Chapter 5

Contribution to the

Body of Knowledge
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An academic research, in addition to testing theoretical concepts, should add to the body of knowledge. Such small but significant addition to this body, in different areas, makes it richer and more valuable.

In the study under consideration, the researcher has tried to make value addition albeit a small one, to the body of knowledge through

A. Contribution by addressing research gaps
B. Contribution by tracking research questions
C. Contribution by fulfilling objectives
D. Contribution by testing the hypotheses
E. Contribution by proposing a conceptual framework

5.A. Contribution by addressing research gaps

Based on the literature review, the following gaps were identified by the researcher in the area of e-CRM in banking organizations.

1. No significant research work is available on the role of consultants and vendors in the success or failure of e-CRM implementation in banks.
2. Internal processes in banks have considerable impact on effectiveness of e-CRM, which is not yet explored enough.
3. The area of metrics and measurement, in CRM projects is not fully explored and there is no concrete guideline about the usefulness of metrics.
4. Literature available on critical success factors in the deployment of e-CRM in banks is scanty and most of these articles lack empirical base.
5. More comprehensive and micro level research for a comparative study of customer satisfaction for public, private and cooperative banks is the need of the hour.

The following activities incorporated in the study have made a significant contribution in bridging the above identified gaps:

i. Systematic and in-depth interaction with CRM consultants from different organizations highlighted many facets of role of consultants during deployment of e-CRM in banking organizations. Interactions helped in exploring aspects such as

   a. Choice of vendors
   b. Choice of technology
   c. Choice of metrics
   d. Mediator with top management
   e. Features for evaluation of e-CRM tool
   f. Reasons for switching to e-CRM packages
   g. Success indicators
   h. Criteria for preparedness for e-CRM adoption
   i. Impact of Cultural aspects on deployment
   j. Strategy designing
   k. Mode of implementation
   l. Critical success factors and challenges

Details of all the above areas are discussed in detail in the section 4.D.2 of the chapter 4 of this thesis.

ii. Internal processes related to customer interaction like frequency and quality of feedback, channels for updating customers about new products and services,
level of customization of services, quality of complaint resolving system, process for selection of technology, process for selection of vendor and frequency and quality of training about CRM product was studied as a part of interaction with customers and bankers. Sections 4.B.2 – 4.B.5, 4.B.8, 4.B.9 from chapter 4 of this thesis has addressed above issues in details.

iii. A strong guideline about the use of metrics for the measurement of e-CRM projects was established through interaction with consultants and bankers. Following is the list of metrics that were identified to measure progress and gains during and after e-CRM deployment:

- Number of closed calls per total number of calls
- Sales pipeline (funnel)
- Campaign success (Converted customers per potential customers)
- Brand improvement (New customers acquired)
- Reduction in Cycle time
- Increase in number of customers
- Customer LTV (Life time value)
- Reduction in per transaction cost
- Increased revenues
- Faster response time to market

iv. A comparative study of banks considering sectors as the basis, was one of the parts of the study undertaken by the researcher. It was found that there is no significant difference in customer satisfaction level for public, private and cooperative banks. Further discussion about this issue is available in Section 4.B.11 of the thesis.
5.B. Contributions by tracking research questions

Following research questions that triggered the study were:

RQ1-Whether satisfied customers provide a competitive advantage to Indian banks?-Since the study mainly focused on retail banks, deposit amounts were considered as an indicators of trust of the customers, which in turn was considered as the result of satisfied customer. Analysis of secondary data gathered form sources like Prowess database, banking special issues of Business Today and the website of the Reserve Bank of India indicated that expenses on information technology are directly proportional to the deposit amounts in the banks. This relation was found to be highly significant and consistent for the period of 2003-2009. It can be said that satisfied customer do provide a competitive edge to Indian banks. Results of Statistical tests to support the above relation are available in sections 4.E.1 of chapter 4.

RQ2-Whether there is any relationship between the use of information technology for improving customer relationship management and the customer satisfaction in Indian banks?-The study revealed that there is a positive relation between the use of information technology and the customer satisfaction. Though, the relation can predict only up-to 23% of overall satisfaction, further probing on this issue can discover some more aspects of the issue.

Sections 4.B.10 to 4.B.14 from chapter 4 include required tables and data that support the above statement.

RQ3-What are the factors that affect the deployment of e-CRM (Electronic customer relationship management) in Indian banks? – To address the research question 3, the researcher designed questions for customers, consultants and
bankers. As a result of these interactions, following factors arose as critical factors that directly or indirectly influence the deployment of e-CRM.

- Customer focus
- Flexibility to adopt new technologies
- Strong SMEs
- Implementation partners
- Process orientated approach
- Strong internal acceptance to competitions
- Step-by-step approach
- Involvement of top management
- Dedicated team for implementation
- Aligning business processes
- Transparency between the implementers and the host organizations
- Openness to change
- Culture
- Market awareness
- Dedication and interest to make difference

Further explanation about these factors is provided in the framework suggested for e-CRM deployment in banks.

5.C. Contribution by fulfilling the objectives

The study was undertaken with the following objectives:

- To examine whether there is any relationship between the level of customer satisfaction and/or customer retention and extent of implementation of e-CRM in banks.
To study the role of e-CRM vendors, e-CRM consultant/s and the implementation partners towards implementation of e-CRM in Indian banks.

To study the impact of e-CRM related training towards effective deployment of e-CRM.

To have comparative study of the status of e-CRM projects in private sector, public sector and cooperative banks.

To identify / study milestones and bottlenecks in the implementation of e-CRM projects.

To study appropriateness of information technology (hardware, software and different customer communication channels) for e-CRM projects.

During the interactions with the banks as well as the consultants, the researcher found that specific data regarding e-CRM training related details were not available in the banks. Instead, total number trainings conducted, areas of training related details were available, which were not sufficient to arrive at any conclusion, neither to predict any association between extent of training and its bearing on the success of e-CRM.

Hence, except the training related objective, all the other objectives of the study were fulfilled and are summarized as below:

- There exists a relation between extent of use of information technology and customer satisfaction and was supported by primary as well as secondary data. Table 4.6 from chapter includes necessary details to support above statement.

- Consultants and vendors (implementation partners) play a vital role during implementation phase of e-CRM for identifying the right mix of technology, setting timelines, mitigating risks, use of right metrics etc. Further details about this are available in section 4.D.1.f. of chapter 4.
• Sectoral Comparison of banks with respect to e-CRM implementation and its impact on the customer satisfaction suggested that there is no significant difference. Table 4.7 displays necessary details required to support above statement.

• Interaction with consultants revealed an extensive list of milestones and challenges faced by them during e-CRM implementation in banks in India and are mentioned in section 4.D.2. in the chapter 4 of this thesis.

• After desk survey and primary data collection, top ten e-CRM technology vendors for banks in India were identified along with their customer base, functionalities available in the solution, platform used and integration with other technology partners etc. Further details about this are available in table 4.15.

5.D. Contribution by testing hypotheses

Quantitative analysis of customers’ data and secondary data about the banks’ financial performance was done through SPSS (14.0) and factor analysis was undertaken to test the hypotheses. The study revolved around following hypotheses:

H1: Successful implementation of e-CRM projects in Indian banks is a result of optimum combination of information technology and management of internal business processes.

H2: Information Technology helps in improving trust amongst bank customers in India.

H3: The Higher the e-CRM competencies and implementation, higher is the organizations’ ability to generate profits.

Testing of hypothesis H1 was done and it was found that H1 is supported through factor analysis as discussed in section 4.C.3 of chapter 4.
Testing of hypothesis H2 was done through 4.F.1 through Pearson correlation value. Hypothesis H3 was tested using Pearson Coefficient on the correlation of operating profits of the banks and extent of use of information technology. Details of this are explained in section 4.E.2. of chapter 4.

5.E. Contribution by proposing a conceptual framework for the deployment of e-CRM in Indian banks

A conceptual framework is a theoretical structure of assumptions, principles, and rules that holds together the ideas comprising a broad concept. Conceptual framework is used in research to outline possible courses of action or to present a preferred approach to an idea or thought. Conceptual frameworks (theoretical frameworks) are a type of intermediate theory that attempt to connect to all aspects of an inquiry (e.g., problem definition, purpose, literature review, methodology, data collection and analysis). The conceptual frameworks can act like maps that give coherence to empirical inquiry. Taking the links from literature review and interaction with customers, bankers, CRM consultants and e-CRM vendors, the researcher has proposed a conceptual framework for deployment of e-CRM products in banks.

5.E.1. PCM-PPT framework

Implementing CRM is a long-term process and 50-70% of all CRM initiatives do not achieve their goals, and the reasons for this failure are often being unsuccessful strategies as well as organizational implementations; suggest Murphy and Russell (2002). Performance measurement in CRM could solve this problem since it supports strategy implementation by defining concrete objectives and measures. Furthermore, the clear statement and communication of strategic objectives promotes swifter...
implementation of activities, say Neely et al. (2000). "CRM is perhaps best described as an overarching business strategy built on a three-legged stool of technology, new business processes and cultural transformation. Neglect any one of the three legs, and the project teeters." says Engen (2001). People, process and technology are three main pillars of any technology deployment in organizations. All three have a bearing on overall rollout of automation of different functions in organizations and their tangible and intangible benefits to all the stakeholders. Right combination of these three can render required value addition in decision making and business as a whole.

The influence of e-CRM technology on a business organization can be seen from the perspective of people, processes and technology. All these are in turn influenced by three core aspects- Pre-requisites, critical success factors and metrics. Chen and Popowich (2003) mention in their research paper that Customer Relationship Management (CRM) is a combination of people, processes and technology that seeks to understand a company's customers. It is an integrated approach to managing relationships by focusing on customer retention and relationship development. CRM has evolved from advances in information technology and organizational changes in customer-centric processes. Companies that successfully implement CRM will reap the rewards in customer loyalty and long run profitability. However, successful implementation is elusive to many companies, mostly because they do not understand that CRM requires company-wide, cross-functional, customer-focused business process re-engineering. Although a large portion of CRM is technology, viewing CRM as a technology-only solution is likely to fail. Managing a successful CRM implementation requires an integrated and balanced approach to technology, process, and people.
Identifying critical success factors in an e-CRM project in banks was one of the objectives of the study. The researcher reviewed following papers to have basic understanding of the critical success factors in other IT projects.

Research paper by Jan Terje Karlsen, Jeanette Andersen, Live S. Birkely and Elise Odegard (2006), (1) top management support; (2) end-user involvement; (3) a clear project goal; (4) good communication and feedback from involved parties; (5) clear responsibilities were identified as CSFs. A paper by Chen Qimei and Chen HongMei (2004), researchers try to find such success factors, that explains if the CRM will survive or not by exploring the current adoption practices in e-CRM implementations. They were identified as champion leadership, internal marketing, knowledge, management, business IT alignment, and system integration and cultural/structure change. System integration and knowledge management were the most frequently mentioned CSF.

Taking the reference of above papers, in the current study, to identify CSFs along with other items like pre-requisites and metrics in an e-CRM project, the researcher had long open discussions with bankers, e-CRM consultants and e-CRM vendors. The discussions were noted down in Microsoft Office word documents and directed content analysis of these transcripts was done in an iterative manner. Significant tags were identified in the first review. Matching was done with the success factors suggested in other research papers mentioned above. Further iterations were done to capture new tags and confirm previously identified tags.

In a research article Project Management Critical Success Factors, published on http://hubpages.com/hub/Nothing-succeeds-like-success, by Zia Ahmed khan project related success factors were identified as sponsorship, Organizational culture supports

'Comparative study of e-CRM in Indian Banks with specific reference to banks in Pune and Mumbai' by Ashwini Renavikar-Doctoral research-University of Pune-Chapter 5
project management. Have a Formal Process to Define Vision, Business Need Linked to Vision, Business Need Linked to Vision, Match Changes to Vision.

Considering the above references as the basis, and as the outcome of directional content analysis of open interactions with bankers, CRM consultants and vendors, PCM-PPT (Pre-requisites, CSFs, and Metrics for people, process and technology) framework is proposed by the researcher.

As shown in figure 5.1, PCM forms the core of PPT for e-CRM deployment as well.

![PCM-PPT framework for e-CRM deployment in banks](image)

5.E.1.a. People Are the Key

The core group involved in e-CRM implementation and the stakeholders of this activity are the Information technology department heads, customer relationship managers and officers, customers, CRM consultants, end users, implementation partners, vendors and the most important, the top management.

5.E.1.b. Processes assure success

The article titled “The Effects of Process Orientation on Customer Satisfaction, Product Quality and Time-Based Performance” by Kohlbacher M.(2009),

'Comparative study of e-CRM in Indian Banks with specific reference to banks in Pune and Mumbai' by Ashwini Renavikar-Doctoral research-University of Pune-Chapter 5
is based on the question whether there is a positive relationship between process orientation and customer satisfaction, product quality, time to market, delivery time and delivery reliability. The paper also investigated whether these relationships depend on the firm size or on manufacturing process type (batch/line vs. project/jobbing producers). The study used a sample of more than 120 Austrian manufacturing companies. The findings indicate that the process orientation has a significant positive effect on customer satisfaction, product quality, time to market, delivery time and delivery reliability. Another finding is that the firm size does not moderate these relationships. Therefore, process orientation should not be branded as an organizational approach only for large firms as the positive relationship between process orientation and firm performance also holds for medium-sized firms.

5.E.1.c Technology makes the difference

Banking being a service sector, which is facing ruthless competition within inside as well as from foreign banks. In order to meet the needs of customers effectively and efficiently banks must maintain a level of communication with customers, but they must also be able to acquire and manage information on their customers. Such information is invaluable in marketing decision-making, specifically in recording customers’ personal details, unique requirements, order histories, value to the firm, and projected future orders (Keh et al., 2007). Information integration is much easier with the employment of ICT, which provides seamless integration capabilities (Padmanabhan et al., 2006). Advanced e-CRM systems also provide analytical capabilities which facilitate the identification of customers’ behavioural patterns. Like

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any other functional automation, a right mix of technology plays a vital role in the success of e-CRM implementation.

Technology in e-CRM encompasses an e-CRM application, either exclusive or as a part of core banking solution or even a tailor made application, business intelligence tool, data warehouse application integrated with e-CRM application, application for channel management and most important, a strong and secure backend to hold large volumes for customer data.

5.E.1.d Pre-requisites

Fulfilling and crosschecking prerequisites for any project ensure half of the success. The researcher has suggested following prerequisites for e-CRM projects in banks from people, process and technology perspectives.

People related pre-requisites:

- Skills and competencies of end users
- Top management involvement

Process related prerequisites:

- Strategy in place
- Budget sanctioned
- Selection of vendor, technology partner and consultant
- Training to end users for e-CRM product

Technology related Prerequisites:

- Existence of electronic channels
- Automated customer interfaces and touch-points
- Integration of all customer oriented functionalities
- Network amongst all branches of banks
5.E.1.e. Critical success factors (CSFs)

A paper by Chen Qimei, Chen Hong Mei (2004) tries to find such success factors, that explain if the CRM will survive or not by exploring the current adoption practices in e-CRM implementations. The main point is to find out the Critical Success Factors of e-CRM from the managers’ point of view. Authors of this paper suggest six CSFs are champion leadership, internal marketing, domain knowledge, top management, business-IT alignment, system integration and cultural/structure change. Following are some more specific people, process and technology related CSFs-

People related CSFs:
- Involvement of customers and end users
- Leadership
- Skilled project team

Process related CSFs:
- CRM strategy
- CRM process
- Operational factors
- Good customer services
- Simplifying and integrating basic services
- More convenient than the competitors
- Easier to purchase than the competitors
- Understanding customer purchase behaviour
- Richness of website contents

Technology related CSFs:
- Technical factors
- Integration of technology

*Comparative study of e-CRM in Indian Banks with specific reference to banks in Pune and Mumbai* by Ashwini Renavikar-Doctoral research-University of Pune-Chapter 5
• Systems security
• Upgrading existing infrastructure
• User-friendly web-interface
• Personalization and customization capabilities
• Level of customization
• Channel integration

5. E.1.f. Metrics

Metrics and measurement program is the key to keep e-CRM projects on track. It not only helps to understand the status of the project but also convey the gains in a quantitative manner. Better control over the ongoing project guarantees the achievement of organizational objectives through e-CRM projects.

People related metrics

• Employee turnover (percentage)
• Employee satisfaction level (percentage)
• Training cost as percent of sales
• percent trained in CRM system
• Employee retention (percentage)
• Employee willing to recommend company as place to work
• Employee productivity
• Net sales/employee
• Customer satisfaction
• Number of active customers retained
• Frequency of customer purchase
• Average customer tenure
Process related metrics

- Number of leads generated
- Number of qualified leads
- Number of marketing campaigns
- Total promotion costs
- Service Centre operations
- Calls abandonment rate
- Service levels (percentage)
- Number of customer complaints
- First contact resolution (percentage)
- Escalation rate (percentage)
- Prospect-to-customer conversion rate
- Number of calls to customers

Technology related metrics

- Sales pipeline (funnel)
- Campaign success (Converted customers per potential customers)
- Brand improvement (New customers acquired)
- Reduction in Cycle time
- Increase in number of customers
- Customer LTV
- Reduction in per transaction cost

5.E.1.g. Risks in e-CRM projects

In addition to the above factors, there are certain inherent risks in e-CRM projects. Some of them are mentioned below:
While there are many criteria that are important for the selection of any type of solution or vendor, some of the most important risks that banks must evaluate are:

i. Vendor risk

Vendor risk is considered by most of the consultants as the foremost issues in the selection of an enterprise system. For the selection of the right vendor, credential of vendors, their experience in the field of CRM implementation, level of technology upgradation, their strategic alliances and technology partners etc. must be known and properly evaluated. Further it is important to understand the financially viability of vendors. Quality standards hold by vendors can be an important aspect during selection process.

Ideally, vendor can act as implementation partners for the organization, as is suggested during interaction with the consultants and the bankers. Post-sales support can make a differentiating point for vendors to gain a competitive edge.

ii. Product risk

Functionalities covered under e-CRM solutions is a critical factor. The level of customization required, integration with other modules and backends, integration with Business Intelligence tools and data warehousing packages also can be a crucial point for evaluation of a product. Factors like security, usability, flexibility also need to be considered while choosing right e-CRM product.

iii. Technical risk

Banks are investing sizable amounts in e-CRM with the expectations that it will generate profits for the organization. A right mix of technology that is scalable and that can be seamlessly integrated with other technologies can be a right choice for CRM automation.
iv. Implementation risk

Identifying gaps in the product and bridging them for best possible outcome is a daunting task. A well planned implementation can generate anticipated gains for the organization. The level of customization required to accomplish functional requirements of the end-users needs to be at an optimal level. Imbalance in customization can be a big threat for implementation of projects. The right use of available resources is another area needs to be addressed during the implementation process.

v. Continuing support risk

The success of the implementation is also dependent upon the ongoing support and continued enhancement of the solution. To mitigate this risk, factors like vendors’ strategy for post sale-support, training, value added services can be considered.

5.E.1.h. Milestones

- Formation of core CRM team
- Generation of business plan
- Allocation of budget
- Enablement – training and infrastructure
- Base process definition
- Mapping of tool to process
- Implementation of pilot

5.E.1.i. Challenges

- No dedicated team
- Lack of awareness of e-CRM and its importance
• Lack of support from the higher management
• Insufficient budget
• Vendor capabilities
• Steering committee not having enough time
• Large number of employees with higher than average age
• Business owners not aware of their requirements, requirements are dynamic
• Qualification or skills of end user are not up to the mark
• Integration with custom / legacy modules
• Limitations of level of customization in standard CRM packages
• Organizational buy-in, specially the frontline
• Problems in integration with backend
• Over expectations

5.F. References


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Product Quality and Time-Based Performance,
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