CHAPTER 7

HYPOTHESES TESTING

This chapter is divided into two parts. The first part outlines hypotheses testing of the study and the second part deals with the major discussions of the survey findings.

7.1 HYPOTHESES TESTING

The first hypothesis (H₁) focused on that there is a significant relationship between Customer Loyalty and the demographic profile of the respondents it includes Gender group, Age group, Occupation of the respondents, Educational qualification, Monthly income, Marital status and the Type of family that are considered to be most significant by the Banking, Life Insurance and Mutual funds investors to identify the Customer Loyalty. According to Tables 5.5, 5.35 and 5.67 the results are found to be the mid-point 3.0. These results substantially support the first hypothesis (H₁) that the Banks, Life Insurance and Mutual funds Companies Customer Loyalty are depending on the demographic profile of the respondents.

The second hypothesis (H₂) stated that there is a relationship between Demographic factors of the respondents it includes Gender group, Age group, Occupation of the respondents, Educational qualification, Monthly income, Marital status, Type of family and the Customer Relationship factors i.e., Trust, Employees, Communication, Security, Customer focus, Customer Prestige, Service Level and Customer’s Word of
Mouth factors in Banks, Life Insurance and Mutual Funds. According to Tables 5.6, 5.36, 5.68 (Trust factor), 5.8, 5.38, 5.70 (Employees factor), 5.10, 5.40, 5.72 (Communication factor), 5.12, 5.42, 5.74 (Security factor), 5.14, 5.44, 5.76 (Customer Focus factor), 5.46, 5.78 (Customer Prestige factor), 5.16, 5.48, 5.80 (Service Level factor), 5.18, 5.50, 5.82 (Customer’s word of Mouth factor) the results are found to be the mid-point 3.0. The p value for the demographic profile variables was less than with different significance levels 0.001 (p<0.001), 0.01 (p<0.01) and 0.05 (p<0.05) in different Customer Relationship factors. These results substantially support the second hypothesis (H2) that the Banks, Life Insurance and Mutual funds Customer Relationship Marketing factors are depending on the demographic profile of the respondents.

The third hypothesis (H3) stated that there is a relationship between Customer Relationship Marketing factor variables and Customer Loyalty in Banks, Life Insurance and Mutual Fund. According to Tables – 5.7, 5.37, 5.69 (Trust factor), 5.9, 5.39, 5.71 (Employees factor), 5.11, 5.41, 5.73 (Communication factor), 5.13, 5.43, 5.75 (Security factor), 5.15, 5.45, 5.77 (Customer Focus factor), 5.47, 5.79 (Customer Prestige factor), 5.17, 5.49, 5.81 (Service Level factor), 5.19, 5.51, 5.83 (Customer’s word of Mouth factor) the results are found to be the mid-point 3.0. The p value for the Customer Relationship Marketing factor variables was less than significance levels 0.001 (p<0.001) with Customer Loyalty. These results substantially support the third hypothesis (H3) that the Banks, Life Insurance and Mutual funds Customer Relationship Marketing factor variables are positively influences to increase the Customer Loyalty of the respondents.

The third hypothesis (H3) also analyzed through Multiple Regression method, the regression analysis was carried out with the Trust, Employees, Communication, Security, Customer focus, Service Level and
Customer’s word of Mouth of Customer Relationship Marketing Strategies and the impact of Customer Loyalty. According to the Tables 5.20 to 5.22 (Banking), 5.52 to 5.54 (Life Insurance), 5.84 to 5.86 (Mutual Funds) results denote that positive sign of $\beta$ values shows that there is a significant positive relationship between CRMS and Customer Loyalty in Banks, Life Insurance and Mutual Funds companies.

The fourth hypothesis ($H_4$) stated that all Public and Private sector Banks, Life Insurance and Mutual Fund companies are offering same type of Customer Relationship Marketing Strategies.

In Banks, according to the Tables 5.23 to 5.30 results substantially not support the fourth hypothesis ($H_4$) that the Private Banks offering continuously updated CRMS compare with Public Banks in Chennai City. In Life Insurance, according to the Tables 5.55 to 5.62 results substantially not support the fourth hypothesis ($H_4$) that the Public Life Insurance Company offering updated CRMS compare with Private Life Insurance Companies in Chennai City. In Mutual funds, according to the Tables 5.87 to 5.94 results substantially not support the fourth hypothesis ($H_4$) that the Private Mutual Funds offering better CRMS compare with Public Mutual Fund in Chennai City.

7.2 DISCUSSIONS ABOUT STUDY

Having described the survey results, this section attempts to present a broad evaluation of the current status of CRMS amongst Chennai based Banks, Life Insurance and Mutual Funds Companies. The findings are anticipated to satisfy the following questions.
a) What have been the most accepted Customer Relationship Marketing Strategies implemented so far in Chennai City Banks, Life Insurance and Mutual Funds companies?

b) What are the Customer Relationship Marketing strategies adopted by Public and Private sector Banks, Life Insurance, and Mutual Funds in Chennai City so far to satisfy the respondents demographic profile point of view?

c) What are the Customer Relationship Marketing variables are influenced to Customer Loyalty in the respondents mind?

d) Which of the research constructs have the highest degree of practice in the journey towards maintaining existing customers and their loyalty?

e) How do the findings on the level of Customer Relationship and their Loyalty compare with the results from previous research?

f) Any Customer Relationship Marketing strategy level difference is their between Public and Private sector Banks, Life Insurance and Mutual funds?

When respondents were asked to check up the most important attributes of the Customer Relationship and the impact of Customer Loyalty in Banks, Life Insurance and Mutual funds, the responses obtained in this regard present that Investment habit, Selection of Financial Companies, Life time Customer value, Financial Institutions Customer relationship services, especially in Trust factor, reliable and popular in service provider, fulfill customer obligations, setting trends in service, acceptable quality with less cost and better opinion from others, followed by Employees factor, Employees knowledge, respecting and helping the customers and their
appearance, in Service Level factor, flexible, innovative, competitive schemes and plans, number of branches, personal attention, timely service and deliver their promises to customers, in Security factor, secured transaction, accurate and absence of errors, secured on line transaction, followed by Communication factor, continuously informed new services, timely and trust worthy information, reachable advertisements, in Customer focus factor, customized and flexible services, deliver their promises exactly, Customer care, solving customer complaints quickly, in Customer Prestige factor, feel proud, love to associate, customer’s are loyal to the institutions, in finally, Customer’s word of mouth factor, recently heard lot of good thing, recently talked to friends and others positively and recommended regarding their selected financial institutions.

These results of the study are consistent with the findings from previous research done by Brown (2000). The survey findings, however, show that the importance of certain attributes is shared by many. According to him, Customer Relationship acquiring new customers, retaining the existence customers, and at the same time understands, anticipates and manages the needs of an organisation’s current and potential customers. Furthermore, Mylonakis (2009) described Customer Relationship as an innovative process to create a long term relationship and gaining trust.

The findings of this study also support and confirm the results of previous research conducted by Sheth and Parvatiyar (1995), that relationship marketing aims at building long-term, strong relationship with customers to cultivate and foster customer loyalty that will benefit both the customers and the organization.

The results of this survey also support the work of Bateson and Hoffman (2002) noted that firms must put in place effective tactics for retaining customers and subsequently making them loyal. They mentioned
tactics such as maintenance of proper perspective, remembering customers between calls, building trusting relationships, monitoring the service delivery process, responding swiftly to customers in need and provision of discretionary effort. According to them despite that every customer is important, firms must not retain certain customers if they are no longer profitable, abusive to the extent of lowering the morale of employees, reputation is so bad that it tarnishes the image and reputation of the company should the firm associates itself with that customer. The results of this study indicate that the Chennai Banks, Life Insurance and Mutual funds companies Customer Loyalty through continuous Customer Relationship strategy. The results of this survey also support the work of Ball (2004) said that customer loyalty can be explained to a substantial degree by customer satisfaction, trust, and communication.

The findings of this study also support and confirm in Service Level and Customer’s Word of Mouth factor by Phuong and Har (2000) one of the bank selection decisions in Singapore convenient location and overall quality of service. They are followed by the availability of self bank facilities, charges on service provided by banks, long operating hours, availability of students privileges and recommendations by friends and parents specifically. The respondents considered overall quality of service more than twice as important as recommendations by parents/friends. Quality guarantees are supposed to convince the potential customer (Moorthy and Srinivasan 1995). In addition, recommendation by other customers, such as using WOM communication achieves the same effect (Haywood 1989).

The study was to explore the extent of Service quality variation according to demographic variables implementation by financial institutions and its impact on the competitive performance. It is supported by Bhat (2005), using SERVQUAL scale, studied the service quality of Indian banks and
service quality variation across demographic variables. The results suggest that foreign banks are relatively close to the expectations of their customers in comparison with Indian Banks. The study confirmed that poor service quality among Indian banks is mostly due to deficiency in tangibility and responsiveness. The analysis of service quality across income variable shows that service quality of Indian Banks as vis-à-vis less variations across income segments as perceived by clients of foreign banks. The analysis of service quality as perceived by different age groups reveals that service quality of banks is comparatively better among higher age groups whereas reverse is the case among lower age groups. Service is perceived to be better in states where competition is higher and banks provide better quality service to business group customers in comparison with service group customers, as they are small in number but have higher income level.

To sum up, the Banks, Life Insurance and Mutual Funds companies in Chennai are driven to adopt the Customer Relationship Marketing Strategy to gains loyal customers. Previous studies assist us to interpret the findings of this research and to identify areas for future study. Most of the findings in this study were in tune with the previous research studies conducted across the world.