IMPACT OF CUSTOMER RELATIONSHIP MANAGEMENT – AN EMPIRICAL ANALYSIS

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ABSTRACT

The empirical research paper entails on the important phenomenon on Customer Relationship Management (CRM). It occupies key tool in improvement of modern day commercial banking business. Commercial banks operations are majorly focused on customer orientation and their survival depends on customer satisfaction and perceptions. On this base the data were collected by using random sampling technique and fitted with suitable statistical analysis. The data collected in June 2009 to October 2010 and relevant results are derived. The conclusion signifies that CRM is an effective tool for deciding the effective performance of banking operations successfully.

Key Words: Customer Relationship, Commercial Banks, Customer Satisfaction and Banking operations.

INTRODUCTION

The management challenge in the new millennium of liberalization and globalization for a business is to serve and maintain good relations with the King - the customer. The changing business environment is characterized by open economy, increasing competition, high customer choice, enlightened and demanding customer, more emphasis on quality and value of purchase. Customer Relationship management (CRM) is a strategy used to learn more about customers’ needs and behaviors in order to develop stronger relationships and good customer relationship with them. Good customer relationships are at the heart of business success. The idea of CRM is that it helps to use technology and human resources in business to gain, insight into the behaviour of products and services for the customer. CRM softwares are used to support information on customers and prospective customers (Jeong Yong et al., 2003 and Xu and Walton, 2005).

Customer Relationship Management is a broadly recognized, widely-implemented strategy for managing and nurturing a company’s interactions with customers and sales prospects. Customer Relationship Management (CRM) is developing into a major element of corporate strategy for many organizations (Rangarajan. 2010 and Shibu. 2011). CRM, also known by other terms such as Relationship Marketing and Customer Management, is concerned with the creation, development and enhancement of individualised customer relationships with carefully targeted customers and customer groups resulting in maximizing their total customer life-time value. It involves using technology to organize, automate, and synchronize business processes principally sales related activities, but also those for marketing, customer service, and technical support. The overall goals are to find, attract, and win new customers, nurture and retain those the company already has, entire former customers back into the fold, and reduce the costs of marketing and customer service (Devlin and Ennew, 1997 and Antony Joe Raja, 2011).

Customer Relationship Management is an essential part of modern business management. Customer Relationship Management concerns the relationship between the organization and its customers. Customers are the lifeblood of any organization, be it a global corporation with thousands of employees and a multi-billion turnover, or a sole trader with a handful of regular customers. Customer Relationship Management is the same in principle for these two examples - it is the scope of CRM which can vary drastically (Goodhue et al., 1992; Lindgreen and Antioco. 2005 and Ramachandran. 2011).

MATERIALS AND METHODS

Methodology is an important aspect in any kind of social science research work. Every research study has its own objectives. The procedure adopted by the researcher for the realization of these objectives is known as methodology. The methodology adopted enables the investigator to look at the amorphous data in a meaningful way. There are variety of methods and procedures employed by which the research workers gather facts for their study.

RESEARCH PROBLEM

CRM is the process of building continuous long born, trusting win relationships with external environment. Technological developments have brought IT revolution by increasing the customer’s knowledge and aptitude to choose from the wide range of products thus leading to increase in competition. A service industry like banking needs human touch and warmth in its dealing with customers. High velocity and value relationship banking enables to facilitate pro-active service process in selecting customer and helps them to retain the business.

OBJECTIVES: The major objective of the study is to analyse the impact of CRM on commercial banks with due consideration on different aspects from customers on the basis of demographic variables such as age, gender, occupation, educational
QUALIFICATION AND MONTHLY INCOME. TO EVALUATE
CUSTOMER SATISFACTION ON THE BASIS OF SERVICE
RENDERED BY COMMERCIAL BANK WITH CRM. TO OFFER
SUGGESTIONS AND SUITABLE CONCLUSIONS APPLICABLE FOR
MAXIMISING EFFICIENCY AND SATISFACTION OF CUSTOMER

SAMPLE COLLECTION
SIMPLE RANDOM SAMPLING METHOD IS USED TO OBTAIN
DATA FROM THE STUDY SAMPLE OF THE CUSTOMERS, BANK
EMPLOYEES AND BANK MANAGERS. SAMPLES ARE
SELECTED FROM Cuddalore DISTRICT, Tiruchirappalli
DISTRICT, Coimbatore DISTRICT, Chennai City,
Tirunelveli DISTRICT AND Madurai DISTRICT IN TAMIL
NADU. OUT OF 32 DISTRICTS IN THE STATE OF TAMILNADU,
 THESE DISTRICTS ENTAIL SIGNIFICANT ROLE IN ECONOMIC
AND NON-ECONOMIC ACTIVITY. AND HENCE, THE
RESEARCHER HAS CHOOSED THESE 6 DISTRICTS FOR RESEARCH
STUDY. AND, IT MAY ALSO BE A MINIATURE REPLICA TO
OTHER DISTRICTS OF THE TAMILNADU STATE, WHERE
CULTURE, CRED, CUSTOMS AND HABITS AND ECONOMIC
CONDITIONS ARE SIMILAR IN NATURE. THE PERIOD OF THE
STUDY FOR THIS RESEARCH IS JUNE 2009 TO OCTOBER
2010. THE SAMPLING PLAN GIVES DETAIL ABOUT THE
PERSONS SURVEYED, HOW THEY WERE SURVEYED AND
HOW MANY WERE SURVEYED. RANDOM SAMPLING
TECHNIQUE WAS USED IN THE SELECTION OF THE SAMPLE OF
BANK CUSTOMERS.

RESULTS AND DISCUSSIONS
CUSTOMER RELATIONSHIP MANAGEMENT IS BASIC TO
BUILDING A CUSTOMER CENTRIC IN BANKING SECTOR. THE
PURPOSE IS TO MANAGE ALL ASPECTS OF CUSTOMER
PERCEPTIONS, RETENTIONS, INTERACTIONS AND ATTITUDES
IN A MANNER THAT ENABLES TO MAXIMIZE THE
PROFITABILITY FROM EVERY CUSTOMER BY CREATING
LOYALTY AND RELATIONSHIP. IN THE ECONOMIC RATIONALE
OF IMPLEMENTING DIFFERENT CORE SOLUTIONS, THE
COMMERCIAL BANKS’ SUCCESS COMES TO DIFFICULT. THEIR
COST OF OPERATION INCREASES, FUNDS BECOMES LESSER
AND BUDGETS STRAINED IN BEGINNING CRM. IT,
THUS DIRECTLY OR INDIRECTLY IMPACTS OVER ITS
OPERATIONAL EFFICIENCY, BANK PROFITABILITY AND
REDUCTIONS OF FRAUDS AND ERRORS OF CRM. IT ALSO HELPS
THE BANKING CONCERN TO EVALUATE THE SATISFACTION
LEVEL OF CUSTOMERS. FOR THIS PURPOSE 1114
RESPONDENTS, OUT OF WHICH 736 BANK CUSTOMERS 315
BANK EMPLOYEES AND 63 BANK MANAGERS SELECTED IN
TAMILNADU STATE AND HAVE BEEN TAKEN FOR ANALYSIS TO
DERIVE A MEANINGFUL INERENCE AND CONCLUSION. THE
COLLECTED DATA MADE FOR THE STATISTICAL ANALYSIS
NAMELY (1) DESCRIPTIVE ANALYSIS, (2) STEPWISE
REGRESSION ANALYSIS OF THE DATA HAS BEEN PRESENTED
IN THIS ARTICLE. THE DETAILS REGARDING THE ANALYSIS
OF DATA ARE GIVEN IN TABLES.

TABLE-1 SHOWS THE MEAN AND SD OF RESPONDENTS’
OPINION ABOUT THE CUSTOMER PERCEPTIONS ON THE
BASIS OF THE AGE. RESULT PROVES THAT ABOVE 30 YEARS
AGE GROUP, THE RESPONDENTS ARE HIGHLY SATISFIED
ABOUT THE CUSTOMER PERCEPTIONS THAN THE OTHER AGE
GROUPS. THIS DIFFERENCE IS CONFIRMED BY THE
CALCULATED F-VALUE (9.19) IS SIGNIFICANT AT 0.01 LEVEL.
HENCE THE GIVEN HYPOTHESIS IS ACCEPTED. THE

ANALYSIS ON CUSTOMER PERCEPTIONS OVER CRM, THE
MEAN SCORE OF ABOVE 30 YEARS AGE GROUP IS 41.71.
WHEN COMPARED WITH OTHER AGE GROUPS, THIS GROUP
HAS HIGH PERCEPTION POSITIVELY. IT IS THAT SUCH GROUPS
FEEL THAT RETENTION AND THE OPERATIONAL EFFICIENCY
SYSTEM ARE FINE.

TABLE-2 SHOWS THE MEAN AND SD OF RESPONDENTS’
OPINION ABOUT THE CUSTOMER PERCEPTIONS ON THE
BASIS OF THE EDUCATIONAL QUALIFICATION. RESULT PROVES
THAT POST GRADUATE RESPONDENTS ARE HIGHLY SATISFIED
ABOUT THE CUSTOMER PERCEPTIONS THAN THE OTHER
EDUCATIONAL QUALIFICATION GROUPS. THIS DIFFERENCE IS
CONFIRMED BY THE CALCULATED F-VALUE (7.23) IS
SIGNIFICANT AT 0.01 LEVEL. HENCE THE GIVEN HYPOTHESIS
IS ACCEPTED. REGARDING CUSTOMER PERCEPTIONS ON THE
BASIS OF RESPONDENTS EDUCATIONAL QUALIFICATION THE
MEAN SCORE VALUE FOR POST GRADUATE AND ILLITERATE
SEEMS TO SIMILAR. IT IS CONCLUDED THAT BOTH THE
CATEGORIES HAVE THE PACE OF IMPLEMENTATION OF
INTEGRATED DELIVERY CHANNEL ARCHITECTURES AND
QUICKEN AND EVENTUALLY PREVAIL AT COMMERCIAL
BANKS. IT IS ALSO THAT WITH MOST OF THE TECHNOLOGY IN
PLACE, BANKS MUST BEGIN FROM STRATEGIES AROUND THE
USE OF INFORMATION IN THE DAY-TO-DAY CONTACT WITH ITS
CUSTOMERS.

TABLE-3 SHOWS THE MEAN AND SD OF RESPONDENTS’
OPINION ABOUT CUSTOMER PERCEPTIONS ON THE BASIS OF
THE OCCUPATION. RESULT PROVES THAT PRIVATE SECTOR
EMPLOYEE IS HIGHLY SATISFIED ABOUT CUSTOMER
PERCEPTIONS THAN THE OTHER OCCUPATION GROUPS. THIS
IMPLIED THAT THE PRIVATE SECTOR EMPLOYEE FEELS THAT
THE ROLE AND PERFORMANCE OF COMMERCIAL BANKS IN
RESPECT OF CRM STRATEGIES IS HIGH. THIS DIFFERENCE IS
CONFIRMED BY THE CALCULATED F-VALUE (3.93) IS
SIGNIFICANT AT 0.01 LEVEL. HENCE THE GIVEN HYPOTHESIS
IS ACCEPTED.

TABLE-4 SHOWS THE MEAN AND SD OF RESPONDENTS’
OPINION ABOUT CUSTOMER INTERACTION MANAGEMENT
ON THE BASIS OF THE MONTHLY INCOME. RESULT PROVES
THAT 20,001-30,000 MONTHLY INCOME RESPONDENTS
ARE HIGHLY SATISFIED ABOUT CUSTOMER INTERACTION
MANAGEMENT THAN THE OTHER MONTHLY INCOME
GROUPS. THIS DIFFERENCE IS CONFIRMED BY THE
CALCULATED F-VALUE (33.88) SIGNIFICANT AT 0.01 LEVEL.
HENCE THE GIVEN HYPOTHESIS IS ACCEPTED. FROM THE
ANALYSIS THE OPINION OF RS.20,001 TO 30,000 MONTHLY
INCOME GROUPS IS HIGHER MEAN SCORE THAN OTHERS. IT
IS DUE TO THAT CONVERT BACK-END ENVIRONMENTS,
SUCH AS RATING, CLAIMS AND BILLING IN TO WEB-BASED
SYSTEMS, DELIVERING MORE POWERFUL AND INTEGRATED
BUSINESS SOLUTIONS.

IT IS OBSERVED FROM THE OBTAINED STATISTICAL RESULT
THAT THE CALCULATED CHI-SQUARE VALUE IS GREATER THAN
THE TABLE VALUE (TABLE 5). IT IS SIGNIFICANT (P<0.01).
SO THE STATED HYPOTHESIS IS ACCEPTED. THEREFORE IT IS
CONCLUDED THAT THERE IS AN ASSOCIATION BETWEEN
OPINION ABOUT INTERNET BANKING AND EXPERIENCE WITH
THE BANK. IT IMPLIES THAT, INCREASE IN DEVELOPER
PRODUCTIVITY, BY RADICALLY SIMPLIFYING THE TASK OF
DISTRIBUTED SYSTEMS DEVELOPMENT. EXPOSE FINANCIAL
products over the web (e.g. escrow, credit check, loan applications, calculating machine etc.)

Four variables namely, age, educational qualification, occupation and monthly income have significantly contributed for predicting in the core online services. The variable age predictive value of core online services seems to be 0.068, paired when the variable educational qualification is 0.059, with occupation 0.063 and with monthly income 0.079 (Table 6). The predictive value of these variables separately is 0.01. Thus the analysis shows that increased access to a source of market and competitor information and long term profitability and sustainability.

Five variables namely, gender, occupation, area of residence, marital status and spouse details have significantly contributed for predicting service quality. The variable gender predictive value of service quality seems to be 0.042, paired when the variable occupation is 0.055, with area of residence 0.069, with the marital status 0.072 and with spouse details 0.132 (Table 7). The predictive value of these variables separately is 0.01. It is resulted due to that highlighting poor operational processes, maximization of opportunities and ensuring that the focus of the organizations is external.

The Customer perceptions are positively and significantly related to age (0.182), Educational qualification (0.179), occupation (0.132), religion (0.316), monthly income (0.282) and marital status (0.249). It shows a weak positive relationship to spouse details and Customer perceptions. It is found out that the correlation between the customer perceptions and demographic variables such as age, educational qualification, occupation, religion, monthly income and marital status have positive relationship over CRM perspective. It is an integration policy system and CRM implementation in front of office process management.

**CONCLUSION**

Potential customers have started following moving towards satellite from transacting their banking operations. But, every banking organization that aims for building and maintaining a relationship may have to develop an excellent total consumer care programmer to suit to the specific requirements of its target customers. CRM would be providing the framework to make it more attractive and effective.

**REFERENCES**


**Table 1:** Respondents’ opinion about the customer perceptions on the basis of the age

<table>
<thead>
<tr>
<th>Age</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>F-value</th>
<th>Level of Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-25 years</td>
<td>404</td>
<td>40.75</td>
<td>7.20</td>
<td>9.19</td>
<td>0.01</td>
</tr>
<tr>
<td>25-30 years</td>
<td>213</td>
<td>38.61</td>
<td>7.03</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Above 30 years</td>
<td>119</td>
<td>41.71</td>
<td>7.02</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>736</td>
<td>40.29</td>
<td>7.20</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Ha: There is a significant difference in respondents’ opinion about the customer perceptions on the basis of the age.

**Table 2:** Respondents’ opinion about the customer perceptions on the basis of the educational qualification

<table>
<thead>
<tr>
<th>Educational qualification</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>F-value</th>
<th>Level of Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illiterate</td>
<td>328</td>
<td>41.31</td>
<td>7.56</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secondary/ Higher Secondary</td>
<td>186</td>
<td>38.76</td>
<td>7.24</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graduate</td>
<td>143</td>
<td>39.17</td>
<td>6.59</td>
<td>7.23</td>
<td>0.01</td>
</tr>
<tr>
<td>Post Graduate</td>
<td>79</td>
<td>41.65</td>
<td>5.57</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>736</td>
<td>40.29</td>
<td>7.20</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Ha: There is a significant difference in respondent opinion about the customer perceptions on the basis of the educational qualification.
Table 3: Respondents' opinion about the customer perceptions on the basis of the occupation

<table>
<thead>
<tr>
<th>Occupation</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>F-value</th>
<th>Level of Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Employee</td>
<td>223</td>
<td>40.62</td>
<td>7.26</td>
<td>3.99</td>
<td>0.01</td>
</tr>
<tr>
<td>Private sector employee</td>
<td>120</td>
<td>41.87</td>
<td>5.78</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business</td>
<td>119</td>
<td>40.79</td>
<td>6.19</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional</td>
<td>137</td>
<td>39.64</td>
<td>6.70</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>137</td>
<td>38.58</td>
<td>8.98</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>736</td>
<td>40.29</td>
<td>7.20</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Ha: There is a significant difference in respondents' opinion about the customer perceptions on the basis of the occupation.

Table 4: Respondents' opinion about the customer interaction management on the basis of the monthly income

<table>
<thead>
<tr>
<th>Monthly income</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>F-value</th>
<th>Level of Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 10,000</td>
<td>239</td>
<td>47.15</td>
<td>6.79</td>
<td>33.88</td>
<td>0.01</td>
</tr>
<tr>
<td>10,001-20,000</td>
<td>174</td>
<td>50.85</td>
<td>6.34</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20,001-30,000</td>
<td>164</td>
<td>54.03</td>
<td>3.01</td>
<td></td>
<td></td>
</tr>
<tr>
<td>30,001 and above</td>
<td>159</td>
<td>49.48</td>
<td>9.72</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>736</td>
<td>50.06</td>
<td>7.29</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Ha: There is a significant difference in respondents' opinion about the customer interaction management on the basis of the monthly income.

Table 5: Chi-square test for respondents' opinion about internet banking and experience with the bank

<table>
<thead>
<tr>
<th>Experience with the bank</th>
<th>Opinion about internet banking</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Highly Satisfied</td>
<td>Satisfied</td>
</tr>
<tr>
<td>Below 5 years</td>
<td>80 (10.9%)</td>
<td>53 (7.2%)</td>
</tr>
<tr>
<td>6-10 years</td>
<td>44 (6.0%)</td>
<td>49 (6.7%)</td>
</tr>
<tr>
<td>11-15 years</td>
<td>22 (3.0%)</td>
<td>94 (12.8%)</td>
</tr>
<tr>
<td>15 years and above</td>
<td>27 (3.7%)</td>
<td>94 (12.8%)</td>
</tr>
<tr>
<td>Total</td>
<td>173 (23.5%)</td>
<td>218 (29.6%)</td>
</tr>
</tbody>
</table>

Calculated chi-square value: 310.89
Degrees of freedom: 12
Level of significance: 0.01

Ha: There is an association between respondents' opinion about internet banking and experience with the bank.

Table 6: Stepwise regression analysis predicting core online services

<table>
<thead>
<tr>
<th>Sl.No</th>
<th>Step/Source</th>
<th>Cumulative $R^2$</th>
<th>$\Delta R^2$</th>
<th>Step t</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Age</td>
<td>0.068</td>
<td>0.032</td>
<td>3.421</td>
<td>0.01</td>
</tr>
<tr>
<td>2.</td>
<td>Educational qualification</td>
<td>0.059</td>
<td>0.046</td>
<td>2.426</td>
<td>0.01</td>
</tr>
<tr>
<td>3.</td>
<td>Occupation</td>
<td>0.063</td>
<td>0.078</td>
<td>2.215</td>
<td>0.01</td>
</tr>
<tr>
<td>4.</td>
<td>Monthly income</td>
<td>0.079</td>
<td>0.079</td>
<td>2.328</td>
<td>0.01</td>
</tr>
</tbody>
</table>

Constant value = 19.642
* P < 0.01

Table 7: Stepwise regression analysis service quality

<table>
<thead>
<tr>
<th>Sl.No</th>
<th>Step/Source</th>
<th>Cumulative $R^2$</th>
<th>$\Delta R^2$</th>
<th>Step t</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Gender</td>
<td>0.042</td>
<td>0.052</td>
<td>3.194</td>
<td>0.01</td>
</tr>
<tr>
<td>2.</td>
<td>Occupation</td>
<td>0.055</td>
<td>0.049</td>
<td>2.423</td>
<td>0.01</td>
</tr>
<tr>
<td>3.</td>
<td>Area of residence</td>
<td>0.069</td>
<td>0.058</td>
<td>2.314</td>
<td>0.01</td>
</tr>
<tr>
<td>4.</td>
<td>Marital status</td>
<td>0.072</td>
<td>0.067</td>
<td>2.421</td>
<td>0.01</td>
</tr>
<tr>
<td>5.</td>
<td>Spouse details</td>
<td>0.132</td>
<td>0.066</td>
<td>2.304</td>
<td>0.01</td>
</tr>
</tbody>
</table>

Constant value = 17.424
* P < 0.01

Table 8: Correlation between the customer perceptions and demographic variables

<table>
<thead>
<tr>
<th>Demographic Variables</th>
<th>Customer perceptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>0.182**</td>
</tr>
<tr>
<td>Gender</td>
<td>-0.176**</td>
</tr>
<tr>
<td>Educational qualification</td>
<td>0.179**</td>
</tr>
<tr>
<td>Occupation</td>
<td>0.132</td>
</tr>
<tr>
<td>Area of residence</td>
<td>-0.212**</td>
</tr>
<tr>
<td>Religion</td>
<td>0.316*</td>
</tr>
<tr>
<td>Monthly income</td>
<td>0.282**</td>
</tr>
<tr>
<td>Marital status</td>
<td>0.249**</td>
</tr>
<tr>
<td>Spouse details</td>
<td>0.089</td>
</tr>
</tbody>
</table>

* Significant at 0.01 level : ** Significant at 0.05 level