

“Role Of ‘Crm’ And ‘Brand Equity’ In Building Trust”: A Study On Indian Private Sector Bank

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Abstract

This paper reviews existing literature and analyzes various aspects of CRM adoption in Indian banks, including challenges such as training, technology adoption, and changing customer expectations. The findings indicate that CRM strategies can significantly enhance the quality of customer service and strengthen customer relationships, leading to higher retention rates and a competitive edge in the market. Despite the challenges in implementing CRM, such as technological constraints and a lack of skilled personnel, the benefits far outweigh the obstacles. Through the effective use of CRM tools and techniques, Indian banks can foster stronger connections with customers, tailor services to individual needs, and ultimately drive growth and profitability. This paper concludes that the adoption of CRM in the Indian banking sector is essential for banks to thrive in a rapidly evolving market.

Key Words: Customer Relationship Management, Customer Experience, Process Driven Approach and Technology Orientation.

Introduction

Customer Relationship Management is a philosophy that places the customer at the center of an organization's processes, activities and culture to improve his satisfaction levels and, in turn, maximize profits for the organization. Customer Relationship Management stands for customer relationship management and helps the management to deal with customer concerns and issues. Different Banking Services and products like "Anywhere Banking" "Phone-Banking" "Electronic banking" etc. are most commonly used by the customers now a days and the banks are trying to offer

innovative and convenient technology-based services to their customers. Simultaneously, Customer Relationship Management helps in maintaining customer database and providing better services. The use of Customer Relationship Management in banking has gained importance with the aggressive approaches used for customer acquisition and retention by the bank in today's competitive era. The study mainly considered private Bank in the Study area. The Core dimensions of CRM are Organizational commitment, Customer experience, Process-Driven Approach, Reliability, and Technology Orientation.

The use of Customer Relationship Management in banking has gained importance with the aggressive approaches used for customer acquisition and retention by the bank in today's competitive era. It has resulted in the adoption of various Customer Relationship Management initiatives by these banks. There is a shift from bank centric activities to customer centric activities. The private sector banks in India deployed much innovative strategies to attract new customers and to retain existing customers. Customer Relationship Management in banking industry entirely different from other sectors, because banking industry purely related to financial services, which needs to create the trust among the people. Establishing customer care support during on and off official hours, making timely information about interest payments, maturity of time deposit, issuing credit and debit cum ATM card, creating awareness regarding online and ebanking, adopting mobile request etc are required to keep regular relationship with customers.

Collaborative CRM

An organization share customers' information with the help of collaborative CRM. For a business before implementing CRM system, it is most important for a business. The bank must invest collaborative CRM, for problems of communicating and coordinating deals between sellers and customers to manage their business activities by efficient and effective manner.

CRM in Banking Sector

Evaluation of customers' perception and value the CRM helps to the banks to use new technology and human resources. The brand investors of any banks depend upon the good customer service. With the help and implementation of CRM, a bank can

make more call centre, provide customer service in a effective manner, more cross sell products, marketing and sales processes are simplified, discover new customers and increase customer revenues. The Indian Banking Systems consists of 27 public sector banks, 22 private sector banks, 49 foreign banks, 56 regional rural banks, 1562 urban cooperative banks and 94384 rural co-operative banks, in addition to cooperative credit institutions. In comparison to private sector banks, only a few public sector banks like Syndicate bank, SBI, PNB, and Corporation Bank etc., use CRM software.

REVIEW OF LITERATURE

Dr. Raja M. Rather, (2013) found that public sector banks are not behind in providing new innovative services and products, customer centric approach by employees, strengthening image of bank, expanding accessibility, offering more augment services to the customers. It further indicates that private sector banks are losing its experience based core competitive area where they started with that leads to serious strategic challenge for private sector banks. Dr. Sarita Bhatnagar, (2012) observed that Customer Relationship Management has become unavoidable for growth and profitability of Banks in current era marked by rising competition, technological advancement and empowered customers. The CRM practices are adopted to generate better understanding of the customer for product development, segmentation, appropriate targeting, campaign management and maintenance of long term profitable and mutually beneficial relationships with customers. In Indian Banking Customer Relationship Management is still at a nascent stage. A very small proportion of its potential has been utilised. The concept has been implemented on a limited scale. The study investigates the impediments to successful implementation and benefits of CRM.

Suresh Chandra, (2012) Digital generation has overturned long held norms of communication, engagement, decision-making and transaction. It is very essential to generate customer experience at every customer touch point for a successful growth strategy. A good customer experience will drive customer acquisition and promote customer retention which translates into increased profit. Because of intense competition there is decline in brand loyalty. The customers are switching over frequently to avail the better facilitates from

other banks. Therefore it is very vital for Public and Private Sector banks to changes their marketing strategy with the help of customers' experience and customers' satisfaction data. Banks need to use customer's related data not only to design marketing strategy but also to assess the performance of their marketing efforts. Banks are under paramount pressure to relate their qualitative data with quantitative performance.

INNOVATIVE SERVICES THROUGH CRM

Banks have prepared several innovations for sustenance by using the CRM System such as: The introduction of ATMs.

- a) Biometric ATMs
- b) Electronic Cash
- c) Teller System.
- d) Mobile and E-Mail Alerts
- e) Single Window Service.
- f) Internet Banking
- g) Introduction of two in one Accounts.
- h) Introduction of Plastic Money: Credit Card, Debit Card, Smart Card.



Effect of Customer Relationship Management Effectiveness and customer satisfaction on customer loyalty

Customer loyalty is one of the most expected outcomes of successful Customer Relationship Management efforts. It was argued that the Customer Relationship Management efforts lead to a stronger relational bond and intense customer loyalty (Abratt and Russell, 1999; Farquhar, 2004). The relationship efforts directed towards an individual customer influence his/her loyalty towards the firm than when directed towards a group (Palmatier, 2006). Also, specific Customer Relationship Management efforts such as expertise, promoting customer dependency, and increasing similarity to customers increase customer commitment and loyalty than relationship investment and interaction frequency. This indicated a differential impact of relationship activities Customer Relationship Management in Indian retail banks on loyalty. Thus, it is argued that the impact of Customer Relationship Management Effectiveness dimensions on customer loyalty to be context specific. Customer satisfaction is one of the main predictors of loyalty. In a banking context, satisfaction with the relationship serves as a basis for loyalty (Bloemer, 1998; Licata and Chakraborty, 2009). Leverin and Liljander (2006) found that relationship satisfaction did indeed lead to higher loyalty among customers who were treated with the sales-orientation approach. Similarly, in the context of Australian bank customers, a higher level of satisfaction with relationship activities was found to increase customer loyalty towards the bank (Pont and McQuilken, 2005).

Impact of customer satisfaction and customer loyalty on cross-buying

Customer intention to purchase multiple financial products depends on the level of overall satisfaction they experience with the bank (Li, 2005). In addition, cross-selling reinforces customers' relationship with the service provider and thereby influences their future purchase behaviors (Lemon and Wangenheim, 2009). However, various studies have reported a contradictory finding of a weak or insignificant relationship between satisfaction and cross-buying. For example, Ngobo (2004) reported an insignificant relationship between customer satisfaction and cross-buying. While customers might be satisfied with the current offerings of their primary service provider, they may find other products offered by other providers as equal or more attractive. Moreover, when faced with the need to buy a new product/service, customer satisfaction could be less relevant to crossbuying (Gustafsson

et al., 2005). However, since overall satisfaction and past purchase history provide opportunities for firms to cross-sell related and unrelated products to existing customers. Though customer loyalty has been a prominent area of research in marketing, remarkably few studies have examined the link between loyalty and cross-buying. Many firms believe that loyalty can result in multiple future purchases of the same product or other products. Nevertheless, the evidence of this relationship is correlational (Gupta and Zeithaml, 2006). Reinartz (2008) investigated the direction and strength of the relationship between loyalty and cross-buying using a Granger causality test. They found that loyalty drives cross-buying. However, it was observed that the level of customer spending differed across different product categories.

STATEMENT OF THE PROBLEM

Customer loyalty is one of the most expected outcomes of successful CRM efforts. It was argued that the CRM efforts lead to a stronger relational bond and intense customer loyalty. Specific CRM efforts such as expertise, promoting customer dependency, and increasing similarity to customers increase customer commitment and loyalty than relationship investment and interaction frequency. This indicated a differential impact of relationship activities on loyalty. Thus CRM dimensions create positive impact towards customer loyalty which will lead to satisfaction and cross buying.

OBJECTIVES FOR THE STUDY

1. To study the customer relationship management effectiveness dimensions
2. To identify the customer satisfaction level towards bank
3. To predict customer loyalty and cross buying.

METHODS AND METHODOLOGY

The Study is descriptive in nature. The study is done to measure customer relationship management effectiveness in private banks in Tiruchirapalli. The population of the study constitutes to the customers of the selected private sector banks (ICICI, KVB, Axis and HDFC Banks) in Tiruchirapalli. The purpose of the study was explained to the customers. The customers who were wished to participate were considered as Sample Size. The sample size for the study is 210 by adopting simple random sampling technique. Scaling involves ranking individuals according to a classificatory system. It is ordering of a number

of related items (descriptive characteristic or attitude statements) to form a continuum in order to provide a means of quantitative measurement of qualitative variables. It requires assigning scores or numbers to the variables or attributes being measured. For the present study, five point scaling technique were used for getting responses from the respondents (customers) in the study area through appropriate scoring pattern and it was collected in the form of questionnaire type of research tool. Both Primary and Secondary data were considered for the study. The primary data were collected from questionnaire, which consists of eight dimensions Organization Commitment, Customer Experience, Process Driven Approach, Reliability, Technology Orientation, Customer Satisfaction, Customer loyalty and Cross buying and finally questions regarding the personal details of the customers. Secondary data were collected from books, study materials and internet. Appropriate Statistical technologies are used to supplement the analysis and data interpretation. Statistical techniques like Chi-square and Correlation are applied with the help of SPSS.

Relationship marketing is another way of marketing. It is a multidisciplinary approach, highlighting advertising "as an integrated organization including organizational strengths, which emphasizes the promotion, integration and maintenance of relationships over time." This pattern is designed for the common movement to internal data, IT, data management, where advertisers have used this new approach to build closer relationships with their customers. The general purpose of promoting relationships is to integrate and promote long-term customer communication. CRM is a long way to go; Continued growth of customer relationships provides consistent integration between customers Service, advertising, data design and other customer-related skills. It incorporates people, processes and strategies to grow organizations and all clients. "What motivates a business is finding a customer." "What motivates a business is to make and keep a client." "The motive of the business is to find, retain and develop the right customer." In this focused world each effort must be made to achieve the same customers. Customer-working relationships are currently recognized as a disposal purpose for promotion and business as a whole. The biggest challenge to manage in the new millennium of freedom and global business distribution is to help and maintain good

customer relationships. Customer Relationship Management is considered to be the most influential in the early years of this century.

The most popular way to use the latest information technology is to focus on an individual or individual relationship with a customer that combines database information and long-term customer retention strategy. Jackson used the concept of individual accounts in the industrial market to suggest that CRM markets mean that marketing is focused on strong, lasting relationships with individual accounts. (communication and information sharing). Berry, in a broader sense stressed that attracting new customers should only be considered as a step towards the marketing process. Developing close relationships with these customers and converting them to trust is an equally important aspect of marketing. Therefore, define relationship marketing as attracting, retaining, and improving customer relationships. By focusing on the value of partnerships in marketing and your subsequent results in customer relationships, the broader perspective proves that customer relationships should be a prominent marketing paradigm.

Conclusion

CRMs are important in every industry, but for banking in particular they can help organizations deliver more personalized customer experiences. According to a global study of financial service customers, Accenture found that 67 percent are willing to provide more information to banks if it means they will receive new benefits and 71 percent said they would use entirely computer-generated support for their banking processes.

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