



IMPACT OF CRM ON CUSTOMER SATISFACTION WITH REFERENCE TO PRIVATE SECTOR BANKS IN ERODE DISTRICT

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ABSTRACT

After Privatization of Banking sector, the emergence of new banks and the intensity of competition among the banks has been drastically increased. Nevertheless, like olden days, banks are trying hard to source the new customers and to retain, satisfy the existing customer potential. This study was conducted to study whether CRM practice in Private banks impacts the level of customer satisfaction. For that purpose, studying the association between demographic profile of the respondent and level of satisfaction and analyzing the relationship between CRM dimensions and level of satisfaction were set as objectives. The researcher has collected 120 samples from the customers of HDFC and YES bank of Erode. The results of research analysis revealed that, CRM dimensions are positively correlated with customer satisfaction and it is required for the banks in several aspects.

KEYWORDS : CRM, Banks, Customer satisfaction

1. INTRODUCTION

In a service industry like bank, assessing the exact requirement of the customer and satisfying them is really a challenge. Customer relationship management (CRM) facilitate the banking employees to get to know about the customers and to understand what they want exactly (Chaudhari, 2020). The definition of CRM briefs that, CRM consist of, strong ability to identify the customer needs, managing the customer needs, looking after the customer grievances, maintenance of relationship with the customers for further elevation, leaving the growth of banks to deposit mobilisation is in credit operations and also ensuring operational efficiency of the banks (Ravichandran & Sasikumar, 2021).

Customer Relationship Management (CRM) is an approach to managing interactions with customers, aiming to build long-term relationships and improve customer satisfaction. In banks, CRM dimensions include communication, customer understanding, service personalization, complaint handling, and loyalty programs (Carmen Camarero, 2017). There are several ways that CRM can impact customer satisfaction in banks. Here are a few examples:

1. **Personalized Communication:** With CRM, banks can personalize their communication with customers, which can improve customer satisfaction. For example, a bank might send a personalized email or text message to a customer on their birthday or when they reach a milestone with the bank. This type of communication can make customers feel valued and appreciated.
2. **Efficient Service:** CRM can also help banks provide efficient service to their customers. By tracking customer interactions and preferences, banks can anticipate their needs and respond quickly and effectively to any issues or concerns. This can result in a better overall customer experience.
3. **Targeted Marketing:** With CRM, banks can target their marketing efforts to specific customer segments. This can help them offer products and services that are relevant to each customer's needs and preferences, which can improve customer satisfaction.
4. **Cross-Selling Opportunities:** CRM can also help banks identify cross-selling opportunities. For example, if a customer has a checking account with the bank, the bank might suggest that they also open a savings account or apply for a credit card. By providing these types of recommendations, banks can help customers meet their financial goals and improve their overall satisfaction with the bank.

Overall, CRM is an important practice in the banking industry because it can help banks build strong relationships with their customers, provide efficient service, and offer products and services that meet their customers' needs and preferences. By focusing on CRM, banks can improve customer satisfaction and ultimately drive business growth.

2. Review of Literature

Saputra & Ekonomi (2018) have made a study titled "The Effect of Customer Relationship Management (CRM) on Bank Customer Loyalty through Satisfaction as Mediating Variable." This study examines the effect of Customer Relationship Management (CRM) on banking customer loyalty in Batam city of Indonesia through customer satisfaction as a mediating variable.

Using purposive sampling technique, the researchers have collected 500 samples. Further analysis of collected data revealed that, CRM has a positive impact on loyalty through satisfaction as a mediating variable. The conclusion of customer loyalty research could be recommended for bank management in implementing the proper CRM strategy and maintaining the long-time relationship with the prime customers.

Koushiki, Avinandan and Ashish (2018) in their paper explored the kind of relationship marketing strategies Indian banks are pursuing in today's highly competitive environment and what is the effect of these strategies on service quality as perceived by the customers. Relationship marketing implies attracting, maintaining and enhancing customer relationships. Servicing and selling to existing customers are viewed to be just as important to long term marketing success as acquiring customers.

Juan et al., (2016) The purpose of this research is to analyse the dimensionality of the concept of perceived value in the banking sector, adapting the GLOVAL scale of measurement of perceived value to the banking services sector. It is found from the study proposes a scale of measurement of the value perceived by consumers in the banking sector which incorporates valuations of functional aspects and of affective aspects, thus obtaining an overall quantification of the value perceived by the customer of the purchase made.

2.1. OBJECTIVES

- To study the association between demographic profile of the respondent and level of satisfaction.
- To analyze the relationship CRM dimensions and level of satisfaction

3. Research Methodology

The study is completely based on primary data are HDFC and YES bank of Erode district. Totally 120 samples were collected using structured questionnaire. The questionnaire consists of three parts namely 1. Demographic and banking details of customers. 2. Statements pertaining to customer relationship management. 3. Statements pertaining to customer satisfaction. The first part is completely composed of optional type questions whereas the second and third part are completely in terms of Likert's five-point scale. In the case of customer relationship management ranging from strongly agreed to strongly disagreed whereas in the case of customer satisfaction the scale varies over highly satisfied to highly dissatisfied.

4. Analysis

Table 4.1. Association between demographic profile and level of customer Satisfaction

Demographic variable	Chi-square value	P value	Status of Null hypothesis
Gender	6.357	0.001	Rejected
Marital status	8.193	0.000	Rejected
Educational Qualification	4.781	0.031	Rejected
Age	1.152	1.012	Accepted
Income	5.121	0.041	Rejected

Table 4.1 explains the association of demographic variables with level of satisfaction. Since the p value stating association between gender, marital status has is less than 0.01, hence the null hypothesis assuming no relationship between these demographic variables and level of satisfaction is rejected at 1 per cent level of significance. Similarly educational qualification and income has p value less than 0.05 and the null hypothesis stating no relationship between these factors and level of satisfaction is rejected at 5 per cent level of significance. On the other hand, since the p value of age is greater than 0.01 the null hypothesis stating no relationship between age and level of satisfaction holds good and accepted.

4.2. Relationship between CRM dimension and level of satisfaction

CRM dimensions and level of Satisfaction	Customer Acquisition	Customer Response	Customer Knowledge	Customer Information System	Customer Value Evaluation	Customer Satisfaction
Customer Acquisition	1.000	0.611**	0.647**	0.646**	0.596**	0.547**
Customer Response		1.000	0.581**	0.583**	0.523**	0.586**
Customer Knowledge			1.000	0.705**	0.639**	0.685**
Customer Information System				1.000	0.565**	0.582**
Customer Value Evaluation					1.000	0.637**
Customer Satisfaction						1.000

Table 4.2 explain the relationship between CRM dimensions and customer satisfaction. All the dimensions are positively related with customer satisfaction. Among the factors customer knowledge and customer value evaluation were highly related with level of satisfaction. Whereas customer acquisition is the least influencing factor in customer satisfaction.

5. Findings

- Gender and Marital Status are strongly associated with satisfaction.
- Educational qualification and Income are associated with

satisfaction at 5 per cent level of significance.

- Age is not associated with level of satisfaction
- The correlation between CRM dimensions and customer satisfaction is positive, specifically customer knowledge and customer value evaluation have corelation with customer satisfaction.

6. CONCLUSION

CRM can help banks improve the quality of their customer service. By tracking customer interactions and inquiries, banks can identify and address any issues quickly and effectively, which can improve customer satisfaction levels. Furthermore, CRM can help banks build stronger relationships with their customers by providing personalized and targeted marketing campaigns. By understanding their customers' needs and preferences, banks can tailor their marketing messages to resonate with their customers, which can lead to higher engagement and satisfaction levels. Overall, CRM can have a significant positive impact on customer satisfaction by enabling banks to understand their customers better, improve the quality of their customer service, and build stronger relationships with their customers.

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