Chapter 8
An Empirical Study on the Integrated Framework of e-CRM in Online Shopping:
Evaluating the Relationships Among Perceived Value, Satisfaction, and Trust Based on Customers’ Perspectives

Changsu Kim
Yeongnam University, Korea

Weihong Zhao
Jiangxi Normal University, China

Kyung Hoon Yang
University of Wisconsin-La Crosse, USA

ABSTRACT

Based on customer cognitive, affective and conative experiences in Internet online shopping, this study, from customers' perspectives, develops a conceptual framework for e-CRM to explain the psychological process that customers maintain a long-term exchange relationship with specific online retailer. The conceptual framework proposes a series of causal linkages among the key variables affecting customer commitment to specific online retailer, such as perceived value (as cognitive belief), satisfaction (as affective experience) and trust (as conative relationship intention). Three key exogenous variables affecting Internet online shopping experiences, such as perceived service quality, perceived product quality, and perceived price fairness, are integrated into the framework. This study empirically tested and supported a large part of the proposed framework and the causal linkages within it. The empirical results highlight some managerial implications for successfully developing and implementing a strategy for e-CRM.
INTRODUCTION

Customer relationship management in electronic commerce (e-CRM) is one of the fastest growing management techniques adopted by online enterprises. It is premised on the belief that developing long-term relationships with customers is the best way to gain customer loyalty (Reichheld & Schefter, 2000). Much research has been done on such topics as e-CRM management (Romano & Fjermestad, 2003), e-CRM marketing techniques (Jackson & Wang 1995; Pan & Lee, 2003), the adoption of e-CRM in organizations (Wu & Wu, 2005), and e-CRM applications that facilitate Internet business (Wang & Head 2001; Adebanjo, 2003). Still, many online enterprises encounter difficulties implementing effective e-CRM because they tend to overlook customer perspectives on e-CRM issues (Woodcock & Starkey, 2001).

This study suggests that online retailers should have a substantial understanding of factors that can influence a customer to maintain a long-term relationship with them. Therefore, the objective of this study is to develop an integrated e-CRM framework by investigating the psychological process that occurs when a customer maintains a long-term relationship with an Internet online retailer. We developed a theoretical model based on Oliver’s four-stage cognitive-affective-conative-action model (1980). Each cognitive, affective, and conative factor is explained by the theory of reasoned action (TRA), the expectation confirmation theory (ECT), and the commitment trust theory (CTT), respectively. By highlighting key factors, we empirically investigate a series of dynamic linkages among these factors affecting customer long-term relationship orientation. Finally, managerial implications and limitations are discussed in the conclusion.

THEORETICAL BACKGROUND

Overview of Web-Based Customer Relationship Management

E-CRM is a newly developing customer-oriented business philosophy that reorients online enterprise operations in order to improve customer satisfaction, loyalty, and retention (Adebanjo, 2003; Pan & Lee, 2003). E-CRM is not only about technology but also about aligning business processes with customer strategies (Rigby, Reichheld, & Schefter, 2002). Anton (1996) emphasizes the management of customer relations with “continuous improvement or re-engineering” for better service and competitive positioning. Behavioral and affective factors are also regarded as playing a major role in e-CRM (Vellido, Lisboa, & Meehan, 2000; Romano & Fjermestad, 2003; Wu & Wu, 2005; Raihan & Hamid, 2005).

Many facets discussed in the literature about e-CRM correspond to stages in Oliver’s cognitive-affective-conative-action model for loyalty (1980). The first stage in this model is cognitive loyalty. In this stage, a consumer may continue to patronize a store for a compelling reason. However, loyalty at this stage is driven purely by functional characteristics, and the consumer’s commitment towards the store may not be very strong. The next stage is affective loyalty. This is stronger than cognitive loyalty because the consumer’s affective loyalty is a function of both prior attitudes about the store followed by satisfaction. The third stage is conative loyalty. At this phase the consumer has a commitment to buy. This stage is exemplified by repurchase intentions and actions such as recommending the store to others. The final stage is action loyalty, in which the customer purchases items from a store on an ongoing basis.

In the next three sections, we will explain e-CRM in terms of these cognitive, affective, and conative stages that lead to the final stage of “action loyalty.”