

An exploration study to detect important factors influencing customer relationship management on reducing unhappy clients

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ABSTRACT

This paper presents an investigation to find out important factors influencing electronic customer relationship management on reducing customer complaints. The proposed study designs a questionnaire in Likert scale consists of 19 questions, distributes it among some Iranian experts in banking industry and analyzes it based on principal component analysis. During the survey, the number questions are reduced to 16 because of skewness of three questions. Cronbach alpha is calculated as 0.82 and Kaiser-Meyer-Olkin Measure of Sampling Adequacy and Approx. Chi-Square are 0.746 and 1993, respectively. Based on the results of our survey, we have derived four factors including knowledge management, customer retention, customer oriented strategy and structure oriented.

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1. Introduction

During the past few years, there have been tremendous changes on electronic marketing and many people prefer to make their purchase through online trading (Aaker, 2010; Stiglitz & Weiss 1981). The success of offering goods and services through internet has been very huge and there are many big-cap firms such as AMAZON, E-bay, etc. whose shares are among most popular companies on US stock exchange (Leuthesser et al., 2011). These days, when a customer purchases a good through internet, a survey has been accomplished to receive customer's feedback on goods and services sold (Franco, 1990). E-business has become an important business and customer retention plays essential role on the success of business units (Hsieh & Li, 2011; Stigler, 1961). Sivarakis et al. (2011) investigated the outcomes of electronic customer relationship management (e-CRM) system

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implementation in the Thai banking industry from customers' perspectives (Kimiloglu & Zarali, 2009).

They discussed that most e-CRM implementations could not be directly observed or recognised by customers and they performed a literature review and interviewed with experts in the Thai banking industry to develop a new construct called 'customer-based service attributes' to measure e-CRM outcomes from customers' perspectives. They performed structural equation modelling (SEM) and reported that e-CRM implementation had a statistically significant positive relationship with customer-based service attributes and with the quality and outcome of customer–bank relationships as well as an indirect impact on relationship quality and outcome through customer-based service attributes.

Romano and Fjermestad (2003) studied e-CRM, presented a conceptual framework to study the relationships among and between different areas within e-CRM, and proposed how they might be integrated to further research this area. They started with a discussion of each of the research areas through brief reviews of relevant literature for each and a discussion of the theoretical and strategic implications related to some CRM technologies and research areas. They also presented a theoretical framework for e-CRM in terms of the five research areas and how they influenced one another, as well as e-CRM processes and both performance and non-performance outcomes.

Ahmad and Rashid (2012) analyzed current banking practices in Pakistan, regarding the e-CRM. The primary objective was to explore the variables in association with operational problems, which could happen with banks that applied e-CRM and the customer's perception of the usage of e-banking. They provided some ideas and practical suggestions, which could be implemented, particularly with E-banking to improve its continuance.

Lee-Kelley et al. (2003) provided some evidences of how to improve planning for customer management by presenting and testing a conceptual model of the process by which the implementation of e-CRM, can enhance loyalty. Luck and Lancaster (2003) explored the degree to which UK based hotel groups had exploited the medium of e-CRM. They reported that the majority of the hotel groups had only embraced a few elements of E-CRM and even reported that they had no intention of being led online by the concept. Although the results of their questionnaire implied that hotel groups were generally aware of the potential of Web technologies and strategies, their results also demonstrated that firms were not putting this knowledge into practice when it came to implementing E-CRM. They reported that hotel groups based in the UK were failing to take advantage of the many opportunities identified through the secondary research.

2. The proposed study

This paper presents an investigation to find out important factors influencing electronic customer relationship management on reducing customer complaints. The proposed study designs a questionnaire in Likert scale consists of 19 questions, distributes it among some Iranian experts in banking industry and analyzes it based on principal component analysis. During the survey, the number questions are reduced to 16 because of skewness of three questions. Cronbach alpha is calculated as 0.82 and Kaiser-Meyer-Olkin Measure of Sampling Adequacy and Approx. Chi-Square are 0.746 and 1993, respectively. Table 1 summarizes the results of our survey on communalities. Fig. 1 demonstrates the results of Scree plot. As we can observe from the results of Fig. 1, there are four factors, which could be extracted for further studies. In addition, as we can observe from the results of communalities given in Table 1, most factors are well above the minimum acceptable level of 0.5. Table 2 demonstrates the results of factor analysis on these factors.

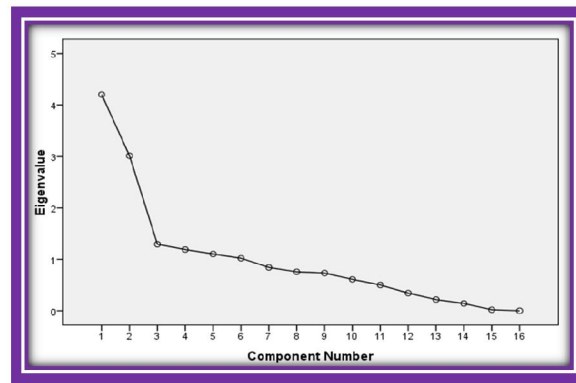


Fig. 1. The summary of Scree plot

Table 1
The summary of communalities

	Communalities	
	Initial	Extraction
VAR00001	1.000	.611
VAR00002	1.000	.684
VAR00003	1.000	.719
VAR00005	1.000	.652
VAR00006	1.000	.667
VAR00007	1.000	.540
VAR00009	1.000	.734
VAR00010	1.000	.636
VAR00011	1.000	.924
VAR00012	1.000	.838
VAR00013	1.000	.674
VAR00014	1.000	.935
VAR00015	1.000	.920
VAR00016	1.000	.924
VAR00017	1.000	.801
VAR00019	1.000	.569

Table 2
The summary of principal component analysis after rotation

Component	Initial Eigenvalues			Extraction Sums of Squared			Rotation Sums of Squared		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.204	26.275	26.275	4.204	26.275	26.275	3.941	24.633	24.633
2	3.013	18.834	45.109	3.013	18.834	45.109	3.095	19.346	43.980
3	1.294	8.090	53.199	1.294	8.090	53.199	1.271	7.944	51.923
4	1.191	7.443	60.642	1.191	7.443	60.642	1.192	7.447	59.371
5	1.104	6.900	67.542	1.104	6.900	67.542	1.172	7.324	66.695
6	1.021	6.381	73.923	1.021	6.381	73.923	1.156	7.228	73.923
7	.844	5.273	79.196						
8	.758	4.737	83.933						
9	.734	4.586	88.519						
10	.612	3.822	92.341						
11	.502	3.139	95.480						
12	.344	2.152	97.632						
13	.218	1.361	98.993						
14	.142	.887	99.879						
15	.019	.121	100.000						
16	.844	5.273	100.000						

Based on the results of our survey, we have derived four factors including knowledge management, customer retention, customer oriented strategy and structure oriented.

3. The results

In this section, we present details of our findings on four influencing factors.

3.1. The first factor: Knowledge Management

The first factor is associated with knowledge management. Table 3 demonstrates details of our survey. As we can observe from the results of Table 3, “Update information” is the most important factor, followed by “Innovation and learning outlook”, “Update information”, “Digital customer’s perception” and “Communication channels”.

Table 3

The summary of factors associated with knowledge management

Option	Factor weight	Eigenvalues	% of variance	Accumulated
Update information	.674			
Digital customer’s perception	.621			
Knowledge management	.733	1.479	36.972	36.972
Communication channels	.506			
Innovation and learning outlook	.674			

Cronbach alpha =0.70

3.2. The second factor: Customer retention

Customer retention is the second important factor and it includes four factors, which are summarized in Table 4 as follows,

Table 4

The summary of factors associated with customer retention

Option	Factor weight	eigenvalues	% of variance	Accumulated
Trust and support	.690	1.326	26.512	26.512
Commitment	.585			
Customer’s requirements perception	.630			
Management of customer information	.524			

Cronbach alpha =0.680

According to the results of Table 4, “trust and support” is number one priority followed by “customer’s requirements perception”, “Commitment” and “Management of customer information”.

3.3. The third factor: Customer oriented strategy

Customer oriented strategy is another important factor with three items summarized in Table 5.

Table 5

The summary of factors associated with customer oriented strategy

Option	Factor weight	eigenvalues	% of variance	Accumulated
Customer value	.854	1.640	54.675	54.675
Information services	.684			
Customer’s knowledge	.758			

Cronbach alpha =0.78

According to the results of Table 5, “Customer value” is the most important component in customer oriented strategy followed by “Customer’s knowledge” and “Information services”.

3.4. The fourth factor: Structure oriented

Structure oriented is the last important factor with two items summarized in Table 6. According to the results of Table 6, “Having good relationships with customers” is the most important component in organizational assessment followed by “Security”.

Table 6

The summary of factors associated with targeting appropriate market

Option	Factor	eigenvalues	% of variance	Accumulated
Security	.513			
Having good relationships with customers	.849	1.535	55.155	55.155

Cronbach alpha =0.49

3. Conclusion

We have presented an investigation to find out important factors influencing electronic customer relationship management on reducing customer complaints. The proposed study of this paper has implemented principal component analysis and it detected four factors. The first factor is associated with knowledge management where “Update information” is the most important factor, followed by “Innovation and learning outlook”, “Update information”, “Digital customer’s perception” and “Communication channels”. Customer retention is the second important factor and it includes four factors where “trust and support” is number one priority followed by “customer’s requirements perception”, “Commitment” and “Management of customer information”. Customer oriented strategy is another important factor with three items where “Customer value” is the most important component in customer oriented strategy followed by “Customer’s knowledge” and “Information services”. Finally, structure oriented is the last important factor with two items where “Having good relationships with customers” is the most important component in organizational assessment followed by “Security”.

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