

CRM Strategies and Practices Adopted by New Generation Private Sector Banks in Kerala.

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Abstract

One of the important ways to develop the business of banking industry is to create and increase the CRM strategies and practices. There has been a focus on customer relationship management practice in the recent years. The leading New Generation Private Sector Banks had a major presence in Kerala. It had a representation through different banks in different areas. The author focused and streamlined the customer Relationship management Strategies and practices in a leading New Generation Private Sector Banks in Kerala in the area of retail. While the banks had some of these strategies in place, they were effectively channelized as a strategy to create high paced growth and sustainable competitive advantages for the banks. Such Practices and Strategies of the banks have significant role in the development of an economy.

Key words: New Generation Banks, Private Sector Banks, Strategies and Practices, Relationship Management.

Introduction

Customer Relationship Management (CRM) is a broad term that covers concepts used by undertakings to manage their customers, including the capture, storage and analysis of customer information. CRM is the strategic use of information, processes, technology and people to manage the customer's relationship with the organisation across the whole customer life cycle. CRM focuses on strategic impact rather than operational impact. Benefit is generally long rather than immediate. CRM includes all the functions that directly touch the customers throughout his entire lifetime with the organisation.

The term Customer Relationship Management and Relationship Marketing (RM) are used as interchangeably. Relationship marketing is the process of building long term, win – win relationship with the customers, distributors, dealers and suppliers based on trust. Over time, relationship marketing promises and delivers high quality and efficient services. It is accomplished by strengthening economic, technical and social obligations between members of two organisations or between the marketer and the customer. As Nevin point out, these terms have been used to reflect a variety of themes and perspectives. Some of these themes offer a narrow functional marketing perspective while others offer a perspective that is broad and somewhat paradigmatic in approach and orientation. A narrow perspective of Customer Relationship Management is database marketing emphasising the promotional aspect of marketing linked to database efforts. Another narrow point is to consider CRM only as customer retention in which a variety of after making tactics is used for customer bonding in touch after the sale is made. A more popular approach with recent application of information technology is to focus on individual or one-to-one relationship with customers that integrate database knowledge with a long-term customer retention and strategy.

The core theme of all CRM and relationship marketing perspectives is its focus on co-operative and collaborative relationship between the organisation and its customers. Dwyer, Schurr, and Oh have characterised such co-operative relationships as being interdependent and long-term oriented rather than being concerned with short-term discrete transactions. The long term orientation is often emphasised because it is believed that marketing actors will not engage in opportunistic behaviour if they have a long -term orientation and such relationship will be anchored on mutual gains and co-operation. Another important facet of CRM is “Customer selectivity”. As several research studies have shown not all customers are equally profitable for individual organisation. The organisation therefore must be selective in tailor its program and marketing efforts by segmenting and selecting appropriate customers for individual marketing programs.

Significance of the study

The banking scenario in India is at the turning point and is continuing developing but the progress has been notable over the decade. With the level of competition increasing in the banking industry, banks are trying with each other to persuade customers more and more personalised services. Several customers converse regularly with their bank counsellor by telephone. Customer Relationship Management is defined as the strategies taken by the service providers to create value in their service to retain customers. The main dimensions of Customer Relationship Management performance are developed from the behaviour based perspective such as customer satisfaction; repurchase intention, loyalty towards the brand and positive word of mouth. In this manner, CRM performances refer to the success of loyalty and create positive words of mouth among them. This study investigated the influence of factors for implementing CRM such as customer perceived trust, value, commitment, conflict handling, communications and strategies and practices adopted by the banks. It is in these contexts a study has been conducted to analyse the Customer Relationship Management in New Generation Private Sector Banks in Kerala.

Scope of the Study

The study is confined to making a comparative analysis of the CRM in New Generation Private Sector Banks in Kerala. For the purpose of the study various aspects of CRM are analysed from the perceptions of the customers of the New Generation Private Sector Banks. The customers selected for the study includes HDFC bank, Axis bank and ICICI bank with equal representation. Moreover, the customers of the above said banks include customers of both urban and rural areas from the three districts selected.

Objectives of the Study

- (1) To analyse the level of implementation of CRM in New Generation Private Sector banks in Kerala.
- (2) To study and compare CRM implementation among the New Generation Private Sector banks in Kerala.

Methodology of the Study

The study is descriptive in nature and is mainly based on primary data. Primary data was collected from the customers of New Generation Private Sector Banks by using a well structured questionnaire. The study made use of certain secondary data also, which was collected from magazines, journals, and the publication of RBI, books, reports, internet source and some other published and unpublished sources. A Random Sampling Technique was used for the selection of sample respondents of New Generation Private Sector Banks. At the outset, considering the area of entity, the whole state of Kerala is divided into three strata, namely, northern, central and southern regions. From each stratum one district was selected. For the purpose of the study, three banks, namely HDFC, ICICI and Axis banks from the new generation private sector have been considered. These banks have been chosen because they have a good market shares and adopted technology. 180 customers were selected from each bank by using simple random sampling method to reach a total of 540 samples. The computer program, Statistical Package for the Social Sciences (SPSS Version 20) and AMOS were used to analyse the data. The Confirmatory Factor Analysis (CFA) is used. The Structural Equation Model (SEM) has been used to measure the model fit indices. Several other mathematical and statistical tools like mean, standard deviation, coefficient variation, chi-square test, F test and Z test were used for analysing the data.

Results of the Analysis and Discussion

District Wise Analysis of CRM Implementation

To study the district wise level of CRM implementation F test is used.

**Table Showing
Mean SD and Z Value of CRM Implementation – District Wise**

<i>Variable</i>	<i>District</i>	<i>N</i>	<i>Mean</i>	<i>Standard deviation</i>	<i>F</i>	<i>p value</i>
CRM implementation	Kozhikode	180	151.20	17.06	0.460	0.644
	Ernakulam	180	154.03	17.04		
	Thiruvananthapuram	180	149.32	16.24		

Source: Primary Data

Table shows the District wise customers perception as to the level of implementation of CRM in the banks. It shows that the mean score of the CRM implementation is high in Ernakulam District (154.03), followed by Kozhikode District (151.20) with a standard deviation of 17.06 and 17.04 respectively. Value of F is 0.460. Since the calculated value of P is more than 0.05, the test is found to be not significant. It reveals that the perception of customers as to the implementation of CRM remains almost same among the three districts.

District Wise Customer Value Evaluation

To study the customer value evaluation on the basis of district of respondents, F test is applied.

Table Showing

Mean, SD and F Value of Customer Value - District Wise

<i>Variable</i>	<i>District</i>	<i>N</i>	<i>Mean</i>	<i>Standard deviation</i>	<i>F</i>	<i>p value</i>
Customer Value Evaluation	Kozhikode	180	20.24	3.56	0.546	0.602
	Ernakulum	180	21..32	3.74		
	Thiruvananthapuram	180	19.64	3.62		

Source: Primary Data

Table shows that the mean score of customer value evaluation is high (21.32) with a SD of 3.74 in Ernakulam district, whereas, the mean score of customer value evaluation is least (19.64) with a SD of 3.62 in Thiruvananthapuram district. Value of F is 0.546. Since calculated value of P (0.602) is more than 0.05, it can be concluded that there exists no significant difference in the customer value evaluation among the districts.

District Wise Customer Trust Evaluation

Table Showing

Mean, SD and F Value Customer Trust - District Wise

<i>Variable</i>	<i>District</i>	<i>N</i>	<i>Mean</i>	<i>Standard deviation</i>	<i>F</i>	<i>p value</i>
Customer Trust Evaluation	Kozhikode	180	16.24	3.54	0.562	0.542
	Ernakulum	180	17.32	3.62		
	Thiruvananthapuram	180	16.46	3.46		

Source: Primary Data

Table reveals that the mean score of customer trust evaluation is high (17.32) with a SD of 3.62 for the respondents belonging to Ernakulam district. The mean score of customer value evaluation is least (15.24) with a SD of 3.54 for the respondents belonging to Kozhikode district. Value of F is 0.562. Since the calculated value of P (0.542) is more than 0.05, it can be concluded that there is no significant difference among the respondents of districts under study as to the customer value evaluation.

District Wise Commitment towards Customers Evaluation**Table Showing****Mean, SD and F value of Commitment towards Customers - District Wise**

<i>Variable</i>	<i>District</i>	<i>N</i>	<i>Mean</i>	<i>Standard deviation</i>	<i>F</i>	<i>P value</i>
Commitment towards Customers	Kozhikode	180	23.42	4.96	0.696	0.434
	Ernakulum	180	23.84	5.04		
	Thiruvananthapuram	180	23.24	4.74		

Source: primary Data

Table discloses that the mean score of commitment towards customers is high (23.84) with a SD of 5.04 of the respondents belonging to Ernakulum district. The mean score of customer value evaluation is least (23.24) with a SD of 4.74 for the respondents belonging to Thiruvanthapuram district. Value of F is 0.696. Since the calculated value of P (0.434) is more than 0.05, it can be concluded that there is no significance difference among the respondents of the three district relating to commitment towards customers. It reveals that commitment towards customers' evaluation is more or less same among the respondents irrespective of the district to which they belong.

District Wise Communication with Customers**Table Showing****Mean, Standard deviation and F value of Communication with Customers - District Wise**

<i>Variable</i>	<i>District</i>	<i>N</i>	<i>Mean</i>	<i>Standard deviation</i>	<i>F</i>	<i>P value</i>
Communication With Customers	Kozhikode	180	35.62	7.42	0.033	0.895
	Ernakulum	180	35.87	7.37		
	Thiruvananthapuram	180	35.02	7.46		

Source: primary Data

Table shows that the mean score of communication with customers is high (35.87) with a SD of 7.37 for the respondents belonging to Ernakulum district. The mean score of customer value evaluation is least (35.02) with a SD of 7.46 for the respondents belonging to Thiruvanthapuram district. Value of F is 0.033. Since calculated value of P (0.895) is more than 0.05, it can be concluded that there is no significance difference in the communication with customers among the respondents in the districts under study. It shows that communication with customers' evaluation is statistically similar among the respondents irrespective of the district to which they belong.

District Wise Customer Conflict Handling Evaluation**Table Showing****Mean, Standard deviation and F value of Customer Conflict Handling – District Wise**

<i>Variable</i>	<i>District</i>	<i>N</i>	<i>Mean</i>	<i>Standard deviation</i>	<i>F</i>	<i>p value</i>
Customer	Kozhikode	180	25.08	5.02		
Conflict	Ernakulum	180	25.76	5.08	0.168	0.826
Handling	Thiruvananthapuram	180	25.02	4.96		

Source: primary Data

Table shows that the mean score of customer conflict handling evaluation is high (25.76) with a SD of 5.08 for Ernakulum district. The mean score of customer value evaluation is least (25.02) with a SD of 4.96 for Thiruvananthapuram district. Value of F is 0.168. Since the calculated value of P (0.826) is more than 0.05, it can be concluded that there is no significance difference among the respondents of the three districts as to customer conflict handling.

District Wise Service Strategies and Practices Evaluation**Table Showing****Mean, Standard deviation and F value of Service Strategies and Practices - District Wise**

<i>Variable</i>	<i>District</i>	<i>N</i>	<i>Mean</i>	<i>Standard deviation</i>	<i>F</i>	<i>p value</i>
Service	Kozhikode	180	32.98	6.92		
Strategies and	Ernakulam	180	33.42	6.86	0.064	0.936
Practices	Thiruvananthapuram	180	33.26	6.64		
Evaluation						

Source: Primary Data

Table shows that the mean score of the service strategies and practices evaluation is higher (33.42) with a SD of 6.86) in Ernakulam district than other districts. The value of F is 0.064. As the calculated P value (0.936) is more than 0.05, the hypothesis is accepted. Hence, it can be concluded that there is no significance difference among the respondents of the districts under study as to the service strategies and practices.

Level of Implementation of CRM in Banks

The first objective of the study is to analyse the extent of the implementation of CRM in banks. For this purpose the mean percentage score of the CRM implementation is calculated (68.24%) which indicates that the level of CRM implementation in banks in banks is good or medium. The CV indicates that the score is not stable as the value is more than 20%. To verify whether the level CRM implementation in

banks is good or it is excellent, Z test is used and the hypothesis is that the mean score of the CRM implementation is excellent (75 percent of maximum possible score of 220 that is 132) against the alternative hypothesis is that the mean score of the CRM implementation is not excellent. The result is shown in Table below:

Table Showing

Mean, Standard deviation and Z value of CRM Implementation in Banks

Variable	N	Mean	SD	Mean % score	CV	Z	p value
CRM implementation	540	146.45	15.32	66.56	23.01	-20.012	0.001

Source: Primary Data

Table reveals that the mean score of CRM implementation is 146.45 with a SD of 15.32, while the maximum score of the CRM implementation is 220 (mean percentage score is 66.56). It further reveals that the calculated value of Z is -20.012 and P value is 0.001. As calculated Value of P is less than 0.05, null hypothesis is rejected and it is concluded that the level of CRM implementation in banks is good. It indicated that the level of CRM implementation in banks only at medium level.

Bank wise Implementation of CRM

One of the objectives of the study is to compare the CRM implementation among the banks in Kerala. For this, One-way ANOVA is applied and the result is exhibited in Table 4.77. Here, the selected banks include (a) HDFC (b) Axis and (c) ICICI Bank. Following hypothesis is framed for analysing the same.

HO₂: There is no significant difference in the CRM implementation among the banks.

Table Showing

Mean, Standard deviation and F value of Implementation of CRM- Bank Wise

Variable	Bank	N	Mean	Standard deviation	F	p value
CRM implementation	HDFC	180	176.04	10.37	117.346	0.001
	Axis	180	146.35	11.60		
	ICICI	180	160.23	10.62		

Source: Primary Data

Table shows the bank wise customers perception of the level of implementation of CRM in banks. It shows that the mean score of the CRM implementation is high in HDFC Bank (176.04), followed by ICICI

Bank (160.23) with a standard deviation of 10.37 and 10.62 respectively. The mean score of Axis Bank is 146.35 with a SD of 11.60.

Major Findings

1. The level of CRM implementation in banks reveals that the mean score of CRM implementation in banks is 146.45 (66.56%). The Z test reveals that the level of CRM implementation in banks is at medium level.
2. Bank wise CRM implementation reveals that the mean score of the CRM implementation is high in HDFC Bank followed by ICICI Bank. The mean score Axis Bank is 146.35. The F test reveals that there exists significant difference in the level CRM implementation among the banks.

Conclusion

The present study on customer relationship management in New Generation Private Sector Banks in Kerala concludes that CRM implementation in New Generation private sector banks is at medium level. A major contribution of the study is the provision of an approach for the customers to identify the factors of CRM strategies and Practices adopted by the New Generation Private Sector Banks in Kerala. Although the CRM in such banks is medium level, yet there remains a lot to be done by the banks of the retail banks in order to maximise their customer Satisfaction and improve on the retention rates.

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