

Chapter 9

Connecting the Dots Between E-CRM and Customer Loyalty: Mediating Role of Perceived Value and Customer Support

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ABSTRACT

The main purpose of this study is to investigate the effects of e-CRM tactics on customer loyalty in B2C markets. In addition, this study attempts to explore the mediating roles of customer service quality and perceived value in the e-CRM – customer loyalty relationship. Moreover, the current research explores the relative importance of individual e-marketing tactics (personalization, reward program, online community, and customer service quality) in a customer loyalty model. A conceptual model is empirically tested in the context of the bank industry, using a sample of 203 bank users. The results indicate that e-CRM has a positive indirect effect on customer loyalty via customer service quality. The findings suggest that online services, personalization, and ease of website navigation are the most important factors in influencing customer loyalty. The present study enhances our understanding of the importance of individual e-CRM tactics in influencing customer loyalty and thereby provides valuable insights for marketing managers in service sectors, particularly the banking sector.

INTRODUCTION

Customer Relationship Management (CRM) has played a significant role and has stimulated the interest of the global business and research community from its emergence in the 1990s (Jafari Navimipour &

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Soltani, 2016). CRM implies creating a business environment that enables managing customer relationships more efficiently. It is a comprehensive strategy and process for the acquisition, retention, and collaboration with selected customers in order to create superior value for the company and the customer (Jafari Navimipour & Soltani, 2016). The use of Internet technologies such as intranets, extranets, customer knowledge discovery algorithms, web-spiders, cookies, online registration, and purchasing (Yu, Nguyen, Han, Chen, & Li, 2015) in the communication with customers has contributed to the generation of large amounts of data. In other words, the Internet and Web infrastructure facilitate the transfer and sharing of information and data (Jafari Navimipour & Soltani, 2016), which is useless without scalable methods for its processing and understanding. Electronic Customer Relationship Management (e-CRM) has emerged as one of the most notable information systems that enable organizations to contact customers and gather, store and analyze customer data to provide a comprehensive understanding of their customers (Cohen & Luostarinen, 2017; Yu et al., 2015). E-CRM includes all CRM activities with the use of information technology (Ahmed, Amroush, & Ben Maati, 2018). Internet technology enables organizations to attract new clients, track their success and online behavior, and customize communications, goods, and services (Jafari Navimipour & Soltani, 2016).

E-CRM is grounded in the Service-dominant (S-D) logic of marketing (Vargo & Lusch, 2004), which is based on the notion that delivering superior value cocreation lies at the heart of any business strategy. Thus, from the S-D logic perspective, e-CRM can be viewed as one of the underlying mechanisms through which a firm can facilitate and enhance value cocreation processes with its customer as well as to build and sustain long-term customer relationships (Gummesson, 2008). Moreover, the e-CRM is in line with the concept of the service-profit chain (Heskett, Jones, Loveman, Sasser, & Schlesinger, 1994). The service-profit chain postulates that a company's revenue and profitability are derived from loyal customers who are satisfied with the value of product or service that can only be generated by satisfied, loyal, and productive employees. From the perspective of the service-profit chain, the adoption of e-CRM can be seen as an efficient approach of gaining insights into customers' experiences that allows a firm to identify customers' expectations and design and deliver a product or a service that would meet consumers' expectations and lead to customer satisfaction, loyalty, and retention behavior (Wali & Wright, 2016). Although findings from previous studies suggest that e-CRM is positively related to customer loyalty (e.g., Alim & Ozuem, 2014; Lam, Cheung, & Lau, 2013; Lee-Kelley, Gilbert, & Mannicom, 2003), the underlying mechanism for e-CRM-customer loyalty link is still unclear. Therefore, this study strives to shed some light on the mechanisms through which e-CRM yields to customer loyalty. Drawing on the service-profit chain, we argue that the perceived customer service quality mediates the relationship between e-CRM and customer loyalty.

Moreover, based on the S-D logic perspective, we posit that perceived value has the mediating role between e-CRM and customer loyalty. Hence, the main purpose of this study is to analyze the indirect effects of e-CRM on customer loyalty over the perceived value of the bank's products and perceived customer service quality. To this end, we focus on the retail banking industry of the South-eastern European (SEE) country.

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