CHAPTER 5

CRM in Current Era
5.1 - Introduction
5.2 - Concept of e-CRM
5.3 - Differences between CRM and e-CRM
5.4 - Types of e-CRM
5.5 - e-CRM through the Customer Lifecycle
5.6 - Benefits of e-CRM
5.7 - Implementation Strategies for e-CRM
5.8 - Challenges and Opportunities
5.9 - Sound business strategy of CRM in Bank
5.10 - Customer Service Model
5.1 - INTRODUCTION

The present research work is study on the “Review of Customer Relationship Management in Banking Sector”. This topic is opened with the Concept and Types of Electronic CRM, Differences between CRM and Electronic-CRM, Electronic-CRM through the Customer Lifecycle and Benefits of e-CRM. With the regards Implementation Strategies for e-CRM, Challenges and Opportunities Sound business strategy of CRM in Bank can be explore for proper discussion.

5.2 - CONCEPT OF E-CRM

In simple terms, e-CRM provides to banks to conduct interactive means with the customer. It further personalised and relevant communication with customer through traditional and electronic channels. Electronic CRM always tries to get information regarding personal preferences of each customer such as how, when, where they to get communicate with you. It allows to the organisation to focus on the customer relationship management and how business economy will effect by this. Electronic CRM get use of the information and database regarding customer for better decision making about offers, messaging and channels of delivery. It synchronises communication get jointed to the customer system across the globe. A comprehensive understanding of the customer activity has the major goal of electronic CRM. It get personalized with customer, relevance with them, get permission, timeliness manner, and metric is to end on optimizing the customer value which is your most important asset. In these kind of system customer take care of themselves online through internet and it also try to focus on taking care of customer via the Internet.

5.3 - DIFFERENCES BETWEEN CRM AND E-CRM

Differences between Customer Relationship Management and its Electronic segment are not difficult but it is important in these present electronic era. The underlying technology concern has change the way of doing customer relationship management. It basically interface with the customer and system. In terms of the strategic perspective there is no difference between CRM and electronic CRM. As these both terminology have overall increased the customer lifetime value and aim to enhance customer relation. With the help of different process level it certain to reduce the service cost. Even though several difference between CRM and electronic CRM occur as discussed below.
Traditional communication processes conducted by traditional CRM are often time delay. Electronic CRM allows organisation to always work in the real time approach. More than that interaction with customer are usually permitted in this regard. It gives to draw a conclusion regarding customer behavior and find out the success of activity. Even though electronic CRM imply high automation of interaction between the customers than that of traditional CRM process.

It is also true that electronic CRM can’t be separate from traditional CRM. It allows to be integrate and seamless between these. At the same point of time many organisation do appoint separate staff for electronic CRM as well as traditional CRM. Both separately responsible for their duties and initiatives at the organisation.

Electronic CRM and conventional CRM not differ on account of using technology and database. It is simply a process or way of doing the particular job which require a different customer culture too.

5.4 - TYPES OF E-CRM

The e-CRM systems can be classified into three categories, Operational, Analytical and Collaborative CRM. A brief description of each of these is given below.

Operational CRM: Operational CRM is mainly focused on automation, improvement and enhancement of business processes which are based on customer-facing or customer supporting. The main importance of a CRM system lies on how the selling, marketing and service oriented processes are automated, and for which operational CRM systems are embedded with Marketing automation, Sales force automation and Service Automation applications: Operational CRM refers to services that provide support for various ‘front office’ business processes in helping organization to take care of their customers. Focus on customers value is important for a successful operational CRM strategy. Different customers have to be treated differently so information on variables like customers’ ranking, actual value and potential value is of strategic value.
The document contains text about analytical and collaborative CRM systems. Here's a structured summary:

- **Analytical CRM**: It supports organizational back-office operations and analysis. It deals with all the operations and processes that do not directly deal with customers. Hence, there is a key difference between operational CRM and Analytical CRM. Unlike from operational CRM, where automation of marketing, sales-force and services are done by direct interaction with customers and determining customer’s needs, analytical CRM is designed to analyze deeply the customer’s information and data and unwrap or disclose the essential convention and intension of behavior of customers on which capitalization can be done by the organization.

- **Collaborative CRM**: It deals with synchronization and integration of customer interaction and channels of communications like phone, email, fax, web etc. with the intent of referencing the customers a consistent and systematic way. The idea is not only enhancing the interactions but also to increase and improve customer retention and liberty. Collaborative CRM entangles various departments of organization like sales, marketing, finance and service and shares the customer information among them to highlight better understanding of customers. The information regarding varied cost or price of a particular product in market defined by customers can be delivered to finance department so that strategies could be created to match the product cost with similar products in market and after analysis bring an affordable and efficient product in market. The information regarding a specific service which is not installed in the company environment and intimated by the customers can be transferred to service department to improve or install that particular service in-house. All this is done efficaciously within the range of channels so that the process automates the needs and minimal time is required for fulfilling these needs.

**5.5 - E-CRM THROUGH THE CUSTOMER LIFECYCLE**

Today by increasing sophisticated customer strength organisation being confront. This kind of customer segment demand and expect highest level of satisfaction with immediate service with multiple access channel. Customer always feels that customer services would occur with different communication channel with that they specify to be communication. They particularly want communication with the channel in which they initiated. With the different communication channels such
as telephone, web chat, electronic mail customer not only want to shop and get customer service but also they desired for ability to move seamlessly from one channel to another channel.

Electronic CRM enable to serve customer online and always trying to cover the areas in which customer require the better service. Electronic CRM helps management, product and pricing models, problem resolution, customer service support and automate response to the agent. It should be remembered in mind that online customer can relatively different than the usual customer while providing unified communication at different customer interactions. Electronic CRM implementation is require for the organisation with several device and technology for multipoint contacts with customer.

Electronic CRM holds the front office function of marketing, sales and customer service of the organisation. It further supports the back office administration and opens a analysisation of operation function. The following figure 5.1 describes the way of electronic CRM functions and supports each of the 5 administrational component i.e. marketing management, sales automation, Electronic Commerce, customer support and service and analysis of back office.

![Figure 5.1: e-CRM through the Customer Lifecycle](image-url)
5.6 BENEFITS OF E-CRM

Most of the organisation spend huge amount in defining and understanding their core business process. No problem they get benefit by improving their process. But there are several area which remain unresolved where electronic CRM work properly. The following important benefits of electronic CRM can be visualized after proper implementations.

- **Increased customer loyalty**: An effective e-CRM system enables a company to communicate with its customers using a single and consistent voice, regardless of the communication channel. This is because with e-CRM software, everyone in an organization has access to the same transaction history and information about the customer. Information captured by an e-CRM system helps a company to identify the actual costs of winning and retaining individual customers.

- **More effective marketing**: Having detailed customer information from an e-CRM system allows a company to predict the kind of products that a customer is likely to buy as well as the timing of purchases. In the short to medium term, this information helps an organization create more effective and focused marketing/sales campaigns designed to attract the desired customer audience. e-CRM allows for more targeted campaigns and tracking of campaign effectiveness. Customer data can be analyzed from multiple perspectives to discover which elements of a marketing campaign had the greatest impact on sales and profitability.

- **Improved customer service and support**: An e-CRM system provides a single repository of customer information. This enables a company to serve customer needs quickly and efficiently at all potential contact points, eliminating the customer's frustrating and time-consuming hunt for help. e-CRM enabling technologies include search engines, live help, e-mail management, news feeds/content management and multi-language support.

- **Greater efficiency and cost reduction**: Automating customer data mining saves valuable human resources. Integrating customer data into a single database allows marketing teams, sales forces, and other departments within a company to share information and work toward common corporate objectives using the same underlying statistics.
5.7 - IMPLEMENTATION STRATEGIES FOR E-CRM

There are several strategies which get implemented when organisation understand the necessity of Electronic CRM. Many organisation like bank also noted these kind of strategies but there are certain limitation behind it. But the organisation can be overcome by implementing the strategies itself. These strategies discussed as follows for further organisation enhancement with proper electronic CRM facility.

- **Developing customer-focused business strategies**: The objective of this step is not to try to change the customer to the company's goals but to listen to the customer and try to create opportunities beneficial to both. It is important to offer customers what they are currently demanding and anticipate what they are likely to demand in the future. This can be achieved by providing a variety of existing access channels for customers, such as e-mail, telephone and fax, and by preparing to provide for future access channels such as wireless communication.

- **Retooling business functions**: Starting to do business via e-CRM requires disruptive organizational change in order to determine which departments/functions are truly servicing the customer and which ones are only adding to overhead. After identifying and reducing surplus manpower, administrative time and cost should come down. A major factor here is that the changes needed during an e-CRM implementation will only be possible with buy-in from the top levels of management and with company-wide accountability of all stakeholders. Positive organizational change will not simply materialize on its own. It is the responsibility of senior management to ensure that all employees understand the need of the changes, how the new structure will benefit from them, and how it will enhance their ability to serve their customers better.

- **Work process re-engineering**: Departmental role and responsibility changes from restructuring business functions will needs adopting new work processes. Choices here are to take the traditional step-wise approach or an integrated one towards improving work efficiency. Under the step-wise approach, departments are treated as separate efficiency entities. This rarely produces good results because the goals of each department can become too parochial, and departments tend to compete internally for their own benefit at the expense of what's best for the company.
- Technology choices: The focus here is to consider the company's industry, the companies position within its industry, which e-CRM implementations are good candidates for the company in particular. Criteria for technology selections includes scalability of software, tool set flexibility for customization, stability of the existing e-CRM application code, compatibility of e-CRM application with legacy and Internet systems, level of technical support available during and after implementation, upgradable support, availability of additional modules and security.

- Training and implementation: This thrust area is apparently the most important one in e-CRM implementation effort. Depending on the number of users, training times will vary from company to company. Training of employees should occur before the new e-CRM system has been implemented to ensure a seamless transition for customers. Examples of training include sending users to training facilities at considerable cost or bringing in an on-site consultant. Anyone who requires access to the system should receive full, appropriate and timely training. Training should be an ongoing, managed activity as systems must continuously change and evolve. All training and tools used should be thoroughly documented for existing, new and future employees. Without proper documentation, e-CRM system may not work.

5.8 - CHALLENGES AND OPPORTUNITIES

In this modern era of globalization customer in banking sector are more value oriented. They have many alternative choices in regarding to their banking services. The present times demanded that bank consolidate with moderate and selective expansion to be made in service, Social Banking with financial possibilities, selective upgradation method, computerization and innovative mechanization. Banking organisation may look in the effective managerial culture with customer service better, strong organization culture, adequate profitability, internal supervision and control. Therefore bank may provide complete service as well as personal service to customer. Because at these stage customer just came with high expectation. Bank must provide latest product to the customer it may be because for them convenience value is more. In shortly, customer value services would be driver of customer retention strongly. The crisis provides an opportunity to the banking sector to reach
out to the financially excluded, who have the capability to make productive use of the available financial resources.

For many organisation customer relationship management turns into the corporate strategy. With the proper focus of CRM banking sector can boost the growth and protect their proper share into the market.

5.9 - SOUND BUSINESS STRATEGY OF CRM IN BANK

CRM is a sound business strategy to identify the bank’s most profitable customers and prospects, and devotes time and attention to expanding account relationship with those customers through individualised marketing, reprising, discretionary decision making, and customised service through the various sales channels that the bank uses. Any financial institution seeking to adopt a customer relationship model should consider six key business requirements which is as follows.

- Create a customer-focused organisation and infrastructure.
- Gaining accurate picture of customer categories.
- Assess the lifetime value of customers.
- Maximise the profitability of each customer relationship.
- Understand how to attract and keep the best customers.
- Maximise rate of return on marketing campaigns.

5.10 - CUSTOMER SERVICE MODEL

Customer always trying to invest his time and think about the banking services. Because he know that bank can satisfy their need and desire. While retentioning and strategies of customer services attrition is the key indicator for in measuring the success. Each bank will have to its own customer service model that relates the customer support and satisfy the customers need and solution a there problem, which also feels in some way special. Following is a model that one can believe works when it comes to customer service. Customers who contact bank will only ever need or want two simple thing which they need a solution to their problem and they feel in some way special. The following figure 5.2 shows Customer Service Model.
Bank should provide a physical or a psychological solution to customers real or imagined problem. It very limited when customer go to the bank when he require banking service for his problem. Therefore customers need should be put right and the better that they are put right most satisfied the customers is going to be and every customers have feel happy into the special way. There are basically seven elements by which customer can feel happy in special way regarding banking services as shown in the model. With that it reflect initial problem solved by proper banking services. By some strange coincidence, when put together these seven elements will actually spell the word special.

**a) Speed and Time:** This measure has very importance in regards with the customer important factor. Speed which your company or organisation can deliver, whatever it is it provides, can gain your competitive advantage. It further allow bank to bring higher satisfaction levels and maybe even demand, or ask a price premium from your customers for that convenience of doing things faster or quicker. However it is not just about the core product, it is also about every single contact or initiation with a customer, from answering the
telephone, to replying to letters, to the length of a phone call, to how long bank have been put on hold. The customer measures all these factors, largely unconsciously.

b) **Personal Interaction:** In this segment bank must personally interact with the customer from small to the large level of satisfaction. It can be done by very small manner by remembering customer name, voice of tone and other details. It gives pleasure to customer while interaction.

c) **Expectations:** The ability to manage expectations well and then systematically and consistently exceed them is the hallmark of a successful business. There are only three kinds of physical and emotional states that one can leave customers in: a delighted happy customers, a satisfied customer even though unsatisfied customers. \\

d) **Courtesy and competence:** The two go hand in hand. Statistics show that customers seem to be happier being served by an enthusiastic amateur rather than an indifferent expert. Therefore common courtesy and manner are often important. It may be more important than one might considered at this point of stage. In regard with the competence, it mean whoever serve or support the customer in bank has to do thing and do then well.

e) **Information and keeping the customer informed:** The current era is a much more complicated place than in the past. Technology, social changes and education patterns have created a mass of information. It the simple way by which customer feels happy and specially with keep him always informed about the product, services and offerings.

f) **Attitude and Customer Liaison:** Attitude of customer or any one is not always easy to understand. So bank always look what sort of time his having that kind of attitude. When customer is dissatisfied has to most important aspects of understanding his attitude.

g) **Long-term Relationship:** This is final element of making a customer feel special. A customer will feel special if the organisation that they have dealt with once or just a few times will actually reward, recognize and encourage their loyalty. This will not work with every customer and some customers are rampantly and consistently disloyal. However, for the majority of customers, either business or personal. It might be given the right element and right environment which they would prefer to be consistently. Indeed many people
think that the drive for consistency in sameness is one of the strongest human instincts of all, perhaps more so than survival. This explains why so many organisations that offer seemingly poor service and low levels of customers satisfaction seen to survive. It is because they exploit the customers consistency drive and often customers with rationalise to themselves.

If organisation or bank club together these seven elements has results the customer satisfaction in a special way and it just like a wildest dream. Bank should always focus the need, necessity and requirements of the customer. There bank or organisation should make ideas which implement these seven elements. A customer feels happy and upforce bank feel happy with their customer services and customer relationship management.