Chapter 6.12


Su-Fang Lee
Overseas Chinese Institute of Technology, Taiwan

Wen-Jang (Kenny) Jih
Middle Tennessee State University, USA

Shyh-Rong Fang
National Chung Hsing University, Taiwan

ABSTRACT

This study addresses the effect of customer relationship management (CRM) practices on online customers’ satisfaction with their experience in interacting with the company Web sites. Recognizing the importance of maintaining a healthy relationship with customers, companies are actively seeking ways to enhance the customer value of their offerings through relationship marketing. Since effective managing of customer relationships essentially involves managing customer information flow, Internet technologies have become an important element of a firm’s CRM program. The company Web site is functioning as the focal point of contact for interacting with existing and prospective customers. An important concern is how the company Web site affects customers’ overall perception of the Web site. Using the concepts of Internet-mediated market orientation in marketing and user satisfac-
Investigating the Impact of CRM Practices

In the e-marketing discipline, Internet technology is viewed as “a market space where a firm interacts, makes transactions, and builds relationships with suppliers, distributors, competitors, as well as consumers” (Min, Song, & Keebler, 2002, p. 3). In addition to the functional capabilities, the appeal of Internet technology also comes from the rapid growth of consumer acceptance it has enjoyed since the network was made available for commercial usage. An industry research from Jupiter Research (http://www.find.org.tw/), for example, indicates that annual online retail sales in the United States will reach 65 billion dollars during the year of 2004 and 117 billion dollars for the year of 2008 with the composite annual growth rate of 17%. According to this research, although the growth rate of first-time online shoppers in the United States will slow down as the Internet population saturates, the average purchasing amount is expected to increase steadily as a growing number of customers gain and feel satisfied with their experience with Internet shopping. The strategic role of Internet technology becomes even more obvious as one observes how companies in various sectors are integrating sophisticated knowledge management capabilities (e.g., online communities) into their new product development process and other customer-facing functions (Gebert, Geib, Kolbe, & Brenner, 2003).

An important e-marketing area that has received much attention from marketing researchers is relationship marketing. The aim of relationship marketing is to build long-term, mutually satisfying relations with customers, suppliers, and distributors with the objective to earn and retain their long-term preference and businesses (Kotler, 2000, p. 13). Today's highly competitive business environment requires the adoption of both offensive marketing strategy (recruiting new customers) and defensive marketing strategy (retaining existing customers) (Stefanou, Sarmaniotis, & Stafyla, 2003). To implement these customer-centric strategies, companies must have access to information about customers and provide customers with valuable knowledge to help them use the products they purchased from the company. In addition, instead of treating all customers equally, it is essential for companies to understand customers’ requirements and customize the product and service offerings accordingly. Maintaining constant two-way communications with customers, therefore, is an important prerequisite for successful management of meaningful customer relationship.

A variety of information systems have been used to help with interactions with the customers. Often referred to as CRM systems, these systems...