CHAPTER II

CRM an Overview
CHAPTER – II

CRM – AN OVERVIEW

Banks, which believe in CRM and those who do not. Not that CRM is new to banks. But the way in which CRM has been rediscovered, with advanced technology to support, has added much needed value to the Relationship between the Customer and the Management (of Banks). The newly found CRM tries to elevate this Relationship to higher levels of functionality and fulfillment that could not even be dreamt of in the past.

The rate of adoption and absorption of technology in banking industry in India is slowly improving and multiple delivery channels like ATMs, Tele Banking, Internet Banking, Any Branch Banking are emerging and with them the need to present a single, aggregated and unified view of the bank’s relationship and obligations vis-à-vis the customer is raising its head and demands immediate attention. Presenting a single picture across multiple channels requires heavy reliance on technology. This over-reliance on technology has even created the impression that CRM is a technology by itself.
1. BENEFITS OF CRM INITIATIVES

A carefully planned CRM strategy and initiative would bring in the following benefits to the customers and banks, to namely only a few:

FOR THE CUSTOMERS

➢ Improved customer service

➢ Effective and timely delivery

➢ Value added services

➢ Personalization and closeness

➢ Variety of products and packages

➢ Availability, reliability and affordability of products and services

➢ More satisfaction

➢ A sensitive market with equally good choices

FOR THE BANKS

➢ Growing customer base

➢ Increasing levels of customer loyalty

➢ Stable and vibrant business potential

➢ Higher volumes

➢ Lower costs
• Sensitized and productive workforce
• Proper and functional customer segmentation
• Focused marketing which is cost-efficient
• Business process reengineering on scientific lines
• An attractive and profitable product mix
• Proximity to customer
• Improved bottom line

Whilst Banking Industry is observing tremendous changes, the focus is towards customer service. Nowadays more and more options are available to customers. The customer is aware of technology and the various service options. Due to these, there is heavy competition between banks. Increased competition in the marker has in the past few years propelled retail banks to focus greatly on maintaining and increasing their customer base while improving customer service quality. In other words, customer relationship management (CRM) has become a major focus for the banks.

2. CRM-IN BANKING AND FINANCIAL SERVICES

According to Peppers and Rogers (1997), great service happens only when you relate to your customers “One to One”. To do that, you have to identify your customers, differentiate them, interact with them, and finally, customize your products or services to meet their needs. This calls for customer relationship management (CRM), a tool in the hands of the
Banker. Obviously, a CRM strategy has numerous aspects, but the basic theme is for the (Firm) banker to become more customer-centric. This does not necessarily create a new revenue stream today or even tomorrow. However, it will add customer loyalty to the business’s bottom line.

The traditional customer relationship management (CRM) approach based around the relationship manager can no longer be sustained without the application of CRM tools and techniques, regardless of whether the organization is targeting the high net worth or the mass affluent customer segments of the market.

WHAT CAN CRM ADD

The relationship manager is like a communication mode between the customer and the organization, understanding customers’ needs and preferences, and orchestrating the products and services to meet those needs. When life is simple, the relationship manager need only communicate with the customer to have a fully assimilated view of that customer’s activities. The manager’s brain is acting as the CRM tool for storing, processing and evaluating data leading to a customer strategy.

Developments in Information Technology, data warehousing and data mining have made it possible for Banks to maintain a one to one relationship with their customers. Simply, having relationship managers for select customers hoping to cross-sell products is not a welcome sign. Bankers in order to gain competitive advantage must fully integrate mission-critical
business intelligence such as data warehousing and data mining into the CRM backbone. A key part of successful CRM is not only to engage with customers as much as possible but also to recognize their differing needs. In line with this, K V Kamath, CEO & MD, ICICI Ltd., observes ‘Effective use of customer relationship information becomes the most valued asset and source for competitive advantage’.

CRM PRACTICES

BANK OF AMERICA

Choosing the appropriate solutions and precise are integral to CRM success. For example, Bank of America deployed a data warehouse to capture information on customer transaction and back-office processing in 1986. Initially, the data warehouse was rolled out only to the credit card division, with the average cost per query at $2,500. By 1996, the data warehouse had expanded dramatically, serving 16 separate departments and producing 3,000 reports on a daily basis, causing cost per query to drop to $18. Mining this data mart has been instrumental in product development, pricing, risk analysis, sales tracking, branch forecasting, customer segmentation, and the development of marketing campaigns.

ABN AMRO

A clear customer focus and success in winning major deals, such as that of Royal Dutch Shell’s European Products business, one of the largest cash management mandates ever awarded, earn ABN Amro the award as best at cash management.
Marteen Mol, MD, Corporate Cash Management, says "the bank is in this business because it generates recurring revenue for shareholders, it does not involve using the bank's balance sheet and it creates a great deal of client intimacy", he says "the voice of the client is crucial in our decision-making and we spend a lot of time and energy listening to them. We are halfway through the full implementation of a CRM tool that captures the entire process from sales to execution".

WELLS FARGO

The world's fifth largest bank in terms of market capitalization. "CRM is a hot topic", says Clyde Ostler, executive vice-president of the Internet services group at Wells Fargo. "We have databases of customer profiles that help us with the next best cross sell. We have statistics that will determine what kind of products that customer has and what behavior they will exhibit in the future. The Internet enables you to do all that and a little bit more".

Wells Fargo has about 1.8 million Internet banking customers and is adding roughly 100,000 customers a month. Finding ways of tracking these customers is increasingly important.

Customer Relationship Management (CRM) has become in increasingly critical means of developing and maintaining customer loyalty while also helping business migrate to low value customer towards greater profitability. "CRM should be integrated into everything a company does,
everyone it employs, and everywhere it transacts”. CRM is not a technology interest; it is a business strategy to select and manage the most valuable customer relationships.

Customer Relationship Management is a new and emerging concept in today’s global scenario. It’s seen as an answer and a change to the traditional failing methods to improve business standards. Its basically customer centric with an aim to improve customer loyalty and its impact is felt in all areas of a company. To keep the introduction short CRM is defined as the key to success in any business organization.

EMERGING TRENDS AND ISSUES OF CRM IN FINANCIAL SERVICES-BANKING

The CRM technology has been massive influence in banking services. It has resulted in much hyped gains in the banking sector.

According to the latest survey by the RBI there has been a significant increase in the number of commercial banks and their branches in India, compared to yesteryears. Gone are those fears of nationalization and takeovers. There is a new economic climate prevailing in our country thanks to globalization and liberalization.

To state the statistics on the number of banks in India and their types:

<table>
<thead>
<tr>
<th>Type of Bank</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>State bank of India and its associate banks</td>
<td>8</td>
</tr>
<tr>
<td>Nationalized banks</td>
<td>19</td>
</tr>
<tr>
<td>Indian private banks</td>
<td>32</td>
</tr>
</tbody>
</table>
Life has come a full circle in the Indian banking arena. At the turn of the last millennium a handful of banks-HDFC Bank, ICICI Bank, Global Trust Bank-set the ball rolling for online banking, while Internet banking became the buzzword. It became fashionable in banking circles to talk about customer focus. All this hype on customer focus will be a distant reality without the actual implementation of CRM technology.

CRM has emerged as a distinct phenomenon specifically with relation to banking. It’s common knowledge that the finance sectors involve a huge database. Hereby if this huge database is not converted to useful information, then the whole database will become a liability, thereby by enforcing data mining techniques and using the concept of CRM technology this database is converted to information earlier unknown.

RETAIL BANKING AND CRM

Retail banking had now emerged as one of the leading banking activity in recent times, Research scholars aim at an estimated market of 80,000 crores in India alone by the year 2005. Consumerism among middle class is on the rise. Moreover the return on capital is highest in retail marketing with 20% return on capital.
CRM helps to maintain an healthy relationship with the customer by offering excellent and best services according to their needs and desires and thereby developing consumer loyalty toward the bank, especially in retail marketing where to maintain consumer relationship is the key to success, CRM is very helpful.

UNIVERSAL BANKING AND CRM

Due to the twin forces of deregulation and technology universal, banking has been the newest entrant in the banking services. There has been a secular shift towards universal banking due to global scale consolidation. Universal banking has been on the rise because of the ability to create a one stop shop for financial services.

Therefore CRM technology is used to identify the real and actual needs of the customer and the services that are well suited to satisfy them. Moreover it is also important to educate the employees of the organization by giving adequate information on all the services offered by the bank, since sometimes the call centers act so destructive such that any calls made by the customer, get transferred to so many extensions with no adequate satisfactory reply. This creates frustration in the minds of the customer and prompts him to change the bank. This can be avoided by well educating its employees. CRM technology is really useful in this regard such that the employees are made well aware of all the banks schemes and the consumer's possible queries.
CRM IN COMMERCIAL SCHEDULED BANKS

CRM plays an active role in the improvement of commercial scheduled banks too, this is an important factor specially in the Indian scenario where 70% of the population live in villages. Therefore these huge populations need an organized institutional credit. But today according the latest statistics there exists a co-operative bank in 6 lakh villages in India.

CRM helps these scheduled banks first and foremost to identify the customers, in this sense the different needy sections of the society, and by proper schemes and awareness programs paves the way to reach out to the villager. The roles are:

- To help boost deposit mobilization
- Efficient supply of credit
- Provision of remittance facility
- Providing working capital loans

The customer in this sense, the average Indian villager develops a bond with the banks thus preventing greedy moneylenders from creating havoc. NABARD plays quite an important role in this regard and CRM technology has helped the NABARD to a great extent. All these can be achieved only through effective customer relationship, i.e., through CRM.

CRM IN EFFECTIVE TAX COLLECTION

It’s indeed a very heartening factor to see that even the Indian Government has recognized the need for CRM in a general manner.
Recently HDFC bank was the first private sector bank to be given permission to accept tax payments, since HDFC offered better services both in terms of quality and speed. There are an increased number of taxpayers who prefer their payments through this bank and due to the availability of a good database an effective relationship can be made with all the customers thereby creating a healthy relationship between them. The secret of success is obviously well known, i.e., CRM. With the help of technology an effective database can be created. Also customers ideas and feelings can be known so that future schemes can be designed according to the customers wants and desires.

TECHNOLOGY BANKING AND CRM

Technology plays a very important role in banking in today’s scenario, and CRM coupled with technology is the best double-edged weapon to destroy the marker slag. CRM helps in identifying areas where technology can be upgraded so that the best possible results are seen. For example technology is well suited in:

- Customer centric systems
- Customer relationship management
- Internet banking
- Mobile banking
- Channel integration
- Data mining
In all these areas when technology is well implemented it yields the best results. But the best area of investment can only be found with the help of CRM.

The unique concept was as a result of CRM technology application.

According to the latest survey by the Financial Express it has ranked various banks according to its performance based on the criteria’s of financial, operational, productivity and profitability.

Accordingly the best banks as per their rank are:

1. Global Trust Bank
2. Citibank
3. ABN Amro Bank
4. Karur Vyasa Bank
5. Andhra Bank
6. Bank Of America
7. HSBC
8. Oriental Bank of Commerce
9. Standard Chartered
10. IDBI Bank

3. CRM – IN SERVICES SECTOR

Current CRM efforts in a hospital are transactional in nature. If the hospital is to move from transactional selling to relationship marketing, the hospital needs a suitable structure. Effective relationship with the patient
requires the active cooperation of all departments within the hospital. It also requires the managers to recognize that serving the patient requires more than just good doctors and an infrastructure. It needs to be a coordinated activity across the entire service providers if they are to create a value-laden relationship. Relationship marketing is based on the theory that in order to feel valued by their provider customers’ need focused tailored and continuous attention.

A customer is a person who seeks service and benefits from an organization and is ready to pay for it. He is the most important entity for any organization as all of them focus their efforts on customer satisfaction. CRM has played an ever increasing and important role in the growth of all such organizations that have developed a sense of understanding towards customer service and satisfaction and implementing CRM.

In today’s competitive scenario an institution or a company can exist only when they satisfy those, for whom they are making the goods and services.

Academic institutions are themselves not different from any other organizations. Such organizations focus on not only to impart state-of-the-art education to their students, but they also have to maintain relations with their working staff, administrators, companies, vendors and of course with their primary customers-students. CRM plays an increasingly important role in maintaining such relationships in these organizations.
e-CRM AND EDUCATIONAL INSTITUTIONS

Let us now discuss the effect of e-CRM to the various customers/stakeholders of the education business.

- **Students**: They are the most important of all the customers. All educational institutions profit from teaching students in different disciplines of their choices. An educational organization may provide students with e-mails, phone dial in services or personalized care services amongst others.

- **Companies**: Companies come to educational institutions for recruiting their students in campus selection procedures. They are so amongst the most important clients of such education organizations.

- **Administrators**: Administrators keep the things going on in institutes; they plan for the present and future of the institutes. Enabling them to have a good contact with the organization from wherever they are would improve their effectiveness drastically.

- **Employees and Staff**: Employees, faculties and staff form the backbone of an education institute. If they are provided great support and services, they would be nor only benefited but also be obliged to deliver the same quality services. They can even be benefited from such e-CRM services as they feel more attached, and emotionally involved in delivering good education services to students and others.
• **Employer Groups and Political Parties:** Every educational institute is in gratitude and obligation of different employee groups and political parties which influence their functions to a lot of extent.

• **Agents and Affiliations:** Almost all education institutions are supported by agents and affiliations. They are helped by financial institutions for funds from time to time.

• **Providers and Vendors:** Education institutions are provided services themselves by a number of vendors dealing in equipments, systems, furniture, civil engineering and development, etc.

• **The Media:** Academic institutions are many times interested in advertising, publicizing, promoting and marketing for them. In doing this they are required to maintain and be in contact with various media based service providers who help them for this purpose.

The entire premise upon which CRM is designed is such that these organizations must focus on issues raised by and central to their customers. While customer loyalty, more than any other single factor, is the backbone of any CRM solution, value may be added by enhancing the focus on and offering expertise in the Sales Marketing, telemarketing and e-Commerce.

**CUSTOMER EXPECTATIONS FROM HOSPITAL SERVICES**

Patients will have expectation that relate to the hospitals they visit, the personnel that deal with them, and of the service transaction as a whole. Listed below are some of the typical expectations that patients would have:
Patient (customer) expectations from a hospital:

- Proximity, central location
- Clean environment
- Adequate space to move about
- Comfortable lobby seating
- Adequate space in patients rooms
- Attached toilets in the patient rooms with a geyser facility
- Pure filtered water availability
- Timings to suit their requirements
- Diagnostic services, pharmacy and dietary services within the compound of the hospital
- Lift services
- Laundry services

Patient expectations from hospital personnel

Some of the more visible hospital personnel include doctors, nurses, attendants, reception personnel, billing personnel, ambulance personnel, and diagnostic report division personnel. These are the people with whom the customer has an immediate bearing.
From Doctors

- To be an expert in the field
- To be gentle, a querier, a confidence booster and wordy
- To be one who can explain the problem in common terminology and put the patient at ease
- To be tidy and smart
- To be able to justify the need for running umpteen diagnostic rests

In the recent years, there has been an increase in the number of nursing homes, which demand professional management. The Nursing homes in India have to accept drastic changes respond meaningfully to the pressures of social environment. The development of hospitals and Nursing home sin influenced not only by the opening of hospital and health care centers but more so by their administration and management.

4. TELECOMMUNICATION SECTOR

e-CRM provides

- Electronic customer care to enable telecommunication companies to handle the high volume of enquiries about products, tariffs, campaigns and general corporate and personal account information. This enables telecom businesses to offload traffic from their call centre and back office and to minimize customer care cost.
- An automated front-end application that is easily integrated in the CRM environment and makes use of existing content and knowledge databases. With the support of CRM packages, websites can provide an initiative and humanized communications channel.

- Telecom businesses with a real opportunity to achieve cost leadership by minimizing service costs without degrading the level of support.

Convergence of telecommunication and information technology has laid the foundation for internet, extranet, E-Commerce, EDI, EFT, E-Mail and websites. This convergence is a boon for developing sophisticated software for manufacturing, financial, hospitality and healthcare sectors.

**Issues in segmentation of customers in the telecom sector**

Customer segmentation is really a continuation of understanding lifetime value. Once customer lifetime value has been established, companies can determine how much service and service and support to provide each customer, and differ communication and promotional programs, based on how customers are then segment.

- Cost to acquire a customer

- Average amount each customer spends per period (month, quarter, year)
• Products and services purchased

• Average time with supplier

• Time remaining in the customer’s life cycle

• Costs to retain each customer, i.e., ongoing relationship expenses, such as customer service

CURRENT DEVELOPMENTS IN THE TELECOM SECTOR

The telecommunications industry faces a particularly daunting challenge in its efforts to prevent customers from defecting to the competition. With new providers, services, rates and incentives seemingly multiplying faster than rabbits, carriers are engaged in a perennial struggle against the revolving door and the financial complication caused by this subscriber “churn”. New tools are now combating the problem with sophisticated technologies for predicting customer behavior. These tools are capable of reducing churn by a much as 40 per cent, holding great promise for subscription-based businesses and e-businesses of all varieties.

MISSION-CRITICAL CRM

Customer relationship management is important for every business, but in the telecom world it is truly a matter of survival. Internet service providers grapple with a comparable set of scenarios.

ONE-ON-ONE MARKETING

Unfortunately, conventional CRM database analysis techniques that group customers into clusters or segments do not adequately address the
needs of telecom companies and other subscription based enterprises. Traditional CRM applications produce detailed profiles on groups of at-risk accounts.

**PREDICTIVE MODELING**

At the heart of these new-generation CRM solutions are Artificial Intelligence systems that track and map subscriber attributes such as purchasing behavior, the types of calls made to customer support, the length of time the subscriber has been with the company, and so on.

**TARGETED INCENTIVES**

For one subscriber, the incentive may be one month of free service. For another, it may be enhanced functionality. Today's systems can not only intelligently march each customer with the offer they will most likely accept and list the offers in order of their likely acceptance and highest revenue, but also filter out unlikely prospects to avoid wasting time and creating customer ill-will.
DIMENSIONS OF CRM FOR TELECOM COMPANIES

Telecom companies have moved quickly to adopt CRM principles. A number of issues which can challenge CRM adoption, including the vision and commitment of senior management, choosing customers, creating new value, overcoming legacy investments and developing meaningful e-CRM strategies. These issues are barriers in the telecommunications services arena, too, although not always of equal significance. The following are some of the dimensions that merit special mention in the telecom sector:

1. Single view of the customer: Companies with a single view of the customer are able to link call centre databases, Internet orders and inquiries, customer prospect lists, accounting files, and other databases so they have but one view of the customer.
2. **CRM as a series of tactics:** The full potential of CRM will not be realized until one view of the customer is in place. But, more generally, telecom service companies would do well to see CRM as more than a series of tactics to realize customer value.

3. **Business well known for B2B CRM:** Telecom service companies deploy sales reps to cover business-to-business accounts. These reps know their accounts well indeed, but they are less well supported by CRM technology than they might be. Opportunities exist.

4. **Customers triaged according to their value:** Telecom companies have already assessed the value of their customers to the company and have triaged customers by this value – “Best”, “Average” and “Worst” or according to their profitability and potential for growth.

5. **Excellent use of people to respond to e-mails:** From personal experience, telecom service companies do a great job of personally responding to e-mails but might do more with technology to handle the flood of e-mail.

5. **FOSTERING CUSTOMER RELATIONS IN AGRIBUSINESS THROUGH SCM**

   Total supply chain management for creating a perpetual bond with the customer thereby ensuring marketers of these products desired volumes in these fallible situations.
The early 90s period was overwhelmed with economic reforms process. The first five years of liberalization exhibited a growing trend in the economy with profound influences in various sectors, reflected by the exuberance and excitements prevailing in the markets.

To create an ideal marketing system for farm products, focus on supply chain management becomes inevitable. All the avenues and possibilities of nurturing an ideal marketing system for farm products. For this analysis has to be performed under three perspectives:

- Shifting trends in agri-business
- Value addition in farm products—an imperative to create an ideal marketing system and nature customer relations.
- Role of supply chain in value addition of the farm products.

SHIFTING TRENDS AFFECTING AGRI-BUSINESS

The changing scenario governing the markets for the farm products can be broadly classified into

- International factors
- Internal factors

INTERNATIONAL FACTORS

a. GATT Agreement

General agreements on trade and tariffs have heralded a new regime in auspices of international trade. This agreement encourages non-tariff barriers through various kinds of provisions under the charter known as
agreement on agriculture (AOA). These non-tariff barriers completely batter the prospects of export marketing of the farm products through the provisions under the following agreements.

i. Agreement on sanitary and phyto-sanitary measures.

ii. Agreement on technical barriers to trade.

iii. Agreement on anti-dumping measures.

iv. Agreement on counter veiling measures

v. Agreement on safeguards.

vi. Agreement on intellectual property rights.

b. Forced Dependence on MNCs

To invite investments in the field of agriculture from abroad, it has almost become imperative for the governments in developing countries like India to ensure the protection of their innovations. The MNCs connected with the field of agricultural inputs have used biotechnology as a tool to foster the innovations in that field. And these innovations need to be protected for a maintaining unique nature of their products in order to enable them to market these products in a new territory.

c. Genetically Modified Food Products

Going by the GATT agreement, India may have to open its farm products market according to the agreement. Many advanced countries have used biotechnology to develop superior varieties. These crop varieties have been grown in vast acreages.
Country  | Acreage
---|---
USA  | 20.5 million
Argentina  | 4.3 million
Canada  | 2.8 million

Though these crops are high yielding, there are sufficient evidences that these products are unsafe for consumption. There are possibilities that such farm products may be dumped in India causing concern to consumers as well as the products of farm products.

INTERNAL FACTORS

Transitions to have occurred in India positioning towards new shifts in production and marketing of farm products.

Emergence of ‘Corporation’ concept

The concept of corporatizing the farm has been gaining momentum at a very slow pace. Earlier, the processor or industries concerned with farm product used to enter into an agreement with the farmer to produce and market the produce to them. This is called as ‘contract farming’.

SWOT ANALYSIS

Strengths

- Farm enterprises can be started at different places exploiting different agro-climatic conditions for different varieties.
- Availability of a rich literature providing a very deep insight into technicalities of farming
- Sourcing of technical expertise is also possible.
Weakness

- Poor infrastructure facilities
- Relatively lesser investments made on research and development in this sector
- High level of subsistence farming
- Problems in accepting new technologies.

Opportunities

- Existence of tremendous scope for getting improved output both qualitatively and quantitatively through feasible management practices.
- Scope for exports through value addition.

Threats

- Provisions under the GATT agreement.
- Changing international demand and supply situations leading to violent price fluctuations.

Agri-business in India can leverage on the opportunities mentioned above. To commensurate this the customer-retailing concept is also developing in a big way and the producers should materialize on it. This not only creates value addition on the farm products but creates new opportunities for outsourcing of a variety of services such as transportation, storage and refrigeration, grading and packaging. All these services provide
for both tangible and intangible value additions when farm products are subjected to them.

VALUE ADDITION

The term 'value' denotes the customer utility of the farm products. Thus, value addition indicates an increase in the consumer's utility or adding improved benefits in the product. Mathematically, value can be referred as the ratio between benefits accrued from the product to the cost of creating these benefits.

\[
\text{Value} = \frac{\text{Benefits}}{\text{Cost}}
\]

Ideally speaking, value addition should be done with implementing more benefits and lessening the cost of the product.

- Tangible value addition
- Intangible value addition

A tangible value addition is a one that modifies the physical form of the product, and ultimately changes the appearance of the product. An intangible value addition doesn't change the physical form or appearance of the product. The operations such as transportation, grading, etc., do not change the form or appearance of the products.

6. OVERCOMING CRM FAILURE IN FINANCIAL SERVICES

CRM is a critical successful factor in financial services, but implementation of CRM solutions is very challenging in their field because of the complexity of financial services business, where product-centric
business model and organizational hurdles dampen the practices in the financial service industry that could help organizations face the challenge of putting in place new people and process structures based on customer segments.

Over the past few years, there has been an ongoing flurry of CRM activity in the financial world—some good and some bad. With a plethora of companies creating various solutions to achieve the same result, one become leery of seeing various slides and diagrams that portray “solutions” — with colourful circles and arrows going every way. If you are reading this, then you may be aware that CRM failures receive more Hype than successes. In fact, it can be a real challenge to find solid case studies, articles, and examples of CRM Successes in financial services. And it is true that there have been many financial services. Implementing CRM in financial services is exceptionally challenging for four key reasons:

1. It is a very data intensive, complex business.

2. The traditional financial services business model is product – centric as opposed to customer – centric.

3. As large organizations, CRM typically requires significant investments for financial services companies.

4. The early movers in the industry undoubtedly took on greater risks entering this new arena.
Not All Gloom And Doom

However while there have been failures, there have been aspects of CRM that have been successful in financial services. These include:

1. Changes in organizational focus and business culture.
2. Reorganization around customer segments.
3. Metrics that measure customer value.
4. Marketing and service program that are coordinated and increasingly targeted.
5. Technology solutions that enable more relevant and increasingly efficient interaction.

The real challenge is that to be successful, a company’s needs to advance in all of these areas. There is no silver bullet that will drive significant success by advancing in just one of these areas.
### TABLE 2.1

#### 7. THE DIMENSION AT WHICH THE CUSTOMER LOOKS AT EVERY SERVICE

<table>
<thead>
<tr>
<th>TYPES OF SERVICE</th>
<th>DIMENSION</th>
<th>QUESTION THAT CUSTOMER MIGH ASK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare</td>
<td>Credibility (honesty of service provider)</td>
<td>Does the hospital have a good reputation</td>
</tr>
<tr>
<td>Securities Investment</td>
<td>-do-</td>
<td>Does stockbroker refrain from pressurizing</td>
</tr>
<tr>
<td>Repair and maintenance</td>
<td>-do-</td>
<td>Does the repair firm guarantee its work</td>
</tr>
<tr>
<td>Banking</td>
<td>Security (freedom from risk)</td>
<td>Is it safe to use bank ATM at night and is credit card protected against unauthorized use.</td>
</tr>
<tr>
<td>Insurance</td>
<td>-do-</td>
<td>Does Insurance policy provider complete coverage</td>
</tr>
<tr>
<td>Airlines</td>
<td>Access (ease of contact)</td>
<td>Does the airline have a 24 hour Toll free phone?</td>
</tr>
<tr>
<td>Hotel</td>
<td>-do-</td>
<td>Is hotel conventionally located</td>
</tr>
<tr>
<td>Broadcasting</td>
<td>Communication (listening to customer &amp; informing them)</td>
<td>Is manager willing to listen if there is a complaint?</td>
</tr>
<tr>
<td>Psychotherapy</td>
<td>-do-</td>
<td>Does doctor avoids using technical jargons.</td>
</tr>
<tr>
<td>Hotel</td>
<td>Understanding the customer</td>
<td>Does someone in the hotel recognize me as a regular customer?</td>
</tr>
<tr>
<td>Service</td>
<td>Performance</td>
<td>Client Expectation</td>
</tr>
<tr>
<td>------------------</td>
<td>-------------</td>
<td>--------------------</td>
</tr>
<tr>
<td>Banking</td>
<td>Tangibles</td>
<td>Is bank statement easy to understand</td>
</tr>
<tr>
<td>Hotel</td>
<td>-do-</td>
<td>Are the hotel facilities attractive?</td>
</tr>
<tr>
<td>Legal services</td>
<td>Reliability (perform the promised services)</td>
<td>Is lawyer refrain from lying</td>
</tr>
<tr>
<td>Telephone</td>
<td>-do-</td>
<td>Is telephone bill free of errors</td>
</tr>
<tr>
<td>Data transmission</td>
<td>Responsiveness (willing to help customers)</td>
<td>If there is problem does the firm resolve it timely?</td>
</tr>
<tr>
<td>Security investment</td>
<td>-do-</td>
<td>Does the stockbroker willing to answer questions.</td>
</tr>
<tr>
<td>Transportation</td>
<td>Competence (possessing the skill for services)</td>
<td>Does travel agent know all the relevant information?</td>
</tr>
<tr>
<td>Repair and maintenance</td>
<td>Courtesy (politeness)</td>
<td>Does the plumber take off his muddy shoes before stepping</td>
</tr>
</tbody>
</table>

**CONSUMER PSYCHOLOGY**

What “the customer is always right” really means is that the customer is always to be treated with dignity, respect and professional. A wrong head customer needs to be turned around through diplomacy and salesmanship, not bluster and intimidation.

Technical Assistance Research Programs (TARP), Arlington is a company that has made a business out of probing consumer psychology. Here are some of the landmark findings.
Profound Customer Service Truth 1 — Word of mouth is the best form of advertising.

Profound Customer Service Truth 2 — Bad news travels faster than good news.

Profound Customer Service Truth 3 — Complainers are your best friends.

Profound Customer Service Truth 4 — Silence is not golden

Profound Customer Service Truth 5 — Customer anger in turned to your advantage.

THREE SIMPLE STEPS FOR BETTER CUSTOMER SERVICE

The following are the three simple steps for better customer service:

1. By making it a high priority with everybody you employ.

2. By recruiting not only technically competent worker, but ‘people’ who know how to interact with the public.

3. By offering customer service training for everyone in a job that involves customer contact.