13. FACTORS INFLUENCING E-CRM IN AIRLINES IN J& K

Jyoti Sharma*

ABSTRACT: Today every organisation is acting in a dynamic environment and in a world characterised by turbulent change and fierce competition due to technological advancement and the knowledge based economy, an organization must always ready to adapt and transform themselves so as to be able to confront the shifting needs of the new environment, more demanding customers, smarter workers, anticipating ability to changes, accelerating the development of new products, processes and services, changing technologies and customer expectations, businesses have realised the importance of Customer Relationship Management in acquiring new customers, retain existing ones and maximize their lifetime value. The wide spread availability of the internet across the world has led airlines to use their corporate web-sites to bypass travel intermediaries and focus on online communication, information and transaction. The paper considers five dimensions of Web site quality-usability, web site design, service quality, information quality and enjoyment on a sample of 150 respondents from four airlines namely, Air India, Spicejet, Indigo and Jet Airways. Respondents consisted of 40 employed, 80 business men and 30 students. Overall, the majority of respondents are frequent, experienced Internet users and likely to be relatively good judges of Web quality. Analysis of results shows that customers priority about airlines website are changing. As the self-service, no-frills and low-cost trend for air travel has grown in recent years, so consumers have been driven less by service quality and more by easy access to good information packaged in an entertaining and fun "wrapper'. More over the airlines have pursued different strategies for their Web sites over the period of study .Air India rated badly for service quality and Jet Airways and Spice jet scored high on service and information quality. The paper suggests that careful management and selection of subjects to be placed on web site can retain the customers and reduce switching intentions.

Key Words: Website, e-CRM, Repurchase Intention

FULL TEXT

1. INTRODUCTION

The new millennium is in the midst of unpredictable and accelerating turbulence in the realms of geopolitics, globalization, consumer and financial markets, technology, corporate organisational forms and practices and the politics of the environment there is the need for more flexible and responsive organization, which can cope with the chaos and complexity of the organizational environment. Volatile equity markets, reconstructed value chains, new global competitors create complexity in predicting customer preferences and purchase behavior (Suresh, 2002). Many businesses such as banks, insurance companies, financial service providers, airlines and other service providers realize the importance of Customer Relationship Management(CRM) and its potential to help them acquire new customers, retain existing ones and maximize their life time value (Gupta & Shukla, 2002 and Onut et al ,2003). The globalization of economic activities and widespread availability of the Internet across the world has led multinational firms to use their corporate. Electronic customer relationship management (e-CRM) is one of the primary strategic initiatives in many industries today. New technologies will soon change the way customers interact with business enterprises and other customers in EC relationships. Several studies have looked into how interfaces affect online consumer behavior and the results have been mixed. As new technologies emerge for mainstream use in EC it will be important to assess their efficacy in relation to E-CRM. It has become the latest paradigm of relationship marketing in the e-world (Chen and Hong-Mei, 2004). "The electronic customer relationship management (e-CRM) is defined as the application of information and communication technology to increase the scale and scope of customer services" (Greenberg, 2001). Functions of e-CRM help organizations evaluate customer loyalty and profitably on measures such as repeat purchases, money spent and longetivity.. E-CRM integrates sales,

marketing and service strategies that will create more value propositions for customers. It employs modern information technology- from relational databases, to data warehousing, to data mining, to computer telephony integration, to internet delivery channels- to unlock customer profitability (Chen and Hong-Mei, 2004). Today, many organizations from different industry are considering adopting the concept of e-CRM (Pan and Lee, 2003). Web sites to communicate and transact extensively with visitors from different parts of the world (Chakraborty et al., 2005). The airline industry is no exception to the e-commerce phenomenon (Shchiglik and Bames, 2004). Most airlines have established their own Web sites in order to 'bypass' travel agent intermediaries, becoming increasingly focused on online communication, information and transactions. As the airlines have increasingly utilised e-commerce as part of their competitive strategies, so too has the importance of Web site quality risen to the fore. Web site quality plays an important role in attracting and retaining customers — underpinning Web site effectiveness (Shchiglik and . Bames, 2004)

1.2 REVIEW OF LITERATURE

CRM is viewed as a strategic revolving process during which companies interact with their customers, thereby generating, aggregating and analyzing customer data and employing the results for service and marketing activities. The overall goals are to find ,attract and win clients, nurture and retain those the company already has, entice former clients back into the fold and reduce the cost of living and client service. Sarlak and Fard (2009) suggested promptitude of the employees, usage of proper technology, technical knowledge of employees, creating customer awareness, observing the seeming factors, showing good behavior to the customers and paying individual attention to the customers after conducting a study on 384 customers of Qom Province's Agriculture Bank of Iran. Akbar and Parvez (2009) found trust and customer satisfaction are significantly and positively related to customer loyalty after applying CRM on a data collected from 304 customers of a private telecommunication company operating in Bangladesh. Wahab et al (2009) after empirically

investigating the role of CRM among the staff of three universities in the northern State of Malaysia found CRM is significantly influencing e-banking adoption, developing brand loyalty and positive word of mouth. Ramaseshan et al (2008) identified the factors viz. cost effective, IP knowledge , relative advantage, top management, govt. support and competitive pressure and their relative importance that influence the implementation of CRM technology among SMEs in Singapore. Web site quality is a relatively ill defined concept (Aladwania and Palvia, 2002). Bames and Vidgen (2005) examine Web site quality in terms of usability, site design, information quality, trust and empathy; Yoo and Donthu (2001) identify ease of use, aesthetic design, processing speed and security. Wolfinbarger and Gilly (2003) examine Web site design, reliability, privacy / security and customer service; Parasuraman et al. (2005) include efficiency, system availability, fulfillment and privacy; and Flavian et al.(2003) utilise usability, trust and user satisfaction. Clearly, it is necessary for airlines to grasp many aspects of customer perceptions of Web site quality in order to increase visitors and thus sales. E-CRM is developed on the basis that consumers vary in their needs, preferences, buying behavior and price sensitivity (Kriemadis, Kotsovos and Kartakoullis, 2009)

TABLE 1: INSTRUMENTS FOR MEASURING WEB SITE QUALITY*

INSTRUMENTS	AUTHORS	DIMENSIONS	
Not named	Liuand Arnett	1. Quality of Information 2. Service 3. System use	4. Playfulness perceived by consumers 5. Design of the Website

WebQual	Loiacono *et ah*	I. Informational fit-to-task 2. Interactivity 3. Trust *4.* Response Time 5. Design Appeal 6. Intuitiveness	7. Visual appeal 8. Innovativeness 9. Flow (emotional appeal) 10. Integrated communication 11. Business Process 12. Substitutability
SiteQual	Yoo and Donthu	1. Easy of use 2. Aesthetic design	3. Processing speed 4. Security
.comQ	Wotfinbarger and Gilly	1. Web site design 2. Reliability	3. Privacy / security 4. Customer service
eQual4.0	Barnes and Vidgen	1. Web site usability 2. Information quality 3. Service interaction	
E-S-Qual	Kim and Stoel	1. Web appearance 2. Entertainment 3. Informational fit-to-task	4. Transaction capability 5. Response time 6. Trust
E-RecS-Qual	Parasuraman, *etal.*	*Core e-SQ* 1. Efficiency ' 2. System availability 3. Fulfilment 4. Privacy	*Recovery e-SQ* 1. Responsiveness 2. Compensation 3. Contact

*Winter (2008-2009) ,Journal of Computer Information Systems

Thus, the review of literature offers a rich data, comprehensive understanding and functioning of various CRM techniques in service organizations based on long term orientation anchored on mutual gains and cooperation.

1.3 RESEARCH HYPOTHESES

Based on review of secondary literature, following hypotheses have been set

H_1: Airline web-site quality causes positive impact on repurchase intentions of flyers.

H_2: Comprehensive service recovery programmes on web-site of air operators influences buying intention of flyers

H_3: There exists significant mean difference across socio-economic classes of flyers regarding web-site quality.

1.4 DATA COLLECTION

This study focuses on assessing the perception of flyers regarding e CRM practices through web-site quality .Web-site quality is divided into the dimensions of design of web site, transaction capability , interactivity and response time. Air flyers are divided into different groups on the basis of age, gender, qualification, income and airline used. Secondary information was collected through books, journals, reports, web search engines and other civil aviation documents-published & unpublished. The schedules used for collecting data from the air flyers were designed after consultations & discussion with experts of the subject and reviewing the relevant literature. After passing through the various stages of refinement, the schedules were distributed among 30 air waiting flyers randomly selected from Jammu Aerodrome for pretesting. After conducting pilot survey few items having no or zero response were deleted. Subsequently, the finalized scheduled got filled from 150 respondents. Apart from open ended questions, questions relating to web-site quality were kept on five point Likert scale (5<--------1>) where 5 denotes strongly agree 5 and 1 denotes strongly disagree. The data collected from the schedules were tabulated & analyzed using various statistical tools like mean, multiple regression, F-test, chi-square etc.

1.5 DATA ANALYSIS AND INTERPRETATION

Web site quality factor and repurchase intentions

As shown in Table 2, the design of the website influences the repurchase behavior the most with mean of 4.03.It was found to be highest in Spicejet (4.73), followed by Air India (3.87) and Jet Airways (3.87) .Website repurchase intension factors in descending order were transaction capability (3.48), privacy / Security (3.47), response time (3.41), innovativeness (3.36), interactivity (3.35) and information fit to task (3.30). Factor- wise Air India topped in transaction capability and interactivity, Spice Jet in interactivity, response time & innovativeness and Jet Airways in privacy and information fit to task. On an average repurchase intention of the flyer is most influenced by Website Quality Factors in Spice Jet (3.90), followed by Jet Air ways, Air India (3.72) and least by Go Air (2.48).Thus the hypothesis *Airline web-site quality causes positive impact on repurchase intentions of flyers holds true.*

Predictors of service recovery program

In Table 3 shows the result of step wise regression model summary using (with coefficient) of service recovery variables as dependent variables. The independent variables in the equation which influences buyer's intention to buy were design of web site, transaction capability, and interactivity and response time. The result of the regression analysis shows two independent variables namely, response time followed by information fit to task as significant in the regression model. The value of R^2as 0.1524 and 0.765 signify the correlation between predictor & the outcome. The relative t values are found to be significant as they are less than .05. 52% of the variations in service recovery is caused by response time followed by information fit to task 25%. The Dublin Watson value is also closed to threshold value of 2.0. Thus the hypothesis, Comprehensive *service recovery programmes on web-site of air operators influences buying intention of flyers is true*

Demographic dimensions and website quality dimensions

Table 4 classifies demographic dimensions of the flyers into 9 groups namely, gender, qualification, occupation, annual income, airline used, purpose of journey, nature of ticket bought, class in which frequently travelled and frequency of travel in a year. In all the dimensions significant mean difference exists in airline used as indicated by their relative F values. In remaining cases no significant mean difference exists among flyers sub divided into different subsets. Demographic dimensions which influences buyer's intention are male (3.4),post graduate (4.5),business (4.2),More than 4 lakhs (4.3),Spice Jet flyers (4.3), entertainment (3.5), round trip(4.3), economy flyers (4.6) and flyers travelling more than 2 times (3.5). *There exists significant mean difference across socio-economic classes of flyers regarding web-site quality is rejected.*

CONCLUSIONS AND SUGGESTIONS

Clearly the priorities of airline customers appear to be changing. As the self-service, no-frills and low-cost trend for air travel has grown in recent years in India, so consumers have been driven by e-CRM through web-site quality. Clearly, the airlines have pursued different strategies for their Web sites over the period of study. Response time and information fit to task have emerged to be the strongest predictors for assessing e-CRM capabilities of airlines. Airlines can create a special online grievance cell that deals with only online customer complaints, so that the solutions to the problems posted by the customers are sent over to them as soon as possible. Handling of customer complaints can be outsourced to the third party who is professional in the e-CRM so that maximum customer satisfaction can be achieved thus increasing the airline's branding and retaining its market share. There are a number of limitations of this research which provide avenues for future research. A key limitation is the sample used. The sample of 150 persons is considered small and future work will attempt to collect a sufficiently large sample to perform factor analysis. Second,

the instrument used might not be regarded as comprehensive; further research will help to further develop and validate the instrument, Since the study is based on a particular market, the Indian, further research should be considered to compare airline Web sites for different countries from different continents such as China, Germany and the US. Other aspects of consumer behaviour might also be considered, such as the impact of branding, how the various dimensions affect consumers' behaviors on airline Web sites, and distinguishing between the behaviors of various types of consumers.

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TABLE 3 : REGRESSION MODEL SUMMARY (WITH COEFFICIENT) OF SERVICE RECOVERY VARIABLES AS DEPENDENT VARIABLES (STEP-WISE MULTIPLE REGRESSION METHOD)

Model	R	R^2	St error of estimation	Anova	Sig.level	β	t	Sig.Level	Durbin-Watson
1	.142[a]	.524	.6924	4.853	.029	.142	2.20	.000	
2	.201[b]	.765	.6867	4.964	.008	-.150	-2.23	.004	1.972

a. Predictors: (constant): Response time

b. Predictors: (constant),), Response time ,information fit to task

c. Dependent variable: During service failure web site communication was clear

TABLE 1.3 : OUTPUT FROM ONE WAY ANOVA SHOWING SIGNIFICANT MEAN DIFFERENCE REGARDING WEB-SITE QUALITY PECEPTION AMONG FLYERS SUB-DIVIDED INTO DIFFERENT DEMOGRAPHIC VARIABLES

Variable	Description of variables	Mean values	Nature of variable	Sum of squares	df	Mean square	F	Sig.
Gender	Male	3.6	Betweengroups	.832	1	.832	1.017	.314
	Female	3.2	Within groups	193.034	236	.818		
	Total	3.4	Total	193.86	237			
Qualification	Undergraduate	2.4	Between groups	2.923	3	.974	1.194	.313
	Graduate	2.1	Within groups	190.943	234	.816		
	Post graduate	4.5	Total					
	Any other	2.0						
	Total	2.75		193.866	237			
Occupation	Business	4.2	Between groups	3.846	2	1.923	2.042	.132
	Service	3.2	Within groups	221.297	235	.942		
	Any other	2.1	Total					
	Total	3.2		225.143	237			
Annual income	Upto Rs.2 lacs	2.2	Between groups	3.927	3	1.309	1.613	.817
	Rs.2 lacs - 4 lacs	3.3	Within groups	189.938	234	.812		
	More than Rs. 4 lacs	4.3	Total	193.866	237			
	Total	3.3						
Airline used	Air India	2.5	Between groups	56.876	6	9.479	15.985	.000
	Jet airways	2.1	Within groups	136.990	231	.593		
	Spice jet	4.3	Total	193.866	237			
	Go air	3.2						
	Total	3.02						
Purpose of journey	Entertainment	3.5	Between groups	3.344	4	.836	1.023	.396
	Pilgrimage	2.1	Within groups	190.521	233			
	Social meetings	2.0	Total	193.866	237			
	Business meetings	3.0						
	Any other	2.4						
	Total	2.6						
Nature of ticket bought	Single trip	3.6	Between groups	.073	1	.073	.088	.767
	Round trip	4.3	Within groups	193.793	236	.0821		
	Total	3.95	Total	193.866	237			
Class in Which frequently travelled	Economy	4.6	Between groups	1.550	3	.517	.541	.655
	Business	3.2	Within groups	223.593	234	.956		
	Total	3.9	Total	225.143	237			
Frequency of travel in a year	1-2	2.0	Between groups	.147	1	.147	.154	.695
	more than 2	3.5	Within groups	224.996	236	.954		
	Total	2.75	Total	225.143	237			

TABLE 2 : MEAN LEVEL OF FLYERS PERCEPTIONS REGARDING IMPACT OF WEB-SITE QUALITY ON REPURCHASE INTENTIONS

Web-Quality factors	Air India	Jet Airways	Spice Jet	Go Air	Average
Design of website	3.87	3.87	4.73	3.67	4.03
Transaction capability	4.12	4.06	3.52	2.23	3.48
Interactivity	3.50	3.84	4.03	2.02	3.35
Response Time	3.85	3.84	3.93	2.02	3.41
Innovativeness	3.63	3.15	3.70	2.97	3.36
Privacy/Security	3.72	3.90	3.76	2.50	3.47
Information fir to task	3.36	4.24	3.64	1.97	3.30
Average	3.72	3.84	3.90	2.48	3.49

*** Jyoti Sharma is Research Scholar at the Department of Commerce, at University of Jammu, Jammu**