Chapter II

REVIEW OF LITERATURE
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2.1 Introduction

The literature relevant to the research in the area of Customer Relationship Management (CRM) were identified and reviewed for the purpose of the study. There were a number of studies undertaken in the area of CRM with diversified set of objectives. Accordingly these studies used various factors relevant to CRM in different compositions. These studies were reviewed with the purpose of identifying the research gap in each of these studies. 79 journal articles/books and 3 Ph.D theses were reviewed in detail to understand their scope, objectives, variables used etc., keeping in mind the objectives of the present study.

Based on the reviews done the variables selected for the study are Customer relationship management, Information technology, Organisational climate, Relationship marketing, CRM strategy, Knowledge management, Customer satisfaction and Customer loyalty.

2.2 Customer Relationship Management

Sally Dibb and Maureen Meadow (2013)\(^1\) conducted a study on Relationship Marketing and Customer Relationship Management of Financial Service Organisations. The study highlighted various barriers which can stop a Financial Service Organisation’s progress towards a relationship marketing focus. The barriers include structure of the organisation, customer base, level of technological resources and human resource policies. The study revealed that the success or failure of organisations following CRM practices lies in their ability to manage issues involving the structure of the organisation and the approach used in staff related issues such as recruitment, selection and training.

Belghis Bavarsad and Gholamhossein Hosseinpour (2013)\(^2\) in their paper “Studying the Factors Affecting the Customer Relationship Management (CRM) in Marun Petrochemical Company” included 4 dimensions of Customer Relationship Management. They suggested that these four dimensions influence CRM in an
organisation. The dimensions identified are management commitment; human resource knowledge; information technology and knowledge of CRM.

C. Padmavathy, M.S. Balaji and V.J. Sivakumar (2012)\textsuperscript{3} in their study on “Measuring effectiveness of customer relationship management in Indian retail banks” explained various dimensions of CRM effectiveness. According to them, CRM effectiveness has five dimensions. They are organisational commitment; customer experience; process driven approach; reliability and technology orientation. The study found out that organisational commitment, process driven approach and reliability have a positive effect on customer satisfaction. There was a direct association between reliability and customer loyalty. Customer satisfaction and loyalty influence cross selling also.

Yonggui Wang and Hui Feng (2012)\textsuperscript{4}, in their paper titled “Customer relationship management capabilities: Measurement, antecedents and consequences” studied the resource based view of CRM. A measurement model of CRM capabilities having three factors as components were developed and tested. The factors were customer interaction management capability; customer relationship upgrading capability and customer win-back capability. It was found that a major success factor for business performance is CRM capability. To build up strong CRM capabilities, managers or organisations had to monitor CRM process continuously, enhance their customer orientation, improve their customer centric organisational system and implement CRM technology. The study revealed that there exist a significant and positive relationship between CRM capabilities and business performance.

Antony Joseph, K. (2012)\textsuperscript{5} conducted a research on “Customer Relationship Management in Commercial Banks in Kerala”. In his Ph.D thesis, he identified Customer relationship management orientation (CRMO) and Customer relationship strength (CRS) as multidimensional constructs consisting of five components namely- trust, bonding, communication, shared value and empathy. The overall performance of bank branches in Kerala depends on the CRM orientation of branch level managers. From among the various qualitative factors influencing customer satisfaction, caring and helping mentality of staff; a rush free environment and
e-banking facilities were ranked first, second and third. According to him, convenience and good relation with banks are the important factors compelling customers to continue with the bank. He also identified that CRS and all its components are positively correlated with customer loyalty. Customer loyalty is an outcome of relationship strength. Bonding and shared value are the most important factors influencing customer loyalty. Good word of mouth is an outcome of strong relationship. Emotional attachment with service providers is the most powerful form of advertisement of any organisation.

Piyawan Siriprasoetsin, Kulthida Tuamsuk and Cholabhat Vongprasert (2011) studied about “Factors affecting customer relationship management practices in Thai academic libraries”. They found out that five factors affect CRM. The factors are: knowledge of CRM and leadership, organisational culture and communication, customer management process, technology supporting customer management and service channels and communication.

Basar Oztaysi, Selime Sezgin and Ahmet Fahri Ozok (2011) in their paper on “A measurement tool for customer relationship management processes” explained about CRM processes on customer perspective. They proposed a tool for measuring CRM process. The tool covered seven CRM processes. They are targeting management; customer information management; production/service customization; expansion management; referrals management; termination management and win back.

Popli,G.S. and Rao,D.N. (2010) conducted a research on “Customer Relationship Management in Indian Banks”. They suggested that, CRM is a philosophy which includes activities and cultures for improving customer satisfaction and profit maximization. CRM places customer at the centre of the business process. CRM involves the establishment, development, maintenance and optimization of long term mutually valuable relationship between the customer and the organisation. CRM is viewed as an approach which is comprehensive in nature for creating, maintaining and expanding relationship with customers.

three dimensions, in their paper titled “Measuring CRM Effectiveness: Construct development, validation and application of a process-oriented model”. They used an integrated process oriented perspective to define CRM effectiveness which revolves around three elements namely information technology, relationship marketing and organisational climate. Customer focused information technology (CFIT) enables a business to collect, retain, retrieve, update and manipulate massive amounts of data and conduct customer transactions in a very efficient, timely, real time, reliable and accurate manner. Relationship management is concerned with the relationship activities of the firm. It directs the best channel to meet customer needs and expectations. Customer focused organisational climate (CFOC) sets a standard for employee performance that helps distinguish the business from its competitors through the actions and attitudes of management and employees. According to the authors, these three dimensions offer a practical approach for measuring CRM effectiveness.

Riyad Eid (2007) in their paper titled “Towards a Successful CRM Implementation in Banks: An Integrated Model” opined that attaining a higher level of understanding about existing customers will help organisation to interact, respond and communicate more effectively to significantly increase retention rates. The results of the study revealed that CRM success factors and effectiveness of CRM have a catalytic effect on customer retention. The result upheld the view that CRM implementation ensures customer satisfaction and retention by solving customer problems swiftly. The findings of the study was justified the belief that the efforts of customer services, through the use of the CRM, will lead to customer retention which is an indication of the success of CRM.

Ozgener, S. and Iraz, R. (2006) in their paper “Customer Relationship Management in small-medium enterprises: the case of Turkish tourism industry” mentioned that Customer Relationship Management is a tool which finds application for various purposes in an organisation like acquisition, retention, expansion and creating customer loyalty towards the business.

Palmer, R., Lindgreen, A. and Vanhamme, J. (2005) stated about the relationship between CRM and Relationship marketing in their paper on
“Relationship Marketing: schools of thought and future research directions”. According to them CRM includes the delivery of sustained or increased levels of satisfaction and the retention of customers by the maintenance and promotion of the relationships.

Leo, Y.M., Sin Alan, C.B, Tse and Frederick H, K, Yim. (2005)\textsuperscript{13} in their paper titled “CRM Conceptualization and scale development”, proposed that CRM is a multi-dimensional construct consisting of four broad behavioral components. The components are key customer focus; CRM organisation; knowledge management and technology based CRM. The findings of the study throw light on the association between CRM and the organisational business performance, which are indicated by trust, customer satisfaction, return on investment and return on sales. The findings also supported the common belief that CRM is a critical success factor for business performance.

Buttle, F. (2004)\textsuperscript{14} presented four major factors having impact on the chain values of Customer Relationship Management in his paper titled “Customer Relationship Management: Concepts and Tools”. The factors are people; leadership and organisational culture; data and IT and process. These factors work in combination to result in the success of CRM.

Yim, F, H, K., Anderson, R, E. and Swaminathan, S. (2004)\textsuperscript{15}, in their study, “Customer Relationship Management: its dimensions and effect on customer outcomes” mentioned that the successful implementation of CRM involves four critical areas. They are strategy; people; processes and technology. They proposed that the implementation require focusing on key customers; organising around CRM; managing knowledge and incorporating CRM based technology. These are to be considered as the pre-requisite for ensuring CRM success.

Jongheok Kim, Euiho Suh and Hyunseok Hwang (2003)\textsuperscript{16} developed a conceptual model for CRM effectiveness. In their study “A Model for evaluating the effectiveness of CRM using the Balanced Scorecard” they identified four factors from a customer centric perspective. The factors are customer knowledge; interaction; value and satisfaction. They opined that CRM involves meeting customer’s individual and unique needs by managing business interaction. By
integrating business process and technology, organisation seeks to maintain and enhance the relationship with their customers.

Chen, I.J. and Popovich, K. (2003)\textsuperscript{17} identified key factors for success of CRM. In their paper “Understanding Customer Relationship Management (CRM) People, Process and Technology” they proposed technology; people and process as the key factors for success of Customer Relationship Management. CRM is an integrated approach to managing relationships by focusing on customer retention and relationship development. They also opined that, the evolution of CRM can be attributed to advances in IT and organisational changes in customer centric processes.

Jain, R., Jain, S and Dhar, U. (2003)\textsuperscript{18} in their study “Measuring customer relationship management” put forward certain behavioral dimensions for measuring the CRM effectiveness. They recognized the need for a tool that focus on behavioral dimensions of CRM. According to them, behavioral dimensions of CRM includes factors such as attitude; understanding expectations; quality perceptions; reliability; communication; customisation; recognition; keeping promises; satisfaction audit and retention.

Fayerman, M., (2002)\textsuperscript{19} pointed out that Customer Relationship Management is a customer oriented business strategy. He viewed that the aim of CRM is to increase customer satisfaction and customer loyalty. This can be attained by offering a more responsive and customised service to each customer.

Gupta, M. and Shukla, S. (2001)\textsuperscript{20} in their study titled “Implementation issues in CRM: a study in the Indian banking sector” explained the concept of using technology and human resources to understand the behavior, values and attitudes of customer. This aspect of understanding the customer is the basic idea of CRM. If human resources and technology deployment operate as planned, a business can provide better customer service, increased customer satisfaction and helps sales staff close deals faster.

between customers and an organisation’s service. The purpose of this communication process is to attract and maintain the customers.

2.3 Customer Focused Information Technology

Md. Rashid Farooqi, Sharda Kumari, & Dr. Mohd. Shoeb, (2013) in their study “Recent Trend of e-CRM in Commercial Banks of India” found out that, with the implementation of e-CRM, the websites of Commercial Banks have become the most effective means of communication with the customers. Banks ensured that their websites present the latest and updated information through their websites by way of using latest technologies. Banks have started using e-mails and short message services (SMSs) to be in touch with their customers. Since the security of the transaction was a concern of their clients, banks have hiked the level of security being provided to the transactions. The study identified that by way of using e-CRM and providing tailor made products and services to meet the needs of customers, banks maintains good relationship with their customers.

Dr. A, Muthumani and Mrs. R, Praveena. (2012) in their study “E-CRM in Indian Banking Sector” opined that countries across the world have realized the huge potential the internet has as a medium for CRM. The study found out that, developments in critical areas of IT have changed the way organisations are managing their customer relationships. Ensuring a good customer experience will drive customer acquisition and help to have customer retention. This will ultimately result in enhancement of profit.

Molan Kim, Feong Eun Park, Alan F. Dubinsky and Seoil Chaiy (2012) in their study “Frequency of CRM implementation activities: a customer centric view” pointed out that technology is an important tool for CRM implementation. According to them, organisations use CRM for the specific purpose of building and maintaining better customer relationships. It also encourages gathering, analyzing and interpreting various types of customer data in order to enhance the relationship with the customers.

P, Shum, L., Bove, S. Auh. (2008) in their article titled “Employees effective commitment to change: The key to successful CRM implementation” opined that CRM technology infrastructure if properly implemented, organisation
may get a number of advantages. The most important advantage is the ready availability of information throughout the organisation. This will help in having in-depth customer information, which in turn will enable the organisation to make available more personalised services to the customers.

Sanjeev K. Bordoloi., Prabhu Aggarwal and Tom Tobin (2008)\textsuperscript{26} tried to identify the impact of technology based CRM on call center performance in his study titled “A Quantitative Model for CRM Performance Evaluations”. He suggested that technology based CRM is positive and significantly related to perceived service quality. This indicates that operational efficiency of call center is strongly depended on CRM technology applications. Technology based CRM is also significantly related to satisfaction of the caller.

M, Viljoen., J, A, Bennett., A,D, Berndt & C, R, van Zyl (2005)\textsuperscript{27} studied about the user technology in CRM. They observed that technological developments continue to affect the organisation and marketing of its products and services. These technological applications include the computer (specifically the World Wide Web) and mobile telephone technology.

McKie, S. (2001)\textsuperscript{28}, in his book “E-Business Best Practices: Leveraging Technology for Business Advantage” has described about how e-business technology can be implemented in an organisation with the best results. He stated that technology based CRM is the important strategy tool of an organisation to attain success in CRM applications.

R.K.Mittal and Rajeev Kumra (2001)\textsuperscript{29} opined that internet has shifted the control of transaction from the organisation’s staff to the customer. E-CRM activities help customers to find better information through web sites than from the organisation’s staff. The most important advantage of e-CRM is its high level of customer control that may be translated into customer satisfaction and retention.

Butler (2000)\textsuperscript{30} identified the relationship between the Information technology and the Customer Relationship Management in his study “Changing the game: CRM in the e-world”. The advances in IT, equipped firms to generate, process and share customer information. Such firms are in a position to respond to the needs of individual customer. This will help to attract and retain customers.
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Tamminga, P and O’ Halloran, (2000)\textsuperscript{31} in their paper titled “Finding the real value in CRM: Leveraging IT solutions through the customer driven approach” proposed that, increase in use of digital technologies by customers is changing the way customers are being managed. Information communication technologies are helping the organisation to best manage their customers and to maintain lasting relationships with them.

According to Kotler (2000)\textsuperscript{32} CRM means an enterprise wide integration of technologies working together such as data warehouse; web site and intranet/ extranet; phone support system etc. He suggested that CRM uses IT to gather data, which can then be used to develop information required to create a more personal interaction with the customer. In the long run it produces a method of continuous analysis and reinforcement in order to enhance customer’s lifetime value with organisations.

2.4 Customer Focused Organisational Climate

In a research conducted by Naimah Ali and others (2013)\textsuperscript{33} titled “Customer Relationship Management and Organisational Performance in Malaysian Healthcare Industry”, it was found that CRM plays an important role in Healthcare Industries. Organisational performance can be improved through the collaboration of top management, technology and organisational culture. The performance of the organisation is influenced by the organisational culture.

Lindgreen, A., Palmer, R., Vanhamme, J., and Wouters, J. (2006)\textsuperscript{34} in their study “A Relationship Management Assessment tool: Questioning, identifying and prioritizing critical aspects of customer relationships” found out that, to have a desirable organisational climate, skilled and motivated employees are the pre-requisites. The presence of such employees would help the organisation to reach the optimum business efficiency and establishing long term relationship with valuable customers.

Sangeeta Tripathi and Nachiketa Tripathi. (2002)\textsuperscript{35} studied about the effect of organisational climate on organisational success. They tried to understand the relationship between organisational climate and organisational success. Organisational climate is the atmosphere that employees perceive and it is created in
their organisation by practices, process and rewards. The employee’s commitment and satisfaction will affect the effectiveness of the organisation. These factors are influenced by the organisational climate. The organisational climate is influencing the various factors affecting organisational success which include job satisfaction, organisational commitment and intention to quit.

Doyle (2000)\(^{36}\) in his book, “Value-based Marketing” pointed out that, employees have an important role to play in creating and maintaining a long term relationship with customers. The kind of impacts employees would make in customers may result in building up of long term relationship with customers. The level of service fairness has a positive effect on perceived outcomes.

Seiders, K and Berry L, L. (1998)\(^{37}\) studied about service fairness. They opined that customers seek fair services and consistent treatment. Unfair treatment is a crucial factor leading to customer complaints and dissatisfaction.

Jewell, L, N. and Siegall, M. (1990)\(^{38}\) conducted research on Contemporary Industrial/ Organisational Psychology. They found out that organisational climate is a descriptive concept based on individual perceptions of the social environment of an organisation. Employees tend to observe developments in an organisation and then draw conclusions about their organisation’s priorities. These perceptions provide employees with direction and orientation about where they should focus their energy.

2.5 Relationship Marketing

Dr. Shweta Choudhary. (2014)\(^{39}\) conducted a conceptual study to know about the relevance and importance of CRM in Service Industry. In her study titled “Influence of Customer Relationship Management (CRM) over Service Industry” it was found out that the underestimation of importance of genuine & quality customer relationships was the major reason for the failure of CRM. The implementation of CRM can make business more efficient & customer friendly.

Houn-Gee Chen, Julie Yu-Chih Liu, Tsong Shin Sheu and Ming- Hsien Yang (2012)\(^{40}\) conducted a survey among 420 customers of Financial Service Institutions and found out that fair service perception has a positive effect on
individuals perception of service quality; trust; value and satisfaction. In the study titled “The impact of financial services quality and fairness on customer satisfaction” they found out that fair service plays a role equivalent to service quality in determining customer perceived value and attitudes in the Financial Service Industry. Service fairness is directly related to customer satisfaction. Fair service plays a role in determining customer attitudes. Service fairness has a positive association with perceived service fairness and service quality.

Uma Sankar Mishra, Bibhuti Bhusan Mishra, Swagat Praharaj and Ramachandra Mahapatra (2011) conducted a comparative study of Public and Private sector banks in India with regard to CRM practices. Understanding of customer’s expectations with regard to level of service delivery and product quality is essential for establishing a long term relationship. Knowing customer expectation is essential in providing service quality. Lack of awareness of customer expectation is a route cause for the inability to provide services to meet customer needs.

Dr. M. Jegadeeshwaran and Dr. M. Sendhilvelan (2011) in their work “A Study on Profitability of HDFC Bank” pointed out the relation between complaints and relationship management. Increased penetration of banking, growing customer awareness and higher expectations of customers are the reasons for the increase in number of complaints. Failure of commitments made is another important reason for customer complaints.

Dr. Amanda Beatson, Dr. Lan Lings and Siegfried Gudergan (2008) in their paper titled “Employee behaviour and relationship quality: Impact on customers” attempted to investigate the quality of the relationship between the customer and the service organisation from the customer’s perspective. They found out that, an organisation having high degree of service orientation is committed to delivering excellent service. Customers will recognize that the organisation is trying to serve them well. This in turn will increase the trustworthiness of the organisation. Customers will develop a positive attitude towards the organisation and will be satisfied. This will ultimately result in higher levels of relationship quality.

Molina, A., Martin-Consuegra, D and Esteban, A. (2007) studied about relational benefits and customer satisfaction in retail banking. They tried to find out
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the relationship between the functional benefits and outcomes such as satisfaction; commitment; loyalty and word of mouth. The study revealed that organisations could increase customer satisfaction through strategies that focus on strong relationship commitment.

Ambrose, M., Hess, R, L. and Ganesan, S. (2007)\(^{45}\) conducted a study on the relationship between justice and attitudes. In their paper titled “The relationship between justice and attitudes: an examination of justice effects on event and system-related attitudes” they suggested that people seek fair services and consistent treatment. Unfair treatment leading to customer complaints will adversely affect the customer’s relationship with the organisation.

Juan Carlos Fandos Roig, Javier Sanchez Garcia, Miguel Angel Moliner Tena and Jaume Llorens Monzonis (2006)\(^{46}\) in their study “Customer Perceived value in banking services” analysed the dimensions of the concept of perceived value in the banking sector using the GLOVAL scale of measurement of perceived value. It was found that quality of service perceived by the customer and satisfaction are directly related to the loyalty of the consumer in Banking sector. Perceived value is also a determinant of customer loyalty.

Mosad Zineldin (2006)\(^{47}\) in his study “The royalty of loyalty: CRM, quality and retention” described that organisation should welcome complaints and view them as a chance to make improvements and to satisfy the customer. Registering complaints is a chance to keep a customer from leaving dissatisfied. If the complaints are handled satisfactorily, most of the complainers will continue with the organisation. Problems allow customers to spread bad word of mouth and this may hurt the image of an organisation.

Nelson Oly Ndubisi and Chan Kok Wah (2005)\(^{48}\) in their paper introduced five key dimensions of perceived relationship quality. Competence; communication; commitment; conflict handling and trust are the dimensions identified. These variables will be significantly higher for customers who perceive high relationship quality compared to those who have low perception. The study revealed that customer perception of their relationship with the organisation depends on the organisation’s competence, communication, conflict handling and trust. Banks
which show strong commitment to service and those that are competent, trustworthy, communicating efficiently and handling conflicts well are found to have a better quality of relationship with customers while those that are lacking in these dimensions would create a poor quality relationship with customers.

Raman Nair, V. (2003)\(^{49}\) in his Ph.D thesis, “Marketing of financial services by Commercial Banks in Kerala: A case study of SBT” found that quality of service and employee behavior are the major reasons for opting SBT for deposit by the customers. In the case of loans, low cost, location and personal contact with officials are the determining factors. Among all these, quality of service is the major factor influencing customers to opt a Financial Institution.

Roberts, K., Varki, S. and Brodie, R. (2003)\(^{50}\) conducted an empirical study on measuring the quality of relationships. They proposed that, satisfaction, trust and commitment are the key dimensions of relationship quality.

Gronroos, C. (2000)\(^{51}\), in his book “Service Management and Marketing: A Customer Relationship Management Approach” stated that promises and commitment are vital concepts of Relationship marketing and CRM. If promises by the organisation are fulfilled and organisation shows commitment to customers, then there is a possibility of having fair customer relationships.

Payne, A., Christopher, M., Clark, M. and Peck, H. (1999)\(^{52}\) in their paper “Relationship Marketing for Competitive Advantage” opined that relationship marketing has effect on customer retention and consequently the organisational profitability. It is relatively easy to maintain relationship with an existing customer than creating a new one. Organisations can have competitive advantage through better customer relationships.

Zeithaml, A.V., Parasuraman A., and Berry L.L. (1985)\(^{53}\) in their study “Problems and strategies in Service Marketing” proposed that for the success and survival of business, one pre-requisite is the organisation’s ability in delivering a superior service quality. The success is more dependent on customer satisfaction through the quality of service delivered.
2.6 CRM strategy

Mohammad Ali Shafia, Mohammed Mahdavi Mazdeh, Mahboobeh Vahedi and Mehrdokht Pournader (2011)\textsuperscript{54}, studied about “Applying fuzzy balanced scorecard for evaluating the CRM performance”. Non financial measures like customer relationship and services have significant role in dividing the success of an organisation. CRM is an effective tool to enhance customer satisfaction and market share. They referred CRM as customer focused business strategy.

Lindgreen, A., Palmer, R., Vanhamme, J. and Wouters, J. (2004)\textsuperscript{55} conducted a case study on the design; implementation and monitoring of a CRM program with the purpose of identifying the factors which are critical while implementing CRM. They identified ten critical factors which have a significant effect on CRM implementation. These factors which have impacts on organisations success are people; culture; relationship management process; knowledge management; information technology; organisation strategy; brand strategy; customer strategy; customer interaction strategy and value creation strategy.

Buttle, F. (2004)\textsuperscript{56} made an attempt to compile factors underlying the success of CRM administration, in his article on “Customer Relationship Management: Concepts and tools”. He identified certain factors as major contributors to CRM success. The contributors are IT; staff; customers; customer management; organisational culture; leadership; organisational strategies and team work.

Parvatiyar, A and Sheth, J, N. (2001)\textsuperscript{57} proposed CRM as an overall business strategy, in their article titled “Conceptual Framework of Customer Relationship in Customer Relationship Management”. They suggested that CRM strategy enables organisation to effectively manage relationship with their customers. It will help to understand, anticipate, manage and personalize the needs of customers.

Kate Stewart (1998)\textsuperscript{58} stated the pre-requisites for the successful implementation of CRM. According to him, the condition to be present for the successful implementation of CRM are a pervasive marketing culture; internal marketing and employee empowerment; a business strategy emphasizing service; demonstrable trustworthiness and the ability to calculate relationship performance.

### 2.7 Knowledge Management

Ahaiwe Josiah, Oluigbo Ikenna, Akhigbe Jennifer, Ibeji Chinedum, Roland Justina, Akpabio Nnemonso (2015)\(^{60}\) studied about the relevance of analytical CRM and knowledge management in an organisation. They found out that knowledge management, strategic orientation and organisational innovation have a strong impact on organisation’s performance and success.

Aurora Garrido Moreno, Nigel Lodcett, Victor Garcia Morales (2014)\(^{61}\) developed a research model which analyses the process through which CRM technology infrastructure translates into organisational performance, on the resource based view and the knowledge based view of the organisation. It was found out that organisational commitment and knowledge management fully contribute to the success of CRM in an organisation.

Palonka, J., Porębska-Miąc, T. (2012)\(^{62}\) in their paper titled “From Social media to Social CRM (SCRM)” suggested that knowledge management is the management of knowledge from customers. The knowledge received from customers includes customers knowledge of products, suppliers and markets; their ideas and recommendations concerning the improvement of the product, ideas, thoughts and information regarding the preferences, creativity or experience with products, services, processes or expectations. Knowledge from customers leads to measures which improve products and services.

Rollins, M., Halinen, A. (2005)\(^{63}\) stated that development of an organisation is determined by effective utilisation of customer knowledge and hence managing customer knowledge is important in determining organisational effectiveness. Customer knowledge management is an ongoing process of generating, disseminating and using customer knowledge within an organisation, and between an organisation and its customers. It involves management and exploitation of all types of customer knowledge: knowledge about customers, knowledge from customers and knowledge for customers.
Leo Y, M, Sin., Alan C, B, Tse. and Frederick, H, K, Yim. (2005) \(^64\) in their study “CRM Conceptualization and scale development” stated that from the knowledge based perspective, the primary rational for a firm’s existence is the creation, transfer and application of knowledge. Learning and generation of knowledge dissemination and sharing and knowledge responsiveness are the components of knowledge management. To have a 360\(^0\) customer view is the major objective of knowledge generation.

Schulz, M. (2001) \(^65\) stated in his article that knowledge is of not very relevant unless it is shared throughout the organisation. Hence a proper mechanism should be developed for sharing customer knowledge to facilitate concerted action by different departments. Knowledge dissemination helps an organisation, for building better customer management.

Mark Lavender (2004) \(^66\) in his paper titled “Maximising customer relationship and minimizing business risk” suggested that the key factors to increase sales and to establish profitable relationships are business information and customer information. The customer data of Financial Institutions should be organized in such a way that, they can easily identify their key customers and prospects, to grow relationships by offering relevant services and proactively developing relationships. Organisations can improve CRM by adapting customer centric processes.

Heygate, R. (1999) \(^67\) emphasized the importance of collecting customer feedback and using it for the success of the organisation. CRM success mainly depends on understanding the needs and desires of the customers. This can be accomplished by giving priority to their needs and integrating the same with the people, process, technology and strategy of the business organisations.

2.8 Customer Satisfaction

Belghis Bavarsad and Gholamhossein Hosseinipour (2013) \(^68\) studied about the factors affecting CRM in Marun Petrochemical Company. They opined that organisation has to identify the customer requirements and expectations to increase customer satisfaction. This will help the organisation to appreciate the customer requirements and expectations. This in turn will promote sales and market share, and increase customer satisfaction and loyalty.
Houn-Gee Chen, Julie Yu-Chih Liu, Tsong Shin Sheu and Ming-Hsien Yang (2012)\textsuperscript{69} conducted a study on the impact of financial services quality and fairness on customer satisfaction. They found out that, quality of service results in higher level of customer perceived value and customer satisfaction. There exist a positive association between perceived service fairness and service quality. Service fairness is directly related to customer satisfaction.

Yang, Z. & Peterson, R.T. (2004)\textsuperscript{70} in their study proposed that customer satisfaction is a comprehensive approach which involves cumulative evaluation of features of a product and various aspects of supplying organisation. It reflects the consumer’s overall impression of the performance of the service organisation. It predicts the loyalty of the consumer.

Kate Stewart (1998)\textsuperscript{71} studied about customer exit in retail banking. He observed that customer tend to compare their service experience against expectations. The comparison either confirms their expectations (satisfaction) or disconfirms their expectations (dissatisfaction).

Woodruff, R. B. (1997)\textsuperscript{72} in his study titled “Customer value: The next source of competitive advantage” defined satisfaction as a positive or negative feeling regarding the net benefit of the services received from a provider. He opined that the perceived value represents the consumer’s cognitive perception of the relational exchange with their providers and satisfaction reflects the overall feeling derived from the value perceived by the consumer.

Goodwin, C., & Gremler, D. (1996)\textsuperscript{73} studied about the nature, importance and implications of loyalty. They found out that customers who are satisfied with their relationship become the organisation’s best sales force. Customers who come to the organisations due to the reference are usually more loyal than these who come for other reason.

2.9 Customer Loyalty

Elahe Avazzadeh (2015)\textsuperscript{74} in his study tried to understand the relationship CRM has with customer satisfaction and loyalty. He observed that CRM has significant impact on customer satisfaction. Customer satisfaction has a positive
effect on customer loyalty and the loyalty has a direct and substantial effect on organisation. Organisations that successfully implemented CRM will have the rewards in customer loyalty and profitability in the long run.

Maraj Rehman Sofi and Dr. Iqbal Ahmad Hakim (2014)\textsuperscript{75} in their study “Customer Relationship Management and Customer Loyalty in Service sector” tried to examine the impact of the CRM on Customer loyalty in Indian banks. They developed a model to measure the extent of CRM practices in Indian banks that result in customer loyalty. They have used five variables in the model. The variables are Key customer focusing (KCF); Organizing around CRM (OCRM); Incorporating IT based-CRM (ICRMT); Managing knowledge (MK) and Customer prospecting (CP). These variables were measured to determine the willingness of customers to stick on to their current banks. It was found that CRM best practices have a positive relationship with customer loyalty.

Seyed Rajab Nikhashemi, Laily Paim, Ahasanul Haque, Ali Khatibi and Arun Kumar Tarofde. (2013)\textsuperscript{76} in their paper titled “Internet Technology, CRM and Customer Loyalty: Customer Retention and Satisfaction Perspective” explained about the study they have conducted to investigate the effect of internet technology on customer loyalty. The study proved that internet technology can play a significant role in managing customer relations and presented various Internet technologies that can be utilised in Customer Relationship Management (CRM). The results indicated that internet technology improve customer service and deliver value to the customers through which retention rate and customer loyalty will be increased. Customer satisfaction influences customer retention and customer retention can affect customer loyalty.

Sally Dibb and Maureen Meadow (2013)\textsuperscript{77} in their paper titled “Relationship Marketing and CRM: a financial services case study” suggested that long term success is contingent upon customer retention as well as customer acquisition. A steady stream of sales can be achieved from existing customers over the life time of their relationship with the organisation, through developing customer loyalty.

Popli, G.S. and Rao, D.N. (2010)\textsuperscript{78} in their study “Customer Relationship Management in Indian Banks” found out that private sector banks were more
innovative in understanding their customers and in building good relations with them. Their service quality levels are high, making them more customer oriented and customer friendly. They have identified six factors as key drivers to customer loyalty. They are positive staff attitude; honesty; integrity and reliability; productive advice and delivery of promised services; consistent delivery of superior quality service; simplicity and easiness of doing business; and fair and efficient complaints solution.

Juan Carlos Fandos Roig, Javier Sanchez Garcia and Miguel Angel Moliner Tena (2009)\textsuperscript{79} studied empirically the nature of the relationship between, perceived value, satisfaction and loyalty of the customer in the Banking sector. The paper titled “Perceived value and customer loyalty in Financial Services” presented the relationship between perceived value and loyalty. It was found that perceived value has an indirect effect on loyalty through satisfaction but it has direct effect on loyalty. The customer care personnel should be well informed of services offered by the firm and customers should be given a feeling that they are attended all the time. It is important to know the conditions on which, the competitors are working, and offer same or better conditions to the customers. This will help to obtain loyal customers who will ensure the continuity of the organisation.

Mosad Zineldin (2006)\textsuperscript{80} in his study “The royalty of loyalty: CRM quality and retention” suggested that customer satisfaction will result in higher customer retention, higher customer loyalty and lower customer switching. Loyal customers believe that, being loyal, they are entitled to get better services. Rewarding customers is a pre-requisite to create loyal customers. More satisfied the customer, more loyal he will be and more durable the relationship becomes.

Karbowiak John. (2003)\textsuperscript{81} in his article “A loyal Following” mentioned that building and cultivating customer loyalty are facilitated by higher level of customer satisfaction. Customer loyalty results in an organisation to retain its existing customers and increase the value of customers.

Patterson, P. G., & Spreng, R. A. (1997)\textsuperscript{82} in their study “Modeling the relationship between perceived value, satisfaction and repurchase intentions in a business to business, services context: An empirical examination” found out that
there exist an indirect relationship between perceived value and loyalty though satisfaction.

2.10 Conclusion

As part of the review of literature, the researcher has reviewed 79 journal articles/books and three Ph.D theses. From the review of literature, it was observed that there exists a serious dearth of studies in the field of CRM in Housing Finance sector. Though there were several studies conducted in the field of Customer Relationship Management in Commercial Banks, studies in housing finance in particular was found to be rare. Similarly in the case of Housing Finance Companies, the researcher has not come across studies in the context of CRM. This was the research gap identified by the researcher. From the review of literatures the major variables identified were Customer focused information technology, Customer focused organisational climate, Relationship marketing, CRM strategy and Knowledge management. Minor variables were also identified based on this, a Research Model, as shown in first chapter was developed.
References


Chapter II  
Review of Literature


