CHAPTER 1

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1.1 - INTRODUCTION

The present research work is a study on the “Review of Customer Relationship Management”. The present study can understand the concept of customer relationship management and the significance of customer relationship marketing. It is not a product or a service. In simple terms, it is a completed business strategy. It enables a targeted, mutually beneficial, profitable relationship with individuals and groups. With this regard, the emergence of CRM, the area of CRM, and the techniques of CRM can be categorized. The complex factors in managing CRM and CRM strategy to overcome with them as effectively described.

1.2 - CONCEPT OF CUSTOMER RELATIONSHIP MARKETING

Customer Relationship Management is a broad concept for retaining, creating, and expanding customer relationships in the banking sector. CRM enables the organization to effectively manage relationships with their customers, simply putting it is an overall business strategy. CRM enables to anticipate, understand, manage, and personalize the requirements of the customer. Today, many business organizations such as insurance companies, banks, and other service providers realize its importance. They also understand the potential of CRM which helps them to attract new customers and retain existing ones which maximize their lifetime value.

In the current scenario, the management process of acquiring customers by understanding their needs, retaining customers by fulfilling their requirements more than their expectations and through customer-specific strategic marketing approaches attracting new customers is called customer relationship management. It is also a process which invites total commitment on the part of the entire organization regarding relationship strategies.

1.3 - SIGNIFICANCE OF CUSTOMER RELATIONSHIP MARKETING

The changing challenges that are faced at the markets are constantly changing the approach in marketing function. Therefore, in this situation, bankers, marketers, businessmen considered retaining customers as a much more challenging job. Instead of acquiring new customers in the context of growing competitive force. It reflects that the traditional approach of marketing became insufficient regarding the achievement of marketing goals. Thus, scenario created the emergence of the new
approach i.e. relationship marketing. The relationship marketing approaches differs from traditional transactional approach as shown in figure 1.1 & 1.2.

The aspect of transactional marketing approach has focus on individual transaction. It does not concern continuous relationships with customer. Therefore its framework does not contain a strategic long term perspective. It only centre around tentative adjustments process regarding performance of marketing function. Therefore in this context customers are viewed as outsiders. Under transactional approach customers satisfaction, expectation and multiple influences about decision making processes are not given due implication. It reflect very small attention paid to customer service and customer commitment.

![Transactional Marketing Framework](image)

Figure 1.1 – Transactional Marketing Framework

On the other way relationship marketing focus on continue marketing instead of isolated individual transaction. The relationship marketing approach consider customer as insider for the organisation. It also aims to build up a long term perspective. In other words it represents never ending relationship with customer. The idea of retaining customers forever enables the relationship marketing approach centres around developing hard core loyal customers. In this approach high degree of customer commitment, contact and services are re-maintained.
Therefore it is cleared that the second approach has gradually taken the shape of customer relationship management. Relationship marketing has its narrow focus on the customer. It only focuses on the marketing function of the organisation concerned. But CRM focus more widely on customer and also on the entire function connected with customers. Such as value creation and delivery chain of the organisation concerned. Organisations have preferred the use of the term CRM instead of Relationship Marketing.

1.4 - EMERGENCE OF CRM

The ways in which the customers and organisation interact has undergone significant changes over the year. Customers are becoming more demanding and the organisation has no choice but to respond to the customers need faster or lose them to the competitor. The time frame that they respond to the customers needs is shrinking. They now need to respond to the customers requirements proactively, as they cannot afford to wait till the customer complain or shows the first sign of dissatisfaction.

The basic reason for the emergence of customer relationship management is only the change in the marketing environment. Gilbert 2003 approach shows in the
figure 1.3 about the marketing model which is changing from the product centered to customer centered.

![Emergence of CRM](image1.png)

**Figure 1.3 : Emergence of CRM**  
(Source: Gilbert, 2003)

1.5 AREAS OF CRM

There are probably five different answerers, when five different banking officers were asked about their views on Customer Relationship Management. It is not just a single application which solve all customers problem in the organisation. Therefore there are some areas such as Sales, Marketing and Customer Service in which CRM can be applied as shown in figure 1.4.

![Areas of CRM](image2.png)

**Figure 1.4 : Areas of CRM**
The market became much more clear for customer because of new media. The results are an increasing pressure of competition and demanding customer. Therefore a binding and long-term customer relationship seems to be necessary in banking sector. In modern era, the abilities to enhance customer reliability, consistency and durable relationship is critical in banking sector.

In current situation of competitive banking world, improvement day-by-day in customer services has most important tool for better further growth. Customer requirements, need, necessity and complaint are part of their banking business-life. It is so more important to bank because it is a service industry. Therefore customer services and customers satisfaction are their primary work. The need for the study arises because banking sector helps in economic development of the country and to fulfill this, customer satisfied first by providing better services with the help of computer and other innovated technologies. Hence there is need for customer survey, identifying their requirements and satisfaction.

1.6 - TECHNIQUES IN CRM

Techniques in Customers Relationship Management can classified in following three types.

a) **Customer Service and Retention:** More competition and increased regulation made it more difficult for banks to stand out from the crowd. However, the development of CRM gave proactive banks access to technology that helped them improve customer retention by using customer feedback to offer conveniences like ATMs and online banking. Banks can also use CRM tools to improve customer loyalty by using data collected through customer sign-ups, transactions and feedback processes.

b) **Call Centers:** Bank call centers use CRM solutions for various purposes. Cost-driven call centers use CRM to track call transactions and troubleshooting techniques to fine-tune the service resolution process. Metrics like average handle time and customer feedback ratings help bank call centers improve their customer support for retention. Profit-driven call centers also leverage CRM customer account records for add-on selling opportunities.
1.7 - COMPLEX FACTORS WHILE MANAGING CRM

Managing customer relationship is becoming increasingly complex due to various factors some the important complex factors described as follows.

a) **Increase in Product offerings:** Now customers are increasingly able to obtain the products, which meet their specific requirements and therefore they do not want to compromise. This makes them more demanding. If an organisation does not take steps to understand and respond to these demands, the competitor will.

b) **Competition:** With increased awareness, everybody is trying to attract and retain the same set of profitable customers. So, an organisation must act swiftly to maintain a favourable position.

c) **Compressed marketing cycle Time**: In this factor the attention span of a customer gets decreased. A organisation need to reinforce the value which has provide to their customers on a continuous basis. Time span into one desire customer and the next customer desire is also decreasing. An organisation must perform each time to retain the customer. Therefore, it is becoming increasingly difficult to manage relationship with customers and achieve customer loyalty.

1.8 - CRM STRATEGY

Successful organisations need to react to these requirements in a timely fashion for which it needs to develop its CRM strategy. The CRM strategy is based on principles shown in figure 1.5 as follows.
Figure 1.5 : Principles of CRM Strategy

The use of CRM Tools and techniques can facilitate the process to a large extent. The number of large enterprises expanding their operations abroad and transforming into multinational, global companies is increasing. With this global expansion, the need to view CRM and other such initiatives at an enterprise wide level is becoming crucial. With such large scale international operations, the economies of scale and leverage that can be gained from establishing global brands makes unified marketing driven by CRM increasingly attractive. This is specially true when weighed against the potential problems and lack of synergy cause by disparate locally driven marketing with little or no CRM integration. In today’s digital world it is become increasingly critical for organisations to be able to learn to adapt quick to the changes taking place in the new economy. Organisations that are able to mobilize all their resources and to knowledge that exists within the organisation are in a better position to enhance their performance.