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- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

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## FACTORS OF CRM (A STUDY WITH SPECIAL REFERENCE TO BANKS)

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### ABSTRACT

*The essence of the information technology revolution and, in particular, the World Wide Web (www) is the opportunity to build better relationships with customers than has been previously possible in the offline world. The ultimate goal is to transform these relationships into greater profitability by increasing repeat purchase rates and reducing customer acquisition costs. This revolution in Customer Relationship Management (CRM) has been referred to as the new "mantra" of marketing. In service industries, the goal is especially emphasized since a repeat customer is believed to cost merely a fraction of what needs to be spent in servicing a new customer in a service transaction. Indian banking industry has witnessed rapid development in recent past with the initiation of financial sector reforms. Today, banks are facing an aggressive competition and they have to make efforts to survive in a competitive and uncertain market place. Banks have realised that managing customer relationship is a very important factor for their success. The factors of CRM are indispensable to identify the predominant nature of CRM elements for the effectiveness of Banker-Customer Relationship. The present study focuses on the crucial CRM factors Viz., Acquisition of Customers, Implementation of CRM, Maintaining CRM through General Policies, and Specific Strategies, Customer Satisfaction and Customer Loyalty. The opinion of the employees of the bank is ascertained through a well framed questionnaire comprising relevant variables of CRM elements. This process actually enumerates all the characteristic features of the variables involved in the study and maintains the consistency of the corresponding variables. Factor Analysis by Principal Component Method is applied on the variables of CRM elements to reduce them into predominant factors. It also creates an output of number of factors extracted and their respective variable loadings.*

### KEYWORDS

Customer Loyalty, Customer Relationship Management, Customer Satisfaction.

### 1.1 CUSTOMER RELATIONSHIP MANAGEMENT

The essence of the information technology revolution and, in particular, the World Wide Web (www) is the opportunity to build better relationships with customers than has been previously possible in the offline world. By combining the abilities to respond directly to customer requests and to provide the customer with a highly interactive, customized experience, companies have a greater ability today to establish, nurture, and sustain long-term customer relationships than ever before. The ultimate goal is to transform these relationships into greater profitability by increasing repeat purchase rates and reducing customer acquisition costs. This revolution in Customer Relationship Management (CRM) has been referred to as the new "mantra" of marketing. CRM is a fundamental business of every enterprise and it requires a holistic strategy and process to make it successful. (Jagdish N Sheth 2001)<sup>1</sup>

### 1.2 CUSTOMER RELATIONSHIP MANAGEMENT IN SERVICE INDUSTRY

Relationship building with customers is now accepted as over-riding goal of marketing and of the business as a whole. In service industries, the goal is especially emphasized since a repeat customer is believed to cost merely a fraction of what needs to be spent in servicing a new customer in a service transaction. It is believed that relationships flourish when marketers play by the book, meet customers' core expectations and exceed in respect of other features of their total offering.

Service firms have been the pioneers in adopting CRM practices. (Shainesh and Ramneesh 2001)<sup>2</sup>

### 1.3 CUSTOMER RELATIONSHIP MANAGEMENT IN BANKS

Indian banking industry has witnessed rapid development in recent past with the initiation of financial sector reforms. The thrust of financial sector reforms was to improve efficiency, competitiveness and productivity of the financial system. Entry of new generation private sector banks which provided technology aided services like Internet Banking, Mobile Banking and Inter Branch Network has electrified the banking environment in India and has added new dimensions to automation in Indian banking.

CRM is a vital factor to improve the performance of the banks. (Sugnathi 2003)<sup>3</sup>

### 2.1. REVIEW OF LITERATURE

The previous research works on the various elements of CRM is analysed besides identifying the research gaps. An attempt has been made to review case studies and the work of individual researchers, magazines, journals, articles pertaining to CRM in Banks. A wide range of academic literature on CRM has been reviewed for the purpose of this study. A range of online databases have been searched to provide a comprehensive listing of journal articles on CRM. Each of these articles was further reviewed and classified. Both foreign and Indian research studies are collected, reviewed and presented.

**Monica, Theresa and Wong (2003)**<sup>4</sup> The paper highlights that an evolutionary change in the concept of CRM is required. Three key findings have been made. First, customers should be the major focus, and companies are actually dealing with Customer-Managed Relationships (CMR). Second, it is not just a one-to-one relationship pattern. The linkages with other parties are the cores of the relationships between customers and companies. It should therefore be a one-network-one relationship. Third, a co-creative approach should be used in order to integrate the CRM and CMR concepts to enable customers to participate in corporate strategy formulation and to encourage companies to cooperate with third parties in serving customers. The financial service sector is taken as a major example to illustrate the full concept of CRM and CMR. Managerial implications arising from the implementation of the co-creative approach are explored, which include market share and mind share.

**Bhuvan et al (2001)**<sup>5</sup> This paper tries to synergize the concepts of CRM and Knowledge Management (KM) to give an organisation a strategic advantage in design and implementation of a CRM solution. To effectively implement a CRM solution it is very important to identify real knowledge about different types of customers' viz., Most Valued Customers, Most Growable Customers and Below Growable Customers from plethora of internal and external data, figures and surveys. A straightaway technique is to create a data warehouse, thereafter information which is required to effectively implement principles of CRM, could be mined out of this data warehouse. It is essential to build knowledge architecture instead of accumulating the data from different places. KM has the potential to give an organisation a strategic advantage in designing and implementation of CRM solution. The factors of CRM are indispensable to identify the predominant nature of CRM elements for the effectiveness of Banker-Customer Relationship.

**Nelson and Chan (2005)**<sup>6</sup> This research seeks to empirically evaluate the influence of the underpinnings of relationship marketing on the perceived quality of bank-customer relationship, and on customer satisfaction in the Malaysian banking sector. A field survey of bank customers in Malaysia was conducted using a questionnaire. The data were factor-analysed to determine the key dimensions of relationship marketing. The resulting dimensions were applied in the

subsequent discriminant analyses conducted to determine which factors discriminate between customers on the basis of perceived bank-customer relationship quality and customer satisfaction. The results show that five key dimensions, namely: competence, communication, conflict handling, trust, and relationship quality discriminate between customers in terms of perceived relationship quality and customer satisfaction. Moreover, overall banker-customer relationship quality discriminates between satisfied customers and those who are not. Findings suggest that banks can create customer satisfaction by exhibiting trustworthy behaviour, showing genuine commitment to service, communicating information to customers efficiently and accurately, delivering services competently, handling potential and manifest conflicts skillfully and improving overall customer relationship quality.

**Alexandros et al (2002)**<sup>7</sup> The paper explores the factors of electronic Relationship Marketing (e-RM) in the context of the UK financial services sector, focusing on the emerging phenomenon of e-banking and specifically the adoption of e-RM. Through the use of an interpretative, multi-case research approach, it seeks to reflect senior managers' understanding of e-RM. Preliminary findings indicate a broad acceptance that relationships are becoming increasingly important in terms of encouraging loyalty amongst customers. Nevertheless, managers appear to be uncomfortable with their ability to establish and nurture e-banking relationships. The use of e-RM to create a relationship dialogue is not happening on any significant scale and presents several strategic and tactical difficulties, particularly over channel decisions. Managers seem acutely aware of the utility of electronic media networks to lower costs, but do not know how to best approach e-customers, maintain a customer dialogue, or know whether this is what clients' desire.

**Aihie and Az-Eddine (2007)**<sup>8</sup> This paper aims to provide insights on the core components of CRM and the implementation of CRM strategy. A case study of CRM implementation at a large Swedish firm was carried out using open-ended, face-to-face and telephone interview methods to collect data from key informants at both strategic and operative levels. Results show that relationships are not only a tactical weapon, but represent a different and strategic approach to buyer-seller exchange. Findings also show that implementing sustainable CRM strategy requires the endorsement by and commitment from top management, systematic cross-functional communication and mandatory customer loyalty training programmes for all employees.

**Margit (2008)**<sup>9</sup> The study seeks to identify basic values and objectives from different bank retailing customers by asking them about their views on topics that deal responsibly with money. Based on their experiences, perceptions and expectations, those values and objectives that are of utmost relevance for them regarding their money life are identified. The study is of a qualitative nature, using a total of 60 surveys with open-ended questions to acquire data that are evaluated by the qualitative rule-based method GABEK® (GANzheitliche BEwältigung von Komplexität), a tool for analysing textual qualitative data. The results show a holistic picture of people's views concerning money and the role of retail banks. Three main topics are identified: banks' and customers' responsibilities; trustworthiness; and support service. These issues are discussed based on the basic values and objectives discovered in the context of customer relations. The study adds to the discussion of CRM. A more detailed analysis of the results will bring additional illuminating information concerning the main topics identified.

### 3.1. NEED AND IMPORTANCE OF THE STUDY

The present study concentrates on the various factors influencing CRM practices of the Public Sector, New Private Sector, Old Private Sector and Foreign Banks in the city of Chennai. The banks are facing lot of difficulties in acquiring new customers and in retaining the existing customers. As a result of the advancement of banking technology and computerization and networking of bank branches, the customers are becoming more and more dynamic and less loyal in their behaviour. The development of the Internet is further adding to this trend and the whole market has become transparent and customers are in a position to move easily from one bank to another. In such a situation, customer satisfaction is the key to bank marketing, which aims at retention of the old customers and their bringing in new customers. Two strategies are identified for increasing bank's market penetration; the offensive strategy, which focuses on generating new customers, and the defensive strategy which focuses on preserving the current customers. Although these strategies can be successful all customers are not retained as a consequence and organisation's need to identify those customers at risk of leaving in order to reduce defections becomes vital. (Ellie and Malcolm 2000)<sup>10</sup>

### 4.1. STATEMENT OF THE PROBLEM

Banking industry is undergoing tremendous changes; the focus is towards the customer service. The customer is aware of technology and the various service options. Due to these factors, there is heavy competition between banks. Increased competition in the market in the past few years propelled retail banks to focus greatly on maintaining and increasing their customer base while improving customer service quality. In other words CRM has become a major focus for the banks.

Today, banks are facing an aggressive competition and they have to make efforts to survive in a competitive and uncertain market place. Banks have realised that managing customer relationship is a very important factor for their success.

CRM is a strategy that can help banks to build long-lasting relationships with their customers and increase their profits through the right management system and the application of customer-focused strategies. CRM in the banking sector is of strategic importance. (Evangelia and Michalis 2006)<sup>11</sup>

The last decade has seen many changes taking place in the structure of banking and also in the way the banking sector has opened up. De-regulation and entry of new players are changing the banking scene. The future belongs to the player who keeps in touch with the time, who moves along with the time and is able to respond to the emerging needs of the customers.

### 5.1. OBJECTIVES OF THE STUDY

- To recognize the elements of CRM in banks
- To explore the various factors influencing CRM in banks

### 6.1. RESEARCH METHODOLOGY

#### 6.1.1. RESEARCH DESIGN

The research design is empirical in nature since the study is conducted using both analytical and diagnostic type of research. The major part of the study is based on primary data.

#### 6.1.2. STUDY AREA

The city of Chennai has been chosen for the purpose of study because of the following reasons:

- The city has become the financial hub of the entire country.
- Almost every bank of the country has multiple branches in the city.
- Foreign banks are also interested in establishing their branches in the city.

Hence, it is considered highly appropriate to conduct the study in the city of Chennai.

#### 6.1.3. SOURCES OF DATA

Primary data has been collected from the employees of the Public Sector, New Private Sector, Old Private Sector and Foreign Banks in the city of Chennai.

Secondary data is collected from various published and unpublished sources including Journals, Magazines, Publications, Reports, Books, Dailies, Periodicals, Articles, Research Papers, Websites, Bank Publications, Manuals, and Booklets.

#### 6.1.4. SAMPLING TECHNIQUE

Simple Random Sampling Method is adopted to collect the primary data. The respondents for the purpose of the study are selected systematically.

#### 6.1.5. SAMPLE

The following criterion is adopted to collect responses from the bank employees. At the first instance, the total number of Public Sector, New Private Sector, Old Private Sector and Foreign Banks in the city of Chennai has been taken into consideration to decide about the number of banks for the purpose of study in each category.



Secondly, the banks under each category have been chosen based on maximum number of branches in the city of Chennai as on January 2012.

TABLE 6.1.5.1: SELECTION OF SAMPLE

Public Sector Banks	New Private Sector Banks	Old Private Sector Banks	Foreign Banks
1. State Bank of India & its Associates	1. ICICI Bank	1. Karur Vysya Bank	1. Standard Chartered Bank
2. Indian Overseas Bank	2. HDFC Bank	2. Federal Bank	2. CITI Bank
3. Indian Bank	3. Axis Bank	3. South Indian Bank	3. HSBC Bank
4. Canara Bank		4. ING Vysya Bank	
5. Bank of Baroda			
6. Syndicate Bank			
7. Punjab National Bank			
8. Central Bank of India			

6.1.6. SAMPLE SIZE

By the above processes totally 18 banks were chosen for the purpose of study. From each of the 18 banks 10 employees were selected as respondents totaling 180.

7.1. RESULTS & DISCUSSIONS

7.1. 1. FACTORS INFLUENCING CRM IN BANKS-EMPLOYEES' VIEWS

The present study focuses on the crucial CRM factors Viz.,

1. Acquisition of Customers
2. Implementation of CRM
3. Maintaining CRM through General Policies
4. Maintaining CRM through Specific Strategies
5. Customer Satisfaction
6. Customer Loyalty

The opinion of the employees of the bank is ascertained through a well framed questionnaire comprising relevant variables of CRM elements. The research scale Likert's Five Point Scale is exploited in this juncture to underpin the opinion of customers in the normally distributed population. The enormous number of variables and its tediousness are essentially reduced through the mathematical concept called Data Reduction Process. This process actually enumerates all the characteristic features of the variables involved in the study and maintains the consistency of the corresponding variables. Factor Analysis by Principal Component Method is applied on the variables of CRM elements to reduce them into predominant factors. The reduction is expressed in the form of KMO (Kaiser-Meyer-Olkin) measure of sampling adequacy and Bartlett's test of Sphericity along with Communalities. It also creates an output of number of factors extracted and their respective variable loadings.

7.1.1.1. FACTORS AFFECTING ACQUISITION OF CUSTOMERS

Acquisition of Customers possesses 16 variables in Likert's Five Point Scale. The application of Principal Component Factor Analysis is presented below:

TABLE 7.1.1.1: FACTOR EXTRACTION-CUSTOMERS ACQUISITION-EMPLOYEES' VIEW

No. of Variables	KMO	Chi-Square	Eigen Values	% of Variance	Cumulative %
16	.793	1198.626	3.606	22.540	22.540
			2.322	14.512	37.052
			2.104	13.149	50.202
			1.968	12.301	62.503

From the above table Kaiser-Meyer-Olkin Measure of Sampling Adequacy and Bartlett's Test, it is found that the sampling adequacy value 0.793 and the Chi-Square value for Bartlett's Test of Sphericity 1198.626 are statistically significant at 5% level. This implies that the 16 variables of customer acquisition are adequate in explaining its concept and the sampling distribution is also normal to explain the characteristic features of population of employees of the banks regarding acquisition of customers. The upper limit of the variance is statistically significant. It is found that the 16 variables are reduced into 4 major factors with eigenvalues 3.606, 2.322, 2.104 and 1.968 which are statistically significant. The 4 major factors also possess significant individual values 22.540 14.512, 13.149 and 12.301 with total cumulative variance 62.503. This clearly indicates the very existence of 4 major factors with their respective variable loadings. From the Rotated Component Matrix it is found that there are four factors to be considered in total for the customer acquisition element.

Acquisition of customers for any bank is definitely based on the following four factors, viz.

1. Optimistic Relationship
2. Business Promotion
3. Customer Convenience
4. Operational Flexibility

7.1.1.2. FACTORS INFLUENCING IMPLEMENTATION OF CRM IN BANKS

Implementation of CRM encompasses of 21 variables in Likert's Five Point Scale. The application of Principal Component Factor Analysis is presented below:

TABLE 7.1.1.2: FACTOR EXTRACTION- IMPLEMENTATION OF CRM-EMPLOYEES' VIEW

No. of Variables	KMO	Chi-Square	Eigen Values	% of Variance	Cumulative %
21	.873	1602.281	3.439	16.375	16.375
			3.171	15.102	31.477
			2.998	14.275	45.753
			2.447	11.653	57.406

From the above table Kaiser-Meyer-Olkin Measure of Sampling Adequacy and Bartlett's Test, it is found that the sampling adequacy value 0.873 and the Chi-Square value for Bartlett's Test of Sphericity 1602.281 are statistically significant at 5% level. This means that the 21 variables relating to implementation of CRM are adequate in illustrating its concept and the sampling distribution is also normal to explain the characteristic features of population of bankers regarding implementation of CRM. The upper limit of the variance is statistically significant. It is found that the 21 variables are reduced into 4 major factors with eigenvalues 3.439, 3.171, 2.998 and 2.447 which are statistically significant. The 4 major factors also possess significant individual values 16.375, 15.102, 14.275 and 11.653 with total cumulative variance 57.406. This clearly indicates the very existence of 4 major factors with their respective variable loadings. From the Rotated Component Matrix it is clear that there are four factors to be considered for implementation of CRM.

In order to implement CRM, it is imperative for the banks to consider the following four factors viz.

1. Campaign Management
2. Customer Interaction Management
3. Customer Need Analysis
4. Contact Management

**7.1.1.3. FACTORS AFFECTING MAINTENANCE OF CRM THROUGH GENERAL POLICIES**

Maintaining CRM through general policies comprises of 25 variables in Likert's Five Point Scale. The application of Principal Component Factor Analysis is presented below:

**TABLE 7.1.1.3: FACTOR EXTRACTION- MAINTAINING CRM THROUGH GENERAL POLICIES-EMPLOYEES' VIEW**

No. of Variables	KMO	Chi-Square	Eigen Values	% of Variance	Cumulative %
25	.843	1971.682	3.440	13.759	13.759
			3.436	13.743	27.502
			2.509	10.038	37.539
			2.345	9.379	46.918
			1.971	7.884	54.802
			1.852	7.408	62.210

From the above table Kaiser-Meyer-Olkin Measure of Sampling Adequacy and Bartlett's Test, it is found that the sampling adequacy value 0.843 and the Chi-Square value for Bartlett's Test of Sphericity 1971.682 are statistically significant at 5 % level. This means that the 25 variables relating to maintaining CRM through general policies are adequate in demonstrating its concept and the sampling distribution is also normal to explain the characteristic features of population of employees of bank with regard to maintaining CRM through general policies. The upper limit of the variance is statistically significant. It is found that the 25 variables are reduced into 6 major factors with eigenvalues 3.440, 3.436, 2.509, 2.435, 1.971 and 1.852 which are statistically significant. The 7 major factors also possess significant individual values 13.759, 13.743, 10.038, 9.379, 7.884 and 7.408 with total cumulative variance 62.210. This clearly indicates the very existence of 6 major factors with their respective variable loadings. From the Rotated Component Matrix it is clear that there are six factors to be considered for maintaining CRM through general policies.

From the above analysis it is deduced that the following are the general policies to be adopted by the bank to maintain CRM

1. Customer Profiling
2. Meticulous Mechanism
3. Grievance Redressal
4. Elite Practices
5. Customer Interface
6. Ambience and Amenities

**7.1.1.4. FACTORS AFFECTING MAINTENANCE OF CRM THROUGH SPECIFIC STRATEGIES**

Maintaining CRM through specific strategies contains 38 variables in Likert's Five Point Scale. The application of Principal Component Factor Analysis is presented below:

**TABLE 7.1.1.4: FACTOR EXTRACTION- MAINTAINING CRM THROUGH SPECIFIC STRATEGIES -EMPLOYEES' VIEW**

No. of Variables	KMO	Chi-Square	Eigen Values	% of Variance	Cumulative %
38	.901	4239.530	6.143	16.164	16.164
			4.494	11.826	27.990
			3.688	9.705	37.696
			3.276	8.621	46.316
			1.949	5.129	51.445
			1.881	4.950	56.395
			1.792	4.716	61.111
			1.663	4.377	65.488
			1.531	4.029	69.517

From the above table Kaiser-Meyer-Olkin Measure of Sampling Adequacy and Bartlett's Test, it is found that the sampling adequacy value 0.901 and the Chi-Square value for Bartlett's Test of Sphericity 4239.530 are statistically significant at 5 % level. This means that the 38 variables relating to maintaining CRM through specific strategies are adequate in representing its concept and the sampling distribution is also normal to explain the characteristic features of population of employees of bank with regard to maintaining CRM through specific strategies. The upper limit of the variance is statistically significant. It is found that the 38 variables are reduced into 9 major factors with eigenvalues 6.143, 4.494, 3.688, 3.276, 1.949, 1.881, 1.792, 1.663 and 1.531 which are statistically significant. The 9 major factors also possess significant individual values 16.164, 11.826, 9.705, 8.621, 5.129, 4.950, 4.716, 4.377 and 4.029 with total cumulative variance 69.517. This clearly indicates the very existence of 9 major factors with their respective variable loadings. From the Rotated Component Matrix it is clear that there are nine factors to be considered for maintaining CRM through specific strategies.

From the above examination it is very clear that the banks should adopt the following specific strategies to maintain CRM

1. Progressive Workforce
2. Fund Management
3. Personalized Services
4. Precision
5. Customer Segmentation
6. Customer Orientation
7. Experiential Innovation
8. Emotional Involvement
9. Recognition

**7.1.1.5. FACTORS INFLUENCING CUSTOMER SATISFACTION**

The rationale behind customer satisfaction includes 19 variables in Likert's Five Point Scale. The application of Principal Component Factor Analysis is presented below:

**TABLE 7.1.1.5: FACTOR EXTRACTION- CUSTOMER SATISFACTION -EMPLOYEES' VIEW**

No. of Variables	KMO	Chi-Square	Eigen Values	% of Variance	Cumulative %
19	.873	1853.335	4.347	22.879	22.879
			3.366	17.717	40.596
			2.637	13.880	54.475
			1.861	9.795	64.270

From the above table Kaiser-Meyer-Olkin Measure of Sampling Adequacy and Bartlett's Test, it is found that the sampling adequacy value 0.873 and the Chi-Square value for Bartlett's Test of Sphericity 1853.335 are statistically significant at 5 % level. This means that the 19 variables linking the rationale behind the customer satisfaction are adequate in representing its concept and the sampling distribution is also normal to explain the characteristic features of population of employees of bank with regard to the rationale behind the customer satisfaction. The upper limit of the variance is statistically significant. It is found that the 19 variables are reduced into 4 major factors with eigenvalues 4.347, 3.366, 2.637 and 1.86 which are statistically significant. The 4 major factors also possess significant individual values 22.879, 17.717, 13.880, and 9.795 with total cumulative variance 64.270. This clearly indicates the very existence of 4 major factors

with their respective variable loadings. From the Rotated Component matrix it is clear that there are four factors to be considered relating to customer satisfaction.

Customer satisfaction is the outcome of CRM practices followed by the banks. The extent to which the customers are satisfied depends upon the following four factors:

1. Premium Service
2. Quintessence
3. Customer Focussed
4. Concurrence

#### 7.1.1.6. FACTORS INFLUENCING CUSTOMER LOYALTY

The matters concerning customer loyalty takes into account of 12 variables in Likert's Five Point Scale. The application of Principal Component Factor Analysis is presented below:

TABLE 7.1.1.6: FACTOR EXTRACTION- CUSTOMER LOYALTY -EMPLOYEES' VIEW

No. of Variables	KMO	Chi-Square	Eigen Values	% of Variance	Cumulative %
12	.849	908.298	3.425	28.540	28.540
			2.529	21.073	49.613
			1.688	14.067	63.679

From the above table Kaiser-Meyer-Olkin Measure of Sampling Adequacy and Bartlett's Test, it is found that the sampling adequacy value 0.849 and the Chi-Square value for Bartlett's Test of Sphericity 908.298 are statistically significant at 5% level. This means that the 12 variables concerning customer loyalty are adequate in representing its concept and the sampling distribution is also normal to explain the characteristic features of population of employees of bank in connection with customer loyalty. The upper limit of the variance is statistically significant. It is found that the 12 variables are reduced into 3 major factors with eigenvalues 3.425, 2.529, and 1.688 are statistically significant. The 3 major factors also possess significant individual values 28.540, 21.073, and 14.067 with total cumulative variance 63.679. This clearly indicates the very existence of 3 major factors with their respective variable loadings. From the Rotated Component Matrix it is clear that there are four factors to be considered concerning customer loyalty

Customer Loyalty is the ultimatum of CRM operations. Customer loyalty greatly depends on the following factors

1. Positive Banking Climate
2. Confidence Building
3. Customer Delight

## 8.1. RECOMMENDATIONS

- The factors of acquisition of customers in commercial banks are dependent upon the bankers' positive and optimistic approach towards their customers. There is a possible correlation between employees' commitment to the CRM initiatives and the positive outcomes of a bank's performance. It is very important to identify and secure employees' affective commitment to induce CRM in banks. (Philip et al 2008)<sup>12</sup> The commercial banks keep a close watch on their competitors to promote their banking activities. In addition to that the banks have also formulated a system to predict the growing needs of the customers. Present day bankers serve their customers round the clock. Banks have modified their working hours according to the convenience of their customers. The banks have brought in a revolutionary change in the way in which they operate. The procedures have become very flexible and are simplified to cater to the needs of the customers. A bank which takes into consideration the above four factors will certainly have a competitive edge over the other banks in acquiring and retaining customers.
- Specialized services and facilities offered by the banks reach the customers through efficient campaign management. Regular working hours of the banks are used mainly for routine transactions. Unique facilities of the banks are communicated to the customers by organizing customer fairs, customer days and customer meets. Technology helps the banks in establishing a rapport with the customers. With the help of CRM software and other technological innovation the banks are in constant touch with their customers. The banks collect the relevant information from the customers and at the same time also disburse the relevant information to the customers at the right time. Better interaction with the customers' foster implementation of CRM by the banks in an efficient manner. The installation of customer friendly technology as a means of delivering traditional banking services has become commonplace in recent years as a way of maintaining customer loyalty and increasing market share. Traditional brick and mortar banks are using technology to meet the competitive challenge posed by online banks, as well as a method of reducing the cost of providing services that were once delivered exclusively by bank personnel. (Mathew and George 2003)<sup>13</sup> The demands of the customers from their respective banks change over a period of time. Hence, it becomes imperative for the banks to collect information from the customers about their spending and investment pattern. Analysis of the information will give an idea to the banker to come to a conclusion about the needs and expectations of the customers. Promotion of fair banking practices become effective through appropriate contact management. The banks contact their customers on a regular basis to inform them about the services and facilities offered. The above factors will definitely help the banks to implement CRM in an efficient and effective manner.
- The knowledge about the customer base is a prerequisite for maintaining better CRM in banks. The banks make it a point to educate their employees about the financial profile of their customers. The employees are also aware of the cost of losing a customer. The entire concept of CRM leans upon customer profiling. If the marketing community is to adopt the prescriptions of the relationship marketing school of thought, more knowledge and understanding of relationships is required. The base of knowledge is growing and there is now greater appreciation of the processes germane to healthy relationships, such as trust, satisfaction and commitment. (Kate Stewart 1998)<sup>14</sup> The banks are very particular about attending each and every customer entering into their premises. Every customer who is walking into the branch is treated with utmost respect and dignity. Banks follow meticulous mechanisms to handle the customers. The banks adopt separate policies to handle the customers when they come in person, or when the customers seek for any clarification over the telephone and when they seek for any report in writing. The banks take all possible measures to serve every customer to his greatest satisfaction. In addition to that, they are also expected to implement proper grievance redressal mechanism. This would sort out the customer issues as and when they arise. Every bank follows certain unique and elite practices to satisfy the customers. Same set of rules and regulations may not be applicable for all types of customers. Sometimes, it becomes necessary for the banks to modify certain rules for certain class of customers. The banks take reasonable steps to collect the complaints and suggestions from the customers. They also keep a track of complaints received and resolved over a particular period of time. This would help the banks in maintaining proper interface with the customers. Ambience and amenities provided in the branch play a vital role in maintaining CRM. Pleasing ambience and better amenities in the bank premises will enable the customers to have a pleasant stay in the bank. In order to maintain CRM through general policies it becomes necessary for the banks to consider the aforesaid factors.
- Customer Contact Employees (CCEs) are the medium through which the banks deliver the facilities and services to their customers. It is very much necessary for the banks to formulate a specific criterion for recruiting CCEs. The efficiency of the employees depend on clear role definition and empowerment. The positive attitude and sense of empathy will make them progressive. The present day bankers do not restrict themselves with the traditional services. They also act as efficient fund managers of their customers. The banks are working towards providing personalised services to their customers. They are inclined towards creating a long lasting impression in the minds of the customers through personal care and attention. The banks are clear and precise while carrying out transactions. The bankers carry out the gamut of activities in such a way that the customers are in a position to thoroughly understand the activities of the banker. The banks can no more deliver their services to all the customers in a uniform pattern. It is high time that the bankers segment their customers according to their life time value and deliver customised services. To effectively implement a CRM solution it is very important to identify real knowledge about different types of customers' viz., Most Valued Customers, Most Growable Customers and Below Growable Customers from plethora of internal and external data, figures, and surveys. (Bhuvan et al 2001)<sup>15</sup> The customer should be kept at the fulcrum

while delivering the services and facilities. The banks have to constantly seek new and better ways to enhance relationship with customers. The entire activities of the banks are oriented more towards the customers. The banks innovate and introduce new products and services and also make necessary changes in their existing ones based on the feedback collected from the customers. To enhance the relationship with their respective customers the banks go an extra mile through exhibiting their emotional involvement towards their customers by greeting them during occasions and by sending personalised letters to them. The progressive employees are rewarded and recognized to motivate them to work more towards enhancing CRM. The aforesaid factors would foster better CRM in banks through adoption of specific strategies.

- The banks strive hard to deliver world class services to their customers. The employees give attention to details and make it a point to deliver error free services. The instructions given by the customers are executed properly by them. Customer satisfaction is pivotal for any type of business. The entire organisation should work towards achieving the same. The vision and mission of the organisation should concentrate on accomplishing customer satisfaction. Marketing literature consistently identifies customer satisfaction as a key antecedent to loyalty and repurchase. Improving customer satisfaction enables firms to build superior human capital on both the employee and the management level. Customer satisfaction may signal that the company has good prospects. (Xueming & Christian 2007)<sup>16</sup> The policies and procedures followed by the banks should necessarily be focussed toward the customers. The banks formulate their policies and procedures after taking the consent from the customers. They also find out the reasons from the customers when they close their accounts. Consideration of the above factors would enhance Customer Satisfaction in banks.
- Customer loyalty will automatically occur in a positive banking climate. The banks take efforts to create a sense of security and pride in the minds of the customers. The banks' initiatives to build confidence in the minds of the customers lean upon their ethical practices and transparent operations. Commitment on the part of the bankers would augment the process of confidence building. Bankers should mine their databases to identify customers in terms of their levels of profitability and longevity and should deliver levels of assertiveness and affiliation appropriate to each customer. Overall, the call is to complement the emphasis on the use of high-tech CRM strategies that generate huge databases with a more high-touch strategy that will indicate to the bankers as to how to interact with each customer. (Kalyani and Aidan (2007)<sup>17</sup> Customer delight is the outcome of customer loyalty. The hand holding activities of the banker would result in customer delight. Customer Loyalty would increase to a greater extent upon the deliberations of the above factors by the banks.

## 9.1. CONCLUSION

CRM has become an increasingly critical means of developing and maintaining customer loyalty while also helping the business, migrate to low value customer towards greater profitability. Bankers can now manage every single contact with the customer to build lasting relationships and glean information and insights about customer's needs and their buying behaviour to design and develop services, which help create value for the customers as well as the bank. Although customized as well as off the shelf technological solutions are available in the market place, bankers need to do a lot more than just adopt these solutions to implement CRM practices. Those banks developing close customer relationships will grow much more aggressively than their competitors. Successful implementation of CRM requires a strategic approach, which encompasses developing customer-centric processes, selecting and implementing technology solutions, employee empowerment, customer information and knowledge generation capabilities to differentiate them, and the ability to learn from best practices. CRM is not only the technology interest; it is a business strategy to select and manage the most valuable customer relationships.

CRM enables improved business performance at all stages of the customer relationship. Although the CRM environment is challenging to implement, manage, and upgrade, the business benefits are clear. Network and application suites must compliment each other in every area of this environment. In today's competitive scenario characterized by changing customer values, banks are finding it extremely difficult to retain customers to realize long term benefits. With all the information at his command, the customer has become very powerful. The customer demands wide range of value added products. Customer wants value, value for money, time, and effort. Change has become very common and it is the only constant thing. To meet the challenges arising out of stiff competition and technological revolution it becomes necessary to create a special bondage with the customers. This becomes possible mainly through relationship marketing. Though loyalty and relationships are not interchangeable, relationship marketing keeps the link between bank and customers intact and this would at least give a chance to the banks to convert a customer to a loyal one. Hence, the study has given a clear message that the real challenge before the banks is to convert emotions into transactions, and a transaction-based relationship into an emotionally connected and loyal one over a period of time. In this context, the researcher strongly believes that Mahatma Gandhi's observations on "Customer" continue to be relevant in the next millennium and will hold the key for success of any organization.

## 10.1. SCOPE FOR FURTHER RESEARCH

The present study has made an attempt to study the factors influencing Customer Relationship Management practices followed by the banks in general. With the experience, it is stated that a separate research may be undertaken in the following areas viz.,

1. A study about the Customer Relationship Management practices followed by different types of banks.
2. A study on Customer Relationship Management practices followed by various industries in the financial sector.
3. A study on Customer Relationship Management practices followed by various industries in the service sector.

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In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

### *Our Other Journals*

