



## SIGNIFICANCE OF CRM IN BANKING SECTOR

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### **Introduction**

Customer Relationship Management is an old concept. Customer has been acting as a prime concern for all the companies ever over the years. The management approach, that they sincerely viewed customer relationship as a key asset, has gained increased prominence in the priorities and practices of many profit and nonprofit organizations. Companies have been doing it since the beginning of their operation. However, the focuses were more on selling rather than customer orientation. Competition, determined by globalization has tainted the world. Customers now have various choices based on their tastes and habits, and they are more knowledgeable and demanding too. Now they need to be handled with utmost care by the companies because the companies not only to acquire them but to satisfy and retain them for long. Both from the academicians and the manufacturing perspective, the importance attached to the customer relationship building is increasing by leaps and bounds on a daily count.

Customer Relationship Management is not a Goods or service it is a strategy used to learn more about the needs and wants of customers and their perception in regulate to develop stronger and healthy relationship with them. From its standpoint, it provides an integrated view of a company's customer to everyone in the organization so that the customer can serve effectively, in simple terms, CRM is use of a wide range of marketing, Sales promotional techniques and processes to identify, the targeted customers which is related to their view. Creating and managing a customer or else retaining the existing customer in a organization play a very sympathetic role. Companies can beat its industry leader in terms of product, quality, innovative in the product pricing, promotion and placement of its product. Hence to build a customer base it is not just sufficient to good at seven Ps but it is more essential to build a relationship with a customer. This increased a spotlight on managing relationship with customer in the protracted run lead to a new approach known as customer relationship management in common parlance, CUSTOMER RELATIONSHIP MANAGEMENT and relationship marketing are used synonymously.

Customer Relationship Management focuses on automating the business process right from ERM (enterprise relationship management) to deliver customer value and satisfaction. CRM basically centers around the accumulation of technology and individual resources with an aim to grow inside into the actions of customer and cater to their professed value.

Conceptually, customer relationship management (CRM) has been widely embraced by businesses. In practice, however, examples of success contrast with anecdotes where the diffusion of CRM into organizations continues to be a slow process and/or where CRM implementation outcomes have fallen short of expectations. Successful implementation depends on a number of factors such as fit between of a firm's CRM strategy and programs and its broader marketing strategy, and intra organizational and inter organizational cooperation and coordination among entities involved in implementation. Building on the results of a survey of the CRM-implementation related experiences of 101 U.S.-based firms, in this article the authors identify factors associated with successful CRM implementation and advance directions for future research.



## • Literature Review

- ✓ According to Newell (2000) CRM is a useful tool in terms of identifying the right customer groups and for helping to decide which customers to jettison.
- ✓ According to Newell (2000) there are often three distinct types of relationship customers: the top, middle and lower groups
- ✓ Kotler (1992) has outlined the importance of adopting a relationship approach to stakeholders:
- ✓ This definition identifies the overall aim, the scope and the primary activities involved in RM. Relationship marketing may be a highly explicit strategy or may be more implicit and emergent (e.g., Mintzberg 1994),
- ✓ Management Consultants McKinsey & Company refer to CRM as ‘continuous relationship marketing’, which they define as information-based marketing that is integrated with customer acquisition and management processes; see Child et al. (1997).
- ✓ Although CRM is a more recent development than RM, its origins are less clear. Recently authors have pointed to an increased clarity in the definition of CRM. In a recent review Relationship Marketing: Strategic management of relationships with all relevant stakeholders CRM: Strategic management of relationships with customers, involving appropriate use of technology Customer Management: Implementation and tactical management of customer interactions RELATIONSHIP MARKETING CRM CUSTOMER MANAGEMENT Figure 1 Relationship Marketing, CRM and Customer Management jbm vol. 3, 2009/1 11 of CRM, in a landmark Special Issue on CRM in the Journal of Marketing, Boulding, Staelin, Ehret, and Johnston (2005) argue that the field of CRM has now begun to converge on a common definition. We propose the following definition, drawing on Boulding et al. (2005) and Payne and Frow (2005)

## Objectives of the study

- To study the overview of customer relationship management
- To know the significance of crm in banking sector

## Recent Trends and Developments of CRM

- Providing online access to product information and technical assistance around the clock
- Identifying what customers value and devising appropriate service strategies for each customer
- Providing mechanisms for managing and scheduling follow-up sales calls
- Tracking all contacts with a customer
- Identifying potential problems before they occur
- Providing a user-friendly mechanism for registering customer complaints
- Providing a mechanism for handling problems and complaints
- Providing a mechanism for correcting service deficiencies
- Storing customer interests in order to target customers selectively
- Providing mechanisms for managing and scheduling maintenance, repair, and on-going support.

## Reasons for CRM strategy

The following are the main reasons for adopting CRM strategy

- The cost of the retaining customer should be lower than the cost of acquiring the new customer
- A retained customer will be act as a good advocate to the company by providing the word of mouth publicity and create new customers



- Maintaining and retaining the customers for a long terms gives a company good benefits
- Healthy relationships help the company in getting the feedback and suggestions for improving market strategies

### **Requirements for Customer Retention**

To maintain or to sustain the relationship with the customer for a long term then it should be the quality of care, empathy and good perception. The standard objective is to maximize Customer life time value (CLV).in order to procure the customer life time value then the respected company has to paid more attention towards the retention of the customers. In present scenario customers are becoming smarter, like off more price consciousness, More demanding and are been approached by various competitors with better offers. According to the perception, the customers are divided into three segments. the first are the “Habitual churners” who like to change suppliers very frequently, viewing and finding for the best among the suppliers. The second segment is “Possible churners” who can might move if you can give them right offer at a right time. The third “sluggish churners “which comprises of old and affluent customers who are clinically about benefits of change.

All these strategies are surrounded for retaining the customers into the organizations for a long term and getting the clear cut idea of existing potential customers. Most of the consumer behavior theories are explaining very clearly that “ IT COST FINE TIMES AS MUCH TO FIND A NEW CUSTOMER AS IT DOES TO KEEP AN OLD ONE”. If you are losing high value customers ,the cost go up substantially to acquire a customer and grow the relationship to the same level.

For the effective development of customer retention strategy, the right way must be created Which includes?

- Creating company environment of CRM
- Creating customer environment
- Building loyalty

### **Creating company environment of CRM**

The company should have to create a good relationship in between the employees and the customers. The senior managers in the organization should have to cross verify with the customers where in the personal from all functional areas shown own responsibility for all.

### **Creating customer environment**

Creating environment for CRM not only requires re-conditioning mind of employees but also recuperative customers demand through repositioning product offerings and they need to provide an environment for their customers that is simple to use ,more accessible,less waiting and more flexible to pay through phone.

### **Building Loyalty**

Building loyalty comes from how much the customer is satisfied with your product by consuming it. Building loyalty is always depends upon how good a customer is satisfied. Loyalty not been said that the customer is continuously purchasing, loyalty could be achieved ,if others performance exceeds customers expectations? stage that should be like “ Complete satisfaction” or “Total satisfaction”.

For clear appreciative, CONVENTIONAL MARKETING and CRM, the differences between these are presented as follows



CONVENTIONAL MARKETING	CUSTOMER RELATIONSHIP MARKETING
Mass marketing	Personal marketing
Customer is passive and rational	Customer is active and emotional
Limited use of technology	Wide spread use of technology
Serve customer well	Serve customer Differently
Success measured by current profit and market share	Success measured by life time profits/market share
Customer acquisitions is given more emphasis	Customer retention is given more emphasis
Selling focus	Relationship focus
After sales support is viewed as cost	After sales Support is viewed as investment

### Scope of CRM

The scope of CRM is presented from point of different class of goods and services these are classified into four types

- FMCGs
- Durables
- Services
- Industrial goods

The scope is presented in the following table -

**Scope of CRM**

Scope of CRM	FMCGs	Durables	Services	Industrial goods
Relationship as a part of the strategy	Partial	Partial/Central	Central	Central
Customer Choice	Huge	Huge/medium	Medium/low	Low
Possibility of Request	Less	Less/medium	Medium/Low	Low
Cost involved in the Setup	Huge	Huge	Huge	Huge
Cost involved as a % of sales	Less	Less/Medium	More	More
Customer Perception	Huge	Huge/Medium	Low	Medium

Maintaining the relationship with customers all the time is not effective. But very effective in right situations. This is presented as follows

It is suitable when	It is not suitable when
1)The customer have long time relation	1)Customer has a short time relation
2) Branding involves high costs	2) Depends upon the economic conditions
3) High Switching Costs	3) Vast untapped market which can be tapped with low costs
4) When it provides good in quality	4) when it not provides good in quality



### Conclusions and Suggestions

The CRM is based on four simple premises. 1) the cost of retaining a customer is lower than getting a new one. 2) Loyalty programmes create greater customer satisfaction 3) CRM would ultimately start finding itself 4) Relationship building would enhance the brand equity.

For the development of customer relationship management strategy, the following suggestions are prescribed

- Develop new orientation
- Need for collaboration with related organizations
- Use service as differentiation
- Build data base about each customer
- Develop channel relationship

### CRM Hurdles

Successful implementation of CRM strategy and programs can be hampered due to a resistance to change at various levels of the organization. For instance, marketing managers may not easily make the transition from being responsible for all aspects of the marketing of a single product or brand to handling functions spanning multiple brands and products that are simultaneously relevant to a firm's customers (Kumar, Ramani, and Bohling 2004). Similarly, sales personnel would need to be actively involved in the process of understanding datadriven campaign output files that prioritize customer selection and overcome reluctance to accept recommendations that do not suggest traditional customer touch patterns (Kumar, Ramani, and Bohling 2004). Respondents were presented with a list of 10 potential roadblocks to CRM implementation and asked to indicate the single one they found to be the most problematic while completing a CRM initiative and implementing CRM. Eighty-one percent of the respondents provided a response. The three most commonly cited roadblocks were lack of necessary resources (19%), insufficient focus on change management (11%), and insufficient involvement of employees (9%). The latter two largely relate to an organization's "soft" skills. Of note, the least cited roadblock from the list was technical complexity (1%). Respondents were next asked which of the 15 CRM components or approach steps (discussed earlier) would best help their firm overcome the roadblock cited by the respondent. The five most cited CRM components (pooled across all roadblocks) were change management (31%), process change (29%), senior executive and opinion 190 JOURNAL OF SERVICE RESEARCH / November 2006 © 2006 SAGE Publications. All rights reserved. Not for commercial use or unauthorized distribution. Downloaded from <http://jsr.sagepub.com> at Faculty of Social Sciences on February 21, 2008 leader buy-in (28%), prioritization of company initiatives (27%), and business case and ROI development (26%). Further investigating these roadblocks, identifying their antecedents, and developing ways to mitigate their deleterious impact on organizational practices is a key opportunity for future research.

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