CHAPTER II : REVIEW OF LITERATURE

2.1 Introduction
In this chapter the attempt is made by the researcher to formulate the research problem and to point out the rationale of undertaking this study, it is essential to present a brief review of available literature relating to different strategies of customer relationship management written by both national and international authors that is published in journals, magazines, books, newspapers and internet articles.
The review of literature provided the road map to identify that how banks formulate their strategies for evaluating the customer relationship effectiveness and how their strategies varies with nature and age .extant literature is reviewed as follows.

2.2 Review of literature
1) Che Aniza Binti Che wel * and Jamil Bojei (2009)
In their paper mentioned that primary focus of relationship marketing is towards building closer relationships with the customers as strategy to overcome problems such as acquiring global competitive advantage, coping with rapidly changing technologies and reducing “time -to-market “New products. Despite of the fact little research has focused on implementation of relationship marketing concepts. The question in the minds of marketing practioners is regarding the relationship marketing instruments (RMI’S).It is suggested that RMI’S are multidimensional constructs consisting of five predetermined dimensions-Customer service, frequency or loyalty program, customization, personalization and brand community.
Customer service –is the key factor that influences customer choice, superior customer service can serve as a mode of differentiation that offers another competitive advantage for the firm.
Reward or loyalty program-the reward is given to encourage the customers to become loyal to brand, reward or loyalty program is important tool for increasing customers purchasing behavior. It is also proven to increase customer retention as well as share the development of brand Customization-the notion of mass customization goes beyond one-to–one marketing, Customization means delivering a service in response to a particular service needs .
Personalization- refers to degree to which a firm personalizes the relationship with a customer. Identified as most successful relationship building initiatives which is more trusting and satisfactory. Brand community-brand community is a specialized non geographically bound community, based on structured set of social relationship among admirers of brand. Brand community offers a fresh, effective and viral approach to building brands in unresponsive marketing environment. Thus marketers can exploit these strategies to differentiate their products or services to achieve sustainable competitive advantage over its competitors.

2) According to Ghosh Sandip Hazra* and Kailash Bl Srivastava (2009) Service quality has become the most important dominant theme in services marketing research (GRONROOS 1984).the outcome of an evaluation process where the customers compare their expectations with the service they have received. The growth of service industries and the competition between the private and public sector banks have resulted in an increased need for service providers to identify the gaps in the market in order to improve service provisions to retain customers. The Indian banking sector has responded to these needs and is playing more attention to improve service quality. The field of banking was dominated by large public sector banks till the 1990’s. The liberalization policy of the government of India permitted entry to foreign and private banks in the banking industry. Leading to increased competition. Public sector banks are increasing facing more competition, whereas foreign and private sector banks are trying to win customer loyalty, commitment and trust by providing them better quality services. Service quality has become an important competitive strategy in Indian banking sector.

Perception of service quality is related to feelings and attitudes experienced during the service provided by banks .a customer forms his /her own perceptions of the services based on his/her experiences. Customer loyalty is defined as repeated purchasing and referring a company to other customers generating positive and measurable financial results. Loyal customers are less likely to switch to a competitor due to price inducement, and these customers make more purchases compared to less loyal customers.
3) Kalkundrikar, A. B (2009) Banking as a business has witnessed a sea change, particularly, in the post liberalization period. The three important factors, which have caused this change is communication revolutions, expectations revolution and technological changes. Banking is a service industry marketing of its services is a difficult job though Indian banking industry has registered phenomenal growth it has been facing competition from non financial and other financial institutions in the recent years. The problem of growing competition has become a cause of major anxiety for bankers.

Customer retention by building long term relationship has become essential for banking industry with increasing competition and changing business environment due to globalization. Customer focusing is not only seen just a business strategy but should become a mission. Banks have no option to pursue customer focused strategy. To build long term relationship, banks have to first identify the possible customers and study there profile they should build a database .personal contacts and effective communication strategies will help in this regard. The customer needs to be later converted into a client. A customer will become a client when he is satisfied with the services of a banker and frequently visits the bank to retain the client; a bank should develop and implement relationship –marketing strategy. The strategy should provide for social reinforcement, assurance, benefit reinforcement, solving customer problems, customization of service and service enhancement.

Indian banks need to preserve human face by evolving a suitable CRM strategy. CRM is the only banks can build long-term relationship and retain their customers to become winners in the competitive era.

4) Dasari Shailendra (2009) Customers now have many more choices when compared to what they had a decade or two earlier. Customers today, are more knowledgeable, demanding, value conscious, clear about their choices and above all more aware of the developments talking place around them. With the increase in global travel whether on business for pleasure and with the advent of globalization, Indian consumers are exposed to high quality services offered in developed and
emerging economies outside India. As a result service expectations have gone up over the years.

Customer- centric orientation is therefore mandatory today for the survival and growth of business. Degree of customer centricity could indeed be an effective differentiator in addition to traditional price and quality tools for differentiator. Traditionally Indian companies have been process oriented, rather than truly customer centric .improved efficiency, cost reduction, operational excellence and productivity improvement have been their main areas of focus. In particular manufacturing companies which have entered the service sector have shed this mindset.

5) Singh Anchal (2009)

Indian banking sector can be divided into three distinct phases, namely pre-nationalization period; the banking sector was freely operating in a more or less liberalized environment the nationalization of 14 commercial banks led to the expansion of the sector. The macro economic regulatory and supervisory framework of banks witnessed a major structural change during the post reform period.

First phase of banking reform-(1991) prior to the reforms the country’s financial sector was characterized as highly regulated and financially-repressed: Therefore, it was believed that banks should mobilize the financial resources to strategically important sectors thereby achieving India’s planned development strategy.

Second phase of banking reform (1998) -the Indian banking industry has witnessed dramatic changes with the advent of liberalization measures the first phase of reforms has a positive impact on the financial health of the commercial banks in order to overcome some lacunae, the government of India appointed the revised narasimhan committee in 1998 for reviving the earlier reforms and to further evolve new strategies for strengthening the country’s banking system.

Snapshot of major reforms

Interest rates on lending and deposits have been deregulated, giving the banks more liberty in determining their rates. They have been given greater operational freedom
regarding opening and swapping of branches. Foreign banks have been authorized to expand their operations in India through subsidiaries. Also, new private sector banks are set up. New areas have been opened up for bank financing; these include insurance, credit cards, infrastructure financing, leasing, gold banking, besides investment banking, assets management, factoring, etc. Investment limits have been liberalized, for example, mutual funds. Adopting global standards, prudential norms for capital adequacy, asset classification, and provisioning are in conformity with the global standards. Universal banking for the expansion of banking activities has been introduced. Presently, Indian banks are in the process of carving out a niche in non-traditional areas, expanding their business to generate income besides concentrating on core banking activities. Strategic mergers and acquisitions have become the order of the day.

6) BT-KPMG (2009)
One of the popular myths floating around is that Indian banking has kept its head well above the global meltdown that has felled or humbled larger marquee names around the world. And while it is true that we in India have not seen a collapse like that of Lehman Brothers or Merrill Lynch or witnessed massive government-funded bailouts as in the case of Citi Bank or Royal Bank of Scotland RBS, the reality is that we have seen a significant shift in the behavior of large Indian banks, which if not corrected, could result in a slowdown of India’s aggressive growth plans.

The near catastrophe events that hit the financial services industry initially in the US and almost immediately around the world have exposed critical systematic issues. In India, the solutions to systematic issues will require significant regulatory, industry, and infrastructural intentions. Much has been written by experts on the reasons for the global financial services meltdown, and many others have attempted to analyze the short-term and long-term impact on the Indian economy. The US system collapse was triggered partly by bankers combining innovation and greed and by the regulator turning a blind eye off balance sheet activities. Meanwhile, the Reserve Bank of India RBI, responded proactively to the vacuum created by the outflow by buying available dollars in the market thereby creating a rupee liquidity crunch. Wisely and in
unprecedented manner RBI made a significant reductions in the repo and cash reserve ration CRR rates to enable banks to free up large amounts of reserves for lending. To start with Indian banking needs to diversify their portfolios significantly not only within the corporate book, but also in the SME and retail sectors. Given that Indian banks are primarily providing credit to large and medium sized corporate houses focusing on the mortgage portfolios. However banks must pay increasing attention to credit assessment processes, credit scoring model, risk assessment structures, analytical tools and underlying technology. The answer to sustain in long term Period through increasing domestic demand perhaps lies in robust banking system that was managed to ride over the crisis and is sitting on piles of deployable capital. The banking system will have to play the lynchpin role in sustaining the growth story of India.

7) According to K Chandrasekhar (2006) “CRM is a management process of acquiring customers by understanding their requirements, retaining customers by fulfilling their requirements more than their expectations and attracting new customers, through customer specific strategic marketing approach”. Customer acquisition is the major objective of all organizations which focuses on making buyers, prospective customers in future. Sources of customer acquisitions are suspects, enquiries, lost customers, former customers, competitor’s customers, competitor’s enquiries. Competitors lost customers, referrals, and existing buyers etc. Organizations follow acquisition strategies like focused approach, win-win strategy, integrated communication, customer interaction management (CIM), and with the help of consumer behavior application strategies. Acquisition of non customers-companies have effectively managed customer relationship, to remain competitive and carve a niche to tackle the less exposed customers by getting their attention towards its products and services.

Customer retention-customer retention is the process of keeping customers in the customer inventory for an unending period by meeting the needs and exceeding the expectations of those customers. Customer retention is more important than attracting
new customers. Because cost of acquiring new customer is more than serving existing customer. Customer retention is all about customer loyalty. Retention strategies include corporate performance evaluation, employee retention strategies, competitive benchmarking, preventive strategies, customer complaint handling, customer satisfaction strategy, and effective relationship marketing.

Data mining—data mining refers to the analysis of data to generate useful and meaningful information. This information can then be used for initiating marketing actions like special promotions and loyalty programs. Data mining helps to identify the prospective customers from the database and to make contacts.

8) Jain and Dhar (2003) In their article observed that number of factors have contributed to the growing relevance of CRM as a source of competitive advantage, overall drivers of CRM are been subdivided as-

- **Market drivers** - competitive environment, standardization of products and services, reduced switching costs, aggressive price competition and saturation/maturity of markets. An effective CRM strategy is nowadays a critical factor in achieving objectives such as differentiation and customer loyalty.

- **Customer drivers** - end of mass marketing, growing importance of one to one relationships. Today customer is king. Customers can better evaluate the purchase convenience as they have a wide range of personalized products and services and can demand high level post-sales assistance. The traditional four ps of the marketing mix have been replaced by the four C’s of rational marketing costs, convenience, communication and customer needs and wants.

- **Business drivers** - 80/20 rule (80% of profits are produced by 20% of customers) loyal customers are more profitable than new ones. Production of value addition for customers is the real source of a company’s competitive advantage.

- **Technology drivers** - development of interactive communication tools such as call center, development of front office solutions of data mining, etc. Use of IT and internet data mining technologies enhance the retention rate of profitable customers while reducing the service costs of the less profitable ones.
Long ago, Peter F Drucker had advocated that the purpose of any business is to create customers. It is the customer who gives an opportunity to the organization to grow, and this depends upon sustaining the customer advantage, i.e. retaining the customer for lifetime. If implemented successfully, CRM offers innumerable benefits to the organization in terms of improved sales, market share profitability, customer satisfaction and reduced turnover, service cost and time.


Have developed a framework for understanding types of retention strategies. The framework suggests that retention marketing can occur at different levels and that each successive level of strategies results in ties that bind the customer a little closer to the firm.

Financial bonds: At level 1, the customer is tied to the firm primarily through financial incentives-lower prices for greater volume purchases or lower prices for customers who have been with the firm a long time. Trying to provide volume discounts and other price incentives to retain market share and build a loyal customer base. Financial bonds do not generally provide long term advantages to a firm since, unless combined with another relationship strategy.

Level 2- social bonds: strategies bind customers with long term relationship through social and interpersonal as well as financial bonds. They are much more difficult for competitors to imitate than are price incentives. In the absence of strong reasons to shift to another provider, interpersonal bonds can encourage customers to stay in a relationship.

Level 3- Customization bonds: Involve more than social ties and financial incentives, although there are commonly elements of level 1 and level 2 strategies encompassed within a customization strategy and vice versa. Mass customization and customer intimacy does not mean providing customers with endless solutions of choices that only make them work harder for what they want.
Level 4 structural bonds- strategies are most difficult to imitate and involve structural as well as financial, social and customization bonds. Structural bonds are created by providing services to the client that are frequently designed right into the service delivery system for the client.

10) According to Joyner Ellen (2001)
Bankers should not view the customer from the perspective of specific products or a snapshot in time. To maximize lifetime profitability from valued customers, banks must change the traditional narrow mindset, which tends to reward product-level success even as it cannibalizes other products or undermines enterprise-wide profitability. Alienate customers by revealing the bank’s lack of knowledge about their complete relationship. Banks are recognizing that it’s time for a more holistic approach. It is time for customer. Relationship management (CRM) and banks are making the investments necessary to implement. This customer-centric vision. From a strategic standpoint, CRM mobilizes resources around customer relationships rather than product groups and fosters activities that maximize the value of lifetime relationships. From an operational standpoint, CRM links business processes across the supply chain from Back-office functions through all customer contact channels (“touch points”), enabling continuity and consistency across a customer relationship. From an analytical standpoint, CRM provides a host of resources that enable banks to fully understand customer segments, assess and maximize lifetime value of each customer, model “what-if” scenarios, predict customer behaviors, and design and track effective marketing campaigns. In simpler days, it was easy to select the bank. One would choose the local bank, where the teller was one’s neighbor’s sister-in-law, the branch manager knew the customer by name, and his or her family had conducted business for years. All else being equal, customers chose an institution because it was convenient and personal. Banks earned customers’ loyalty on the basis of personal relationships, trading on history and mutual loyalty, and on face-to-face interactions and long-term knowledge of the customer as a person, not just an account number. Technology, commoditization, deregulation and globalization forever changed the face of banking. The model of the personal neighborhood bank is outdated today and
replaced by national and multi-national service providers. ATMs, Internet banking, automated call systems and a proliferation of product choices, none of them fettered by traditional ties of geography and familiarity. For consumers, this competitive scene has brought a wealth of choices, yet it has eliminated the personalized nature of traditional banking. No matter, say consumers, who have traded loyalty for the ability to pick and choose from the latest deals-of-the-day that appears, pre-approved, in the mailbox. For banks and other financial institutions, this competition makes it difficult or impossible to show competitive differentiation, and harder than ever to show profit.

A typical financial institution has thousands of local, regional, national and global competitors. In this increasingly fragmented industry, most players hold a relatively small and unreliable market share. Customers stick around until enticed by the latest short-term interest rate or direct mail offer. This new order calls for a new mindset. Retail bankers have to behave more like retail merchants, focusing on ways to gain customers, keep them and maximize profitability from each — all while streamlining product costs and customer contact channels. Banks have been doing that all along right. They spend large advertising budgets on television and print ads to attract new customers. They conduct ambitious campaigns to cross-sell services to existing customers. They constantly monitor and seek to increase sales in each product line. But the problem is that these measures fall short of the potential to truly maximize value from existing customers, and can even be self-defeating. Banks need to reconsider their traditional focus on product lines. It’s time to adopt a comprehensive view of the customer as part of a continuum, not just a sale, and to manage the life cycle of the relationship, not just a series of transactions.

11) **Peppers Don and Martha Rogers (2008)** in their article observed that, Predictive analytics plays a vital part in growing business. By focusing on data and predicting the behavior of individual customers, companies can close the gap between the expectations placed on customer value growth and the tactics needed to achieve it. The key is to use data to drive better decision-making, to maximize those customer experiences that will influence the customers to generate greater value for organization. By using advanced predictive analytics,
Companies are able to use information on past events and present circumstances to project future actions. They’re capitalizing on a combination of attitudinal and behavioral information gathered from both structured and unstructured data for a complete view of their customers, employees. By using that insight to direct, optimize and automate their decision making. The result is successful achievement of specific organizational goals, whether it’s an increase in cross-sell revenue generation, a decrease in marketing costs, a reduction in fraudulent behavior or an increase in promotional campaign response rates.

The Five Keys to Organic Growth

Classification: Classification defines the core approach to map the ways and means that customers are generating value by identifying profitable customers. The Pareto principle, or the 80/20 rule, has long established that roughly 20 percent of customers may be generating 80 percent of profit or value. Predictive analytics that measure things like recency, frequency and monetary value. Banks use predictive analytics to provide a better understanding of its customers by segmenting its base along the dimensions of both loyalty and profit.

Multichannel and multi-category activities are strong indicators of customer value and can be used within a predictive analytics sense to quantify and to classify those customers into various discrete segments.

Segmentation: Once identified how those profit drivers occur, predictive analytics try to identify interrelationships among data to understand those unique value contributions from each customer group. One can then isolate groups that behave differently require specific differential treatments from very simple profiling using generic geo-demographic or household-level systems, or by using a proprietary customized approach that is expressly designed and built to fit into business. The idea here is to ultimately link that core Segments to profit classification. Just creating segments in and of themselves gives some material that can be used for marketing and targeting purposes, but linking them to the profit classification is that next step in the evolution of really creating huge increases in customer value.
**Targeting:** This is a relatively new idea: to develop segment-relevant marketing plans that optimize the message, channel, product, and press promotion, while aligning those with the classifications and segments that bankers have already developed. It’s about getting the most out of their customers and making sure the actions they are going to take against them will be the most appropriate—the tried-and-true, right Product/Right Place/Right Promotion.

**Prediction:** use the customer data to predict, forecast, and estimate the next likely behavior of customer. The goal is to focus on the total draw from that customer in terms of the lifetime value and to really concentrate on the margin—finding the profit that customer is delivering back to the banks, rather than just optimizing response rate for any given campaign.

**Action:** This phase requires doing something in the marketplace and creating programs that will maximize customer value. The deployment capability of predictive analytics can be applied to drive better decision-making across most components of your bank's Communication landscape, via the Web, the call center, or risk management.

12) **Saraf Vikas (2003)** in his article stated that,

CRM is a business strategy with outcomes that optimizes profitability, revenue, and customer satisfaction by organizing around customer segmentation, fostering customer satisfying behaviors and implementing customer centric processes.

**Types of CRM**

*Win back or save:* The process of convincing a customer to stay with the organization at the point they are discounting service or commencing them to rejoin once they have left. Sometimes the relationship ends because of high price or wrong product.
Prospecting: prospecting is the effort to win new, first time customers. Apart from the offer itself, the three most critical elements of a prospecting campaign are segmentation, selectivity, and source.

Loyalty: It is the category in which it is most difficult to gain accurate measures. Firm tries to prevent customers from leaving and uses three elements

Value based segmentation: willingness of customers to invest in products.

Need based segmentation: to offer customized loyalty program.

Predictive churn model: forecasting customer attrition through the use of advanced data-mining tools, an organization can develop models that identify vulnerable and potential customers who can be targeted for the loyalty campaign.

Cross- sell /up sell-The purpose is to identify complementary offer that a customer would like.
Up selling is similar but, the organization offering a complementary product, the organization offers an enhanced one. Cross sell /up sell campaigns are important because the customer targeted already has a relationship with the organization.

13) Kotler Philip (2000) Opined that
A profitable customer is a person, household or company that over time yields a revenue stream that exceeds by an acceptable amount the company’s cost stream of attracting, selling and servicing that customer.
Note that emphasis is on lifetime stream of revenue and cost, not profit from particular transaction.

Customer lifetime value: Although many companies measure satisfaction, most companies fail to measure individual customer profitability.
Banks claim that this is difficult task because a customer uses different banking services and the transactions are logged in different departments. However, banks that have succeeded in linking customer transactions have been appalled by the number of unprofitable customers in their customer base. Some banks report losing money on over 45 percent of their customers. It is not surprising that banks are increasingly charging fees for various services that they formerly supplied free.

Competitive advantage is a company’s ability to perform in one or more ways that competitors cannot or will not match. Competitive advantage is seen as customer advantage. Companies strive to build sustainable and meaningful customer advantage. Those that succeed deliver high customer value and satisfaction, which leads to high repeat purchases and, therefore, high company profitability.

14) Chaudhary Aslam (2004) views that,

In CRM, virtually all the firms are aware at some level that their customers differ in profitability, this has often been called the 80/20 rule. 20% of customers account for 80% of sales or profit. The following four-tier system is useful in categorizing the customers more specifically.

The platinum tier describes the firms' most profitable customers, typically the heavy users, who are not price sensitive, willing to invest and try new offering. The gold tier differs from the platinum tier in that profitability levels are not as high, because customers want price discounts that limit margins or are not loyal. The iron tier contains an essential customer who provides the volume needed to utilize the firm’s capacity but their spending levels; loyalty and profitability levels are not substantial enough for special treatment. The lead tier consists of customers who are costing the firm money they demand more attention sometimes called as problem customers, complaining about the firm.

15) Sharma Ashvine Kumar, Shafali Nagpal (2006) introduced MCIF (Managing Customer Information) is a data mart. i.e. Small data warehouse that works as a central repository for storing information related to all customers of a bank and catering to requirements of marketing.
Customer segments- in MCIF a unique customer ID recognizes a customer and enjoining it are accounts across all the branches.

Report generation-Report enlisting customers along with products and services being used by them. A banks branch can approach customers with products and services, which though are available in bank, are not being utilized by them. A branch can go for cross selling and up selling of its products and services in a big way and thereby increase the chances of retaining customers in its banks fold. More the number of products and services used by a customer, lesser the chance of leaving their bank.

Business intelligence reports which apart form offering information can help bank managers to identify business opportunities and assist in monitoring the changing profile of the customers in the bank.

Complete report about bank customers profile and segments entailing top customers products and services could be generated every month this would help in dividing customers into diamond, gold, silver etc. and formulating a proper retention policy.

Report on per customer usage of products could be a parameter to measure potential of bank for marketing. Business intelligence reports can help to translate this intelligence into business opportunities. Predictive models can indicate which customers are likely to leave the bank it can help in formulating strategies to retain them within the right time. Cash receipts and cash payouts could help in identifying the centers for possible locations of ATMS.


Data mining is also known as knowledge discovery in database (KDD).

Components/data mining architecture

Databases or data –warehouse; asset of databases and data-warehouses a spreadsheets and other kind of information repositories where data cleaning and integration technology may be employed. Database or data-warehouse server: retrieving or fetching the data as per requisition made by user. Knowledge base; domain knowledge employed for finding interesting patterns. Data mining engine functional modules that are used to perform tasks such as classification, association,
cluster analysis etc. **Data mining engine**: functional modules that are used to perform tasks such as classification, association, cluster analysis etc.

*Pattern evaluation modules*: interesting measures are used to focus search towards interesting pattern. **Graphic user interface**: this module is interfaces the end user and data mining system, allowing user to interact with the system by specifying a data mining task or a query through a GUI.

**Database marketing** - The main focus is on interactive communication where the seller plans an offer and communicates it to customer on the basis of customer profile driven from the data mining process CRM should not be applied to all the customers. It should be limited to top value selective customers and selection of these customers is done from the database through data mining process because implementation CRM involves huge costs and it is beneficial to retain the approx 20 % of the customers. The relationship exists till both the parties are mutually benefited. Organizations are targeting prospective customers and acquiring, retaining and partnering with selective customers to create superior value for the company and customers.

**CRM application**

**Improved prospecting** – identify the key characteristics of the 20 % of customers who brings 80 % of profits, so that one can easily find more of them in the prospect population.

**Better market segmentation**-develop clearer more powerful segmentations than one could do it with traditional spreadsheet analysis or other simpler statistical techniques. **Increased customer loyalty**: Easily distinguish between customers who are most likely to remain loyal and those who are at greatest risk of attrition. Create database, personalized outreach to retain potential disloyal customers and save time and money by focusing future prospecting efforts. **More successful cross selling and up selling** – sophisticated data mining techniques can help you identify the next product to sell to each individual customer whether by direct mail, telemarketing customized website content delivery or some other vehicle.
Risk management—by developing and applying models using historical data mining can help one reduce the future incidence of these problems. For e.g. bad debts and fraud detection.

Online analytic processing (OLAP)—these systems increasingly use data mining for CRM, which helps companies to provide more customized personal service to their customers in lieu of mass marketing.


Observed in their article on retail banking scenario in India that retail banking is the typical mass-market banking where individual customers use local branches of larger commercial bank, through multiple product deposits (credit cards insurance, investment and securities). Multiple channels of distribution (call center branch internet and kiosk) multiple customer groups. Consumer small business and corporate. Reports interview by capgemini, in and European financial marketing association financial marketing association (EFMA) found that while over 80% of banks are currently developing a relation strategy for high potential customers, less than 10% believe they have successfully implemented structured approaches covering the full scope of retail banking.

The report recommends that in addition to adapting pricing strategies for high potential high value customers, banks should adopt the structured relationship approach that moves all of its business components to a client perspective in an aligned manner, including 1) Client understanding and segmentation 2) IT and tools 3) Performance management 4) Service offerings.

18) Tamilarasan R (2009) In his article on customer profiling brings out importance of profiling the customers a method by which organizations can understand their customers better. It helps in segmenting targeting and positioning, focusing on specific customers, so as to earn better return on investment. It is customer-centric approach where the customer is the cornerstone of business success. Information technology helps to leverage the process of customer identification and profiling.
customer profiling also enables firms to analyze and understand customers changing profiles continuously and to adopt alternative marketing strategies when needed. Profiling is normally done on the basis of

**Demographic variables**- these include characteristics of customers such as age, gender, race, education, occupation, income, religion, marital status, family size, children, and socioeconomic status. Geographic variables- these include geographic classifications such as country, state, region, climate, population, and their geographical data. Psychographic variables- these include customers’ lifestyle, personality, values, attitudes, etc. Behavioral variables- these include product usage rate, brand loyalty, benefit sought, decision making units, ready to buy stage, etc.

**RFM**- Recency, frequency, and monetary values,

Profiling helps to identify who the customers are, the most valuable and least valuable customers, the discriminators of the best customers, the products that are purchased, and the kind of customers. The degree of loyalty of customers, the key factors driving customers to competitors.

Moreover, customer profiling helps to increase response rates against marketing campaigns as it facilitates targeting the right customers with the right products. It also helps to anticipate and predicts demand to increase customer acquisitions and customer loyalty. Further, it enhances personal touch and develops lifelong relationships with customers.

In order to keep track of the customer’s one requires a technology-aided system which automatically and systematically creates a database of one’s customers which in turn helps in customer profiling. To ensure personalized communication and high-quality service each time customer comes in contact with the organization. Recognize the organization’s most valuable customers so that it can focus its marketing efforts for maximizing revenue accurately target cross-sell and up-sell to customers who are most likely to buy the product/service. Recognize and respond promptly to changing market trends and demands. Make more informed business and strategic decisions based on comprehensive and accurate customer and market data. Make more informed business and strategic decisions based on comprehensive and accurate.
customer and market data. Moreover the IT solutions available today provide number of additional benefits

Customer profiling through IT also enables organizations to be in touch with their customers. It helps them to keep track of changing customer needs tastes and preferences. Their acquisitions their relations and to learn continuously about them it also helps to establish and maintain relationship with customers and achieve better customer relationship management.

Customer profiling thus helps to build a significant emotional component in the relationship with ones customers and to treat what individuals with the respect they deserve.

19) Addanki M Kalyan Ram (2009)

Has opined in his article on customer retention in the banking sector that today’s customers are smarter, more demanding, less forgiving and they are approached by many more competitors with equal or better offers. In this scenario, banks have to understand that merely acquiring customers is not sufficient. The most important challenge is to retain the customers because there is direct link between customer retention and profitability and growth of the bank over a period of time.

Following factors are the key factors in the customer retention. Costs, Quality, Reliability, Range of products, Accessibility, Friendliness, Reputation. It is universally affirmed that the relationship between the customer satisfaction and service provided by the bank is directly proportional

Lag phase- a new customer of a bank can be said to be in the lag phase. The customer is still in the state of understanding various service features provided by the banks. The relation being new and services still to be experienced, satisfaction level remains optimal.

Log phase – with time the customer gets acquainted with the bank. When the customer is given prompt service and his queries are clarified promptly he becomes highly satisfied with the bank and hence satisfaction level increases exponentially.
Stationery phase - this is the point where the expectations of the customer grows higher. In cases when his queries go unanswered, his trust with the bank condenses but still he looks forward for a prompt response.

Decline phase - on not receiving any response for his query accompanied by bad client care from the bank, the customer reaches a highly agitated state loses all the faith and this result in a decline in the satisfactory level.

Classification of customers

New customer - He is enthusiastic and high expectations about the bank services

Satisfied existing customer - He is aware of all the schemes offers facilities charges and waivers if any offered by the bank. Dissatisfied existing customer willing to exit the bank - Would maintain low or no balance in his account. Attrition phase - this is transition phase between satisfied existing and dissatisfied existing customers. Customers in the silent attrition phase reduce or cease using the bank's products but keep their account active. Dissatisfied customer who exit the bank permanently - When the limit of the customers patience is crossed, he tends to leave his accounts non-operative foreclose all the credit facilities availed by him and repost ill remarks about the bank. This certainly amounts to the loss of a precious customer.

Thus one of the biggest challenges faced by banking sector today is customer retention. The efforts of the bank in creating and implementing client-friendly services have to be cost-effective secured and penetrating.


In their article observed that there are three important dimensions of customer relationship management i.e. acquiring customers, retaining customers, and expanding customers. Customer database is very important for acquiring new customers about individual prospects that is currently accessible and actionable for such marketing purposes as lead generation lead qualification, sale of product or service, or maintenance of customer service. Most banks are attracting new customers rather than on retaining and cultivating existing ones. A wise bank would measure customer satisfaction regularly, because the key to customer retention is customer satisfaction.
Customer needs are ever changing. Banks should come up with innovative products and solutions to customers' problems. Cross selling and up selling are the most potential source of enhancing the customer value. By providing faster and better delivery, banks can differentiate it. There are three levels of differentiation—first is reliability, some banks are more reliable in their on-time delivery, the second is resilience, by better handling the emergency, product recalls, and answering the enquiries. The third is innovativeness, it is giving better information.

Today’s banks are in a position to capture large amount of data about customers, which enables them to provide flexible products, excellent service, to be more responsive to customer needs. Policy framework and the operative environment provide a platform for improving the efficiency of banking sector. Technology enables banks to increase productivity. Multichannel banking has opened up the convenience of electronic channels like ATM's, internet banking, and phone banking. Doorstep banking or home banking is another manifestation of this trend. As cash withdrawal and DD request is the reason customers visit the bank. For example, Kotak Mahindra bank offers cash delivery, demand draft delivery and cheque and document pick up through its home banking services. Les Concierge is such a facility, whereby its customers can use this facility to avail non-banking services like utility bill payment and document pick up.

AXIS bank is offering “priority banking” which is targeted at mass affluent customers particularly those maintain an average quarterly balance of Rs. 5 lakhs across savings and fixed deposits. Senior privilege service is targeted at high net worth senior citizen customers those maintain an average quarterly balance of Rs. 25,000. Upwards in their savings account, business privilege is another service where customers maintain an average quarterly balance of 10 lakhs in current account. The bank is not charging for these services. IndusInd bank offers various doorstep services to its customers, like courier pick-ups, cash delivery and home banking. Cash is delivered to the office up to Rs.25,000. ABN AMRO under doorstep banking offers delivery of cash, cheque book, pay order, delivery of demand draft on customer’s call. Under express cash
facility cash up to 50,000 and a minimum of Rs. 1000 per delivery is delivered to the customers at their doorstep. “Beat service” is another service for businessmen with large daily transaction where person would visit their premises daily to collect/deliver cash. The major CRM initiatives in the banking sector includes networking of branches online banking and customization of banking services with the use of ATM debit cards and credit cards. There is significant shift in the banking culture from business centric to customer centric.


In his review states that cross selling is the strategy of selling additional products and or services to the banks existing customers, an rational seems obvious—an organization has invested time, effort, and money to acquire a customer and having done the hard work would like to deepen the customer relationship. The key to creating new value added relationship would be to gather customer knowledge, which will enable retention of the most attractive customer segments. The success of cross selling depends upon team work better cooperation and trust amongst different departments.

Banks save significant marketing and sales acquisition costs in pursuing cross sell. Banks need to prospect anywhere between 5-100 potential customers to generate lead (prospect). Most banks try to increase switching costs by deepening the customer’s relationship with the bank, while customers with only credit card relationship may close the card and move across the road to the next bank. A customer who availed a personal loan on the basis of his credit card relationship will think twice. This increases the switching cost. Cross selling allows banks to understand its customers better, their requirements, banking habits, likes dislikes etc.

The most critical aspect of cross selling is that it forces banks to evaluate profitability at a per customer level instead of a product level. And at customer lifetime level, instead of financial year level. Rather than evaluating their profitability metrics at a per customer level over the lifecycle of the customer. This also is beneficial to its
customer because they avail of better priced products and services. In cross selling bank sees creditworthiness of its customers. Banks leverage existing data in various ways and conduct several pre screening exercise prior to making the final customer offer. Existing customers reap the benefit in terms of faster end to end processing time, fewer credit and KYC checks and also needs to furnish lesser documents. Over a time banks develop sharp insight into their customer’s financial needs customer are benefited as they are wooed with offers that have been specifically created for them.

22) Fournier Susan, Susan Dobscha and David Glen Mick (1998)
Criticized today’s CRM practitioners saying that they talk lot about CRM but they really do not mean about it seriously in practice. Whether marketers today understand how customers trust and intimacy factor into the relationship companies are trying to build. Consumers today view companies today as enemies and not allies, they arm themselves to fight back. Relationship marketing as it is currently practiced has not brought us closer to the customers; it has sent us farther afield.

Because Today New customers at certain credit card companies get special introductory interest rates while fees for long standing customers are very high. Loyal customers are neglected and are treated as brand new marketing targets, ignoring their long-standing tenure. Relationship marketing can work effectively if it delivers on the principles on which it was founded. Its startling how wrong banks cultivate intimate relationships with customers and it is alarming situation that quickly and thoughtlessly relationships can be destroyed through the wrong actions banks are engaged in. Simply saying that banks are customer centric will not work but act on what actually relationship really means, to save relationship with customers marketers need to separate rhetoric from reality.

In their review visualized that value in business markets is the worth in monetary terms of the technical, economic service and social benefits a customer company receives in exchange for the price it pays for the market offering.
The essence of customer value management is to deliver superior value and get an equitable return for it, both of which depend on value assessment at the core of all successful working relationships are towards essential characteristics trust and commitment. Most market research that is conducted to provide an understanding of a customer’s requirements and preferences does not address the question. If we do x what is the worth to that customer. Knowing that an improvement in some functionality is important does not mean that marketers ask what customers are paying extra for it.

Using customer’s focus groups to assess value is very important, before introducing any new service, the focus group of customers should be asked their first impressions of the service and how much they would be willing to pay for it per month.

24) Zeithmal, Valarie A; Rust Roland, lemon Katherine (2001) CRM is a business model that aligns product and sales strategies with customer requirements and preferences. Services are then provided in a timely manner using the channels that are preferred by the customers. Effective CRM starts by focusing on the development of business strategies and by aligning an organization to serve customers. These business strategies are then executed using CRM technology solutions. The most successful business strategies are developed only after an organization learns about customers’ behavior patterns and attitudes. Behavior studies show what products or services have been purchased in the past and what products or services are currently being bought. Attitudes studies show what customers are thinking and feeling about future buying decisions.

Uncovering customers’ behavior patterns and attitudes involve collecting relevant transactional and survey data, placing the data into a data repository, and then applying analytical techniques. After the information is collected from the data, an actionable business plan can be developed to create the multi-channel customer contact strategies that offer the optimal products or services.
The effective use of CRM principles requires a three-pronged approach. First, all CRM efforts should begin with a well-defined strategy. Second, an infrastructure must be developed to achieve appropriate objectives. Specifically, the infrastructure should align product and sales goals to meet customer needs, according to their preferences, in the most cost-efficient manner. Third, continuous analytic intelligence should be used to determine and modify customer interaction.

In addition to the above approach, implementing CRM involves collecting and reviewing the most relevant customer data. Relevant customer data can uncover needed information about behavior patterns and attitudes. Once identified, the customer data should be incorporated into the infrastructure so that effective marketing plans can be developed. After appropriate customer data analysis and marketing plan development is complete, the multi-channel customer contact strategies can be implemented within the CRM technology infrastructure.

25) Arora Usha and Monica Bansal (2010)
Rightly carved the picture of the Indian banking sector as it is at an inflexion point. The market offers immense growth potential because there is quite large un-banked and under-bank population. However the challenge is to formulate and provide appropriate banking services to this large mass of people, which would also be profitable to the banks. While there is large mass of people. This would also be profitable to the banks. While there is large untapped potential, competition in the market place is quite fierce. New technological developments are changing the way the services of banks are configured and delivered. Customer requirements and expectations are also undergoing rapid change. The marketing of banking services is now required to take on a more dynamic and proactive stance.

There are three main strategies adopted by banks for customer relationship management.
First is the quality of services must be superior. Banks should segment the target customers based on appropriate criteria in order to provide better services to each
segment. And finally current and potential customer should be surveyed to determine their perceptions of value received, quality, satisfaction with the service provider in comparison competitors. To maintain these banks should have a well structured database to strengthen its ability to deliver service. Services should be tailor-made to meet specific needs, banks should take proactive measures to promote and encourage customer forums and organize periodic face to face meetings with customers to identify and sort out any outstanding issues faced by the customers.

The entry of new private sector banks has given rise to focus on paradigm shift the focus shifted to customer satisfaction and delight through efficient and innovative services. Public sector banks also accepted the challenge and followed suit. Naturally, customer satisfaction and retention was one of the critical factors to banks success in the 21st century. It is well acknowledged by marketing practitioners that cost of retaining a customer is just one tenth that of acquiring a new one. In the case of an existing customer, the bank already knows the customer and his expectation and is therefore better equipped to provide appropriate services. It is also said that a satisfied customer badmouths to at least nine other persons while the satisfied customer will narrate this good experience to only two or three persons.

This shows that is it is extremely important to keep existing customers satisfied perhaps much more important than scouting for new customers. The future of banking deepens upon the ability of banks to develop a close relationship with their customers. For this it is useful to take help of technological developments that offer convenience with efficiency to the customers these include ATM services internet banking services phone banking facilities credit cards e-CRM and any where banking. To win customers modern banking should integrate technology and deploy marketing strategies that would enable them to maximize profits through customer satisfaction.

26) Maheshwari Amol and Shweta Jhajharia (2001)

In their review observed that private banks have carved the niche by fulfilling the service demanding consumers those are willing to pay higher price by developing a retail focus, they also have ensured to increase their deposit base by diversifying and offering various customized products. Similarly it is observed that most private sector
banks have sourced their employees from public sector banks so these employed same with preformed mindset regarding the business banking.
Again it is seen that several private banks are forced to adopt the changing technology and customization needs of the consumer because for selection of a particular bank over the other banks, the customer needs to believe strongly that the particular bank has the attribute set which is important. Moreover the social standing of the bank is also very important factor. To meet the above need banks need to revamp and revitalize the entire organization culture. Change in image through structural change cultural change support system and people within the organization. Banks need to frequently conduct external and internal surveys to understand stated and unstated needs of the customer. This can help the bank leverage its existing relationship and thus account turnover index.

27) Wirtz Jochen and Dr Patricia Chew (2008) In their article state that deepening the relationship through cross selling and bundling to tie customer’s closer firms can deepen relationship through bundling and cross selling services. For example banks like to sell as many or household as possible once a family has its current account, credit card, savings account safe deposit locker car loan, mortgage etc. with the same bank the relationship gets so deep that switching becomes difficult exercise. Therefore the customers are not likely to switch unless they are very dissatisfied with the bank. sometimes service bundling provides convenience and better increased switching cost is another way to reduce churn, many services have natural switching costs for instance it takes time and efforts to change a primary banking account especially when many direct debits, credits and other related banking service are tied to that account also many customer are not willing to learn about new products. Loyalty programs add to switching costs for many customers as they do not want too loose their higher tier status or forfeit loyalty points already collected. Switching cost can also be created by having contractual penalties for switching. Such as the transfer fees payable to some brokerage firms for moving shares and bonds to another financial institution. But firms should also take care that high switching costs and poor service quality generate negative attitude and bad word of mouth publicity.
28) Singh Anand (2008) In his article has pointed out rightly that one of the most important marketing tools is customer relationship management (CRM); today customers have become the focal point either to develop or maintain stability in the business. CRM in banks therefore is emerging as a strategic tool in their pursuit of business growth by developing competitive edge and excellence. The basic proposition of CRM strategy is based on providing better customer service many others have studied the relevance of CRM in financial services. The banking sector in the present scenario has emerged as the sunrise sector in the Indian economy, significance is further emphasized by the increase in the number of players in the sector hence the fierce competition amongst the public and private sector has emerged and they are taking all appropriate steps to succeed. Therefore they must strategies their business approach plans in such an effective way that they can sustain themselves in a profitable manner for a long time.

In their review opined that managers today need to understand four fundamental realities in harnessing customer competence. They have to engage their customers in an active explicit and ongoing dialogue, they have to mobilize communities of customers they have to manage customer diversity and they have to concrete personalized experiences with customers.

Active dialogue - The role of the stock broker is important today in providing easy safe and reliable execution of their trade. So the dialogue must evolve.

Customer communities – Can exercise a powerful influence on the market word spread so fast on the internet that people now refer to word of mouth as viral marketing.

Managing customer diversity- consumers experiences of technology product or service will vary according to their skills for instance it can take anywhere from five minutes to several hours for people to learn to use a new software application,
younger users have always been quicker than older one to adopt new products and services.

*Co-creating personalized experiences* – it is important to distinguish personalization and customization. Customization assumes that the manufacturers will design a product to suit a customer’s need. Personalization on the other hand is about the customer becoming a co-creator of the content of their experiences. A bank for example saves 80% of its costs when customers transact business using a PC the customer also saves time and travel cost but research shows that a consumer experience with a company is highly influenced by the environment in which it occurs.

For example, Wells Fargo, one of the prominent banks in the US tried to force its customers to use PC-based banking services without much success. Customers became dissatisfied and profits eroded through the method by which customers and companies communicate is an integral part of creating an experience.


Customer relationships are becoming even more important for banks as market conditions get harder. Competition is increasing, margins are eroding, customers are becoming more demanding and the life-cycles of products and services are shortening dramatically. All these forces make it necessary for banks to intensify the relationship with their customers and offer them the services they need via the channels they prefer. CRM helps banks to provide a lot of benefits to their customers; some key benefits are as follows.

Service provisioning throughout the entire life cycle of the corporate customer, from the initial stages to the establishment of a close, long-term relationship with profitable clients, optimization of the use of bank resources, such as alternative channels of distribution (internet and home banking), significant reduction in and
limitation of operational costs through system Automation and standardization.

According to a study conducted in the sector of banking, convenience of Location, price, recommendations from others and advertising are not important selection criteria for banks. From customers’ point of view, important criteria are: account and transaction accuracy and carefulness, Efficiency in correcting mistakes and friendliness and helpfulness of Personnel. Thus, CRM, high-quality attributes of the product / service and Differentiation proved to be the most important factors for customers.


Opined in his review that LPG (Liberalization, Privatization and Globalization) of Indian economy has opened the banking sector to foreign and private players as shift from traditional banking to modern banking intensifying competition. People forget the monopolistic scenario of the public sector banks for financial needs, now they have a wide choice, greater expectation and lesser sacrifice in terms of cost, time and efforts, different alternative solutions of short term and long term financial needs are made available to them in attractive terms. Customers have come into the main focus and bank managements.

Of late, there has been a tremendous improvement in Non-Performing Assets (NPAs) due to introduction of certain new methodologies such as new foreclosure law, the CDR mechanism, the Debt Recovery Tribunals and the provision of one time settlement. Now a clear message has been passed to the community that bank loans need to be repaid and the bank management is there to recover it. Under the changed scenario of NPA management, Bank managers are not hesitating in disbursing new loans.

Another major force behind the retail revolution is technology involved in today’s banking. Technology has developed to such an extent that the customers are in a position to take advantage of “AAA” banking. (Any time, Any where and Any how) banking through ATM, the Internet, CBS (Core Banking Solution) etc.
The first and foremost important guiding principle in CRM is customer focus. A customer is the final authority to decide the quality, value and price of a product or service. A satisfied customer assigns value to a service. The relationship with customer should be based on mutually beneficial relationship. A bank should not concentrate its attention towards earning of profits only but focus should be directed to the customers’ wealth creation or value enhancement with the motto of earning through providing service. Leadership Persuasion, judgment and decision-making abilities are the main attributes of quality that relationship manager must possess. Relationship manager should patiently hear, mildly counsel and should stand by the side of the prospective client to help clear his doubts and to make him feel happy that he has chosen the right product and service.

For effective functioning of an organization, relationship manager needs to identify and manage numerous linked activities with the help of different processes for accomplishing its goal. The total system as a whole should decide what product to make or what service to offer, what should be the quality involved, what should be the price, which markets and customers to target. The relationship with the customer should be based on a mutually beneficial relationship. A bank should not concentrate its attention towards earning of profits only, but focus should be directed to the customers’ wealth creation or value enhancement with the motto of earning through service. Retention of customers and building a long lasting relationship is the main criteria under this concept.

Another objective of CRM is the efforts towards continuous improvement in the customer relationship through the provision of value added services at favorable cost. Implementing customer relationship management is not easy because the focus is not on customer orientation but on product orientation. With the advancement of banking technology and computerization and networking of bank branches, the recent development in this field is the introduction of CBS (Core Banking Solutions). As it helps in centralizing the transactions of branches, banking customers are becoming more and more dynamic and less loyal in their behavior. Due to The development of
the Internet in the banking the whole market has became transparent and customers are in a position to move easily from one bank to another. In such a situation, customer satisfaction is the key to bank marketing, which aims at retention of the old customers attracting the new customers.

Another problem generally faced by a bank in implementing CRM is resistance to change. The banking industry is passing through a radical transformation, from a sellers market to a customers market. So to cope up with this challenge firstly, the ability of the organization to adapt changes in the business environment is to be increased. Secondly, the mindset of the employees has got to be changed in the development of right attitude, skills, expectations, perceptions and behavior. And today in Indian banks including the public sector banks it is seen that to face the challenge and to remain competitive with their counterparts—the foreign and private sector banks are also taking efforts through well planned customer relationship management strategy.


In their panel discussion on Indian banking discussed following issues which are really very important in studying in current Indian banking scenario. The biggest opportunity for the Indian banking system is the Indian consumer. Demographic shifts in terms of income levels and cultural shifts in terms of lifestyle aspirations are changing the profile of Indian consumer. This is the main key driver of economic growth.

Technology is emerging as a key driver of business in the financial services industry. The advancements in computing and telecom have revolutionized the financial industry and banking on the net is fast catching on. Banks are developing alternative channels of delivery like ATMs, telebanking, remote access, internet banking, etc. The payment and settlement system is also being modernized. RBI is actively pursuing the objective of establishing a Real Time Gross Settlement (RTGS) system.
on par with other developed economies. Customers realizing the benefits of technology are demanding more for less.

The banks also need to develop robust internal control systems, management information systems and early warning triggers. Four trends are fundamentally altering the banking industry: consolidation, globalization of operations, development of new technologies, and universalization of banking. The Indian banking sector is faced with multiple and concurrent challenges such as increased competition, Rising customer expectations, and diminishing customer loyalty. The banking industry is also changing at a phenomenal speed. While at the one end, we have millions of savers and investors who still do not use a bank, another segment continues to bank with a physical branch and at the other end of the spectrum, the customers are becoming familiar with ATMs, e-banking, and cashless economy. This shows the immense potential for market expansion.

Banks need to think ‘out-of-the-box ‘where box is the representation of all the tested, tried things that always worked in the past. They would have to think outside the boundaries of Current practices, products, services, organizations, and industries as they fall behind the treadmill of faster and more rapid pace of change. Some of the proactive public sector banks have now realized that in a new business environment, they have to be flexible enough to accommodate changes and at the same time have the necessary stability to retain the core competencies to deal with change. Highly competitive environment, success is defined by the factors like customer relationship, product differentiation, brand equity, and technology.

33) Vittal Suresh, with Christine Spivey Overby and Emily Bowen (2008)
Opined that managing customer churn is the most important element for direct marketers. They struggle to define, target, or properly value customers. But increasingly marketers are turning to predictive analytics to power retention programs. Uplift modeling is emerging techniques that can help marketers improve the performance of their retention programs. An analytical technique that models the
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difference in behavior between target and control groups not just the behavior of a target group. For instance, segmentation models help marketers to better profile customers and understand behavior, while cross-sell and up sell modeling deepens relationships and creates barriers to exit. Advanced analytical marketers use survival analysis techniques to predict the time of churn and develop strategies to extend customer lifetime. Marketers can now add uplift modeling to the arsenal of tools to combat customer attrition.

All customers do not share the same reaction to marketing offers. Some customers may buy a product based on the message while others may completely ignore the message or even react negatively. Identifying how an individual is likely to respond to a campaign helps narrow the Target population.

Retention efforts should primarily focus on positive responders not all customers. Marketers who target all types of respondents not just the positives risk wasting valuable resources on indifferent customers or at worst even triggering churn. This is especially critical in this climate of pressure upon marketing spend.

The focus is on modeling the uplift in outcomes not just the outcomes. By modeling the uplift in outcomes, marketers can predict the change in a customer’s behavior when targeted. Extend customer understanding as part of the planning process. Rather than take the easy approach of treating all customers equally, Telenor sought to improve its understanding of the intrinsic value of customers through micro-segmentation. Assigning customer value is an important first step to managing customer churns. Metrics like customer lifetime value and Margin lend direction to the retention program; they help marketers identify and prioritize the customers to protect and those to let go.

Refine retention programs with advanced analytics. Simply looking at likelihood of churn isn’t sufficient to power retention programs. Marketers must understand the timing of defection as well as their own ability to come up with the right offer to
retain the customer. Emerging techniques like uplift modeling help marketers do more than identify churners. They also help marketers understand how customers are likely to react to a marketing message. This helps marketers to narrow programs to only focus on customers who react positively.

Consider customer contact strategies when developing retention programs. Marketers must consider their overall contact strategy when including customers in retention programs. Because growing media and channel fragmentation and volumes of customer communication have cranked contact fatigue up to unmanageable levels.

The evidence is overwhelming —consumers actively seek tools like spam blockers, do-not-call lists, and ad-skipping technologies like TiVo to avoid marketing messages. Retention programs that pile on top of uncoordinated or frequent messaging may actually trigger churn.

34) According to Rust Ronald’s., Christine moorman and Gourav Bhalla (2010)
Many companies still depend on product managers and one way mass marketing to push a product to many customers .what needed is customer managers who engage individual customers or narrow segments in two ways-communications building long term relationships by promoting whichever of the company products the customer would value most at any given time.

The key distinction between a traditional and customer cultivating company is that one is organized to push products and brands whereas the other is designed to serve customers and customers segments once companies make shift from marketing products to cultivating customers they will need new metrics to gauge the strategy effectiveness. The customer lifetime value metrics evaluates the future generated from a customer. Lifetime value focuses the company on long term health

Secondly companies need to shift their focus from brand equity (the value of brand) to customer equity (sum of lifetime value of customers).Thirdly companies need to pay
less attention to current market share and more attention to customer equity share. Market share offers a snapshot of the company’s competitive sales position at the moment but customer equity share is a measure of the firm’s long term competitiveness with respect to profitability.

35) Parmar Indravadan (1997)
Has opined that customer satisfaction is the key to secure his her loyalty and generate superior long term performance. Therefore banking culture needs to be made more respective to the needs of the public. In current context, customer care and concern have become much more important. Indian banks are in the process of up scaling their level of customer services and responsiveness. Nevertheless, banking services in general have still a long way to go for earning respect and esteem from the customers and public in respect of the quality of services they are providing to them.

Summarizes that problem galore in the marketing of bank deposits. He concludes that the problems in the marketing of deposits for the banks can be easily solved by preparing a chain of creating innovative strategies and practicing the same faithfully by the employees at all levels.

37) Chittal Nitin and Madhu Suthanan (1999)
Have expressed that the Indian banking is under threat as never before. Not so much form foreign marauders and nifty domestic challengers as from within. From the attitudes built around socialist beliefs of putting mandated lending above profitable business of size above business focus and of geographical spread above effective reach. While disintermediation and thinning spreads are already knocking crores off banks bottom-line, the entry of telephone banking, ATMS and the internet has also neutralized their sole competitive strength –retail spread.

The first round has already been won by foreign banks and new generation private banks that had the initial advantage of not having to carry the socialist baggage. They have grabbed the opportunities provided by falling prices of ATM hardware and
reached out to new customer even without having the branch networks of the public sector banks. They are providing service to large number of customers profitably. But all is not over. From the ashes of a first round defeat can be built survival strategy for the future. A strategy that can convert liabilities back into assets. One example, every Indian bank has a huge customer base on which it has intimate knowledge. Put that knowledge into a computer and you have a huge database on the incomes and spending habits of millions of clients. The first banks to do that will able to make a killing form selling the data to all comers, apart from generating huge incomes form cross selling products (like insurance and mutual funds) to them.

But for true prosperity, banks will have to do something more rather just embrace technology. They will have to look at opportunities beyond their current horizon of borrowing and lending.

Falling spreads as result of increasing cost of funds and simultaneous crunch in yields will compel them to look other avenues to profitability. Fee-based incomes would hold the key to customer retention. And that is the ultimate message, “profitability will depend on customer focus, not size, sizzle or spread”.

38) Dey B. (1994)
Has opined that we find the traditional four p’s have hardly any significance in bank marketing. People and their services to customers make or unmake the things. The attitude and approach should be updated and appropriately renovated through training and interaction further procedural juggleries at times put customers in trouble and even irritate them. Suitable simplification can go long way to facilitate customer service in a cost and time effective manner.

The narsimhan committee has also endorsed and envisaged this point as it emerges; the fifth ‘p’ people and sixth p procedure can be suitably designed and improved towards customer friendly services of the banks. The latest breakthrough in banking world is getting closer to customer through an easy and trust confidence relationship.

The trend is to organize customers club such as captain ‘ gridlalys club’ of Anz Grindlays Bank membership of club membership of club means whole new world of privileged services besides the warmth of personalized services. Today banks shall
have to evolve some mechanism to be closer to customers. This will hopefully provide an edge to the business Endeavour and may well beat the menace of non-performing assets like stick loans and advances.

**39) Nair Rajan (1992)**

Oberves that marketing in fact, is a philosophy and way of life and its importance should be understood by each and every employee down the line. The sale of financial services is not a single act. It is either the beginning of or an episode in the development of what should be a long term relationship. The marketing strategy in bank should ultimately lead to shifts in the focus from expansion to consolidation, largeness of the system to the soundness of the system and from soundness of the system and form coverage to efficacious coverage.


Concludes that the problem of customer service in banks is a complex and dynamic one and there are no readymade solutions to overcome it. It has to be tackled by banks in its totality and not on piecemeal basis.

1) Proper identification of customers and their needs or expectations.
2) Introducing innovative service products to manage the demand of customers.
3) Sufficient opportunity to acquire skill and knowledge of banking technology
4) Optimum use of computers, electronic gadgets.
5) Extending personalized services through “concern for customer approach”

Let us not create expectations greater than the services the bank can deliver every call from the customer is a sales opportunity. Every complaint from the customer is an opportunity to correct the deficiencies in the bank services.

**41) Shivpuje C. R. (1997)**

Has concluded that customer service should into merely be rhetoric but must be practiced with right spirit. The customer always should have the last say. It is time to wake up and care for customers .banks are setting up marketing wings for setting up retail business. Banking business requires retaining existing customers and winning
new loyalties. The first step in the interaction with the customers who comes to open a account his entry and exit form the branch should consume min time opening of an account becomes a cycle of customer orientation internally.

Any bank would have three types of customer i.e. future, present and past. The future (potential) customers, has not done business with bank to date. Past customers have done business with bank but moved to competitor’s bank. In other words he has lost faith in the bank so is recoverable with special efforts. Therefore banks should strive to convert future customers to present customers and regain past customers.

42) Singh Anchal (2009) has converted the seven p’ very aptly in bank marketing context as follows-

*Product*

Product offers by banks are segmented in to three categories namely core formal and augmented products. Core products are those that define the kind of business we are dealing in with example for a bank core products are saving account current account cash credit terms loan overdraft and the like.Augmented products are usually a combination of two or more core products having a strong marketing content for catering to specific needs of the customers e.g. kisan bike scheme super saving plus corporate liquid deposit, multiple optional deposit, janatha deposit students deposit account.

*Price*

Price embraces rate of interest for deposits loan and advances and service charges levied by the bankers to their target markets like persons engaged in agricultural activities small business etc.

*Place*

It does not signify the infrastructural facilities but service area where a host of services are being offered to the customers. Hence the working hours of the bank branches should be decided upon keeping in view operational convenience of the major clientele sections to which the bank caters.

*Promotion*
Any marketing campaign will have twin objectives to accomplish i.e. to inform the prospective customers to persuade them. Advertising in the banking industry is still at a relatively nascent stage; however fairs exhibitions etc are being organized for conveying the banking messages to the urban segment.

**People**

The human factor plays a pivotal role in services marketing. Personnel should have a positive attitude towards working and must possess an exhaustive knowledge about the local economy and gather information regarding customer background for comprehending accurately their needs and aspirations.

**Procedure**

It encompasses the methods and standards followed for carrying out various activities of the bank. It also includes seating arrangement of the banks employees and the positioning of ledgers machines and records so that documents’ can be easily accessed without wasting precious time on unnecessary and avoidable movements.

**Physical evidence**

The seven p’s physical evidence derives its existence from the intangibility principle as banking products are in tangible. It primarily focuses transforming the banks product into a tangible one and this can be achieved by imaginative designing of the banks stationery used by the customers e.g. cheque books and statement of accounts can be made attractive.

The best tangibilization strategy is to enhance customer satisfaction by evolving novel products after well documented research on customer needs and expectations.

43) Nair Rajagopala (1998)

Has highlighted that a well planned marketing strategy not lonely attracts a person to a branch but also retains him as potential customer. Banker should adhere to professionalism and market oriented approach in our country. Aggressive marketing approach needs to be taken in all spheres of banking. The major emphasis of marketing will be converting social needs to business opportunities. Marketing should be developed not form the top level bank management but from the branch level.
Marketing strategy for bank should be designed to suit not only the present market but also the potential future market.

44) According to Parsuraman (1985)
The criteria used by consumer that are important in molding their expectations and perceptions of delivered service fit 10 dimensions:
tangibility, reliability, responsiveness, communication, credibility, security, competence, courteous, understanding, knowing the customer and access.

Parsuraman Et Al, (1988)
Have developed a 22 item instrument, recognized as servqual this is widely used to measure service quality. Parsuraman has condensed this into five dimensions of service quality tangibility (physical facility, equipments and appearances of personnel); reliability (ability to perform the promise service dependably and accurately) responsiveness (willingness to help customers and provide prompt service) assurance (knowledge and courtesy of employees and their ability to convey trust) and empathy (individualized) attention the company provides to its customers. Gap scores can be analyzed for each individual statement and can be aggregated to give an overall gap score for each dimension.

45) According To Rust & Oliver (1994)
Customer satisfaction is a summary cognitive and affective reaction to a service incident (or sometimes to a long term service relationship) satisfaction (or dissasatisfaction) results from experiencing a service quality encounter and comparing the encounter with what is expected ( Oliver 1980) satisfaction is positively associated with repurchase intention likelihood of recommending a product of service loyalty and profitability.
46) Jha S.M. (1990)
In his paper “the framing of marketing mix for banking services’ studies the problems in the realigning of banking services with marketing. It is stated that banking services call for a dynamic marketing approach. Because marketing, something intangible is different task. Yesterday bank sold ‘promise’ today they sell ‘credibility’. This is why a basic change in the marketing concept assumes an outstanding significance. He further observed that the level of satisfaction moves with the changing level of economy is on the path of advanced sophisticated development and the Indian consumers have developed their taste, the Indian banks, particularly public sector and private sector need to bring radical change in their marketing management.
It is also clear that an individual customer has new hopes and aspirations form a bank. All the new emerging trends make a call in favor of well planned services which fulfill the market needs. The financial experts also feel that banking services need an innovative and dynamic approach.

In his paper titled “towards better customer service ”observed that to provide prompt and better service, banks have to provide prompt and better service, banks have failed to develop a proper approach to the problem hence he emphasized on a segmentation approach to identify the varying needs, demands and expectation to customer and suitable strategies will have to be separately evolved for each of them taking into account their conflicting interest. Further he has suggested following suggestions-
1) Adoption of modern technology
2) Large scale improvement in systems and procedures, particularly in information and control logistical and communication systems.
3) Deeper and more detailed staff education
4) Change in management attitude and flexibility in manpower development
5) more imaginative and customer education banks have traditionally placed a high premium on both customer relationship and financial integrity, a personal greeting and accurate processing of customer records and transactions were considered the key element of quality service.
48) Boland Daniel (1986)

Suggests that many banks need to consider their customer relations focus. Contrary to what many banks seem to think, it is not the variety of services available to most customers that could. It is the attitude and manner with which there services are presented form a customer relations perspective, success in banking is not only a matter of finances it is also a matter of feeling.

49) Al Ries (1993)

One of the world famous marketing strategists in his article title, ‘positioning your bank in the customers mind “discussed the bank marketing concerns and emphasized the importance of positioning. He says, “Being first in the mind is everything in marketing. Being first in the market place is important only to the extent that it allows you to get in the mind frits”.

Al Ries further mentioned that for bankers there are certain key elements of strategy. According to him “nothing is as important in marketing plan as strategy and timing. The notion of timing gets back to being first. The first bank or the first company to launch an idea or concept usually profits the most from it in the banking field; Citibank was the first to launch ATM’s which have taken over retail banking a very strong consumer position. It is true that the Citibank has built a very strong consumer position among the affluent class people through its automated teller machine development.

50) Teixeira Diego and J Ziskin, (1993)

In their article , achieving quality with customer in mind’ observed that new product development technology an relationship management are all critical elements of quality education that require changed management procedures.

Today consumers are depend on retail banking services for travel purchase ,liquidity ,asset ownership and more these focuses are causing bank products and service to become far more customer oriented. To serve customers well banks will have to develop new technologies new relationships new flexibility and new level of
understanding of their customer quality is the way to give customers what they want, when how they want it.

51) Magarth A. J. (1986) in his article titled when marketing services- 4 p’s are not enough has emphasized on broadening the traditional marketing mix concept. He pointed out that the 4 ps are not enough for the marketing of services. Additional three p’s that are crucial to the services success-people, physical, process management must be included in marketing mix. These additional p’s greatly influence product line and promotional possibilities.

52) Pier Vikki S. (1999) Says, “We really emphasized quality customer service and talked to our customers, but more importantly we listened. And if we were able to provide the product, we did. If you show a genuine interest, listen and are responsive your customers tend to be loyal.

John w parker v p says, “no matter what a customer business, there is a universal maxim for success: be sincere and don’t offer something that you can’t deliver. Tell your customer what you expect out of the relationship and listen to what they expect. If you can deliver what you say you can it goes long way in keeping the customers you have and attracting new ones.

53) Cokins Gary in SAS white paper(2005), says Customer retention is generally more expensive to acquire a new customer than to retain an existing one—and satisfied existing customers are likely to buy more and also “spread the word” to others—like a referral service! Hence the increasing focus on customer satisfaction. The emphasized trend today is growing existing customers and making them loyal rather than a focus on acquiring new ones. As a result, loyalty programs and other frequency points programs have grown in popularity. Business strategists all agree that differentiation is a key to competitive advantage. This was a main revelation in Michael Porter’s Seminal book published in 1985, Competitive Advantage, which launched strategic planning as an essential company function.
One-to-one” marketing is the buzz word today as technology is being hailed as an enabler to: (1) identify customer segments and (2) tailor marketing offers and service propositions to individual customers (or segments). There is now a shift from mass marketing products a seller believes it can sell to better understanding each customer’s unique preferences and what he or she can afford. Customers have an abundance of options; and now they can get information about products or services that interest them in a much shorter amount of time. The customer is in control more than ever increasing the profitability of each customer, not simply its products, is a way to sustain long-term economic value growth for the enterprise and its investors.

To be competitive, a company must know its sources of profit and understand its cost structure.

For outright unprofitable customers, a company should explore passive options of substantially raising prices or surcharging its customers for the extra services. Again, in most cases this will establish the corrected “market-driven” value proposition between the company and the customer, resulting in either a profitable customer or intentional customer attrition by terminating the relationship.

Metrics to evaluate customers might include: retention (loyalty) rates, attrition rates, churn Propensity and the marketing standard metrics trio of a customer’s purchase history: Recency, Frequency and monetary spend (RFM). Indirect considerations can include a customer’s referral propensity to recruit new customers. Of course, there is a myriad of other socio-demographic (e.g., age, income level, gender) and attitudinal variables that marketers analyze about their customers to understand their tastes and preferences. Data mining tools are becoming essential for marketers to formulate tailored marketing campaigns for the customer segments defined by their analysis.

It is becoming clear that acquiring (or focusing on) less profitable customers may be an inefficient use of the marketing spends. Hence, adding customer profit differentiation as a segment for formulating tailored marketing campaigns is a good thing. The ‘administrative effort’ test involves how much more useful will it be to
know how profitable customer segments could be compared to knowing (and managing) what is the current run rate of existing customer profits.

54) Horton-Bentley Alan (2008)

In his article the rise fall and rise of branch banking stated that Banks have started to realize that in order to succeed in today’s marketplace, they need to optimize all of the available customer channels and strike a balance between electronic banking and in-person “face-to-face” service so that the customer experience is more seamless, consistent and perceived as delivering higher value. Electronic banking has proven to be more cost-effective than in-person customer interaction. For many years, banks have enjoyed the cost savings from pushing out a large percentage of their business to self-service channels for the sake of “customer convenience”, with customers doing their own data entry – and believing that banks were doing them a great favor by giving them 24/7 access to banking. However, the convenience has come at great expense: Banks have lost their close connection with their customers. The customer-bank relationship and the customer experience have become critically important to banks’ success. Customers will not be as willing to engage in a deeper relationship with a bank that does not know them well, where they are known merely as a set of figures on a statement. So, while at one time the bank’s manager was likely a trusted family friend, today’s branch manager typically identifies customers solely by account number. In short, banks now lack an advocacy relationship with their customers. Because of this, customer retention and cross-selling strategies have proven to be relatively unsuccessful. “In a sense, banks have become expensive cash dispensers. Cross-selling program success began to wane, since it is very difficult to cross-sell a customer with a mail promotion or online offer,” Horton-Bentley explains. “Banks had the most valuable person standing in front of them and they pushed them out the door and onto ATMs and their own home computers.” Complicating the situation is the fact that recent studies have revealed that successful cross-selling and up-selling can actually lead to customer defection. Today, customer retention is not a simple case of selling more products to customers, with a goal of increasing wallet-share.
Many banks are losing business to other financial institutions that spend more time developing a close, advisory relationship with their customers. In order for banks to fully achieve the benefits of organic growth, executives must understand customer attitudes and their impact on customer behavior. Customers who have a positive attitude toward the bank are advocates, while those who have negative experiences at the bank become antagonists. Therefore, a bank’s ability to effectively manage and influence customer attitudes becomes paramount to achieving organic growth.

Recent studies show that more than 90 percent of customers still opt to visit a branch for any business reason more important than a simple transaction. This fact gives us great hope that there remains an opportunity to reshape the customers’ perceptions by vastly improving the customer branch banking experience. Unfortunately, these studies also reveal that the banking customer does not typically remain in the branch for longer than five minutes. Since the bank’s most successful cross-selling strategies depend on optimizing all the customer interaction channels seamlessly – particularly face-to-face interaction, it’s essential that financial institutions devise new customer facing strategies that foster a much more rewarding branch banking experience and redevelop a deeper customer relationship.

Banks need to reinvigorate and optimize information systems processes and approaches. Reinvigoration is more than just a faster way to execute the same transactions and offer the same services at a lower cost for the institution. Reinvigoration touches on many aspects of a bank including IT, traditional line-of-business structures, profit centers and operational constraints. The benefits of reinvigoration are far-reaching and will help banks address their different industry, regulatory and customer issues and challenges. The need to reinvigorate is driven by regulatory, industry and customer requirements. Compliance with Basel II, MiFID and anti-money laundering laws and regulations, for instance, is a fact of life for all financial institutions. Banks also must focus on raising their service offerings to become more competitive and outrun financial services companies that offer banking services. And in addition, banks must attract more customers and strive to raise the level of customer satisfaction, subsequently raising customer acquisition and retention rates and selling more products per client.
Banks can begin to reinvigorate by assessing the scope and effectiveness of their current information technologies; how well information is captured, managed and secured in their organization in order to achieve a more complete, 360 degree view of the customer. First, banks must identify how well each line of business is leveraging information and integrated processes both within and across lines of business. “Optimizing information dissemination within and across silos will reinvigorate organic growth initiatives to address new regulations and provide service differentiation for branch banks,” Horton-Bentley says. Next, a bank must look at its enterprise content management (ECM) and business process management (BPM) technology as strategic information management enablers for innovation. This roadmap will provide insight into potential areas where ECM and BPM can return high value to the business and promote reinvigoration initiatives. If a bank’s self-assessment reveals that ECM and BPM are fully optimized within a line of business or silo, then it can choose to extend the investment to return incremental value across additional lines of business or silos, which will result in increased ROI. Reinvigoration by optimizing your information assets and processes across the enterprise is imperative to new and innovative organic growth strategies. Thus Reinvigorating and optimizing information systems can help banks meet regulatory compliance, improve customer service and remain competitive, while helping to optimize all customer channels

55) Badidi Radi, Jose Ollala & Michael Otto (2009) observed,

CRM as ‘having the right offer for the right client, at the right time via the right channel optimizing every customer contact by effectively creating value for both your clients and your business, using customer knowledge, is the main differentiator compared to non-CRM focused companies. Banks must achieve to improve knowledge about the clients, improve active customer contact, improve the satisfaction of the clients and improve the return per client.

Jose Ollala, BBVA CRM is a key element of differentiation that lets the bank develops its customer base and sales capacity. Today the environment is changing dramatically, and so too is banks’ approach to their customers. A well thought out
CRM strategy lets them improve the sales experience of the customer; Develop the potential value for customers, increase sales, productivity and efficiency; and create personalized one-to-one service.

Further, today customer-centric banking means a new way of thinking. Banks need to focus on relationship banking rather than traditional transaction banking and realize the importance of SOW - share of wallet knowing your client is the first requirement of a retailer. It protects your business, helps penetrate growth markets and prevents disintermediation by other players.

_Gopal Sondur, Infosys_ says The C in CRM has now evolved from ‘Customer’ to “Collaborative”. The core of CRM requires various entities in a bank to work collaboratively to define and realize a series of business principles which are essential to establish customer-centric organizations. Essentially this means collaboration across those entities that deal with Acquisition (sales & marketing/distribution), Transactions (fulfillment) and Servicing (customer service). CRM is fundamental to building a customer-centric organization how profitable is the customer’, ‘which products/services does the customer require; when, where and through which channel’ and ‘what risks does the customer present to the bank.

_Radi Badidi_ thinks that it really depends on the positioning and focus of a bank. If operational excellence is key-focus and not customer intimacy, the choices one makes in terms of investments in CRM will be completely different. In strategic terms, ABN AMRO has a strong ambition to create value for clients (especially the "midmarket" which we define as mass-affluent/private client consumers and mid-sized businesses) by offering high-quality financial solutions that best meet their current needs and long-term goals. Knowing client and acting on that information in every contact is essential in achieving this. Optimizing every customer contact by effectively creating value for both your clients and your business, using customer knowledge, is the main differentiator compared to non-CRM focused companies.
56) Pisharodi, Angur and Shainesh (2003) in a study of success of CRM found that a process oriented strategic approach to connect the operational, informational and the organizational components of CRM are critical for the success of CRM application.

57) Parvatiyar and Sheth (2001) observed that CRM is a comprehensive strategy and process of acquiring, retaining and partnering with selective customers to create superior value for the company with the customers.

58) Day (2000) pointed out that the enterprise has to develop some key marketing competencies for the smooth implementation of CRM. A relationship orientation is the first such thing. Relationship orientation should permeate the mindset, values and norms of the organization. Further, the enterprise needs to continue to increase its knowledge of the customers and ensure that it flows all over the organization. Finally there is a need for alignment and integration of processes.

59) David's (1999) observed that choice of relevant technology and implementation are keys to successful customer relationship plans. The failure rate of CRM projects has been estimated to be high.

60) Zeithaml & Bitner (2000) identify two levels of expectations, desired service & represents the “the wished for” level of performance and adequate service reflects showing more basic service expectations. The model permits exploration of the perceived difference between expected services, particularly the zone of tolerance developed by parasuraman et al.

61) According to huang & Lin (2005) personalization is a strategy that can be easily differentiated and which cannot be simulated by competitors in the market. a good personalization can be defined as serving the unique needs of individual customers .by improving the customer conversations the organization can improve customer relationships. Personalized services are not only limited in cheering new sales. But its
successful implementation allows the organization to improve its effectiveness & efficiency in serving customers established already.

62) According to Lavender Mark (2004) identifying the needs of the customers and providing them best solution before he makes a request shows excellence in service of the customers. Presently customers are do not visit their banks for other kind of additional services such as finance, credit cards etc. customers still see the bank as providing bank services .customers of the bank are becoming choosier and the success of the bank does depend upon this.

63) According to Wong & sohal (1998) it is an attitude of trust amount the partners of substitute. It’s a vital aspect of understanding the potency of marketing relationships. Trust is an essential relationship structure. This is found in most of all relationship models. Trust factor can be seen in many ways like motivation to depend on a substitute partner and one who sees confidence in him.

64) According to Aihie & Eddine (2007), A customer relationship management is an idea, which has its heredity line in the technology, in the earlier days relationship marketing sole aim was to get information about the preferences of the customers and the information, which was stored by them in their databases, so as to protect and deal with one to one relationship with customers CRM was developed. Once when the organization acquires the customers and is able to have them lastingly forever , this implies that customer becomes more loyal and making good use of the services of the organizational trust cooperation and satisfaction have to be seen as the face of assurance between both the parties for a long lasting relationship with the customers. Organizations need to be in constant touch with their customers in order to build up long –term relationships.

65) Mittal Anuraag, (2006 & 2008), discussed the evolution of Relationship Marketing Approach as an evolution of a revolution in the marketing. It was being proposed that marketing is no longer just about developing, selling and delivering
products. It is increasingly concerned with development and maintenance of mutually satisfying long term relationships with customers. It was asserted that relationship Marketing is based upon the premise that it makes economic sense to satisfy and retain customers as the strength and duration of relationship is directly proportional to the resultant profitability. Moreover this contemporary interest on retaining customers is reforming marketing with an emphasis on the creation of value and building relationships. The new marketing refocusing has been explored in consumer service marketing. Now the thrust has been to examine different aspects of customer satisfaction, relationship strength, and relationship longevity and customer relationship profitability. The acceptance of Relationship Marketing is based upon the emerging body of research which indicates how customer retention leads to increased profitability. The author asserted that if a company builds and maintains good relationships with customers, it cannot be easily replicated by the competitors and therefore provides for a sustained competitive advantage

66) Rich, Michael K., 2000, highlighted that the evolution from transaction marketing to relationship marketing in recent years has resulted in research indicating the need for more rigorous databases and greater utilization of current computerized tracking systems. Relationship selling has been examined and the results stress long-term perspectives to the dyadic exchange process to enhance sales results. Considering the role of trust and culture in the relationship marketing process would indicate the need to pursue future research into a deeper understanding of the customer. Seeking knowledge of a customer's personal feelings concerning their comfort level with various communication approaches could enhance the reception of messages crafted for them. The discipline needs to move beyond the numbers to a more abstract analysis of the customer as an individual with specific feelings toward various marketing approaches.

67) Colgate Mark, Nicholas Alexander, 1998, suggested that Relationship marketing within the banking industry is becoming increasingly important. In particular, competition is driving banks to look at forms of defensive marketing rather than
offensive marketing strategies. Maintaining and enhancing relationships with personal customers is one way banks have sought to use defensive marketing and increase customer retention. However, at the same time that banks are looking to create more effective and efficient relationships with their customers, competitors from outside the industry are seeking to establish their own financial service relationships with these customers. The study has used the relationship marketing paradigm to examine the changing bank-customer-retailer interface. In particular the database and interaction marketing types of relationship marketing were used to analyze the customer/organization developments in this area while network marketing was used at the business-to-business level of analysis. Importantly, it was highlighted that research has discovered that customers do have, and value, relationships with their banks.

68) Payne Adrian (2005) Customer Relationship Management, or CRM, is increasingly found at the top of corporate agendas. Companies large and small across a variety of sectors are embracing CRM as a major element of corporate strategy for two important reasons: new technologies now enable companies to target chosen market segments, micro-segments or individual customers more precisely and new marketing thinking has recognized the limitations of traditional marketing and the potential of more customer-focused, process-based strategies. CRM, also more recently called ‘customer management’, is a business approach that seeks to create, develop and enhance relationships with carefully targeted customers in order to improve customer value and corporate profitability and thereby maximize shareholder value. CRM is often associated with utilizing information technology to implement relationship marketing strategies. As such, CRM unites the potential of new technologies and new marketing thinking to deliver profitable, long-term relationships.

69) Sheedy, Elizabeth (1997), proposed that, Relationship marketing emphasizes long-term relationships between providers and customers, rather than individual transactions. For at least 15 years commercial banks have pursued relationship
banking programmes to target key corporate and institutional clients. More recently, the relationship concept has been adopted in a range of industries beyond financial services, and extended to other customer groups including retail customers. The benefits of relationship marketing are sung by many marketing academicians and practitioners. Relationship banking is described as the antithesis of “transaction banking”. The objective is to increase long-term profits by maintaining and enhancing client relationships. It was being examined that the expected benefits of relationship banking have remained largely unrealized. It was being concluded that further work is needed to overcome the significant impediments to successful implementation of relationship banking.

70) Shaineesh & Mohan (2001) conducted a survey among managers belonging to Hospitality, I.T.; Telecom & Financial Services to understand the relationship management practices & programs adopted by them. The research was exploratory in nature and 77 managers of these service firms operating in India were surveyed through respondent administered questionnaires. It addressed the issue such as quality & customer centric processes; employee empowerment; technology selection; customer knowledge strategies & individualization of market programs

71) According to Newell (2000) the real value to a company lies in the value they create for their customers and in the value the customers deliver back to the company. Accordingly, it is important to mark that the value does not lie in more information and in more advanced technology. The value lies in the customer knowledge and in how the company use that knowledge to manage their customer relationships. Knowledge is the sole of CRM. Unfortunately, few companies are transforming the information to customer knowledge and therefore they miss the opportunity to provide value to their customer. However, applied in the right way, CRM is the tool that contributes to profit. If companies are transforming the customer data into knowledge and then uses that knowledge to build relationships it will create loyalty, followed by profits. (Newell, 2000)
72) According to Budhwani (2002) all the customers are not beneficial; if the customers are taking company’s time, energy and resources without generating enough business, they are dangerous customers.

73) Reynolds, Janice (2002) CRM technology helps organizations to organize customer touch points. A properly customized and integrated IT ecosystem can make a business to respond to a customer’s needs instantaneously (e.g., keeping its catalog, web and sales team continuously updated on the changes of products and prices). For instance, a company can set up CRM tools to send reminders about new products, services to existing customers. And it can implement One-to-One marketing, sorting through online customer profiles and purchase history to adopt new offerings to each customer’s individual preferences. According to Janice (2002) Customer relationship management applications can commonly include: Call Center Automation, Campaign Management, Contact Management, Data Warehousing, Email Management, Field Service Automation, Knowledge Management, Personalization, and Sales Force Automation.

74) Sathya Milind (2005) examined the effect of privatization of banks on performance and efficiency. The data taken was for five years (1998-2002) and it was analyzed by using difference of means test. The banking sector in India includes domestic banks (privately owned, partially privatized banks, fully PSB’s) as well as foreign banks, and objective of this study is to study the impact of privatization on the banking firms. It was concluded that partially privatized banks have performed better as compared to fully PSB’s in respect of financial performance and efficiency. Partially privatized banks have continued to show improved performance and efficiency in the year after privatization.

75) Pal Ved and Malik (2007) in their empirical paper examined the difference in financial characteristics of public, private and foreign sector banks based on factors such as profitability, liquidity, risk and efficiency. Sample of 74 Indian commercial banks consisting of 24 public sector, 24 private sector and 23 foreign banks was taken.
for the period of 2000-2005. Multinominal regression analysis was used and results revealed that foreign banks proved to be high performer in generating business with a given level of resources and they are better equipped with managerial practices and in terms of skills and technology. Foreign banks were more consistent with market system as reflected in terms of net interest margin. The public banks emerged as the next best performer after foreign banks. There were giving a higher return on equity in comparison to foreign and private banks. It was high performer in economizing their expenses which was reflected from expense rate and efficiency ratio. The private sector banks emerged with a better utilization of resources as compared to PSB’s

76) Panda T.K. (2003) in a discussion of CRM in financial services brings three main reasons why the CRM is critical in service industries in general. First, services such as banking and insurance have more often membership nature, which implies a long term relationship. Second, even without membership, customers feel secure when establishing relationship. Third, it is more likely to establish relationship with service provider, be it a person or organization, than a product manufacturer.

77) Mckinesy &company report (2010) on India Banking 2010 focused the interplay between policy and regulatory interventions and management strategies will determine the performance of Indian banking over the next few years. Legislative actions will shape the regulatory stance through six key elements: industry structure and sector, consolidation; freedom to deploy capital; regulatory coverage; corporate governance; labour reforms and human capital development;
PSBs need to fundamentally strengthen institutional skill levels especially in sales and marketing, service operations, risk management and the overall organizational performance ethic. The last, i.e., strengthening human capital will be the single biggest challenge. New private banks could reach the next level of their growth in the Indian banking sector by continuing to innovate and develop differentiated business models to profitably serve segments like the rural/low income and affluent/HNI segments; actively adopting acquisitions as a means to grow and reaching the next level of performance in their service platforms. Attracting, developing and retaining
more leadership capacity would be key to achieving this and would pose the biggest challenge.

78) According to Foss. Bryan (2002) in banking industry, the nature of customer relationship has changed due to change in bank’s business dimension. Banks are highly focusing on CRM for the last five years that is expected to continue (Foss, 2002). According to Foss (2002) most of the financial services industries are trying to use CRM techniques to achieve varieties of outcomes. These areas are: Creating consumer-centric culture and organization;

79) According to Mehta Viren H (2010) the banking sector in India offers huge opportunities. Upward direction of interest rates, increasingly demanding customers, focus on financial inclusion, technological advancements, competition for human talent and efficient utilization of a bank’s resources are some inherent challenges, which need to be addressed to unleash the competitive advantage offered by the Indian banking sector and energies growth. As the world recovers from the global financial crisis, Indian banking has remained resilient while continuing to provide growth opportunities. With the increased participation of new private sector and foreign banks, the Indian banking industry has become fiercely competitive. Competition will be further intensified with the proposed entry of new private players and non banking financial companies (NBFCs).

Hence the public sector banks also need to devise certain strategies to overcome the competition. With rise in competition, banks are grappling with increased customer migration as switching costs are nearly negligible and product differentiation is replicated with ease. This has led to customer understanding and superior service gaining tremendous prominence. To profitably stay in the race, successful banks are adding a new dimension to customer engagement. They are now adopting a complete account-centric approach. This essentially involves acquiring a customer at an early stage and then building a long-term relationship, offering different products and services suitable for different life stages of the client. Having customer focus
approach and managing better customer relationship will be the key challenge for the banks in near future to keep the share of wallet intact in the competitive market.

80) According to the survey conducted by *BT-KPMG (2009)* Indian banking sector has made remarkable progress since the economic progress since economic reforms in 1991. New private sector banks have induced the necessary competition in the industry and spear headed the changes towards higher utilization of technology and innovative products. Banks have to shift from a ‘product centric approach model’ to ‘customer centric model’ in the real sense as customer satisfaction is one of the major determinants of business growth.

Indian Banks have recorded a phenomenal growth in the past decade with the initiation of Economic Reforms. The banks, both Public and Private, have transformed themselves into profit-oriented business organizations besides playing a developmental role in the economy. In an attempt to be more profitable, the banks have become competitive and more customer-oriented. This new orientation has compelled them to take a more pragmatic approach for conducting the business. In the backdrop of this scenario, the study reviewed implementation of Customer Relationship Management (CRM) and the impact of CRM on service quality and customer retention in ten public and private sector banks of India. It was found that the Private Sector Banks have been able to implement the CRM practices more effectively as compared to their Public Sector counterparts. This fact has further been corroborated by the findings of the service quality level being provided by these banks. Further, it was observed both the public and private sector banks scored the least on responsiveness and empathy factors. Public Sector Banks have fared better in terms of reliability and assurance whereas the Private Sector Banks have fared better in terms of tangibility, reliability and assurance.

81) Morgan hunt (1994)

Has explained in his article that, Trust generally is viewed as an essential ingredient for building and maintaining successful relationship. As the key mediating variable to the development of long term customer relationships.
Commitment is the enduring desire of parties to continue a relationship whereby customer willingly makes effort at maintaining it. Considerable conceptual and empirical outcome supports the positive relationship between commitment and behavioral loyalty. Customers may commit/invest prior to value delivery, due to instrumental provisions (contractual financial, procedural bonds) signifying relationship intentions beyond the transaction- committed parties demonstrate the willingness to do all that can be done to keep the relationship going.

2.3 Conclusion
The literature review intends to present an integral theoretical framework in order to allow and justify an in depth analysis of the empirical findings. The literature review is divided into two parts.

The first part clarifies issues of customer relationship management in general describing strategic relations elaborating the customer relationship management instruments, service quality dimensions, Indian service firms banking system, retention strategies, and types of CRM.

The second part elaborates the development of customer relationship management strategies and its challenges as well as the description specifically in Indian and contemporary banking scenario. Where researcher has initiated the research work on these similarities.

Extant marketing literature lacks consensus on how loyalty should be conceptualizes and measure in the banking industry. There has been growing interest in recent years to determine the factor that influence development of study of customer relationship management. Despite this there is no consensus among researchers for the factors that help a firm maintain and increase customer relationship management in banking.

Previous research is based on trust and commitment. Very little research has been done on corporate image, customer loyalty, predictive churn modeling, and customer switching as key antecedent of customer loyalty and Customer Relationship Management. Role of Information technology and consumer behavior on customer
relationship management is also missing extensively in earlier research. Hence the comprehensive aspect of customer relationship management in banks is lacking.

Existing literature has rarely linked holistic picture of customer relationship management in banking. This research gap motivated the researcher to conduct a generic study in the wider context to empirically investigate the impact of holistic approach of Customer Relationship Management in banking. There is no direct relationship with earlier research work to the subject in the perspective that researcher has undertaken to the study the Customer Relationship Management with a more comprehensive picture in selected region to understand and discover the integration of concept in banking through further empirical study.

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CRM in Banking Industry "Round Table, Finacle, Infosys technologies Ltd, www.infosys.com/finacle


Peppers & Rogers Group is a division of Carlson Marketing Worldwide, and is headquartered in Norwalk. www.1to1.com.


