

# CUSTOMER ENGAGEMENT AND RELATIONSHIP MANAGEMENT PRACTICES: AN EMPIRICAL STUDY IN INDIAN RETAIL BANKS

**\*N. UDAY KUMAR, *Assistant Professor,***  
**Department of MBA,**

**SREE CHAITHANYA INSTITUTE OF TECHNOLOGICAL SCIENCES, KARIMANGAR**

**ABSTRACT:** Modern advertising campaigns prioritize consumers. One way in which banking stands apart from other industries is the special bond it forms with its customers. Despite CRM's many drawbacks, some organizations are pushing to implement it, while others stick with tried-and-true marketing strategies. In an effort to encourage financial businesses to widely embrace CRM, the author has made very little effort in this context. Many service providers, particularly financial institutions, worry that they lack the necessary CRM expertise. Banks and credit unions, among others, develop specialized software to manage their current and future customers. An advanced strategy for enhancing targeting and consumer engagement through the cultivation of relationships between businesses and their clients, customer relationship management (CRM) is examined in this article. Customers' happiness and loyalty were the primary goals of the CRM strategy's implementation. Customer relationship management (CRM) systems and the value of familiarity with basic management techniques and technology are the topics of this article. Based on the results of this research, the main problem with CRM is how it has developed into a multi-factored phenomenon. Because CRM is so complex, academics have used a wide range of indicators to research it. When competition heats up and service differentiation decreases, businesses need to assess the CRM KPIs and dimensions that have the most impact on customer happiness and loyalty if they want to increase profitability. The question "What is the effect of CRM on customer satisfaction and loyalty?" sparked an analysis of the existing literature on customer relationship management. The studies all point to the same basic set of CRM features and components that, when used together, make customers happy and loyal. To forecast the probable future trajectory of the field, we examine the distribution of research concerning the impact of CRM on customer pleasure and loyalty.

**Keywords:** Customer Relationships Management, Customer Satisfaction, Customer Loyalty, Data, Information, Banks.

## 1. INTRODUCTION

The phrase "relationship marketing" is distinct from other forms of advertising. Using a multi-disciplinary lens, it examines advertising as a complex organism with inherent organizational capabilities. Priority is placed on establishing, integrating, and sustaining connections over an extended period of time. Businesses can improve their one-on-one



interactions with customers—a significant aspect of modern marketing—by standardizing internal information, IT, and data handling.

The fundamental principle of relationship marketing is to establish and maintain an ongoing, mutually beneficial relationship with customers. A great deal of ground remains to be covered in the field of customer relationship management. Those with strong skills in data design, marketing, and customer service, among others, will be given priority. Employees, procedures, and long-term goals all have an impact on a company's capacity to expand and attract new customers. The ability to draw in consumers has a significant impact on a business's bottom line.

The ability to attract and retain customers is crucial to a company's overall success. Success in business hinges on attracting, retaining, and expanding one's network of loyal customers. In today's very niche industry, every company is vying for the same clientele. The group and the promotion are both cognizant of the fact that consumers are growing disengaged. It is critical to provide customers with the best service possible in today's global market due to the diverse tastes of customers.

The majority of individuals now believe that the first decade of this century was pivotal for CRM. There is a wide variety of fields and kinds of organizations that can benefit from adopting new tactics. Instead of merely storing data in a database for future analysis, they advocate for improved data utilization.

Customer relationship management allows companies to have a better understanding of their consumers' wants and typical behaviors. You need to employ data preferences, subeditors, and large firms that know how to separate data into smaller groups in order to examine the reliability of reviews and the motivation of customers. Public sector groups will have their information provided. A great deal of progress and achievement has been achieved by the Indian financial system in recent years. Improving the worldwide infrastructure for devices and phones is the main focus here.

People have gained more knowledge about money, their attitudes about banks have evolved, and the prices of various financial services have decreased. Banking companies' ability to function efficiently was fundamentally altered by the advent of telephone and computer networks. Second, competition in the product market is heating up among domestic and international enterprises. Third, with the expansion of the economy as a whole, banks and other financial institutions have boosted their customer service in every way.

#### **OBJECTIVES:**

- To examine the CRM practices of public and private financial institutions is the primary objective of this research. Acquiring a better understanding of CRM and its potential applications in the banking industry are the precise aims of the inquiry.
- To examine the efficiency of customer relationship management programs used by Indian banks.

## 2. LIERATUE REVIEW

1997 Hisayoshi F. To clients who would rather not handle account division management, he primarily focused his research titled "Electronic Business for New Administration and Data Framework Base" on electronic data. By providing assistance with customer relationship management (CRM) and cost-cutting services, we hoped to better satisfy the demands of our clients.

Campbell (2003), The sources that were utilized are Rowley (2004) and Mina and Aino (2005). They hypothesized that CRM systems may be made more efficient by integrating KM apps, which would facilitate the collection and sharing of customer data. A seamless integration of customer relationship management and knowledge management systems is crucial for banks. Interactions between systems, people, and processes were examined to determine their significance. The author asserts that CRM systems are more effective because they leverage customer data to enhance relationship support, communication, reliability, client management, and trust building.

According to Belt (2009), A CRM must adhere to a well-defined framework. Michael Porter's value chain model provided the theoretical foundation for this setup (1985). In order to provide maximum benefit to clients, this five-step process is built on four critical aspects. A company's competitive edge can be maintained and enhanced through customer relationship management (CRM). Despite due diligence in planning and execution, many CRM projects fall short of their objectives.

Jain et al. (2002). Businesses can improve the efficacy of their relationship-building campaigns by familiarizing themselves with the behavioral indicators used in relationship advertising and conducting comprehensive evaluations of these campaigns. Businesses providing services should listen to their clients and be transparent about the ways they help individuals. When partners in a relationship are faithful to each other, the connection thrives.

According to Bose (2002), Customers' preferences and buying patterns are always evolving, which is why customer relationship management was created. In an ideal world, all of your users would be identical, eliminating the need for Customer Relationship Management (CRM). According to Chen and Popovich, this means that businesses can boost their client portfolio value by gaining a better understanding of what influences consumer decisions and how profitable their current customers are.

One complicated tool that companies may use to better understand their clients is customer relationship management, or CRM (Chen and Popovich, 2003). Businesses may then anticipate the needs of their most valuable clients and tailor their offerings accordingly. CRM can be described as "a holistic strategy that integrates sales, customer service, marketing, field support, and other functions that interact with customers."

## 3. RESEARCH METHODOLOGY

### TECHNIQUES OF CRM

Certain aspects should be considered when managing customer relationships. Ensuring customer satisfaction and repeat business It became increasingly difficult for financial institutions to differentiate themselves as regulations tightened and competition intensified.



Customer relationship management software allows modern banks to actively use input from consumers and services like online banking and ATMs to ensure customer satisfaction. By analyzing data regarding new customers, transactions, and comments, banks can utilize customer relationship management (CRM) software to encourage client loyalty.

### **Call Centers Bank:**

Call centers can benefit greatly from customer relationship management systems. Call centers can greatly benefit from Customer Relationship Management (CRM) systems when it comes to managing new inquiries, customer complaints, and budget constraints. Call centers for financial institutions can use statistics like typical processing times and customer satisfaction ratings to better serve their customers and increase customer loyalty. Profitable call centers mine customer relationship management databases for more sales opportunities with existing clients.

### **Sales:**

The significance of CRM, or customer relationship management, is growing within the banking sector. Product bundling and exclusive client accounts are two tactics that banks employ to give consumers a greater selection of financial goods and services. Through the use of customer relationship management software, bank workers are able to view information about eligible clients, their product usage patterns, and the likelihood of future purchases.

Because researchers must proactively seek out the necessary data, the process is meticulous and time-consuming. All market research projects must begin with data. Information and understanding can be found in a variety of sources. Here is a way to categorize data:

### **Primary data**

#### **Secondary data**

#### **Primary data:**

According to the specialists, their findings are completely novel. Primary sources are consulted by researchers in situations where secondary sources are inadequate or unavailable.

#### **Secondary data:**

Researchers frequently rely on secondary data sources. This supplementary data may have been created by the group or obtained from external sources such as libraries or government agencies. The results of this research were derived from primary and secondary sources. Qualitative research methods include interviews, focus groups, and questionnaires. Examples of secondary sources include academic journals and the World Wide Web.

### **Data Collection:**

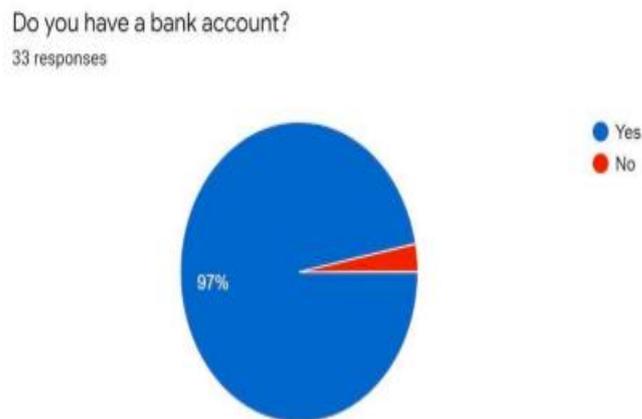
Both primary and secondary sources provided the data used in this investigation. Client feedback on the relative merits of public and private banking services will be collected over the course of the coming years. Including both public and commercial institutions, these researchers analyzed data from 600 different banks. These individuals were selected by pure chance.

A large number of surveys will be distributed to service providers and relationship managers in order to gather data and feedback regarding the CRM systems that are presently in use.

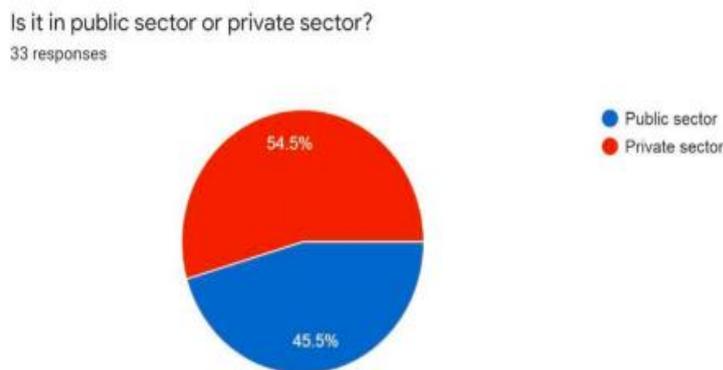
Implementing a successful CRM system and measuring customer satisfaction with each service component is possible with the help of the following key performance indicators.

#### 4. DATA ANALYSIS AND INTERPRETATION

The majority of individuals have their own bank accounts, as is evident in the accompanying image. Nearly all citizens (97%) have bank accounts.



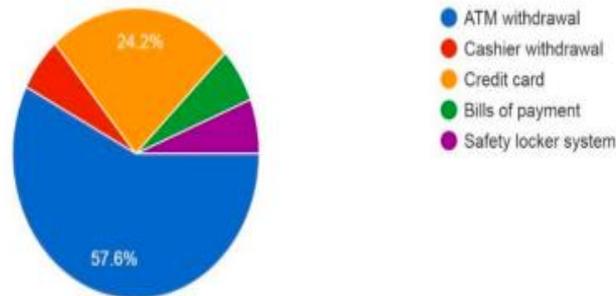
Among those who have their accounts handled, 54% work for private companies and 45% for government agencies, according to the most recent infographic. A recent research found that, contrary to popular belief, the private sector actually follows the lead of the public bank.



Customers use ATM withdrawal services at a far greater rate than those use credit card or safety deposit services at 24.2%, despite the fact that banks provide a wide variety of services.

What kind of service are offered by your bank?

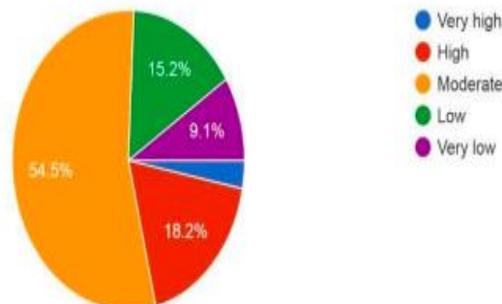
33 responses



While 18.2% of respondents find the bank's fees to be excessive, 54.5% find them appropriate. People also believe the bank charges them exorbitant fees. Eighteen percent of the time... Fifteen percent of respondents said they had to meet a minimum payment demand set by their bank. In spite of this, 9.8% of customers find their bank's costs to be reasonable.

How much do your bank charge for their services?

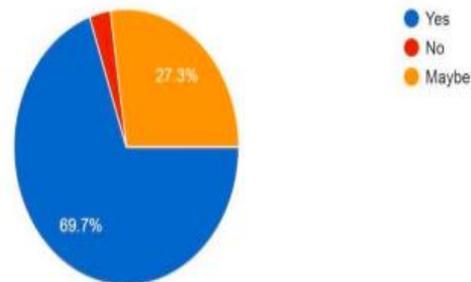
33 responses



The majority of customers (69.7%), as seen in the right-hand image, feel their bank has adequately addressed their concerns and inquiries. Still, 27.3% of consumers are unsure about the future resolution of their concerns, while 7.3% are unsure about the future resolution of their queries. What this indicates is that most consumers feel their institutions have dealt with their concerns and queries to their satisfaction.

Whether your banking personnel helps you to resolve your queries?

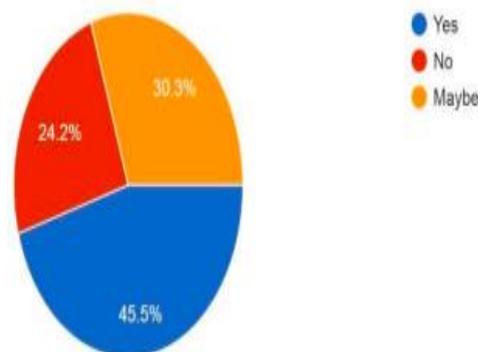
33 responses



According to the data, 45.5% of banks have a standard procedure for responding to client inquiries, 24.2% do not, and 30.3% of customers are unaware of this procedure.

Whether your bank have separate system of query management functions?

33 responses



## 5. CONCLUSION

Numerous recommendations for better customer relationship management are provided by the recently completed research. When a company satisfies its customers' needs, it fosters loyalty and ultimately boosts profitability. The best way for banks to improve their customer service is to use a customer relationship management system. These measures not only help financial institutions like banks retain consumers, generate revenue, and maintain customer loyalty, but they also increase the volume of banking activities conducted by their clients. Financial institutions should make customer relationship management (CRM) their top priority and devise a strategy that benefits their consumers, internal procedures, and external technology partners. The overall procedure is known as CRM, or customer relationship management. Last but not least, banks should establish regulations that define roles and responsibilities. This will allow managers more leeway to make case-specific decisions while also streamlining the process of resolving client issues. These should all be included in the procedures.

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