Customers' Electronic Loyalty Of Banks Working In Jordan: The Effect Of Electronic Customer Relationship Management

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Abstract: The purpose of this paper was to examine the effect of electronic customer relationship management on customers' electronic loyalty of banks working in Jordan. The population of the study consisted of customers who doing their bank transactions electronically. A purposive sample was taken and consisted of 400 users. For data collection purposes, a questionnaire consisted of (26) statements was developed by the hands of elite researchers and writers in the field of study's variables, 400 questionnaires were distributed and retrieved. (375) questionnaires were usable and valid for statistics. To achieve the study's objectives, number of statistical tools and methods were used such as Multiple Regressions. The results of the study showed that customers' electronic loyalty is positively affected by electronic customer relationship management in the banks working in Jordan. Based on the results, this study can be considered as a pioneer in this new area of marketing. Also, several recommendations for the practitioners and banks' managers have been proposed.

Index Terms: Electronic Customer Relationship Management, customers' electronic loyalty, bank, Jordan.

1 INTRODUCTION

The growing global advancement of the Internet technology has drastically changed the way of how business organizations foster their relationships with customers. A key avail of using the Internet is that it stimulates those customers to browse the Web as well as the comfortable feeling they got while using online applications (Feinberg et al., 2002). Therefore, Internet technology was the main tool that transformed customer relationship management into E-CRM, it facilitated the road for companies to serve new customers by tracking their preferences and understanding their behaviors, this technology enabled companies also to customize the provided services based on customers' needs (Chan & Lam, 2009). In this context, E-CRM, as a communication platform, (Aldaihani & Bin Ali, 2018; Lam et al., 2013) is deemed as the most modern model, it designed to maintain long-term customer relationships with expansion of the customer base by providing numerous helpful online customer care services such as web browsers, chat rooms, electronic forms and emails (Rosenbaum & Huang, 2002; Rad, Ghorabi, & Rafiee, 2015). Electronic loyalty, according to Anderson and Srinivasan (2003), is “the preferred trend of customers towards e-business, which leads to a repetition of customer purchasing behavior”. It is “a concept loyalty to the company which translates into a repeat visit or purchase of the brand” (Corstjens and Lal, 2000). Moreover, loyalty is linked to quality, on-time delivery, and product delivery in a convincing, affordable way, and reasonable price of shipping and handling (Reichheld, 2000; Al-Hawary & Harahsheh, 2014; Al-Hawary & Hussien, 2016; Alshurideh et al., 2017). Indeed, these definitions could justify the importance of E-CRM as a new vein of research published in marketing world. No doubt of the great bundle in prior researches that examined the influence of some E-CRM attributes on loyalty, but, by analyzing previous studies related to this research's variables (E-customer relationship management and e-loyalty), it turned out that there were no lights had been shed enough on this relationship, so obviously there is a lack of researches that focused on the characteristics of E-CRM especially in Arab region. (Thuo et al., 2011). Particularly, little works had been took place in developing a fit model which provides an evidence of E-CRM impact on customers' e-loyalty. Therefore, the aim of this unique study was to lessen this gap by investigating the effect of E-CRM on customers' e-loyalty in banking sector in Jordan.

2 THEORETICAL BACKGROUND AND HYPOTHESES

2.1 Electronic customer relationship management

CRM strategy was defined as a business process that enhances organizational competitiveness (Al-Hawary & Aldaihani, 2016; Peter, 2003). E-CRM in the same tone was took as Internet-oriented and Web-based technology implemented to establish relationships with customer in order to ameliorate customers’ lifetime value, satisfaction, loyalty and to maximizes profitability. (Nguyen & Mutum, 2012). According to Chaffey and Smith (2008), E-CRM embodies the culture of customer-firm relationships in which the firm tries to instill in customer the desire to purchase its products and services. It enables business organization to reach their customers’ database from any place, as long as they have Internet access (Grover, 2011). Kim, Zhao & Yang (2008) believe that E-CRM is one of the fastest growing customer relationship management techniques in the online environment, when compared to CRM. It represents an evolution of CRM technologies that use online resources via the Internet. A master objective of E-CRM can be used as a measurement tool to appraise organizational performance, to increase organizational profitability and to gain customers loyalty (Romano & Fjermestad, 2001; Aldaihani & Bin Ali, 2018). As a combination of software and hardware ingredients operate in line with management commitment (Dychê, 2002), E-CRM reveals itself as strategy of using the Internet to deal with marketing activities and techniques that are directed to build...
and improve customer-firm relationships (Lee-Kelley et al., 2003).

2.2 E-Loyalty

Repeat purchase of a brand, product or service was a common theme of loyalty in the literature (Homburg and Giering, 2001). For Berry (1994), customer loyalty is “a function of customer commitment to the organization based on the nature of his or her relationship with the organization”. Oliver (1999) defined loyalty as “a customer commitment to repurchase the product or the service from the same provider in the future”. Therefore, marketing strategies that enrich customer loyalty exemplify organizations’ center of attraction. Companies that use the Internet, face more challenges when customers looking at benefits, costs, quality of information and comparing costs with competitors to get the lowest prices (Lynch and Ariely, 2000). Anderson and Srinivassan, (2003) pointed out that electronic loyalty refers to “customers positive attitude in the direction of electronic business, which leads to repeated buying behavior”. Many studies assessed customer loyalty by using attitudinal and behavioral measures to evaluate loyalty (Dick and Basu, 1994; Oliver, 1999; Zeithaml 2000). In his loyalty model, Oliver (1999) classified loyalty into four stages, first one is describing how a customer develops a state of cognitive loyalty; he or she prefers a specific brand or service as a result of a comparison among available products from different companies. The ultimate outcome of this stage is customer's happiness. In the second phase, which is emotional loyalty, a customer evinces positive attitudes towards the company; these attitudes are reflected in customer commitment to the brand. In the third stage, a customer manifests conative loyalty which states in customer’s planning to repurchase and his deep commitment to the brand. Finally, in the fourth stage which is action loyalty, customers are ready and have high willingness to do their purchase.

2.3 Electronic customer relationship management and

E-Loyalty

Business organizations which have implemented electronic customer relationship management are getting many benefits like best customer service, base increase, profit maximization, sales increase, operational costs reduction along with customer loyalty and market share enhancement (Jamali et al., 2013; Kihara, 2015). Safari et al. (2016) examined the impact of E-CRM on e-satisfaction and e-loyalty, results of their study showed that e-customer relationship management has a positive and important impact on electronic satisfaction and e-loyalty. According to (Feinberg et al., 2002) E-CRM is a measuring tool of organizational performance which helps in increasing profit and customer loyalty. Khaligh et al. (2012) examined the relationship between the effectiveness of electronic customer relationship management, loyalty and customer sustainability, and how e-customer relationship management can enhance loyalty and e-sustainability in companies surveyed. The study found a significant effect of E-CRM and customer sustainability through e-loyalty. In financial service industry, Koçoglu and Kirmaci (2012) have identified that E-CRM as an antecedent of loyalty. As for Rosenbaum & Huang (2002) the adoption of E-CRM in companies is a reason for improving customer satisfaction which in turn stimulates customer loyalty and retention.

Dubihlela and Molise-Khosa (2014) evaluated the influence of E-CRM on customer loyalty, retention, and profitability in the hotel industry in South Africa and found a significant impact of E-CRM on customer loyalty, retention, and profitability. Their results add to the knowledge and enable managers of hotel sector to implement E-CRM in the best possible way, to meet market needs in South Africa and thereby create more loyalty and having customers’ repeated purchase behaviors. Based on the above furnished literature, the following hypothesis was suggested as below:


More specifically:

H1a. Website design affects customers’ Electronic loyalty of the banks working in Jordan.

H1b. Search capabilities affect customers’ Electronic loyalty of the banks working in Jordan.

H1c. Access to information affects customers’ Electronic loyalty of the banks working in Jordan.

H1d. information quality affects customers’ Electronic loyalty of the banks working in Jordan.

3 RESEARCH FRAMEWORK

As shown in Figure 1., the study examined the impact of E-CRM on customers’ E-loyalty of banks working in Jordan, where E-CRM (the independent variable) are measured by website design, search capabilities, access to information and information quality is positively associated to customers’ E-loyalty (the dependent variable).

![Fig. 1. Theoretical Model](image)

4 METHODOLOGY

4.1 Sample and procedures

The population of the study involves customers of commercial banks in Jordan. The sample of the study is defined as part of the sample that contains appropriate information about the study population (Jani, 2014). In order to obtain the appropriate information owned by some members of the population, the best technique to select the sample is the purposive sampling. According to Sekaran and Bougie (2012), a purposive sample is the one that contains individuals who are able to provide the desired information. A purposive sample consisted of 400 users were randomly selected. All the distributed questionnaires retrieved. (375) questionnaires were usable for statistics.

4.2 Variable measurement

Independent variables: Electronic customer relationship management. This measure is based on the four dimensions of E-CRM developed by Aldaihani & Bin Ali (2018), Khalifa and Shen (2005), Cheung and Lee (2005) as Pre-Purchase/eCRM. The four dimensions, which consist of 21 statements, are Website design, Search capabilities, Access to information and Information quality. Dependent variable:
Customer electronic loyalty adopted from previous studies Flavian et al., (2006); Al-Hawary, 2013, which consist of 5 statements. A five-point Likert scales response format was provided with response options ranging from 1 strongly disagree to 5 strongly agree. All items were positively worded.

4.3 Operational definitions
Website design: The image of the bank’s website on the Internet in an attractive and pleasant to the customer visually, suitable for different ages, knowledge and cultural abilities, and allows the customer to obtain easy-accessed information. Websites also contains images, symbols and colors. Access to information: The ability of the customer to reach the needed information and services offered by Bank’s website via the Internet in a systematic manner at anytime, anywhere and across any device, to navigate with full secured procedures through the site to ensure communication between the bank and the customer from anywhere in the world.

Search capability: The ability of the customer to search through the bank’s website, and obtain sufficient information to enable him/her making the decision and enhance his/her willingness to deal with the bank, this will be achieved through the availability of easy search for information and clarity of information available. Information quality: The value of information available on the Bank’s website, in terms of content, access to information, accuracy of information and speed of access, continuously updated to enable the customer to make high quality decisions.

E- Loyalty: A positive attitude for the customer toward the services provided by the bank through the website, which enhances the desire of the customer to continue dealing with the bank, and to have a repeated buying behavior, as well as to recommend others and enhance them to buy the service.

4.4 Validity and Reliability
The measurement of validity and reliability are key components of any marketing research (Webb, 2002). The validity can be measured using different types of measurement just like content or face validity, predictive validity, concurrent validity, construct validity, convergent validity, and discriminant validity. The purpose of the instrument’s validity is to verify its ability to measure what it is supposed to measure. In the current study, two measures of validity were used: face and construct validity. The tool has been validated by relying on the opinions of a group of specialized professors of marketing from the Jordanian universities based on their opinions relating to the correctness of the language and the appropriateness of the items have been made, the tool has taken its final shape. Construct validity consists of convergent validity, and discriminant validity (Pallant, 2016). Convergent validity can be measured through confirmatory factor analysis (CFA), i.e., through average variance extracted (AVE) (Al-husseini and Elbeltagi, 2014) as well as factor loadings that can be extracted through exploratory factor analysis (EFA). Discriminant validity can be measured on the basis of the square root of AVE (Rahman et al., 2016). AVE values should be greater than 0.5 (Chen, 2003). The square root of AVEs should be greater than the correlation coefficient between the latent variable and the other latent variables (Prescott, 2016). Reliability, on the other hand, can be evaluated using test-retest reliability and internal consistency. For the current study, internal consistency method was used in order to assess reliability of the questionnaire. The result of this method can be interpreted based on Cronbach’s Alpha. According to Sekran and Bougie (2010), Cronbach’s Alpha is regarded as a useful method particularly in developing attitude scales. A value of 0.6 is the limit of reliability acceptability. The reliability coefficient (Alpha) of each element of ECRM/EL was as follows: website design (0.84); search capability (0.81); access to information (0.79); information qualities (0.83), and electronic loyalty (0.81), were above 0.60, which concurs with the suggestion made by Sekran (2010). In contrast to Cronbach’s Alpha that can be used to determine the reliability of factors, R² can be used in order to determine the reliability of indicators. A value of R² shows the goodness of indicators in measuring the latent variables in the model. R² value of 0.35 or higher indicates that the observed variable (i.e., the dimension or the factor) is acceptable to measure the latent variable (Chen, 2003).

4.5 Exploratory and Confirmatory Factor Analyses
Following Brown (2015), EFA was used in this study during the process of scale development and construct validation. The aim of this technique is to determine the suitable number of common factors and the related indicators of these factors

<table>
<thead>
<tr>
<th>Variable</th>
<th>Frequency</th>
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<tr>
<td>Age group</td>
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<td>less than 25</td>
<td>33</td>
<td>8.8</td>
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<tr>
<td>25- less than 35</td>
<td>113</td>
<td>30.13</td>
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<tr>
<td>35- less than 45</td>
<td>186</td>
<td>49.6</td>
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<tr>
<td>45 and more</td>
<td>43</td>
<td>11.47</td>
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<tr>
<td>Gender</td>
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<td></td>
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<tr>
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<td>263</td>
<td>70.13</td>
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<tr>
<td>Female</td>
<td>112</td>
<td>29.87</td>
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using factor loadings. The results of EFA can be seen in Table 2. CFA is a procedure that can be used to confirm the results obtained in EFA (Harrington, 2009).

The results in the Table 2 indicate that all factor loadings ranged from (0.58 - 0.70), which are all greater than the value of (0.5) (Hair et al. (1998) and Briz-Ponce et al. (2017)) Variimax rotation was used in this study due to its common use and due to its role in spreading variance among multiple factors to avoid the case in which single factor occur (Schmitt and Sass, 2011).

The results in Table 2 indicate that all AVE values ranged from (0.628 - 0.722), which were greater than 0.5 in line with Chen (2003), which indicated that the convergent validity was established. Moreover, the results confirmed that the square root of AVE for each variable was higher than the correlation coefficient of the same variable with other variables as stated by Briz-Ponce et al. (2017). Therefore, the discriminant validity was approved.

5 NORMAL DISTRIBUTION

The results in Table 3 indicate that the study variables follow the normal distribution. It was found that the values of Kolmogorov – Smirnov(K-S) were statistically non-significant, meaning that there were no significant differences between the distribution of the values of variables and the normal distribution at α ≤ 0.05.

6 CORRELATION ANALYSIS: RELATIONSHIPS BETWEEN THE VARIABLES

The correlation coefficient as shown in Table (4) indicates the existence of association between the independent variables. The correlation coefficient is considered significant if the (α < 0.05). All the correlation coefficients are significant. Hair et al., (1998) suggest that the Pearson’s r between each pair of independent variables should not exceed 0.90. There is no correlation coefficient equal 0.90 or above. The highest correlation coefficient is 0.428, which is below the cut-off of 0.90 for the collinearity problem. Hence, the data was not affected by the problem of collinearity and multicollinearity.

7 RESULTS AND ANALYSIS

To test whether electronic customer relationship management is a better predictor of electronic customer loyalty, multiple regression equation was used, the results of the multiple regression analyses are presented in Table 5, reveal that the standardized regression coefficients for electronic customer relationship management dimensions are significant when linked with electronic customer loyalty. The results indicated that E-CRM dimensions (Website design, Search capability, Access to information, and Information quality) had a significant relationship with electronic customer loyalty. As R-square indicates, 37.1% of variance in electronic customer loyalty was explained by (Website design, Search capability, Access to information, and Information quality). The result indicated if organization more adopting electronic customer relationship management, the electronic customer loyalty would be increased. The proposed model was adequate as the F-statistic = 46.297 were significant at the 5% level (p < 0.05), thus confirming the fitness for the model.

Table 5 presents results of the testing of the four hypotheses, electronic customer relationship management and electronic customer loyalty. The set of hypotheses (H1, H2, H3, and H4) predicted the influence of electronic customer relationship management (Website design, Search capability, Access to information, and Information quality) on electronic customer loyalty. The results also indicate that there are four elements of electronic customer relationship management: namely, Website design (β = 0.213; p<0.05), Search capability (β = 0.114, p<0.05), Access to information (β = 0.197, p<0.05), and Information quality (β = 0.206, p<0.05), which are positively associated with electronic customer loyalty. It can be argued that these four elements of Electronic customer relationship management are all directly involved in the
improvements of loyalty. The implementation of Electronic customer relationship management resulted in greatest effect on customer loyalty. Moreover, the findings also indicate that the most important element of Electronic customer relationship management that explains the variance in electronic loyalty was Website design and was significant at the (p< 0.05) level. Thus, H1, H2, H3, and H4 were supported.

8 DISCUSSION

The effect of electronic customer relationship management on electronic loyalty is depicted in Table 5. Implementation of Electronic customer relationship management can have significant effect on electronic loyalty. Most researchers and practitioners agree that successful companies in the field of customer loyalty have had considerable profit and growth (Allamehand Noktedan, 2010). Therefore, Loyalty has a valuable situation where an organization ultimately gains profitability and achieve strategic business goal. Kihara (2015) reported that business organizations which have implemented electronic customer relationship management got many benefits, ranging from best customer service, profit maximization, increase revenues, decrease costs, enhance loyalty, and increase market share. The study’s results support the study of Safari et al. (2016), which found that e-customer relationship management has a positive and important impact on electronic satisfaction and e-loyalty. Results also provide supporting evidence for the views of Feinberg et al. (2002), which revealed that electronic customer relationship management (E-CRM) is a measuring tool of the organization performance that helps in increasing profit and customer loyalty. Furthermore, study’s findings indicated how well E-CRM enhances loyalty and e-sustainability in companies. The study agreed on the views of Dubihlela and Molise-Khosa (2014) which highlighted that electronic CRM has a significant impact on customer loyalty, customer retention, and customer profitability. Study’s results figured out the importance of Website design, which was found to have a high impact on e-loyalty. It also showed that Banks working in Jordan have a great tendency to deal electronically with clients, this is illustrated by the bank’s concern in designing attractive website with suitable forms for different group of ages, which in turn allows clients to do fast transactions with low cost. Moreover, electronic banking website facilitates smooth, organized and fully secured procedures that enable clients to access the needed services at any time, in any place and through any device as well as obtaining a sufficient and accurate information to make quick decisions, this will positively affect clients’ commitment to the bank, they will get started to recommend its convenient services for friends and relatives in order to carry out their bank transactions and services in the same manner, which is reflected positively on the bank’s capabilities in achieving the desired goals.

9 MANAGERIAL IMPLICATIONS

Based on the findings above, managers and owners of banks working in Jordan are advised with number of useful implications; First, Website design has as significant effect on electronic loyalty, so our study suggests that managers have to focus on how to update the website in light of the environmental changes, and to cope with customer demands, having trained and professional employees who can take such responsibility is highly recommended, since such professional training courses will result in the advancement of the organizations’ website to be reflected on their customer loyalty. Second, Search capability has a significant effect on electronic loyalty, thus, research results suggest that commercial banks of Jordan should have a search ability that suits the cultural differences, knowledge capabilities of the bank’s customers. Third, Access to information has also a significant effect on electronic loyalty; top managers of commercial banks in Jordan should focus more on giving customers sufficient and easy-accessed information with less effort, to aid them in making the appropriate decision. Fourth, Information quality has also a significant effect on electronic loyalty, so such result suggests that commercial banks of Jordan have to provide accurateness of information and speed of access, continuously updated in order to enable customer to make high quality decision making.

10 LIMITATIONS AND DIRECTION FOR FUTURE RESEARCH

Despite some contributions to the literature, this study has several acknowledged limitations that should be addressed in future research. First, this study had been implemented in banking industry as a professional service; therefore, the results of this study should be used cautiously in attempting to make generalizations into whole professional service industry. For such generalization future research should be implemented in another professional service sector such as (health, insurance communication). Second, the sample size of this study was small and limited to banks and customers in the capital of Jordan (Amman), this group is relatively homogeneous, and almost belongs to the same culture, hence, future research can be done in other city, or to make comparative study between two cities. Finally, it is suggested that further research could examine other variables of E-CRM using samples from other industries.

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