This chapter seeks to discuss the conceptual and theoretical issues involved in studying customer services in banks. After a brief discussion on the theoretical underpinnings of customer care in different economic systems, the meaning and relevance of customer care in the context of banks and the methodological issues in studying customer care are discussed. The chapter also provides a survey of the available literature related to customer service.

3.1 The Concept of Customer Service: A Theoretical Perspective

Customer Service can be considered as the fundamental tenet of a free enterprise economy. In a perfect competitive economy consumer is the king\(^1\). The market is considered to be efficient in ensuring the quality of products at the minimum cost. A firm can remain in the market if only the product satisfies its customers. Products and services which fail to satisfy the customers will be thrown out of the market. In a free enterprise economy there
is continuous process of gauging the tastes and preferences of customers and translating them into goods and services.

Broadly defined, customer service will be any activity that directly or indirectly influences the marketability of the product or service. On the other hand, in command economics, that is, in socialist societies, customer service is not a major consideration. In these economies production is for the masses. Since the products are not manufactured in a competitive environment, they are often of inferior quality and the consumers have only very limited choice. The preferences of the customers do not play any significant role in production decisions. Thus the concept of customer care is relevant only in a free enterprise economy.

The increased emphasis on customer service in banks in recent years can also be explained in terms of the basic premises of a competitive economy. For the last four and half decades, Indian banking industry has been functioning under a protected environment. After nationalization of banks, the service area approach was adopted leaving the customers of banking services with little choice. Policies with regard to lending rate, deposit rates and advances were centrally determined. The banks, particularly nationalized banks, had very limited products to offer. Both public sector and private sector banks strictly confined to their traditional roles.

Liberalization of the financial sector completely changed the scenario. The banks were thrown open to a competitive environment. New banks, both foreign as well as domestic, came to offer new products and new services which offered choices hitherto unknown to the Indian customer. It became clear that unless they diversify and improve the quality of their products and services, they will be thrown out of the market. It is in this context that the emerging interest of banks in customer service is to be placed.
3.2 Concept of Customer Care in the Context of Banks

Unlike manufacturing industries, in service industries like banking, the scope for product differentiation and price competition is limited. The interest rate on deposits and the lending rate are almost the same among banks and the products are also not very different from one bank to another. What distinguishes one bank for another is the approach, efficiency and attitude of the bank to the people and the amenities provided to the customers. Retaining customers and reducing customer defection have become major challenges for the banks in recent years.

3.2.1 Customer Service or Care

Service can be broadly classified into material service & personal service. Material service relates to the tangible part of service delivery process like price, tuning, quality, quantity.

Personal service relates to the intangible aspects of providing your product or service. It takes place at the moment of interaction. It varies from moment to moment and person to person. It is a key element that contributes to customer satisfaction & long term customer loyalty.

Both internal and external customer service have to be given importance, External Customers are only satisfied with the best service or product. It’s, only by working together internally that the best can be achieved. External customer service often mirror’s internal customer service.

3.2.2 Element which influence Customer Care

The four crucial elements involves in delivering quality customer care are

1) Appropriateness in meeting the customer wants.
2) Consistency in maintaining the standard of the product
3) Timeless providing service
4) Giving the customer satisfaction

It is the feeling of the customers that really, care about resolving their issues is being taken, that creates loyal customers who will come back and remain customers. This is important because of increased competition which gives customers greater choice making them more selective & knowledgeable about various suppliers.

3.2.3 Importance of Customer Care

Customer care is a vital element for the survival of an organization. Other than this some very valid reasons are:

1) Satisfied customers cause less stress.
2) Satisfied customers take up less time
3) Satisfied customers tell other people which enhance your reputation
4) Satisfied customers bring job satisfaction & can help motivate you & your team.
5) Customers are human beings - it’s natural to want to provide a service that is courteous, helpful & efficient.
6) Finally - your customers are your business. There is no choice, they are important.

3.2.4 The Quality Customer Service Action Plan

The most important target in a business is making profit. Profit come by only if your customer is satisfied and comes back to you. So the top management have to put their time, effort and money to provide quality customer service. For this, practicing the service management cycle is imperative.
3.2.5 Steps in providing Excellent Customer Service

Michael Lebo in his book "How to win customers and keep them for life" advise seven major steps to be taken by any organization that is serious about providing excellent customer service.

3.2.5.1 Customer as Life Time Partners

An extra effort has to be taken to listen the customer’s wants and help him but what is right for him Ask the platinum questions 'how are we doing? & how can we get better? Putting customers on your organization chart also symbolizes the importance you give him.

Have a clear picture of what specific type of customer you want to win & keep. The more clearly you can define who your customers are the greater are the chances of winning and keeping them.
Have a set of employees and systems which are friendly and accessible, so that doing business with you is easy.

Have frequent contacts with customers tending to their complaints, and using is as an opportunity to increase customer loyalty. Also make them aware of the great service you are giving him.

Get a frequent feedback by looking at your business through your customers eyes. See if you have the information from the customers as a basis for improving service.

**3.2.5.2 Search for Service Improvement Ideas.**

When it comes to service quality customers know the score, but the employees know how it got that way. The person who does the job every day has the best in sight about why things do or don't work and the best idea for making improvements simply asking employees for their ideas provide a tremendous reservoir of knowledge & creativity. Once employees see that you are serious about putting their ideas to work, you will get plenty of them.

Your service strategy is a short message to your customers and employees what the essence of the Company's service is. If you don't have a strategy, develop one, but put a lot of time and through into formulating it & once you have it, stick with and back it up with performance.

**3.2.5.3 Art of Quality Customer Service**

Excellent customer service depends on selection and training of front line employees which should be done by a process of careful selection plenty of customer service training & a well designed reward system.

All front line employees should be given an initial training program specifying,
1) The company's goals

2) The information they need about the company's products

3) The basic importance of winning & keeping customers

4) Problem solving ideas & techniques for identifying & managing the moment of truth in their jobs.

Further quality service groups can be formed to learn the latest, concepts of customer service, learn how to improve service from each other on the job experience and take these ideas learnt to solve specific service problems. The practical application of classroom learning is the best way to reinforce training.

3.2.5.4 Set Service Quality Goals & Records

Commitment to service quality is best achieved through a system that holds each work group and every Manager accountable for achieving measurable, service oriented goals & hands out rewards based on performance. The basic idea is to create a reward system in which your employees get what they want; you get what you want & the customers get goods service.

In most, but not all cases its best to give rewards on team work. If you want stars, reward your stars. If you want team players reward teamwork.

At the end of a stipulated period for achieving goals, reward the employees, set new goals and review the performance and make the necessary correction steps. Praise the efforts of the employees but do not blame people when things go wrong. When you have to be critical praise the worker, criticize the work. And the subject of praise has a lot to do with the next recommendations.
3.2.5.5 Get out your office and find out what's Happening

The best managers and leaders have always realized the importance of actually getting out of their cabins and seeing the behavior of both customers & employees, themselves taking a turn in customer front line management. They can show the employees, how important you believe customers are.

Getting out of the office helps you to catch your employees giving great service. Reward them at once with praises, it should be like campaigned, given while it’s still bubbling. It also helps you see if an employee is behaving improperly, and he can be pulled aside, and both the correct & incorrect part of his behavior can be pointed out.

3.2.5.6 Always be Patient but never be Satisfied

As you work to raise the level of customer service quality, always be patient take your time & try to get all your customers realizing fully well that you probably never will. Customer service quality is not a single race it’s a lot of short chases one after the other. Learn from the mistakes continually try to get better. Progress is never the work of contented people. Never become complacent.

According to Willa A. Foster "quality is never an accident, it is always the result of high intention, service effort, intelligent direction & skillful execution, it represents the wise choice of many alternatives. The quality of your service will ultimately determine how many you win & keep.

3.2.5.7 Continuous Improvement of Customer Care

It is now widely accepted that organizational excellence is not achieved by one of initiatives like ISO-9000 or BS5750, but involves a continuous process of improvement. The process of making continuous improvements to
customer service is often known, as KAIZEN a Japanese term Kai in Japanese means change & Zen means good or for the better -Kaizen means change for the better\(^\text{10}\).

Kaizen lays emplaces on systems and procedures that are customer need oriented. Everyone involved in the process is encouraged to seek & maintain small easily accomplished improvements. The three critical factors that enable this are\(^\text{11}\).

1) A clear understanding of what the organization wants to achieve.
2) A two way communication that is open & runs through the organization.
3) A commitment to feedback constantly on the effects of these improvement.

Kaizen is not in itself result oriented. It is process oriented. It believes that by getting the processes right, other things fall naturally into place. For continuous improvement in work, the three key factors are -

1) Knowing what you are trying to achieve.
2) Knowing how you are doing it.
3) Taking action continuously to improve the care you offer.

The philosophy of continuous improvement would also mean that the standards themselves are being raised continuously.

Kaizen also calls for measuring your performance through holding customer care meets, customer comment cards, customer surveys & interviews, telephoning customers after an event, listing to & observing
customers etc. Once you get the feedback look for immediate solutions and the best possible solution may be got from the staff themselves.

Another powerful concept in the process of Kaizen is "Empowerment". This gives individuals on teams the power to take as many decision & actions as possible without seeking further authority. It shortens the chain between an improvement being identified & action being take. Though there are limits to these power the staff should be empowered to below the whistle, on anything that is not working as it should.

3.2.5.8 Customer Care Program

For successful, customer care program, everyone in the organization must be actively involved in it. The steps required are

1) Developing a coherent customer care program.

2) Selling this program inside the company.

3) Developing action plans

4) Implementation

5) Building on successes.

3.3 Initiatives for Improving Customer Care in India

The issue of customer care has been engaging the attention of Reserve Bank of India and the banks themselves. Committees and study teams have been formed to make recommendations towards an improving the customer care in banks. In 1972 Banking Commission was formed under the chairmanship of Shri. R.G.Saraiya. In 1975 Government appointed a working group under the chairmanship of Shri. R.K. Talwar on customer service. The working group made 176 recommendations covering all the important areas.
relating to customer service besides some general recommendations. During the eighties greater importance was given to the redressal of grievances of customers. The year 1986 was celebrated by public sector banks as "Customer Service Year". In 1990 Reserve Bank of India formed a committee under the chairmanship of M.N. Goiporia, then chairman of State Bank of India. The main terms of references of the Goiporia Committee were:

1) Identify the causes for the persistence of below par customer services in banks.

2) Single out areas in which there are deficiencies in customer service and how to remedy them.

3) Up gradation of technology and clamping of effective supervision and managerial control to ensure prompt and efficient services from customers and quick flow information.

Goiporia Committee dealt at length on the issue of customer care and made 97 recommendations, (see Appendix I for recommendations). Some of the major recommendations which the banks have already implemented are:

1) Compensation by way of interest on delayed collection of outstation instruments

2) Setting up of clearing houses at various up-coming centers

3) Simultaneous processing of credit proposals of various tiers of management.

### 3.4 Strategies for Improving Customer Care in Banks

Though banks are thus forced to improve customer care, it is not an end in itself. The renewed interest of Indian Banks in customer care is actually their response to liberalization of banking sector and the entry of foreign
banks. Banks treat customer care as a means to achieve more business and profit. Then the amenities provided to the customer cannot be independent of the profitability at the branch level. The policy of the banks is not to provide customer care across the board to all customers. This explains the poor customer amenities in some of the rural branches where the account holders are mostly small borrowers and lending activity is mainly priority lending. The nexus between profitability and customer care can be explained in terms of positive and negative cycles of customer care. This presented in the following flow charts.

**Figure 2. Positive Cycle of Customer Care**

The above flow chart shows how customer care can lead to a positive cycle which leads to improved customer care whereas a negative cycle drives the system from bad to worse. In the former case good customer care not only prevents customer defection but attracts new customers. This leads to
increased income and profit to the bank which in turn leads to better salary and service conditions to staff and better amenities to the customers. With an improved self image and with a pleasant working environment, the motivation of the staff improves and this adds to the customer care. The improved amenities together with the pleasant attitude of the staff lead to the increase in the number of customers and this sets in motion another positive cycle.

How poor customer service sets in motion a negative cycle is shown by the following flow chart.

![Flow Chart](image)

**Figure 3. Negative Cycle of Customer Care**

The flow chart shows that poor customer care leads to customer defections and in turn to poor turnover and profit to the banks. This prevents the management from providing better salary and service conditions to the staff. Collective bargaining of the staff does not succeed in improving salary and service condition when the bank fails to generate sufficient funds. The
poor financial performance prevents the management from investing in infrastructure and customer amenities. The poor self image of the staff gets reflected in their approach to customers. The poor customer amenities together with confrontational attitude of the staff vitiate the atmosphere within bank which ultimately results in customer defections. Thus a negative cycle of customer care sets in.

Of late the banks have adopted several strategies to improve their relationship with the customers. Some of the major strategies are outlined below:

3.5 Improving the Information Base About Customers

In the post liberalization area, several banks and non-banking companies have entered the Indian Financial scene. These new competitors are offering innovative products and service to the customers. Realizing the importance of knowing exactly what the customer needs, the banks have started stratifying different customer groups and devise products and delivery systems to suit their specific requirements. The demands of the customer can be appreciated better if a reliable data base is created and the same is updated periodically. Information technology has made this task easy for the banks. One method of improving the customer care data base is to conduct customer need surveys on a continuous basis, so as to keep track of the changing preferences and emerging Customer expectations. Three survey tools are personal interview, the telephonic interview and self administered questionnaire. In all the three, a questionnaire has to be prepared with the assistance of a professional. The sample for survey of customers of Indian Banks would involve selection of a representative sample of branching from various categories such as rural, semi urban, urban and metro. After selecting
the sample of branches, a sample of customers to be interviewed from each of the selected branches will have to be finalized. The data thus collected will be processed and analyzed with the help of a statistician. An index of customer satisfaction can be arrived at by analyzing the data.

The customer satisfaction surveys can be used for formulating appropriate strategies at the branch level. Customer surveys will throw light on the various segments of customers and their requirements. From survey data the management can quickly learn about regional variations in customer service by the branches. An understanding of products and services wanted or not required by customers can result into focused strategies leading to reduction in operational costs. Different business development strategies for group of homogeneous branches can result into increase in market share on the basis of better understanding of the diversified group of customers and dynamic environment forces.

The management can use the survey data to increase awareness among the bank employees about various areas of deficiencies in organizational effectiveness as viewed from customer's point of view. Based on the survey results, strategies can be formulated for improvement involving employees at all levels. The customer survey data can be updated periodically.

3.5.1 Customer Education

A number of changes have been introduced with regard to interest rates, discretionary powers, pricing policy, import and export procedures, funding arrangements, etc. A large segment of customers may not have kept track of these changes. This makes it important for the banks to educate the customer on a wide range of issues. The customers should be provided with latest information and this can be achieved by organizing workshops, seminars,
training programs etc. to target groups of customers. Sending newsletters, clipping and write ups intended to specific group such as exporters, corporate borrowers, non resident account holders and son on would be some of the methods.

3.5.2 Customer Contact Programs

In order to develop relationship with customers, the bank undertakes customer contact programs on a continuous basis. This would also help banks to review the level and quality of their services. This helps to send a message that the banks are proactive and are ready to subject them to critical assessment.

3.5.3 Customer Convenience

In the modern world, the customers place their convenience as cornerstone in dealing with a bank. People place a lot of importance to the time required to obtain a service, Prompt service is equated with quality service. Service time has three components:

1) Access time, i.e., time required for the client to gain access to the banker and draw his attention

2) Queuing time, i.e., the time the customer has to wait after arriving at the bank, and

3) Action time, i.e., the time required for the banker to provide the service.

4) Banks can no longer ask the customer to take services which they are offering during fixed hours. A modern banker has to offer the services to the convenience of customers. Modern technology offers enormous possibilities for the banks to reach out to the
customers. Some of the possibilities than modern technology have offered to the bankers are on-line, real time banking, anytime/anywhere banking, single window banking, electronic fund transfer at points of sale, Automated Teller Machines (ATM) and tele banking.

3.5.4 Complaint Redressal

Banks have to institutionalize a system of complaint redressal. Studies have shown that customers who complain and have their complaints satisfied are more likely to purchase additional products than customers who have experienced no problems with the organizations or products. Prompt resolution of grievances raised by the customer greatly enhances the image and reputation of banks, as well as generates goodwill and bring in more business to them.

3.5.5 Investing in Infrastructure

A major determinant of customer care is the amenities provided to the customer visiting banks. Spacious and well furnished premises enhance not only the self image of the bank and its employees but that of the customers also. Both customers and employees feel better to interact in such an environment. Indian banks have realized the importance of these aspects with the entry of foreign banks who attach a lot of importance to the quality of premises. There is a growing preference of centrally air conditioned premises in metro branches. The alignment of customers and various departments should facilitate smooth flow of activities in an office. Some of these other facilities provided are newspapers and magazines, television, coffee/tea vending machines, drinking water, parking facilities, writing planks and stationary, free literature on the scheme of the bank, calendars and diaries.
3.5.6 Training to Employees

Another major facet of customer care is the approach, attitude and efficiency of the staff in general and those of front line staff in particular. It is necessary to equip the staff with knowledge, skills and attitudinal inputs through formal and informal training. The attitude of the staff will have to undergo drastic change and reorientation towards the needs and expectation of the customers. The management takes care to seek the cooperation of both workers and officers union in this regard. Customer care training center has become part of the induction training for all new employees. Professionals in psychology and behavioral sciences are involved in preparing the training modules and imparting training.

A major determinant of the level of customer satisfaction is the courteousness, helpfulness and efficiency of the frontline staff. Customers rightfully expect staff to take personal ownership of problems, always apologise for mistakes and to welcome feedback. The frontline staff need to be counseled to listen patiently, acknowledge the customer viewpoint and apologise if a mistake has been committed.

3.6 Customer Care: A Comprehensive Study

Though it is easy to elaborate on customer care, in reality customer care is multi dimensional concept and has different connotations to different people. Customers differ in education, power of comprehension, the time at their disposal and temperament. This is equally important when it comes to the approach of the employees. Some employees have a lot of patience where as some others are hot tempered. Even a single employee's behavior can tarnish the image of the bank. Though training can make a lot of difference in the employees, inborn state of mind may not always be amendable for refinement.
In the post liberalization era, bank employees are under increasing pressure and this sometimes get reflected in their attitude to customers. Customer’s service in a branch depends very much on the mental make of the staff. To what extent training can contribute to this is yet to be studied.15

As we have already seen, a major determinant of customer satisfaction is the amenities provided to the customer. The level of amenities has a positive relationship with the level of business. When a banker finds that the business in a particular branch does not justify incurring additional expenditure for providing amenities, he will be reluctant to invest in infrastructure. The fact that most of the metro branches of banks are well furnished, whereas the rural branches are poorly furnished, points towards the fact that customer service is not something which is neutral to profitability.

3.7 Methodological Issues in Studying Customer Service in the Context of Kerala

Studying customer service in the particular context of Kerala poses several problems. The methodology applied in some of the North Indian states may have to be modified to suit the Kerala conditions. The rural urban classification of branches adopted in the studies undertaken in other Indian states may not be fully relevant in the case of Kerala. It has been pointed out that the spatial pattern obtained in Kerala is neither rural nor urban. What one observes in Kerala is rural - urban continuum which is termed 'rurban'. In other states, the urban branches are better furnished and better trained and more efficient staff are posted here. In Kerala this is not the case, there is no perceptible difference between rural and urban branches either in infrastructure, quality of staff and customers. In fact the so called rural branches in some of the Gulf pockets like Chavakkad and Kumbanad are better furnished than urban branches, However in selecting samples for the
present study, we have adopted the rural - urban classification of branches, as adopted by the respective branches.

### 3.8 Customer Relationship Marketing

Marketing functions are always changing. Today marketers consider retaining of customers more challenging, than acquiring new ones, on the context of growing competitive forces. Thus the traditional transactional approach was not sufficient for achieving marketing goals. This lead to the emergence of Relationship marketing.

In the traditional transactional marketing approach impetus is laid on individual transactions & not on relationship with customers. Customers are viewed as outsiders to the business. Very little attention is paid to customer services and customer commitments. Importance is in gaining more & more new customers rather than retaining existing customers.

In contrast, relationship marketing focuses on continuous multiple transaction rather than isolated individual transactions. The focus of relationship marketing approach centers around developing hard care loyal customers. A high degree of customer contact, commitment & services are maintained.

The relationship marketing approach has taken the shape of customer Relationship Management. CRM focuses more widely on customers and on the entire functions connected with value creation & delivery chain of the organization concerned. CRM is considered as a tool to turn current & new customers into regularly purchasing clients.

Relationship marketing was gradual. Human activities at first were confined to consumption of whatever was available. Consumption slowly
moved on to product on consumption. This again changed to production for consumption & sale. As production increased, sale became a tough job. Then the focus shifted from the product to the customer\textsuperscript{16}. Now, relationship marketing has emerged as a new approach enabling marketers with brand new tools & techniques to reach, acquire, retain & expand their customer base.

The Relationship marketing approach has great significance from the organization point of view, due to the following.

1) Reduction in customer cost.

2) Generation of more & more loyal customers.

3) Expansion of customer base.

4) Reduction in advertisements & other sale promotion expenses.

5) Benefiting customer selectivity approach and increase in the number of profitable customer.

6) Easy introduction of new products.

7) Easy business expansion possibility.

3.8.1 Increase in Customer Partnering.

In today's highly competitive business, world CRM is becoming the ultimate solution for both customers as well as organization must have a clear idea as to why it loses its customers. This would help in forming proactive & reactive measure to minimize or avoid the same.

3.8.2 Developing a Customer Service Strategy

Changing or instituting customer service culture requires not only senior management commitment but also a clear a cohesive customer service strategy. The purpose of customer service strategy is to guide daily decision
making and capture the essence of what customer service needs to be in order to succeed. For this, a customer vision & strategy has to be developed and a critical analysis of it has to be made. The company's vision statement gives a clear indication as to where the company wants to be in the future and the reason for existence. It helps as a guide to the day to day decision making.

When a customer service strategy is made, it should properly align with the Company's overall direction as stated in its vision statement.

The next step is making a SWOT analysis which probes into the strengths, weakness, opportunities & threats that face the company. The purpose of SWOT analysis is to view the world in which the Company is trying to provide service from the vantage point of the big picture. This ensures that the planned strategy & direction are possible given the Company's inherent strength & weaknesses. It also assures that the strategy is geared towards capitalizing on opportunities & minimizing threats.

SWOT - Strength, Weakness, Opportunities, Threats.

Thus with a well conceived vision statement and SWOT Analysis an effective, customer service strategy should meet the following requirements.

1) It should be developed by the staff.
2) It should be in an easily remembered form.
3) It should set high standards so that accomplishing the strategy means you will be delivering exceptional service.
4) It must have the broad support of the entire Company.
5) It must be aligned with the Company's Vision Statement.
6) A suitable customer service slogan too has to be coined so as to capture the substance of the customer service strategy in a short phrase.
3.8.3 Customer Focused Systems & Procedures

Systems and procedures help organizations to work in an efficient way. Being systematic it brings about a formalized consistency in the work of large organizations while in smaller organizations, it may be simpler & more normal.

Systems & procedures help the staff to serve the customer in the best possible way. But we should not forget that these systems & procedures should be focused on & driven by customer need. But usually it is seen that these machines tend to become the master.

Problems arise when unusual & out of the way situations arise and it is difficult to change the system as required immediately.

Systems and procedures have to be updated with the changing times. The use of information technology has transformed many systems, and procedures & has made an impact on the service offered to the customer. The new systems offered with the help of IT are check out tills - which can scan goods,

1) Provide itemized bill, re-order stock automatically, print cheques & swipe debit cards.
2) ATMS - which offer 24 hours Banking
3) Customer data bases, customer details can be held & accessed in a variety of ways making marketing more efficient.
4) E-mail enabling quick communication with the customer.
5) Internet Banking

However an organization should design its systems with the customer in mind. The human element should never be forgotten.
3.8.4 Types of Systems & Procedures

1) Sales & ordering system
2) Accounts & Invoice systems
3) Delivery system
4) After sales service systems
5) Customer complaint

In all these systems, the customer look for flexibility, accuracy & quickness.

As per internal customers, what is needed is an important system that hold information regarding the services / products offered to the customers, their up to date accuracy, accessibility, reliability, and the confidentiality & security because as with any other computerized source of information, on individuals, these systems are covered by the Data Protection Act.

3.8.5 Strategies for Building Relationship

The organizations Strategies for developing and maintaining sustainable relationship differ from one organization to another, depending on certain factors. These factors include nature of business, its size, its market share, nature of product type, volume of sales, geographic concentration, socio economic status and life style of the customers concerned, competitor's strength and so on.

3.8.5.1 People:

People within the organization form the basis for building customer relationship. Everyone in the organization must realize the fact that their work towards satisfying customers and integrate their activities towards this main objective.
3.8.5.2 Process, Product and Organization:

To build customer relationship, the organization should be aware of the latest technology advancement and provide quality customer service and deliver goods with the changing needs of the customer before its competitors. This can be possible through constant need identification of potential customers and process derived from the customer's viewpoint, which paves way for total customer satisfaction. The products offered must constantly provide value addition as an anonymous commentator say "Do not offer me things; offer me ideas, emotions, feelings and benefits."

3.8.5.3 Concentration on Competitors, Customer analysis. Cost analysis:

An organization must focus constantly on the competitors performance, their style and strategy and compare it with its own performance which will enable it to increase its strength and reduce its weakness. The customer should be made to understand and feel the difference in the organization's performance. Periodical customer satisfaction audit programs would provide a meaningful insight into the customer attitude and their behavior which would further help to develop new strategies to relationship with the customers. The organization must make sincere service steps in cost reduction without compromising on quality and improve quality of product or service.

3.9 Customer Retention

It is the process of keeping customers in the customs inventory for an unending period by meeting the needs and exceeding the expectation of those customers. It is the process of converting a casual customer into a committed loyal customer.15
Customers come into the fold of the organizations as:

1) customer by chance
2) customer by occasion
3) customer by choice
4) customer by repetition &
5) customer by loyalty

In the retention process, the organization makes every effort to convert a customer by chance to a customer by loyalty. These customers by Retention may offer benefit to the organizations as:

1) An asset
2) An ambassador
3) Experience shape
4) A winning edge
5) A spoke person
6) A resource provide
7) A driving force

Customer retention enables a long-term relationship of mutual benefit, both to the customer and to the organization.

Customer retention would further enable customers to spend more and more on organizational offerings. Customers share of business will increase. Accordingly the cost serving retained customers would be less compared to serving fresh customers every time. Retained customers would help to spread a positive image of the organization by word of mouth which in turn helps to acquire new customers to the customer inventory.
Reference


