



Impact of Customer Relationship Management (CRM) on Indian Overseas Bank (IOB), with Reference to Vallam Branch, Thanjavur

KEYWORDS

Customer, Customer Relationship Management, Capability, Strategy.

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ABSTRACT Banks have their own way of managing their relationships with the customers. However, the perception of customers on Customer Relationship Management (CRM) practices among banks should also be taken into consideration. Here in this paper, effort is given to study the issue of CRM practices in Indian Overseas Bank (IOB) in Vallam, Thanjavur, Tamilnadu. It is observed that the approach of CRM by IOB, Vallam branch is to some extent same as in other service industries and one but the reach is quiet distinguishable. It is due to the profile, their capability and the strategy of CRM in making it and reaching down to customers.

INTRODUCTION

Customer Relationship Management (CRM) how to manage relationship with the customer. This strategy is used to create and sustain long-term, profitable customer relationships. On the basis of fulfillment of the needs and expectations of the customer we can have a good CRM. It is necessary in order to retain old customers, acquire new customers and improve profitability from the existing customer base. The Concept of CRM makes its origin from the changed approach to business management and profitability. The new approach puts forward the need to have a proper customer relationship management (CRM) strategy in the organisation. It revolves around the customers. It is a set of processes of creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.

An efficient and effective CRM strategy is beneficial to an organisation in several ways:

- Most importantly, it helps the organizations to build and maintain a loyal customer base.
- It can have more volume of sales by selling more to the group of those customers with whom it has maintained a good relationship and are satisfied with the firm and its quality of services.
- It overtime incurs lower costs in serving those customers because of their increasing confidence and lesser doubts or questions about the product.
- can resort to lesser promotional campaigns in order to attract those customers.
- It also enjoys the benefit of retaining its employees if it has a stable base of satisfied customers.

Besides, customers also want to remain loyal to a firm because they also enjoy benefits from such long-term association. It gives them a feeling of trust and confidence in the firm's services along with a sense of a reduced anxiety about the product. Overtime, in a long-term customer-firm relationship, a service provider may actually become a part of the customer's social support system. Such customers may even receive special treatment from the organisation in the form of:- getting the benefit of doubt; being given a special deal or price; getting preferential treatment, etc

Customers have more choices today and the targeted customers are most valuable to the company, customer service must consider as a high priority within the company. There are two types of customer service. Reactive service is where the customer has a problem (product failure, question about a bill, product return) and contacts the company to solve it. Most companies today have established infrastructures to deal with reactive service situations through 800

telephone numbers, faxback systems, e-mail addresses, and a variety of other solutions. Proactive service is a different matter; this is a situation where the manager has decided not to wait for customers to contact the firm but to rather be aggressive in establishing a dialogue with customers prior to complaining or other behaviour sparking a reactive solution. This is more a matter of good account management where the sales force or other people dealing with specific customers are trained to reach out and anticipate customers' needs.

OBJECTIVES OF THE STUDY

- To know how CRM can help to retain and attract new customers in a better way
- To know about the latest trends prevailing in CRM
- To offer pertinent suggestions based on the findings of the study.

SCOPE OF THE STUDY

The study only covers banking companies here so the scope is limited to banking sector providing housing finance only. However, the way they exercise CRM may be very similar to other type of industries

RESEARCH METHODOLOGY

Primary data

- Personal interview
- Primary data were collected through a well structured qualitative questionnaire from the IOB bank. Perceptions on CRM practices are measured by using Likert scale. A sample of 50 customers and 10 employees were selected for the purpose of the study. Data whatsoever collected were processed, tabulated and analysed by using various statistical tools, like, Arithmetic mean, Standard Deviation and chi squared test etc.

Secondary data

- Internet
- Journals
- Magazines
- Newspapers

LIMITATIONS OF THE STUDY

- Subjective nature of the study may affect its interpretation by different individuals.
- Regional differences, area differences may change the scope of study also.
- At different places, different implementation of applied CRM can be seen.
- The information given over Internet and other sources may be different from practical experiences of the customers

LITERATURE REVIEW

Analysis suggests that a 5% increase in customer retention can increase profitability by 35% in banking business, 50% in insurance and brokerage, and 125% in the consumer credit card market.¹

Some of these CRM-based measures, both Web and non-Web based are the following:²

- Customer acquisition costs
- Conversion rates (from lookers to buyers)
- Retention/churn rates
- Same customer sales rates
- Loyalty measures.
- Customer share or share of requirements (the share of a customer's purchases in a category devoted to a brand).

The notion of customer satisfaction is being expanded to change CRM to CEM, Customer Experience Management.³⁰ The idea behind this is that with the number of customer contact points increasing all the time, it is more critical than ever to measure the customer's reactions to these contacts and develop immediate responses to negative experiences. These responses could include timely apologies and special offers to compensate for unsatisfactory service. The idea is to expand the notion of a relationship from one that is transaction-based to one that is experiential and continuous.³

The organisational performance is enhanced because marketing efficiency is achieved due to the cooperative and collaborative processes (Sheth and Sisodia, 1995)⁴ introduced by CRM which helps in reducing transaction costs and overall development costs for the company. These bring about two important processes of proactive customer business development and building partnering relationships with the most important customers (Chitanya, 2005)⁵ and eventually leads to superior mutual value creation between the organisation and the customer. Further, a clear vision of CRM along with appropriate strategies if applied in banking sectors found out that beneficial in maintaining the customer service quality, customer satisfaction and customer retention which ultimately leads to the growth of the organisation and profitability (Bansal and Sharma, 2008).⁶

FINDINGS AND SUGGESTIONS

Hypothesis:

H0: There is no significant relationship between basic facilities and services offered by the bank to customers and CRM.

H1: There is a significant relationship between basic facilities and services offered by the bank to customers and CRM.

H2: There is a significant relationship between CRM and bank offers their services to customers in prompt time .

H3: There is a significant relationship between CRM and awareness about services rendered by bank to customers.

H4: There is a significant relationship between CRM and customer confidence.

Table 01 - Basic facilities and services offered by the IOB to customers and CRM

S.No	Particulars	No of Respondents	Total	Calculated Value	Table Value	Significant
1	Male	19	40	7.22	5.991	Significance
2	Female	21				

Table 01 shows that calculated value is 7.22 which is higher than the Table value (5.991) at 5 percent level of significance. There is a significant relationship between CRM and basic facilities and services offer to customers. Therefore null hypothesis is rejected.

Table 02 - CRM and IOB offers their services to customers in prompt time

S.No	Particulars	No of Respondents	Total	Calculated Value	Table Value	Significant
1	Male	18	38	18.06	5.991	Significance
2	Female	20				

Table 02 shows that calculated value is 18.06 which is higher than the Table value (5.991) at 5 percent level of significance. There is a significant relationship between CRM and bank offers their services to customers in prompt time. Therefore null hypothesis is rejected.

Table 03 - CRM and awareness about services rendered by IOB to customers

S.No	Particulars	No of Respondents	Total	Calculated Value	Table Value	Significant
1	Male	19	40	11.23	5.991	Significance
2	Female	21				

Table 03 shows that calculated value is 11.23 which is higher than the Table value (5.991) at 5 percent level of significance. There is a significant relationship between CRM and awareness about services rendered by bank to customers. Therefore null hypothesis is rejected.

Table 04 - CRM and customer confidence

S.No	Particulars	No of Respondents	Total	Calculated Value	Table Value	Significant
1	Male	18	39	18.75	5.991	Significance
2	Female	21				

Table 04 shows that calculated value is 18.75 which is higher than the Table value (5.991) at 5 percent level of significance. There is a significant relationship between CRM and customer confidence. Therefore null hypothesis is rejected.

Long term profitability of the bank is increased through CRM strategy. Their turnover is increased by 17.38%. The cost incurred for collecting loan, default of loan and other expenses are minimized because of CRM approach.

SUGGESTIONS

Top management commitment: Top management should provide sufficient and necessary recourses to the implementation of CRM process.

CRM strategy: CRM strategy should clearly define and its alignment to the organisation's general strategy.

Data management: It focuses on acquiring and analyzing the right quantity and quality of information on customers to help to meet customer's needs.

Culture change: The ability of the organisation to transform into customer-oriented and to consider CRM as an organisation philosophy that is shared organisation-wide.

Process change/structure redesign: The organisation's structure and the related process should be modified to fit CRM compatibility including the hierarchy and reporting relations

IT systems: It focuses on the availability and management of technological resources including data warehouse manage-

ment, ERP capabilities, internet facilities, and software selection and configuration.

Skillful, Motivated, and trained staff: To provide training programme on CRM is necessary to experienced and qualified banking personnel.

Customer involvement/consultation: Consultation, interaction, and communication with customer through enhancing interaction between the organisation and the customers.

Inter-departmental integration: Integration of different departments and areas of the organisation to meet the general objectives of CRM and the main company's objectives as well as the objectives of these departments.

Conclusion

CRM in banking is a key element that allows a bank to develop its customer base and sales capacity. Retaining customers is a major concern for banking institutions which underscores the importance of CRM. Although all the banks recognize the need for CRM, not every bank is implementing the complete CRM concept. The way in which the CRM has been implemented depends on the services that the bank provides. IOB, Vallam Branch, has implemented CRM to some extent, but still it is on initial stage.

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