DISCUSSION ON FINDINGS AND CONCLUSION

9.1 Overview of the Thesis
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There are three distinctive patterns reshaping the world of business. The speed with which technological advancements and other innovations are made and replicated, the loss of geographic point of interest that rose from globalization, the shakeup of traditionally stable commercial ventures as a consequence of deregulations. The power of the customers and the capacity to get what is needed, when it is needed, and from whom it is needed rose up. In the light of this, relationship experience becomes one of the finest decisive intentions for the survival of business.

This concept of customer relationship management brings out a paradigm shift in marketing and since then, numerous studies have been conducted to analyse the importance of customer relationship management and customer satisfaction in various sectors including banks.

Customer satisfaction has been a subject of tremendous keenness to organizations and researchers alike. As of late, organizations are obliged to
render more service apart from their product offerings. Service as a component is an integral part of customer satisfaction. It has been demonstrated by experts that service quality is identified with customer satisfaction. Service quality enhancements and building strong and fruitful relationships with customers is the prime concern for organizations, specifically banks. Improving service quality has become the tool that banks utilize to retain customers. Banks are facing a tremendous competition and the demand of the customers for better service quality is in the upsurge. Consequently, banks are forced to identify customers as an important asset that needs to be protected and nurtured.

Before 1991, banks in India operated in a safeguarded situation and were predominantly pioneered by nationalized banks. No consideration was paid to the ideal opportunity for identifying and satisfying the customers’ requirements and service quality issue. In the present times, problem associated with customer complaints have been avoided by banks developing and maintaining long-term relations with the customers. Improving the bank’s performance through un-wavering focus on customer needs and service quality resulted in heightening of customer satisfaction and loyalty. The bank’s relationship with the customer gets strengthened when customer makes a favorable assessment about the bank’s service quality, and weakened when the customer makes negative assessment about the company’s service quality.

This section concludes the research reporting its contribution to the domain of customer relationship management in the banking sector along with the significance of service quality in banks. It begins with an outline of the thesis and the inferences that are derived from both writing and
observational research. The section concludes by proposing further course of this research.

9.1 Overview of the Thesis

A detailed literature review helps understand the lacunae in the existing literature. Significant research has been undertaken by researchers to understand the concept of customer relationship management and its application in business scenarios. The customer relationship management has been reviewed in various sectors. Nevertheless, an extensive critiquing of the existing banking activities in the light of service quality actually perceived by customers and the customer relationship management adopted by banks and customer’s perceptions on these, has seldom been attempted in the banking sector. In addition to the above, this study further measures the level of customer satisfaction on these two forces which are sequentially impacting them.

The thesis finally presented an integrated service quality- customer relationship-satisfaction model, and through this model, the inter relationship between dimensions of service quality and customer relationship management and the level of customer satisfaction, are examined.

This study utilizes, apart from self-developed items, items from the validated questionnaires of earlier research like items from the SERVQUAL/RATER instrument\textsuperscript{11} and CRM tool\textsuperscript{12}. This study describes the perceptions on service quality dimensions namely reliability, tangibility, empathy, assurance and responsiveness i.e. measures used in SERVQUAL/ RATER instrument in retail banking. The study correspondingly weighs the customer’s perceptions on the various dimensions of customer relationship
management adopted by banks, which are customer acquisition, customer response, customer knowledge, customer value evaluation and customer information system i.e. measures used in CRM tool. The study delves into exploring the relationship between the above two factors and the level of the satisfaction the customers derive from the services accordingly offered.

The thesis deliberate on how banks can create satisfied customers by building relationships, seeking more and more information, providing the right products and services to the right customers, so that, prospective customers get converted to happy customers. It links service quality dimensions to customer relationship management dimensions.

In chapter 2, the author reviewed the normative literature of service quality and customer relationship management. In chapter 3 the research framework and the hypotheses of the research are explained. In chapter 5, the empirical data derived on service quality dimensions and their influences are analyzed, and the hypotheses listed in chapter 3 are tested.

In chapter 6, the empirical data derived from the dimensions of customer relationship management is analyzed and the hypotheses proposed are tested in chapter 3. In chapter 7 the inter relationship between service quality dimensions and among service quality dimensions and customer relationship management dimensions are analyzed and hypotheses tested.

In chapter 8, the model formulated based on the research framework is tested. The empirical findings confirm that the relationship between service quality dimensions and customer relationship management dimensions, with the level of customer satisfaction in retail banking.
This proposed integrated service quality-customer relationship-satisfaction model can be easily adopted by banks and other broad range of sectors in businesses for customer experience management (CEM), customer relationship management (CRM), strategic planning, resource allocation, technology adoption and decision making processes.

9.2 Meeting the Objectives in the Thesis

To accomplish the purpose behind this study, a number of objectives are defined in chapter 1 and are successfully accomplished as demonstrated in the previous chapters. These objectives are summarized in Table 9.1 and in the following passages.

Table 9.1: Summary of Meeting the Objectives of this Study

<table>
<thead>
<tr>
<th>Objective</th>
<th>Section/ Chapter</th>
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<td>Objective 1</td>
<td>Chapter 5</td>
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<td>Chapter 8</td>
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<td>Objective 13</td>
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9.2.1 Evaluation of Perception on Service Quality Dimensions

As seen in chapter 4, the service quality is the precursor to customer satisfaction. Assessing the influence of service quality on customer’s relationship with banks and eventually on their satisfaction levels is vital at any point in time. Customer’s responses are analyzed to ascertain their perceptions on the service quality provided by their primary bank and the following are the findings.

The descriptive results calculated for the service quality constructs of the study on the type of bank chosen as their primary bank, indicates that among the five dimensions, respondents perceived tangibility dimension highest followed by empathy. Reliability and responsiveness dimensions are perceived almost at the same levels and the dimension which is valued least by the respondents is assurance dimension.

The managerial implication from this finding is that even though two of the service quality dimensions (tangibility and empathy) are positively perceived by respondents, reliability, responsiveness and assurance dimension of service quality need additional attention from the banks. To improve the overall service quality of the banks, these have to be augmented substantially. For this to occur, banks are to emphatically improve the knowledge levels of the employees. Courtesy of employees and their ability to convey customers trust and confidence also have to be developed considerably. Banks likewise need to expand their ability to perform the promised service dependably, accurately and consistently displaying visibly their willingness to help customers and provide prompt service.

In addition to the above, the study examined if there is any significant difference between the demographic characteristics of the bank customer in
perceiving the service quality dimensions in retail banking. The results show that among all the demographic and financial characteristics, gender, marital status and age profile of the respondents influence varying perceptions on the service quality, whereas income categories of the respondents did not influence the perceptions of service quality.

The managerial implication of this finding is that customers vary their assessments on expectations and perceptions across all five service quality dimensions. Gender, marital status and age profiles of respondents perceive service quality dimensions contrarily. Banks thus have to incorporate, while crafting the various services, aspects pertaining to gender, marital status and age group. However, there is no change found in the perceptions of different income levels implying that respondents fitting all the income groups perceive service quality in the same manner without variance.

It is also recognized through this study that, service quality perceptions vary across the type of bank chosen as their primary bank.

Hence, banks need to work on all five dimensions, but emphasize them in the order of their perceptions. If detriments are to be observed by banks, these dimensions need to be engaged as a guide for rework.

**9.2.2 Evaluation of Perception on Dimensions of Customer Relationship Management**

Customer relationship management is the practice of managing relationships with diverse customers’ segments. Customers vary in their economic values and banks subsequently adapt their offerings and communications strategy accordingly. Certain organizations consider customer relationship management primarily to be an additional investment especially in technology; however others treat customer relationship
management more widely and aggressively for developing comprehensive and rewarding relationships with customers. This study examined customer relationship management at the customer facing level. Respondents evaluated the various dimensions of customer relationship management across all contact channels of retail banking. The resultant finding contributes to a coordinated and well-defined relationship marketing actions through different banking functions.

The descriptive results calculated for the customer relationship management constructs of the study on the type of bank chosen as their primary bank, indicate that among the five dimensions, respondents perceived customer response and customer knowledge dimension, the highest among the other customer relationship management dimensions followed by customer acquisition and customer information system. Customer value evaluation dimension is valued least by the respondents.

The managerial implication from this finding is that, even though two of the customer relationship management dimensions i.e. customer response and customer knowledge are positively perceived by respondents. Nonetheless, customer acquisition, customer information system and customer value evaluation dimensions of customer relationship management need additional attention from the banks. To improve the overall perception of the customer relationship management of the banks, these three dimensions have to be executed faultlessly. This can be ensued by expanding customer relationship management and appending traditional marketing techniques with relationship management activities that involve focus on customer acquisition, customer information system and customer value evaluation dimensions.
Banks need to emphasis on customer acquisition dimension of customer relationship management by adapting different measures to meet customer’s urgent requirements and thereby find ways to attract new segments using customer’s information in acquiring new customers. Doing so, banks will be able to meet specific requirements of customers and fulfil the service commitments of banks. This is in line with the above finding of the study which stated that the assurance dimension of service quality needs special concern in banks.

Again, customer information system as a dimension of customer relationship management activity includes adopting newer technologies to communicate with customers. This study reveals that banks have to recognize the need to simplify the business dealings for customers and implement core banking services. Banks have to put in place modern equipment and technologies allowing customers to perform banking needs efficiently.

Customer value evaluation as a dimension of customer relationship management activity involves characteristics pertaining to the trust and sense of fulfillment customer senses while availing services from banks. Since this factor is valued least by respondents in the study, banks need to offer superior services which attract customers to bank with them.

This way, gaps are resolved by adding essential customer relationship management activities into the traditional marketing framework of the banks.

In addition to the above, the study examined if there was any significant difference between the demographic characteristics of the bank customer in perceiving the dimensions of customer relationship management in retail
banking. The results show that across all the demographic and financial characteristics, only gender influences the perceptions of dimensions of customer relationship management.

The managerial implication of this finding is that the customers’ assessments on expectations and perceptions across all five dimensions of customer relationship management remain identical except the gender profile. Hence, the key finding that, demographic profiles except gender has any influence on the manner in which customers perceive the dimensions of customer relationship management leading to the implication that, customers’ perceptions on customer relationship management among banks are similar, regardless of age, marital and income status. Thus it is concluded that banks have to focus on providing modern banking solutions to all customers based on these factors. However, gender influences positively the perceptions on customer relationship management.

A finding in this context states that the perceptions on dimensions of customer relationship management depend on the primary bank chosen. This implies that the bank they chose from SBI or its associates, national banks, old generation private banks and new generation private banks, have a significant influence on how they perceived the dimensions of customer relationship management in building relationships with customers.

9.2.3 Customer’s Satisfaction on the Customer Relationship Management and the Service Quality in Retail Banking

Customer satisfaction is fundamental in generating customer’s desires for future purchases\(^\text{14}\). Customer relationship management enhances profitability, ROI, and satisfaction of customers for any organization. To accomplish customer relationship management, an all-inclusive set of tools,
technologies, and procedures have to operate to support the relationship that
the banks have with the customer and doing so, it enhances sales\textsuperscript{15}. Customer
satisfaction is the focal component in any successful customer relationship
management implementation, leading to customer’s loyalty towards the
organization. The implicit significance of customer satisfaction is producing
free advertising that gets established. Hence, it has become indispensable to
place the customer at the hub of any business conferring to its strategies. In
effect, it stays more profitable to retain existing customers than to discover
new ones.

The descriptive results calculated for the level of customer satisfaction on
dimensions of service quality and customer relationship management on the
type of bank chosen as their primary bank indicates that the level of satisfaction
is affirmative on the service quality dimensions and dimensions of customer
relationship management.

In addition to the above, the study examined if there is any significant
difference between the demographic and financial characteristics of the
bank customers and the level of customer’s satisfaction on the customer
relationship management and the service quality of banks. The results show
that none of the demographic and financial characteristics influence the
level of customers’ of satisfaction.

The managerial implication is that if the primary bank is bridging the
gap between the customer needs and requirements with the products and
services, it led to heightened customer satisfaction. However, in order to
keep the customers happy, retain them and for banks to protect their existing
customer base, banks have to invest in improving the dimensions of service
quality and customer relationship management activity. Otherwise, the banks might fall vulnerable to the future competition invading the marketplace with expected service quality and customer relationship management.

It is also identified through this study that customer satisfaction did not differ across the type of bank chosen as their primary bank. The managerial implication is that the core products provided by all the banks remained the same and the difference is only in the manner the products got delivered to these customers through various banking channels and by means of various activities, meeting the expectations of the customers.

**9.2.4 Integrated Service Quality-Customer Relationship-Satisfaction Model**

An integrated model finally developed is tested in the study. The initial model was developed based on the review of various literatures on customer relationship management and service quality dimensions in various organizations. When the model is tested using SEM tool it is found that it followed a three stage process ultimately resulting in customer satisfaction. The stage begins with service quality dimensions impacting customer relationship management dimensions, which occur in two phases of customer response, customer knowledge and customer value evaluation dimensions of customer relationship management, progressing to the second stage of customer acquisition and customer information system dimensions of customer relationship management. Finally, the model ends with the satisfied customer that found its influence from customer response, customer value evaluation, customer acquisition and customer information system dimension of customer relationship management. This model is tested using Structural Equation Modelling tool and resultant
model with modifications such as removing the links which are not significant. It emerges as follows:

Figure 9.1: Integrated Service Quality-Customer Relationship-Satisfaction Model

The managerial implication of the model is such that, this would help banks to realign the customer relationship management and service quality for achieving its business objectives. As perceived in the model, service quality dimensions are placed at the top of organizational perspective, consequentially attaining customers’ satisfaction. All the other dimensions of service quality impact the three specific dimensions of customer relationship management namely customer response, customer knowledge and customer value evaluation. Thus banks have to be aware of the fact that service quality dimensions directly impact the manner in which the customers perceive customer response, customer knowledge and customer value evaluations, dimensions of customer relationship management.

Table 9.2 shows the influence service quality dimension has on customer response, customer knowledge and customer value evaluation dimensions of customer relationship management activity.
### Table 9.2: Service Quality Dimension influencing the CRM

<table>
<thead>
<tr>
<th>Service Quality dimension</th>
<th>Dimension of CRM activity</th>
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<tbody>
<tr>
<td><strong>Tangibility</strong> - Bank has sufficient places to sit and wait, bank is neat and clean, employees of the bank are neat in appearance, bank statements are clearly printed, and bank has appropriate signs inside their branches providing directions to service locations.</td>
<td><strong>Customer Knowledge</strong> - Bank’s operating hours are convenient to the customer, Clarity in understanding the features of products and services <strong>Customer Value Evaluation</strong> – easy to understand the systems and processes</td>
</tr>
<tr>
<td><strong>Reliability</strong> – Bank abides by its promises to Service Quality and delivery, performs the services right at first time when it is demanded by the customer, provides the services at the time it promises to do so and bank has accessible communication network and means</td>
<td><strong>Customer Response</strong> – Bank provides a variety of service items and information, bank fulfils its promises on time. <strong>Customer Knowledge</strong> - offers a comprehensive range of investment products, offers innovative loan services <strong>Customer Value Evaluation</strong> - always delivers superior services, offers high quality services</td>
</tr>
<tr>
<td><strong>Responsiveness</strong> - Employee of the bank gives prompt service, behaviour of the employees of the bank instils confidence in customer, employees of the bank are consistently courteous with customers, bank employees give personal attention to the customer</td>
<td><strong>Customer Response</strong> – Bank uses different measures to meet customers' urgent/specific requirements. <strong>Customer Knowledge</strong> - understands individual needs and circumstances of the customer, always meets expectations of the customer <strong>Customer Value Evaluation</strong> - enjoy banking with the bank, services available at bank motivate the customer to use it more.</td>
</tr>
<tr>
<td><strong>Assurance</strong> - Bank has cordial front ranking staff, customers feel safe while doing transaction with the bank, employees of the bank have the knowledge to answer customer’s requests</td>
<td><strong>Customer Response</strong> - Bank staff are knowledgeable and possess necessary information on requested services, bank actively suggests a total financial solution to the customer, and bank is able to provide awareness about its products and services to meet the customer’s needs. <strong>Customer Knowledge</strong> - encourages introduction of new customers for purchasing the products and services of the bank, better terms and conditions than other banks. <strong>Customer Value Evaluation</strong> - relaxed using banking services, services at bank would help me to give a good reference to other people.</td>
</tr>
<tr>
<td><strong>Empathy</strong> - Bank shows a sincere interest in solving customer’s problems, employees of the bank are always willing to help, employees of the bank respond to customers’ requests without delay, employees of the bank have the customers best interest at heart, front line staffs of the bank render proper guidance signs indicating as to which counters are offering which services, employees of the bank understand specific needs</td>
<td><strong>Customer Response</strong> - Bank staff shows sincere interest in solving customer’s problems. <strong>Customer Knowledge</strong> - encourages using bank's services and products. <strong>Customer Value Evaluation</strong> - relaxed using banking services, services at bank would help me to give a good reference to other people.</td>
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</table>

*Survey findings*
Moving ahead, the second stage of the model exhibits the influence of three dimensions of customer relationship management namely customer response, customer knowledge and customer value evaluation have on the remaining two dimensions namely customer acquisition and customer information system. It can be further explained through the table below

<table>
<thead>
<tr>
<th>Table 9.3: Dimensions of CRM</th>
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<tbody>
<tr>
<td><strong>Dimensions of CRM - Customer Response, Customer Knowledge and Customer Value Evaluation</strong></td>
</tr>
<tr>
<td><strong>Customer Response</strong> - Bank uses different measures to meet customers' urgent/specific requirements, bank provides a variety of service items and information, bank fulfils its promises on time, bank is able to provide awareness about its products and services to meet the customer’s needs, bank actively suggests a total financial solution to the customer, bank staff are knowledgeable and possess necessary information on requested services, bank staff shows sincere interest in solving customer’s problems</td>
</tr>
<tr>
<td><strong>Customer Knowledge</strong> - Bank’s operating hours are convenient to the customer, bank offers a comprehensive range of investment products, bank offers innovative loan services, bank understands individual needs and circumstances of the customer, bank often encourages introduction of new customers for purchasing the products and services of the bank, bank often encourages using bank's services and products., bank offers better terms and conditions than other banks, bank always meets expectations of the customer</td>
</tr>
<tr>
<td><strong>Customer Value Evaluation</strong> - Banks always delivers superior services, offers high quality services, enjoy banking with bank, services available at bank motivate the customer to use it more, feel relaxed using banking services, services at bank would help to give good reference to other people.</td>
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</table>

*Survey findings*
Finally the model demonstrates the customer satisfaction influenced by the dimensions of customer relationship management namely customer response, customer value evaluation, customer acquisition and customer information system.

The managerial implication is that banks have to recognize that the customer is satisfied if they are responded with required needs and services (customer response), delivered superior services (customer value evaluation) using modern technologies, newer needs of customers or new customers are acquired with specific needs (customer acquisition) and finally, understand with proactive measures, the service requirements of customers (customer information system).

9.3 Suggestion for Future Research

This study can be extended to find the influence of dimensions of service quality and customer relationship management on customer loyalty. It can also be advantageous to study in detail the perceptions of customer relationship management of different segments of respondents. The study of retail banking may be extended to study how the different classes of banks namely SBI and its subsidiaries, nationalized banks, old generation private and new generation private banks fared, in the perceptions of respondents towards their customer relationship management and service quality dimensions. There can be a comparative study conducted to achieve further clarity on a critical study on customer relationship management adopted in retail banking. The approach adopted in this study can be utilized in other sectors to ascertain whether there are sector based differences. Moreover, the ‘integrated service quality-customer relationship-satisfaction model’ developed in this study can be validated in various other enterprises so as to
be able to undertake a quantitative analysis of their customer relationship management endeavors.

Considering the diverse application possibilities and the value provided to banks, the study can be extended to further delving into comparisons between private and public sector banks, and perceptions on service quality dimensions. The study on customer relationship management can also be analyzed pertaining to specific segments such as current account customers, savings bank customers and salaried customers. The fit between the actual dimensions of customer relationship management as developed by banks and customers perception on these dimensions of customer relationship management may also be explored to identify synergistic effects so as to leverage from the bank’s positioning.

9.4 Conclusion

This critical study of customer relationship management in retail banking in the state of Kerala provides an understanding of the quality of service and different customer relationship management activities adopted by retail banks. The factors that influence the quality of service and various customer relationship management activities leading to a satisfied customer are analyzed in this study. An ‘integrated service quality-customer relations-satisfaction model’ is also developed to provide directions to banks on the kind of effort that should be employed to improve the relationships with customers and streamline their marketing efforts.

Service quality dimensions impacts the dimensions of customer relationship management partly with customer response, customer knowledge and customer value evaluation which in turn influence the
remaining two dimensions of customer relationship management activity (customer acquisition and customer information system). This emerges as the major findings of the study. The model is developed based on the services available to the customers and the type of bank they chose as their primary bank. This study provides actionable information to banks with which they can design and implement marketing programmes catering to the diverse requirements of the customers. The key difference regarding service quality dimensions and dimensions of customer relationship management among various demographic and financial characteristics of bank customers, yield fruitful insights into where banks should be focusing and what kind of an activity should be developed to engage with customers so that they remain satisfied with the banks.

References


Discussion on Findings and Conclusion


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