Chapter 2

LITERATURE REVIEW

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The structure of this review of the literature and theoretical framework was based more on a thematic approach, showing the selected literature concerned to the topic, than in a chronological approach. The goal of this review was to emphasize the relatedness of the themes explored that follows the path of the problem area. The plan of writing includes the evolution of customer relationship management, customer relationship management adopted by banks, and their level of customer centricity, customers’ perception on this relationship marketing initiatives, and the service quality provided by the banks. A study on the effectiveness of customer relationship management was reviewed and the impact customer relationship management has on customer’s satisfaction and loyalty been considered.
Before defining customer relationship and managing customer relationships, tracing the relevance of studying this concept was imperative. Customers were strategically viewed as the top most priority for organizations, and marketing was to be perceived not as manipulating (selling and telling), but getting involved with the customer (communicating and gathering genuine knowledge)\(^1\). Even more, in the new paradigm, customer interaction and satisfying the needs of customers were imperative, for organizations to excel. Relationship with the customers was not constructed and sustained by direct (e) -mail themselves, but rather, with the types of programs that were available for which e-mail might be a delivery mechanism.

A comprehensive Customer Relationship Management plan was a collection of integrated elements such as customer service (using 1800 numbers, Faxback/customer comment cards, email, FAQs), frequency, loyalty and reward plans, customization and community building (e.g. virtual communities), and the like. The design of these integrated customer communication channels was to sustain the customer cycle (i.e. acquisition, enhancement /cross-up-selling, and retention) by identifying profitable customers, differentiating the services/products offered to different markets, interacting with individual clients in an integrated way across channels and customizing /personalizing customers’ experiences\(^2\).

### 2.1 Evolution of Customer Relationship Management

Customer relationship management originated when the researchers were of the opinion that the 4 Ps (Product, Price, Place and Promotion) turned out to be inadequate in service-centric business or industrial product marketing wherein, building the relationship was getting critical to maturing businesses. However, it took off with the term ‘relationship marketing’ that
emphasized deeper insights into customer segments, delivering Service quality and customer satisfaction. The transition is shown diagrammatically below (Figure 2.1) dated from 1900 to 2000 and beyond. This time continuum depicted marketing evolving to a relationship-based marketing, conceptualizing the changing orientation of product marketing to consumer-oriented marketing, to Gronnoos relationship orientation.

![Figure 2.1: Evolution of Customer Relationship Management](image)

**Sources:** Various sources from the customer relationship management literature

### 2.2 Relationship Marketing vis-à-vis Customer Relationship Management

In principle, relationship marketing also called one to one marketing, or customer relationship marketing, could lead to an increase in the value of the customer base. This was possible through keenly changing the behavior of the organization towards individual customers. The implementation mechanics of customer relationship management were complex. It started with preparing the employees, to be affectionate and thoughtful towards customers. Employees were trained to identify potential customers by selecting, tracking and interacting with those customers, and finally customizing the product and service to fit their specific needs. In order to carry out the
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relationship marketing efforts, organizations needed to understand the rationale for attempting this effort. Relationship marketing required organizations to establish a learning relationship with each customer. Such relationship instilled customer loyalty as on interaction, they updated the employees with their exact requirements, which helped the organization to modify their product and satisfy the needs. This involved four specific steps, namely identifying customers, differentiating them, interacting with them and customizing the offering\(^3\,^4\).

The customers called for exactly what they required, how they wanted and where they required it. Technological implementation helped organizations to provide it to them. Learning relationships made the customers teach organizations more and more what the organization required, learning about them and having a competitive edge over other suppliers\(^5\). Furthermore, if the competitor tried to adopt this learning relationship with customers, it would become difficult for customers to switch. It would necessitate excessive time and energy investment in teaching what the organization already knew. Again, organizations could be selective in identifying the profitable customers to tailor individual marketing programs. Consequentially, it may seem that the objective of organizations adopting customer relationship management or relationship marketing then was to prune customer base; nevertheless, it also meant directing the right kind of marketing effort to the right kind of customer. By doing so, organizations would be creating value to the organizations and customers as well. This, in other words, would lead to bringing ‘customer centricity’ which was an important feature of customer relationship management\(^6\).

Conversely, some researchers refuted that customer relationship management was an old school marketing thought and overlapped with
several existing marketing concepts like channels, services, and direct marketing; thus it needed no separate identity. There were some that believed that relationship marketing and direct marketing was synonymous and hence seemed more relevant for business to business marketing and service marketing\(^7\). However, there had to be an emotional bonding between the service provider and the service user creating a need to maintain and enhance the relationship. This made customer relationship management as a concept, very imperative for services to implement in their business\(^8\).

Although customer relationship management and relationship marketing were used interchangeably\(^9\), there was some significant dissimilarity; rather one emerged into other as seen below\(^10\) in Table 2.1

<table>
<thead>
<tr>
<th>Relationship marketing</th>
<th>Customer relationship marketing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus on buyer-seller relationship</td>
<td>Focus on supplier-customer relationship</td>
</tr>
<tr>
<td>Relationship built on technology</td>
<td>Emphasizes what can be done with technology</td>
</tr>
<tr>
<td>Commonly used in B2B and service processes</td>
<td>Commonly used in FMCG and service processes</td>
</tr>
</tbody>
</table>

Sources: Various sources from the customer relationship management literature

Alternatively, relationship marketing was much broader a concept than customer relationship management\(^11\). Customer relationship management processes incorporated superior pricing strategies, customised services, well-integrated supply chain and sales force development\(^12\).

Besides, the success of customer relationship management implementation varied between 30% to 70% in the industry\(^13\). Almost two-thirds of customer relationship management project developments failed as per industry analysts.
so far so much that this unacceptably low success rate of customer relationship management implementation did not justify the cost of its implementation\textsuperscript{14,15}. The key success factors identified for successful customer relationship management implementation had been analysed making use of sample of a 700 companies. The cause for failure to reap benefits from customer relationship management implementation were, 29\% times it was due to change in organisational arrangement, 22\% times it was due to the organisations policies and resistance to change, 20\% times due to lack of understanding of customer relationship management and 6\% times for inferior customer relationship management framework. Hence, the first step in successful customer relationship management implementation could be understanding the customer relationship management terminology and the customer relationship management systems to follow.

Customer relationship management definitions and interpretations varied according to the industry and the organisations it got applied yet, in departments within the same organisations, it was different. Understanding customer relationship management can be differentiated into three subsections\textsuperscript{16}.

a) Customer relationship management philosophy
b) Customer relationship management strategy
c) Operational customer relationship management

Customer relationship management philosophy presents a customer as an individual who carries out decision on products and services that an organization provides. This is based on their marketing and management efforts targeted to increase customer loyalty. This is made possible through
effective database management\textsuperscript{17}. Customer relationship management is an awareness that the customer is the heart of any business and its success depends on the managing of the relationship with the customers\textsuperscript{18}. Customer relationship management is also an orientation to enhance customer’s value and systematically attract, acquire and retain customers\textsuperscript{19}.

Customer relationship management strategy contains the essentials that are needed to develop a capability that grows to be their competitive strategy\textsuperscript{20}. Customer relationship management is a business strategy that strives towards an assurance that each customer interface is significant and reliable despite the communication channel chosen\textsuperscript{21}. Customer relationship management is also a business strategy that is highly customer-centric and requires a coordination between people, processes, and technologies to attain growth and higher profitability\textsuperscript{22}.

Operational customer relationship management includes the operational techniques marketers use to recognize and analyze customer behavior and the processes required to induce a customer to be loyal to and repetitively purchase the organization’s products and services\textsuperscript{23}. It is a widespread action that provides perfectly consistent and coherent coordination among all customer contact functions\textsuperscript{24}.

In the following section, customer relationship management definitions based on various literatures available are summarized in this regard.

Though customer relationship management as a concept is a moving target that has evolved and progressed since times, its exact meaning and implication still remain uncertain. Coupled with this are different orientations that organizations had towards customer relationship management. Some
approach customer relationship management as a marketing strategy, some whereas look at customer relationship management as a technology tool.

Customer relationship management is defined as “a process that addresses all aspects of identifying customers, creating customer knowledge, building customer relationships, and shaping their perceptions of the organization and its products”\textsuperscript{25}.

Customer relationship management is an IT-enabled business strategy, the outcomes of which optimize profitability, revenue, and customer satisfaction by organizing around customer segments, fostering customer-satisfying behaviors and implementing customer-centric processes. The four bases of customer relationship management formulated are customer knowledge, relationship strategy, communication and the individual value proposition. Customer knowledge is an essential basis wherein complete knowledge of the individual customer that helps in building long-term relationships needed to provide customization of the products and services is captured. This is done by creating a database with correct and current data which would get transformed into customer information after analyses\textsuperscript{26}. This information is then used to develop a relationship with customers, having longer term horizon and a deeper and broader interest in the right customer. Implementing relationship strategy is not ending the organization’s interest in the customer the moment the transaction is complete, instead, the relationship begins when the transaction is over. Communication is carrying out a dialogue with the customer. It becomes more complex when the Information and Communication Technology is involved (ICT). Multichannel environment also makes it difficult for the organization to integrate the network of communication channels and respond to the customer fully
without repetition and reiteration of the several prescribed procedures like the identification of names etc. Any deviation from the rituals must be accommodated by the computer system and any shift between the channels should appear to proceed smoothly, independent of time and space. The organization should be able to offer an individual value proposition customizing the physical product, service, and price as per the specific wishes of the customer. Again, the downside of developing such customized propositions is the complexity involved in combining large scale aspect with flexibility. Organizations need to do the tradeoff between gaining economies of scale associated with low costs and higher quality and customer satisfaction27.

Concurrently researchers also argue that customer relationship management is just relabeling different marketing ideas. It is said that customer relationship management as a concept, represents an evolution. More so nowadays, it is seen converging to a common definition which is customer relationship management as a strategy, creating dual value through the intelligent use of customer information to derive customer knowledge and disseminating them to appropriate stakeholders. This should integrate all the processes in the organization. This ultimately helps in building long term relationships with customer(s) individually or in groups28.

In addition, understanding the customer’s expectation is essential to establish a long term relationship. Managing the customer’s expectation is a challenge as it can lead to customer dissonance and a reduction in the size of customer base29. Each customer’s action should be properly analyzed and the information updated. This information then has to be used to offer the customers the right products at their best times. A customer-centric marketing strategy drives the organizations to offer the next product to the
customer as a response to the changes in the marketplace. In other words, zeroing on to the next product to offer depends on, the specific needs of the customers. Unlike organizations traditionally being product-driven with a blanket approach to all the customers who can afford the products not exactly relevant to them, initially, the next product concept seemed more profitable for the firms today.

2.3 Customer Relationship Management Models and Concepts

As against the broad adoption of customer relationship management by businesses, academia had been lagging in developing models that can analyze customer transaction data, value relationships and assisting organizations in getting effective marketing decisions. Following were the seven models that had been exposed in the review of customer relationship management literature:

- The Gartner’s competency model - eight building blocks of customer relationship management.
- Four-stage customer relationship management process framework.
- Customer relationship management capabilities - conceptual framework.
- The QCi model - the customer management framework.
- The IDIC model - identify, differentiate, interact and customize.
- The customer relationship management value chain.
- A conceptual framework for customer relationship management strategy- the five-process model.
2.3.1 The Gartner’s Competency Model

This model illustrates the eight competencies for customer relationship management initiatives to be successful. These eight competencies include customer relationship management vision, customer relationship management strategy, consistently valued customer experience, organizational collaboration, customer relationship management processes, customer relationship management information, customer relationship management technology and customer relationship management metrics, as shown below (Figure 2.2).

![Figure 2.2: Gartner’s Competency Model](source: Gartner research)
2.3.2 Four-Stage Customer Relationship Management Process Framework

This model demonstrates the initiation process of relational activities for an organization towards either a group of customers or an individual customer with whom a collaborative or cooperative relationship is intended to be established. There are four subsections (Figure 2.3) in the model namely, customer relationship formation process, relationship management and governance process, relational performance evaluation process and customer relationship management evolution or enhancement process. 

Figure 2.3: Four Stage Customer Relationship Management Process Framework
2.3.3 Customer Relationship Management Capabilities - Conceptual Framework

This model presents an axiomatic view of the customer relationship management process with eight building blocks (Figure 2.4)

a) Create a corporate culture conducive to customer orientation, learning and innovation.

b) Make the customer value a key portion of the corporate strategy and preparation.

c) Pick up and transform customer data to aid strategic and operational decision making.

d) Appreciate, identify and foster knowledge creation, diffusion and utilization within an establishment.

e) Develop clear market segments and client portfolios.

f) Define, build up and present the value proposition.

g) Use campaign and channel management as part of the value proposition.

h) Measure performance at each phase of the procedure to navigate decision making.

These eight blocks are closely entwined processes and capabilities having the customer relationship management process at the originating level40.
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Figure 2.4: Customer Relationship Management Capabilities - Conceptual Framework

Source: Plakoyiannaki research
Furthermore, other generic customer relationship management integrated model was also found in the literature that consisted of three strategies as shown in Figure 2.5 –acquiring, enhancing and keeping customers in one way shown below.41

![Generic Customer Relationship Management Integrated Model](image)

*Source: Kalakota research*

**Figure 2.5: Generic Customer Relationship Management Integrated Model**

Even more so, another model (Figure 2.6) was developed that classified customers based on commitment and profitability that would further assist in acquiring the above mentioned schemes. This was possible by utilizing technology in determining the customer’s value and profiling them accordingly. In other words, effective customer relationship management should be capable to evaluate the cost of every customer, and the revenue that was brought forth. Hence, this could help in segmenting customers on their lifetime value.42 The relationship equity matrix, as shown in Figure 2.6, also
had categorically explained the several customer groups and their respective placements in the ground substance.

By tapping the customer’s total lifetime value, customer relationship management can help in raising the true economic worth of a business. Such successful implementation leads organizations to enhance customer repurchases and consequently remains loyal for longer periods of time.

As had been proven through the description of the customer relationship management models and concepts above, the approaches, examples and suggested patterns were many and variegated. Nevertheless, any financial institution that sought to embrace a customer relationship model should consider six key business essentials. They were creating a customer-focused organization and infrastructure, gaining a precise representation of customer categories, assessing the lifetime value of customers, maximizing the profitability of each customer relationship, comprehending how to attract and retain the best customers and maximize the rate of return on its marketing efforts. Consequentially, by incorporating these customer relationship
management models as an integrating element in the corporate strategy formulation of organizations, would lead to protecting their market share and boosting growth. It will also acquire a competitive advantage over one another for confirming the survival in competition46.

2.3.4 The QCi Model

This model differed from the previous frameworks by removing the term ‘relationship’ and described the core activity as customer management. It was a combination of activities that were taken to acquire and retain customers, highlighting the role of employees in this activity. This model comprised of eight elements (Figure 2.7), namely analysis and planning, proposition, information and technology, people and organization, process management, customer management activity, measuring the effect and customer experience. It had customer management at the core and the organization and people as the support process47.
2.3.5 The IDIC Model

According to this model, customer relationship management comprises of four actions that the organization had to take to develop relationship with customers which are identify, differentiate, interact and customize\(^{48}\). The relations between them were diagrammatically shown below:

![IDIC Model Diagram](source)

*Source: Peppers research*

**Figure 2.8: IDIC Model**

2.3.6 The Customer Relationship Management Value Chain

According to the model, “customer relationship management value chain is a proven model which businesses can follow when developing and implementing their customer relationship management. The ultimate purpose of the customer relationship management value chain process is to ensure that the company builds long-term mutually-beneficial relationships with strategically-significant customers\(^{49}\). The model comprises of five prime stages shown diagrammatically below (Figure 2.9): customer portfolio
literature review

Analysis, customer intimacy, network development, value proposition development and managing of customer lifecycle supported by four environmental factors: leadership and culture, data and IT, people; and processes.

Figure 2.9: Customer Relationship Management Value Chain

2.3.7 A Conceptual Framework for Customer Relationship Management Strategy

This model identifies the key generic processes, emphasising the need for cross functioning placing customer relationship management at a strategic level. The five cross functional customer relationship management processes include a strategy development process, a value creation process, a multichannel integration process, an information management process, and a performance assessment process. An integrated single, process based framework helps organisations to gain deeper understanding of customer behaviour and achieve success in customer relationship management implementation.
2.4 Adoption of Customer Relationship Management in Banks

Until the middle of 2007, the general consensus appeared to be that inspite of the prevalence of high performing banking systems and the state-of-the-art risk management capabilities of banks bolstered by highly market based regulations, banks still suffered financial turmoil. This had highlighted the importance of refocusing the banks activities to customer management for growth and stability in this sector. This was possible by realizing the efficiency gains that customer relationship management brought to further strengthen the financial system.

Customer relationship management in banking sector is, at present, undergoing a churn in the manner in which customers are approached. Attracting new customers and retaining the existing ones are properly reviewed as banks now experience the challenge of creating and upholding customer’s loyalty. Banks now more than ever, are focusing on controlling the quality of employee interaction with the customers smoothening the demand and supply cycles. Modern marketing is pivoted on attracting, retaining and developing customer relationships through quality service which happens only when they trust the bank.51

In concert with this, over the years, the advancements in the banking sector has developed by leaps and bounds especially in the technological applications. The Automated Teller Machines (ATMs) have replaced counter cashiers and bank clerks; phone banking substituted the branch banking and internet banking with credit/debit cards called into action in lieu of traditional cash transactions. The challenge now in recent years is to have a complete survey of customers who access the different systems inside the bank to further interpret the customer’s existing and future
potential needs. These systems if traced effectively help banks to keep and record the customer’s information that will act like a sturdy mechanism to making better business decisions\textsuperscript{52}.

Correspondingly, the application into customer relationship management occur at three levels in an organisation, namely strategic, operational and analytical customer relationship management. Strategic customer relationship management focuses on the development of client centric business culture and involves executive management, whereas operational customer relationship management focuses upon automation of the customer facing activities, and involves middle level managers. Operational customer relationship management leads to marketing, sales and service automation. Lastly, the analytical customer relationship management is concerned with extracting information from the customer data making use of data mining tools. In all these tasks the employees are the key in performing either through direct interactions, or their engagement in and application of processes, tools and methods, to enhance client value\textsuperscript{53}.

Paired with this, the literature also throws further light on customer relationship management adopted in any organization that has been formed from four key customer relationship management capabilities. The customer relationship management capabilities are “complex bundles of skills and collective learning, exercised through organizational processes”\textsuperscript{54}. In other words, customer relationship management capability is a process of activities that reflects the firm’s skills at steadily and consistently establishing, maintaining, upgrading and reestablishing a beneficial relationship with customers\textsuperscript{55}. Customer relationship management capabilities are embedded in three key customer relationship management\textsuperscript{56,57}, such as customer interaction
management that is customer identification, customer acquisition and customer retention, customer relationship upgrading which is cross-selling and up-selling, and customer relationship win-back which is re-establishing relationships with lost but profitable customers\textsuperscript{58,59}.

Yet, research also had revealed contrarily on customer relationship management that various organizations had failed to effectively carry out and manage their client relationship management programs. Specifically, organizations spend billions of dollars on customer relationship management, but apparently seventy percent of customer relationship management projects have failed to achieve expected bottom-line improvement in the job operation\textsuperscript{60}. Some subject areas likewise reason that these organizations weakened because they neglected to implement the customer relationship management resources. They had to build superior capabilities in doing so, managing customer relationships and attain competitive advantages\textsuperscript{61,62,63}.

Hence, it was concluded that superior customer relationship management capabilities should have had effective antecedents like being an organizational culture that prioritized customers’ need over others, the organization system that encouraged customer relationship building and the information technology (IT) that facilitated accurate customer information acquisitions and analysis. Again, such superior customer relationship management capabilities result in enabling organizations to create and deliver superior customer value, maintain a large basis of loyal customers, and thus build sustainable competitive advantages\textsuperscript{64,65,66}.

Equally, to a greater extent than ever before, the capability to utilize loyalty of the customers through close and durable relationships have been critical to the ability of retail banks to rise in their situation. To establish
stronger customer loyalty, banks need to improve customer knowledge and build up products and services that are targeted at specific market segments resulting into more directed marketing and service tactics. In the financial sector, particularly with respect to banks, has been a transformation in focus from the merchandise provider to relationship builder so as to deliver value to the customer. The trends have occurred in an association consisting of relationship managers, product providers and transaction processors. These networks have emerged and everyone in the network focused on the financial needs of the customer such as account management of life insurance to granting home loans providing customers ‘one-stop’ financial experience. Nevertheless, designing such networks also has its own side of challenges. A collaboration of this mode requires more time and all the employees require knowledge across divisions, to effectively exchange customer information. This may as well contribute to unclear responsibilities and complexity in coordinating customer contacts67.

Needless to say, the customer relationship management emerged as a result of lowering of customer commitment and loyalty, and a reduced switching cost for customers especially in financial services. The three reasons for this letting down of customer commitment or loyalty are—technology proliferation, deregulation of the financial market, which transformed it into a heterogeneous marketplace and the volatile nature of extremely informed customers with ever changing financial demands68. This has extended to banks focusing on nurturing customer relationships69. Nowadays, customer relationship management is a top commercial priority for all financial services, especially banks, as they are being rated and rewarded by the client relationships they managed70.
The best activities in customer relationship management implemented in banks has been reviewed and it is found that most banks initiate the process by reorganizing their internal operations and executing them on a cross functional and cross-organizational basis. In particular, for customer relationship management to be implemented effectively in banks, employees were directly involved. Three variables were identified influencing the customer relationship management implementation from the employees’ perspective. They were employee attitude, their knowledgeability and the two way communication. The findings revealed that the attitude and the knowledgeability of bank employees had substantial impact on the effectiveness of customer relationship management of banks. Likewise, five dimensions of customer relationship management were explored from the manager’s perspective in freight forwarder services namely customer acquisition, customer response, customer knowledge, customer information system, customer value evaluation, and customer information process. These dimensions have been extensively used in several contexts including banking.

Source: Lu research

Figure 2.10: Customer Relationship Management Dimensions
Each dimension is used in the following manner. The customer acquisition dimension addressed aspects the bank had as adaptable measures for the customers' earnest requirements. The bank had distinctive promoting blend for target customers. The bank utilized customer data to build up another marketing plan. The bank gave an assortment of services based upon customer information gathered. The bank likewise provided deals and discounts to customers. The customer response dimension included the banks’ telephone calls, messages, and staff visits to correspond with customers, quick reaction to customers' issues, proposals, and protests, inititatively to comprehend customers' service prerequisites and desires. The customer knowledge dimension covered aspects wherein, banks gathered knowledge about their key customers, their service requirements, capabilities to acquire new customers and introduction of other customers by existing customers. The customer information system dimension addressed the bank’s capability of using information system to classify targeted markets, assess customer information and organize and classify interactions with customers by the sales staff. Customer value evaluation dimension comprised the aspects in which banks analyzed the profitability of customers and categorized customers based on their value.

Another integrative framework for customer value and customer relationship management performance included four key dimensions that are functional value, social value, emotional value and perceived sacrifice. Inspecting the results found, it was proven that customer satisfaction, brand loyalty and functional value had a positive effect on customer behavior based on customer relationship management performance, where, brand loyalty was the most significant influence on customer behavior. Another
study revealed four other dimensions of customer relationship management namely customer focus, customer relationship management organization, knowledge management and technology based customer relationship management.

A more balanced and rigorous approach to measure the prominence of customer relationship management adopted in banks was a customer relationship management framework called Customer Management Assessment Tool (CMAT). This tool assisted in placing the significance of components in customer relationship management. The outcome of the study evidenced that the real essence of customer relationship management was still needed to be on the active agenda of the banking sector. Another research identified four variables of marketing, sales, information technology and information system. Among these variables, the findings showed that the variable of marketing had an important effect on the understanding of customer relationship management in banks. Again, service support also had a significant influence on customer relationship management implementation. Additionally, a performance measurement framework named Customer Relationship Management Scorecard, obtained through a comprehensive literature review and in-depth interviews with customer relationship management practitioners, tested with a Korean bank that had well established customer relationship management strategy, was found appropriate. It was reviewed as an integrative organizational artifact to diagnose and assess a firm’s customer relationship management. A survey in one European bank discovered that the bank faced many challenges in relation to how customers can be contacted and how their behavior can be changed towards distribution channels. This survey was not completely a formalized
deduction; nevertheless, another study helped in widening the understanding of customer relationship management and its function in enhancing customer value and shareholder value. This research gave an insight into the evolution and carrying out of customer relationship management. They identified five key cross-functional customer relationship management processes, namely a strategy development process, a value creation process, a multi-channel integration process, an information management operation, and a performance assessment process⁸⁰.

2.5 Effectiveness of Customer Relationship Management in Banks

Customer relationship management adopted by banks led to several effects like creating a customer centric culture and organizations, withholding customer relationships, maximizing customer profitability, integrating communication between suppliers and customers across channels, identify potential sales prospects, support cross and up selling initiatives, channel management through channel migration and effective pricing aimed at different customer segments⁸¹. Customer relationship management was developed acknowledging that the relationship with the customer was not one of tactical orientation of buyer seller exchange alone. Rather, it required commitment from the top management, efficient cross-functional communication, and customer loyalty training platforms for all employees. Customer relationship management is a continuous learning process where information about individual customer is adapted into a developing sustainable customer relationship⁸². Further understanding of the activities that were adopted by banks to manage relationships with customers was chiefly based on a study that conceptualized and tested a model with three primary components forming the customer relationship management
implementation process. The components laid down were relationship initiation, relationship maintenance and relationship termination. Along with these there were supplementary additions to this model namely regaining, retaining and de-marketing to customers. These additional components were important due to the fact that when most research emphasized retaining existing clients, regaining helped in reviving the relationship with lost customers.

Customer reacquisition referred as ‘customer regain’ help banks offer service and improve revenue benefits. Banks determine the reason behind customers switching and current relationship they bear with the other provider. Subsequently, shaping of the social capital, service and price benefits in win-back offers and service importance are carefully looked into. The reasons are disregarding the degree of satisfaction with the previous bank, any distress or delight customer receives from the existing bank. The relationship termination, referred to as de-marketing, involve assessing customers’ profitability and retaining profitable and terminating unprofitable customers. However, under the present banking scenario, this might contribute counterproductively. The termination of these non-profitable customers can eventually get expensive due to its strategic network value and besides such an action is not socially acceptable as well. Moreover, an early detection of potential switchers would enable banks to target these customers with specific retention actions and afterwards increase profits.

For an effective execution of this customer relationship management, there are certain precedents of customer relationship management success. A critique of research papers between 2002 and 2012 revealed that there
were nine factors that undeniably led to successful implementation of fundamental customer relationship management. They were shared vision, executive buying, sound project management, interdepartmental coordination, information systems/technology integration, change management and training, internal stakeholder management, business process reengineering and customer relationship management measures respectively (Figure 2.10).

![Spider diagram with factors for implementing customer relationship management]

*Sources: Various sources from the customer relationship management literature*

**Figure 2.11: Factors in Implementing Customer Relationship Management**

As seen in the above spider diagram (Figure 2.11), top management and shared vision were the two most critical success factors (CSF) when implementing customer relationship management in banks.

The summarized review is presented in the table below (Table 2.2)
Table 2.2: Summary on Critical Success Factors for customer relationship management Implementation

<table>
<thead>
<tr>
<th>Critical Success Factor</th>
<th>Author</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Shared Vision</td>
<td>Hsin Hsin (2007)\textsuperscript{87}</td>
</tr>
<tr>
<td>2 Executive buying</td>
<td>Becker, Greve and Albers (2009)\textsuperscript{88}, Foss, Stone and Ekinci (2008)\textsuperscript{89}, King and Burgess (2008)\textsuperscript{90}, Eid (2007)\textsuperscript{91}, Mendoza, Marius, Perez and Griman (2006)\textsuperscript{92}, Bull (2003)\textsuperscript{93}</td>
</tr>
<tr>
<td>3 Sound project management</td>
<td>King and Burgess (2008)\textsuperscript{94}, Eid (2007)\textsuperscript{95}</td>
</tr>
<tr>
<td>4 Interdepartmental coordination</td>
<td>King and Burgess (2008)\textsuperscript{96}, Mendoza, Marius, Perez and Griman (2006)\textsuperscript{97}, Ryals and Knox (2001)\textsuperscript{98}</td>
</tr>
<tr>
<td>7 Internal stakeholder management</td>
<td>Becker, Greve and Albers (2009)\textsuperscript{108}, Bose (2002)\textsuperscript{109}</td>
</tr>
<tr>
<td>8 Business process re-engineering</td>
<td>Eid (2007)\textsuperscript{110}, Hsin Hsin (2007)\textsuperscript{111}</td>
</tr>
</tbody>
</table>

2.6 Service Quality Models and its Significance in Customer Relationship Management Implementation

Although service quality seems to be an indescribable and imprecise term, it is met when organizations successfully meet the demands and expectations of the clients. Interestingly, the importance of service quality is unequivocal for both customers and governing bodies\textsuperscript{116}. It is widely admitted that efforts to set and assess the quality of products have been more successful than the definition and measurement of service quality\textsuperscript{117}. Service
quality is a lot more unmanageable for the customer to evaluate than product quality. Service quality perceptions result from comparing the expected from the real performance. To boost these ratings, it is not founded entirely on the outcome of a service, but it has also affected the evaluation of the service delivery. While selecting and buying service, customers expect certain tangible aspects, more than product purchase\textsuperscript{118}.

As noted above, the concept of service quality is difficult to define and the majority of service cannot be apprised on a certain quality scale because of its intangible nature. So far, there were indicators made by theorists, which helped organizations to measure their operation. Moreover, the customers’ use and influence is also be realized by organizations as imperative in effective service delivery\textsuperscript{119}. The three propositions on this perspective in measuring service quality are attribute theory, customer satisfaction theory and customer interaction theory. The attribute theory attends to the characteristics of service delivery process and a belief that management can maneuver the quality of service. In banks, the mode in which a service is delivered is influenced by the management, which ultimately influences the perceptual experience of customers regarding their service quality. The customer satisfaction theory presents the difference between the customer expectation and the actual services customers are receiving in real. In the case of banking services, it is the level of service the customers are receiving on a par with the expectation that the client has. The interaction theory explains that the service quality evolves through continuous interaction the client has with the service providing system. The levels of interaction banks and customers have between them becomes decisive in how the customer perceives the service quality of the banks\textsuperscript{120}. 

\textit{A Critical Study of Customer Relationship Management in Retail Banking}
There existed another popular multidimensional concept of service quality with which the quality got measured, known as the service quality exterminator or SERVQUAL/RATER model. It consisted of five indicators namely reliability, responsiveness, assurance, empathy and tangibility in services.

Reliability – The field where the services were rendered accurately.

Responsiveness – The field where the bank was willing to help the customers especially when they had special requests or demands.

Assurance - The field where the bank had the understanding about the ability to instil confidence into customer’s minds safeguarding their requirements.

Empathy – The field where banks were careful and provided individual attention to customers at individual levels.

Tangibility – The field comprising of bank’s appearance, its physical facilities, equipment, communication materials and employees.

Further, the review also exposed various other kinds of service quality models namely-

Technical and functional quality model.

GAP model.

Attribute service quality model.

Synthesized model of service quality.

Performance only model.

Ideal value model of service quality.

Evaluated performance framework and normed quality model.
IT alignment model\textsuperscript{129}.

Attribute and overall effect model\textsuperscript{130}.

Model of perceived service quality and customer satisfaction\textsuperscript{131}.

PCP attribute model\textsuperscript{132}.

Retail service quality and perceived value model\textsuperscript{133}.

Customer value and customer satisfaction model\textsuperscript{134}.

Antecedents and mediator model\textsuperscript{135}.

Internal service quality model\textsuperscript{136}.

Internal service quality DEA model\textsuperscript{137}.

Internet banking model\textsuperscript{138}.

IT based model\textsuperscript{139}.

Model of e-service quality\textsuperscript{140}.

2.6.1 Technical and Functional Quality Model

This brings forth two variables namely expected service of customer and actual perception on the service received from the bank (Figure 2.12). The service expectation of the customer was impacted by the positive influence bank made through the promises conveyed with the help of traditional marketing mix and the positive perception of services through technical and functional aspects of the bank. The technical aspects included the services the customer received from the bank like managing customers’ bank account etc.. The functional aspects included how the customer was provided with the service, the professionalism and the customer relationship management activities the banks adopted\textsuperscript{141}. 

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Figure 2.12: Expected Service and Actual Perception on Service Received from the Bank

2.6.2 GAP Model

This model was a framework of four gaps leading to a fifth overall gap. The first gap was the knowledge gap in service quality that occurred when management failed to accurately identify what the customer expectations were. Design gap, the second gap was measured by how well the service design specifications matched up to the management’s perception of customer expectations. The third gap represented the variability in service design specification and service deliverance, due to the incapability of the management employees to standardise the performance, and hence impacted the service perception. Finally, the fourth gap constituted the difference in service delivery and the external communications gap. The fifth gap summarised all the gaps in service quality perception which was the difference...
between the customer’s expectation and the customer’s perception regarding service quality\textsuperscript{142}.

\subsection*{2.6.3 Attribute Service Quality Model}

This model explained that the service had three basic attributes, namely physical facilities and processes; people’s behavior; and professional judgment. An overly much attention on one of these and exclusions of others would lead to service failure. The different types of service setting had also been iterated in this model with the degree of contact and interaction, the degree of labour intensity, and the degree of service customization\textsuperscript{143}.

The above models described, measured service quality once the customers experienced the service. A service quality gap might also exist even without customers experiencing the service. The synthesized model of service quality attempted to do this.

\subsection*{2.6.4 Synthesized Model of Service Quality}

It incorporated the potential customers’ perceptions of service quality in addition to the conventional actual customers’ perceptions of service quality experienced to measure service quality. It precisely considered three factors. The company image, the external influences and the traditional marketing activities were the three factors influencing technical and functional quality expectations\textsuperscript{144}.

\subsection*{2.6.5 Performance Only Model}

The Performance only model went a step further by not only investigating the measurement of service quality but also extending it to the relation the service quality had with customer satisfaction and customer
purchase intention. Another interesting conclusion this study brought was that the perceptions were a better predictor of service quality. Doing so, they differed from the earlier Parasuraman Service Quality Model that argued misperception between customer satisfaction and attitude. A model called SERVPERF was then developed, illustrating that service quality was merely a kind of consumer attitude and hence the ‘performance only’ measure of service quality was a superior way of measuring service quality. In other language, they measured performance alone instead of performance – expectation, to define service quality.

2.6.6 Ideal Value Model of Service Quality

This model threw light on a different perspective. Some of the previously mentioned models had included in them attributes that had become standards of evaluation for measuring expectations. However, these standards could not be taken collectively but, rather examined in the light of experience based ideal, tolerable and desirable standards. This value-based model of Service Quality suggested the use of a perceived ideal standard against which the experience got compared.

2.6.7 Evaluated Performance Framework and Normed Quality Model

The evaluated performance framework and normed quality model also disconfirmed Parasuraman Service Quality and proposed two frameworks for Service quality namely evaluated performance (EP) framework and normed quality model. The evaluated performance framework assumed that the perceived ability of the product delivering satisfaction can be conceived as the product’s relative congruence with the consumer’s ideal product features.
Again, investments in the Information Technology for improving efficiency and customer service explained another model that linked the service and the information strategies of the organization. It was applied by IT alignment model.

### 2.6.8 IT Alignment Model

This model described in detail where IT had been used or could be used to improve specific service quality dimensions including reliability, responsiveness, competence, access, communications and security, understanding and knowing the customers\textsuperscript{148}.

A technology based self-service model was proposed, as firms started to realise that the use of labour in services was becoming expensive. This view brought forth two models called the attribute and overall affect model\textsuperscript{149}.

#### 2.6.9 Attribute Model and Overall Affect Model

Attribute model was based on cognitive approach to decision making. In this model consumer would use a compensatory process to measure attributes associated with the self-service technology option to shape expectations of service quality.

Overall affect model was based on the affective approach to decision making. In this model, the consumer would use overall predispositions to form expectation on self-service quality for a technology-based self-service option.

Eventually, in both the models, the expected service quality influenced the intentions to use self-service technology\textsuperscript{150}. 
Another model that enhanced the understanding of perceived service quality and customer satisfaction highlighting the effect of expectations, perceived performance desires, on service quality and satisfaction was the model of perceived service quality and customer satisfaction.

2.6.10 Model of Perceived Service Quality and Customer Satisfaction

This model comprises of ten attributes focusing on advising namely convenience in making an appointment, friendliness of the staff, advisor listening to my questions, the advisor providing accurate information, the knowledge of the advisor, the advice being consistent, the advisor helping in long-range planning, the advisor helping in choosing the right courses for career, the advisor being interested in personal life, and the offices being professional151.

2.6.11 PCP Attribute Model

Unlike the earlier model, this model proposed a new kind of a hierarchical structure based on three classes of attributes called pivotal, core, and peripheral. They formed the levels ranked in such a way that included all the concepts and dimensions which had been used thus far to define service quality. The cardinal was a pivotal attribute, located at the core, considered collectively being the single most determining influence on which, the customer decided to approach a particular organization and exert the greatest influence on the satisfaction levels. Core attributes, centered about the pivotal attributes merged the people, processes and the service organizational structure. Customers interacted with these elements and received the pivotal attribute. At the final level, the peripheral attributes were the “incidental extras” or frills, designed to append “roundness” to the service encounter delighting the customers152.
2.6.12 Retail Service Quality and Perceived Value Model

The Retail service quality and perceived value model expressed the impact of service quality on value and willingness to buy in a specific service encounters through two alternate models. Value could be characterized as an examination between what consumers get and what they give, recommending that value is a correlation of benefits and sacrifices. Value construct utilized as a part of this model was "value for money". The two models were, model one highlighting that notwithstanding product quality and price perception, functional and technical service quality both specifically impacted value perceptions. Model two furthermore, highlighted that functional service quality which impacted consumer’s willingness to buy in a straight forward manner. Functional service quality perceptions also influenced technical service quality perceptions, which in turn, influenced product quality perceptions. Neither of the two, however, directly influenced value perceptions153.

2.6.13 Customer Value and Customer Satisfaction Model

Another significant integrated model developed was, the customer value and customer satisfaction model in which the post purchase behavior of consumers was analyzed after they experienced any service. It was demonstrated that perceptions on service quality was influenced by price perceptions. Then again, customer value and customer satisfaction were impacted by the service quality perceived, and if the customers received higher perceived value relatively moderately priced and they were satisfied with the service, it positively affected their intentions to repurchase behavior154.
2.6.14 Antecedents and Mediator Model

Another important comprehensive service quality model conceptualized and developed was the antecedents and mediator model. This model incorporated examination of antecedents, consequences and mediators that gave a more profound comprehension of conceptual issues identified with service quality. The components or antecedents and the relationship of customer satisfaction with behavioral intention were the reasonable issues identified\(^\text{155}\).

2.6.15 Internal Service Quality Model

The model, grounded on the GAP model proposed by Parasuraman et.al., assessed the dimensions and their relationships that decide the service quality among the internal customers (front line staff) and internal suppliers (support staff) inside large service organisations. Akin to the gap model, internal service quality model revealed internal gap 1, internal gap 2, and internal gap 3. Internal gap 1 indicated the difference in internal supplier’s perception of internal customer’s expectation; internal gap 2, the difference between service quality specifications and the service actually delivered resulting in an internal service performance gap and, internal gap 3, the difference between internal customer’s expectations and perceptions of internal supplier’s service quality\(^\text{156}\).

2.6.16 Internal Service Quality DEA Model

Service quality is a critical component that should be considered while evaluating a bank branch operation. The branch might report high volume of products and services offered with additional profits, yet lose its long term advantage inferable from dissolving service quality. Internal service quality
DEA model provided directions for banks to optimally use its resources. This model, however, did not intend to build up service quality measures, but, guided the manner in which these measures could be infused into service quality improvements. The model focuses on resources that get legitimately used. The inputs to the model comprised of two sets: consumable resources, for example, faculty, space, time and so forth and the number of accounts in different categories. The output of the model is the level of service quality perceived by the workforce of the branch. This data envelope analysis (DEA) model deliberated on how bank branches modify their resources (inputs) to accomplish their level of service quality (output), given the customer base\textsuperscript{157}.

2.6.17 Internet Banking Model

One of the key difficulties of the internet as a service delivery channel is the means by which service firms administer service quality as these remote administrations bring noteworthy change in customer interaction and purchase behavior. This study proposed and tested service quality model in the context of internet banking. Five key elements are regarded as focal influences on perceived service quality. They are, the customer’ expectations of the service; the image and reputation of the service organization; aspects of the service setting; the actual service encounter; and customer participation\textsuperscript{158}.

2.6.18 IT Based Model

This model highlighted the significance of information technology (IT) based service alternatives. Service providers utilized IT to lessen costs and include value added services for their customers. It proposed a service quality model that associated the customer perceived IT based options with traditional perceived service quality dimensions. The key variables influencing
customers' perspectives of IT-based services were, the connections among the service dimensions measured by SERVQUAL, the constructs signifying the IT-based service quality, the preferences towards conventional services, familiarities in using IT-based services, and the perceptions on IT policies. The influence of these variables on perceived service quality and customer satisfaction was additionally determined\textsuperscript{159}.

2.6.19 Model of E-Service Quality

This study proposed a calculated model of e-service quality with its determinants. This model suggested that, for expanding hit rates, stickiness, and customer retention, e-service quality has two kinds of measurement. They are incubative and a dynamic measurements. The incubative measurement included factors such as outline of a site, innovation utilized to furnish purchasers with simple access and understanding, and the attractions of the site. The dynamic measures comprised of a great backing, quick speed, and mindful support that a site can give to its customers\textsuperscript{160}. The purpose of customer relationship management processes is to enhance customer service and ensure customer retention by aligning business processes with technology integration\textsuperscript{161}. The use of customer relationship management can be positively associated with improved customer knowledge and increased customer satisfaction.

Several research findings has evidenced that profitability of banks increased when customers are provided with higher service quality. Service quality also has a positive correlation with the profitability of the total assets of the organisation. Employee turnover, on the other hand, has a negative impact on the quality of the service rendered by organisations especially financial institutions since it required more credibility\textsuperscript{162}. Again, the
customer’s perception of the service quality is influenced by several variables like the degree of customer relationship management implementations in firms, which in other words meant treating the customers on an individual basis with the emphasis on exacting their specific needs. 

Bank’s needed to manage the service in four different areas in its operations. At the first instance, it was the service encounter wherein, interactions occurred between the customer and the bank. Secondly, the service design which was developed by banks to access and receive the required services. Thirdly, the efficiency of the production system which balanced the quality and the quantity of resources utilised in the service production and, finally, the bank’s culture and the structure of the organisation.

Over the last few decades customer relationship became an essential element in evaluating overall service quality of a bank. Service quality in banking implied consistently anticipating and meeting the needs and expectations of customers. It was restraining employee’s contact skills, their way of approaching clients and their attitudes of helpfulness. The relationship between service quality and employee-customer interpersonal skill were pertinent to get a relationship stronger, and founding of quality perception. A high quality service gave credibility to the employees, encouraged favorable word-of-mouth communications, enhanced the customers’ perception of value, and boosted the morale and loyalty of employees and customers’ identity. The perceptions of customers along the service quality of a bank might be determined by the degree of customer relationship management implementation. Significance of developing favorable customer perceptions compounded with the shifting behavior of the customers, creating competitive advantage for a bank, would want them to
retain customers with the business for as long time as possible. Banks enjoyed the benefits of customer relationship management over a longer period of time, and this occurred when banks were single-minded on the customer’s interest. Above and beyond this, customers, too, perceived a sense of created value feelings by means of this customer relationship management. Hence, the customer’s needs that were not identified and comprehended, and the bank employees who were not able to assess accurately the perception of service quality, may pass to complete dissatisfaction of customers on the service they experienced at that moment. It was important that banks understood that customers bring profit for banks and they in return have to provide quality services to these customers\textsuperscript{167}. This explained the significance of gauging perceived service quality of customers in banking.

2.7 Customer’s Perceptions on Customer Relationship Management

A bank that desired to improve the efficiency of banking operation thereby increasing the profitability, had to recognise the challenges that affects customer relationship management\textsuperscript{168}. Again, developing good relationship and satisfying the needs of the internal customer led to retained and satisfied external customer\textsuperscript{169}. Hence, the biggest challenge in implementing customer relationship management was not only to obtain information regarding customers but also to use this data and determine the best time to offer the relevant product to these customers\textsuperscript{170}. Interestingly, in banking it was found that convenience of location, price, recommendations from others and advertising were not important selection criteria, but the significant factors were customers’ perception on account and transaction accuracy and carefulness of the employees, efficiency in correcting mistakes and friendliness and helpfulness of the employees\textsuperscript{171}. Understanding these
perceptions, would help banks to anticipate their expectation in future and create superior customer experience so that they did not switch. Upon understanding the customer relationship management perceptions, it comprised of six dimensions. They comprised of customer acquisition, customer response, customer knowledge, customer information system, customer value evaluation, and customer information process. The first dimension customer acquisition covered the bank’s flexibility in measuring customers’ urgent requirements, developing different marketing mix for target customers, using customer information to develop new markets, applying customer information to marketing planning, providing a variety of service items and information, providing sales rebates for customers and providing solitary services to meet customers’ requirement. The second dimension of customer response included using phone calls, e-mails, and personnel visits to communicate with customers, rapidly responding to customers’ problems, suggestions, and complaints, initiative understanding customers’ service requirements and expectations, and having a reputation for ensuing customers enquiring about bank’s services. The third dimension of customer knowledge comprised of the bank being knowledgeable about how to obtain main customers, understanding the main customers’ service requirements, possessing fruitful capabilities to obtain new customers, introducing other customers to the purchase bank’s product and services and insisting on using the bank’s services and product. The fourth dimension customer information system encompassed the bank’s capability of using their computer system to categorize targeted markets, organizing and classifying interactions between sale representatives and customers, having a system sufficient to handle customers’ information, having a management system to check transactions and customer relationships. The fifth dimension customer value evaluation covered the bank to analyze
individual customer’s profit contribution and analyze customer types and behaviours to identify customer value. The final dimension customer information process involved the bank’s computer system being capable of storing, searching and analyzing customers’ data, capable of recording customers’ purchases and services and having location advantages.

2.8 Customer Relationship Management and Customer Satisfaction

Customer satisfaction was paramount to a successful execution of customer relationship management especially in financial services. Customer satisfaction has been defined as “the extent to which a product’s perceived performance in delivering value, matches with a buyer’s expectations.” A successful customer relationship management implementation required a committed company-wide focus on key customers in one-to-one marketing efforts to entirely interpret and meet their demands and wants, on an enduring basis. The entire organization needed to have the focal point as key customers, often with customer-focused teams, and particularly designed to create fully satisfying customer experiences.

Yet again, to bring in competitive advantage, banks needed to monitor the activities embraced by employees and customer relationship management implementing executives so that, customers perceived those interactions positively and contributed to enhanced customer satisfaction. The confirmation/disconfirmation theory stated that satisfaction can be achieved with the fulfillment of the customer’s expectations. In other words, expectation was the key constriction in satisfying customers, and this may be the primary reason for using the ‘role theory’ as a foundation in designing most of the customer interaction. Successful achievement
of various roles enacted by the front end employees got reflected in the degree of the overall satisfaction of the customers. Satisfaction can be distinguished into overall and encounter satisfaction\textsuperscript{182, 183, 184}. As banking as a service is ongoing and long term in nature, overall satisfaction is more appropriate rather than encounter satisfaction. However, encounters did happen with either technology intervention using ATMs, internet, phone banking channels or branch banking with human tellers\textsuperscript{185}.

According to a comparative study of the human encounter vis-à-vis technology encounters, in this banking environment, when remote technological interventions were frequent, it was found that technology increased the overall satisfaction of customers, but the human interface was also equally indispensable\textsuperscript{186, 187}. Contradicting the above interpretation was a finding that even though perceived service quality was a global judgement of superiority of a service, customer’s satisfaction was specific to encounters or transactions\textsuperscript{188}. In addition to this, customer satisfaction was suggested to be the leading determinant of customer’s loyalty\textsuperscript{189}. It was found that there was a positive relationship betweeen customer satisfaction and loyalty. Customer loyalty was the only most significant aspect in service marketing, due to its final effect on customers repeated purchases for the reason, that those loyal customers who purchased repeatedly were considered as the basis of any commercial enterprise\textsuperscript{190, 191, 192}. Service quality and customer satisfaction led to customer’s loyalty towards the service\textsuperscript{193}. Loyalty has been defined as an ‘observed behaviour’\textsuperscript{194}. However, this behaviour was a complete manifestation of loyalty to the brand and not to mere thoughts alone\textsuperscript{195}.
2.9 Research Framework

This research was grounded upon the framework illustrated below (Figure 2.13) showing the customer relationship management adopted by banks and the customer’s perception on these activities.

![Research Framework Diagram]

Source: Lu et.al. 2007; Parasuraman et.al. 1997; Jamal et.al. 2002

Figure 2.13 Research Framework

This research evaluated the effectiveness of the customer relationship management by evaluating the impact of these sensitivities and the service quality perceptions on customer satisfaction which was eventually, the individual concern that banks had in the modern economic environment overrun with similar providers.

2.10 Research Gap

The retail banking environment is experiencing significant changes. Retail banking customers are substantially more dynamic than they were a decade back. They are demanding more customized products and services.
These progressions force new demands that are noteworthy, on the retail banks, if they are to stay competitive. The answer lies in reconfiguring the banks' business processes, specifically, upgrading, automating, institutionalizing and customizing operations. Banks today confront complex difficulties on numerous fronts. Customer expectations are higher than ever, with developing interest for more quick service delivery and more adaptable, customized collaboration.

Again, retail banking in India, being early adopters of customer relationship management exercises alongside different organizations varying in sizes and crosswise over segments, utilized these exercises to amassing customer data, finding profiles of customers and utilizing the customer knowledge in their categorical marketing activities. However, generating considerable customer satisfaction is the definite measure of success for customer relationship management adoption in retail banking.

Within this context, this study endeavors to discover the gap that existed between the expectation and perception of the customers of retail banking products and channels in this very aggressive economic banking environment and the service quality and customer relationship management based services provided by banks to these customers. The past studies have uncovered that customers might be not satisfied about the assortment and range of products, quality of customer service and communication, and dispositions of bank staff. In any case, a gap was seen between the bank's goal in actualizing customer relationship management exercises and the perception of the customers who are receiving these products and services. The study looks into whether the customer relationship management implementers might have been extremely complacent about these perspectives,
or furthermore detached about the customers' discernments, needs and desires.

Such a study will be exceptionally valuable for the top management of banks in comprehending the customers' needs and desires in today's environment.

References


Chapter 2


Chapter 2


