CUSTOMER RELATIONSHIP AS A MARKETING STRATAGEM IN INDIAN BANKING
(A Study of ICICI Bank)

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ABSTRACT
In banking sector, relationship management could be defined as having and acting upon deeper knowledge about the customer, ensure that the customer such as how to fund the customer, get to know the customer, keep in tough with the customer, ensure that the customer gets what he wishes from service provider and understand when they are not satisfied and might leave the service provider and act accordingly. CRM in banking industry entirely different from other sectors, because banking industry purely related to financial services, which needs to create the trust among the people. Establishing customer care support during on and off official hours, making timely information about interest payments, maturity of time deposit, issuing credit and debit cum ATM card, creating awareness regarding online and e-banking, adopting mobile request etc are required to keep regular relationship with customers. The concept of CRM in banking sector is gaining significance. The present day CRM includes developing customer base. There is a shift from bank centric activities to customer centric activities are opted. The private sector banks in India deployed much innovative strategies to attract new customers and to retain existing customers. CRM in banking sector is still in evolutionary stage, it is the time for taking ideas from customers to enrich its service. The study will help to find out the customer’s perception towards Customer Relationship Management in Indian banking sector. Along with this it will highlight the impact of information & communication technology on banking sector of india.

Key words : Consumer, Investment, Promotional, Communication, Business, Synergy etc.

INTRODUCTION
Customer relationship management is the most important concept of modern marketing. It has also been defined narrowly as a customer data management activity but in its broader sense it is an overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction. Customer relationship management (CRM) is increasingly important to firms as they seek to improve their profits through long-term relationships with customers. In recent years, many companies have invested heavily to manage their interactions with customers before, during and after purchase. Yet, measurable returns from IT investment programs rarely arise from a narrow concentration on IT alone, with the most successful programs combining technology with the effective organization of people and their skills. It follows that the greater the knowledge about how firms successfully build and combine their technological and organizational capabilities, the greater will be our understanding of how CRM influences performance. CRM focuses on maintaining a continuous relationship with customers and building a long term bonds. As and when company learns more about the customer’s needs and wants and is therefore able to provide more personalized and relevant and one to one service .CRM mainly deals with all the aspects of acquiring , keeping and growing customers. Successful CRM focuses on profiling and understanding the needs and desires of customers and by placing them at the heart of the business by synergistically integrating them with the organization’s strategy, people, technology and processes .This integration leads to the creation of the service process that seek to develop an ongoing relationship with customer and results in creation of an exchange relationship which is mutually beneficial for both the organization and the customer. It is an all encompassing strategy. Thus it is a holistic approach.

The major concern of this research is to evaluate the role of CRM in the growth & performance of Indian banking sector. As a practice, relationship marketing differs from other forms of marketing in that
it recognizes the long term value of customer relationships and extends communication beyond intrusive advertising and sales promotional messages. With the growth of the internet and mobile platforms, relationship marketing has continued to evolve and move forward as technology opens more collaborative and social communication channels. This includes tools for managing relationships with a customer that goes beyond simple demographic and customer service data.

Relationship marketing extends to include inbound marketing efforts, PR, social media and application development. Relationship marketing is a broadly recognized, widely-implemented strategy for managing and nurturing a company’s interactions with clients and sales prospects. It also involves using technology to organize, synchronize business processes, (principally sales and marketing activities), and most importantly, automate those marketing and communication activities on concrete marketing sequences that could run in autopilot, (also known as marketing sequences). The overall goals are to find, attract and win new clients, nurture and retain those the company already has, entice former clients back into the fold, and reduce the costs of marketing and client service. When an implementation is effective, people, processes, and technology work in synergy to increase profitability, and reduce operational costs. Relationship marketing refers to a short-term arrangement where both the buyer and seller have an interest in providing a more satisfying exchange. This approach tries to disambigously transcend the simple post purchase-exchange process with a customer to make more truthful and richer contact by providing a more holistic, personalized purchase, and uses the experience to create stronger ties. The practice of relationship marketing has been facilitated by several generations of customer relationship management software that allow tracking and analyzing of each customer's preferences, activities, tastes, likes, dislikes, and complaints. Relationship marketing has also migrated back into direct mail, allowing marketers to take advantage of the technological capabilities of digital, toner-based printing presses to produce unique, personalized pieces for each recipient through a technique called "variable data printing". Marketers can personalize documents by any information contained in their databases, including name, address, demographics, purchase history, and dozens (or even hundreds) of other variables. In contrast, relationship marketing is cross-functional marketing. It is organized around processes that involve all aspects of the organization.

**REVIEW OF LITERATURE**

**Gordon (1999)** the marketing mix approach is too limited to provide a usable framework for assessing and developing customer relationships in many industries and should be replaced by the relationship marketing alternative model where the focus is on customers, relationships and interaction over time, rather than markets and products.

**Corner and Hinton (2002)** argue that, at least, in CRM system implementation dynamic is much more complex and engage other parties, such as extra-company contributors and project managers. These extra parties, in tandem with higher sensitivity of organizational politics surrounding sales and marketing or customer service systems, require consideration of new risks, resulting from this complexity.

**Gefen (2002)** add to this complexity by comparing CRM to ERP systems and arguing that customer relationship activities are not as standardized as other business activities, such as accounting or procurement. Hence CRM implementation calls for much more complex and flexible approach.

**Rygielski, Wang and Yen (2002)**, calls for increased responsibility by CRM implementers in terms of privacy rights. The authors urge 3 implementers to balance between respect towards the privacy of consumers and economic gains from using CRM and establish privacy policy to make sure the CRM doesn’t gain opposite results.

**Panda (2003)** suggested Relational benefits to services industries through effective relationship management by span from predictable sales and hence, profits, to generation of new business through sharing positive opinions and recommendations. On the other hand, customers should also feel benefits from entering a relationship with a company. In addition to security and comfort the customers would also seek economic benefits expressed in special discounts, rewarding for their loyalty, as well as time savings, and special treatment by company front line staff.

**Fjermestad and Romano (2003)** emphasized the diversity of users in CRM systems implementation. He also claimed that compared to homogeneous users of other traditional information systems; users of CRM may include all levels of management, permanent and temporary field customer service representatives and customers themselves.
Bull's (2004) paper also uses a case study to demonstrate how miscommunication among management, IT and marketing staff, lack of engagement and empowerment of certain employees, led to failure in addressing issues related to targeting the customer as the most important problem the new CRM was intended to solve.

Mark Tadajewski (2009) demonstrated that Eddy’s major publication, “The new competition” and explored the dark side of relationship marketing and shows that close organizational relations do not necessarily increase the efficiency of the market.

Chopra and Mishra (2010) reveal that the perception of academicians, intellectuals and company executives conveys the meaning of the concept of customer relationship management in India, which is the process of developing personal rapport with customer and maintaining a record with customers. CRM practices in India, consensus seems to be narrowing down the practice of “hello with a warm smile” as a first choice. Over two third majorities felt that CRM’s contribution to marketing success is above 80%. The majority picked up the “personal contact” as the best method for quality information and variability for this perception is 19%.

Rao and Prasad (2011) reveal the fact that promotion of health services is always a crucial task. Since the qualitative assessment plays a key role always it would be a challenging task to maintain good customer relationship management in health care industry. The scenario has been changing with the emergence of corporate and superspeciality.

Luisa Ruppert (2013) says that the banking industry is still very reluctant towards any social media and it is unfamiliar territory, for most, as on-site customer service was always first priority. Since the evolution of the internet, however, and the rise of online banks without physical locations connecting with customers and prospects in a cost-effective way, online becomes even more crucial. In addition to that it is the changed customer, ‘the social customer’ that banks need to react to.

Shruthi and Devaraja (2012) says that the domain of CRM extends into many areas of marketing and strategic decisions. Its recent prominence is facilitated by the governance of several other paradigms of marketing.

NEED AND SIGNIFICANCE OF STUDY

This study is required to access and evaluate the role of CRM in the growth & performance of Indian banking sector. As per current market scenario the need and importance of relationship building with customers has increased manifold and has become increasingly important for the performance and profitability of the business organization. This study will examine and analyze the customer’s perception towards Customer Relationship Management. The study also investigates the impact of information & communication technology on banking sector of India. Banks are aiming to increase customer profitability with any customer retention. This study deals with the role of CRM in banking sector and the need for it is to increase customer value by using some analytical methods in CRM applications. It is a sound business strategy to identify the bank's most profitable customers and prospects, and devotes time and attention to expanding account relationships with those customers through individualized marketing, pricing, discretionary decision making

RESEARCH METHODOLOGY

The study will be based on secondary data related to the customer relationship management in the Indian banking sector. The secondary data can be collected from Annual Reports, Audit Reports of the companies, books, journals, periodicals, abstracts, indexes, directories, conference papers, internal record of organizations, newspapers and magazines etc.

OBJECTIVES OF THE STUDY

1. To evaluate the role of CRM in the growth & performance of Indian banking sector.
2. To investigate the impact of information & communication technology on banking sector of India.
3. To critically analyze the marketing strategies in building customer relation in banking sector.

CRM IN BANKING SECTOR

Implementing a CRM in banking industry can be very challenging. CRM optimizes existing customer strategies and makes them future-proof without affecting the bank's flexibility. It helps to increase customer satisfaction and boost revenues by streamlining processes on a powerful technology platform which enables transformation from a product-centric to a customer-centric organization. Banks continue to face stiff revenue targets spread across too many stakeholders without banking CRM systems. Banks' stakeholders struggle to deal with a vast number of departments, systems and geographies. While the growth strategy of most banks
rely on a cross-selling infrastructure, there is an apparent lack of it. Large investments are made to enable marketing intelligence, yet dismal infrastructure exists to execute and complete the feedback loop. Absence of visibility has created a reporting overload, directly resulting in huge efficiency drags. Unable to sling intelligence to front ends, marketing continuously generate campaigns, targeting a mind boggling number of customers and prospects. To meet these growing numbers, product teams take to direct strategies, with parallel ownerships, dismissing possible synergies. Manual reporting is the primary source of performance analysis for most banks. CRM in banks has evolved from a customer facing application to a customer-centric strategy that manages the complete cycle from customer interactions to branch operations through central operations. Facilitating a unified 360° view of the customer across product lines and multiple back-end systems, it enables banks to improve customer experience across channels and empowers them with a robust platform for cross-sell opportunities. It also arms banks with the technology muscle to increase reach through effective marketing campaigns. Consumers largely selected their banks based on how convenient the location of bank's branches was to their homes or offices. With the advent of new technologies in the business of bank, such as Internet Banking and ATMs, now customers can freely chose any bank for their transactions. 5% increase in customer retention can increase profitability by 35% in banking business. Therefore, banks are now stressing on retaining customer and increasing market share. Private banks have traditionally viewed themselves as exceedingly customer centric offering what they believe to be highly personalized services to the high net worth customers. The wealthier the customers, the more demanding they are and the clients expect more and more from their banks, to understand what their wants and needs are, so that the organization can be built around serving those needs. The structure approach to CRM provides various benefits to the bank. The need of CRM in the banking industry arises as the Customers in long-term relationship are more comfortable with the service, the organization, methods and procedures. This helps to reduce operating cost and cost arising out of the customer error. With increased number of banks, products and services and practically nil switching costs, customers are easily switching banks whenever they find better services and products. Banks are finding it hard to get new customers and more importantly retain existing customers.

4. A Model Design for CRM at ICICI Bank

ICICI Bank, one of the leading banks in India were looking at new ways to enhance its customer potential and service quality. Electronic means of banking have proved a success in acquiring new customer groups until the end of 2001. After then, a strategic decision was made to re-engineer their core business process in order to enhance the bank’s performance by developing strategic lines. Strategic lines were given in order to meet the needs of large Indian and multinational corporate customers, to expand commercial banking business, to focus expansion in retail banking and small business banking, to use different delivery channels while growing, and to enhance operating efficiency though investments in technology and human resources. To support this strategy ICICI Bank has implemented a number of projects since 1992 regarding branch organization, processes and information systems. The administration burden in the branches has been greatly reduced and centralized as much as possible in order to leave a larger room to marketing and sales. The BPR projects have been followed by rationalizing and modernizing the operational systems and subsequently by the introduction of innovative channels: internet banking, call center and self-servicing. In parallel, usage of technology for internal communication: intranet, e-mail, workflow and management reporting have become widespread.

CRM Development in ICICI bank

To be prepared to the changing economic conditions and, in particular, to a rapidly decreasing inflation rate scenario ICICI Bank has started timely to focus on developing a customer relationship management (CRM) system. The importance for the bank of managing the relationships with their customers has been the drive of the joint projects that have been developed with payback in the last three years. During the projects a number of crucial technological and architecture choices have been made to implement the entire process. Realizing the importance of customer information availability the first of these projects has focussed on the problem of routinely collecting and cleansing data. The project has been undertaken by the bank with the spirit that has characterized the whole CRM development. The project has promoted a massive involvement of the branches, namely of the portfolio managers and campaigns have been launched for popularizing among staff the importance of gathering and maintaining reliable customer data. Another set of methods have been tested for customer not included in portfolios (pool customers), such as mailing or distributing questionnaires...
in the branches or using automatic teller machines (ATM) and the call center. Methods for data checking and testing have been developed to be routinely employed by the bank's staff. Results obtained are very good: for portfolio customers data available are respectively 98% for the commercial ones and 85% for the retail ones. For pool customers availability goes down to 65%: this is a well-known phenomenon due to the loose relationship with the latter customers.

**Data Warehouse and Data Mining**

The Data warehouse is the core of any decision support system and hence of the CRM. In implementing its Data Warehouse ICICI Bank has selected an incremental approach, where the development of information systems is integrated with the business strategy. Instead of developing a complete design of a corporate Data Warehouse before implementing it, the bank has decided to develop a portion of the Data Warehouse to be used for customer relationship management and for the production of accurate and consistent management reports. Here we are not concerned with the latter goal, but are concentrating on the former.

The Data Warehouse has been designed according to the IBM BDW (Banking Data Warehouse) model, that has been developed as a consequence of the collaboration between IBM and many banking customers. The model is currently being used by 400 banks worldwide. The ICICI Bank Data Warehouse is regularly populated both from operational systems and from intermediate sources obtained by partial pre processing of the same raw data.

**Marketing Campaigns**

After analyzing strategic and analytical CRM we concentrate here on the equally important operational aspects. Marketing Campaigns is the first method that ICICI Bank has used to test the above described analyses and techniques. The overall campaign process is reported in Figure 3, that shows that propensity determination and targeting are the first step of the whole activity. A number of experimental campaigns have been designed and carried out to test the soundness of the approach before attempting a large scale rollout. Experimental campaigns have addressed about 900 customers selected within six branch offices. An education process has been started by meeting sales forces in the branch offices, by distribution of an explanation booklet and by publishing on the Intranet a note explaining the whole process. System interfaces have been modified in order to track the customers under promotion, as well as to enable salespeople in the branch office to complete the sales on promoted customers as well as to record the fact that the sale was a consequence of the promotion. The bank has so far used for promotion two channels: the salespeople in the branches and the call centre. Each channel was used in four different campaigns.

**Conclusions**

Results obtained by extensive usage of customer data to develop and apply Relational Marketing have convinced the ICICI Bank to proceed along the line undertaken. As lists of customers eligible for four very important banking product/services are available, as above described, the following actions are now being deployed:

1. Extension of promotions to a larger customer population by having sales people in the branches contacting progressively 15,000 customers
2. Targeted campaigns through Internet and the call center for customers actively using one or both of these innovative channels for their banking operations. The same approach is now being extended to small and medium businesses and to commercial customers. Moreover the analytical and strategic CRM cycle is being completed by developing an application analyzing customers' attrition and deploying strategies to reduce it.

**REFERENCES**


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