

A Study on Customer Relationship Marketing in Banking Sector

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Abstract: Modern Marketing Philosophy advocates the concept of customer relationship marketing that creates customer delight. In the banking field a unique relationship exists between the customers and the bank. Due to various reasons like financial burdens, risk of failure, marketing inertia etc., many banks are still following the traditional ways of marketing and only few banks are making attempts to adapt customer relationship marketing. The role of customer relationship marketing is very vital in leading the banks towards high level and volume of profits. So there is a need to study the role of customer relationship marketing in development and promotion of banking sector through the sidelines of the practices, problems and impact of CRM on banking sector all the time.

Keywords: customer relationship marketing in development, promotion of banking sector, CRM.

1. INTRODUCTION

Customers are the focal point in the development of successful marketing strategy. Marketing strategies both influence and are influenced by consumers' affect and cognition, behavior and environment. In the banking field a unique 'Relationship' exists between the customers and the bank, because of various reasons and apprehensions like financial burdens, risk of failure, marketing inertia etc., Many banks are still following the traditional ways of marketing and only few banks are making attempts to adapt Customer Relationship Marketing.

The lack of understanding on customer relationship marketing is always a concern among the service providers especially banks. Banks have their own way of managing their relationships with the customers. However, the perception of customers on customer relationship marketing practices among banks should also be taken into consideration. Customer relationship management is one of the strategies to manage customer as it focuses on understanding customers as individuals instead of as part of a group (Lambert, 2010).

Managing customer relationships is important and valuable to the business. The effective relationship between customers and banks depends on the understanding of the different needs of customers at different stages. The ability of banks to respond towards the customers' needs make the customers feel like a valuable individual rather than just part of a large number of customers. Customer relationship marketing manages the relationships between a firm and its customers. Managing customer relationships requires managing customer knowledge. Customer relationship marketing and knowledge management are directed towards improving and continuously delivering good services to customers. To understand more in customer relationship management, there exist three components which are customer, relationship and their management (Peppers and Rogers, 2004). More often, managers always make mistakes by seeing customers' satisfaction from their eye not from customers' eye (Peppers and Rogers, 2004).

Banking sector is a customer-oriented service where the customer is the KEY focus. Research is needed in such sector to understand customers' need and attitude so as to build a long relationship with them. Customer Relationship Management includes all the marketing activities, which are designed to establish, develop, maintain, and sustain a successful relationship with the target customers. Customer relationship marketing identifies the present and future markets, selects the markets to serve and identifies the progress of existing and new services.

Thus, customer relationship marketing is a managerial philosophy that seeks to build long term relationships with customers. Customer relationship marketing can be defined as the development and maintenance of mutually beneficial long-term relationships with strategically significant customers (Buttle, 2002). It is the establishment, development, maintenance and optimization of long term mutually valuable relationships between consumers and the organizations. Successful customer relationship management focuses on understanding the needs and desires of the customers and is achieved by placing these needs at the heart of the business by integrating them with the organization's strategy, people, technology and business processes.

2. CUSTOMER RELATIONSHIP MARKETING IN BANKING SECTOR

Over the last few decades, technical evolution has highly affected the banking industry. For more than 200 years, banks were using branch based operations. Since the 1980s, things have been really changing with the advent of multiple technologies and applications. Different organizations got affected from this revolution; the banking industry is one of it. In this technology revolution, technology based remote access delivery channels and payment systems surfaced. ATM displaced cashier tellers, telephone represented by call centers replaced the bank branch, internet replaced the mail, credit cards and electronic cash replaced traditional cash transactions, and interactive television will replace face-to-face transactions .

In recent years, banks have moved towards marketing orientation and the adoption of relationship banking principles. The key motivators for embracing marketing principles were the competitive pressure that arose from the deregulation of the financial services market particularly in India. This essentially exposed clearing banks and the banking market to increased competition and led to a blurring of boundaries in many traditional product markets (Durkin, 2004). The bank would need a complete view of its customers across the various systems that contain their data. If the bank could track customer behavior, executives can have a better understanding, a predicative future behavior and customer preferences. The data and applications can help the bank to manage its customer relationship to continue to grow and evolve (Dyche, 2001). According to Stone et al. (2002) most sectors of the financial services industry are trying to use customer relationship marketing techniques to achieve a variety of outcomes. In the area of strategy, they are trying to:

- Create consumer-centric culture and organization;
- Secure customer relationships;
- Maximize customer profitability;
- Integrate communications and supplier – customer interactions across channels;
- Identify sales prospects and opportunities;
- Support cross and up-selling initiatives;
- Manage customer value by developing propositions aimed at different customer segments;
- Support channel management, pricing and migration.

Customer relationship marketing is a sound business strategy to identify the bank's most profitable customers and prospects, and devotes time and attention to expanding account relationship with those customers through individualized marketing, reprising, discretionary decision making, and customized service through the various sales channels that the bank uses. Any financial institution seeking to adopt a customer relationship model should consider six key business requirements, they are:

1. Create a customer-focused organization and infrastructure.
2. Gaining accurate picture of customer categories.
3. Assess the lifetime value of customers.
4. Maximize the profitability of each customer relationship.
5. Understand how to attract and keep the best customers.
6. Maximize rate of return on marketing campaigns.

Customer relationship marketing is developing into a major element of corporate strategy for many organizations . A greater focus on customer relationship marketing is the only way the banking industry can protect its market share and boost growth. With intensifying competition, declining market share, deregulations, smarter and more demanding customers, there is competition between the banks to attain a competitive advantage over one another or for sustaining the survival in competition.

In India, the banking sector has been operating in a very stable environment from last thirty -forty years. In current scenario of banking sector, the falling of interest rates and tough competition between these players had made Indian bankers to realize that the purpose of their business is to create and retain a customer and to see that the entire business process is consistent with an integrated effort to discover, retain and satisfy customer needs. But the success of customer relationship marketing .Strategy depends upon its ability to understand the needs of the customer and to integrate them. with the organization's strategy, people, technology and business process. Financial services are in a structural change whereby competition and customer demands are increasing.

3. RESEARCH PROBLEM

Modern Marketing philosophy advocates the concept of customer relationship marketing ,that creates customer delight. This applies to all sectors of Sales and Marketing includes the banking. In the banking field a unique 'Relationship' exists between the customers and the bank. But because of various reasons and apprehensions like financial burdens, risk of failure, marketing inertia etc., many banks are still following the traditional ways of marketing and only few banks are making attempts to adapt customer relationship marketing .

It is with this background, the researcher has made a modest attempt towards the idea that customer relationship marketing can be adapted uniformly in the banking industry for betterment of Banking Services. The role of customer relationship marketing is quite different and distinguishable to traditional type of Marketing participate not only in Marketing but also in implementing the business as a strategy to acquire, grow and retain profitable customers with a goal of creating a sustainable competitive advantage. Particularly in banking sector, the role of customer relationship marketing is very vital in leading the banks towards high level and volume of profits. So there is a need to study the role of customer relationship marketing in development and promotion of banking sector through the sidelines of the practices, problems and impact of the customer relationship marketing on banking sector all the time.

4. OBJECTIVES OF THE STUDY

1. To study the importance of Customer relationship marketing in Banks.
2. To analyze the opinion of the customers pertaining to the various services offered by the bank and assess the factors influencing the customers by the promotion activities carried by the bank.
3. To assess the factors determining customer relationship marketing and the customer care services provided by the banks.
4. To measure the factors influencing the bankers to create successful customer relationship marketing strategy.
5. To measure the expectation of customer and their level of satisfaction towards the facilities provided and barriers in the implementation of customer relationship marketing.

5. REVIEW OF LITERATURE

It is relevant to refer briefly to the previous studies and research in the related areas of the subject to find out and to fill up the research gaps. Literature on financial services can generally be found; a number of books are available on banking related aspects as merchant banking, loan syndication, securitization, profitability and productivity etc. but, few studies were undertaken on the role of technology in the services.

1. Ahuja, Gwal & Singh (2006), studied the perceptions of 160 customers of Indore in respect of credit cards especially their growth India. They observed that ICICI in India is the largest cards issuer with customer base of above 3 millions. But only 14 pc of Indians are using these cards. They concluded from their survey that it is mostly used by the people in the age group of 40-50 years. There are about 2/ 3rd of males as compare to 1/3rd females and 89 pc customers possessing

higher education level whereas from occupational point of view, the majority of card holders are businessmen or servicemen and 72.5 pc of the customers have monthly income more than Rs.15000. again they examined that 95 pc of the card holders use cards for the purchase of household products. 71 pc are using to make payments like hotel, club bills etc. 36 pc use at least twice a month and 97 pc use for the sake that provides 24 hours liquidity in hand and 60 pc for status symbol. Overall, study concluded that banks should give equal attention to female customers also with special rebates, other benefits and secondly ensure their safety from malpractices involved in its usage. The main limitation of the paper is that it's only concerned with customers of credit cards, it should be comparable with other modes of payments.

2. Akter, S. & Ghosh, S.K. (2006), examined the gap between expectations and perceptions of 100 customers in Dhaka city of Bangladesh regarding banking services with a special focus on Servqual model. They concluded that in four dimensions like reliability, empathy, tangibility, assurance, the gap between perceptions and expectations is insignificant hence, the hypothesis that perception score is lower than expectations is accepted in all dimensions that means banks do not extend that level of services which will satisfy the customers' expectations. The study also suggested some recommendations to minimize this gap. The main limitation of the paper is it lacks study of individual banks for comparison of service quality.

3. Al –Tamimi and Jabnoun (2006), compared the service quality and banks' performance between National and Foreign Banks in the UAE with the help of sample size of 800 customers of major national and foreign banks in the three largest cities of UAE i.e. Abu Dhabi, Dubai and Sharjah. The banks' performance is analyzed based on two indicators i.e. ROI and ROA for the time period from 1987 to 2000. The study concluded that there is no significant difference between national banks and foreign banks in overall service quality and also in dimensions of tangibles and empathy but in case of human skills there is significant difference and foreign banks were found be superior. They concluded that customers of both types of banks had no different priorities in the dimensions of service quality, as there is no indication of overall superiority of foreign banks over national banks in service quality and banks' performance but still foreign banks are better in human skills and ROA only. They concluded the paper by giving observation that the relationship between service quality and banks' performance can be in both directions either bank should improve service quality to improve their profitability or vice-versa. The limitation of the paper is related with time period for service quality i.e. 2001 where as for ROA & ROE is 1987-2000, so if they had service quality data for the same time span as financial data or else, they would be able to make a better analysis of relationship between service quality and banks performance. Secondly, the conclusion is made only based on two indicators whereas others such as NPAs, deposits, advances, interest and non-interest income etc are some important indicators which significant impact on bank's performance.

4. Arora & Verma (2005), studied the performance evaluation of PSBs in the post reform period on the basis of four performances. They concluded that the performance of corporation banks in case of financial and operational parameters is higher as compared to other PSBs under study but Indian Bank recorded low as scored poor in some parameters of operational performance. On the other side Vijaya Bank scored well in profitability parameters but UCO Bank scored negative growth in case of all parameters of profitability except operating profits as percentage to working funds and in case of productivity Union Bank of India ranked good but UCO bank rank lower. Overall, it is concluded that Indian Banking System is becoming increasingly mature in terms of transformation of business process and the appetite for risk management.

5. Chand, Suresh (1985), studies the cost profitability of Indian commercial bank groups from 1970 to 1982. The first part of the study related to cost of banking service, provides broad pattern of cost of different services in relation to total cost, the cost per unit of monetary output, cost per physical transaction, cost per account for each of the services rendered by the banks. The comparison of services costs reveals some interesting variations mainly due to hike in export credit interest rate, fall in establishment expenditure etc. and concluded that monetary policy measures have significant impact on profitability of all the banks. Secondly, study analyzed the profitability of bank groups and observed a declining trend. Foreign banks fared better than the Indian banks in terms of most profitability ratios. Their performance, particularly in 1977 is much better than various Indian bank groups. At end, it is suggested that banks should evolve a profit planning machinery so as to ensure efficient management of funds through financial produce and appropriate methods. The main limitation of this study is that analysis of the banks' cost and profitability is studied just on group basis but to get sound results, individual performance related to each bank should be analyzed.

6. Chopra, V.K. (2006), highlighted the importance of IT and business re-engineering in achieving the objectives of banks. He observed that PSBs and old private sector banks are slow in imbibing technology in their operations, whereas

new private sector banks and foreign banks are early adopters of the technology and increasing the competition. He emphasized that IT along with the business process re engineering can be helpful in the transformation of Indian banking system.

7. Chowdhary & Pareek (2000), studied the impact of IT on service sector and focused on issues and challenges faced by the service sector. They discussed many key areas like tangibilizing the services, mass customization of services, customer education etc. that help in improving the customers satisfaction level in service sector. They studied that every area of service sector is now providing online services such as online reservations for railway tickets, airway bookings, hotels etc., online admissions and other competitive tests etc. that have resulted in increased productivity, cost savings, higher employee satisfaction and increased level of customer services. they concluded that IT leveraged services marketing is and will be the order of the day in future.

8. Consumer Voice (2006), a survey was conducted by consumer voice to study the customer satisfaction level especially it reveals which banks are riding high on consumer confidence and which are over-charging their clients. The study was based on a sample use of 3100 serving banks, credit and debit card holders, who were covered during the period September 2005 to November 2005. The survey was conducted in eight cities, where the maximum numbers of respondents come from SBI (17.10%) followed by ICICI Bank (8.80%) and the maximum surveyed customers belong to the age group of 26-34 years. The study reveals that Citibank had the most dissatisfied customers, as 45.50% of its customers had problems and similarly worst offender is not solving their problems. On the other hand, it studied that most of the customers are shifting from public sector banks to private sector banks, mainly due to convenient availability and secondly due to restricted functioning hours of public sector banks. Overall, only 6 % of 3100 customers use internet banking and most of them (16.3%) are registered with HSBC followed by ICICI Bank (12.6%). Overall, the study conclude that standard Chartered Bank, Vijaya Bank and Syndicate bank steel the march. The little known the United Western Bank performs impressively. Citibank is the most over rated bank. The major limitation of the study is ATM using customers are not surveyed as the most preferred channel, only internet-banking, credit and debit card holders are surveyed.

Dangwal, Batran and Singh (2005), studied the state of corporate governance in Indian banks. They selected 12 public sector banks and 10 private sector banks been identified disclosure of 42 items during 1999-2002 through which disclosure level of corporate governance has been studied. They studied that overall disclosure of only 29 items in case of both banking sector has improved where 13 items have been disclosed for all the selected three years in both banking sectors and 2 items are not disclosed by the private sector banks. Overall, corporate governance disclosure is better in public sector banks although, there is no significant difference in the disclosure of majority of items of corporate governance in public and private sector banks. Similarly, majority of the items of corporate governance have insignificant variations in both bank group as tested through t-test and F-value. They concluded that Indian banks are disclosing only that information which is statutory requirement. They suggested that in the global challenging environment, the only choice with the business is to follow corporate governance practices. Overall, this attempt is praiseworthy, the only drawback is the paper entails all the banks should be studied to check the overall level of corporate governance in Indian banking industry and no suggestions is made to improve the corporate governance in Indian banks.

6. METHODOLOGY

The validity of any research depends on the systematic method of collecting the data and analyzing the same in a sequential order. Methodology presents the Sampling design, Data sources, Tools for data collection, Construction of questionnaire, Pilot study and the Frame work of analysis.

The primary data was collected through field survey in the study area. First- hand information's pertaining to the opinion regarding the promotional activities carried by the bank, various dimensions pertaining to CRM , level of satisfaction of customers towards the customer care facilities provided, expectation of the customer from the bank, barriers in the implementation of CRM were collected from 800 respondents from Coimbatore city, Tamil nadu, India.

Sampling Design:

The present study proposes to cover the retailer opinion on implementing logistics in retail industry. As census method is not feasible, the researcher has proposed to follow sampling. The researcher has adopted structured convenient stratified

sampling technique to collect the required data. For the purpose, the Coimbatore zone wise area list was collected and it is presented below in a table format.

Table 1. Zone Wise Division of Coimbatore City

S.NO	ZONE	AREAS
I	North	Thudiyalur, Vellakinar, Chinnavedampatti, Saravanampatti, Peelamedu, Ganapathy, Avarampalayam, Urumandampalayam, Sakthy Nagar, R.S.Puram.
II	East	Vilankuruchi, Kalapati, Civil Aerodrome, Peelamedu, Uppilipalayam (Po), Singanallur, Neelikonampalayam, Sowripalayam, Ondipudur, Ramanathapuram, Kuniyamuthur.
III	South	ThelunguPalayam, Selvapuram, Pothanur, Sundakkamuthur Road, Ukkadam, Kovaipudhur, Kuniyamuthur, Ramachettipalayam, Idayarpalayam, Kulathuppalayam, Sundarapuram.
IV	West	Koundampalayam, Avinashi Lingam (Po), K.K.Pudhur, Velandipalayam, P.N.Pudhur, Vadavalli, R.S.PuramSundapalayam, Langanur, Seeranayakkanpalayam, Gandhipuram,
V	Central	Town Hall, Rathnapuri (PO), Sivanantha Colony, Ram Nagar, EB Colony, New Sidhapudhur, Veerakeralam, Puliakulam, Ramanathapuram, Varadtharajapuram, Kattoor, R.S. Puram, Karumbukadai, Kottai, Kempatti Colony.

After the zone wise area collection, it was further classified in to major pin code place in order to have specific classification and has been presented in the table format below.

Table .2 Sampling Area Based on Systematic Sampling

S.NO	ZONE	AREAS
I	North	Manis Nagar, Railway Station Road, GN Mills (Post), West Thottam, AmmasaiKoundar Street, Athithiravidar Street, Perumalkovil Street, Vinayakarkovil Street, Thiruvalluvar Street, VKVKumaragurunagar, Raju Naidu Layout, Kallimedu Street, Mariyamamkovil Street, Cheran Street, Ettri Street, Jeeva Street, Nallampalayam, Raja street, Raju Naidu 1st Street, LIC Colony Cowil brown Road.
II	East	ThiruV.K. street, Bharathi Street, Nehru Street, Avinashi Road, Nehru Nagar (W), Nehru Street, Gandhimanagar, Lakshmiapuram, Anna Nagar, Palaniyappa lay out, Amman Kovil Street, West Singanallur, Nehru Park Street, Boyar Street, Ranganathapuram Street, Car Street1, KaruvalurMariyammanKovil Street, Subramaniyarkovil Street, Thiruvalluvarnagar, Sugunapuram East.
III	South	Neduncheliyan Street, Shanmugarajapuram, IUDO Colony, Salivan Street, Thiru Nagar 3rd Street, Al Amin Colony, Maniyakara Street, Crosst Line Street, ChinnasamyPandaramStreet, Faruk Nagar, Oorkounder Street, Lakshmi Nagar, Cherch Street, Machampalayam, KuruchiPirivu, Muruga Nagar, Saratha Mill Road, Muthaliyar Street, Mettur.
IV	West	GN Mill post, New scheme Colony, Thadagam road, Annai Indira Nagar, Senthil Nagar, K.Kpudhur. ManiyamVellapar Street, Amman Kovil Street, Thadagam Road, Bharathiyar Street, V.N.R. Nagar, NavavurPrivu, Anna Nagar, Nethaji Street, AyyavuPannadi Street, 6th Street, LIC Colony, LingappaChetti Lane2.
V	Central	Rangagounder Street, Kannappa Nagar, Sanganoor Main Road, Pongiyammal Street, Sivanantha Colony, Sornambika layout, Lenin Nagar, Naranasamy Street, Thondamuthur Road, Nachianganan Street, Ammankulam, Indira Nagar, L.I.C. Colony, ArunachalaThevar Colony, Samedu, Perumalkovil Street, Ponnurangan road (west), Kempatti colony 3rd street.

The systematic sampling was adopted in order to identify the major retailing shops which are available in the Coimbatore city and for arriving at the consolidated sampling area .

Table 3 Consolidated Sampling Area Based on Systematic Sampling

S.NO	ZONE	AREAS
I	North & East	Manis Nagar, Railway Station Road, GN Mills (Post), West Thottam, AmmasaiKoundar Street, Athithiravidar Street, Perumalkovil Street, Vinayakarkovil Street, Thiruvalluvar Street, VKVKumaragurunagar, Raju Naidu Layout, Kallimedu Street, Mariyamamkovil Street, Cheran Street, Ettri Street, Jeeva Street, Nallampalayam, Raja street, Raju Naidu 1st Street, LIC Colony Cowil brown Road. ThiruV.K. street, Bharathi Street, Nehru Street, Avinashi Road, Nehru Nagar (W), Nehru Street, Gandhimanagar, Lakshmipuram, Anna Nagar, Palaniyappa lay out, Amman Kovil Street, West Singanallur, Nehru Park Street, Boyar Street, Ranganathapuram Street, Car Street1, KaruvalurMariyammanKovil Street, Subramaniyarkovil Street, Thiruvalluvarnagar, Sugunapuram East.
II	South & West	Neduncheliyan Street, Shanmugarajapuram, IUDO Colony, Salivan Street, Thiru Nagar 3rd Street, Al Amin Colony, Maniyakara Street, Crosst Line Street, ChinnasamyPandaram Street, Faruk Nagar, Oorkounder Street, Lakshmi Nagar, Cherch Street, Machampalayam, KuruchiPirivu, Muruga Nagar, Saratha Mill Road, Muthaliyar Street, Mettur. GN Mill post, New scheme Colony, Thadagam road, Annai Indira Nagar, Senthil Nagar, K.Kpudhur. ManiyamVellapar Street, Amman Kovil Street, Thadagam Road, Bharathiyar Street, V.N.R. Nagar, NavavurPrivu, Anna Nagar, Nethaji Street, AyyavuPannadi Street, 6th Street, LIC Colony, LingappaChetti Lane2.
III	Central	Rangagounder Street, Kannappa Nagar, Sanganoor Main Road, Pongiyammal Street, Sivanantha Colony, Sornambika layout, Lenin Nagar, Naranasamy Street, Thondamuthur Road, Nachianganan Street, Ammankulam, Indira Nagar, L.I.C. Colony, ArunachalaThevar Colony, Samedu, Perumalkovil Street, Ponnurangan road (west), Kempatti colony 3rd street.

The specific sampling area has been further clubbed on the basis of zone and distributed in the following table.

Table 4 Discriminant zone Wise Division Of Coimbatore City

S.NO	ZONE	AREAS
I	North & East	Peelamedu, R.S.Puram, Singanallur, Ondipudur, Ramanathapuram.
II	South, West & Central	Sundarapuram. , Town Hall, Rathnapuri (PO), Sivanantha Colony, Ram Nagar, Kattoor.

Area of the study

The survey was conducted in Coimbatore City.

Data Sources:

The study used both primary data and secondary data.

a) Primary data:

The major source of the data used to carry out the analysis was primary data. Field survey method was employed to collect the primary data from 200 customers through a well framed questionnaire. The respondents with varying background in Coimbatore city based on their demographic aspects like age, gender, location of the residence, status with the bank, monthly income and monthly savings were selected for the study.

b) Secondary Data:

The Secondary data namely literature relating to the study was gathered from the national and international journals, newspapers, magazines, articles and various other records. The latest information was gathered from well-equipped libraries in Bangalore, Chennai, and Coimbatore and also from web sources on the internet. A number of standard text books were studied in the domain of supply chain for the purpose of this research.

7. DISCUSSION AND INFORMAL INTERVIEWS

In order to identify the insight perception of customer relationship marketing several rounds of discussions were held with knowledgeable persons in the field of marketing and also with the Research Supervisor.

Tools for Data Collection:

Construction of a questionnaire:

Questionnaire was the main tool which was used to collect the pertinent data from the selected 200 respondents. The research problem and questionnaire were framed accordingly with the help of the Research Supervisor's comments and Research Experts. The questionnaire includes the information regarding the demographic profile of the respondents, respondent's opinion on the customers towards the CRM dimensions. The drafted questionnaire was circulated among various research experts for a critical view with regard to its content, format and the sequence. The questionnaire was redrafted in the light of their comments.

Reliability analysis:

As a consequence of the modifying the instruments, the questioner measures were tested through reliability analysis in order to determine if the sample subjects were understood, all the items in the questioner were tested for internal consistence. Because most of the measurement items were adopted from other studies which is used in different contexts and hence it was important to test the phraseology of the research instrument. The relationships among the individual items will be investigated by conducting the average item and the average inter item (cronbach's alpha) correlation.

The total correlation was considered to be one of the methods available to test construct validity. It measures the internal consistency of the measuring instrument. The cronbatch's alpha was used to measure the reliability coefficient. For reliability coefficient values, it was suggested that 0.70 is the minimum requirement for basic research.

If the correlations are low (less than 0.70) the contribution of each item will be reviewed and consideration will be given to drop from the scale of those items that provide the least empirical and conceptual support. The respective reliability values are presented in the analysis and interpretation chapter.

CONTENT VALIDITY:

The content validity of the measurement was evaluated by eminent academicians and research experts in human resource.

Pilot Study:

The questionnaire was pre-tested with 50 samples among the selected sample consumers in the study area. Taking into consideration the suggestions of the selected sample consumers, necessary modifications and changes were incorporated in the questionnaire after the pilot study.

Frame work of analysis:

The following tools of analysis were used in the study. The Statistical Package for Social Sciences (SPSS) was used to analyze the data and draw the inference.

- **Chi-square Test:**

The degree of influence of the independent variables like kind of store lay out, Ownership pattern, Location, were tested with the dependent variables of implementation of SCM.

The Chi-square test is an important test amongst the several tests of significance developed by statisticians. Chi-square, symbolically written as χ^2 (pronounced as ki-square), as a test of independence enables a researcher to explain whether or not two attributes are associated and the formula used is furnished below

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

with Degree of Freedom (D.F) = (c-1) (r-1)

Where,

O	=	Observed frequency
E	=	Expected frequency
C	=	Number of columns
R	=	Number of rows

The value obtained as such should be compared with relevant table value and the inference can be drawn. If the calculated value is greater than the table value the hypothesis framed will be rejected, otherwise accepted.

The entire hypothesis test in this study was carried out at 5 percent level of significance. The researcher quite often face measurement problem (since there is a want of valid measurement but may not obtain it), especially when the concepts to be measured are complex and abstract and there is no need to possess the standardized measurement tools.

- **Factor Analysis:**

To examine the various attributes influencing the various dimensions of CRM were tested through factor analysis. The principal component analysis of Factor analysis has been ascertained through VARIMAX rotation in order to identify the influencing factors.

Data Source:

The study is based on the primary data. The required primary data was collected with the help of well structured Questionnaire after testing its reliability and validity measures.

8. ASSESSMENT OF THE FACTORS PERTAINING TO CUSTOMER RELATIONSHIP MARKETING STRATEGY- EMPLOYEES POINT OF VIEW

Customer Relationship Management (CRM) means different things to different people. For some, CRM is the term used to describe a set of IT applications that automate customer-facing processes in marketing, selling and service. For others, it is about an organizational desire to be more customer focused. Others associate CRM with the capture, analysis and exploitation of customer-related data. One distinction that has been made is between strategic, operational and analytical CRM.

- Operational CRM comprises “the business processes and technologies that can help improve the efficiency and accuracy of day-to-day customer-facing operations.” This includes sales, marketing, and service automation.
- Collaborative CRM comprises “the components and processes that allow an enterprise to interact and collaborate with their customers.” This includes voice technologies, Web store-fronts, e-mail, conferencing and face-to-face interactions.
- Analytical CRM “provides analysis of customer data and behavioral patterns to improve business decisions.” This includes the underlying data warehouse architecture, customer profiling/segmentation systems, reporting, and analysis.

The idea of CRM is that it helps businesses use technology and human resources gain insight into the behavior of customers and the value of those customers. If it works as hoped, a business can: provide better customer service, make call centres more efficient, cross sell products more effectively, help sales staff close deals faster, simplify marketing and sales processes, discover new customers, and increase customer revenues. It doesn't happen by simply buying software and installing it. For CRM to be truly effective, an organization must first decide what kind of customer information it is looking for and it must decide what it intends to do with that information. For example, many financial institutions keep track of customers' life stages in order to market appropriate banking products like mortgages or IRAs to them at the right time to fit their needs.

In this chapter two different dimensions viz., 1. General factors determining CRM, 2. Specific factors determining CRM are discussed with the employees view point and the factors were employed through factor analysis and specific hypothesis which were frame were analysed through ANOVA .

Factor Analysis on the general factors pertaining to the general factors determining CRM:

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.924
Bartlett's Test of Sphericity	Approx. Chi-Square	16717.984
	Df	253
	Sig.	.000

Communalities		
	Initial	Extraction
Relationship with customer	1.000	.852
Customer prospecting	1.000	.508
Interactive mgt	1.000	.687
Empowerment	1.000	.602
Understanding customer expectation	1.000	.696
Personalisation	1.000	.653
Presence of internet without risk	1.000	.662
Interacting on internet	1.000	.665
Speedy service	1.000	.635
Speed of atm& related service	1.000	.662
Staff co-operation & behavior	1.000	.663
Loan & related facility with clear term	1.000	.734
Problem solving attitude/specific staff	1.000	.784
Variety of service	1.000	.666
Better rate of interest	1.000	.700
Online service payment and other facility	1.000	.643
Frequency of response	1.000	.638
New product & services	1.000	.376
Presence geographically	1.000	.593
Quality of service & staff	1.000	.653
Well trained and nature staff to handle errors and complicated situations	1.000	.861
Data protection & privacy of individual details	1.000	.887
24 & 7- telephonic support	1.000	.523
Extraction method: principal component analysis.		

In Table Bartlett's test of sphericity and KAISER MEYER OLKIN measures of sample adequacy were used to test the appropriateness of the factor model. Bartlett's test was used to test the null hypothesis that the variables of this study are not correlated. Since the approximate chi-square satisfaction is 16717.984 which is significant at 1% level, the test leads to the rejection of the null hypothesis.

The value of KMO statistics (0.924) was also large and it revealed that factor analysis might be considered as an appropriate technique for analysing the correlation matrix. The communality table showed the initial and extraction values.

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	11.644	50.625	50.625	11.644	50.625	50.625	8.476	36.853	36.853
2	2.374	10.322	60.947	2.374	10.322	60.947	4.151	18.049	54.902
3	1.324	5.757	66.704	1.324	5.757	66.704	2.714	11.802	66.704
4	.946	4.112	70.816						
5	.800	3.478	74.294						
6	.725	3.152	77.446						
7	.674	2.931	80.376						
8	.607	2.640	83.016						
9	.543	2.361	85.377						
10	.476	2.068	87.445						
11	.415	1.803	89.248						
12	.371	1.612	90.859						
13	.316	1.376	92.235						
14	.291	1.263	93.498						
15	.289	1.256	94.754						
16	.269	1.171	95.925						
17	.192	.836	96.761						
18	.186	.809	97.570						
19	.172	.749	98.320						
20	.158	.685	99.005						
21	.125	.543	99.548						
22	.072	.312	99.860						
23	.032	.140	100.000						
Extraction Method: Principal Component Analysis.									

From the table it was observed that the labeled "Initial Eigen Values" gives the EIGEN values. The EIGEN Value for a factor indicates the 'Total Variance' attributed to the factor. From the extraction sum of squared loadings, it was learnt that the I factor accounted for the variance of 11.644 which was 50.625%, the II factor accounted for the variance of 2.374 which was 10.322%, the III factor accounted for the variance of 1.324 which was 5.757%. The three components extracted accounted for the total cumulative variance of 66.704%

Determination of factors based on Eigen Values:

In this approach only factors with Eigen values greater than 1.00 are retained and the other factors are not included in this model. The three components possessing the Eigen values which were greater than 1.0 were taken as the components extracted.

Component Matrix^a			
	Component		
	1	2	3
Data protection & privacy of individual details	.940		
Well trained and nature staff to handle errors and complicated situations	.924		
Relationship with customer	.922		
Problem solving attitude/specific staff	.873		
Loan & related facility with clear term	.848		
Better rate of interest	.833		
Interactive mgt	.824		
Variety of service	.815		
Online service payment and other facility	.802		
Quality of service & staff	.788		
Empowerment	.772		
Frequency of response	.724		
Customer prospecting	.707		
Understanding customer expectation	.706		
Presence geographically	.689		
24 & 7- telephonic support	.687		
Personalisation	.649		
New product & services			
Staff co-operation & behavior		.772	
Speed of atm& related service		.760	
speedy service		.725	
interacting on internet		.658	
presence of internet without risk	.539		.571
Extraction Method: Principal Component Analysis.			
a. 3 components extracted.			
Rotated Component Matrix^a			
	Component		
	1	2	3
data protection & privacy of individual details	.811		
problem solving attitude/specific staff	.800		
well trained and nature staff to handle errors and complicated situations	.790		
relationship with customer	.784		
loan & related facility with clear term	.767		
frequency of response	.761		
presence geographically	.754		
better rate of interest	.722		
variety of service	.701		
24 & 7- telephonic support	.690		
interactive mgt	.675		
online service payment and other facility	.671		
new product & services	.605		
Empowerment	.602		
quality of service & staff	.579	.557	
customer prospecting	.554		
presence of internet without risk		.799	
Personalisation		.744	
understanding customer expectation		.727	
staff co-operation & behavior			.800
speed of atm& related service			.786
speedy service			.767
interacting on internet			.733
Extraction Method: Principal Component Analysis.			
Rotation Method: Varimax with Kaiser Normalization.			
a. Rotation converged in 5 iterations.			

The rotated component matrix shown in Table is a result of VARIMAX procedure of factor rotation. Interpretation is facilitated by identifying the variables that have large loadings on the same factor. Hence, those factors with high factor loadings in each component were selected. The selected factors were shown in the table.

CLUSTERING OF INDUCING VARIBALES INTO FACTORS

Factor	Inducing Variable	Rotated factor loadings
I (36.853) Safety	Data protection & privacy of individual details X22	0.811
	Problem solving attitude/specific staff X13	0.800
	Staff co-operation & behaviour X11	0.800
	Presence of internet without risk X7	0.799
	Well trained and nature staff to handle errors and complicated situations X21	0.790
	Speed of atm& related service X10	0.786
	Relationship with customer X1	0.784
II(54.902) Customer friendly	Loan & related facility with clear term X12	0.767
	Speedy service X9	0.767
	Frequency of response X17	0.761
	Presence geographically X19	0.754
	Personalisation X6	0.744
	Interacting on internet X8	0.733
	Understanding customer expectation X5	0.727
	Better rate of interest X15	0.722
	Variety of service X14	0.701
III (66.704) Various services	24 & 7- telephonic support X23	0.690
	Interactive mgt X3	0.675
	Online service payment and other facility X16	0.671
	New product & services X18	0.605
	Empowerment X4	0.602
	Quality of service & staff X20	0.579
	Customer prospecting X2	0.554

In this table three factors were identified as being maximum percentage variance accounted. The variables X22, X13, X11, X7, X21, X10 and X1 constitutes factor I and it accounts for 36.853 per cent of the total variance. The variables X12, X9, X17, X19, X6, X8, X5, X15, X14 constitutes factor II and it accounts for 54.902 per cent of the total variance. The variables X23, X3, X16, X18, X4, X20 and X2 constitutes factor III and it accounts for 66.704 per cent of the total variance.

H0: There is no significant difference between Safety and location, revenue district, status with the bank, gender, monthly income, monthly savings.

H1: There is a significant difference between Safety and location, revenue district, status with the bank, gender, monthly income, and monthly savings.

ANOVA							
Source of variance		Sum of Squares	df	Mean Square	F	Sig.	Result
Location	Between Groups	.758	2	.379	.621	.538	NS
	Within Groups	486.341	797	.610			
	Total	487.099	799				
Revenue district	Between Groups	.065	2	.033	.054	.948	NS
	Within Groups	487.423	797	.612			
	Total	487.489	799				
Status with the bank	Between Groups	.345	2	.173	.690	.502	NS
	Within Groups	199.503	797	.250			
	Total	199.849	799				
Sex	Between Groups	.032	2	.016	.065	.937	NS
	Within Groups	199.416	797	.250			
	Total	199.449	799				
Monthly income	Between Groups	.518	2	.259	.147	.864	NS
	Within Groups	1408.602	797	1.767			
	Total	1409.120	799				
Monthly savings	Between Groups	4.887	2	2.444	1.688	.186	NS
	Within Groups	1153.612	797	1.447			
	Total	1158.499	799				

H0: There is no significant difference between Customer friendly and location, revenue district, status with the bank, gender, monthly income, monthly savings.

H1: There is a significant difference between Customer friendly and location, revenue district, status with the bank, gender, monthly income, monthly savings.

ANOVA							
Source of variance		Sum of Squares	Df	Mean Square	F	Sig.	Result
Location	Between Groups	.449	2	.225	.368	.692	NS
	Within Groups	486.649	797	.611			
	Total	487.099	799				
Revenue district	Between Groups	.481	2	.240	.393	.675	NS
	Within Groups	487.008	797	.611			
	Total	487.489	799				
Status with the bank	Between Groups	.497	2	.249	.994	.371	NS
	Within Groups	199.351	797	.250			
	Total	199.849	799				
Sex	Between Groups	.034	2	.017	.067	.935	Ns
	Within Groups	199.415	797	.250			
	Total	199.449	799				
Monthly income	Between Groups	.084	2	.042	.024	.977	Ns
	Within Groups	1409.036	797	1.768			
	Total	1409.120	799				
Monthly savings	Between Groups	2.250	2	1.125	.775	.461	NS
	Within Groups	1156.249	797	1.451			
	Total	1158.499	799				

H0: There is no significant difference between Various services and location, revenue district, status with the bank, gender, monthly income, monthly savings.

H1 : There is a significant difference between Various services and location, revenue district, status with the bank, gender, monthly income, monthly savings.

ANOVA							
Source of variance		Sum of Squares	Df	Mean Square	F	Sig.	Result
Location	Between Groups	.210	2	.105	.172	.842	NS
	Within Groups	486.889	797	.611			
	Total	487.099	799				
Revenne district	Between Groups	.293	2	.147	.240	.787	NS
	Within Groups	487.196	797	.611			
	Total	487.489	799				
Status with the bank	Between Groups	1.203	2	.602	2.414	.090	NS
	Within Groups	198.645	797	.249			
	Total	199.849	799				
	Between Groups	.028	2	.014	.057	.945	NS
	Within Groups	199.420	797	.250			
	Total	199.449	799				
Monthly income	Between Groups	1.569	2	.784	.444	.642	NS
	Within Groups	1407.551	797	1.766			
	Total	1409.120	799				
Monthly savings	Between Groups	5.819	2	2.910	2.012	.134	NS
	Within Groups	1152.680	797	1.446			
	Total	1158.499	799				

9. LIMITATIONS OF THE STUDY

- A study of a representative sample of retailers can vary the findings of this study that are applicable to the general people. Only 200 customers were taken as respondents for the study from Coimbatore City. The result arrived from the study may or may not be applicable to other cities. Further, the survey method which was adopted for collecting the data in this study has its own limitations. This is considered as the major limitation of the study.
- The researcher has tried to achieve hundred percent perfection while collecting data from the retailer which vary up to 5%.
- The employees were reluctant in responding to the queries relating to dimensions of specific and general factors pertaining to the CRM activities initiated in the bank hence it may affect the findings to a certain extent.

10. CONCLUSION

The factors of the customer relationship marketing has proved that the best relationship between banker and customer happens when the banks create confidence in the minds of the customers and instill a strong bondage in their services offered in the bank. Pertaining to the efficiency of the various services provided by the bank it was understood that the relationship is revolving around three heads viz., security, confidentiality and technology. The relationship strategy can be exercised through taking fast decision, providing the best customer service, innovation, satisfying the customer need, making effective customer transaction, identifying the best selection strategy, marketing initiatives, managing the customers through technological investment.

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