

CUSTOMER RELATIONSHIP MANAGEMENT- A SOLUTION FOR CUSTOMER ATTRITION

***Dr. Vinod G, **Dr. Suresh Kumar K**

Abstract

CRM - an acronym of three words, Customer, Relationship and Management, is one of the most powerful tools for preventing high customer attrition in the present day global business scenario. In the context of CRM, 'Customer' stands for good customers, reliable and trustworthy -past, present and potential. 'Relationship' stands for continuous, permanent and cordial relation. 'Management' refers to planning and controlling tools, techniques and strategies to create, develop and maintain customer relationship. As the need of the hour, the entities realize the value of customers and customer relationship. Studies show that the cost of creating a new customer is six times more than maintaining an existing customer. The chance of selling a product to a present customer is much higher than selling to a new customer. A satisfied customer tells many about the product, service and the provider. It is further observed that if the customer complaints are promptly addressed, the chance of leaving is too narrow. This fact is being realized by the entities and they are trying to keep customer relationship by all possible means including keeping the customer data base and sharing the data among all departments to ensure excellent and timely service during the entire customer life cycle.

Keywords:- Customer Relationship Management (CRM), Quality Circle (QC), Total Quality Management (TQM), Retention, Attrition.



CRM a Backdrop

'Customer', the focus of today's business, decides the slips and rises of a company, its product and service. Every company does compete with one another to make the customer more and more satisfied and more and

more delighted. Every entity is trying to add more value to its products and services to create a new experience to the customer and to get the customer enchanted.

To create value, companies go with a number of modern innovative devices

**Dr. Vinod G, Associate Professor of Commerce, Government College for Women, Thiruvananthapuram, E-mail: vinodjagathi@gmail.com*

***Dr. Suresh Kumar K, Associate Professor of Commerce, Government College for Women, Thiruvananthapuram, E-mail: sureshnmdd@gmail.com*

like TQM, QC, Six Sigma, Process Re-Engineering, Change Management, Cost control and Quality control tools. In addition to this, entities practice three mantras for their business success including 'Price Leadership Strategy' through cost cut, 'Differential Strategy'-with novel and special products and services, and 'Focus Strategy'- targeting a particular segment alone. Even after all these efforts the rate of customer turnover is highly experienced by all most all the companies, the highest thread posed by globalization. Customer Relationship Management is identified as the single largest solution for preventing high customer turn over. CRM is all about 'the timely delivery of excellent service to the customers. It is also observed CRM as "all strategies, techniques, tools, and technologies used by enterprises for developing, retaining and acquiring customers".

When we look at the 'Service Sector', Banks the leader of service sector, consider 'customer' and 'customer satisfaction' a key concern. In the context of high competition faced by the banking industry, keeping the services and products of a bank at the level of expectation of customers is a huge task. The need for creating, developing and maintaining relations with the customers is the felt need of the hour for the banking industry to retain the present customers, at the same time that the effort for creating new customers continue. In the words of **Furness (2001)**, many businesses such as banks, insurance companies and other service providers understand the importance of customer relationship management and its potential

to help them acquire new customers and maximize their lifetime value. Thus, CRM is a policy towards attracting and retaining organizational customers.

Hanley (2008) has described different dimensions of efficiency of banking services which helps to increase the quality of services provided to customers. These dimensions include confidentiality of personal information of clients, ethical behavior, and variety of services and securities of funds. Organizations focusing on these dimensions help enhance the quality of services and customer satisfaction. **Greenberg and Baron (2000)**, suggested that customer and firm relationship is influenced by the knowledge of employees about the services that are provided by their organization. In the case of banks, customers are more conscious about the information regarding different services and procedures. **Mudie and Cottam (2010)**, they further argue that improving service quality through better service encounter process, service design process, service productivity and culture of the firm, will help in customer retention.

2. Need for Implementation of Customer Relationship Management in Banks

The banking industry has been undergoing a rapid transformation by participating in the developments that are reshaping Indian economy. In pre-liberalization era, the role of a bank was restricted to the function of channelizing resources from surplus to deficit sectors, resulting in lack of competition, low capital base, low productivity and high

intermediation cost. But, after liberalization, banks were exposed to free market intense competition resulting in strategic need for customer retention. With the ever-changing forces of competition, technologies and new trends in the economy customers have been at the center stage of every organization. Customers are becoming more individualistic, quality conscious and impulsive in their buying behavior that demands a complete range of products and services under one roof in order to optimize their satisfaction. This makes it imperative that banks need not be satisfied with the performance of routine functions, they should think with an open mind about providing the existing and new customers with innovative products and services, nothing less than the best.

3. Statement of the Problem

Every organization practices its own mechanism to create, develop and maintain good customer relations. In any organization the customer is the most key element. Satisfied customer is an asset to any organization. The banking sector establishes and maintains long-term relationship with customers to provide value for customers and banks. The present study has been undertaken to analyze the initiatives taken by banks in order to maintain long-term relationship with the customers and to what extent the same is effective in its goals. The study also analyses the personal perceptions and opinions of customers on their relationship with their bank. The overall CRM practices of the respective bank are studied with a span of questions. CRM can be effective only if it is properly implemented and followed and the study

analysis the working of CRM in banking sector.

4. Objectives of the Study

1. To examine the CRM initiatives of SBI at different stages of Customer Life Cycle.
2. To analyze customer satisfaction towards the CRM Practices of SBI.

5. Scope and Importance of the Study

The study has been confined to banking sector especially to SBI. As customers are directly contacting their bank for every need, CRM is found to be a necessity to banking sector. As the leader of public sector banks, studying SBI would be more worthy. Further the study on CRM practices of SBI and its effectiveness from customer perspective will be an insight to other entities on what should they adopt at each stage of Customer Life Cycle to maintain good customer relation and what are the expectations of customers in this connect.

6. Methodology of the Study

The present study aims to examine and analyses the effectiveness of CRM practices adopted by SBI. Hence descriptive and analytical design has been used in the study. A sample of 100 customers has been selected by adopting judgment sampling method. An interview schedule was administered to collect data. The collected data have been analysed by using descriptive statistics and test statistics. Student t test has been administered to test the hypothesis.

7. Results and Discussion

The present paper is devoted to analyze the CRM practices of banks by

giving special reference to SBI. A total sample of 100 customers was chosen for the study for examining their perception towards the CRM practices of SBI. It further examines the quality of the products and services offered by SBI because customer retention is largely depended on the happiness of customers towards the services of banks. In present-day business, the website has a lot to do. Hence the customer opinion about the bank's website has also been put to analysis.

7.1 Medium of Contact Used by the Customers and Bank

The data relating to the medium used by the customers to contact the bank have been collected and ranked the same based on the mostly used. It is inferred that the mostly used medium of contact by the customers is by giving a direct visit to the bank, followed by mobile app with rank II, internet banking rank III, telephonic call rank IV and the least used medium of contact is E-mail. Here, it is evidential that even in the current digital and internet age, customers still prefer direct visit to have in touch and contact with the bank.

Data relating to medium used by banks to contact with the customers have been collected and ranked the same. It is inferred that the mostly used medium of contact by the bank is by sending SMS to the customer, followed by mobile app with rank II, website with rank III, e-mail with rank IV and telephonic call with rank V. It is clear that bank still maintains communication with the customers with a short message.

7.2 Quality of Website of the Bank

Website is a medium used by entities now-a-days to present themselves to the

customers and society. How well a Bank's website has been designed and organized is a matter importance. Data relating to the quality of bank's website have been collected and analyzed. As regards the quality of website is concerned the overall opinion of customers is good (AM 3.87). When we look into the detail as regards the quality of website, customers hold good opinion about its appearance (AM 3.96), information conveyed (AM 3.96), user-friendly (AM 3.85), purpose served (AM 3.83) and about the links arranged (AM 3.74).

7.3 Gender and Quality of Website

In-order to check is there any significant difference between male and female as regards their opinion about the quality of website is examined by using t-test. The result is shown in table 1.

H₀: There is no significant difference between male and female as regards their opinion on the quality of bank website.

As regards the opinion of customers on the quality of website based on gender, calculated t value is -0.822 as against the table value at 5 per cent level of significance of 1.96. As the calculated value is less than the table value, H₀ is failed to reject. Hence it is inferred that there is no significance difference between male and female as regards the quality of the website.

7.4 Qualification and Quality of the Website

In order to check is there any significant difference in the opinion on quality of website based on the level of education of sample, t-test is applied and the output is shown in table 2.

Table 1
Gender and Quality of Website

Variable	Gender	AM	Standard Deviation	Calculated value (t- value)	Table value @5 percentage
Quality of Website	Male	3.78	1.002	-0.822	1.96
	Female	3.93	0.93		

Source: Primary data

Level of significance 5 percentage

Table 2
Qualification and Quality of Website

Variable	Qualification	AM	Standard Deviation	Calculated Value (t-value)	Table value @ 5 percentage
Quality of the website	Below degree	4.03	1.03	9.92	1.96
	Above degree	0.26	0.95		

Source: Primary data

Level of Significance 5 percentage

H0: There is no significant difference on the opinion of quality of website based on the level of education of sample.

From table 2, it is inferred that as regards the quality of website based on the qualification of sample respondents, calculated t value shows 9.92 against the table value at 5 per cent level of significance of 1.96. As the calculated value is higher than the table value, H0 is rejected. That means there do exist significant differences based on the level of education and quality of website. It is inferred that highly educated people do not hold high opinion about the quality of website.

7.5 Opinion Regarding CRM Initiatives of the Bank

Data relating to the opinion of the customers regarding certain initiatives of the bank to create and maintain customer relation have been collected and analyzed. As regards over all opinion about the CRM initiatives of the bank, the customers hold high opinion (AM 3.74). When we analyse in detail all aspects of CRM initiative the customers hold a high opinion, initiative to find new customers (AM 3.84), initiative to inform new products or services (AM 3.81), initiative in maintaining good relation with the customers (AM 3.76), personalized

services to customers (AM 3.74), initiatives to maintain customers (AM 3.73), serving customers in case need (AM 3.70), and in giving offers to patronaged customers (AM 3.63).

7.6 Patronage and CRM Initiatives of the Bank

In order to check is there any significant difference in the opinions on initiatives of the bank based on the duration of the customer as the customer of the bank.

H₀: There is no significant difference on the opinion of the initiatives of the bank based on the experience of the customer.

As regards initiatives of bank based on experience, calculated t value is -0.754 as against the table value at 5percentage level of significance of 1.96. As the calculated value is less than the table value, H₀ is failed to reject. This means that there is no significant difference in the opinion of customers as regards the initiatives of the bank to create and maintain customer relation based on their patronage.

7.7 Quality of Banking Products and Services

Provision of right product at right time and cost is the base of customer relation. Therefore, data relating to quality of banks products and services have been collected and analyzed. The opinion of the customers about the quality of banking products and services offered by SBI, customers hold a good opinion (AM 3.70). When we analyze in detail we can see that, in all the aspects of banking service customers keep a good remark, the overall quality of the service provided

(AM 4.10), provisions of all services (AM 3.86), skill and knowledge of the employees (AM 3.73), operating hours of the bank (AM 3.72), serving all the requirements of customers (AM 3.70), approach of the bank towards the customers (AM 3.67), services at the customer requirements (AM 3.66), variety in banking products and services(AM 3.62), provision of right service at right time (AM 3.54), reasonability of service charges and speed in upgrading quality of services with (AM 3.53) and (AM 3.53) respectively.

7.8 Qualification of Customers and Quality of Products and Services

It would be meaningful to see the linkage of qualification of customers and their experience on banking services. In-order to check is there any significant difference in the opinion on quality of products and services of the bank based on qualification, t- test has been applied.

H₀: There is no significant difference in the opinion on the quality and services based on the qualification.

From the table 4, it is inferred that as regards the quality of products and services based on qualification of sample respondents, t value shows that 0.44 against the table value at 5 percentage level of significance of 1.96. As the calculated value is less than the table value H₀ is failed to reject. That means there is no significant difference based on qualification and quality of products and services offered by SBI.

7.9 Experience and Quality of Products and Services

In-order to find is there any significant difference in opinion on quality of

Table 3
Experience and CRM Initiatives of Bank

Variable	Experience	AM	Standard Deviation	Calculated Value (t-value)	Table value @5 percentage
Initiatives of the Bank	Below 10 yrs	3.70	1.03	- 0.754	1.96
	Above 10 yrs	1.03	0.95		

Source: Primary data

Level of Significance 5percentage

Table 4
Qualification and Quality of Products and Services

Variables	Qualification	AM	Standard Deviation	Calculated Value(t-value)	Table value@5 percentage
Quality of Products and Services.	Below Degree	3.82	1.05	0.44	1.96
	Above Degree	3.65	0.96		

Source: Primary data

Level of significance 5 percentage

products and services of the bank based on experience, t-test has been applied and the output is shown in table 5.

H0: There is no significant difference between experience and quality of products and services of bank.

As regards quality of products and services based on experience, calculated t value is -0.95 as against the table value at 5 percentage level of significance of 1.96. As the calculated value is less than the table value, H0 is again failed to reject. Hence it is inferred that there is no significant difference based on experience and quality of products and services.

7.10 Satisfaction of Respondents on Customer Attention

A customer evaluates a bank and would like to have a touch with the bank

is based upon on the response of the bank when a complaint is lodged or something is enquired or some information or help is being sought. Data relating to satisfaction of respondents on such banking activities have been collected and detailed. As regards the satisfaction of the respondents on banking activities reaching to customer attention, they hold a high satisfaction level (AM 3.77). On different aspects of customers care, attending their calls by the bank (AM 3.94), accuracy in information provided (AM 3.84), speed in addressing their complaints (AM 3.80), readiness of the bank in serving customers (AM 3.71), provisions for customer feedback and seriousness in attention towards customers feedback (AM 3.70) and (AM 3.61).

Table 5
Experience and Quality of Products and Services

Variables	Experience	AM	Standard Deviation	Calculated Value(t-value)	Table Value@ 5 percentage
Quality of Products and Services	Below 10 years'	3.61	0.98	-0.95	1.96
	Above 10 years'	3.80	0.94		

Source: Primary data

Level of significance 5 percentage

7.11 Loyalty and Patronage towards Bank

The loyalty and patronage of the customers are the key indicators of relationship between an entity and customers. Data relating to the loyalty and patronage of customers towards the bank are collected and examined. The overall loyalty and patronage of customers is high (AM 3.86). It is inferred that the customers like the bank very much (AM 3.96), agrees that they continue as the customer of the bank (AM 3.91) and they enjoy banking and considers themselves a loyal customer (AM 3.91), agrees that the customers are satisfied with the services of the bank (AM 3.86), agrees that they recommend others to open an account in the bank (AM 3.75) and also agrees that they are satisfied with the approach of the towards customers (AM 3.74).

7.12 Experience and Loyalty towards Bank

In-order to find is there any significant difference in loyalty and patronage of customers towards bank based on experience t – test is applied and the result is shown in table 6.

H0: There is no significant difference in loyalty towards bank based on experience.

From table 6, it is inferred that as regards the loyalty and patronage based on experience of sample respondents, t value shows -1.85 against the table value at 5 percentage level of significance of 1.96. As the calculated value is less than the table value H0 is failed to reject. That means there is no significant difference based on experience and loyalty and patronage towards the bank.

8. Conclusion

Customer Relationship Management (CRM) is a technology for managing all the company’s relationships and interactions with customers and potential customers. A CRM system helps companies stay connected to customers, streamline processes, and improve profitability. The present study addressed the Customer Relationship Management Practices of State Bank of India. The objectives were to study the CRM Practices of the Bank, to examine the initiatives of the bank at the different stages of customer life-cycle, to evaluate the customer experience on the quality of

Table 6
Experience and Loyalty and Patronage Towards Bank

Variables	Experience	AM	SD	Calculated Value(t-value)	Table Value@ 5 percentage
Loyalty and Patronage towards bank	Below 10 years'	3.75	0.94	-1.85	1.96
	Above 10 years'	4.12	0.87		

Source: Primary data

Level of significance 5 percentage

products and services of SBI and to analyze the customer satisfaction towards the CRM Practices of SBI. A sample of 100 respondents was selected by judgment sampling method and the data have been collected using interview schedule. The collected data were analyzed by various tools like Arithmetic Mean, ranking and t-test. The analysis show that the customers hold good opinion about the quality of the website, hold high opinion about initiatives of the bank to create, develop and maintain good relation with customers, products and services offered by the bank are found to be good, customers are satisfied with the activities of the bank, they further expressed their happiness as banks readiness to address customer queries, complaints and readiness shown to meet the needs of

customers and also agrees with the loyalty and patronage towards the bank. One disagreement found was that there exists a significant difference in the opinion based on the level of education and quality of website. Highly educated people do not hold high opinion about the quality of website. That thing should be attended by the bank. In all other aspects irrespective education, gender and period of experience with the bank, all carry good opinion on the CRM initiatives of SBI. From the study it is evidential that when you are success in delivering good products, addresses their grievances, attend their calls, they are happy with their service provider. The SBI customers hold high level of loyalty towards SBI ang enjoying the banking patronage.

References

1. Peppers, D. & Rogers, M. (2004). *Managing customer relationships: A strategic framework*. Canada.
2. Alebojat, S., Chirani, E., & Delafrooz, N. (2013). *Conceptual framework of CRM process in banking system*. *Arabian Journal of Business and Management Review*, 1(1), 29-33.
3. Payne, A. (2012). *Handbook of CRM: Achieving excellence in customer management*. Oxford: Butterworth-Heinemann.
4. Peppard, J. (2000). *Customer relationship management (CRM) in financial services*. *European Management Journal*, 18(3), 312-327.
5. Becksford, J. (2002). *Quality (2nd ed.)*. London: Routledge.
6. Furness, P. (2001). *Techniques for customer modeling in CRM*. *Journal of Financial Services Marketing*, 5(4), 293-307.

7. Hanley, S., & Leaby, R. (2008). *The effectiveness of relationship marketing strategies in department stores*. *International Journal of Business Management*, 3(110), 133-140.
8. Greenberg, J., & Baron, R. A. (2000). *Behavior in organizations* (7th ed.). Upper Saddle River, NJ: Prentice Hall.
9. Mudie, P., & Cottam, A. (2010). *Management and marketing of services*. Routledge.
10. Parvatiyar, A., & Sheth, J. N. (2000). *The domain and conceptual foundations of relationship marketing*. In J. N. Sheth & A. Parvatiyar (Eds.), *Handbook of relationship marketing* (pp. 3-38). Thousand Oaks, CA: Sage Publications.
11. Rababah, K., Mohd, H., & Ibrahim, H. (2010). *A unified definition of CRM towards the successful adoption and implementation*. In *Proceedings of the 3rd Lifelong Learning International Conference (3LLInC'10)* (pp. 1-10). Kuala Lumpur, Malaysia.
12. Jham, V., & Khan, K. M. (2008). *Customer satisfaction in the Indian banking sector: A study*. *IIMB Management Review*, 20(1), 84-93.
13. Buttle, F. (2004). *Customer relationship management: Concepts and tools*. Oxford: Butterworth-Heinemann.
14. Bhattacharya, A. (2011). *Preeminent analysis of customer relationship (CRM)*. *International Journal of Research in Management & Technology*, 1(1), 45-51.
15. Arasli, H., Katircioglu, S. T., & Mehtap-Smadi, S. (2005). *A comparison of service quality in the banking industry: Evidence from Turkish- and Greek-speaking areas in Cyprus*. *International Journal of Bank Marketing*, 23(7), 508-526.
16. Grewal, A. (2001). *Customer relationship management: Emerging concepts, tools, and applications*. Tata McGraw-Hill.
17. Rabimi, R., & Kozak, M. (2017). *Impact of customer relationship management on customer satisfaction: The case of a budget hotel chain*. *Journal of Travel & Tourism Marketing*, 34(1), 40-51.
18. Dyche, J. (2006). *The CRM handbook: The business guide to customer relationship management*. Pearson Education.
19. Ramasesha, B., & Others. (2006). *Issues and perspectives in global customer relationship management*. *Journal of Service Research*, 9(1).
20. Pickton, D., & Broderick, A. (2005). *Integrated marketing communications*. Harlow: FT Prentice Hall.
21. Brink, D., & Others. (n.d.). *The effect of strategic and tactical cause-related marketing on consumers' brand loyalty*. *Journal of Consumer Marketing*, 13(1), 15-25.
22. Saxena, R., & Khandelwal, P. (2011). *Exploring customer perception and behavior towards CRM practices in the banking sector: An empirical analysis*. *International Journal of Interdisciplinary Social Sciences*, 5(9), 375-391.
23. Tobidi, H., & Jabbari, M. M. (2012). *The necessity of using CRM*. *Procedia Technology*, 1, 514-516.
24. Chase, R. B. (2004). *A tale of two countries' conservatism, service quality, and feedback on customer satisfaction*. *Journal of Service Marketing*, 6(3), 212-230.
25. Mohammadboussein, N., & Zakaria, N. H. (2012). *CRM benefits for customers: Literature review (2005-2012)*. *International Journal of Engineering Research and Applications*, 2(1), 1578-1586.
26. Wongsansukcharoen, J., Trimetsoontorn, J., & Fongswan, W. (2015). *Social CRM, RMO, and business strategies affecting banking performance effectiveness in a B2B context*. *Journal of Business & Industrial Marketing*, 30(6).