerce: Challenges and Future Opportunities

Dr. Satyarth Bandhal

Assistant Professor, Department of Commerce, DAV P.G. College, Varanasi

ABSTRACT:

Technology has drastically changed how businesses operate. Growing usage of internet for commercial purposes has increased the growing influence of e-commerce in the overall business activities carried out globally. Countries like India, China, Brazil and South East Asian nations have become hub of the IT enabled services and provide necessary wherewithal to conduct global e-commerce smoothly. With advancements in technology, there have been many changes has been occupied. Thus, Continuous Customer Relationship and Customer Relationship Management (CRM) become the goal for customer retention. CRM, if performed correctly, allows creative marketing people to gain insights from information for new product ideas or new

Promotional campaigns and turn them into profits. Today, CRM has extended beyond sales and marketing to include functions such as finance, R&D, channel partners, and even customers. In the backdrop of all these developments the paper presents about customer relationship management (CRM) and its emerging research of challenges in e-Commerce. The challenges associated with customer, strategic and collaborative relations. This paper also proposes future opportunities of e-commerce in customer relationship management.

KEYWORDS: Customer Relationship Management (CRM), E-Commerce, E-CRM, B2B Marketing Perspective, Challenges and Opportunities.

INTRODUCTION:

In the emerging global economy, e-commerce and e-business have increasingly become a necessary component of business strategy and a strong catalyst for economic development. The integration of information and communications technology (ICT) in business has revolutionized relationships within organizations and those between and among organizations and individuals. Specifically, the use of ICT in business has enhanced productivity, encouraged greater customer participation, and enabled mass customization, besides reducing costs.

With developments in the Internet and Web-based technologies, distinctions between traditional markets and the global electronic marketplace-such as business capital size, among others-are gradually being narrowed down. The name of the game is strategic positioning, the ability of a company to determine emerging opportunities and utilize the necessary human capital skills (such as intellectual resources) to make the most of these opportunities through an e-business strategy that is simple, workable and practicable within the context of a global information milieu and new economic environment. With its

effect of leveling the playing field, e-commerce coupled with the appropriate strategy and policy approach enables small and medium scale enterprises to compete with large and capital-rich businesses.

CRM: the Definition

CRM stands for customer relationship management that is a marketing approach providing satisfaction of customer needs at every point of interaction between the customer and the cooperation. Customer Relationship Management (CRM) is a comprehensive strategy and process of acquiring, retaining and partnering with the selective customer to create superior value for the company and the customer. Customer relationship management (CRM) has become important for the business with the new marketing approach to adapt their business activities to reach towards their customers and build the strong relationships, networks and interactions with customers. Customer relationship management (CRM) has different market approaches, customer market, the referral market, consisting of customers who have been referred to the business by word of mouth, the supplier market, the recruitment markets, the influencer market and the internal market comprising an organization's own employees. The marketing approach of customer relationship management (CRM) has gained much currency in the recent years by attempting to build closer relationships and interactions between a business and its most important customers. Today, Customer relationship management (CRM) focuses highly on business marketing and their products and services through relationships and interactions with customer market, often taking advantage of IT-based interactivity. As reiterated by Dale Kutnick (1999), the president of Meta Group, a research firm:

“You can spend tons of money deploying customer relationship management systems or data mining tools, but at the end of the day, someone has to make a decision on what is the value of that information. The winners are going to be the companies that can make that link and exploit it early.”

Key functional areas of CRM can be categorized into three groups as follows.

- **Traditional CRM:** mainly focuses on sales and marketing functions, including marketing automation, sales force automation, and customer service.
- **New CRM:** has extended the scope to include other important functional areas such as Finance, R&D, Management, Channel Partners, and even customers.
- **E-Commerce:** includes automating the Sales & Marketing functions above, where it directly interacts with the customers, and service with an Internet-based system.

Ideally, the information should flow easily among these functional areas, facilitating team selling, support, and all points of contacts with the customers. The customer data will be stored in a centralized database, enabling the organization to manage the entire life cycle of the customer relationships and be able to truly communicate with the customer with consistent message at any business points.

Definition of E-Commerce/Business

E-commerce (electronic business) is the conduct of business processes on the Internet. These electronic business processes include buying and selling products, supplies and services; servicing customers; processing payments; managing production control; collaborating with business partners; sharing information; running automated employee services; recruiting; and more.

E-commerce can comprise a range of functions and services, ranging from the development of intranets and extranets to e-service, the provision of services and tasks over the Internet by application service providers. Today, as major corporations continuously rethink their businesses in terms of the Internet,

specifically its availability, wide reach and ever-changing capabilities, they are conducting e-business to buy parts and supplies from other companies, collaborate on sales promotions, and conduct joint research. With the security built into today's browsers, and with digital certificates now available for individuals and companies from VeriSign, a certificate issuer, much of the early concern about the security of business transaction on the Web has abated, and e-business by whatever name is accelerating. IBM was one of the first companies to use the term when, in October 1997, it launched a thematic campaign built around e-business.

Types of E-business

The two most common participants in e-business are businesses and consumers. Based on this we can come up with four primary e-commerce types:

B2C

The business-to-consumer, or B2C, model of e-business sells products directly to retail consumers online. Amazon.com is an example of a B2C model. The e-business has only an online identity through which it offers a range of products to customers. Most B2C models generate revenue from direct sales and processing fees. B2C also is known as electronic retail or e-tail.

B2B

The business-to-business, or B2B, model involves companies using the Internet to conduct transactions with one other. B2B e-business accounts for more than 90 percent of all electronic commerce, according to the U.S. Census Bureau. Unlike B2C transactions that involve sellers offering products and services and buyers purchasing them, B2B transactions are multifaceted and often involve multiple transactions at each step of the supply chain.

C2B

Consumer-to-business, or C2B, is a unique e-business model in which consumers create value and demand for products. Reverse auctions are a common characteristic of C2B models, in which consumers drive transactions and offer their own prices for products. The airline ticket website Priceline.com is an example of a C2B e-business model. The website allows customers to bid for tickets and offer their own prices.

C2C

Consumer-to-consumer, or C2C, e-business models enable consumers to behave as buyers and sellers in third-party-facilitated online marketplaces. Craigslist is an example of a third-party marketplace. The company brings together disparate buyers and sellers to conduct business. Other examples of C2C websites include eBay and PayPal.

Objectives of the study:

1. To comprehend the concept of Customer relationship management and E- Commerce.
2. To highlight the challenges of e-commerce in Customer relationship management.
3. To understand the future opportunities of e-commerce in Customer relationship management.

Methodology:

This research is a descriptive study. Collected secondary data or resource will be mainly articles, researches carried out in the past, electronic journals and websites etc. This article will try level best in order to make sure that maximum relevant resources are used in order to make sure that all the related

areas about the topic are covered and there are no loop holes or weak links which may affect the standards of the research carried out.

THE ROLE OF CUSTOMER RELATIONSHIP MANAGEMENT (CRM) IN E-COMMERCE:

E-CRM, or Electronic Customer Relationship Management, is an integrated online sales, marketing and service strategy that are used to identify, attract and retain an organization's customers. E-CRM software provides profiles and histories of each interaction the organization has with its customers, making it an important tool for all small and medium businesses.

E-CRM comprises activities to manage customer relationships by using the Internet, web browsers or other electronic touch points. A higher degree of interactivity possessed by these channels further allows companies to engage in dialogue, organize consumer redress, solicit feedback, respond to controversies and establish and sustain long-term customer relationships. Existing companies are being challenged to rethink the most basic business relationship-the one between the organization and its customers. The three components of the E-CRM framework are Operational CRM, Analytical CRM and Collaborative CRM. Operational CRM aims at combining sales, support and marketing databases into a single repository that tracks and manages interactions with customers, thereby focusing on improving the efficiency of customer interactions. Analytical CRM comprises the analysis of customer data for strategic or tactical purposes to enhance both customer and firm value.

CHALLENGES IN CUSTOMER RELATIONSHIP MANAGEMENT (CRM):

1. Post-Purchase Consumer Behaviour:

The post-purchase behavior is a process that starts before the actual experience of a service has even started. It all starts with a customer having an expectation on how the service might be, whether this is formed by previous experience, Word-of-Mouth communication, advertisements or so on. Then the customer experiences the service and after that evaluates it. The customer is also satisfied, when the reality meets their expectation, but is dissatisfied with an under performance for expectation and reality and ends up being dissatisfied. The likelihood of a customer to repurchase or use a service or even become loyal decreases with dissatisfaction and vice versa with satisfaction. But even more importantly, if the outcome of the comparison between expectation and actual performance turns out to be dissatisfactory, a customer may consider complaining. In this case the customer changes its expectation and adapts it to the new situation.

2. Customer Commitment:

The meaning of customer commitment in a straightforward statement as "The organizational commitment of service customers is indicative of the organizations likelihood of developing or maintaining customer identification with organizational goals and values and retaining the service customer as an active participant in the service encounter". Furthermore, customer commitment is closely related to customer satisfaction, as satisfaction over some period of time consequently will lead to commitment. Those drivers are two different dimensions of customer relationship commitment. On the one hand, there is satisfaction, which is a "backward looking" action. It captures the satisfaction on a "performance-to-date" basis. On the other hand, there is commitment, which is often described as a "forward looking" action. What is meant by this statement is basically that the above described dimensions capture and evaluate the strength of the relationship and the outcome, which is the commitment to "proceed forward".

3. Complaint Management:

Complaint management is vital for any company as failure occurrence is inevitable. Even in the most prestigious and well-trained companies failure may occur. This is not the problem, it is more challenging to deal with these events efficiently and turn a dissatisfied complaining customer into a loyal one. One essential part of complaint management includes the vital decision of both recovering and rebuilding customer satisfaction, loyalty and trust or letting customers go and change to competing companies. Additionally, it is always beneficial for a company to understand the reasons that led to this unfavorable situation as well as their expectations and motives. Also, what led to the lag between customer expectation and reality? Therefore, complaints can be found in any industry of the economy. A complaint itself should be seen as a two-edged sword. On the one hand, it may bring a lot of harm to a company if not handled ideally. On the other hand, it can be very beneficial and improve customer retention, trust and loyalty if handled ideally.

4. WOM–Word of Mouth:

Word-of mouth generally refers to the “informal communication between consumers about the characteristics of a business or a product.” In today’s interconnected world word-of mouth communication often refers to digital. WOM can be either positive or negative. Negative word-of-mouth is mostly directly linked to a negative experience with a company and often involves the occurrence of a failure followed by an unsatisfactory complaint management. Positive word-of mouth is preferred by all companies and can also occur after a failure has happened.

5. Compensation:

Compensation is a major driver in the field of complaint management and gains increasing importance. Domino’s Pizza, an American pizza company decided to launch a new marketing strategy by introducing extremely customer friendly delivery conditions. Therefore, customers, whose pizza delivery took more than 30 minutes, were guaranteed to receive a free pizza. This however was perceived as too bounteous from customers. This led the company to the decision to change their overly generous offer to a three dollar price reduction, when an order takes more than 30 minutes to be delivered.

FUTURE OF CUSTOMER RELATIONSHIP MANAGEMENT (CRM) IN E-COMMERCE: This way the researchers are able to give an outlook of what might happen in the future based on the past experiences of the Respondents and extend existing theory about Social CRM. The initial codes such as “customer orientated”, “shift you better get there”, “a viable trend” or “sentiment analysis” indicate that the Respondents have different ideas about the future of Social CRM and in the following the distinct conceptual categories should be further described and analyzed.

1. Change in Company Habits:

Most of the Respondents agreed that companies which want to focus on the adoption of Social CRM in the future need to change their current work flows towards the new tool and the upcoming trend of Social CRM. This includes that companies adapt otherwise they will lose key opportunities in regard to social data. Furthermore respondent’s mentions that companies should have the big picture in mind and need to focus even more on their customers in the near future since their communication with a company is increasingly changing.

2. Technical Integration:

A lot of the Respondents mentioned that in context of Social CRM there will be even more potential for integration. Codes, such as “one system for all interactions”, “integrate it to Google maps” or

“everything is integrated” formed the specific conceptual category for the future of Social CRM. Regarding the future of Social CRM the interviewer partners indicate that the current Social CRM systems will be more integrated than they are at the moment. Most of the Respondents thus aim to have one uniform software that can handle different features and integrates Social Media aspects. Nevertheless there might be wish to have several integrated tools that are very specialized in one CRM feature and this way companies were enabled to act more specialized.

3. Trend Development:

Social CRM as a new phenomenon incorporates several trends such as “digitalization” and that it also embraces “generation shifts”. These codes indicate that Social CRM was initially based on current trends but that at the same time Social CRM providers also need to react to new trends and incorporate those, so that companies keep adopting Social CRM. Only if the software providers manage to steadily improve their services, Social CRM will have further success in the future. Besides it is important to mention here that in the context of Social CRM, Social Media is perceived as overrated by some experts. Thus it will be interesting to see whether tools of Social CRM will be still successful within next years and if not, how software providers will adapt in order to get their services adopted.

CONCLUSION:

An organization which integrates CRM fundamentals into this basic, customer friendly web designing activity will become customer centric and will be able to meet the requirements of the modern e-commerce business which is expanding day by day. Given the unlimited reach of internet and its adaptability to the business operations, days are not far when people/customers through CRM interventions will get every product or service customized to the minutest details.

However, Managers need to marry the technology applications with the human resource skills available to them. It is the effectiveness of this integration that is most likely to determine if a firm can create a competitive advantage in the e-commerce environment. Moreover, Research in CRM from the perspective of e-commerce is presented in this paper. The issues, challenges, and the road blocks of the research area are identified and the future is presented. Now a day’s e-commerce is playing vital role in the competition towards CRM. There are many advantages and disadvantages are there in the usage of e-commerce for CRM.

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