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# E-CRM - Delivering Enhanced Customer Service

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**Abstract**

In the emerging competitive and technological driven banking era, banks have to strive hard for retaining and enlarging their customer base. CRM is different because it provides a front-end to those automated back-office systems. Electronic customer relationship management (E-CRM) is the combination of traditional CRM with the e-business applications marketplace. **E-CRM is the proverbial double-edged sword, presenting both opportunities and challenges for banks considering its adoption and implementation.** This paper explores the marketing opportunities E-CRM creates for banks such as enhanced customer interactions and relationships as well as personalization options, all of which are potential sources of competitive advantage.

An E-CRM system provides financial institutions with the opportunity to establish individual and need oriented customer relationships. It enables the financial institutions to provide the right financial product at the right time **(Sascha, 2003).** Focus of this paper is to explore E-CRM benefits that have positively effects on customer satisfaction and association between them in Financial Institutions. The findings indicates that Proliferation of channels (e.g. Internet), Up to date of banks, Improve cash flow management, Safety and Transaction security, Services quality, International customers' satisfaction, have positive effects on customer satisfaction.

**Keywords:** Electronic Customer Relationship Management (E-CRM), Competitive advantages.

**Introduction**

The emergence of electronic business has changed many aspects of current business and has created new firms with new business models. Organizations, now, start to re-evaluate their fundamental relations: Relation between firms and their suppliers, customers, government and their competitors. In the digital world, many firms are facing with growing and complex demands of customers that need immediate and high-level services through multiple channels. To face these challenges, many firms, choose electronic customer relationship management. This emerging concept, gives organizations the ability to gain, integrate and disseminate data and information through their corporate websites

**Review of Literature**

**R. K. Mittal and Rajeev Kumra (2001)** E-CRM, which is the latest buzzword in the corporate sector, is perceived as one of the effective tool in this direction by the banks. Therefore he analyse the concept of e-crm in Indian banks from its various dimensions covering specifically its need, process, present status and future prospects.

**M. P. Jaisawal and Anjali Kaushik (2002)** E-CRM is a combination of business process and technology that seeds to understand a company's customer from a multifaceted perspective. E-CRM system has been recently adopted in the industry. Selecting an E-CRM system is a part of the customer relationship strategy.

**Bill Karakostas and Dimitris Kardaras (2005)** Expressed that organisations have begun to realize the importance of knowing their customers better. Customer relationship management is an approach to managing customer related knowledge of increasing strategic significance. The successful adoption of it-enabled crm redefines the traditional models of interaction between businesses and their customers, both nationally and globally.

**Reeti Agrawaland Sanjay Rastogi (2009)** Determined factors affecting customer perception and attitude towards and satisfaction with e banking is an essential part of

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a bank's strategy formulation process in an emerging economy like India. The major findings depict that customers are influenced in their usage of e-banking services by the kind of account they hold, their age and profession, attach highest degree of usefulness to balance enquiry service among e-banking services, consider security & trust most important in affecting their satisfaction level and find slow transaction speed the most frequently faced problem while using e-banking.

**R.K.Uppal and Bishnupriya Mishra (2011)** He analyzes the widening gap between desirability and availability regarding reliability, accuracy, confidentiality, flexibility, e-channels, high attention to customers, lowservice charges and overall satisfaction of customers in three bank groups i.e. public sector banks, Indian private sector banks and foreign banks. Also, recommends some measures to bridge this gap between the d/a of service quality parameters in the banking sector in the emerging competition.

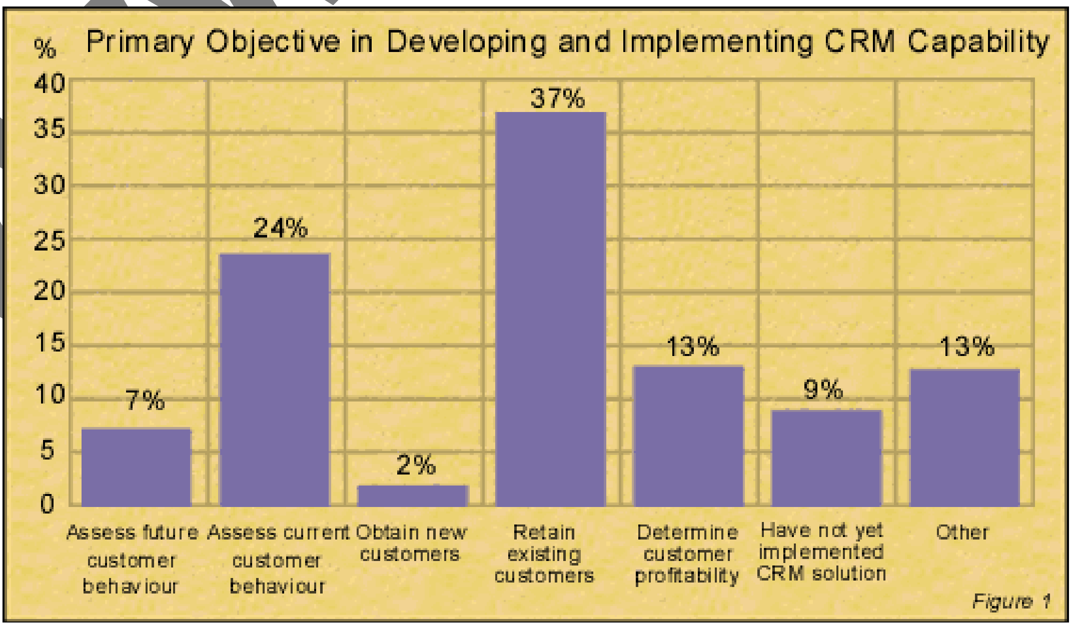
**Peelen, (2006)** a spontaneous customer-oriented feedback system is another significant characteristic of CRM, which allows banks to understand and learn about customers and give prompt and proactive response to them.

**Anumala & Reddy, (2007)** the customer relationship management (CRM) is essential and vital function of customer oriented marketing. Its functions include gathering and accumulating customer-related information in order to provide effective services. E-CRM is a combination of IT sector but also the key strategy to electronic commerce.

**Feinberg & Kadam, (2002)** Customers are getting more involved to use web because of the internet is becoming more available and customers are comfortable with web business, those customers who are not using Web will use tomorrow and those who have never purchased today will buy tomorrow on the web.

**CRM: What is it all about?**

CRM definitions range from those that refer to CRM as a technology using data warehousing and data mining techniques, to others that consider it as a high-level initiative to develop relationships with a bank's most valuable customers. The truth is that CRM refers to any strategy used to manage a bank's relations with its customers.There has been a particular focus on CRM in maturing industries where the market is close to saturation in terms of new customers, such as the banking and mobile phone industries. In these situations, companies use CRM to retain existing customers. Other reasons for using CRM are outlined in *Figure 1*.



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The current generation of CRM is more focused on the internet. While the internet provides yet another delivery platform for sales, marketing and customer service functions, it also increases the number of touch-points a customer has with a bank (e.g. face-to-face, mail, phone, internet, email). This means that banks are finding it harder to track the interaction a single customer may have with that organization.

**Difference between CRM and E-CRM:**

Differences between CRM and E-CRM are subtle, but important. They concern the underlying technology and its interfaces with users and other systems. Pourasghar (2007, 16) did not think there are differences between CRM and E-CRM. He said considering the strategic perspective, no differences between CRM and E-CRM exist as both concepts have the overall goal of an increased Customer Lifetime Value, and aim to increase customer retention and decrease service costs but the process level, he said several distinctions between the two concepts become observable.

The application programs in CRM are written with back-end operations in mind; the emphasis is on data collection and the optimality of interface with the user`s PC (client). Web-enabling CRM application involves downloading applets to the client – a time consuming process. (Chandra & Strickland 2004, 3-4).

According to (Pan *et al.* 2003) E-CRM expands the traditional CRM techniques by integrating technologies of new electronic channels. E-CRM solution supports marketing, sales and service and with the advancement of Web-based technology, market dynamics are driving companies to adopt E-CRM. Electronic Customer Relationship Management is an integrated management approach. E-CRM interdepartmental integrates and optimizes customer-oriented processes in marketing, distribution, customer service and research & development. Databases and appropriate software for market development issues as well as for clearly defined customer processes are the basis for efficient E-CRM.

**Benefits of E-CRM**

The long-term business relationships provide many potential benefits for banks and clients. It is generally less costly for any service firm (bank) to maintain and develop an existing client relationship (berry 1983). The customer can also make transaction cost savings by developing a long-term relationship with bank. A long-term relationship may, for instance produce strategic benefits for the bank in its marketing by generating references and credentials or it may create competitive advantage by building barriers to switching. The client on its part may enhance the quality of services offered by engaging in long-term business relationship with a bank (berry & parsuraman 1991).Most financial organizations invest huge sums in defining and automating their core business processes. No doubt, they have benefited by standardizing the processes, yet there are several areas, which remain unresolved where E-CRM can play effective role. So where does the 'e' fit into E-CRM? The 'e' seems to be merely following a current trend among financial institution to put an 'e' in front of any of their offerings. In its simplest form, E-CRM refers to CRM software that is 'internet enabled', meaning that it can be accessed via a web browser.

In another context, it refers to CRM software that fully incorporates the internet delivery platform in managing customer relationships.

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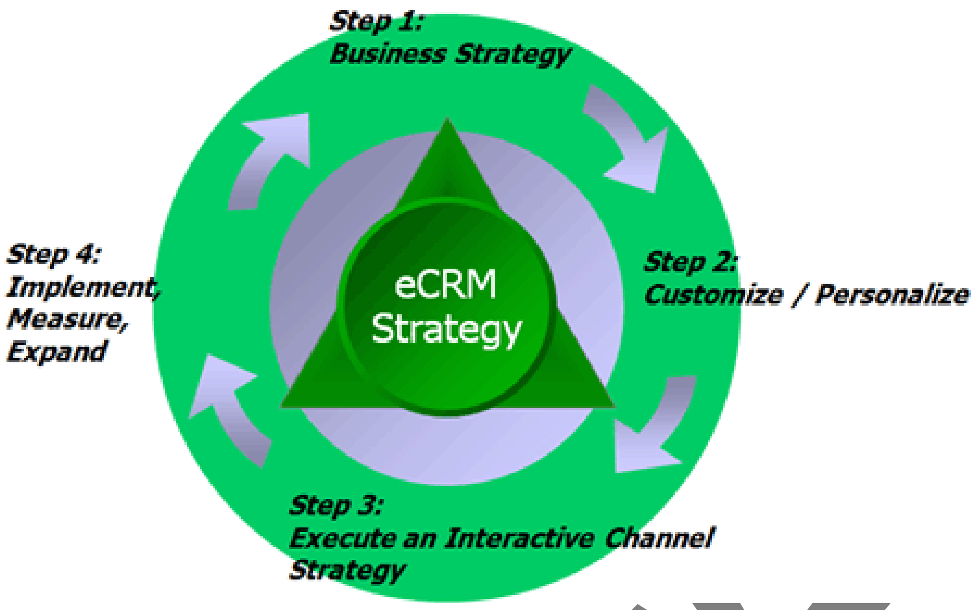


**Characteristics / Features Of E-CRM**

1. Electronic Customer Relationship Management (E-CRM) is based on some basic principles such as, 80% of your business comes from 20% of your customers and it is less expensive to retain an existing customer than get a new customer.
2. A satisfied customer tells 2 other people of your services while an unsatisfied customer tells 10 others of your shortcomings.
3. E-CRM uses the latest Web-technologies to read, manage and analyze customer databases to provide you with detailed information you require for effective customer acquisition and retention.
4. E-CRM enables a personalized relationship with customers through electronic media.
5. It offers integrated customer information from all departments into one centralized knowledge base.
6. It has a totally integrated, customer-centric approach.
7. It employs e-business technologies to extend customer service and offers a variety of solutions tailored to your specific needs.

**Why do banks need E-CRM?**

In today's market, customer loyalty is difficult to come by. To get that loyalty, companies need to better understand the needs of its customers. E-CRM provides a 360-degree view of the customer, meaning that it is now possible to know exactly what they want, when they want it and how they want it. A drastic transformation is taking place in the marketplace the business must revolve around the customer.

**Customers want to interact with businesses when and where it is convenient for them.** Customers are constantly pressed for time. More and more they are looking for convenient ways to make transactions. Through various forms of technology, such as pagers, mobile phones, voice mail and e-mail, customers want the same opportunities in person, over the web, in their cars, on sidewalks, in planes, on the beach and on the shop floor, 24 hours a day, 7 days a week. The eCRM solution makes it possible to do more with less time.

**Businesses are putting customers at the centre of their planning.** In the last 15 years, businesses began to shift their strategies from product centric to customer

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centric. More businesses are doing this every day. No longer do issues like brand management and product management monopolize business strategy.

**Personalized information is a critical ingredient to any product or service.** Focused, personalized information is a key factor in selling products and services. Adding information converts commodities into personalized, high margin products and service offerings.

**Implementation Strategies for E-CRM**

Once a bank has identified the need for E-CRM, it has to plan for implementation for which following aspects need to be taken into account:

**1. Developing customer-focused business strategies:**It is important to offer customers what they are currently demanding and anticipate what they are likely to demand in the future. This can be achieved by providing a variety of existing access channels for customers, such as e-mail, telephone and fax, and by preparing to provide for future access channels such as wireless communication.

**2. Retooling business functions.** Starting to do business via E-CRM requires disruptive organizational change in order to determine which departments/functions are truly servicing the customer and which ones are only adding to overhead.

**3. Work processes-engineering:**Departmental role and responsibility changes from restructuring business functions will needs adopting new work processes. Choices here are to take the traditional step-wise approach or an integrated one towards improving work efficiency. Under the step-wise approach, departments are treated as separate efficiency entities.

**4. Technology choices:**Criteria for technology selections includes scalability of software, tool set flexibility for customization, stability of the existing E-CRM application code, compatibility of E-CRM application with legacy and Internet systems, level of technical support available during and after implementation, upgradable support, availability of additional modules and security.

**5. Training and implementation:** This thrust area is apparently the most important one in E-CRM implementation effort. Depending on the number of users, training times will vary from company to company. Anyone who requires access to the system should receive full, appropriate and timely training.

**Future Trends in Multi-Channel Approaches E-CRM**

The future is wide open for companies to adopt multi channel approach to customer relationship management. The research of Warrington, Gangstad, Feinberg and de Ruyter (2007) asserts “multi-channel retailers that utilize an E-CRM approach stand to benefit in multiple arenas by providing targeted customer service as well as gaining operational and competitive advantages”.

Not only one type of E-CRM

E-CRM is often seen as one system, one technology, and one solution. In reality, many applications exist within the E-CRM arena, most of which can be broadly placed into two categories: operational CRM and analytical CRM. Operational CRM includes applications such as Sales Force Automation and Automated Call Centers. Once integrated with other channels, operational CRM provides the 360-degree view of the customer.

**Common problems:**

Frequently, companies that have installed E-CRM systems collect huge amounts of data about their customers but many do not actually know whether their E-CRM efforts have increased or decreased profitability. The problem lies in a lack of strategic focus. Many have taken a tactical approach to E-CRM and purchased vast data warehousing systems, where they have 'boiled the ocean' to collect mountains of

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data which result in little or no use.Equally, it is vital that the culture of the staff within the organisation has a strong customer focus.

**Mobility enhances the customer interaction**

E-CRM's heavy reliance on technology often pushes companies towards listening to what the technology can deliver rather than to what customers really want. One way of delivering what customers want is to provide adequate channels through which customers can communicate, where they want, when they want. This means that businesses need to start thinking about how to incorporate 'm-CRM' (Mobile Customer Relationship Management) into their strategy.

**The way forward**

Many companies have been slow to adopt E-CRM solutions; while those that have are barely scratching the surface of ways, they can use information technology to manage their customer relationships. The history of a good relationship with a customer is an area of sustainable differentiation that cannot be copied or built overnight.

**Conclusion:**

As e-technologies continue to develop into the future in tandem with the proliferation of an e-customer base, banks must attempt to harness the opportunities available to deliver sustainable competitive advantage in the digital world of E-CRM. To inform such strategies there is an ongoing need to examine how banks are translating investments in E-CRM technologies into sustainable competitive advantage in the marketplace. The role of E-CRM in the development and management of multi-channel strategies is also an issue for further research. It can be difficult for banks to put in place the correct metrics to evaluate E-CRM strategies, and further research on going the effectiveness of E-RM through performance measurements within organisations would be useful. Though the literature on self-service technologies is growing, there is an ongoing need to examine the response of customers to a bank's E-CRM strategies.

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