

CUSTOMER RELATIONSHIP MANAGEMENT PRACTICES IN SELECT PUBLIC AND PRIVATE SECTOR BANKS IN CHENGALPATTU DISTRICT

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Abstract

In the ever-evolving landscape of the banking sector, adopting a customer-centric approach stands as a pivotal strategy for attaining sustainable competitive advantage. This study delves into the realm of Customer Relationship Management (CRM) practices within public and private sector banks in Chengalpattu District, unraveling the intricacies of their implementation and effectiveness. With a keen focus on customer retention and satisfaction, the research employs an exploratory approach to scrutinize various dimensions of CRM practices. The primary objective is to assess the contribution of CRM practices in crafting a sustainable competitive edge by comprehending and exceeding customer expectations. The study meticulously analyzes five key dimensions: Customer Acquisition, Customer Response, Customer Knowledge, Customer Information System, and Customer Value Evaluation. By interpreting the findings from detailed data analysis, the research illuminates the impact of CRM practices on both retaining existing customers and cultivating new relationships. Beyond insights into effective CRM implementation, the study identifies and highlights the pivotal role of exceptional customers in the success of banks. Proposing tailored strategies for further engagement with these key stakeholders through personalized products and services, the research aims to fortify the bonds between banks and their most valuable clients. Guided by the research findings, a set of strategic recommendations is presented to empower banks in optimizing their CRM practices, with a specific emphasis on the identified dimensions. These recommendations serve as a roadmap for banks to bolster their competitiveness within the dynamic and fiercely competitive banking industry. In contributing to the existing body of knowledge, this study offers practical insights into the nuances of CRM practices, providing a solid foundation for future research endeavors and strategic decision-making in the dynamic landscape of the banking sector.

INTRODUCTION

In the ever-evolving landscape of the banking sector, Customer Relationship Management (CRM) has undergone a transformative journey, reshaping industry dynamics over the past few decades. Traditionally entrenched in branch-based operations for centuries, the banking realm experienced a paradigm shift in the 1980s with the advent of technological applications. This revolution brought about changes in delivery channels, payment systems, and operational methods, ushering in a new era marked by ATMs, call centers, and electronic banking. Within this dynamic environment, CRM emerged as a pivotal element, introducing a modern marketing philosophy that prioritizes customer delight. This shift holds particular significance in the banking sector, where a unique relationship is forged between customers and bankers. In the fiercely competitive Indian banking system, which boasts the largest network of branches, the survival and success of banks hinge on customer satisfaction and loyalty. Customer loyalty, defined by the fulfillment or surpassing of customer expectations over the lifetime, stands as a key metric for a bank's existence. Every bank aspires to enhance the significance of its

relationship with customers and achieve a return on investment in customer relations. CRM, as an automated customer relationship approach, facilitates seamless collaboration across support, communications, and information management, optimizing consumer interactions and actively creating value in customers' lives.

This study endeavors to analyze CRM practices in select commercial banks, aiming to enhance customer satisfaction from both customer and employee perspectives. Encompassing both public and private sector banks, the study delves into strategies directed at increasing customer satisfaction and loyalty through improved services. Notably, private sector banks are recognized for their commitment of time and resources in managing customer relationships, modern infrastructure development, robust privacy policies, and effective service quality monitoring.

In the face of a declining trend in brand loyalty, banks continuously adapt to changing customer demands and expectations. Private sector banks have set a benchmark, urging public sector counterparts to understand and cater to the evolving needs of customers. In this dynamic environment, constant innovation and the launch of superior products and services are imperative to retain customers and prevent them from turning to competitors. Effective CRM implementation is crucial in this context, aiding in establishing high customer satisfaction and a positive reputation.

Both public and private sector banks acknowledge the importance of providing sufficient infrastructure and conducting training programs for their staff to meet evolving customer expectations. This study endeavors to explore the efforts made by banks to enhance CRM practices, shedding light on the strategies employed to navigate the challenges posed by the ever-changing banking landscape.

REVIEW OF LITERATURE

- 1. Peevers G. et al (2011):** This study underscores the significance of transaction confirmation, particularly via SMS messages or within IVR telephone calls, in augmenting customer experience. Preferences lean towards IVR banking that incorporates SMS confirmation, suggesting the pivotal role of such tools in the effective implementation of CRM strategies by banks.
- 2. Sri Hari et al (2014):** The study investigates the performance and ranking of both Public Sector Banks and Private Sector Banks, this research unveils intense competition fueled by innovative products and services. The findings emphasize the competitive dynamics within the banking sector and underscore the role of innovation in sustaining a competitive edge.
- 3. Wa'el Hadi (2015):** This study focused on the stages of CRM strategies (attraction, acquisition, withholding, and expansion), this study delves into the relationship between CRM strategies and competitive advantage. It proposes a model for leveraging CRM strategy to enhance competitive advantage, providing valuable insights to the field.

4. **Aurela Ramaj (2015):** Emphasises the importance of implementing and operating a CRM system in a bank, this study highlights the role of a CRM system in fostering better management and cooperation between bank departments to serve customers effectively. The research concludes that a CRM system significantly contributes to increasing customer satisfaction.
5. **Partha Saradhy et al (2014):** Explores the use of CRM in various private sector banks, with a specific focus on the tenure of banking transactions influencing CRM efficiency. Nationalized banks are recognized for their success in regularly collecting feedback, maintaining transparency, and achieving high customer satisfaction through robust privacy policies and ATMs provision.
6. **Arup Kumar Baksi (2015):** Proposes a model that links CRM performance, customer satisfaction, and retention, this study considers the impact of moderating variables like relationship inertia and perceived switching costs. Conducted on the State Bank of India, the research sheds light on the intricate dynamics of CRM ecosystems in influencing customer behavior.
7. **Marimuthu and Marimuthu (2016):** Concludes that the adoption and utilization of CRM in the banking sector are critical for comprehending customer relationships in a competitive environment. CRM, extending beyond transactional exchange, enables marketers to gauge customer sentiments and buying intentions, thereby enhancing the overall understanding of customer behavior.
8. **Alaka Samantaray (2016):** This study underscores the importance of surveying the characteristic features of customers to measure preferences and satisfaction levels. It advocates for the development of channel incorporation in banking industries for effective CRM practices and encourages customers through rewards and prizes for utilizing more banking facilities.

Research Gap

The existing body of research predominantly emphasizes technological advancements and geographical expansion in terms of bank branches and ATMs, overlooking critical aspects such as operational challenges of ATMs, service quality, and customer perceptions related to CRM practices in Chengalpattu city. This oversight is particularly pronounced when examining the distinctions between public and private sector banks. The current study seeks to bridge this research gap by conducting a comprehensive analysis of customer and bank employee perspectives on CRM practices. Specifically, it explores five crucial dimensions—Customer Acquisition, Customer Response, Customer Knowledge, Customer Information System, and Customer Value Evaluation—commonly utilized to gauge CRM effectiveness. Consequently, this research holds significant relevance in addressing the aforementioned gaps in the literature.

Objective of the Study

1. Evaluate the impact of CRM practices on Customer Acquisition in commercial banks.
2. Examine the influence of CRM Practices on Customer Response.
3. Investigate the relationship between CRM practices and Customer Knowledge in commercial Banks.
4. Assess the effect of CRM Practices on Customer Information System.
5. Examine the connection between CRM Practices and Customer Value Evaluation.

RESEARCH METHODOLOGY

Research Design: The present study adopts a comparative and analytical approach to measure customer perceptions in select commercial banks. The focus is on three public sector banks, namely SBI and BOB, and PNB and three private sector banks, namely ICICI, and HDFC and AXIS Banks.

Sampling

The sample was chosen based on convenience sampling, comprising 110 respondents. This includes 100 customers and 10 bank employees from Public Sector Banks, as well as 100 customers and 10 bank employees from Private Sector Banks.

Data Sources

Primary Data: A structured questionnaire was designed to collect primary data. The questionnaire was circulated among 220 sample respondents, including 110 from public sector banks and 110 from private sector banks. Within each sector, 100 respondents were customers, and 10 were bank employees.

Secondary Data: Relevant information from existing literature and reports on CRM practices in the banking sector was gathered to complement the primary data.

Hypotheses

1. Customer Acquisition

Null Hypothesis (H0): There is no significant difference in Customer Acquisition among commercial banks based on CRM practices.

Alternative Hypothesis (H1): There is a significant difference in Customer Acquisition among commercial banks based on CRM practices.

2. Customer Response

Null Hypothesis (H0): CRM practices do not significantly influence Customer Response in commercial banks.

Alternative Hypothesis (H1): CRM practices significantly influence Customer Response in commercial banks.

3. Customer Knowledge

Null Hypothesis (H0): There is no significant relationship between CRM practices and Customer Knowledge in commercial banks.

Alternative Hypothesis (H1): There is a significant relationship between CRM practices and Customer Knowledge in commercial banks.

4. Customer Information System

Null Hypothesis (H0): CRM practices have no significant impact on the Customer Information System in commercial banks.

Alternative Hypothesis (H1): CRM practices have a significant impact on the Customer Information System in commercial banks.

5. Customer Value Evaluation

Null Hypothesis (H0): There is no significant link between CRM practices and Customer Value Evaluation.

Alternative Hypothesis (H1): There is a significant link between CRM practices and Customer Value Evaluation.

Statistical Tools Used For the Analysis

The processing, classification, tabulation, analysis and interpretation of data are done with the help of SPSS package. The following statistical techniques have been applied depending on the nature of data collected from the respondents such, one way ANOVA.

LIMITATIONS OF THE STUDY

1. The area of data has been restricted to Chengalpattu District.
2. The sample size is restricted to 220 Bank customers and employees.
3. The time limit was restricted to four months.
4. Due to limited sample survey the data collected may not be reliable.
5. Analysis is done on the assumption that respondents have given correct information through the questionnaire.

Period of Study

The study was conducted for a period of 4 months starting from July 2023 to October 2023.

Data Analysis and Interpretations

Table 1: ANOVA Results on Customer Acquisition

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	20.858	3	6.953	17.991	.000
Within Groups	153.042	396	.386		
Total	173.900	399			

Source: Primary Data

Understanding the influence of Customer Relationship Management (CRM) practices on Customer Acquisition is pivotal for banks operating in Chengalpattu District. In the highly competitive financial sector, acquiring and retaining customers is a strategic imperative. The ANOVA analysis aims to discern whether variations in CRM practices contribute significantly to differences in customer acquisition outcomes. By delving into this analysis, banks can gain insights into the efficacy of their CRM strategies and tailor approaches for more effective customer acquisition, which is essential for sustained growth and competitiveness in the dynamic banking landscape.

The ANOVA results (Table 1) reveal a significant impact of CRM practices on Customer Acquisition among commercial banks in Chengalpattu District. The rejection of the null hypothesis, supported by a p-value of 0.000, indicates that variations in CRM strategies substantially influence the acquisition of customers. The sum of squares for "Between Groups" is 20.858, and the F-statistic of 17.991 underscores the notable effect of CRM practices. The mean square value of 6.953 provides insight into the average variability between public and private sector banks concerning Customer Acquisition, emphasizing the crucial role of CRM practices.

In conclusion, the ANOVA analysis substantiates the critical connection between CRM practices and Customer Acquisition in public and private sector banks in Chengalpattu District. The rejection of the null hypothesis underscores the impactful role of CRM strategies, emphasizing the necessity for nuanced approaches to enhance outcomes in customer acquisition. This understanding is instrumental for banks aiming to optimize their CRM practices and achieve more effective customer acquisition in a competitive banking environment.

Table 2: ANOVA Results on Customer Response

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	28.937	3	9.646	27.374	0
Within Groups	139.536	396	0.352		
Total	168.473	399			

Source: Primary Data

Understanding how CRM practices influence Customer Response is crucial for banks seeking to enhance customer interactions. In the evolving financial landscape, customer responsiveness directly impacts satisfaction and loyalty. The ANOVA analysis seeks to uncover whether

variations in CRM practices significantly contribute to differences in customer response outcomes. This exploration enables banks to refine their CRM strategies, fostering more effective and positive customer responses.

Table 2 demonstrates a substantial difference in Customer Response influenced by CRM practices among select commercial banks. The rejection of the null hypothesis with a p-value of 0.000 emphasizes the significant relationship. The sum of squares for "Between Groups" at 28.937 and an F-statistic of 27.374 underscores the impactful nature of CRM practices. The mean square value of 9.646 indicates the average variability between public and private sector banks, highlighting the critical role of CRM practices in shaping customer responses.

In summary, the ANOVA analysis underscores a significant association between CRM practices and Customer Response. Rejecting the null hypothesis emphasizes the influential role of CRM strategies, prompting the need for tailored approaches to optimize customer interactions and responses in commercial banks.

Table 3: ANOVA Result on Customer Knowledge

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	19.652	3	6.551	16.305	0
Within Groups	159.102	396	0.402		
Total	178.755	399			

Source: Primary Data

Analyzing the relationship between CRM practices and Customer Knowledge is essential for banks aiming to enhance customer awareness. In an era where informed customers are pivotal, understanding how CRM strategies impact knowledge levels is crucial. The ANOVA analysis aims to unveil whether variations in CRM practices significantly contribute to differences in customer knowledge outcomes, guiding banks in refining strategies for improved customer knowledge.

Table 3 indicates a substantial difference in Customer Knowledge influenced by CRM practices. The rejection of the null hypothesis with a p-value of 0.000 signals a significant relationship. The sum of squares for "Between Groups" at 19.652 and an F-statistic of 16.305 underscore the impactful nature of CRM practices. The mean square value of 6.551 signifies the average variability, highlighting the critical role of CRM practices in shaping customer knowledge levels.

In conclusion, the ANOVA analysis highlights a meaningful connection between CRM practices and Customer Knowledge. The rejection of the null hypothesis accentuates the influential role of CRM strategies, emphasizing the need for tailored approaches to enhance customer knowledge in commercial banks.

Table 4: ANOVA Result on Customer Information System

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	21.336	3	7.112	20.882	0
Within Groups	134.865	396	0.341		
Total	156.201	399			

Source: Primary Data

Evaluating the impact of CRM practices on the Customer Information System is paramount for banks aiming to optimize data utilization. In an era driven by data-driven decision-making, understanding how CRM strategies influence information systems is critical. The ANOVA analysis aims to discern whether variations in CRM practices significantly contribute to differences in customer information system outcomes, guiding banks in refining strategies for enhanced information utilization. Table 4 observes a substantial difference in the Customer Information System influenced by CRM practices. The rejection of the null hypothesis with a p-value of 0.000 highlights a significant relationship. The sum of squares for "Between Groups" at 21.336 and an F-statistic of 20.882 underscore the impactful nature of CRM practices. The mean square value of 7.112 signifies the average variability, emphasizing the crucial role of CRM practices in shaping customer information systems. In summary, the ANOVA analysis underscores a significant association between CRM practices and the Customer Information System. Rejecting the null hypothesis emphasizes the influential role of CRM strategies, prompting the need for tailored approaches to optimize customer information systems in commercial banks.

Table 5: ANOVA Result on Customer Value Evaluation

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	20.342	3	6.781	17.89	0
Within Groups	150.091	396	0.379		
Total	170.433	399			

Source: Primary Data

Investigating the link between CRM practices and Customer Value Evaluation is vital for banks aiming to enhance the perceived value of their offerings. In a competitive market, understanding how CRM strategies impact customer value assessment is critical.

The ANOVA analysis aims to unveil whether variations in CRM practices significantly contribute to differences in customer value evaluation outcomes, guiding banks in refining strategies for improved perceived value. Table 5 indicates a substantial difference in Customer Value Evaluation influenced by CRM practices.

The rejection of the null hypothesis with a p-value of 0.000 underscores the significant relationship. The sum of squares for "Between Groups" at 20.342 and an F-statistic of 17.89 emphasize the impactful nature of CRM practices. The mean square value of 6.781 signifies the average variability; highlighting the crucial role of CRM, practices in shaping customer value evaluations. In conclusion, the ANOVA analysis highlights a meaningful connection between CRM practices and Customer Value Evaluation.

Rejecting the null hypothesis accentuates the influential role of CRM strategies, emphasizing the need for tailored approaches to enhance customer value evaluation in commercial banks.

RESULTS AND DISCUSSIONS

In examining the ANOVA results presented in Tables 1 to 5, a consistent pattern emerges, revealing a substantial impact of CRM practices on various dimensions of customer interaction within select commercial banks in Chengalpattu District. The calculated p-values consistently fall below the conventional significance level of 0.05, leading to the rejection of the null hypothesis in each case. This suggests a robust statistical indication that there is indeed a significant difference between CRM practices and the measured dimensions, namely Customer Acquisition, Customer Response, Customer Knowledge, Customer Information System, and Customer Value Evaluation. The substantial F-values further emphasize the strength of these differences, emphasizing the importance of CRM strategies in influencing diverse aspects of customer engagement. In the broader context, these findings underscore the pivotal role of CRM practices in shaping customer-related outcomes for banks. The rejection of the null hypothesis across multiple dimensions indicates that CRM strategies play a vital role in influencing not only the acquisition and response of customers but also their knowledge, interaction with information systems, and overall perceived value. These results provide valuable insights for practitioners, suggesting that a nuanced and strategic approach to CRM can yield tangible benefits across various facets of customer engagement. Additionally, these findings stimulate intellectual deliberations on the specific aspects of CRM practices that might be more impactful in certain dimensions, prompting further research into tailoring CRM strategies for enhanced effectiveness in specific areas of customer relationship management.

FINDINGS

1. Customer Acquisition

CRM practices significantly impact Customer Acquisition in commercial banks in Chengalpattu District.

The rejection of the null hypothesis (p-value = 0.000) indicates a substantial relationship between CRM strategies and Customer Acquisition.

The ANOVA results highlight the influential role of CRM practices, with the sum of squares for "Between Groups" at 20.858 and an F-statistic of 17.991.

2. Customer Response

CRM practices exert a notable influence on Customer Response in select commercial banks. The rejection of the null hypothesis (p-value = 0.000) underscores the significant relationship between CRM strategies and Customer Response.

ANOVA results reveal a substantial impact, with the sum of squares for "Between Groups" at 28.937 and an F-statistic of 27.374.

3. Customer Knowledge

There is a significant relationship between CRM practices and Customer Knowledge in commercial banks.

The null hypothesis is rejected (p -value = 0.000), emphasizing the impact of CRM strategies on enhancing customer knowledge.

ANOVA results indicate substantial variability, with the sum of squares for "Between Groups" at 19.652 and an F-statistic of 16.305.

4. Customer Information System

CRM practices significantly affect the Customer Information System in commercial banks.

The rejection of the null hypothesis (p -value = 0.000) highlights a substantial relationship between CRM strategies and the information system.

ANOVA results underscore the impactful role of CRM practices, with the sum of squares for "Between Groups" at 21.336 and an F-statistic of 20.882.

5. Customer Value Evaluation

CRM practices play a crucial role in influencing Customer Value Evaluation.

The null hypothesis is rejected (p -value = 0.000), emphasizing the significant relationship between CRM strategies and customer value assessments.

ANOVA results demonstrate substantial impact, with the sum of squares for "Between Groups" at 20.342 and an F-statistic of 17.89

SUGGESTIONS

1. Strategic Marketing Initiatives for Customer Acquisition

Suggestion: Implement targeted marketing campaigns to fulfill diverse customer needs. Focus on creating additional facilities and exclusive schemes, particularly tailored for current account holders, to attract a broader customer base.

2. Comprehensive Customer Satisfaction Strategies

Suggestion: Conduct thorough assessments to identify areas for improvement in customer satisfaction. Prioritize efforts to enhance critical parameters and ensure that the customer experience is at the forefront of business strategies. Emphasize initiatives for maximum satisfaction and customer retention.

3. Inclusive Customer Base Expansion

Suggestion: To diversify the customer base, consider economic decisions that attract individuals currently outside traditional banking services. Tailor products and services to cater to a wider demographic, expanding beyond the conventional focus on businessmen and employees.

4. Employee Training and Knowledge Enhancement

Suggestion: Invest in continuous training for front-line bank staff to enhance their knowledge of new products and facilities. Well-informed staff members contribute significantly to a positive customer experience. Prioritize ongoing learning and development programs to keep employees updated with the latest industry trends.

5. Seamless Integration of Technology for Enhanced Services

Suggestion: Strive for the strategic deployment of Information Technology tools to streamline and enhance customer service. Implement innovative technologies that facilitate seamless interactions, quick query resolution, and efficient banking processes, ultimately contributing to an improved customer experience.

6. Personalized Customer Engagement Programs

Suggestion: Develop personalized customer engagement programs to address individual preferences and needs. Tailor communication strategies to foster a deeper connection with customers, promoting a sense of loyalty and satisfaction.

7. Proactive Customer Feedback Mechanisms

Suggestion: Establish proactive customer feedback mechanisms to continuously assess and address customer concerns. Actively seek input through surveys, focus groups, and digital channels to gain valuable insights for refining services and meeting evolving customer expectations.

8. Sustainability and Corporate Social Responsibility (CSR) Initiatives

Suggestion: Embrace sustainability and CSR initiatives to enhance the bank's reputation and resonate with socially conscious customers. Aligning banking practices with environmental and social responsibility contributes to a positive brand image and attracts customers who prioritize ethical business practices.

CONCLUSION

In conclusion, the comprehensive analysis of ANOVA results across multiple dimensions underscores the paramount influence of Customer Relationship Management (CRM) practices on various facets of customer engagement in commercial banks within Chengalpattu District. The rejection of null hypotheses across Customer Acquisition, Response, Knowledge, Information System, and Value Evaluation unveils a consistent and substantial relationship between nuanced CRM strategies and enhanced outcomes in these critical domains. These findings underscore the imperative for banking institutions to intricately tailor their CRM approaches, recognizing the profound impact on customer-centric metrics. As financial landscapes continue to evolve, the strategic implementation of CRM practices emerges not only as a necessity but as a potent catalyst for fostering sustained growth, competitiveness, and elevated customer experiences in the dynamic realm of contemporary banking.

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