

Role of E-CRM (Electronic CRM) in Customer Satisfaction and Retention: An Empirical Study of Retail Organisations

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Abstract

Customer satisfaction and retention are essential for the long-term success of any retail organization, and the rise of 'Electronic Customer Relationship Management (E-CRM)' has revolutionized how businesses achieve these goals. E-CRM makes use of digital tools, such as websites, emails, and social media, to improve customer interactions, collect valuable data, and deliver personalized services. In the retail sector, where competition is fierce, E-CRM gives businesses a competitive edge by facilitating efficient communication, seamless service delivery, and timely engagement with customers. The paper highlights how E-CRM not only helps retain existing customers but also attracts new ones by using data to target potential buyers. E-CRM's role extends beyond customer retention and contributes to customer acquisition through personalized outreach and improved customer experiences. As businesses increasingly rely on digital interactions, investing in E-CRM systems that integrate advanced technologies, such as artificial intelligence, will be the determinant for staying competitive in the digital marketplace and ensuring long-term profitability and growth. A sample of 249 was collected from people working in retail sector organization. The factors that identify the Role of E-CRM in Customer Satisfaction and Retention are Personalized Customer Interactions, Customer Retention Strategies, Improved Customer Communication, and Cost-Effective Relationship Management.

Keywords: E-CRM, Customer Satisfaction, Customer Retention, Personalization, Retail

Introduction

Customer relations have always been the decisive factor for organizational success, and the modern business environment is no exception. As dependency on technology advances, the business world is extending the use of technology to support and develop these relationships. Indeed, one of the biggest advances in this field is the application of Customer Relationship Management (CRM). CRM is a marketing strategy that is aimed at creating customer loyalty through identifying their requirements and expectations. This way, businesses are able to offer better services, achieve higher levels of customer satisfaction and ultimately, higher levels of profitability.

A holistic view of CRM is necessary to build strong customer relationships and to create loyalty and repeat purchases (Kaul, 2017). Due to advancements in technology and specifically the use of the internet, the CRM system has now

transformed into an 'Electronic Customer Relationship Management (E-CRM)' system. Compared to traditional CRM, E-CRM employs the use of web-based tools like websites, emails, and social media for communicating with customers in a shorter time and to a wider population. This shift has created opportunities for organizations to engage with customers in ways that are unique and that delivers what the customer expects. E-CRM can help companies collect and process customer data, which in turn helps them make strategic decisions regarding marketing. This approach not only assist in maintaining customers, but it also assists greatly in acquiring new customers. Gradually, word of mouth (WOM) has started changing this entire scenario, where CRM has become more important (Kudeshia & Mittal, 2015).

As the digital economy is getting better with each day, maintaining e-loyalty becomes a strategic necessity for businesses. For instance, rewards programs and personalized discounts based on previous purchase data, all managed through E-CRM systems, have been shown to directly impact customer retention and loyalty. This data-driven approach makes sure that businesses can predict customer needs and provide real-time solutions, and this keeps customers engaged and satisfied over time (Bishnoi, 2014; Kumar et al., 2021). E-CRM has been especially effective in industries where most of the communication is done electronically. For instance, in the retail sub-sector, e-commerce has revolutionized the mode of customer relations among the traders. Customers can be reached anytime and anywhere, and their previous purchasing behaviour and preferences on certain products can be monitored allowing retailers to promote new products, special offers, and value-added services that may suit the customer's needs. This individual attention adds value for the customer and also makes them stick to the business and do more business with the business. With online shopping becoming more popular with the society, then the role of E-CRM is very crucial in maintaining the satisfaction and loyalty of the customers. However, it is essential to note that E-CRM is not only about customer retention. Now it has become one of the major ways to acquire customers. When businesses have access to data regarding purchasing behaviour and preferences, they can pick out the people who may be interested in the products they offer but are yet to know anything about their company. The use of e-CRM tools assists in writing the messages and offers that will be suitable for reaching out to these new audiences with better probability of contributing towards the making of these audiences change their status to loyal consumers. In an ongoing massive information overload, offering customers a smooth and tailored buying experience is an important competitive edge.

It has to be mentioned that apart from its positive impact on customers, E-CRM systems are valuable to businesses in terms of operations. The use of feedback systems, for instance, to answer customers' questions or place orders saves time as compared to manually responding to customers (Opele et al., 2021). This, in turn, enables the businesses to expand their capacity without necessarily affecting the quality of the services offered to the customers. Also, E-CRM gives businesses ideal solutions for making necessary changes and improvements based on customers' responses to the marketing strategies. As technology continues to advance, the role of E-CRM is expected to become even more integral to business success. Companies that invest in sophisticated E-CRM systems are better equipped to adapt to changing customer expectations, remain competitive, and ensure long-term growth. The increasing reliance on digital interactions means that businesses must prioritize customer experience at every touchpoint.

Literature Review

Customer relationship management has for a long time been considered to be the most strategic element of a company's management strategy but with the increased adoption of technological solutions in most organizations there is a more effective solution to this management strategy-E-CRM. E-CRM incorporates IT applications including internet, intranet, and extranet into the CRM processes so that firms are in a position to address the needs of the customers with a higher level of precision in real time. Due to the advanced knowledge of the current customers, it becomes very hard for organizations to keep them, and that is where E-CRM is important. E-CRM entails the collection of data on people's buying habits, their preferences and other aspects concerning their purchasing habits and thus helps in offering personalized services and marketing mechanisms thus improving customer satisfaction and hence improving on customer loyalty (Bishnoi, 2014). Various research has consistently highlighted the positive influence of E-CRM on customer satisfaction. One of the primary functions of E-CRM is to create a more seamless, efficient customer experience. It is done by automating interactions so that businesses can respond to customer inquiries swiftly and consistently, and this makes an overall improvement in service quality. The ability to analyse customer data also helps companies to create personalized experiences, which are key drivers of satisfaction. For instance, studies in the banking industry show us how E-CRM leads to improved customer satisfaction

by enhancing the overall experience and customizing services based on individual customer needs (Mokha & Kumar, 2021; Kumar & Mokha, 2022; Paul, Mittal & Srivastav, 2016).

At the same time, E-CRM also reduces operational costs while boosting productivity, as it automates repetitive tasks and simplifies communication. This efficiency makes businesses focus more on customer engagement and less on operational logistics. This also contributes to better customer satisfaction (Hanif et al., 2020; Srivastav & Mittal (2016). In India, for example, E-CRM's ability to collect and analyse vast amounts of customer data has made businesses personalize marketing efforts, and as a result, increase customer satisfaction in a highly competitive retail environment. Successful adoption of E-CRM relies on its ability to improve customer loyalty and retention through enhanced satisfaction. The integration of information technology in E-CRM processes facilitates customization, which is vital for creating a customer-centric organization. (Lalit et al., 2024; Manjare et al., 2022).

Customer retention is another significant benefit of E-CRM, as it helps businesses maintain relationships with their existing customers, leading to long-term loyalty. When companies analyse customer feedback and purchase patterns, they are able to adjust their services to meet the changing customer expectations and this prevents customer disappointments. The smart use of online communication tools, such as live chats and automated email responses also strengthens customer relationships by providing timely support and engagement (Opele et al., 2021). The integration of E-CRM into business processes in the retail sector has had a large effect on customer retention. Personalization is the key factor that drives retention as E-CRM enables businesses to give customers tailored offers and services, creating a sense of exclusivity and value that encourages repeat business (Zaim et al., 2020; Hanif et al., 2020). This helps businesses build long-term relationships with customers who are more likely to remain loyal to companies that consistently meet their needs.

E-CRM strategies are important to make better customer loyalty, especially in sectors like telecommunications. Functional aspects of E-CRM, such as website navigation, information quality, and aesthetics, positively influence customer loyalty by reducing uncertainty and building confidence in online interactions. The personal dimension, which includes personalization and interpersonal communication, does not directly impact loyalty though. Instead, it influences customer loyalty indirectly through the quality of the customer relationship (CR). The quality of CR, which consists of both cognitive and emotional elements like trust and commitment, mediates the relationship between the functional and personal dimensions of E-CRM and customer loyalty. This suggests that while improving the functional aspects of E-CRM is needed for direct loyalty gains, personal engagement needs to be more focused on getting better relationship quality so as to achieve similar effects. For businesses, particularly in service sectors, investing in both functional and relational dimensions of E-CRM is essential for long-term customer retention and business profitability (Magatef et al., 2023).

Now coming to the context of e-commerce, E-CRM has a crucial role in building e-loyalty. Digital tools like customized recommendations, interactive customer service, and loyalty rewards are all aspects of E-CRM and are essential for retaining online customers. Factors such as customization, interactivity, and convenience are key drivers of e-loyalty in the digital marketplace. Customers expect personalized experiences and ease of interaction, both of which E-CRM systems can deliver (Farmania et al., 2021).

Beyond customer retention and satisfaction, E-CRM has a broader impact on organizational performance as well. The ability to streamline processes and optimize resource use all lead to increased profitability. Businesses using E-CRM often report higher productivity, reduced operational costs, and an improved ability to attract and retain customers. Companies that align their E-CRM strategies with their organizational culture are able to maximize the benefits of E-CRM, including better sales performance and customer loyalty (Nikou et al., 2016).

Even with all these positive sides, implementing E-CRM systems has its own challenges. For some organizations, employee stress, technological limitations, and a lack of awareness about E-CRM tools among customers prevent E-CRM from reaching its full potential. To handle these challenges, businesses must invest in staff training and continuously refine their E-CRM systems to meet evolving customer expectations. As trust plays a critical role in the effectiveness of E-CRM, studies show that when customers trust a company, they are more likely to remain loyal, even in highly competitive markets. E-CRM systems that prioritize transparency, data security, and personalized service contribute to building and maintaining this trust. In industries like banking, where trust is what keeps the industry going, E-CRM is particularly effective in keeping customers loyal by giving secure, personalized, and seamless service interactions (Noviana, 2020).

On the other hand, customer anxiety, especially related to technology, can undermine the effectiveness of E-CRM. Customers who feel overwhelmed or insecure about digital tools may be less inclined to engage with businesses through E-CRM platforms. Thus, businesses need to make sure that their E-CRM systems are user-friendly and focus on reducing

any barriers that may create anxiety for customers. Organizations need to adhere to the principles of usability and address potential customer resistance to maximize the benefits of E-CRM (Saini & Kumar, 2015).

Looking forward, the integration of advanced analytics and artificial intelligence (AI) in E-CRM is set to revolutionize customer relationship management. AI-powered tools help businesses analyse customer data more effectively, and this equips them with predictive insights. This way companies can anticipate customer needs and provide personalized experiences at scale. This level of customization will likely be a significant factor in driving customer satisfaction and retention in the future (Mittal et al., 2023). The continuous advancement of digital communication tools, such as chatbots and automated support systems, will further enhance the role of E-CRM in customer satisfaction. With the help of these tools, businesses can give 24/7 support and can address customer inquiries promptly, regardless of time zones or business hours. As a result, businesses that invest in these technologies will likely see a significant improvement in both customer retention and satisfaction. This also leads to the need of vocational training in the area of CRM (Gupta et al., 2024)

Objective

1. To identify the role of E- CRM (Electronic CRM) in customer satisfaction and retention.

Study's Methodology

249 respondents are considered for this study which was collected from people working in retail sector organization. Random sampling method was used to collect data and examined by "Exploratory Factor Analysis" for results.

Findings of the Study

Below table shows demographic details of participants it shows that male participants are 54.62%, and female participants are 45.38%. Looking at the age of the participants, 28.51% were between 30 to 35 years of age, 38.95% were between 35 to 40, and 32.54% were above 40 years of age. With regards to sectors, 35.34% were from Electronics sector, 41.37% were from Apparel & clothing sector, and 23.29% were from Cosmetics sector.

Details of Participants

Variable	Participants	% age
Gender of Participants		
Male	136	54.62%
Female	113	45.38%
Total	249	100
Age in years		
30 to 35	71	28.51%
35 to 40	97	38.95%
Above 40	81	32.54%
Total	249	100

Sectors		
Electronics	88	35.34%
Apparel & clothing	103	41.37%
Cosmetics	58	23.29%
Total	249	100

“Exploratory Factor Analysis”**“Kaiser-Meyer-Olkin Measure of Sampling Adequacy and Bartlett's Test”**

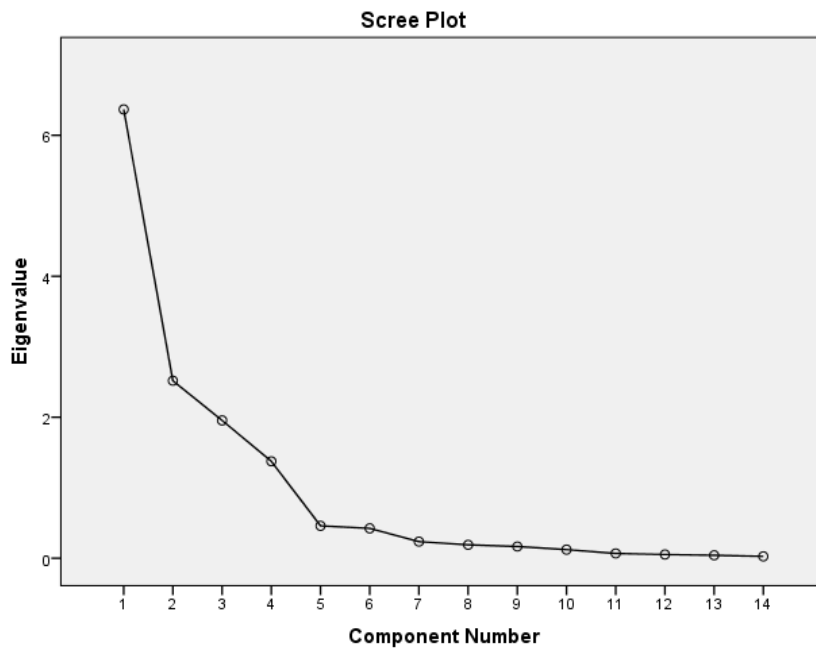
KMO		0.780
“Bartlett's Test of Sphericity”	“Approx. Chi-Square”	4205.468
	Degrees of Freedom (df)	91
	Significance	0.000

The value of KMO is 0.780

“Total Variance Explained”

“Component”	“Initial Eigenvalues”			“Rotation Sums of Squared Loadings”		
	“Total”	“% Of Variance”	“Cumulative %”	“Total”	“% Of Variance”	“Cumulative %”
1.	6.367	45.479	45.479	3.781	27.006	27.006
2.	2.518	17.985	63.465	3.660	26.146	53.152
3.	1.955	13.965	77.429	2.551	18.220	71.371
4.	1.375	9.821	87.251	2.223	15.880	87.251
5.	0.459	3.281	90.531			
6.	0.424	3.027	93.558			
7.	0.235	1.682	95.240			
8.	0.190	1.357	96.597			
9.	0.166	1.184	97.781			
10.	0.122	0.873	98.654			
11.	0.069	0.492	99.146			
12.	0.052	0.374	99.519			
13.	0.041	0.295	99.814			
14.	0.026	0.186	100.000			

All the four factors are making contribution in explaining total 87.251% of variance. The variance explained by Personalized Customer Interactions is 27.006%, Customer Retention Strategies is 26.146%, Improved Customer Communication is 18.220%, and Cost-Effective Relationship Management is 15.880%.



Scree Plot

“Rotated Component Matrix”

S. No.	Statements	Factor Loading	Factor Reliability
	Personalized Customer Interactions		0.955
1.	E-CRM enables retailers to gather and analyze customer data effectively	0.950	
2.	Data can be used for personalize interactions with customers	0.900	
3.	Can recommend products based on past purchases, and tailor marketing messages	0.866	
4.	Personalization leads to higher customer satisfaction as customers feel understood and valued	0.865	
	Customer Retention Strategies		0.964
1.	E-CRM helps retailers identify loyal customers and implement targeted retention strategies	0.957	
2.	Strategies may include personalized offers, loyalty programs	0.916	
3.	Exclusive rewards can be given to frequent shoppers to retain them	0.901	

4.	Customers can be retained by giving discounts based on previous purchase	0.898	
	Improved Customer Communication		0.881
1.	Provides multiple communication channels allowing for consistent customer engagement	0.904	
2.	These systems ensure that customers can easily interact with business across various platforms	0.856	
3.	Lead to quicker responses and better problem resolution	0.809	
	Cost-Effective Relationship Management		0.820
1.	E-CRM reduces the operational costs associated with managing customer relationships	0.924	
2.	Cost savings can be redirected towards creating even better customer experiences	0.922	
3.	Cost-Effective Relationship Management improves customer satisfaction	0.606	

Factors and the associated variables

The first factor of the study is Personalized Customer Interactions, the variables included under this factor are E-CRM enables retailers to gather and analyse customer data effectively, Data can be used for personalize interactions with customers, can recommend products based on past purchases, and tailor marketing messages, and Personalization leads to higher customer satisfaction as customers feel understood and valued. Second factor is Customer Retention Strategies, it includes variables like E-CRM helps retailers identify loyal customers and implement targeted retention strategies, Strategies may include personalized offers, loyalty programs, Exclusive rewards can be given to frequent shoppers to retain them, and Customers can be retained by giving discounts based on previous purchase. Improved Customer Communication is third factor, which includes variables like Provides multiple communication channels allowing for consistent customer engagement, these systems ensure that customers can easily interact with business across various platforms, and Lead to quicker responses and better problem resolution. 'Cost-Effective Relationship Management' is last and fourth factor with variables like E-CRM reduces the operational costs associated with managing customer relationships, Cost savings can be redirected towards creating even better customer experiences, and Cost-Effective Relationship Management improves customer satisfaction.

“Reliability Statistics”

“Cronbach's Alpha”	“Number of Items”
0.898	14

Total reliability of 14 items that includes variables for Role of E- CRM (Electronic CRM) in Customer Satisfaction and Retention is 0.898

Conclusion

E-CRM systems have an indispensable role in shaping customer satisfaction and retention in the present age as they streamline communication, personalize interactions, and improve service delivery. As businesses use digital tools to

improve customer relationships, they create more convenient, responsive, and personalized experiences that meet customer needs effectively. Personalization through E-CRM has the ability to build stronger relationships than traditional ways, and this eventually leads to higher loyalty and long-term engagement. The ability to collect and analyse customer data that is enabled by E-CRM allows businesses to make informed decisions and helps them stay ahead in the markets. At the same time, challenges like technological limitations and customer anxiety around digital tools must be addressed to fully realize the benefits of E-CRM. As digital tools evolve, incorporating advanced technologies like AI can further improve customer experiences and drive satisfaction. Businesses that invest in user-friendly and transparent E-CRM systems are better positioned to build trust, retain customers, and ensure sustainable growth in a digital-first world. The factors that identify the role of E-CRM in customer satisfaction and retention are, Personalized Customer Interactions, Customer Retention Strategies, Improved Customer Communication, and Cost-Effective Relationship Management.

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