

A Study on Customer Relationship Management A Comparative Study

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ABSTRACT

Over a century ago, in a small-town of India, before the advent of the super-market, the shopping mall, and the automobile, people went to their neighborhood weekly haat or general store to purchase goods. The proprietor/owner and the small staff recognized the customers by name and knew the customer's preferences, needs, likings and wants. The customer, in turn, remained loyal to the store and made repeated purchases. This idyllic customer relationship disappeared as the nation grew, the population moved from the farming community to large urban areas, the consumer became mobile, and supermarkets and departmental stores were established to achieve economies of scale through mass marketing. To achieve this approach, information about a customer (e.g., previous purchases, needs, and wants) is used to frame offers that are more likely to be accepted. Observers such as McKie (2000) believe that the environment is fragmented and thus results in CRM meaning different things to different people. According to Peter Keen, the well-known author of *Shaping the Future* (1991) and *The Process Edge* (1997) defines CRM as: "Customer relationship management is the commitment of the company to place the customer experience at the centre of its priorities and to ensure that incentive systems, processes and information resources leverage the relationship by enhancing the experience".

1. INTRODUCTION

Customer: The customer is the only source of the company's present profit and future growth. However, a good customer who provides more profit with less resource is always scarce because customers are knowledgeable and the competition is fierce. Sometimes it is difficult to distinguish who is the real customer because the buying decision is frequently a collaborative activity among participants of the decision making process. Information technologies can provide the abilities to distinguish and manage customers.

Relationship: The relationship between a company and its customers involve continuous bi-directional communication and interaction. The relationship can be short-term or long-term, continuous or discrete and repeating or one time. Relationship can be attitudinal or behavioral. Even though customers have a positive attitude towards the company and its products, their buying behavior is highly situational (Wyner, 1999).

Management: CRM is not an activity only within a marketing department. Rather it involves continuous corporate change in culture and processes. The customer information collected is transformed into corporate knowledge that leads to activities that take advantage of the information and of market opportunities. CRM required a comprehensive change in the organization and its people.

2. REVIEW OF LITERATURE

Khalifa, Mohamed (2005) explained the relationship between three categories of eCRM (i.e., pre-purchase, at-purchase and post-purchase eCRM) and online customer satisfaction at two phases of the customer lifecycle, i.e., attraction and retention. The results of a longitudinal survey of the online customers of hardware retailers provided strong support for the model and revealed the dominant role of pre-purchase eCRM in satisfaction formation at the attraction phase and the prevalence of post-purchase eCRM at the retention phase.

Until recently, most firms focused primarily on production, purchase and marketing. Their main concern was to provide products that satisfied their customers' first needs. In the past, such an approach was sufficient for most firms to survive and generate revenues. Nowadays, however, customers were more demanding more knowledgeable, and required more attention. Increasingly, firms were shifting their focus to the customer, hence the rising importance of customer relationship management (CRM). With the rapid growth of electronic business and proliferation of Internet-based services, a new concept was born: eCRM. It encompassed all the processes needed to acquire, build and maintain customer relationship through e-business operations. Important CRM concepts such as customization, personalization, making the customer less passive and more active, many-to-many marketing were either enabled or made easier to implement with eCRM tools. In fact, CRM remained just a philosophy devoid of concrete actions if not for these enabling tools. In addition to its enabling role, eCRM was also believed to be more convenient, more interactive, more efficient and providing a higher degree of customization. More importantly, the online channel was cheaper than the regular channels for both the firm and the customer.

3. OBJECTIVES OF THE STUDY

- To study the level and objective of adoption of eCRM technologies amongst the banks
- To compare the level of eCRM service quality offered by different banks

RESEARCH TYPE

Type of research is based on the nature of data. In the light of the nature of data, the present research is mainly of a quantitative nature, as most of the findings of the present study are based on quantified measures. However, the researcher also manipulated the causality and consequences, which also represented a sign of qualitative research. In the light of purpose of research, the present study was mainly of applied nature as the researcher tried to test the applications of the eCRM services provided by Selected Indian Banks in Chennai. Further, the survey method was adopted by selecting and studying a sample chosen from the population (selected Banks of India in Chennai providing eCRM services to their accountholders, channel partners and employees etc.) to discover the relevant incidence, distribution and interrelation of variables.

RESEARCH DESIGN

Reliability and validity of the research required planning of inquiry, i.e., the detailed strategy of how the research would be conducted. A good research design depends on two aspects of its designing: first, specifying what one wants to find out, i.e., properly posing the problem or properly phrasing the issues to be studied or the logical structure of inquiry; and second, determining how to do it, i.e., collecting data through scientific and appropriate methods, using effective techniques of data analysis and rational and meaningful deductions (Ahuja, 2000). Therefore, the researcher had to take great care in the preparation of the research design. There are many types of research design

and there was no standard or ideal research design to guide the researcher; many different research designs may accomplish the same objectives. Broadly, research design can be of three types: (1) Exploratory (2) Descriptive and (3) Casual/Experimental. In the present study, mainly exploratory research design had been adopted, as the main purpose of this study was to gain familiarity with the various aspects of eCRM services provided by selected Banks of India in Chennai and to achieve new insights into it. Since the scope of the study was very vast, the present study also represented some characteristics of descriptive research design.

4. DATA COLLECTION

In research process, the result will be good if the data put in is good. If poor and unrelated data are collected, naturally poor and misleading conclusion will be drawn. Therefore, due consideration should be given to the type and method of data collection (Wilkinson and Bhandarkar, 2000). There are two types of data: primary data and secondary data. Since the scope of the study was really very vast, both types of data have been collected. Primary data was collected through the well-structured comprehensive questionnaire.

I. TO IMPROVE OUR ABILITY TO INCREASE MARKET SHARE

Significance value (.000) in Table 4.3 clearly indicated that there was significant relationship between to improve our ability to increase market share and the selected banks of Haryana.

ANOVA: TO IMPROVE OUR ABILITY TO INCREASE MARKET SHARE

	SUM OF SQUARES	DF	MEAN SQUARE	F	SIG.
Between groups	201.178	4	50.295	6.186	.000
Within groups	1032.542	127	8.130		
Total	1233.720	131			

TABLE NO 1

Post hoc analysis (Table 4.4) and to improve our ability to increase market share mean score v/s selected banks revealed that the employees of Punjab National Bank had considered the above factor more important for adoption of eCRM services than the other remaining selected banks.

DEPENDENT VARIABLE: TO IMPROVE OUR ABILITY TO INCREASE MARKET SHARE

The mean difference is significant at the .05 level.

I. TO REDUCE RISK OF FRAUDS AND ERRORS

Significance value (.000) in Table 4.5 clearly indicated that there was a significant relationship between to reduce risk of frauds and errors and the selected banks of India.

ANOVA: TO REDUCE RISK OF FRAUDS AND ERRORS

(I)NAME OF THE SELECTED BANKS	(J)NAME OF THE SELECTED BANK	MEAN DIFFERENCE(I-J)	STD. ERROR	SIG.	95% CONFIDENCE INTERVAL	
					LOWER BOUND	UPPER BOUND
State bank of India	Punjab National Bank	2.41	.741	.001	.95	3.88
	Industrial Credit and Investment Corporation of India	2.04	.807	.013	.44	3.63
	Housing Development and Finance Corporation	2.30	.771	.003	.78	3.83
Punjab national bank	State Bank of India	-2.41	.741	.001	-3.88	-.95
	Industrial Credit and Investment Corporation of India	-.38	.956	.696	-2.27	1.52
	Housing Development and Finance Corporation	-.11	.926	.905	-1.94	1.72
Industrial Credit and Investment Corporation of India	State Bank of India	-2.04	.807	.013	-3.63	-.44
	Punjab National Bank	.38	.956	.696	-1.52	2.27
	Housing Development and Finance Corporation	.26	.980	.788	-1.67	2.20
Housing Development and Finance Corporation	State Bank of India	-2.30	.771	.003	-3.83	-.78
	Punjab National Bank	.11	.926	.905	-1.72	1.94
	Industrial Credit and Investment Corporation of India	-2.6	.980	.788	-2.20	1.67

TABLE NO 2

	SUM OF SQUARES	DF	MEAN SQUARE	F	SIG.
Between groups	201.418	4	50.355	8.474	.000
Within groups	754.665	127	5.942		
Total	956.083	131			

TABLE NO 3

Post hoc analysis (Table 4.6) and to reduce risk of frauds and errors mean score v/s selected banks revealed that the employees of State Bank of India had considered the above factor more important for adoption of eCRM services than the other remaining selected banks.

5. MULTIPLE COMPARISONS

DEPENDENT VARIABLE: TO REDUCE RISK OF FRAUDS AND ERRORS

The mean difference is significant at the .05 level.

(I)NAME OF THE SELECTED BANKS	(J)NAME OF THE SELECTED BANK	MEAN DIFFERENCE(I-J)	STD. ERROR	SIG.	95% CONFIDENCE INTERVAL	
					LOWER BOUND	UPPER BOUND
State bank of India	Punjab National Bank	-.02	.634	.978	-1.27	1.24
	Industrial Credit and Investment Corporation of India	-2.02	.690	.004	-3.38	-.65
	Housing Development and Finance Corporation	-1.46	.659	.028	-2.77	-.16
Punjab national bank	State Bank of India	.02	.634	.978	-1.24	1.27
	Industrial Credit and Investment Corporation of India	-2.00	.818	.016	-3.62	-.38
	Housing Development and Finance Corporation	-1.44	.792	.071	-3.01	.12
Industrial Credit and Investment Corporation of India	State Bank of India	2.02	.690	.004	.65	3.38
	Punjab National Bank	2.00	.818	.016	.38	3.62
	Housing Development and Finance Corporation	.56	.838	.508	-1.10	2.21
Housing Development and Finance Corporation	State Bank of India	1.46	.659	.028	.16	2.77
	Punjab National Bank	1.44	.792	.071	-.12	3.01
	Industrial Credit and Investment Corporation of India	-.56	.838	.508	-2.21	1.10

TABLE NO 4

6. SUGGESTIONS

- There should be greater synergy amongst the branches and departments failing which effective eCRM cannot take place and process efficiency will also drop. Banks need to prioritise customer centricity and this will lead to a positive effect on corporate performance. Otherwise, this will further reflect in high customer churn, low customer satisfaction, falling employees morale, decreasing market share and increasing costs because of fragmented business approach.
- In order to target the messages more effectively, more reliable information about the customer is required. This will of course, result in increase in sales and reduction in general as well as administrative costs. The customers can be approached more effectively if accurate information is available.
- A customer-centric bank must have a eCRM package from the core of the technology platform, but it should optimise for Customer Life Cycle Care (CLC). eCRM will fulfill its

potential of maximizing profit and value only when the foundation (customer-centric technology, data quality, people and process) are integrated and leveraged fully.

- An integrated customer-centric technology backbone ensures that the total requirements of the customer is in consistent with the entire organization and provides the right information at the right time, to the right person and optimise the customer enterprise relationship. The technology backbone should also be extended throughout the enterprise to include value added networks.
- For any bank, it is essential to identify customers with respect to their net worth and retaining them. Customer demand personalized services across all channels, and organizations must align their resources appropriately to cater to the needs of the customers. A successful organisation should have a deep insight into the departmental initiatives as well as the departmental jurisdictions, which should be kept flexible.
- There are many pieces of software available that offer customer relationship management features, but in reality, eCRM goes beyond software implementation. It's business strategy that often involves using multiple pieces of software, as well as implementing policies that promote the collection of customer information, and the use of that information by individuals throughout the company in order to maximize customer service and increase sales.

7. CONCLUSIONS

While eCRM is an organization-wide strategy, best results will be achieved by rolling it out on a phased basis, rather than across the whole company at once. By testing and proving the strategy and business case before incrementally rolling it out to further channels, divisions, customer groups and product sets, companies can see what's working and what's not in a relatively low-risk environment and make improvements accordingly. These humble recommendations emanating from the present research work may mark the end of this particular thesis but there is a strong hope it will mark the beginning of a new chapter of ushering in the concept of eCRM and customer retention in banking sector of India.

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