CHAPTER 8

CONCLUSION

In this part of the report, the author has come to conclusions about the study and arrived at certain managerial implications which will hopefully create more awareness among Management and Employees about the strategic importance of Customer Relationship Marketing and Customer Loyalty and its impacts in Chennai Banks, Life Insurance and Mutual funds sectors. Finally, the major limitations of the study and scope for future research are elaborately discussed in this chapter.

8.1 OVERVIEW

The thirst of this research study is to explore the impact of Customer Relationship Marketing Strategy and Customer Loyalty in Chennai Financial Institutions. It have been implemented in Banks, Life Insurance and Mutual funds in Chennai city, to identify the critical driving and resisting forces toward the implementation of CRMS and the Impact of Customer Loyalty, and to identify the factors influences for the successful CRMS by Banks, Life Insurance and Mutual Funds in Chennai city. Banks, Life Insurance and Mutual funds has always been a competitive between both Public and Private sectors. Today, the rate of change is increasing at a rapid pace and uncertainty is a constant. An Institutions success is dependent upon its ability to stay ahead of trends and to respond dynamically to market opportunities and fluctuations. Financial Institutions continuously update their Customer’s needs to maintain their relationship, optimise Customer Life time
and profits, lead institution trends, and drive competitive advantage to be successful. Success in Financial Institutions is dependent on making the right connections to improve business performance and value for all stakeholders - shareholders, customers, business partners and employees.

The Banks, Life Insurance and Mutual funds sectors has experienced an unprecedented degree of change in the last ten years, involving drastic launching in private sector Banks, Life Insurance and Mutual Funds and their management approaches, product and service technologies, customer expectations, maintaining Customer relationships as well as competitive behaviour. In today’s highly dynamic and rapidly changing environment, the global competition has lead to the implementation of CRMS by Financial Institutions in their journey of achieving the Financial Product and Service excellence. The global marketplace has witnessed an increased pressure from customers and competitors in Financial Institutions and its services.

Banks, Life Insurance and Mutual funds sectors need to use every tool available to gain a competitive advantage and retaining customers. Financial Institutions that want to survive in today’s highly competitive business environment must address the need for maintaining good Customer Relationship to frame the Marketing Strategies to launch their new schemes in Life Insurance, Mutual funds and Banks with state-of-the-art product features, coupled with high features, lower costs and more effective. In today’s fast-changing marketplace, slow and steady improvements in Financial Institutions operations do not guarantee sustained profitability or survival of an Institution. Thus the Financial Institutions need to improve at a faster rate than their competitors, if they are to become or remain leaders in the sector.
The dynamics of global business era paves the way for the evolution of CRMS. Banks, Life Insurance and Mutual Funds companies need to adopt CRMS to achieve an excellence in the competitive priorities of business including communicating products and service to the customer, increasing trust in the customer’s mind, service quality, security, customer focus, less cost of service, prompt delivery, new innovating services, customer loyalty, etc., There has been a marked increase in the awareness of the term Customer Relationship Marketing Strategy to an almost universal level over the last 10 years. It was evident from the study that to find the impact of CRMS and Customer Loyalty in Banks, Life Insurance and Mutual funds companies located in Chennai city. The study also reveals that all financial institutions were found to have practiced/implemented some of the CRMS. Almost all Public and Private sectors Banks, Life Insurance and Mutual Companies respondents are participated in the survey were found the types of customer relationship maintaining by the Companies.

When asked about the attributes of CRMS considered to be most important by the Customer Loyalty in Banks, this study clearly indicates that “Fulfills the customers’ obligations” was found to be the most important attribute in Trust factor with the highest mean (3.63), “Professional approach”, in Employees factor with the highest mean (3.78), “Advertisements clearly mention the benefits to the end users”, in Communication factor with the highest mean (3.62), “The Bank is very concerned with the security for transaction”, in Security factor with the highest mean (3.64), “Bank is flexible in servicing needs” in Customer focus factor with the highest mean (3.60), “An Innovative bank” in Service level factor with the highest mean (3.50) and “Feel proud to use this Bank” was found to be the most important attribute in Customer’s word of mouth factor with the highest mean (3.69).
In Life Insurance, the attributes of CRMS considered to Customer Loyalty, “Fulfil the Customers’ Obligations” was found to be the most important attribute in Trust factor with the highest mean (3.68), “Knowledge & Skill”, in Employees factor with the highest mean (3.66), “Communicate regularly the non-payments”, in Communication factor with the highest mean (3.70), “Transparency in the transaction”, in Security factor with the highest mean (3.67), “Responds to customer complaints quickly” in Customer focus factor with the highest mean (3.66), “Loyal to this Insurance company” in Customer Prestige with the highest mean (3.60), “Branches and network of services” in Service level factor with the highest mean (3.67) and “Love this Insurance company” was found to be the most important attribute in Customer’s word of mouth factor with the highest mean (3.65).

In Mutual funds, the attributes of CRMS considered to Customer Loyalty, “Fulfills the customers’ obligations”, was found to be the most important attribute in Trust factor with the highest mean (3.68), “Professional approach”, in Employees factor with the highest mean (3.65), “Informed about new service continuously”, in Communication factor with the highest mean (3.65), “Provides accurate and error free records”, in Security factor with the highest mean (3.70), “Responds to customer complaints quickly” in Customer focus factor with the highest mean (3.66), “Feel proud to be a customer in this Mutual Fund Company” in Customer Prestige with the highest mean (3.66), “Offers competitive schemes and policies” in Service level factor with the highest mean (3.67) and “Love this mutual fund company” was found to be the most important attribute in Customer’s word of mouth factor with the highest mean (3.70).

The study has also come to conclusion that the demographical profile also positively influences the Customer Loyalty. In Banking, the demographic profile considered to Customer Loyalty, “Female” in Gender-
wise classification with the highest mean (3.84), “Upto 25 years” in Age group with the highest mean (4.08), “Post graduate” in Educational wise classification with the highest mean (4.23), “Rs.15,001 - Rs.25,000” in Monthly Income category with the highest mean (4.44), “Professional” in Occupation wise classification with the highest mean (3.92), “Unmarried” category in Marital status with mean of 3.99 and “Joint family” in Type of family with the mean of 3.89.

In Life Insurance, the demographic profile considered to Customer Loyalty, “Male” in Gender-wise classification with the highest mean (3.87), “Upto 25 years” in Age wise classification with the highest mean (4.08), “Post graduate” in Educational wise classification with the highest mean (4.47), “Rs.15,001 - Rs.25,000” in Monthly Income category with the highest mean (4.66), “Private Employees” in Occupation wise classification with the highest mean (3.74), “Unmarried” category in Marital status with mean of 3.93 and “Joint family” in Type of family with the mean of 3.93.

In Mutual funds, the demographic profile considered to Customer Loyalty, “Male” in Gender-wise classification with the highest mean (3.81), “Upto 25 years” in Age wise classification with the highest mean (4.00), “Post graduate” in Educational wise classification with the highest mean (4.50), “Above Rs.40,000” in Monthly Income category with the mean (4.00), “Government Employees” in Occupation wise classification with the highest mean (3.70), “Married” category in Marital status with mean of 3.93 and “Nuclear Family” in Type of family with the mean of 3.51.

The research findings also indicate that there was a significant difference among most of the research Customer Relationship variables considered to be the key for the effective implementation of CRMS by Public and Private sector Financial Institutions. In Banking, this would indicate that the mean scores of the Customer Relationship Marketing factors implemented
by Private Sector Banks are better than that of the Public sector Banks with the highest mean score Employee factor (4.64) in Private sector Banks. In Life Insurance, this would indicate that the mean scores of the Customer Relationship Marketing factors implemented by Public Sector Life Insurance is better than that of the Private sector Life Insurance with the highest mean score Security factor (4.41) in Public sector Life Insurance company. In Mutual funds, this would indicate that the mean scores of the Customer Relationship Marketing factors implemented by Private Sector Mutual funds are better than that of the Public sector Mutual funds with the highest mean score Security and Communication factor (4.46) in Private sector Mutual funds.

We can also conclude from the findings of survey that there was a strong positive relationship between the independent variables (such as Customer Relationship Marketing factors) and the dependent variables (such as Customer Loyalty). The results of Multiple Regression model have shown that there is a strong interrelationship between the research variables factors (such as Trust, Employees, Security, Communication, Customer focus, Customer prestige, Service level and Customer’s word of mouth) in all the three sectors (Banking, Life Insurance and Mutual funds). This would infer that most of the research variables can influence Customer Relationship Marketing attitudes toward gaining a Customer Loyalty at their Marketing strategies and achieving long-term relationship with Customers.

8.2 MANAGERIAL IMPLICATIONS

One of the main objectives of this study was to provide some guidelines that might be of importance to promote CRMS in Banks, Life Insurance and Mutual funds sectors located in Chennai city. Based on the results of this study, the following managerial implications are drawn by the researcher.
1) In financial market CRMS are highly correlated with Customer’s Loyalty in Chennai city. So, the Public and Private sector Banks, Life Insurance and Mutual funds companies are continuously updated their Customer Profile, framing good CRMS and increasing their Customer Loyalty.

2) Both Public and Private sector financial institutions are framing strategies in maintaining Customer Relationship but the Private Sector Banks are continuously identify the Customers needs in services, compare with Public sector Banks the services what they offered, especially in Customer Focus, customized and flexible services, Customer care, solving customer complaints quickly, and in Communication, continuously informed new services, timely, trust worthy information and reachable advertisements to Customer’s mind. So, the Public sector Banks needs more concentration and updating through different CRMS techniques.

3) In Insurance sector, Public sector Life Insurance company offers good Customer services and continuously identify the Customer needs and increase the confidence level in the customers mind comparatively Private sector Life Insurance companies, especially the Customers are trusted, feel secured, Employee service and knowledge, personal attention, competitive schemes and plans, number of branches, deliver their promises to customers, and in Communication, continuously informed new services, timely, trust worthy information and reachable advertisements. In the competitive Life Insurance Industry, private sector life insurance companies requires Customer-focused strategies, to acquire customers thorough various touch points and translate operational data into actionable insights for proactively serving customers.
4) In Mutual funds, customers are trusted more in Private sector Mutual funds companies, including employee’s services and knowledge, secured transaction, accurate and absence of errors and focusing customer groups compare with Public sector. The Public sector Mutual funds to achieve sustained profitable growth and strengthen investor faith and confidence in the health of the industry.

CRMS has emerged as a result of many financial sector drivers. Firstly, the changes in the driving forces for Relationship Marketing strategy, from an initial push to improve current business processes to achieve Customer’s Life time value and long-term relationship with customers. The Financial sectors have come to be driven by a desire for greater customer service in later implementation of CRMS which lead to the Customer Loyalty. Secondly, competitors’ use of the CRMS techniques and response to customers also has a strong effect on the adoption of the most advanced Customer Relationship techniques for framing their Marketing Strategies. Thirdly, as a result of its growing ability to bring new opportunities and to facilitate the development of the new business forms and structures needed to meet the continuously emerging changes in business imperatives, the CRMS importance increases as it becomes involved in each task in today’s Competitive Market. Finally, IT developments are also forcing financial companies to be up-to-date in their use of advanced technologies regarding delivery of speedy and high quality information, as well as facilitating greater degrees of communication.

8.3 LIMITATIONS OF THE STUDY

Despite its strengths, the study has certain limitations. It is important to view this study in the context of its limitations. First, the research model developed in the study is attempt in understanding the journey of
Customer Relationship Marketing adopted by the Banks, Life Insurance and Mutual funds companies in Chennai and how far they think they have come across that accreditation. The survey is limited to Banks, Life Insurance and Mutual funds companies sites located in Chennai city. Clearly, there is a need to replicate the results of the study to the selected financial institutions located in other parts of Tamil Nadu and India.

Second, this study was purely based on the cross-sectional survey data gathered via self-reported structured questionnaires. Any study based on the survey through a pre-designed questionnaire suffers from the basic pitfall of the possibility of differences between ‘what is reported’ and ‘what is true’ because of biased responses of the respondents or the problem of filters in the communication process. Third, due to the paucity of resources and time, it has not been possible to explore the possibilities of changes in the opinions of the respondents over time.

Fourth, a generalization of the study results might be critical since other financial products and services not covered by our study may be influenced by different impact factors. This may exhibit an effect on the identified relationships. Furthermore, a comparison of CRMS and Customer Loyalty in the countries and in the financial institutions would be interesting. Additionally, longitudinal studies might have great potential identifying certain developments in the field of Customer Relationship Marketing Strategy.

Finally, the implementation of CRMS is by nature a never-ending process. Because of this and the limited framework of a thesis, it would be impossible to show all of the long-term effects of CRMS practices and techniques on Banks, Life Insurance and Mutual funds companies and their impact of Customer Loyalty. Because of these limitations, the scope of the thesis will be restricted to information obtained from the survey related to the
implementation of CRMS and Customer Loyalty by Banks, Life Insurance and Mutual funds in Chennai city. It is hoped that this thesis will serve as a foundation for further study of the topic. Despite these limitations, the study provides a rich picture on the journey of impact of Customer Relationship Marketing Strategy and Customer Loyalty by Banks, Life Insurance and Mutual funds in Chennai city and achievement of Customer Loyalty and Retention in the global business environment.

8.4 SCOPE FOR FURTHER RESEARCH

The limitations discussed above may affect the current study and should be considered in the future study to overcome these limitations. A logical progression of this research study would be to carry out a similar study concerning the other Financial Sectors like General Insurance, Medi-claim Insurance, Individually the Banks, Life Insurance, Mutual funds companies update their CRMS and other financial products in Public and Private sectors and the results of which could be compared with this research. The same proposed CRMS practices, techniques, drivers and barriers developed by the current study could be employed in such as a study. Furthermore, more research needed to study how the perceived importance of these CRMS techniques, practices, drivers and barriers may differ across each financial products and other industry such as Other Insurance Products, Stock Market, management consulting, telecommunications services and other service sectors. With a better understanding of these issues involved in CRMS, impact of Customer Loyalty, updating Customer Demographic Profile and the changes in decision making, managers will be able to make informed decisions and retain customer in long-term.

Moreover, this research could be enhanced by expanding the current driving and resisting forces. The impact of organizational culture on CRMS implementation could be investigated to add further depth to those
forces. Finally, similar studies in other developing countries could be carried out and comparative studies with other less developed countries and more developed countries could be also carried out to find out the similarities and dissimilarities concerning the driving and resisting forces toward the implementation of CRMS and the impact of Customer Loyalty in different contexts.

This study is based on the impact of CRMS and Customer Loyalty on Financial sectors measured in terms of Trust, Employees, Communication, Security, Customer Focus, Customer Prestige, Service Level, Customer’s word of mouth and its impact in Customer Loyalty. It can be expanded to include other functional areas of the organization such as Purchasing department (i.e., Maintaining Supplier’s Relationship Management), Employees Relationship Management etc.,

The IT Systems/Applications construct can also be improved by applying more indicators like Customer Life Time Value, Retaining Customers, Investment pattern of the Customers, Maintaining and Updating Customer Profile, Identifying the success behind the CRMS, Loyalty of the Customers etc. Instead of limiting to an observational study, an experimental type of study can be adopted to determine quantitative benefits from the application of CRMS implementation in Banks, Life Insurance and Mutual funds companies. This will lead to generate an integrated framework for CRMS implementation and increasing Customer Loyalty towards improvement of the competitive edge of the Financial sector in the global context.

Hopefully, this thesis will serve as a foundation upon which future research can be based. Understanding the impact of Customer Relationship Marketing Strategy and Customer Loyalty on Financial products is in itself a continuous Customer study and updating customer knowledge will naturally
require additional research in order to expand the knowledge boundary. Although this thesis has attempted to expand the knowledge boundary relating to CRMS adopted by Banks, Life Insurance and Mutual funds, it has in no way depleted the opportunities for research in this area. By expanding the existing knowledge base, this thesis has exposed many new opportunities for future research. Continued research would allow for the verification of the conclusions of this thesis, ultimately providing a better understanding of the subject matter.

Additional research into CRMS would be particularly useful in verifying conclusions made in this thesis. The survey instrument used for this thesis is admittedly more focused on Relationship Marketing and its impact in Customer Loyalty. This is primarily due to the fact that it is inherently more difficult to write survey questions that accurately measure how Relationship Marketing reaches to the Customers, which accurately measure practices and techniques CRMS. When the survey instrument was developed it was believed that by measuring practices and techniques of CRMS and Customer Loyalty would also be indirectly measured.

Future research focusing on Relationship Marketing concepts would be likely to develop stronger conclusions because of the stronger correlations that should result from a more complete survey instrument. Although this thesis was able to establish the existence of Customer relationships, to determine the exact nature of these relationships will require additional research. Further studies can also be made focusing on other areas of Financial Products and Services in India and abroad to allow for a new comprehensive CRMS framework to be built upon to meet the needs of the Financial Sectors in their drives towards a journey of maintaining long-term relationship with customers.