Chapter - II
Review of Literature

As the new millennium progresses, the business world is focusing more attention on issues concerning customer satisfaction, customer retention, and customer loyalty. The last several years witnessed the rise in the uses of information and communication technologies in dealing issues mention above. The term 'IT-enabled services' encompasses many activities carried out through computer networks and the Internet, including inter-organisational commerce, intra-organisational transactions, and transactions involving the individual consumer. The impact of IT made a substantial difference in business-to-customers (B2C) transactions. The IT seemed to offer almost unlimited possibilities. Indeed, numerous firms had already experienced its considerable benefits (Geyskens, Gielens & Dekimpe, 2002). One of the consequences of the development of the IT was the emergence of the World Wide Web, an Internet service that organised information according to hypermedia and hyperlink paradigms (Joseph, Cook & Javalgi, 2001). Some organisations had invested in the Web, often with the objective of using it as a way to maximize resources (McMillan, 2001).

Today, the World Wide Web has great potential as a tool for conducting business and management activities. (Bell & Tang, 1998) Customer relationship management (CRM) was a leading new approach to business, which had already become established in the literature (Szeinbach, Barnes, Garner, 1997). Its objective was to return to the world of personal marketing. Indeed, CRM refers to all business activities directed towards initiating, establishing, maintaining, and developing successful long-term relational exchanges (Heide, 1994; Reinartz & Kumar, 2002). Recent developments in Information technology had given the Internet a new role: to facilitate the link between eCRM and customer satisfaction, customer retention, and customer loyalty.

The study by Berry (1983) was the pioneer work in customer relationship management. In this study Berry formally introduced the term customer relationship
management into the literature, but several ideas of relationship marketing had emerged much before. Berry (1983) defined customer relationship management as attracting, maintaining and enhancing customer relationships in multi-service organizations. Berry and Persuraman (1991) proposed that customer relationship management concerned attracting, developing and retaining customer relationships. Berry stressed that the attraction of new customers should be viewed only as intermediate step in the marketing process. Customers were more likely to form relationships with individuals and with the organisations they represented than with goods (Berry, 1995).

Lovelock (1983) pointed out that many services by their very nature require on-going membership (e.g., insurance, banking etc.). Even when membership was not required, customers might seek on-going relationships with service providers to reduce perceived risk in evaluating service characterized by intangibility and credence properties.

Loyal customers could lead to increased revenue (Reichheld, 1993; Schlesinger and Heskett, 1994), result in predictable sales and profit streams were more likely to purchase additional goods and services (Clark and Payne, 1994; Reichheld, 1996), typically lead to low customer turnover (Reichheld and Sassar, 1990) and often generate new business for a firm via word-of-mouth recommendation (Reichheld 1990, 1996, Schlesinger and Heskett, 1994; Zeithamal, Berry and Persuraman, 1996). In addition Loyal and satisfied customers were likely to cost less to service (Reichheld, 1996) sales, marketing and setup costs could be amortized over a longer customer lifetime (Clark and Payne, 1994).

Customers who had developed a relationship with a service business expert expected to receive satisfactory delivery of core service. There existed different types of relational benefits through effective customer relationship management. Customers derived social benefits from long-term relationships with service firms (Czepiel 1990; Jackson 1992). In addition to the benefits received from core service, a kind of friendship often occurred between customer and service providers. A second set of relational benefits reported by respondents could be described as psychological...
benefits. Customers realised that their provider. To keep customers in the ongoing competitive environment, financial institutions were increasing the depth of relationship through implementation of customer relationship management programs. A successful customer relationship management program in banking sector addressed four key areas of business: strategy, people, technology and process. The processes in the organisations were the drivers of change that gave direction to the organization. The strategic direction moved the two enabler’s people and technology and their systematic interaction led to a successful customer relationship management program.

Paul Gray & Jongbok Byun (2001) summed up in their study that the present is an era of company loyalty to the customer in order to obtain customer loyalty to the company. Customer is more knowledgeable; companies must be faster, more agile, and more creative than a few years ago. Thus, eCRM requires organisational and business level approaches, which are customer centric to doing business rather than a simple marketing strategy (Peppers et al., 1999).

Jeremy Epstein (2002) found that there was a bit of disconnect between what was happening on the vendor floor and the strategist’s (decision makers). The strategist’s said strategy come first and technology second, where vendors (developers) talked up the various technological solutions without the mentioning of an overarching strategy. Jeremy Epstein concluded his study with rising need had customized eCRM solution, which could bring the best combination of strategy and technology at an affordable cost and also summed up that technology must match business strategy.

PERCEIVED CUSTOMER RELATIONSHIP AND eCRM

Over a period of a hundred years (the late 19th to the late 20th century), personalized relationships between many businesses and customers were ‘disrupted’ by the emergence of mass production and consumption (Beniger, 1986).

The study by Kent Eriksson & Jan Mattsson (1998), Bank managers on developing customer relations investigated how intended relationship strategy and relationship heterogeneity affected relationship development (Berry 1995), in the
context of a retail banker. The result of the study showed and summed up that the firm’s intended relationship strategy had a strong effect on relationship development. The more heterogeneous the relationships, the more information diversity were perceived. Increased information diversity made it more difficult to develop relationships. This information diversity could be easily handled by organisations with the approach of eCRM.

A study by Peppers and Rogers (1999) pointed out that in the ongoing global competitive environment it was essential of companies to recognize and fulfill individual customer preferences with an increasing degree of precision, which could be easily achieved by eCRM technologies. These preferences extended not only to the goods and services themselves, for which more information was required, but also to the convenience and efficiency with which they were purchased, delivered, and supported after the sales transaction occurred (Seybold and Marschak, 2000). In order for companies to respond to these preferences, they must gather increasingly sophisticated and detailed information about individual customers, web based eCRM technologies were the less costly and time saving solution of this (Dyché, 2000).

In middle of 1990s, the context was one in which the Internet technologies appeared to offer a universal solution to all of the hopes that companies might have with regard to managing their relations with customers. In principle, these technologies provided a channel for eliciting information about customers from the customers themselves.

eCRM (or electronic customer relations management) is the collection of techniques that were employed, or that might have been employed, to capture, retain, analyse, and productively utilize information about customers or potential customers for the purposes of pre-sales support, making sales and arranging delivery, and providing post-sales support to individual customers as well as in marketing and other business planning functions.

A study by Mark Colgate, Nicholas Alexander Marks & Spencer Professor (1998), *Banks, retailers and their customers: a relationship marketing perspective* used the emerging relationship marketing paradigm to gain strategic insights. Four
scenarios were analyzed and Relationship marketing theory was then used to understand the implications that these scenarios pose for banks. The study suggested that banks and retail organisations should focus on co-operation rather than competition for more effective and efficient customer relationship. The study proposed strategic alliances would enable both parties to achieve more together than individually.

Janet R. McColl-Kennedy, Richard E. Fetter (1999) had developed a seven-item scale to assess consumers’ external search activities in the study titled *Dimensions of consumer search behaviour in services*. To examine the scales generalize-ability across various services, both things-directed and people-directed service settings were used. The findings suggested that there are two identifiable aspects of consumers’ search activities, source and effort.

Sharma, Neeru and Paul, G. Patterson (1999) assessed the impact of four key explanatory variables (communication effectiveness, technical quality, functional quality and trust) on service quality. The results showed communication effectiveness to be a key driver among all variables, and the single most powerful determinant of relationship commitment.

A study by Pressey and Mathews (2000), *Barriers to relationship marketing in consumer retailing* focused on the potential difficulties in implementing a relationship marketing strategy within a retail context. The findings of the study indicated that the five variables, namely, personal service, balance of power, professionalism, integration of CRM technologies and degree of involvement, were pivotal to the applicability and success of relationship marketing.

Zineldin Mosad (2000) via his study, *Beyond relationship marketing: technologicalship marketing* argued that relationship marketing was not a complete paradigm shift. Without effective use of technology, relationship marketing was not an effective strategy. Hence, relationship marketing, based on technological advances, could be considered as a new paradigm.
Jayawardhena and Foley (2000) analyzed customer empowerment functions and Internet banking Web attributes of UK banking sector. The study concluded that Internet was gaining popularity as a delivery channel in the banking sector.

Lizar Alfansi and Adrian Sargeant (2000) aimed to explore the potential of Indonesian banking sector to utilize benefits of market segmentation and examined relationship between demographics and desired customer benefits. The study identified discrete bundles of benefits and they would appear generally unrelated to consumer demographics.

Gary L. Geissler (2001) empirical work, *Building customer relationships online: the Web site designers' perspective*, to identify key design considerations and online customer conversion and relationship strategies concluded that there was a direct relationship between web site design and the online customer conversion process. The study summed up that organisational web site helped to establish, build, and maintain long-term customer relations more effectively and efficiently.

Rosanna Lifanti and Raffaella Morescht (2002) explained that eCRM provides new ways to recruit customers and retain their loyalty, to customise services and provide personalised products and services, to identify emerging patterns of demand in style and to enhance links with suppliers to meet these demands. The researchers concluded that “Technology is never a good substitute for strategy: eCRM is a set of management processes for medium-to-long term objectives.” The study had provided evidence that one of the main impacts of eCRM within financial organisations was to increase both the retention of existing customers and sales to existing customers more than to gain new customers. One of the most important eCRM impacts was on customer loyalty and on customer satisfaction. The customer retention was the result of an increasing degree of product personalisation and differentiation. The financial services providers found that eCRM technologies were very attractive, because they provided a basis for the evaluation of the profits contributed by specific customer groups. The study gave evidence that distance interaction was not as effective as personal interaction between customers and their financial services suppliers, especially in the case of the banks. Therefore, according
to almost all of the bank representatives who were interviewed, web based activities supports low value information needs.

Jeremy Galbreath (2002) study summed up that ultimately, businesses were made up of a network of relationships: relationships with customers, employees, suppliers and partners. These "relationship assets" constituted a firm's most valuable store of capital and their most important intangible assets. The ability to create and sustain maximum market value, therefore, required a set of management rules focused towards intangible, relationship asset leverage.

The Shannon, Fjermestad, and Nicholas C. Romano (2003), study found that Electronic Customer Relationship Management (eCRM) had forced marketing managers to reevaluate how, when and to what extent they interacted with their customers. The study assessed that marketing to a new a customer would be more expensive and time consuming.

A customer was an individual or an organization that made a purchase decision. The purchase decision was based on the customer satisfying their wants and needs (Stanton, 1994a). eCRM tools could help a sales representative and marketing manager to relate and react to both types of purchasers. The study found that new technology could deliver information to the sales representative about the customer. This information was presented to the representative, before the customer was contacted in order to help the sales representative prepare for the sale. The software would pull all relevant product, sales data and customer information from one or multiple sources in the organization (Maselli, 2002a). The study also explained that in addition to influencing the purchasing involvement, eCRM could also help create customer profiles and customized products. The study found that eCRM could add ‘intelligence’ to the customer profiles and could help deploy customized products. The eCRM was also allowing sales representatives to view customer information from anywhere and has freed up customer service representatives to focus on obtaining new customers (McCall, 2002). The study pointed out that moving the ordering process to an online system would give the customer service representatives a better chance of providing services on time. Customers some time faced the problem
when trying to look through the large amounts of information provided by competing products / services. An effective marketing strategy could be achieved by developing an effective eCRM customer strategy (Rigby, 2002). “Offer solutions, not headaches… business should seek ways to decrease the ‘work’ of the household, such as empowering customer services agents to make it right, right away and updating customers on sales and promotions via their preferred communication method” (ecrmguide.com, 2001a).

The study by Markus, Clemens and Gregor, (2003), explained that due to the rapid technological progress, the growing globalisation of markets and the increasing availability of information long-term and valuable relationships became more important than the permanent acquisition of new customers. As a consequence of this, the focus shifted from a transaction-oriented economy to a relationship-based economy. The study by Yonggui Wang and Hing-Po Lo (2003), customer-focused performance and the dynamic model for competence building and leveraging A resource-based view examined the important role of customer-focused performance and its interactive relationships with other dimensions of the overall performance system. The study summed up that in today’s competitive and complex business environment business priority should be given to what customers really value. The study proposed that firms should offered constructive insights into processes supported by latest eCRM technologies, which offers organisations to enhance and upgrade their customer relationship level, dynamic competences and strategic flexibility.

An exploratory study by Liz Lee-Kelley, David Gilbert and Robin Mannicom (2003), How eCRM can enhance customer loyalty was conducted on the link between customer relationship management and customer loyalty within an Internet, or eCommerce, context. While building the research framework, price sensitivity was found to be a primary confounding element on loyalty and was included in the study for control. The findings of the study revealed that e-retail companies (with CD, DVD, video and book products) should consider customers' perceptions of
relationship marketing efforts, as they were fundamental to enhancing customer loyalty and that an enhancement of customer loyalty reduced price sensitivity.

Diana Luck and Geoff Lancaster (2003) study, *eCRM: customer relationship marketing in the hotel industry* investigated use of the internet to verify whether customer relationship marketing was being implemented within online operations or whether their internet presence merely revolved around the basic functions of "providing information" and "hotel reservations". The findings and subsequent discussion showed that on the internet, hotels used their relationship with customers to provide rather than gather information. Although the findings indicated that hotel groups were generally aware of the potential of Web technologies and strategies, but companies were not putting this knowledge into practice when it came to implementing eCRM.

The study by Ahn, Jeong Yong, Kim, Seok Ki, & Han, Kyung Soo. (2003), *design concepts for eCRM system* explained that in the ongoing competitive environment organisations needed to maintain strong relationship with existing high value customers to remain competitive. The study suggested that one technique that could be used to achieve greater loyalty from customers was to personalize services provided. The researchers summed up that eCRM tools made it possible to recreate an old fashioned customer service experience into a personalized dynamic customer experience, which was essential to remain competitive.

A research by Coulter and Ligas (2004), *customer relationships across four service industries (healthcare, financial services, hair care, and automotive repair)* documented that customers focused not only on the functional benefits they received, but also the relational benefits. The study also found that relationship types could be distinguished based on the relational factors, and that relationship types vary by service.

Paolo Guenzi and Pelloni (2004) explored the impact of interpersonal relationships (both with a firm employee and with another customer) on customer satisfaction and loyalty towards the firm. The researcher found that both types of interpersonal relationships had positive impact on customer satisfaction and loyalty.
The findings showed that customer-to-employee and customer-to-customer relationships contributed differently to the development of customer loyalty.

The empirical study by Amy Wong (2004) investigated the relationship between emotional satisfaction and key concepts, such as service quality, customer loyalty, and relationship quality. The results showed that service quality was positively associated with emotional satisfaction, which was positively associated with both customer loyalty and relationship quality. Further investigations showed that customers’ feelings of enjoyment served as the best predictor of customer loyalty, while feelings of happiness served as the best predictor of relationship quality. The findings implied the need for a service firm to strategically leverage on the key antecedents of customer loyalty and relationship quality in its pursuit of customer retention and long-term profitability.

Zineldin Mosad (2005) attempted to empirically develop a better understanding of quality and customer relationship management (CRM) impact on banking competitiveness in the Swedish banking industry. The study found that one necessary condition for the realization of value added quality was quality measurement and control. This was an important function to ensure the fulfillment of given customer requirements. The study suggested that the key ways to building a strong competitive position were through CRM, product/service quality and differentiation.

The study by Andra Brige (2006), Building relationship with customers by using technological solutions in commercial banks of Latvia aimed to look at on bank/customer relationship experience in the Latvian banking system and to examine the impact of technology on bank/customer relationship in banking. The study found that satisfaction with services provided was not the only factor influencing customer loyalty level. A great impact on loyalty level was made by other factors, such as: image, prestige, word of mouth, etc

Kasim and Abdel (2006) investigated the trust-relationship commitment model to an internet banking in Doha, Qatar. The findings indicated that both trust and attraction have significant positive impact on relationship commitment with attraction
having a strong positive effect, with communication representing the most important determinant of attraction and having a significant positive relationship with both trust and attraction.

Mark Durkin (2007) explored the impact of the internet on bank-customer relationships. Data analysis showed that the more complex the service product offerings, the more customers required reassurance about internet security and the impersonal and intangible nature of online transactions. At the highest level of complexity, they felt the need for “coaching” in the procedures of online banking by bank staff, face-to-face and perhaps even in the home.

Jasola and Kapoor (2008) in their study on “CRM: A Competitive Tool for Indian Banking Sector” explored the differences in an organization’s services employing CRM vis-à-vis others, as perceived by the customer and also tries to find out the relationship between perception and satisfaction, commitment and loyalty which underlines the significance of CRM in Indian banking sector. The results explained that the customers in the CRM bank rate its services far more favourably than those in the non-CRM which is an indicator of the superior level of services in the former and highlights the impact of CRM on (perceived) service quality. Also, there is a direct relationship between perception and satisfaction, commitment and loyalty which underlines the significance of CRM in service industry. For those planning to up-sell and cross-sell, raising customer perceptions is all the more important. And employing CRM may only strengthen the relationship between perceptions and up-buying and cross-buying which is all in support of introducing CRM in service sector.

Ahmed Tanveer (2009) in his thesis entitled “Electronic Customer Relationship Management in Online Banking” investigated how banks maintain their customer relations using eCRM technologies by comprising two banks one from Sweden and second from Denmark. The findings indicated that banks use eCRM for mass customization, customer profiling, self service, one to one interaction and automatic locks in flow of financial data like security prices which ultimately results in reduced cost of operation and increased customer loyalty and more profits.
Similarly staff training and customer feedback is considered as backbone for successful implementation of eCRM strategy.

Kallol Das and Jitesh Parmar (2009) study on “Customer Relationship Management (CRM) Best Practices and Customer Loyalty: A Study of Indian Retail Banking Sector” explored the association between deployment of customer relationship management (CRM) best practices and loyalty of profitable customers in Indian retail banking sector. The finding revels that there was no strong association between deployment of CRM best practices in scheduled commercial banks and loyalty levels of both high and medium relationship value retail customers.

Pedhiwal and Tale (2011) study looked at the status of a CRM in major banks operating in Western Vidarbha District and results showed that there is a direct relationship between perception and satisfaction, commitment and loyalty which underlines the significance of CRM in service industry and employing CRM may only strengthen the relationship between perceptions and up-buying and cross buying which is all in support of introducing CRM in service sector.

Lehal Manbeena (2012) work on Customer Relationships and Information Systems as a competitive strategy in Banking sector: A theoretical framework described that a bank can enjoy competitive advantage of its customers for a long time by building mutually beneficial relationships that increase switching costs and thus cannot be easily replicated.

**CUSTOMER SATISFACTION AND RETENTION**

The study by Gordon and Terrence (1996), *Determinants of customer satisfaction in retail banking* investigated the major determinants of customer satisfaction and future intentions in the retail bank sector. The study pointed out that customer satisfaction and retention were critical for retail banks. The study identified the determinants which included service quality dimensions (e.g. getting it right the first time), service features (e.g. competitive interest rates), service problems, service recovery and products used. The study also found, in particular, that service problems
and the bank’s service recovery ability had a major impact on customer satisfaction and intentions to switch.

Hallowell, Roger (1996) examined the relationships of customer satisfaction, customer loyalty, and profitability in banking sector. The study found positive impact of customer satisfaction and customer loyalty on profitability.

As various studies supported that customer satisfaction and customer loyalty were two aspects which were believed to have an impact on customer retention. Tor Wallin Andreassen and Even Lanseng (1997) had compared the impact of Headquarters’ and regional sales force on Customer satisfaction and customer loyalty. The study revealed that Headquarters’ contribution to customer loyalty through the delivery channel was higher than the contribution of the regional salesforce. This was diametrically opposite to hypothesis. The study also indicated that there was a significantly higher impact of image channel on customer loyalty than delivery channel.

The study by Tor Wallin Andreassen, and Bodil Lindestad (1998), Customer loyalty and complex services analysed the impact of corporate image on quality, customer satisfaction and customer’s loyalty with varying degrees of service expertise. The study found that in stagnating markets where product or service differences were marginal, retaining current customers becomes important to the future existence of most companies. The study also found that customer satisfaction and corporate image were two aspects which were believed to impact customer retention.

Empirical studies had also shown that the acquisition of new customers was far more expensive in comparison with retaining current customers (Sauerbrey, 1999). Recent studies showed moreover, that acquiring new customers needed high investments particular in e-commerce, which resulted in the need for long term business relations (Reichheld & Schefter, 2000; Bauer, Grether and Leach 2002). In addition, research showed a negative correlation between the number of “lost customers” and the business revenue (Reichheld, Sasser, 1990). As a consequence of these developments, customer relationship management and particular customer
satisfaction, customer retentions and customer loyalty were crucial for profitable and successful business organisations.

Mark and Bodo (2001) investigated switching barriers in consumer markets and in financial services sector. The results revealed similar patterns in the two industries in respect of switching barriers. The first of the four factors contained reasons related to lack of interest, the second factor contained negative reasons for customers staying with their current service provider, the third factor related to relationship variables and the final factor related to service recovery. Results clearly indicated that the first two factors were far more important than the latter two in terms of why customers stayed even when they seriously considered leaving.

Yi-Ting Yu and Alison Dean (2001) found that both positive and negative emotions and the cognitive component of satisfaction correlated with loyalty. The study identified positive word of mouth as the best predictor of both overall loyalty and the most reliable dimension of loyalty.

The study by Rizal Ahmad, and Francis Buttle (2002), customer retention management: a reflection of theory and practice explained that customer retention was increasingly being seen as an important managerial issue, especially in the context of saturated market. The study found that customer satisfaction was correlated with customer retention.

Chatura and Jaideep (2003) examined the influence of satisfaction, trust and switching barriers on customer retention in a continuous purchasing setting in UK. The study found that both customer satisfaction and trust had strong positive effects on customer retention. However, found that the effect of trust on retention was weaker than that of satisfaction.

Luiz Antonio (2004) analysed the behaviour of the “customer retention” indicator, which was widely used to evaluate a company’s relationship capital. The study conclusions indicated that the role of the frequent customers in an eRetailing company could sometimes be widely divergent from that presented in existing academic literature.
Bolton Mike (2004) explained that the last decade had seen the emergence of customer relationship management (CRM) as a technique to strengthen organisational performance in improving customer retention, customer satisfaction and customer value. However, evidence suggested that many CRM initiatives failed. The study suggested that CRM did not go far enough in changing the underlying culture and systems of an organisation. What was needed was complete customer-centric business processing (CCBP), whereby all business processes and all individuals were focused on identifying and meeting the needs of customer.

The study by Timothy, Tiffany, Lerzan and Demitry (2005), *Does customer satisfaction lead to profitability? The mediating role of share-of-wallet* examined customer satisfaction-profitability linkages in institutional securities industry across two continents (North America and Europe). The study revealed that customer revenue was found to correlate negatively with customer profitability for unprofitable customers, and positively for profitable customers.

The study by Lawrence Ang and Francis Buttle (2006), *Customer retention management processes A quantitative study* investigated the associations between customer retention process and a number of management processes including customer retention planning, budgeting and accountability and the presence of a documented complaints-handling process, through a quantitative survey of 170 companies in Australia. The study found that excellence at customer retention is positively and significantly associated customer satisfaction regarding complaints-handling processes.

The study by Zoe S. Dimitriadis (2006), *Customer satisfaction, loyalty and commitment in service organisations Some evidence from Greece* was an attempt to contribute to the knowledge of how customer satisfaction, loyalty and commitment were defined and related to each other, in four service (financial services, retailing, entertainment and transportation services) in the Greek context. The study revealed that surprisingly, company satisfaction was not interpreted as a conceptually distinct construct from customer loyalty; a conceptual overlap also emerged between attitudinal loyalty and loyal behavioural actions such as word of mouth; whereas
customer commitment was highly positively associated with loyalty (and satisfaction), according to expectations. Hierarchical regression analysis was used to investigate potential moderating effects of gender and service setting on the satisfaction-commitment and commitment-loyalty relationships. Although significant differences were identified, both gender and service setting did not moderate the relationship between satisfaction and commitment and between commitment and loyalty in the sample studied.

The study by Leverin and Liljander (2006), *Does relationship marketing improve customer relationship satisfaction and loyalty* investigated the relationship marketing (RM) strategy of a retail bank and examine whether – after its implementation – customer relationships were strengthened through perceived improvements in the banking relationship and consequent loyalty towards the bank. The study revealed that no significant differences were found between the segments on customers’ evaluations of the service relationship or their loyalty toward the bank. Furthermore, regression analysis revealed that relationship satisfaction was less important as a determinant of loyalty in the more profitable segment.

Zineldin Mosad (2006) examined relationship between quality, customer relationship management (CRM) and customer loyalty (CL) which might lead to companies’ competitiveness (CC). The study found that changing in quality over time within various segments or related to specific products or categories of products/services could be used as an indicator the level of loyalty. By linking infrastructure, interaction and atmosphere indicators to the quality of object and processes, researchers and managers could document which changes in CRM strategy improved the overall satisfaction and loyalty, hence the ultimate outcomes.

Nelson Oly et al. (2007) examined the impact of relationship marketing strategy on customer loyalty in Malaysian banks. Multiple regression analysis assessed the impact on customer loyalty of four key constructs of relationship marketing (trust, commitment, communication and conflict handling). The study found that the four variables had a significant effect and predicted a good proportion of the variance in customer loyalty. Moreover, they were significantly related to one
another. The study concluded that customer loyalty could be created, reinforced and retained by marketing plans aimed at building trust, demonstrating commitment to service, communicating with customers in a timely, reliable and proactive fashion, and handling conflict efficiently.

Nelson Oly, Chan Kok Wah, and Gibson C. Ndubisi (2007) examined the impact of supplier-customer relationship management on customer loyalty in Malaysia banking sector. The results showed that relationship marketing strategies, namely: communication; commitment; competence; and conflict handling were indirectly and trust and relationship quality were directly associated with customer loyalty.

Melodi, G.O. (2012) study titled “Appraisal of Customer Relationship Management in the Banking Sector: A study of four selected Banks in Lagos State” examined the CRM effect on customer loyalty and retention with the consequent impact on banks’ revenue generation capacity and profitability. It was discovered that customer relationship management impact significantly and positively on income generation capacity on the four banks viz. Wema Bank, Intercontinental Bank, United Bank for Africa (UBA) and Equatorial Trust Bank (ETB) and also on their profitability level.

eCRM INFLUENCE AND CUSTOMER SATISFACTION

Robert Johnston (1995) study demonstrated that some determinants of quality predominated over others. The study found that for the personal customers of the bank, the main sources of satisfaction were attentiveness, responsiveness, care and friendliness. The study also found that the intangible aspects of the staff-customer interface had significant effects, both negative and positive, on service quality. Responsiveness was a crucial determinant of quality, as it was a key component in providing satisfaction and the lack of it was a major source of dissatisfaction. The main sources of dissatisfaction were integrity, reliability, responsiveness, availability and functionality. Reliability was predominantly a source of dissatisfaction not satisfaction. The study demonstrated the same results as revealed by Johnston and Silvestro (1990) study.
Graham Gould (1995) proposed that no company could stay in business unless it had satisfied and loyal customers. The researcher suggested that there was a critical difference between ‘making more customers satisfied’ and ‘making customers more satisfied’. Posits that the secret of boosting bottom-line results was in making some of the customers “much more than just satisfied”. The study concluded that customer loyalty could be measured by customer satisfaction alone.

Gavin Eccles and Philip Durand (1997) reviewed recent practice undertaken to improve customer service by the hotel sector of UK. The study found that at the time of increasing competition, hotel firms were aiming to use service enhancement as a means to gain competitive advantage and customer retention, and therefore developed and adopted a range of techniques like SERVQUAL to measure levels of service quality improvement. Hotel managers as “strategic thinker” would have started to manage his service quality levels beyond a cursory reaction to offerings provided by competitors. There was evidence this is happening in the UK hotel sector, and companies and consumers alike were beginning to benefit.

Deborah and L. Kellog (1997) examined the relationship between customer participation and satisfaction. The study presented a typology of service customers’ quality assurance behaviours and a conceptual model of the service customer’s value chain. The study strongly embraced the usefulness of the value perspective for exploring the phenomenon of customer participation in service delivery. The tendency in the literature had been to treat customer participation as an input to the service firm’s mix of production resources. The study encouraged treating customer participation as a variable in the customer’s own value equation. Doing so created a rich set of implications in marketing, human resources and operations, for both researchers and managers.

Ugur Y. et al. (1997) investigated relationships between service quality, and customer satisfaction, complaint behaviour and commitment in Turkish banking sector. The study concluded that the ultimate success of any service quality programme implemented could only be measured by creation and retention of satisfied customers. The role of customer-contact personnel in the attainment of these
goals was of vital importance. Therefore, banks should not ignore the specific needs of their customer-contact employees.

Joan L. Giese (2000) explained that information on which factors were the determinants of customer satisfaction was important to firms since the likely consequences of customer satisfaction were customer loyalty and repeat purchase of the service. Therefore, customer satisfaction was closely associated with the growth and survival of the company.

In the literature there had been some confusion over the relationship between service quality and customer satisfaction. Some researchers stated that service quality and satisfaction measured the same underlying concept and therefore were the same. Other authors argued that satisfaction with a specific transaction precedes the perception of the overall quality of the firm and therefore was the antecedent of perceived quality. Finally, others suggested that the concepts of satisfaction and quality were different, and that it was the perceived service quality that would affect customer satisfaction. Fornell (1981, 87), found that, as a general psychological phenomenon, satisfaction was primarily a function of a customer’s quality experience with a product or service. So overall it was expected that the greater the perceived quality, the higher the level of customer satisfaction.

With increasing global competition, accelerating customer choice opportunities and demands, customer satisfaction had become a vital goal for the survival of the company. Individual countries as well as the European Union had recognized this importance and started to develop their own customer satisfaction indices in order to provide their companies with a standard benchmark within their industry or country (Bruhn, 1998).

The study by Gordon and Terrence (2000), *customer satisfaction with services: putting perceived value into the equation* investigated the relationship between three elements core service quality, relational service quality, perceived value and customer satisfaction and future intentions across four services. The study found perceived value was a significant determinant of customer satisfaction and had
consistent effect on satisfaction. The study established direct link between customer satisfaction and future intentions.

Customer satisfaction was perhaps one of the most talked about challenges of organisations both in the public and private sectors. Indeed, this represents every organisation’s sole purpose, was at the heart of every mission statement, and was the ultimate goal of any strategies put in place. Mohamed Zairi (2000), concluded with a proposed audit tool that can help organisations assess their current approaches to customer satisfaction and thereby put forward targets and actions for improvement.

Sharma and Patterson (2000) assessed the impact of trust and service satisfaction on relationship commitment under conditions of varying switching costs, alternative attractiveness and experience-based norms, in the context of a professional consumer service. The results clearly indicated that the impact of trust and satisfaction vary according to contingency conditions of switching costs, attractiveness of alternatives and client experience.

The lack of consensus on a definition of satisfaction had created serious problems for customer satisfaction research. First, developing context-specific items became difficult given the fact that the conceptual definition of customer satisfaction was not clear. Therefore, most researches use a single-item rating scale to measure customer satisfaction. Single-item scales did not provide sufficient content domain sampling of complex constructs and are generally believed to be unreliable, since they did not allow internal consistency to be calculated (Nunnally, 1978). Furthermore, Single-item measures provided no guidance to respondents or researchers in interpreting the exact meaning of satisfaction. Consequently, developing multiple-item measures to resolve the measurement difficulties caused by single-item measures is highly recommended (Churchill 1979). Second, the lack of definitional and measurement standards of customer satisfaction limited theory development in this field, weakened the explanation power of any new theories, and confined the generalization of any empirical findings. As Yi (1990) suggested, for the field of consumer satisfaction to develop further, a clear definition of consumer satisfaction was needed.
Recently, Giese and Cote (2000) proposed a definitional framework for consumer satisfaction to resolve inconsistencies in the literature. They had identified the commonalities from 20 different definitions used in past 30 years of consumer satisfaction research. As concluded by their literature reviews and validated by group and personal interview data, consumer satisfaction appeared to comprise three essential components: (1) summary affective response which varied in intensity; (2) time of determination which varied by situation, but was generally limited in duration; and (3) satisfaction focused around product choice, purchase and consumption.

Based on Giese and Cote’s (2000) findings customer information satisfaction (CIS) for digital marketing could be conceptualized as “a summary affective response of varying intensity that followed consumption, and was stimulated by focal aspects of sales activities, information systems (websites), digital products/services, customer support, after-sales service, and company culture”. Consumer satisfaction was believed to mediate consumer learning from prior experience and to explain key post-purchase behaviours, such as complaining, word of mouth, repurchase intention, and product usage (Westbrook and Oliver 1991). The research provided evidence that one of the main impacts of eCRM within financial organisations was to increase both the retention of existing customers and sales to existing customers more than to gain new customers. One of the most important eCRM impacts was on customer loyalty and customer satisfaction. Customer retention was the result of an increasing degree of product personalisation and differentiation. The financial services providers found that eCRM technologies were very attractive, because they provided a basis for the evaluation of the profits contributed by specific customer groups.

The report gave evidence that distance interaction was not as effective as personal interaction between customers and their financial services suppliers, especially in the case of the banks. Therefore, according to almost all of the bank representatives who were interviewed, web based activities would support low value information needs. More detailed requests for information could be solved only through personal interaction between the bank and the customer which usually took place at the branch.
While loyalty might seem dissimilar with the point-and-click world of Internet shopping, research suggested that building customer loyalty should be the focus of most organisations, rather than attracting new customers (Reichheld, F.F., Schefter, 2000). This was particularly relevant if we considered that Internet retailers lost $6.1 billion in sales in 1999 due to dissatisfaction with online service (Mottl, N.J., 2000). Since loyalty was a consequence of customer satisfaction, organisations must understand how to satisfy customers in order to keep them over time.

Khalifa, Mohamed (2002), operationalized and empirically tested a model for explaining/predicting the satisfaction of customers with Internet-based services. We argued and empirically demonstrated the need for considering not only the expectations of customers but also their desires in order to enhance customer satisfaction. The empirical results showed unlike previous studies which considered expectations and desires separately in explaining satisfaction, we argued and empirically demonstrated the necessity of including desire disconfirmation, expectation disconfirmation and perceived performance, all three together, as determinants of satisfaction. The empirical results provided strong evidence for the explanatory superiority of the proposed model as compared to previous models.

Ton Van der wiele et al. (2002), focused on the analysis of empirical data on customer satisfaction and the relationship with organisational performance. The empirical data of Flex company (Netherlands) on customer satisfaction and business performance stemmed from 1998 and 1999, from which it could be concluded that it was possible to find evidence for the hypothesis that there was a positive relationship between customer satisfaction and organisational performance indicators. However, various factors might influence the time-lag between a change in customer satisfaction and an expected effect on sales margin, or other output indicators.

Taylor and Hunter (2002) assessed the impact of loyalty with eCRM software and eServices. The researchers investigated relative influences of quality, customer satisfaction, and loyalty in the formation of future purchase intentions and word-of-mouth behaviour within the eCRM industry. The researchers concluded that eCRM marketers must first identify means of increasing the overall level of customer
satisfaction within their industry, and then begin to consider moving beyond customer satisfaction toward broader loyalty-based strategic marketing objectives to support their relationship marketing practices.

Steven A. Taylor and Gary L. Hunter (2002) found that the eCRM industry faced the same challenges and strategic marketing considerations as their organisational customers, in that they must deliver exceptional service and support to the companies purchasing/using eCRM software. A review of organisational mission/vision statements suggested that eCRM companies were generally positioning themselves as exemplars of customer satisfaction provision and relationship management.

The European Centre for Total Quality Management report (2002) discussed the implementation of CRM in the financial services industry and result explained that CRM allows organisations not only to retain customers, but enables more effective marketing, creates intelligent opportunities for cross selling and opens up the possibility of the rapid introduction of new brands and products. Further, this synergy created by relationship development leads to mutual profitability for both the organisation and the consumer.

Feinberg, and Kim (2002) analysed the state of electronic customer relationship management (eCRM) in retailing and their relationship to consumer satisfaction and site traffic. The study found that feature, spare parts availability, gift certificate purchase, mailing address, search engine, links, and a company profile were associated with customer satisfaction. No eCRM feature was associated with customer traffic to a site. Standard retailers appeared to be behind in implementing eCRM features in current operations. The study also found that it was not clear to retailers what aspects of eCRM will be important in customer satisfaction.

In practice, firms measured customer satisfaction using models and theory developed for evaluating the perceptions of individual consumers rather than entire organisations. The study by Jeanne Rossomme (2003), customer satisfaction measurement in a business-to-business context: a conceptual framework included that
more closely coupled relationship between businesses did not necessarily result in higher levels of customer satisfaction.

Nexhmi and Audrey (2003) investigated the impact of satisfaction, trust and the use of electronic banking on commitment towards current banks in Singapore. It was found that trust was the key factor influencing the adoption of electronic banking.

Ingrid Fecikovd (2004), aimed to develop and simplify customer satisfaction (CS) measurement systems by using index method that made quantitative measurement of CS possible. The study found that organisational success is largely depended upon retention of customers, which again depended on CS level.

The study by Geoffrey, Andrew and Russell (2004), Customer perceptions of the value delivered by retail banks in South Africa examined the perception and expectations of banking customers regarding the value being delivered to them by retail banks in South Africa. The results were overwhelmingly negative, indicating that customers were not satisfied with the service, products and level of customer intimacy delivered to them by their banks.

Lesley White and Venkat Yanamandram (2004) investigated the reasons for consumers’ dissatisfaction and inert behaviour, and studied customers’ complaining behaviours and past and future inertia. The study found that determinants of dissatisfaction included the number and size of account fees, whilst determinants of inertia were the perception of similarity between financial institutions and the complexity, costs and time inherent in switching. Factors differentiating future inertia and future active customers included the type of account, length of time the account had been held, membership of a number of financial institutions, income and level of consideration given to changing financial institution.

Christian, L. Schaupp and Bélanger Pamplin (2005) measured the level of customer satisfaction with web enabled CRM i.e. eCRM businesses must be able to determine and understand the values of their existing and potential customers. The results of a conjoint analysis of consumer preferences based on data collected from 188 young consumers indicated that the three most important attributes to consumers
for online satisfaction were privacy (technology factor), merchandising (product factor), and convenience (shopping factor). These were followed by trust, delivery, usability, product customization, product quality, and security.

Khalifa, Mohamed (2005) explained the relationship between three categories of eCRM (i.e., pre-purchase, at-purchase and post-purchase eCRM) and online customer satisfaction at two phases of the customer lifecycle, i.e., attraction and retention. The results of a longitudinal survey of the online customers of hardware retailers provided strong support for the model and revealed the dominant role of pre-purchase eCRM in satisfaction formation at the attraction phase and the prevalence of post-purchase eCRM at the retention phase.

Until recently, most firms focused primarily on production, purchase and marketing. Their main concern was to provide products that satisfied their customers’ first needs. In the past, such an approach was sufficient for most firms to survive and generate revenues. Nowadays, however, customers were more demanding more knowledgeable, and required more attention. Increasingly, firms were shifting their focus to the customer, hence the rising importance of customer relationship management (CRM). With the rapid growth of electronic business and proliferation of Internet-based services, a new concept was born: eCRM. It encompassed all the processes needed to acquire, build and maintain customer relationship through e-business operations. Important CRM concepts such as customization, personalization, making the customer less passive and more active, many-to-many marketing were either enabled or made easier to implement with eCRM tools. In fact, CRM remained just a philosophy devoid of concrete actions if not for these enabling tools. In addition to its enabling role, eCRM was also believed to be more convenient, more interactive, more efficient and providing a higher degree of customization. More importantly, the online channel was cheaper than the regular channels for both the firm and the customer.

The main driver for eCRM adoption seemed to be a commonly shared belief that it improved customer loyalty and retention (H. Rosenbaum and B.Y. Huang, 2005) through the enhancement of customer satisfaction. Researchers and
practitioners alike were claiming positive effects of eCRM on customer satisfaction. However, no empirical evidence had been provided for these claims. In fact, a survey conducted by InfoWorld suggested that 77 percent of eCRM projects failed to meet company goals and numerous studies cite the low rate of success of eCRM applications (K. Melymuka, 2002). Even worse, Gartner and A. Bednarz, 2001 predicted that by 2006, more than 50 percent of eCRM implementations would be considered as failures from a customer’s point of view. Feinberg and Kadam’s (R. Feinberg and R. Kadam, 2002) survey suggested that eCRM failure may be due to the implementation of features that executives believed affected customer satisfaction, but in reality did not have any effect at all. There was clearly a need to develop a better understanding of eCRM success. As customer satisfaction was one of the more immediate objectives of eCRM and as satisfaction was often used as a surrogate of success, a good way to study eCRM success was to examine the relationship between eCRM and customer satisfaction. Despite the great interest in elucidating the relationship between eCRM and customer satisfaction (V. McKinney, K. Yoon, and F. Zahedi, 2002), prior research had not shed sufficient light on this relationship. Although researchers and practitioners alike were claiming positive effects of eCRM, we still lacked appropriate conceptualization and empirical evidence of these effects. In fact, there was no consistent measurement for eCRM success (D.L. Goodhue, B.H. Wixom, and H.J. Watson, 2002), making it difficult to manage and assess eCRM activities.

In the context of eCRM, customer satisfaction was an immediate objective that also determined the medium-term goals (e.g., customer retention and loyalty) and subsequently the bottom-line, i.e., profitability. Indeed, satisfaction had been shown to have significant effects on customer loyalty (R.E. Anderson and S.S. Srinivasan, 2003), customer retention (R.T. Rust and A.J. Zahorik, 1993) and profitability (C. Homburg, W.D. Hoyer, and M. Fassnacht, 2002). Similarly, in studying the role of eCRM in satisfaction formation, it was not possible to separate the effects of marketing activities from those of system features. A holistic view of satisfaction was therefore preferable (Rusk, J.J. Kingshan, and A. Zahorik, 1996).

Christopher White (2005) re-examined consumer satisfaction emotions and consumer behavioural intentions link in Switzerland. The researchers explained that satisfaction emotions were best conceptualized as a three-dimensional construct that included positive (hopeful, happy, positively surprised); negative emotions (guilty, humiliated, depressed); and bi-directional emotions (angry, disappointed). White and Yu showed that there was a statistically significant relationship between the bi-directional component and customer complaining behaviour. The researchers advised business people to consider incorporating the positive, negative and bi-directional emotions framework into their existing strategies for measuring customer satisfaction.

Literature demonstrated that building a customer base as an outcome of customer satisfaction had not been investigated empirically. The study by Pingjun Jiang and James Talaga (2006), in eRetailing industry was an attempt to fill this gap in the literature and to identify what factors led to increased customer attraction in the electronic marketplace. The study explored the relationship between satisfying customers and building a customer base using data envelopment analysis (DEA). The study found that performance score was a good parameter for predicting future change on a unique number of visitors and on the competition pattern for a particular eRetailer. The study had identified satisfaction as the important driver of developing a customer base. The study suggested that managers should realise that customers matched realizations and expectations of product/service performance and that it was critical for them to deliver such performance at higher levels as expectations increased due to competition, marketing communications, and changing customer needs. The study also found that performance scores for developing a customer base varied across product categories. The study also observed that quality of customer service – including timeliness of delivery – was important. The study concluded that satisfaction was an important driver of developing a customer base. It was evident
from literature that a strong and positive relationship existed between customer satisfaction and profits. The study also suggested rather than having a focus on customer satisfaction for retention only, organisations should think of customer satisfaction as a customer acquisition approach. The study also suggested that if someone spent quite a while on a site and accessed many pages, it might not be that he or she was enjoying the experience – rather that they were confused and could not easily find what they were looking for. That visitor was not likely to become a customer and was not likely to visit the site again. The obvious conclusion was that good site design was as essential to an eRetailer as good store design was to a high-street retailer.

The study by Elaine and Margaret (2006), *Customer relationship management in higher education using information systems to improve the student-school relationship* explored customer relationship management (CRM) in a higher education setting. The study found that viewing students as customers provided a competitive advantage for higher education and enhanced a college’s ability to attract, retain and serve its customers. The study explained that as colleges increasingly embraced distance learning and eBusiness, CRM would become stronger and more pervasive. The study supported the results of various studies that implementing CRM in education sector with student-centric focus resulted in improved customer data and process management, led to more student satisfaction, retention and increased student loyalty with the college’s programs and services.

The study by Juan Carlos Fandos Roig et al. (2006), *Customer perceived value in banking services* analysed the dimensionality of the concept of perceived value in the banking sector, adapting the GLOVAL scale of measurement of perceived value to the banking services sector. The study assessed that perceived value was found to be a multidimensional construct composed of six dimensions: functional value of the establishment, functional value of the personnel; functional value of the service; functional value price; emotional value; and social value.

The study by Judith and Joanna (2006), *Customers, relationships and libraries: University of Malta – a case study* analysed the relationship between the
University of Malta Library and its customers. The study concluded that involving customers in service design and delivery could have positive benefits in terms of improving the perception of the library service amongst its customer base.

The study by Pappu and Quester (2006), *Does customer satisfaction lead to improved brand equity? An empirical examination of two categories of retail brand* examined the relationship between consumers’ satisfaction with a retailer and the equity that associated with the retail brand. The study results indicated that retail brand equity varied with customer satisfaction. The principal contribution of the research was that it demonstrated empirically a positive relationship between customer satisfaction and an intangible asset such as retailer equity.

In their study of *the importance of customer satisfaction and corporate reputation on customer defection* Gianfranco, Keith and Klaus (2006) studied the German energy market, to analyze whether perceived corporate reputation and customer satisfaction were directly associated with customer intention. The study found a non-significant and weak relationship between corporate reputation and switching intention. The postulated impact of customer satisfaction on customer switching intention was confirmed. Corporate reputation and customer satisfaction were found to be strongly correlated. This study summed up that there was a need to focus on monitoring and increasing customer satisfaction.

The study by Khalid Al-Marri, et al. (2007), *Excellence in service: an empirical study of the UAE banking sector*, was to examine the critical success factors of total quality management (TQM) implementation in the United Arab Emirates (UAE) banking sector. The study identified sixteen factors critical for TQM success. Top management support, strategy, customer focus, quality service technologies, and service culture were among the top five factors critical for excellence in service.

Yaron and Talia (2007) examined customer satisfaction with a technology-based service improvement. Three factors were suggested that influenced customers’ acceptance of the technology-based improved service: perceived outcome and ease of use (internal factor), technology orientation and consistency of the new with the old delivery process (consistency factor), and the perceived image of the academic
institute (external factor). The researchers suggested that when considering service improvements, more attention should be paid to the organization’s image, the consistency with the traditional service and the customer technology orientation.

Srinivas Anumala (2008) conducted a study “Benefits of e-CRM for Banks and their Customers Case studies of two Swedish banks.” The findings indicated that with the implementation of eCRM and the latest technologies banks have ensured full security for the transactions of their customer’s. eCRM facilitates the organizations to provide one to one services and also maintain the transaction security of the customers.

Bhisham Ramkelawon et al. (2010) study on Customer Relationship Management as an Integrated Approach in the Banking Sector : A Case Study of a local bank in Mauritius analysed level of implementation of concept and philosophy of CRM in banks are as a means of securing competitive advantage. The result shows that rather than focusing on developing product strategies, banks can deliver to customers by having a concise and precise ways of doing things through effective CRM.

Mishra Uma Sankar et al., (2011) study CRM in Banks: A Comparative Study of Public and Private Sectors in India explored the multi dimensional construct of customer relationships and its implications in competitive environment in banking sector. The results revealed that the public banks are ahead of the private banks in attracting and retaining customers because of good personal relationship with the customers. However, both types of banks (private & public) are not lagging far behind to match the customer’s expectations.

Benjarongkij, Yubol (2011) conducted a research entitled “The Use of CRM in Public Relations Work of Private Sector in Thailand” aimed to study CRM practiced in private sectors and their customer’s satisfaction and loyalty. The results explained that all 14 firms believe their CRM is success and intend to invest more on CRM. Price and quality were having main influence of repurchasing decisions of the customers.
Raghuvanshi et al. (2012) study depicted that CRM goes beyond the transactional exchange and enables the marketer to estimate the customer's sentiments and buying intentions.

**REASONS OF STRUCTURAL GAP**

The study by Mark R. Nelson (1999), *historical analysis of the post-1970 period of Bank marketing and information technology* clearly indicated that many banks lacked alignment or integration between their marketing and information services functions. The analysis of trends suggested that improving this cross-functional interface would lead to more effective use of information technology to support the marketing function in banks.

Jeremy and Tom (1999) study, *Customer relationship leadership: a leadership and motivation model for the twenty-first century business* explained that while CRM environments improved business performance, initiatives undertaken in this new management field required sound leadership as well. The study recommended CRL approach to bridge the gap between a CRM vision and its reality. The study suggested that CRM did not just “happen”. It took focused “customer leadership” to implement successful CRM. It took a leader dedicated to technology, environment and innovation. And it took a leader who could motivate a staff, on a human level, to stay the course toward CRM and business prosperity.

Ben Light (2001) explained that CRM had become one of 'the' buzzwords for many organisations. The study offered three views of the concept of CRM. The first was concerned with precision marketing - the exact matching of a product or service with a customer's requirement in order to secure sales. The second related to the notion of creating a single, coherent view of customers as commonly associated with call centres. The third was focused on consumer databases with CRM driving investment into data warehouses. Berry (1983) stated that relationship marketing was about attracting, maintaining and enhancing customer relationship. Gronroos (1983) also offered insights in the same vein. CRM software could therefore be seen as being useful for assisting in the operationalisation of relationship marketing concepts – it is not CRM. However, many standard package based CRM systems did offer integration.
with back office functions to fully support a relationship management strategy. The rise of CRM software could be linked to two decades of globalisation and the requirement for an appropriate strategic response. During this time, many organisations identified that IT and organisational infrastructures were incompatible with a globalisation strategy. The chronology of the situation was often that IT infrastructures developed on a functional silo basis, nationally and internationally. Therefore, management attention focused on maximising operational efficiency and effectiveness and was a key reason for the domination by ERP systems (Markus and Tanis, 2000). The focus on improving transactional effectiveness and efficiency ignored a critically important issue. Organisations were aware that as globalisation occurred, levels of international competition, and subsequently the threat of new entrants, and new opportunities, increased (Tersine and Harvey, 1998). What seemed to be neglected was that trying to compete for new customers was more resource intensive than keeping existing ones. Even the organisations that recognised this, believed that improvements in operational efficiency and effectiveness would keep customers happy, despite the concept of relationship marketing gaining widespread acceptance. It was not until throughout the 1990s that the need to manage relationships was embraced. Perhaps this might be linked to the growth of CRM software, rather than the concept of relationship marketing or CRM per se. It was possible to argue that managers saw CRM systems as another silver bullet. Certainly the stampede toward the implementation of CRM software, and hitherto the recognition of the need to manage customer relationships was acutely reflected in increase in the size of the market during this time. For example, during 1998-1999 Siebel Systems, the market leader, saw revenue rise by 93 per cent to $790.9m (Goodley and Bennett, 2000).

Heyg (2001) concluded that little attempt was made by organisations to develop today’s the ‘less valuable’ customers into tomorrow’s valuable ones. This lack of attention to customer needs was the cause of decreasing customer satisfaction across a wide variety of industries.
Jaideep Srivastava, Jau-Hwang Wang, Ee-Peng Lim, and San-Yih Hwang (2002) focused on the customer understanding part of CRM instead on the relationship management part. The researchers found that with the emergence of online features of eCRM tools as a low cost, low latency and high bandwidth customer interactive communication channel, it provided an organization the ability to enter into a close, personalized dialogs with its individual customers. This provided the opportunity to develop fine-grained customer understanding on a mass scale, and use it to better manage the relationship with each customer. The study also found that the improved customer understanding drive better customer relationship efforts, which would lead to better and more frequent customer response. The study also found that the goal of obtaining more refined understanding of the needs of individual customers could be achieved with help of the data analytics approach of eCRM.

The study further described that the analytical features of eCRM like customer segmentation, communication targeting, retention, which could tackle the problem of low level of customer satisfaction would ultimately lead towards customer loyalty, if organisational issues and eCRM technologies handled carefully. The study also explained that a well-accepted wisdom in the industry was that it costs five to seven times as much to acquire a new customer than to retain an existing one. Given this, it was crucial that the selection of customers to target was done with care, and the right message was sent to each one. Given these needs, it became important for an organization to understand its customers well. The realization of this gap of knowledge was one of the driving factors for the rapid adoption of eCRM software by many corporations.

Steinmuelles W. Edward (2002) examined the experience of European firms related to use of electronic customer relationship management and found that because of eCRM technologies personalized product and service offerings were growing in number. There was an increasingly strong degree of personalization in all companies interactions with customers to support pre-sales consultation, sales and delivery, and post-sales support. The web based technologies of eCRM were offering a universal solution for improving company relations with their customers. The study pointed out
that the full integration of organisational practices with eCRM technologies was essential for success i.e. better customer understanding, which would ultimately lead to better customer satisfaction.

eCRM literature suggested that all of a company’s business functions related to the customer must be sufficiently integrated so that customers would perceive the company as relating to them on a one-to-one basis (Teuber, 2002).

The study by Bose, Ranjit (2002), Customer relationship management: key components for IT success was directed towards information technology (IT) and marketing managers considering implementation of a customer relationship management (CRM) solution. The study pointed out that the biggest threat to CRM is managements focus on short-term profits rather than long term vision. CRM was an expensive, time consuming and complex proposition. Even in the best case, CRM required a certain “leap of faith” by a firm, as technology was still not available to completely develop the full power of a customer-centric approach. The researcher concluded that in today’s rapidly changing and competitive economic environment, organisations were becoming frustrated by competing with only minor advantages and gimmicks that were easily assimilated by competitors. CRM was an opportunity to rise above minor advantages and develop an actual relationship with the customers. Companies that were the most successful at delivering what each customer wanted were the most likely to be the leaders of the future.

Kotorov and Radoslav P. (2002) examined that confusion and uncertainty occurred due to proliferation of eCRM concepts, models and technologies. The study found that eCRM was not only about how corporations ensured that the services were relevant to the customer, solved in a timely manner, and on demand. Integration of process and information collected from various sources about customer was also essential for success of eCRM, which most of the organisations forgot. The study concluded that access to services must lead to the solution of a problem.

The study by Chung-Hoon P. and Young-Gul (2003), framework of dynamic CRM: linking marketing with information strategy examined the gaps between marketing and IT strategy. The study found that committed customers were profitable
to an organization for the long term. But the gap between marketing and IT strategy was a barrier in implementing a successful CIS. The study suggested the information technology strategy to support the framework, and illustrated the applicability of such framework and strategy through a real business case.

The study by Henning Gebert, Malte Geib, Lutz Kolbe and Walter Brenner (2003), *Knowledge-enabled customer relationship management: integrating customer relationship management and knowledge management concepts* demonstrated that the majority of CRM enabled organization faced problem regarding knowledge flow form the point of creation of knowledge about the customer to the point of action, where the knowledge had to be presented in an adequate form and complexity, was far from being solved. The provision of providing right knowledge to assist customer care staff to handle customer inquiries within an adequate timeframe remained one of the major challenges.

Bull, Christopher (2003) illustrated through a case study of CRM implementation at a UK-based manufacturing company that CRM was a complex and holistic concept, organised around business processes and the integration of information technologies. The study also highlighted that implementing CRM required effective leadership, sourcing, targeting and evaluation strategies

Murphy, Ruth (2003) found that most of the organisations had launched themselves on the Internet, without any consideration of the strategic implications of developing, implementing or running a Web site. The researcher suggested that adopting a strategic perspective was very critical for success of eCommerce. The study also suggested those organisations wishing to recoup their investments in a short time frame, that putting funds into eCommerce firms was not recommended, because eCommerce was for long term play.

Alex Dietz (2004) concluded that the success of customer relationship, acquisition, retention, and customer loyalty efforts depends upon customer relationship management strategies adopted by top level of management of every company instead of investing billions in the technology to achieve them, as evidenced by the various studies. The study also reviewed the current state of eCRM services,
and found that unfortunately in many companies eCRM applications did not perform to expectations. The study found that a principal reason of failure of most of the CRM strategies was the exponential increase in the volume of data that must be incorporated into existing systems and the impact that volume had on the overall quality and usability of that data. The study revealed that the usual techniques for warehousing and managing data were simply not effective for such high volumes of information. To make matters worse, providing access to the information was becoming increasingly difficult with numerous data silos existing throughout most organisations.

Bull, Christopher (2004) explained that corporate expenditure on Electronic Customer Relationship Management (eCRM) approach was growing at an exponential rate. According to IDC & AMR Research (2001) global corporate expenditure on CRM in 1998 was around $1.9 billion, by 2004, Datamonitor (2001) predicted this to be approximately $23.5 billion. Whilst an increasing number of diverse organisations were rapidly adopting eCRM, however, it was evident from the results of various studies like a survey by Giga (2001) estimated that 70 per cent of them would ultimately fail, that many organisations experienced a plethora of problems in achieving effective eCRM strategies, resulting in lower than expected benefits. From a review of eCRM research it was apparent that this was an increasingly important and fairly neglected concern.

Peck, Payne, Christopher, Clark (1999) and Newell (2000) argued that for many organisations it would be greatly beneficial to distinguish between the two types of customer and focus primarily on relationship customers. The main objective of research was to test the theory of eCRM approach with organisational practice. The results of the study were cause for concern and supported the generic findings of other surveys that showed a high failure rate for eCRM projects. The study revealed that the main cause of high failure rate for eCRM projects in most of the organisations was adoption and implementations of tailor made eCRM technologies which were based upon someone else’s experiences.
The study by Clay, Gorsage and Meyer (2004) expressed that the eCRM approach required two major changes. First of all, the operational capabilities required to deliver increased customer value must be aligned with the vision for customer value creation. For example, many firms had a great vision for customer retention but lacked operational capabilities to implement an effective problem resolution process. Second, previous and ongoing CRM investments must be prioritized based on their ability to produce measurable improvements in customer retention, customer acquisition, customer profitability, and the cost of sales and service. And that prioritization required a clearly articulated customer strategy with expected, measurable outcomes.

Bolton, Mike (2004) explained that the last decade had seen the emergence of customer relationship management (CRM) as a technique to strengthen organisational performance in improving customer retention, customer satisfaction and customer value. However, evidence suggested that many CRM initiatives failed. The study suggested that CRM did not go far enough in changing the underlying culture and systems of an organisation. What was needed was complete customer-centric business processing (CCBP), whereby all business processes and all individuals were focused on identifying and meeting the needs of customer.

Sage Software (2005) investigated that investing in eCRM project was a very important issue. So, before investing in eCRM application project, origination must consider several aspects of the application including its features, support for existing and emerging technologies, initial cost, ease of use, integration with other applications, and more. One of the most important aspects of eCRM project was its underlying architecture. The study pointed out that one of the main reason of high failure rate of eCRM project lied in its architecture. The study found that well-designed eCRM architecture would accommodate future growth and adapt to business changes without affecting the performance of the application or requiring an exhaustive re-implementation. An application’s customizability, adaptability, portability, scalability and extensibility were all functions of its architecture that became a competitive advantage for your firm.
The study by Adam Lindgreen and Michael Antioco (2005), *Customer relationship management: the case of a European bank* found that integration of information collected from all the distribution channels in a well-organized data mart was most essential, and was least bothered in banks. After having checked the fluidity of the information, built a framework, recruited the right people, and implemented the relationships, it was crucial for any organisation to continuously upgrade the data and the IT software, as well as to train people in making efficient use of the precious information gathered. In all above consideration, banks were lacking behind while adopting CRM. The researchers also found that changing its clients’ behaviour towards the least expensive distribution channel i.e. Internet was clearly not an easy task. The bank was thus facing this major challenge, which causes CRM failure.

The study by Alt and Puschmann (2005), *Developing customer process orientation: the case of Pharma Corp* examined the customer-oriented transformation phase in the pharmaceutical industry. This study showed that internet portals yield new opportunities for pharmaceutical industry in accessing key customer segments, such as physicians and patients. The study found that the real problem in CRM projects was that existing architectures had an emphasis on individual architecture views, but rarely covered the “whole picture”. This study argued that alignment of at least three architectures was necessary: the business architecture positions, the portal regarding the target customer segments and the (electronic) intermediaries. The central message of the study was that shaping these customer-oriented portal methodologies was not a mere technological undertaking. Changes were required regarding strategy, processes as well as the systems architecture, to develop an integrated customer relationship management strategy.

The study by Alan D. Smith (2006), *CRM and customer service: strategic asset or corporate overhead* concluded that to strategically understand CRM, we must learn from past project failures. These failures included: over stressing the functionality of CRM; not having a front-to-back CRM solution for customer service (this included employee education on the benefits of CRM solutions and procedures on front line follow-up and not having the corporate culture to support the
implementation of CRM. The study suggested that continually monitoring of customer satisfaction and behaviour and measuring successes with benchmarking, without expectations of immediate profits, would help in ensuring the CRM processes continue to expand in the best method.

Emmanuella Plakoyiannaki and Michael Saren (2006) investigated time of relationship and customer relationship management (CRM) process. The researchers explained that the concept of time was intrinsically linked to the conceptualization and empirical investigation of organisational processes such as customer relationship management (CRM). For instance, the mobile phone network Orange UK moved its focus from a short-term to a long-term view of customer profitability by giving priority to improving their service to customers and to retaining them. The information processes of CRM enabled firms to generate knowledge about customers by systematically acquiring information from multiple customer contact points – knowledge which, although related to present or past events, can predict future needs and preferences. The study found that customers used past experiences with a company to update their opinions which were then used in making future decisions. The study suggested that customers’ feedback must be viewed as a critical performance measurement determinant.

Aihie Osarenkhoe and Az-Eddine Bennani (2007) aimed to provide insights on the core components of CRM and the implementation of CRM strategy. A case study of CRM implementation at a large Swedish firm was carried out using open-ended, face-to-face and telephone interview methods to collect data from key informants at both strategic and operative levels. The empirical studies focused on technical and cognitive aspects necessary for successful implementation of a sustainable CRM strategy. The results showed that relationships were not only a tactical weapon, but represented a different, strategic approach to buyer-seller exchange. Findings also showed that implementing sustainable CRM strategy required the endorsement by and commitment from top management, systematic cross-functional communication, and mandatory customer loyalty training programmes for all employees. The study described that CRM was a strategic
business and process issue, not merely a technology solution as most often conceived in practice. The CRM process was a continuous learning process where information about individual customer was transformed into a customer relationship.

Aileen Kennedy (2006) electronic customer relationship management (ecrm): opportunities and challenges in a digital world explored the marketing opportunities ecrm creates for companies and challenges confronting implementing ecrm. The result showed that knowledge gap exists between the adoption and implementation of ecrm in practice and robust research-based insights and principles.

Blery, Evangelia et al. (2006) conducted a research entitled “Customer relationship management: a case study of a Greek bank” examined the design and implementation of CRM in the bank. The results show that there were no of benefits in implementation of CRM to the bank viz. Reduction of costs, integration of departments at different level and decrease in complexity of banking system.

Monika Urbanowicz (2008) in study on Concept of Customer Relationship Management as an example of innovation in banking sector highlighted that the crucial thing in the process of creating bank’s customer loyalty is providing high standard service that meets customer expectations. Improving customers’ loyalty in banking sector is a big challenge and there is huge role of bank employees in making positive impression on status of customer loyalty.

Arpita Khare and Anshuman Khare (2008) study on managing customer relationships using CRM technology in India’s financial sector explored the role and relevance of CRM in creating sustainable relationships. The results depicted that banks needs to utilize the data for planning marketing strategies to reap the benefits of CRM.

Shahzeb Ali Malik & Trevor Wood-Harper (2009) paper on customer relationship management (crm) in the banking sector of Pakistan: problems and challenges highlights the problems and challenges in the banking sector of Pakistan using CRM. The study highlighted lack of awareness and adoption of technology services among the customers and low level of training of bank employees were the major obstacle in successful implementation of CRM in banks of Pakistan.
Sharma and Vyas (2010) research on CRM: Strategies and Practices in Banking Sector found that there is a great difference in CRM Practices is present in local and multinational banks. This difference depends upon type of targeted customers. The study indicated that private banks have been more innovative in understanding their customers and in building good relations with them. However all types of banks were convinced that CRM is a strategic tool which helps them in understating customer needs.

Kanhaiya Singh et al. (2011) conducted a study entitled “technological innovation in Indian banking sector – use of it products” focuses on the way transformation is affecting the banking sector and the way use of it products have changed the face of banking in India. The paper explained that in public sector banks, legacy systems and interoperability is a major hurdle in the integration of all delivery channels. A major problem of banks in India is the availability of excessive data along with security issues.

RATIONAL OF THE STUDY

Gaps in the existing studies showed that there was a need to make a fresh attempt to assess the level of adoption of eCRM technologies amongst the Indian banks, to compare the level of eCRM services quality offered by the different banks and to analyze the impact of eCRM on customer satisfaction, customer loyalty, and on the business of the selected banks as a number of improvements could be incorporated on account of gaps in the existing literature. The need for the study could be encapsulated in the following points:

- Most of the studies reported in the literature had been conducted in the developed countries. Since there was a significant impact of environment, culture, paying capacity, economy, habits etc. on customer behaviour, therefore, the concepts and practices pertaining to eCRM as strategic tool in Indian banking sector context would have to be different.
- Hardly any study had been reported on banking sector of Haryana. The need for such a study arose as insurance services now occupied the prime position among the industrial scenario for the country. Banking services were the
fastest growing sector of Indian economy and hence the need for focusing on this sector.

- Increased competition among the Indian banks required them to adopt the customer centric strategy for customer retention through eCRM rather than tapping new customers. In order to counter competition, banks had to undertake continuous information gathering, analysis, and dissemination and use it to obtain a cutting edge in the present business scenario.

- There were also methodological lacunae, which could be improved. The definition of concepts of ‘customer’, ‘relationship’, ‘management’ and ‘type of technology’ needed to be defined in organisational context of Indian scenario. The review of literature implied customer retention, cross selling, 360 degree view, satisfaction, profitability, bad felling, contributes implicitly and explicitly, separately and in combination. Most of what was stated in literature was judgmental.

Hence, the present study was conducted and it was a systematic attempt to analyze diverse dimensions of eCRM as a strategic tool for Indian banking sector because the customer retention capacity of the organization depends upon the strategy, management directives, employee’s involvement and type of technology adopted by the organization to interact and maintain relationship with the customers.