

**SUMMARY OF THE THESIS
ON
A COMPARATIVE STUDY OF CRM STRATEGIES IN
INDIAN BANKING**

Submitted to:

MAHARISHI DAYANAND UNIVERSITY, ROHTAK

For the award of degree of

DOCTOR OF PHILOSOPHY IN MANAGEMENT

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M.D. UNIVERSITY, ROHTAK, HARYANA [INDIA]
February, 2012**

SUMMARY

Today, customers are the most significant factor in management of businesses because they are now able to choose the items they want from a variety of choices and therefore change the strategies and programs the organisation's have. Hence, having enough information about customer's needs and marketplace is a vital factor to interact with their unexpected behaviors and then act in such a way which is in the direction of organisational objectives. Liberalization, globalization and privatization together have changed the entire Indian marketing operations. Due to the innovation, development in new technologies and changes in the customer expectations there is a major shift from seller's market to buyer's market. The problem of losing market share in this era of intense competition and demanding customer retention of existing customers is more important than acquiring the new one. In the era of globalization and liberalization it has undergone a metamorphic change to cope up with the tight and enhanced competition, changing needs and expectations of the customers, ongoing product improvement, changing market trends from mass marketing to interactive and customized marketing and finally to the relationship marketing. With easy access to the information, today the customers are ready with the product information and have an upper hand in most of the interactions and sellers are bending over backwards to improve their offerings.

CRM is a comprehensive approach for creating, maintaining and expanding customer relationship. It provides seamless co-ordination between customer service, marketing, information technology and other customer related functions. It integrates people, process and technology to maximize relationships with all the customers. It does not aim to build closer relationship with all customers, but it recommends that organizations take initiative to identify the most valuable customers by looking for their life time value. CRM means building an interdependent relationship with the customer, in which each relies on the other for business solutions and successes. It is about creating a sustainable competitive advantage by being the best at understanding, communicating, delivering, and developing existing customer relationships in addition to creating and keeping new customers. So the concept of product life cycle is giving way to the concept of customer life cycle focusing on the development of products and services that

achieved through the process of CRM. With increased number of banks, products and services and practically nil switching costs, customers are easily switching banks whenever they find better services and products. Banks are finding it tough to get new customers, and more importantly, retain existing customers. According to a research by Reichheld and Sasser in the Harvard Business Review, 5 percent increase in customer retention can increase profitability by 35 percent in banking business, 50 percent in insurance and brokerage, and 125 percent in the consumer credit card market. Therefore, banks are now stressing on retaining customers and increasing market share.

The proposed research work studies Customer Relation Management in the Indian banking sector, through an empirical survey of customer and executives of various banks. The focus of study is to examine the need of CRM for Indian banking and how far these banks are achieving success in creating and maintaining CRM. The study also emphasizes to understand the view point of customers about their experience in context to the customer relationship management strategies implemented by their banks. Further an attempt is made to suggest some meaningful strategies for developing a long lasting and effective customer relationship between the banks and their customers.

OPERATIONALISATION OF THE CONCEPT

On the basis of review of literature and conceptualization, the customer relationship management can be defined as comprehensive strategy and process of acquiring, retaining and partnering with selective customers to create superior value for the company and the customer. It involves the integration of marketing, sales, customer service and the functional areas of the organisation to achieve greater efficiency and effectiveness in delivering customer value.

OBJECTIVES OF THE STUDY

On the basis of the researches conducted on the topic of customer relationship management (CRM), personal observation and findings recorded through the survey of the existing literature, the following objectives could be set for the present study.

S. No.	Objectives of the study	Particulars of the objective
1	Objective 1	To study the significance of CRM in Indian Banking Industry
2	Objective 2	To examine what CRM strategies the banking industry has formulated for the convenience and greater satisfaction of the customer

Thus a need is felt to initiate research in this direction so as to evaluate a model and establish relationship between different parameters that will reflect the effectiveness efficiency of CRM. Building a true objective model is not feasible, it is better to identify the practices at industry level and then move to generalization. The present work is an initial attempt at the industry level where the comparison of CRM strategies on Indian Banks will be made and checked through the customer's perception.

The study is mainly focused on the origin and development of the concept of Customer Relation Management (CRM) in India and how it will solve the purpose of improving the marketing productivity and enhance mutual value for the parties involved in the relationship. It has the ability to increase the marketing effectiveness and efficiency that improve the marketing productivity and creates mutual values. It will help in understanding the effectiveness of CRM programs launched by the various banks. In spite of phenomenal growth in financial sector of the country after 1991, there is a growing general feeling among the users of the financial services about the security and facilities which are not increasing as they might have expected. This feeling may be due to the over reliance of Indian investor on the public sector or nationalized banks than private or foreign banks.

RESEARCH METHODOLOGY

The design of the present study is exploratory to some extent and descriptive and diagnostic to a large extent. Further the study is diagnostic due to the fact that an attempt has been made to see the relationship between the implemented CRM strategies and how far these strategies have succeeded in enhancing or maximizing the level of customer's satisfaction and retention.

UNIVERSE OF THE STUDY

The universe of the study is confined to all nationalized, private and foreign banks operating in India, which carried out different kinds of retail banking operations and practices the CRM programme.

SURVEY POPULATION

The survey population of the study includes only those banks, which have implemented the CRM programme or strategies.

to use for exploratory factor analysis (EFA).

- e) Exploratory factor analysis for deleting the questions with lower factor load (for more preparation to do the confirmatory factor analysis).
- f) Two-sample t-test with independent samples to study the difference between the respondents' point of view in the three groups of executives and customers of public, private and foreign sector banks.
- g) Analysis of variance (ANOVA) or comparing the means of some communities to investigate the difference in respondents' point of views in public, private and foreign sector banks.

It should be noted that the software packages SPSS 17 and Lisrel 8.5 have been used to perform the calculations mentioned above.

MAJOR FINDINGS

From the analysis and discussion it could be vividly observed that CRM is highly significant for the Indian banks as it results in to various benefits like retention of customers, customer loyalty, reducing sales cost, increasing market share and profits, building up the image and competitive advantage and customer satisfaction. The analysis has indicated that the both executives and customers have similar opinion on the significance of CRM in banks and agree with regard to its benefits.

Further, analysis of data concluded that the pace of development for the Indian banking industry has been tremendous over the past decade. As the world reels from the global financial meltdown, India's banking sector has been one of the very few to actually maintain resilience while continuing to provide growth opportunities, a feat unlikely to be matched by other developed markets around the world. In this study, data analysis is done in two parts by descriptive and inferential statistics. In the descriptive part, the demography of statistical sample is investigated and the results were shown in frequency tables and diagrams, but in the inferential part, the data is analyzed by using a series of steps. The final results of hypotheses test show that the first hypotheses as explained in the first chapter are accepted. Therefore, according to the first hypothesis, the CRM is significant for the banks, which illustrate the various benefits associated with the CRM.

comfortable. Specifically, this indicates that the bank employees at the front desk/enquiry desk and tellers, whom customers directly interact with, should be knowledgeable regarding the bank matters and should display positive attitudes towards their working environment and the customers. In other words, bank managers can increase their bank's level of CRM and ultimately their service quality level by focusing on the customer knowledge management and attitude of their bank employees. Further the factors customised product and services, customer focus, communication management, technology process and tools and facilities for CRM also have immense importance for the banks in managing the customer relationships.

MACRO LEVEL STRATEGIES FOR BETTER CUSTOMER RELATIONSHIP MANAGEMENT IN BANKS

In the competitive environments, customer retention has been shown to be a very important managerial issue in especially the markets with decreasing rate of acquiring new customers. Customer satisfaction and surviving in today's competitive environments require a heart to understand the customers; a brain to analyze; and hands to deliver the products and services to them. However various additional strategies can be implemented in order to ensure the effective management of customer relationships in the Indian banks. On the basis of current research following strategies for Customer Relationship management are being suggested.

P-FACTOR STRATEGY

For implementing CRM, the banks have to start with three P-factors strategy namely people, processes, and planning. The P factors affect sales, productivity, service, reputation, trust, knowledge, retention and above all the profitability. The effective CRM organisation in the banks and right mix of these factors will lead the banks to grow and prosper along with the customers.

CUSTOMER EXPERIENCE STRATEGY

The banks can design the customer experience strategy by understanding the overall organisational vision and mission, defining the organisation's customer service direction, slogan and values, ensuring customer service, sharing the customer experience strategy via a comprehensive communications program and ensuring that this strategy does not conflict with other business strategies.

and improved customer service. These training sessions can be made compulsory to attend for new employees as well as for all employees, to reinforce the importance of these aspects. The top management of these banks is required to provide leadership, allocate resources, designing the easy systems which increase customer convenience at all touch points for building and maintain the customer relationship management. The banks have to clearly define the role, responsibilities of front line employees to empower them for serving the customers better. The banks can incorporate these principles as key values in its mission statement and ensure that each employee has a copy and understands the bank's mission statement. In order to have knowledgeable employees with positive attitudes, awards, for example an "employee of the month" award can be used to motivate employees to display these characteristics. However the private sector banks are also required to further strengthen their CRM organisation to implement their CRM strategy in a manner as desired. Though the private and foreign sector banks are arranging training programmes for the development of their employees, their frequency can be increased.

Additionally the public sector banks have to make their customer knowledge management stronger and effective so that this information can be utilised to improve the existing and new product and services. This can be achieved by identifying the best and important customers and assess the customer satisfaction level of these customers. The feedback system from both customers and employees need to be fortified so that this information and knowledge can be used in focusing on the customers better than the earlier. The public sector banks shall try to win back their lost customers which they are not doing so far because it is easier and profitable to acquire these customers. There is a scope of improvement in management of customer knowledge in case of private sector banks which can be achieved by making the feedback system more effective and transparent. The foreign sector banks can bring new techniques of customer knowledge management for further improvement in their relationship with the customers.

The public sector banks must develop a formal process to measure the current and potential needs to develop new product and services and do the segmentation of the customers on the basis of the level of usage of the product and services. As the demand for innovative products and services is increasing, the private and foreign sector banks

improvement in the performance of call centres, help desk, ATM, phone banking, mobile banking and internet banking is also required in case of public sector banks. However the rest two categories of banks are advised to invent new and convenient tools and facilities of CRM.

THE UTILITY OF THE STUDY

In terms of utility, the study certainly has filled in the existing gap in the literature relating to Customer relationship management industry. The findings of the present shall be of interest to the academicians and researchers on the one hand, and the corporate sector in general and selected units in particular, on the other.

For the academics, it would highlight the concept of Customer relationship management, its growth and the problem faced by the Customer relationship management industry. It also enlightens the present status of Customer relationship management industry in India and its comparison with rest of the developed or developing countries.

The present efforts should certainly lead us to generate a meaningful set of statistics in the field of Customer relationship management in India. The study also shows the real picture of the Customer relationship management, which is useful for the industry to draw certain assumptions in general and very much particular to the units, which were examined. The factors, which are important for growth of industry, the importance of investor-investee relations, quality of successful entrepreneur helps to understand the industry clearly. Clearly, this will aid the corporate management in general and those of the firms investigated in the study in particular, in resolving a series of problem.

SUGGESTIONS FOR FUTURE RESEARCH

The present study opens a wide area for future research. This can be studied on the basis of various parameters such as scope in various industries, regional scope, extension and depth of theoretical framework of the study etc. Future research regarding this topic can be extended to include other geographical areas and additional, smaller banking groups. The variables that determine the CRM and level of service quality, in other financial services, for example in the insurance branch of the financial services industry, can be identified and compared to this study.