A STUDY ON CUSTOMER RELATIONSHIP MANAGEMENT PRACTICES AND STRATEGIES WITH REFERENCE TO ICICI AND HDFC BANKS IN HYDERABAD AND SECUNDERABAD

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Abstract: In recent years, the banking industry across the world has been undergoing a rapid transformation. One of the approaches which is creating buzz in the banking sector is Customer Relationship Management. Implementation of CRM is the most important aspect in the banking industry and to enrich customer satisfaction, implementations of CRM Practices has become inevitable. Banks CRM System must capture customers life style, age, education, physical and psychological characteristics, preferences etc to discriminate customers into high and low value customer. Banks need to identify customers and the products that would be profitable and target the customers with products that are appropriate to their needs and service the customers with greater cost efficiency, which leads to customer loyalty. The objective of this paper is to study the perceptions of Non-business and business customers on the implementation of CRM Practices & Strategies in Private Sector banks ICICI & HDFC Banks in twin cities of Hyderabad and Secunderabad.

Keywords: Customer Relationship Management, Strategies, Banking Sector, Customer Satisfaction

I. INTRODUCTION

Banking sector on the onset of deregulation, globalization and under increased competitive pressure started realizing that "Customer is the Brand Ambassador and retaining customer is less expensive than creating a new customer for the services. Loyal customer stays longer and refers other customers to banks. Long term relationship with customers helps the bank to understand customer needs. It is an opportunity to introduce tailor-made products on service and cross sell their products to the customers. Customers understand the banking procedures which reduces the operating cost arising out of customer related errors. Since the cost of acquiring new customer is relatively high when compared to retaining the existing customer, banks started using Customer Relationship Management as a tool to hold good and ever lasting relationship with customers.

Implementation of Customer Relationship Management is the most important aspect of banking industry. To enrich customer satisfaction, implementation of CRM practices has become inevitable. Creating a relationship with customers is much easier as compared to retention of the customers. The relationships flourish when marketers meet customers' core expectations. CRM has become an important factor to improve banks performance. Technology aided services like Internet Banking, Inter branch net work; mobile banking changed the banking environment in India and bought new dimensions to automation in Indian Banking.

To maintain leadership, HDFC Bank used CRM next to establish a single platform for execution of its strategies across products, departments and channels. On the basis of market capitalization HDFC Bank is the largest private bank in the country with more than 25 million customers. Unlike other banks HDFC Bank did not want to buy growth at the expense of its profitability, rather to retain its competitive advantage, the bank felt to better its customer engagement processes. The bank selected CRM next's solution which promised to fulfil the banks needs.

Data bases in all the branches of ICICI are integrated, i.e., they can be accessed from anywhere and at any time. ICICI bank is the only bank to tie up with Terradata Company for making their software. On the server of ICICI standards are set in terms of value of the customer and the customer on reaching the set standard, the server automatically informs the department to offer him another product.ICICI bank offers a host of products and services to its clients, which include deposits, loans Insurance, Demat, NRI services and online services etc. In ICICI, some of the CRM approaches are: getting personalized information on customers, customized offerings to the customers and converting a prospective customer into true customer.

Banks CRM System must capture customers life style, age, education, physical and psychological characteristics, preferences etc while differentiating customers by the value criteria into high and low value customers. Banks need to identify customers and the products that would be profitable and target the customers with products that are appropriate to their needs and service the customers with greater cost efficiency. Banks need to find out the avenues for increased customer satisfaction, which leads to increased customer loyalty.

II. LITERATURE REVIEW

Kotler et al., (2004)[1] defined CRM as "The overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction". The transactional based view of marketing has a focussed attention on the beneficial effects of managing customer relationships (Howcroft and Durkin, 2000[2]). To enrich customer satisfaction, CRM practices has become inevitable and the reasons behind implementation of CRM Practices in banking sector are, Complexity and intangibility of the financial service (Berry, 1996[3]), deregulation has increased competition among financial service sector and technological change (Reichheld and Sasser, 1990[4]) and the bondage between banks and customers are improved with the implementation of CRM practices (Mehdi Rouholamin and Venkatesh, 2011[5]). Quality service, revenue enhancement and customer loyalty are provided by effective implementation of CRM practices in banks. (Sudalaimuthu and Lily, 2007[6]). Even changes in Organizational structure, project management and employee motivation are also required for successful implementation of CRM practices (Day and Vander Bulte, 2002[7]).

In the present study, Customer's views on the implementation of CRM practices are evaluated with reference to Mithas et al., (2005)[8], Colgate and Danaher, (2000)[9]. Customer acquisition, customer response, customer knowledge, Customer information system and customer value evaluation are the CRM practices included in the study are drawn from review of previous studies (Zuliana and Izah, 2011[10]).

A CRM System is a sound business strategy for banks to create brand value, identify and understand their customers' needs by providing targeted, timely and relevant information that can add value to their customers.CRM has become a powerful concept to align the interest of a firm and its customers (Boulding et al., 2005[11]). CRM is a business strategy to select and manage the most valuable customer relationship (Gayathry, 2012[12]). Success of CRM depends upon the appropriateness of the firm's strategy, as well as the effectiveness of CRM implementation (Arun Kumar Agariya, 2012[13]) and for successful CRM implementation, attention on four critical areas: People, strategy, processes and technology (Crosby and Jhonson, 2001[14]) are required.

The variables considered for the present study are Customer focus, Knowledge Management CRM Organization and technology based CRM and these CRM strategies are identified from the previous reviews (Zhang et al., 2003[15]; Allen et al., 2002[16]; Yusuf and Aspinwall 2003[17]).

III. NEED FOR THE STUDY

At present, there is intense competition among private and public sector banks regarding the introduction of multiple financial products and services. Customers are demanding more price, financial security, prompt service, convenience, low cost plan, professional services, easy access, friendly approach and wide range of services. On non availability of such services, they switch over to competitor banks to avail better services. Considering all these, banks are implementing CRM to enhance customer satisfaction and loyalty. The level of expectation from banks is ever changing and also differs from one customer segment to another. Evaluation of these aspects is essential to update the implementation of CRM practices and strategies to enhance customer satisfaction and loyalty. Attempt has been made in the present study to focus on these aspects.

IV. OBJECTIVES OF THE STUDY

1. To study the business and non business customer perceptions of ICICI and HDFC banks in Hyderabad and Secunderabad areas with respect to the various CRM Practices and Strategies.
2. To identify the discriminant CRM Practices and Strategies among Non-Business and Business customers of ICICI & HDFC banks In Hyderabad and Secunderabad areas..

V. RESEARCH DESIGN AND METHODOLOGY

Research design: Descriptive in nature
Research procedure: Survey method
Data collection: By using a structured Questionnaire
Sampling plan: Convenience sampling
Sample Size: 945 -Non-business and business customers of ICICI & HDFC banks in twin
Cities of Hyderabad & Secunderabad.
Data Sources: Primary Data
Contact methods, mails and personal interview.

VI. SCOPE OF THE STUDY

The scope of the study is confined to the customers' views on the implementation of CRM in ICICI and HDFC branches in twin cities of Hyderabad and Secunderabad only.

DATA ANALYSIS AND INTERPRETATION

1. The following table depicts the details of the respondents participated in the survey from the customers of ICICI & HDFC banks in Hyderabad and Secunderabad.

Table 1 Details of the Respondents (Area wise)

S. No	Area	No. of Banks	Non-business customers (NBC)	Business Customers (BC)	Total
1	HYDERABAD	165	540	202	742
2	SECUNDERABAD	26	152	51	203
	TOTAL	191	692	253	945

73% of the respondents are Non-business customers and 27% of the respondents are business customers of ICICI & HDFC banks of Hyderabad area where as 75% of respondents are Non-business customers and 25% of the respondents are business customers from Secunderabad area.

Table 2 Distribution of the Respondent With Respect To Gender and Age

Gender	Age					Total
	Less than 25Yrs	25-35Yrs	35-45Yrs	45-55Yrs	Above 55Yrs	
Male	96	90	172	161	38	557
Female	54	107	168	27	32	388
Total	150	197	340	188	70	945

INTERPRETATION

The above table reveals majority of the respondents (36%) belong to 35 – 45 years age group, followed by 25 – 35 years age group (20.8%), 45 – 55 years age group (19.8%), less than 25 Yrs (15.8%) and Only 5% of the respondents belong to the age group over 55 years.

Table 3 Distribution of the Respondents With Respect To Gender and Educational Status

Gender	Edu.Status					Total
	School Level	Diploma	Under Graduation	Post Graduation	Professional Education	
Male	163	35	160	124	75	557
Female	18	65	130	162	13	388
Total	181	100	290	286	88	945

INTERPRETATION

From the above table it is clear that most of the respondents (70.23%) are having minimum Under Graduation as their minimum educational qualification only 29.77% of the respondents qualification is up to graduation.

Table 4 Distribution of the Respondents With Respect To Age and Average Monthly Income

Age	Avg.Monthly Income					Total
	Less than 40000	40000-50000	50000-60000	60000-70000	Above 70000	
Less than 25Yrs	106	33	8	2	3	152
25-35Yrs	114	30	12	32	6	194
35-45Yrs	98	149	81	8	4	340
45-55Yrs	33	51	67	7	29	187
Above 55Yrs	56	7	5	2	2	72
Total	407	270	173	51	44	945

INTERPRETATION

Most of the respondents belong to the income group less than 40000, followed by 40000-50000, 50000-60000, 60000-70000 and there are very few respondents belongs to the income group Above 70000.

CUSTOMERS' VIEWS ON CRM PRACTICES AT SELECT BANKS:

The customers' views on various CRM practices in the select banks have been examined by Customer acquisition, Customer response, Customer Knowledge, Customer information system and Customer value evaluation.

The customers' views on the five practices have been derived from the mean sore of variables in it.

Regarding the views on CRM practices, the significant difference between the Non-business and business customers have been examined with the help of 'T' test. The results are given below.

Table: 5 Non Business and Business Customers' Views on CRM Practices

CRM Practices	Nature of customer	N	Mean	Std. Deviation	Std. Error Mean	t-Statistic
Customer Acquisition (CA)	NBC	692	3.9308	.39678	.01508	-6.808**
	BC	253	4.1370	.41772	.02626	
Customer Information System (CIS)	NBC	692	3.9477	.48647	.01849	-6.668**
	BC	253	4.2062	.54187	.03407	
Customer Knowledge (CK)	NBC	692	4.0462	.43071	.01637	.537
	BC	253	4.0303	.39419	.02478	
Customer Response(CR)	NBC	692	3.9535	.43574	.01656	-1.447
	BC	253	3.9993	.42918	.02698	
Customer Value Evaluation(CVE)	NBC	692	4.0340	.42439	.01613	-3.615**
	BC	253	4.1693	.53740	.03379	

** indicates significant difference between the average perceptions

INTERPRETATION

Regarding the views of CRM practices, there is significant difference between Non-business and business customers in case of Customer Acquisition, Customer Information System and Customer Value Evaluation since their respective 't' statistics are significant at five per cent level.

From the above table we can conclude that banks are focusing more on Business Customers (BC) than on Non Business Customers (NBC) with respect to customer acquisition, Customer Information and Customer value evaluation.

With respect to CRM Practices Customer Knowledge and Customer response though they are not significant, banks focus is equal among Non Business and business customers.

ASSOCIATION BETWEEN THE PROFILE OF THE CUSTOMERS AND THEIR VIEWS ON CRM PRACTICES

Perceptions are measured on 5 point Likert scale from strongly disagree to strongly agree. ANOVA one-way classification used to test the association between the profile of the customer (Gender, Age, Average Monthly Income, Educational Qualification, Occupation, Duration of Holding Accounts) and the Number of accounts and their views on CRM practices (customer acquisition, customer information, Customer Knowledge, customer response and customer Evaluation). The 'F' statistic values are presented in the following table.

Table: 6 Associations between the Profile of the Customers and Their Views on CRM Practices

Profile variables	F-Statistics				
	CA	CI	CK	CR	CV
Age	8.599**	25.689**	13.747**	50.391**	0.262
Average Monthly Income	36.247**	72.432**	11.994**	32.29**	5.784**
Education Status	13.84**	73.435**	15.636**	49.302**	6.115**
Occupation Status	4.939**	3.28**	4.637**	3.154**	14.181**
Duration of Accounts	6.049**	17.886**	15.773**	9.69**	7.381**
Number of Accounts	9.353**	40.539**	2.175	33.01**	4.525**

** Significant at 5% level

INTERPRETATION

From the above table we can conclude that there no significant association between Age and customer valuation, Number of accounts and customer knowledge at 5% level of significance. Whereas there is significant association between other CRM practices and profile variables at 5% level of significance.

DISCRIMINANT CRM PRACTICES FOR NONBUSINESS AND BUSINESS CUSTOMERS

The levels of perceptions on some of the CRM Practices among the Non-Business are differing from the business customers. It is imperative to identify the important discriminant CRM practices for some policy implications. The two group discriminant analyses have been administered for this purpose and calculated Wilks Lambda. The smaller value of Wilk's lambda indicates more discriminate power of the corresponding practice. The results (the mean difference, its statistical significance and the discriminant power of CRM practices) presented in the following table

Table 7 Discriminant CRM Practices for Non-business and Business Customers

CRM Practices	NBC	BC	Mean difference	t-statistic	Wilk's Lambda
CA	3.9308	4.137	-0.2062	-6.808**	0.3512
CIS	3.9477	4.2062	-0.2585	-6.668**	0.2314
CK	4.0462	4.0303	0.0159	0.537	0.9998
CR	3.9535	3.9993	-0.0458	-1.447	0.9984
CVE	4.034	4.1693	-0.1353	-3.165**	0.4216

From the table the significant mean differences are identified in the case of Customer acquisition, Customer information System and Customer value evaluation since their respective 't' statistics are significant at five percent level. The higher discriminant power is noticed in case of Customer Information System since its Wilk's Lambda is 0.2314 followed by customer acquisition 0.3512 and customer value evaluation 0.4216. The significant discriminant CRM practices: Customer Acquisition, Customer Information System and Customer value evaluation have been included for two group discriminant analysis. Unstandardized procedure has been followed to estimate the function. The estimated function is presented below

$Z = -5.250 + 1.846 (CA) + 1.061 (CI) + 0.688(CV)$

CUSTOMERS' PERCEPTIONS ON CRM STRATEGIES AT SELECT BANKS

The customers' views on various CRM strategies measured on 5 point Likert scale. Calculated Mean and Standard Deviation perceptions on CRM strategies of the select banks with respect to Customer Focus, CRM Organization, Knowledge Management and Technology Based CRM also applied t- test to test the significant difference between the average perceptions of Non Business and Business customers on CRM strategies, results presented in the following table

Table: 7 Customers' Perceptions on CRM Strategies

CRM strategies	Nature.of.Customer	N	Mean	Std. Deviation	t- statistic
Customer Focus	NBC	692	3.9049	0.42160	-7.012**
	BC	253	4.1336	0.45182	
Knowledge Management	NBC	692	3.8214	0.44664	-6.362**
	BC	253	4.0490	0.50092	
CRM Organisation	NBC	692	3.9341	0.46435	-2.999**
	BC	253	4.0530	0.56446	
Technology based CRM	NBC	692	3.9345	0.49768	-1.170
	BC	253	3.9763	0.48213	

*Significant at five percent level.

From the above table it is evident that there is a significant difference between the average perceptions of Non Business and Business customers with respect to the CRM strategies Customer Focus, Knowledge Management and CRM Organisation at 5% level of significance. There is no significant difference between the average perceptions between the Non Business and Business Customers with respect to Technology Based CRM. We can conclude that the select banks strategies are focusing more on Business Customers (BC) rather than Non- Business Customers (NBC).

ASSOCIATION BETWEEN THE PROFILE OF CUSTOMERS AND THEIR VIEWS ON CRM STRATEGIES AT SELECT BANKS

Since the customers' perception on the implication of CRM strategy in their banks may be associated with their profile, the present study has made an attempt to examine it with the help of one way analysis of variance. The profile variables are included for the analysis. The result of one way analysis of variance is given in the table.

Table: 8 Associations between the Profile of Customers and Their Views on CRM Strategies

Profile Variables	F Statistic			
	CF	KM	CRMO	TBCRM
Gender	3.5373	6.5690**	16.3018**	24.7526**
Age	9.2265**	20.3527**	22.3842**	39.1533**
Income	8.1021**	45.3082**	18.5998**	4.2812**
Educational Qualifications	1.315	12.258**	26.790**	19.091**
Occu. Status	8.986**	3.747**	9.244**	11.165**
Duration of Accs.	8.315**	7.609**	12.375**	9.243**
No. Of Accounts	2.467**	3.261**	15.194**	1.686**

**Significant at five percent level.

Gender is significantly associated with almost all CRM strategies except customer Focus. Age, Income, Occupation Status, Duration of Accounts and number of accounts significantly associated with all CRM strategies. Educational Qualification also associated with all strategies except Customer Focus at 5% level of significance.

DISCRIMINANT CRM STRATEGIES AMONG THE NON-BUSINESS AND BUSINESS CUSTOMERS

The level of perception on the implementation of CRM strategies in the select banks among the Non-business customers may be differing from the business customers. It is imperative to identify the important discriminant CRM strategy among the two groups of customers for some policy implications. Initially the mean difference, its statistical significance and discriminant power have been calculated by using Wilk's lambda and presented in the table.

Table 9 Discriminant CRM Strategies among the Non-Business and Business Customers

Nature.of.Customer		Mean	Mean Difference	T-statistic	Wilk's Lambda
Customer Focus	NBC	3.9049	-.22868	-7.012**	0.547
	BC	4.1336			
Knowledge Management	NBC	3.8214	-.22762	-6.362**	0.654
	BC	4.0490			
CRM Organisation	NBC	3.9341	-.11886	-2.999**	0.389
	BC	4.0530			
Technology based CRM	NBC	3.9345	-.04182	-1.170	0.999
	BC	3.9763			

** Significant at 5% level

The higher discriminant power is noticed in the case of CRM Organisation, Customer focus and Knowledge Management since their Wilks Lambda are reasonably good. The significant CRM strategies are included to estimate the two group discriminant function.
Z = -7.647 + 1.850 CF + 1.088KM +1.823 CRMO

MANAGERIAL IMPLICATIONS OF THE STUDY
Based on the findings of the study the following suggestions are made.
- Differentiated CRM Practices: The study reveals the level of perception among the non-business and business customers differ from each other, the bank management should pay attention and design different CRM Practices for non-business and business customers.
- Differentiated CRM Strategies: The study also identified that level of perception on CRM strategies among the non-business customers and business customers differ with each other, bank management should pay attention to design and introduce different CRM strategies for non-business and business customers.
- Focus on Demographic Profile: Since the demographic profile of the customers particularly age, educational status, occupational status have a significant association with their level of perception on CRM practices and CRM strategies the bank management should consider the demographic profile of the customers before formulating and designing their CRM practices and strategies.
- Appropriate CRM Dimensions: The CRM dimensions will vary from business customer to non-business customer, so the banker needs to identify the different CRM dimensions and the managers are advised to formulate and evaluate them accordingly.
- Establishment of Research and Development Department: The bank should have separate research and development department to identify the changing needs of the customers and monitor the effectiveness of customer relationship management at regular intervals.
- Future Orientation: The banks must foresee the needs of their business and non-business customers and must prepare themselves to face the changing environment in future. As customers' needs are always volatile and it is always recommended to keep one step ahead of the competitor's bank by introducing innovative services so as to develop long lasting bonding between customers and the banks.

SCOPE OF FUTURE STUDY
The present study has enlighted CRM Practices and strategies as per the views of customers only. It may be discussed as per bank staff's perspective also. The linkage between the CRM implementation and profitability of the banks may be focussed in future research.

CONCLUSION:
CRM has become a powerful concept to align the interest of a bank and its customers. Successful CRM implementation requires attention on four critical areas- People, strategy, processes and technology. At present, there is intense competition among private and public sector banks regarding the introduction of multiple financial products and services.
In the present study, Customer's views on the implementation of CRM are evaluated. Customer acquisition, customer response, customer knowledge, Customer Information System and customer value evaluation are the CRM practices in the select banks. We can conclude that banks are focusing more on Business Customers (BC) than the Non Business Customers (NBC) with respect to customer acquisition, Customer Information and Customer value evaluation. With respect to CRM Practices Customer Knowledge and Customer response though they are not significant, banks focus is equal among Non-Business and business customers. The significant discriminant CRM practices to discriminate Non Business and Business Customers are Customer Acquisition, Customer Information System and Customer value evaluation.
There is a significant difference between the average level of perceptions on the implementation of CRM strategies in the select banks between the Non-business customers and the business customers. Business customers are having more positive perceptions than the non-business customers on various strategies. There is also significant association between the demographic variables and various CRM strategies. Customer Focus, Customer Knowledge and CRM Organisations are the discriminating strategies between Business and Non Business Customers.
It reveals the urgent need to analyse the reason for poor perception among the non-business customers and design appropriate CRM as per the need of the non-business customers in order to enrich the banks services and service quality.

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