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# e-CRM successful factors for business enterprises
## Case Study Air products Co.

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## Abstract

The widespread use of the web technology presents an opportunity for business to use the Internet as a tool for electronic customer relationship management (e-CRM). Despite agreement that e-CRM has direct or indirect impact on customer satisfaction, the significance and the determinants of e-CRM in influencing customer satisfaction have not been well researched. A theoretical framework that consists of e-CRM initiatives: system quality, information quality and service quality; intrinsic success: responsiveness and efficiency and objective.

One of the driving forces behind e-CRM is the pressure to remain competitive in the business world. Many companies are interested in the low costs and efficient processing of e-CRM. The first force that leads to e-CRM implementation is economic drivers. Internally, companies want to decrease costs and streamline business processes. Externally, those companies must maintain relationships with their business partners. e-CRM can help them meet both these goals. Customer's perceptions of relationship efforts are fundamental to enhance customer loyalty and that an enhancement of customer loyalty reduces price sensitivity. The latest technique which companies are using now a day for increasing and enhancing their marketing skills is electronic customer relationship management.

e-CRM is basically marriage of CRM and e-commerce.

**Key words**: Customer relationship management, customer loyalty, price sensitivity, retention, e-commerce

## Introduction

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The Term e-CRM was coined in the mid-1990 when customers started using web browsers, the internet and other electronic touch points (e-mail,POS terminals ,call centers, and direct sales).e-CRM also include on line process applications such as segmentation and personalization .The use of the internet ,intranet ,and extranet made customer services, as well services to partners through Internet technologies ,data generated about customers can easily be fed into marketing,sales,and customer service data bases for analysis .e-CRM has become a requirement for survival, not just a competitive advantage. e-CRM covers a broad range of topics, tools, and methods, ranging from the proper design of digitals products and services to pricing and loyalty programs.

Note that e-CRM is sometimes referred to as e-services (Rust and Lemon 2001) However, the term e-service has several other meanings.for example some define e-service as EC in service industries such as banking, hospitals and government, whereas others confine its use to e-self-service.

Note that people use the terms e-CRM and CRM interchangeably.

Most vendors use just CRM, and that term also is most often used in the accounting – profession literature.

e-CRM returns to the marketing activities, tools and techniques, delivered over the Internet (using technologies such as web sites and e-mail, data capture, warehousing and mining) with a specific aim to locate, build and improve long term customers relationship to enhance their individuals potential ). e-CRM is based on customer information that personalizes interactions and simplifies the closing of transactions. e-CRM also helps you reach your customers at the right time and at the right place by helping you identify their needs and expectations.Creating a company that focuses on e-commerce requires an effective e-CRM system. It's a new way of doing business that capitalizes on the global marketplace. One benefit is setting buy-in from your entire staff by creating a better understanding of what e-CRM can do for your business. It will also help you identify the driving forces of your competitors and create a clearer picture of the global market place.

Understanding the driving forces behind e-CRM will help you get buy-in from your entire staff, understand what sort of effort an e-CRM system requires, and identify the driving forces of your competitors. How does e-CRM affect your business? It can help create marketing campaigns. It can increase customer retention. It can improve internal business processes. Improving customer satisfaction and acquiring new customers is another key aspect of e-CRM. Marketing departments are central ingredients to accomplish these goals. The second force that leads to e-CRM implementation is marketing expectations. As the market becomes saturated with new products delivered online; it's important to create advertising that differentiate your products from others. e-CRM can help companies effectively identify customer problems and needs. Along with meeting customer

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expectations, e-CRM provides opportunities for cross-selling and up-selling, which can increase revenues.

## Integration of communication channel

The potential for improved communications is significant as the management of SME simplicitly entails managing personal relationships (McGowan and Durkin, 2002).In this regard improved communications are an inherent attribute of internet technologies (Brady et al., 2002). More specifically, Day and Hubbard (2003) emphasise that internet technologies complement existing channels of communication, but Gillen et al. (2000) question whether the internet can, in some circumstances, replace traditional channels of communication. In general, it is agreed that internet communication is not commonly used to deal with more complex enquiries and that internet technologies tend to be used in relationships where communication frequency
is already higher (Boyle, 2001; Day and Hubbard, 2003). Therefore, internet use mayjust be a by-product of already highly relational exchanges (Boyle, 2001).

## Information management integration

Integrated information management is central to e-CRM where the proactive use of internet technologies can facilitate the exploitation of customer data and the sharing of information (Brady et al., 2002; Chas ton and Mangles, 2003). Among firms that are more CRM-oriented, more emphasis tends to be placed on information management(Chaston and Mangles, 2003) and more specifically e-CRM, to assist with the task of incorporating extensive databases to capture and manage customer information.However, internet technologies that accommodate e-CRM systems tend not to be used proactively and strategically for the purposes of information management in SMEs,where their dominant purpose remains the gathering and cataloguing of product-oriented information (McGowan and Durkin, 2002; McCole and Ramsey, 2004).

## Integration of relationships

The extent of use of internet technologies in customer relationships has been debate around whether their role is complementary or substitutive. Boyle (2001) questions whether, as

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internet technologies become more pervasive, they will be used at the expense of more traditional and personal forms of communication. It is important to note, though, that internet technologies need not dehumanize buyer-seller relationships. Similar to their role in communication, they may be more appropriate in already well-established customer relationships (Boyle, 2001). Nevertheless, the concern remains whether the internet can match the person-to-person contact that is so vital to the SME (Day and Hubbard, 2003). Bradshawand Brash (2001) state that the role of internet technologies is in identifying the customer relationships that deserve personalization. In other words, MIP26,4388 internet technologies can calculate those customers who are most profitable to the organization (Chan, 2005; Ryals, 2005), helping to prevent them is allocation of resources to relationships with low-value customers (Starkov, 2004).

## Benefits of e-CRM

Previous research has found there to be a plethora of specific benefits to be gained from e-CRM implementation. The dilemma is whether these can be applied to anSME context.
An important benefit allowed by the internet is the overcoming of prominentgeographical boundaries (McGowan et al., 2001). In peripheral and relatively small economies it is vital that SMEs are able to see that a market, other than in a domesticsetting, exists for their product or service offering. Aside from enabling e-commerce, internet technologies facilitate the management of customers in other countries. Thus-CRM facilitates new market entry and internationalization (Berthon et al., 1996;Hamill and Gregory, 1997; McGowan et al., 2001).
In the context of NI, almost 99 per cent of all business organizations are classified as SMEs (less than 250 employees) and in the private sector SMEs account for nearly 80 per cent of employment and 75 per cent of turnover (SBS, 2003). As a whole, their (SMEs) contribution to the economy is significant. However, the potential for growth in the domestic market remains limited due to the small size of the economy. In addition, the ability to access international markets in Europe, and further afield, remains hindered by the geographic remoteness of the region. From this perspective, SMEs should be incentivised to embrace the internet and implement effective e-CRM systems as a means of accessing and acquiring market share in larger international markets. Ultimately an effective e-CRM strategy can help the firm gain access to new international consumers, suppliers and also assists in capturing (and sharing) valuable stakeholder data. Such a system will have positive implications for the firm's survival, and hence their ability to compete and grow. Ireland as a whole has widespread broadband internet availability (around 90 per cent according to Richardson, 2005); hence the infrastructure for deploying internet technologies to facilitate e-CRM in business exists.

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The personalization of relationships is a significant benefit of e-CRM. By electronically recording the purchasing history of customers and providing the metrics for calculating each customer's profitability, e-CRM allows SMEs to tailor offerings and predict future behavior (Day and Hubbard, 2003). An example would be personalized e-mails, offering the right product to the right customer at the right time. Such customization can improve the already inherent flexibility that is an SME's key strength against its larger competitor (Carson et al., 1995; Chaston and Mangles, 2003). E-CRM improves the personalization of an SME's communications and product offerings (Bradshaw and Brash, 2001; Durkan et al., 2003), which inherently can improve an SME's customer service levels (Bradshaw and Brash, 2001). Indeed, it would be fair to suggest that the use of e-CRM systems in information capture and management can assist firms in achieving better levels of customer service than traditional and non-internet based CRM systems could. Thus, by deploying an e-CRM strategy to maintain relationships with customers, an organization will be better equipped to serve their customers' desires and improve their loyalty, which will in turn improve the organization's efficiency and profitability. Committed customers are company assets (Ragins and Greco, 2003) and it is less expensive to retain than to attract a customer (Reichheld and Sasser, 1990; Storbacka et al., 1994).

finding that e-CRM helps to create exit barriers due to the fact that organisations intrinsically know their customers' needs. There is some disagreement, however, on the internet's impact on customer loyalty. For firms trading online (i.e. practicing e-commerce), true loyalty is difficult to achieve as the "the competition are only a click away" (Starkov, 2004). Hamid and Kassim(2004) agree, finding that the impact of the internet on customer loyalty can be considered marginal. Overall, previous research displays uncertainty about the impact of e-CRM on customer loyalty.

In general, a key benefit of e-CRM is improved efficiency, both internally and throughout the supply chain (McGowan and Durkin, 2002; Chaston and Mangles, 2003) and by gaining an intrinsic and almost exact knowledge of what customers want, fewer financial resources are wasted throughout the production process. A positive impact on the "bottom line" is therefore expected from an organisation dedicating resources to e-CRM. In general, the value of e-CRM comes in lowering costs, enabling more efficient business practice and creating competitive advantage (Smith, 2000). In summary, the benefits to be gained frome-CRM are numerous. It can facilitate entry into new markets, the personalisation of customer relationships and generate greater efficiencies in marketing. The impact on customer loyalty is less conclusive. As regards a return on investment for e-CRM as a business initiative, the conclusions are uncertain.Kula and Tatoglu (2003)find that the financial benefits are not understood, and that any benefits achieved remain indirect. Therefore, the ultimate impact of

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e-CRM on an organisations' profitability is debatable in the absence of more conclusive empirical evidence.

## Barriers to e-CRM

Despite the noted benefits, a common difficulty for SMEs implementing e-CRM is a reduction in face-to-face contact with customers (Lituchy and Rail, 2000; McGowan et al., 2001). It is vital that an SME finds the right balance between face-to-face and virtual contact, as both can play different and complementary roles. Gillen et al. (2000) asserts that internet technologies, when used in the wrong situations, can destroy customer relationships. Bauer et al. (2002) assert that internet technologies are most suited in established face-to-face relationships where trust and security already exist. The SME should also consider the perspective of the customer, for whom the absence of face-to-face contact is a concern (McGowan et al., 2001). In summary, it is proposed that the potential benefits of e-CRM will outweigh both the organisation's and the customer's preference for face-to-face contact (Durkan et al., 2003).

The issue of trust in an online context has been widely researched and most authors conclude that it is more difficult to achieve over the internet than in a face-to-face setting (McGowan and Durkin, 2002; Durkan et al., 2003; Ragins and Greco, 2003). Durkan et al. (2003) note that the remote and impersonal context of the internet creates a new challenge for the development of trust. However, successful e-CRM need not be impersonal (Bradshaw and Brash, 2001) and the acquisition of trust should be viewed as an incremental process, where it is built up experientially over time (Durkan et al., 2003). Nonetheless, the issue of trust can be an important barrier to e-CRM.

As the issue of personal trust is exacerbated in an online context, trust in security of information over the internet is also an area of concern. Tagliavini et al. (2001) and Day and Hubbard (2003) find that privacy and security concerns are very real among both customers and organizations.

## Customer loyalty

Studies often report that, an average, it costs a company more to attract new customers as it does to implement retention strategy. Richheld and Sasser (2000) in their study of the Internet clothing market ,found that customer acquisition cost is 20 per cent to 40 percent greater than acquiring a new customer in the traditional retailing marketplace.

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This leads to higher losses in the early stages of the relationship but in month 14 to 30, the Internet customers are likely to spend twice as much as they did in the first six months. However there is still lacking the evidence to suggest that the same relationship marketing rules would apply in the e-commerce environment.

As organizations become increasingly customer focused and driven by customers demand. The need to meet customer's expectations and retain their loyalty becomes more critical (Disney 1999.p, 491) Almost two-third of British companies (e-business) have learnt nothing about their customers preferences and behavior online "and that the future of e-commerce preferences and behavior on-line ".and that the future of e-commerce relationship management.

e-CRM is being seriously undermined because of this ignorance.thus leading to the question would the careful staging of relation interactions be a driver for customer retention and willingness to increase online spending with a particular company?

## What makes for good online customer service?

Customers are now in charge. Thanks to the growth of the Web, it is easier than ever to comparison shop and switch from one business to another with the click of a mouse. However, research has found that in the online market, customers yearn for trustworthiness more than ever.Customer relationships are a company's most valuable asset - worth more everything else combined as no customers = no business. Getting and keeping more customers who stay with you longer is crucial. If your customers are loyal to your business, they will be much more likely to choose you over your competitors. Loyal customers will be much more likely to tell their friends about you. Loyal customers spend more and bring in even more new customers. Loyalty is immensely valuable. Research has shown that a 5 percent increase in customer retention rates results in a 25 percent to 95 percent increase in profits. It's easy to say customers are our most important asset but turning CRM strategy into bottom-line results is hard work. It means winning the battle for customers' hearts and minds every day, with each interaction at every customer touch point. Long-standing relationships only arise from trust gained over many transactions and by customers' belief that the company wishes to keep them around rather than drive them away. Creating a customer-focused company starts with the definition of a CRM strategy, which must then be filled out with new work processes, organizational changes, and even a revamped corporate culture.

To create customers for life, customers who will become advocates with the perception (and don't forget that perception is reality) they need to believe that you do what's best for your customers, not just what's best for your bottom line.

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**To do that you need to:**

Find out what customers want and know what you are providing matches that. Do not start with the bottom line. Profit and cash flow are residuals of
attention to the needs and preferences of your customers. Of course, profits
are crucial. But long-term cash flow and profits come from regular customers be honest and keep things simple, listen, communicate openly and keep your promises. Deliver what you say you will. Far too many businesses focus on ways to keep customers, only to lose sight of the fact that their product or service simply isn't what it should be. Make certain that the core of what you do is deserving of long-term customer loyalty, and then look for ways to nurture it. Make it simple to do business with you.

Practice what you preach and preach what you practice. Treat your customers like you would like to be treated and then go even further by, in that classic phrase: exceeding their expectations. Give customers reasons to stay. Great service or products are terrific, but it never hurts to lure customers in to the long-term fold. How about discounts for regular customers? Customer loyalty is needs to be appropriately valued and rewarded. Nurture employees. "Old-fashioned" solutions still provide the edge. Research shows that a personal relationship with your employees is the key to keeping customers loyal and that happy staff keeps customers coming back. Treat your employees as you would want to be treated year after year. Not only does that encourage staff to also do their bit to entice customer loyalty, its emphasis's a supportive, responsive environment. Employee loyalty needs to be

Appropriately valued and rewarded. Use sensible marketing practices. Not many people enjoy being inundated with telephone calls and mailings so don't do it! Test, test, test and track the customers who come back. Once you know who your best customers are, the real work begins—convincing them to stay forevermore. Repeat purchase and retention rates capture the real financial ramifications of whether or not a company is
delivering high value to its customers. Know the value of your customers, segments and groups. Know who is likely to be loyal. Some customers are more trouble than they're worth. Monitor what goes into keeping a customer satisfied; if it's too costly or simply too much work - it's wrong to say that everyone should be a lifelong customer. Use effective CRM systems; don't let the systems use you. Don't be driven by the vendor or consultant - use them; they're likely to know the technology far better than you. But let customers' needs and everything above drive how you use the technology. Remember it is an aid not an end. That's all there is to it!

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ECommerce - a plan planning an ECommerce website is like building a house – architecture and budget need to be agreed before the decoration.

## Case Study:

### How Air Products Co. uses e-CRM

Almost all large companies have a formal CRM program .However; CRM programs may be implemented in a variety ways due to large number of tools available here is an example of how companies implemented e-CRM:

the intervening years, the company expanded its business through internal development and acquisitions. Today, Air Products serves customers in technology, energy, healthcare, and industrial markets worldwide. It offers a unique portfolio of products, services, and solutions, providing atmospheric gases, process and specialty gases, process and cryogenic equipment, and performance materials. Air Products is recognized for its innovative culture, operational excellence, and commitment to safety and the environment. With annual revenues of $10 billion and operations in over 40 countries, Air Products' 22,000 employees build lasting relationships with their customers and communities based on understanding, integrity, and passion. The company ranks 275st in sales and 280th in total assets among *FORTUNE* magazine's April 2007 list of the 500 largest corporations in the U.S. Corporate headquarters are located on a 600-acre campus in eastern Pennsylvania's Lehigh Valley, near Allentown; European headquarters are at Hersham, near London; and Asian headquarters are in Singapore, with offices in Tokyo and Hong Kong.

 Air Products Direct (APDirect) is a secure and convenient self-service portal that saves time and increases productivity by providing quick information access and efficient transaction processing. After registering you will have access to the following suite of ordering applications: order management, inventory management, invoice and delivery notes ,delivered volume reports, safety services, frequently asked questions, Online technical and product data .Registered users also have automatic access to the following technical online tools, allowing you to retrieve product data sheets and other technical documents, request chemical samples and maintain your personal list of frequently referenced MSDS's.

- Enabling application APDirect Buyer
- Powered by Ariba Buyer
- Non-Technical MRO
- Catalog Driven Model
- Supplier Card Payment Model
- Cost Savings Realized on Transactions and Leverage Procurement

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## Conclusion:

As B2B and e-CRM become more desirable to customers, it is predictable that the integration of B2B and e-CRM will be a continuous trend with the aid of the Internet applications; this integration can reduce the cost increase revenue, reduce lead- time and improve customer's loyalty and retention.

The further development and improvement of e-CRM will in return benefit the B2B system and make it more competitive in maintaining and managing the customer relationship .Meanwhile, B2B provides a good environment for e-CRM to play its important role. Although the integration of CRM and B2B has many advantages, companies should conduct a feasibility study when considering a e-CRM-B2B model.

Furthermore, technologies, operations, cost and benefit of all issues that should be addressed in the feasibility study .B2B e-commerce is fundamentally about the flow of the information among business organizations.

ensure, the boundaries of organizations are more fluid than they use to be ,e-CRM –B2B integration means that an enterprise's business system can no longer be confined to internal process ; rather they must interoperate with other such system that support links for their customers. With the failure of the dot-com revolution, the real opportunity of the future Internet is in transforming B2B relation. Few challenges are being incurred, which is a finding that can inspire both positive and negative conclusions. We make the conclusion that, in actual fact,

the form of e-CRM being implemented remains ad hoc, lacking in strategy and integration.

The real challenges associated with proficient e-CRM, therefore, may lie in wait. For e-CRM to have a real impact on customer retention and profitability, enterprises should endeavor, in their own entrepreneurial style, to develop a strategy for

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their management of customer relationships. The role, if any, of internet technologies should then become clearer.


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