

**AN INSIGHT INTO E-CUSTOMER RELATIONSHIP MANAGEMENT
STRATEGIES OF SOME PUBLIC AND PRIVATE SECTOR BANKS**

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By

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CERTIFICATE

I hereby certify that the work which is being presented in this thesis entitled '*AN INSIGHT INTO E-CUSTOMER RELATIONSHIP MANAGEMENT STRATEGIES OF SOME PUBLIC AND PRIVATE SECTOR BANKS*' in partial fulfilment of the requirements for award of the Degree of Masters of Philosophy in Economics, submitted in School of Behavioral Sciences and Business Studies, Thapar University, Patiala, is an authentic record of my own work carried out under the supervision of Dr. (Ms) Ravi Kiran, Professor and Head, School of Behavioral Sciences and Business Studies, Thapar University, Patiala

The matter presented in this thesis has not been submitted for the award of any other degree of this or any other university.

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ABSTRACT

Customer Relationship Management (CRM), being disciplined and holistic approach in identifying the tastes and preferences on individual basis to enhance relationship over the customer's life, is the buzz word for competitive advantage and so the companies, including banks are spending enormous resources on it. In CRM every customer is viewed on his life time value, and the realization is loud and clear that not only customer retention but customer satisfaction is more important than just customer acquisition for a transaction. In real terms CRM is a philosophy and the software solution part is a mere tool to aid better implementation of the philosophy. CRM goes way beyond a software solution. The challenge of managing organizational change has been raised as a potentially important factor affecting the successful outcome of e-CRM efforts. Change in an organization is a multifaceted phenomenon. In today's business world, companies are shifting from a product-oriented business strategy to a customer-focused one and it has been a major change agent in companies recently.

The concept of e-CRM has taken centre stage in the business world and companies agree that e-CRM is critical to their businesses. This study provides a holistic view of e-CRM in Banking from both a business and a technology perspective with the help of a survey from NCR region. The present research is an attempt to access the factors influencing e-Customer Relationship Management. It explains the necessary features of e-CRM and also the benefits e-CRM is offering. It tries to access the E-CRM Strategies of public and private sector banks. Then, this research helps to study the relation between key strategies of e-CRM and e-CRM benefits using a regression analysis. Finally it highlights the differences in e-CRM features and strategies of public and private sector banks.

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CHAPTER 1

INTRODUCTION

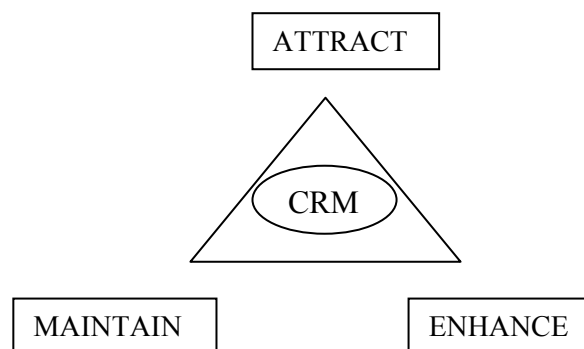
In the modern times, the existence of the civilized world, even dreaming of it, cannot be imagined without banks. The banking activities have become not only an integral part of the human civilization but also have directed the flow of progress over the lifetime of human civilization so far. Bank, the four letter word has in fact transformed the way we lead our lives, the way we run the business, and the way the country develops.

The first 'banks' of the world were the merchants of the ancient world that made loans to farmers and traders that carried goods between cities. However, banking, in the modern sense of the word, can be traced to medieval and early Renaissance Italy where it rose in the rich cities in the north Italy. The development of banking spread through Europe and a number of important innovations took place in Amsterdam during the Dutch Republic in the 16th century and in London, United Kingdom in the 17th century. During the 20th century, developments in telecommunications and computing resulting in major changes to the way banks operated and allowed them to dramatically increase in size and geographic spread.

The Late-2000s financial crisis saw significant number of bank failures, including some of the world's largest banks, and much debate about bank regulation. The first decade of the 21st century also saw the culmination of the technical innovation in banking over the previous 30 years and saw a major shift away from traditional banking to internet banking. The Late-2000s financial crisis has caused significant stress on banks around the world. The failure of a large number of major banks resulted in government bail-outs. The collapse and fire sale of Bear Stearns to JP Morgan Chase in March 2008 and the collapse of Lehman Brothers in September that same year led to a credit crunch and global banking crises. In response governments around the world bailed-out, nationalised or arranged fire sales for a large number of major banks. Starting with the Irish government on the 29 September 2008, governments around the world even provide wholesale guarantees underwriting banks to avoid panic and systemic failure the whole banking system.

Consumer Sovereignty is becoming the mantra for success and how can Indian Banks leave forging ahead an extra mile by not adopting it. Maintaining relationships with customers and offering them complete satisfaction seems to be the foremost agenda on the minds of banks in this globally competitive scenario. Customer Relationship Management (CRM) seems to offer the much needed strategy and solution to keep customers happy, smiling and connected with the organization across their lifetime. CRM has multiple facets and implications for the banks and is used as an important strategy to prevent cannibalization from competitors and for keeping their loyal customers coming back to them for more.

Customer relationship management is a widely implemented model for managing a company's interactions with customers, clients, and sales prospects. It involves using technology to organize, automate, and synchronize business processes principally sales activities, but also those for marketing, customer service, and technical support. The overall goals are to find, attract, and win new clients, nurture and retain those the company already has, entice former clients to return, and reduce the costs of marketing and client service. Customer relationship management describes a company-wide business strategy including customer-interface departments as well as other departments.



CRM is about attracting, maintaining and enhancing customer relationships. CRM focuses on the “lifetime value” of the customer instead of a single transaction. Customer Relationship Management is not a different kind of advertising model; it is a different kind of business model. It is about enabling the brand to use hard data to understand and guide the relationship that exists between the brand and its customers-both present and future.

In this research an effort has been made to study how public sector banks follow customer relationship management for enhancing customer satisfaction and thus leading to customer retention. The research will encompass several key areas in an effort to present a multi-perspective work, an overview of CRM, the best practices and key factors of success through the survey administered to public and private sector banks to lend an element of real business world to the research. Today's customer demands not only quality products and services but also looks for value enhancement.

This study explores the role and relevance of CRM in creating sustainable relationships. The discussion focuses on the use of CRM technology in the banking sector. It highlights how they are changing their business processes to provide better value to the customer during the interaction. It reiterates the growing relevance and demand for building relationships with customers and emphasizes the usage of information technology in creating better value for the end user. It also explores the practices being adopted by the banking sector in India in redesigning their business processes to enhance their competitiveness through more meaningful interaction with customers. With information technology setting newer standards of performance, financial organizations will be able to reorganize their business and services around core processes are the ones that stand to succeed.

The study will be focusing upon the CRM strategies of public and private sector banks. Their customer satisfaction and customer retention strategies will be studied in relation to customer relationship management. Customer satisfaction increases with the successful implementation of CRM practices across the organization. Expansion of the customer base through retention (if size-able market share exists), and through promotions and value-added offerings (in case of new product introduction / entrants) was the order of the day. The domain of customer relationship management extends into many areas of marketing and strategic decisions. Its recent prominence is facilitated by the convergence of several other paradigms of marketing and by corporate initiatives that have developed around the theme of cooperation and the collaboration of organizational units and their stakeholders, including customers.

CRM refers to a conceptually broad phenomenon of business activity, and if the phenomenon of cooperation and collaboration with customers becomes the dominant

paradigm of marketing practice and research, CRM has the potential to emerge as the predominant perspective of marketing. From the corporate implementation point of view, CRM should not be misunderstood to simply mean a software solution implementation project. Building relationships with customers is a fundamental business of every enterprise, and it requires a holistic strategy and process to make it successful. Thus the banking Institutions are also indulging in CRM activities to build customers loyalty. Another strategy used by banks is Institutional tie-ups to enhance customer base and targeting students, faculty and staff for various schemes enhances the probability of improved customer retention through customer satisfaction. The results highlight that young consumers crave for technical applications provided by banks. The mature consumer gives more importance to convenience and helpful staff.

1.1 CUSTOMER RELATIONSHIP MANAGEMENT

The Concept

Bank marketing in general and customer relationship management (CRM) in particular are of vital importance for banks in India. Customer Relationship Management (CRM) has assumed considerable importance in the recent years, be it business organization or a bank or an office, the development of CRM practices is necessary for its efficient and effective working. In an evolutionary process when developing economy struggles to attain higher levels of living it can hardly over look the need of developing good CRM practices to meet the bigger and new challenges of raising the quality of the masses. Customers, whether consumers, or businesses, don't want more choices. They want exactly what they want, when, where and how they want it – and technology now makes it possible for companies to give it to them". Different organizations define CRM differently.

In today's economy there are no single undisputed definitions of CRM. CRM is a set of strategies, processes, metrics, organizational culture and technology solutions that enhance an organization's ability to see the differences in its customers and prospects behaviour and needs, track new opportunities to better serve their customers and act, instantly and profitably, on those differences and opportunities. The concept of CRM is multidimensional as has been defined by marketers, social scientists, industrialist managers and other academicians in different ways and from different perspectives. Customer Relationship Management is the core business strategy that integrates internal process and functions and

external networks (Buttle, 2004), to identify, cultivate and maintain long-term profitable relationships so as to provide those very customers with services quality exceeding their expectations (Mc Donald, 2002).

CRM is not only Customer relationship management. Related with the concept of CRM are Clients and Consumers.

i) Meaning of Client: - An individual or a person or an organization. In simple words , a human being ,may be a professional or house-hold , may be a child , an infant , a teenager , a young adult , a middle aged person , a man or a woman , a girl or a boy, through whom a sales and marketing organization is able to generate business (depending on what products or services it is offering) and targeted to whom.

ii) Meaning of Customer: - An individual, or a group of persons managing a small , medium or big enterprise with the sole objective of doing business as a profession . He / she acts as a middlemen or a channel partner on behalf of sales organizations, thus purchasing products or services from them not for self-utilisation and consumption but to sell it to consumers.

iii) Meaning of Consumer: - An individual or an organization purchasing products or services from customers at a price for self-consumption is called an end consumer. Consumer satisfies his or her needs by doing so.

Differentiation between Consumer, Customer and Client

It is important to clarify the concepts consumer, customer and client before commencing with a discussion of CRM. These three concepts have been identified in referring to the target market of any firm. No precise differentiation between the concepts of consumer and customer has been made (Gray, 2005:66). Many authors use the concepts consumer and customer interchangeably, without offering an explanation why one concept is preferred to the other in a particular context. Additionally, the concepts customer and client are used interchangeably by some authors. For the purpose of this study, the concept consumer is used to describe a person in the context where services, and particularly banking services, are referred to in more broader or global terms.

Customer refers to a person who purchases a particular physical product. A client refers to a person making use of a service, particularly, in this study, the services of a commercial bank. It is important to note that customer relationship management (CRM) is a widely used concept. CRM does not only refer to the management of the relationships a producer and/or marketer of physical products has with customers, but is also applicable to the management of a service firm's relationships with its clients.

1.2 EMERGENCE OF CRM

The primary reason for the emergence of CRM is the change in the marketing environment. Today marketing model is changing from the product-centred approach to customer-centred approach. Organization needs to create customized offers for customers and ensure relationship by providing better customer service and management of customer expectations. So, marketing should be devoted at enhancing customer relationships. But one should take note of the increasing use of the internet which is changing what is possible and what is expected in terms of CRM as technological advances in global networks, convergence and improved interactivity are to explain the growth of CRM. Now companies should go beyond CRM towards whole relationship management by managing superior value chain delivers a high level of product quality, and service quality.

The paradigm shift brought lots of discussions on “relationship marketing” since the 1980s (Berry, 1983; Håkansson, 1982). Relationship marketing aims to identify, maintain and build up a network with individual customers and to continuously strengthen the network for the mutual benefit of both sides through interactive, individualized and value-added contacts over a long period of time (Shani and Chalasani, 1992). However, relationship marketing focuses mainly on strategy, and lacks a holistic view of the business processes connected to it. CRM evolving from business processes emphasizes not only a comprehensive strategy, but also the process of acquiring, retaining and partnering with selective customers to create superior value for the company and the customer (Parvatiyar and Sheth, 2000).

While companies and organizations are making efforts to keep pace with the paradigm shift in marketing, customer needs, expectations and behaviors are also changing. Customers do not only want services; they want “good” services, which possess characteristics like “ease

of doing business, trust, responsiveness, web site navigability, problem resolution and all those other elements of good e-business that don't fit quite so neatly into a purely binary world” (Zemke and Connellan, 2001). Javalgi *et al.* (2006, p. 12) also pointed that “in today's hyper-competitive markets service firms must be market oriented”. As “knowledge is key to nurturing customer relationships” (Lavender, 2004), “market research plays a critical role in generating the needed data on which a market orientation can be developed and implemented, which, in turn, can enhance the practice of CRM” (Javalgi *et al.*, 2006). Therefore, CRM is considered as a means of supplementing ERP systems to match customers' needs and increase their satisfaction.

1.3 CRM IN BANKING SECTOR

According to a RBI statement, in future India will have a competitive banking market as one of the most attractive market after 2009. India will see foreign banks come in, what with more freedom to come in, grow and acquire. Therefore, it is imperative that Indian banks wake up to this reality' and re-focus on their core asset- the Customer. A greater focus on Customer Relationship Management (CRM) 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 CRM 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.

- i. The idea of CRM is that it helps businesses use technology and human resources gain insight into the behaviour 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.

- ii. 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.
- iii. Next, the organization must look into all of the different ways information about customers comes into a business, where and how this data is stored and how it is currently used. One company, for instance, may interact with customers in a myriad of different ways including mail campaigns, Web sites, brick-and-mortar stores, call centres, mobile sales force staff and marketing and advertising efforts. Solid CRM systems link up each of these points. This collected data flows between operational systems (like sales and inventory systems) and analytical systems that can help sort through these records for patterns. Company analysts can then comb through the data to obtain a holistic view of each customer and pinpoint areas where better services are needed.
- iv. In CRM projects, following data should be collected to run process engine: i) Responses to campaigns, ii) Shipping and fulfilment dates, iii) Sales and purchase data, iv) Account information, v) Web registration data, vi) Service and support records, vii) Demographic data, and viii) Web sales data.

Bankers are conscious of the relative costs of acquiring new customers. As top management emphasizes on “delivering results”, most bankers resort to customer grabbing, rather than customer cultivation and creation, with the result that “customer churn” is the call of the day. Incidentally, bankers are fully aware that losing the existing customer and acquiring new customers is an expensive affair. Moreover, it acts as a drain on the existing resources of the bank, which can be better employed for growth initiatives. With the shift from a

transaction-centric to a relationship-centric business approach, leveraging CRM has become *sine qua non*. Banks are adopting CRM to converge people, process and products more effectively to embark on the true relationship banking-with the end result of accelerating the business momentum. Towards this end, experts propose various ideas and approaches to understand the fundamental marketing motivations driving the CRM trend in banks.

To meet the challenging preferences of the customers and to stay ahead of competitors, bankers are bound to attract customers by providing a spectrum of services. Online banking, ATM banking and telebanking are just a few of them. Banks can enhance customer service by leveraging on technology, maintenance of efficient service delivery standards and business process reengineering. On their part, employees need to demonstrate certain service traits such as, putting on pleasing attire. At the end of the day, bankers should display a flair for cultivating a good relationship with customers through the mechanism of better customer service.

The banks usually use call centre automation, contact management, data warehousing, campaign management, and knowledge management, field service management, marketing automation, sales service automation and personalization. The banks view CRM technology as customer-centric process. It is also believed to help automate the whole processes as otherwise it is impossible to handle all the information manually. In most banks, a separate department coordinates the entire CRM process, which is responsible for making strategies and following it up. The banks have different training programs to enhance its staff's skills. These training programs also include the CRM segment. These trainings are usually designed for the staff in the marketing, advertising and CRM departments of the bank.

Need of CRM in the Banking Industry

Like other sectors, banking sector is also changing and this has created a need for relationship marketing.

A Relationship-based Marketing approach has the following benefits:

- Over time, retail bank customers tend to increase their holdings of the other products from across the range of financial products/services available.
- Long-term customers are more likely to become a referral source.

- The longer a relationship continues; the better a bank can understand the customers' needs and preferences, and thus, greater the opportunity to tailor products and services and cross-sell the product/service range.
- Customers in long-term relationships are more comfortable with the service, the organization, methods and procedures. This helps reduce operating cost and costs arising out of customer error

With increased number of banks, products and services and practically no switching costs, customers are easily switching banks whenever they find better services and products. Banks are finding it tough to get new customers, and more importantly, retain existing customers. Need for Relationship marketing in banking sector is Based on the following factors:

- Intense Competition

There is intense competition among the Private Sector Banks, Public Sector Banks And Foreign Banks and they are all taking steps to attract and retain the customers. New Technologies, research facilities, globalization of services, the flood of new products and the concept of all the facilities under one roof to provide better customer service leading to customer delight.

- Well Informed Customers

The Customers in Banking Industry today are well informed. With the introduction of new Technology, the world has become like a small village. Thus, if a Bank wants to have more customers, it should develop a good relationship with its present customers and try to maintain the same in the future also.

- Decline in Brand Loyalty

In the present competitive scenario, with the emergence of a lot of branding in banking sector, brand loyalty is on decline. The customers are switching over frequently to avail the better facilities from other banks. Newer and superior products and services are being introduced continuously in the market. Thus, the banks have to upgrade their products, improve customer service and create bonds of trusts through proper care of customer needs and regular communications. With the help of CRM, strong customer loyalty and a good image for the organisation can be developed.

- Improved Customer Retention

In the intensely competitive banking industry, retention of existing customers is vital, which could be possible with CRM.

For long, Indian banks had presumed that their operations were customer-centric, simply because they had customers. These banks ruled the roost, protected by regulations that did not allow free entry into the sector. And to their credit, when the banking sector was opened up, they survived by adapting quickly to the new rules of the game. Many managed to post profits. For them an unexpected bonanza came from government bonds in which most were hugely invested.

Ironically, the Reserve Bank of India's moves to cut aggressively the interest rates after 1999, pushed up the prices of bonds. So banks had a windfall doing almost nothing. The bond profits, like manna from heaven, improved the balance-sheets of all banks irrespective of their core performance. However, the era of lazy banking is soon to end. The mesh of rules that propped up the Indian banking industry is now being dismantled rapidly. According to a RBI road-map, India will have a competitive banking market after 2009. As one of the most attractive emerging market destinations, India will see foreign banks come in, what with more freedom to come in, grow and acquire. Therefore, it is imperative that Indian banks wake up to this reality and re-focus on their core asset-the customer. A greater focus on Customer Relationship Management (CRM) is the only way the banking industry can protect its market share and boost growth.

CRM would also make Indian bankers realize that the purpose of their business is to "create and keep a customer" and to "view the entire business process as consisting of a tightly integrated effort to discover, create, and satisfy customer needs." CRM is a simple philosophy that places the customer at the heart of a business organization's processes, activities and culture to improve his satisfaction of service and, in turn, maximize the profits for the organization. A successful CRM strategy aims at understanding the needs of the customer and integrating them with the organization's strategy, people, technology and business process.

Therefore, one of the best ways of launching a CRM initiative is to start with what the organization is doing now and working out what should be done to improve its interface with its customers. Then and only then, should it link to an IT solution. While this may sound quite straightforward, for large organizations it can be a mammoth task unless a gradual step-by-step process is adopted. It does not happen simply by buying the software and installing it. For CRM to be truly effective, it requires a well-thought-out initiative involving strategy, people, technology, and processes. Above all, it requires the realization that the CRM philosophy of doing business should be adopted incrementally with an iterative approach to learn at every stage of development.

Most widely accepted classification of Customer Relationship Management (CRM) systems includes operational, analytical, and collaborative and e-CRM. While operational, collaborative, and e-CRM has received a significant interest among practitioners and scholars, but analytical CRM has been mostly neglected by them. The major function of analytical CRM is to support strategic customer information provision and customer knowledge acquisition to help achieve the final goal of CRM which is to enhance customer profitability. Customer profitability is the difference between revenue and costs.

1.4 FROM CRM TO e-CRM

With the proliferation of Internet, organizations are increasingly looking at leveraging self service channels like the web, email and chat to manage all aspects of interaction with their customers electronically, whether it is marketing, sales or service related. Organizations are therefore looking for ways to personalize online experiences through technology and tools. Such tools, e-CRM in general, entail applications and software that enable organizations to manage their interactions with the customers electronically. E-CRM provides companies with a means to conduct interactive, personalized and relevant communications with customers across both electronic and traditional channels. Customer Relationship Management (CRM) is a strategic orientation that identifies the most important long-term customers and develops an understanding of how these customers can be retained. An important feature of CRM includes the breaking down of departmental barriers, aimed at improving information flow and work processes; ultimately these changes should result in a more efficient and effective means of serving the customer. CRM is implemented with a set of technology tools that enable members of various departments within the organization to

gather, disseminate and share customer information with other departments throughout the entire firm. Consequently, CRM is often referred to as Electronic Customer Relationship Management, or e-CRM.

According to Dyche (2001) e-CRM is combination of software, hardware, application and management commitment. According to Rosen (2001) e-CRM is about people, process and technology and these are key paramount to success. The aim of e-CRM is to improve customer service, develop a relationship and retain valuable customers. e-CRM applications help increase a company's knowledge about its customers, and ultimately allow for targeted and customizable marketing campaigns. The hope is to create customer loyalty by enriching customer experience. Better e-CRM is a win-win for both the customer and the enterprise. The end-user receives increased value while management gains constant up-to-date knowledge regarding the enterprise's operation relative to its customers. In addition to its technology focus, e-CRM facilitates the development of relationship marketing strategies that concentrate on acquiring a better understanding of customer needs. Though much of the emphasis of e-CRM involves software applications that capture customer data, technology implementation should be secondary to the establishment of an organization-wide e-CRM strategy. Without a clear e-CRM strategy, it is difficult to determine and coordinate the organizational changes needed for e-CRM to be successful long term.

e-CRM strategy is based on an understanding of how the customer wants to do business with the firm, rather than how the firm wants to do business with the customer. e-CRM strategy development, therefore, must be a joint process between the customer, suppliers and the seller. By creating changes in the flow of information and in the structure of work processes, an e-CRM implementation can break chaos on the ill-prepared firm. Changes in the power structure and the elimination of traditional departmental activities can be outcomes of an e-CRM implementation. Without strong upper management support, this could lead to the abandonment of, or severe limitations applied to the e-CRM implementation.

Key e-CRM Features

Regardless of company objectives, an e-CRM solution must possess certain key characteristics. It should be:

- i. Driven by a data warehouse.
- ii. Focused on consistent metrics to assess customer actions across channels.
- iii. Built to accommodate the new market dynamics that place the customer in control and
- iv. Structured to identify a customer's profitability or profit potential, and to determine effective investment allocation decisions accordingly, so that most profitable customers could be identified and retained and the resource could be invested in relationships, which are most profitable.

Implementation of e-CRM

e-CRM implementation is more than system automation. Implementing e-CRM necessitated much more than merely automating the related function and addressing the infrastructure requirements for its implementation on the web. It requires a fundamental change in the culture, philosophy, attitudes and operation of an organization and hence, the needs to initiate a change management process to move from a product - centric focus to a customer - centric one. With this view, the implementation strategy should look at:

- i. Gathering, storing, sharing /retrieving and tracking customer database repository, analyzing this information and deciding upon the relevant course of actions;
- ii. Seamless integration of all customer communication channels with the customer database so as to respond in customers' preferred channel and;
- iii. Automating and streamlining on-line customer service through installing the necessary software and hardware.

Importance of e-CRM

Internet is the main business passage in e-CRM. As the world population becomes increasingly comfortable while using internet security, it is increasingly likely that most of the standard business transactions which have been conducted on the phone or even in person will be done via the internet. This is reflected in AOL's cyber study conducted (in year 2000) about purchasing habits. From 31% of the internet community purchasing something online in 1998 to 42% of the same group purchasing semi-regularly in 1999, the increases were due to more women getting involved. In 1998, 24% of the purchasers were women; in 1999, 37% were women, the same behaviour was expected to drive the percentage even higher this year because studies in mid-2000 indicate that for the first time,

internet users are primarily women i.e. 52%. Estimates notwithstanding, what is significant is that the evolution of secured trust in engaging commercial activity online is increasing dramatically.

e-CRM Techniques used by Banks in India

Banks leveraging technology can develop innovative customer solutions to attain growth with profitability within the framework of sound risk-management practices. Techno-savvy banks are tapping into online services to initiate a new era in relationship management to create one to one relationships as well as one to many relationships to enhance their competitive advantage.

Recent developments in critical areas of IT, have changed the way banks are managing their customer relationships. The following are some of the latest e-CRM techniques used by banks in offering new products and services to its customers.

- i. **Internet banking:** Internet is being used by banks to disseminate information to customers about bank's products and services through their websites. The banking services are provided through Net with convenience of ease and accessibility. Internet banking offers many benefits to the banks viz. vast reach, reduced transaction costs, direct marketing and cross selling, build bank's brand, etc. It also offers benefits to customers' viz. reduced cost, convenience, banking with the bank and not the branch, speed, better cash management etc. The new private sector banks – ICICI Bank, HDFC Bank, UTI Bank and the Global Trust Bank have taken the lead in Net Banking. The state run public sector banks are lagging behind in Net banking, although modest beginning has been made by the State Bank of India.
- ii. **Data Warehousing and Data Mining:** This technique is used to develop and use customer data to check their profile, retention and loyalty patterns. They provide valuable inputs for retaining customers and developing products and services for the future.
- iii. **ATMs:** At present installed number of ATMs in the country is 1800, which is likely to be more than 4000 by next year. Most of the demand for this technology is coming from State owned banks. Until now, ATM services have been confined to deposits and withdrawal from bank accounts by customers. The growth in ATMs

has been fuelled by a race among banks to expand their customer base by going in for more value added services (bill payments and ticketing services) on these machines.

- iv. **Tele-banking or Mobile banking:** These services empower the customer with an instant access to routine queries and transaction or check bank balances.
- v. **Computerized decision support system:** This helps the banks in applying optimization techniques in functional areas such as, asset–liability management, optimization of investment portfolios and asset portfolios through linear programming. This is a practical tool which helps the bank managers and customers in optimizing investment decisions.
- vi. **E-mail:** Banks can maintain the list of its best customers and inform these members through e-mail the various services and schemes offered by the bank. These days this is considered as one of the cheapest and effective means of communication.

Benefits of e-CRM

Benefits of CRM can be categorized into three groups namely:

- Benefits for customers,
- Benefits for employees and
- Benefits for banks.

(i) Benefits for Customers

- There is a more coordinated and professional approach to customer contact.
- With up-to-date customer information, Banks can offer more personalized services.
- Customers feel empowered if they have greater access to products and services. For example
- 24 Hours banking.
- Targeted product and service offerings can be timed to coincide with customer events and requirements e.g., Education Loans and Tourism Loans.

(ii) Benefits for Employees

- Employees are empowered with the information to deliver high quality service
- and meet customer expectations.
- Employees have more time to serve customers.
- Employees have higher satisfaction ratings.

(iii) Benefits for Banks

- Managers are empowered with information that can help them manage customer relationships and make better decisions.
- Optimum use of resources.
- Customer satisfaction and increased loyalty.
- Improved customer acquisition and cross-selling.
- It helps in capitalizing on short windows of opportunities in the market.

e-CRM globally represents one of the most exciting segments of industry. A high growth rate coupled with increased usage of the Internet makes a promising future for the industry. Example: General Motors receives 1, 00,000 e-mails from its customers every day. By 2001, 25% of all customer contacts and inquiries will occur over the internet.

Difference between CRM and e-CRM

Differences between CRM and e-CRM are subtle, but important. They concern the underlying technology and its interfaces with users and other systems. Pourasghar (2007) did not think there are differences between CRM and e-CRM. He said considering the strategic perspective, no differences between CRM and E-CRM exist as both concepts have the overall goal of an increased Customer Lifetime Value, and aim to increase customer retention and decrease service costs but the process level, he said several distinctions between the two concepts become observable. He mentioned further that while conventional communication processes are often time delayed, e-CRM allows organizations to always operate in real-time and more than that interactions with customers are transparent so that organizations are able to draw conclusions on customer behaviour. Unlike conventional CRM processes, e-CRM processes imply high automation of interaction.

CRM Problems

According to Myron (2003), six barriers to CRM identified include lack of guidance, integration woes, no long-term strategy, dirty data, lack of employee buy-in and no accountability. Failure to obtain and maintain executive support for the project is a major setback (Kovacs, 2006).

The most important aspect of CRM problems is not its excellent ability to achieve customer retention but its failure to do so. This is indirectly responsible for CRM collapse. Generally one of the reasons this happens is because most organisations that actually employ CRM, experience a lot of confusion about its attributes and what it really is.

The following are some CRM problems:

i. Exorbitant costs:

One of the problems with CRM is the huge investment needed to maintain a customer database. The additional expense comes because of the money needed for computer hardware, software, personnel etc. The costs involved are enormous and most often than not the resultant ROI from the CRM implementation fail to cover the costs involved. This leads to a negative feeling within the company about CRM and its so called successes and ultimately results in CRM collapse.

ii. Inadequate focus on objectives and ignoring overall business strategy:

When hard times hit, the organization loses sight of its goals and ultimately steers away from its CRM implementation. At times goals get interchanged and lose their importance. Companies find themselves working directly towards goals that are less important and forgetting the ones that really are.

iii. Insufficient resources:

Sometimes in phased implementation of CRM, if conditions worsen within the company or without, organisations start lessening their budgets for the current phase. When funds are less, budgets strained and the necessary costs required for CRM success are not employed. Organisations fail to utilize the necessary resources for success and thus, result in failure.

iv. No customer focus and misunderstanding customer needs:

The organization needs to motivate employees to be absolutely customer centric. CRM problems arise because of employee reluctance to be more customers focused. The result is a highly expensive customer strategy being adopted by the company in an effort to retain customers, with reluctant, unfocused and poorly trained employees implementing it (CRM Software Guide, 2011).

Though these are some problems associated with CRM, but overall do the benefits outweigh the disadvantages. This is what the present study wants to analyse. It is often said that implementing CRM strategies, firms can achieve many goals such as:

- Plummeting costs of sales
- Plummeting costs of acquiring new customers
- Enhanced customer satisfaction and profitability
- Decreasing the need to acquire so many new customers
- Calculate profitability of customers
- Higher customer retention rates

With an effective e-CRM, a business can increase revenues by:

- providing services and products that are exactly what your customers want
- offering better customer service
- cross selling products more effectively
- Helping sales staff close deals faster
- retaining existing customers and discovering new ones

Are Indian banks able to achieve them is another line of thought, the present research endeavours to find answers to.

Moreover successful implementation of e-CRM requires a strategic approach, which encompasses developing customer centric processes, selecting and implementing technology solutions, employee empowerment, customer information and knowledge generation capabilities to differentiate them, and the ability to learn from best practices.

Thus, these issues need introspection into the difference in e-CRM strategies of public and private limited banks.

1.5. ORGANISATION OF THESIS

The whole thesis has been classified into five chapters and the perspective of CRM and e-CRM has been discussed so as to achieve good for banking sector. To understand the complete view of e-CRM strategies of some public and private sector banks, the entire thesis is divided into the following chapters:

Chapter 1

Chapter 1 is the introduction. In this chapter an overview of the customer relationship management has been explained. This Chapter also introduces the researchers' viewpoints on e-CRM and its impact on current arena. Finally this chapter also covers the chapter scheme.

Chapter 2

In the second chapter the existing literature pertaining to our study has been thoroughly reviewed. An in depth analysis of earlier literature lends proper shape to research, helps avoid duplication and pitfalls experienced by researchers working in similar area. This chapter gives the summary of literature review of CRM and e-CRM in banks along with research gaps.

Chapter 3

Third chapter outlines the set of objectives of the study. This chapter also explains the data sources and methodology followed in this research. Before proceeding for analysis, it is important to underline the data to be used, the data sources, the methods of procuring data and the research methods to be used for interpretation. This is precisely what this chapter covers. The chapter gives the details of the sample size, questionnaire details including reliability and validity of data. It also explains the research methods, like factor analysis and step-wise regression used in the study to achieve the objectives.

Chapter 4

In chapter four, data and results have been presented and discussed in the light of the objectives of the study. A relation of this work to earlier literature and contribution of research has been presented.

Chapter 5

Chapter five illustrates the conclusion, summary and findings, realization of objectives. The chapter also discusses the limitations and future scope of this research.

CHAPTER -2

REVIEW OF LITERATURE

The literature on Customer Relationship Management in the context of the Banking Industry of developed countries points towards the wide use of all financial services under one roof leading to relationship banking and CRM concept. The review pertains to cover all issues related with CRM and e-CRM. This will form the base for questionnaire designing to collect data for the research.

2.1 REVIEW OF LITERATURE

Beckett-Camarata *et al.* (1998) opine that managing relationships with their customers (especially with employees, channel partners and strategic alliance partners) is critical to the firm's long term success. The researcher emphasized that customer relationship management based on social exchange and equity significantly assists the firm in developing collaborative, cooperative and profitable long-term relationship.

It has been observed by Ananda and Murugaiah (2004) that today's financial services industry requires new strategies to survive and to continue their operations. The competitive climate in the Indian financial service sector has changed dramatically over the past two decades. As they have to adopt new marketing strategies and tactics which enable them to capture the maximum opportunities with the lowest risks in order to enable them to survive and meet the hard-hitting competition from global players. They found that recently this type of industry requires new strategies to survive and for operation.

Bargal and Sharma (2008) opined that banks will have to adopt the diversified services, open their branches at the shopping centres, install their web system, proper training system, defining high performance system to improve the behaviour of the employees, customer complaint system and performance based appraisal system to improve the overall services of the banks.

In 2005, Boulding *et al.* proposed that “CRM is the outcome of the continuing evolution and integration of marketing ideas and newly available data, technologies and organisational forms.” They pointed out that the key component of CRM is not on selling product but on creating value for the customer, the process and the firm. CRM evolves as it tries to find the specific elements of the exchange process that produce value to the customer.

According to the opinion of Chaffey, Chadwick, Mayer and Johnston (2009) building long-term relationships with customers is essential for any sustainable business, and this applies equally to online elements of a business. Failure to build relationships to gain repeat visitors and sales largely caused the failure of many dot.coms following huge expenditure on customer acquisition. The interactive nature of the web combined with e-mail communications provides an ideal environment in which to develop customer relationships, and databases provide a foundation for storing information about the relationship and providing information to strengthen it by improved, personalized services. They affirmed that this online approach to CRM is often known as e-CRM or electronic customer relationship management.

According to Dhade and Mittal (2008), customers play an important role in selection of a particular bank. Now, proper customer care, number of years in business and easy accessibility are considered as important factors that influence a customer’s choice of a bank. Morpace Report (2008) and Teller Vision (2009) revealed that perception of banks varies depending on their size. However, all banks share the same key opportunity for improvement in customer satisfaction i.e., helping customers achieve their financial goals. But as per the study, the overall customer satisfaction tends to decrease as bank size increases. Customers of national banks tend to be significantly less satisfied than customers of regional or local banks who, in turn, are less satisfied than customers of credit unions.

Duran (2001) lists the reasons for the emergence of customer relationship management as follows: i) that mass marketing has become more costly, ii) that customer share has gained importance, not market share, iii) that the concepts of customer satisfaction and customer loyalty have become more important, iv) that the term customer value has gained importance, v) that one-to-one marketing has gained importance, vi) intensive competition

and developments in communication technologies. CRM “allows companies to gather customer data swiftly, identify the most valuable customers over time, and increase customer loyalty by providing customized products and services”(Rigby, Reichheld, and Schefter, 2002). Kincaid (2003) viewed CRM as “the strategic use of information, process, technology, and people to manage the customer’s relationship with your company across the whole customer life cycle”.

Romano and Fjermestad (2003) argue that knowledge management (KM) is a key component of CRM. In this regard knowledge is more than collecting, processing and analyzing data, it is also the ability to bring that knowledge to bear on the task at hand. They opine that “e” in e-CRM does not limit the data collection and processing to the Internet. By definition, any electronic contact with a customer through which data can be gathered for further analysis can be considered a form of e-CRM. They identified factors influencing e-CRM.

Gordon (2002) discussed about how company wants to improve their performance of CRM and the changing role of senior manager in developing a relationship-oriented organization. A definition from best practices companies shows that “*CRM is a series of strategies and processes that create new and mutual value for individual customers, builds preference for their organizations and improves business results over lifetime of association with their customers*”. The best companies will create the vision on how CRM will change their companies which focus on delivering the value. Today, the most important for companies to focus is on strategic capabilities rather than specific strategy. The author found that the best companies did not adopt the CRM technology first but develop a balance approach to implement CRM strategic capabilities.

Schierholz et al. (2006) expanded on the Romano and Fjermestad (2003) framework by investigating the delivery process in campaign management and sales management. They suggest that the CRM delivery process requires interaction and communication between companies and customers through multiple channels. Their case study reveals that there is a need for measuring the impact of customer satisfaction along with costs. This is because current management accounting instruments do not provide sufficient information about performance in different channels.

Kaplan and Norton (2001) present their balanced scorecard model (BSC) to measure organizational performance from the four perspectives of finance, customers, innovation and learning, and internal business. Kaplan & Norton's (2001) suggestion, with its marketing relationship value, closely ties into the core of this study of e-CRM performance of organizations. Thus considerable research suggests that the e-CRM performance in the context of measuring BSC performance could broadly include customer loyalty, internal process efficiency, channel management, and innovation.

Kaynak and Harcar (2005) emphasize that customer's interactions with the employees of the bank survey as the basis for evaluating the bank on the whole. Hence, characteristics of the employees like their amiability, skills, knowledge, conviviality and sensitivity serve as the basis for creating a positive opinion about the services provided by the employees of the organization (Bergeron, 2000).

Knox *et al.* (2003), addressed that CRM is a strategic approach designed to improve stakeholder value (The value the customer receives, the value the organization receives, and the customer retention and its economics) through developing appropriate relationships with key customers and customer segments and through channel and media integration (Channel and media suitability, channel and media structure, and multi-channel and multimedia integration). CRM unites the potential of IT and relationship marketing to deliver profitable, long term relationships.

Kutner and Cripps (1997) assert that CRM is established on four relationship building tenets:

- Customers should be managed as important assets.
- Customer profitability varies and not all customers are equally desirable.
- Customers vary in terms of their needs, preferences, buying behaviour and price sensitivity.
- By understanding customer drivers and customer profitability, companies can tailor their offerings to maximize the overall value of their customer portfolio.

Ling and Yen (2001) pointed out that CRM is a normal and expected extension of how marketing and sales have evolved over the years. In the past, the door-to-door salesperson was the other face of the company and the personal relationships established by the salesperson were the key to success. The age of mass marketing then replaced the intimacy of a direct sales force in many organisations. This put pressure on the relatively inefficient door-to-door models. Mass marketing was enabled through technological improvements in TV, radio and the printed press, all of which created a simple and powerful means to communicate a company's message to millions of people at once. Target marketing then recognised the need to interact more with customers at a very superficial level without going far enough. It is a significant step in the evolution to today's CRM in that it moved the relationship between producer and consumer one more step towards a personal interaction. CRM is therefore the subsequent stage in the evolution, and it moves us back into the direction of developing intimacy with today's customers, using today's tools and maintaining our mass production and distribution systems.

Lu and Shang (2007) used six CRM dimensions from a freight forwarders' perspectives' in Taiwan. The dimensions chose were based on factor analysis namely customer acquisition, customer response, customer knowledge, customer information system, customer value evaluation and customer information process. The result show that the customer knowledge is more important than others dimensions.

Ndubisi *et al.*, (2007) examined the impact of the relationship marketing called commitment, competence, communication and conflict handling as an independent variables and customer loyalty as dependent variable with the mediating variables i.e. trust and relationship quality Results of their study showed that the relationship dimensions were predicted in trust and relationship quality. In addition, trust and relationship quality had significantly influence customer loyalty.

Padmanabhan, Zheng and Kimbrough (2006) stated that electronic customer relationship management build profiles and models based on data collected by a single website from users' interactions with the site.

Pan *et al.* (2003) wrote that e-CRM provides ability to capture, integrate, and distribute data gained at the organization's Website throughout the enterprise. According to (Pan *et al.* 2003) e-CRM expands the traditional CRM techniques by integrating technologies of new electronic channels. e-CRM solution supports marketing, sales and service and with the advancement of Web-based technology, market dynamics are driving companies to adopt e-CRM.

According to (Pavithira 2010) the internet is becoming more and more importantly in business life, many companies consider it as an opportunity to reduce customer-service costs, tighten customer relationships and most important, further personalize marketing messages and enable mass customization. Together with the creation of Sales Force Automation (SFA), where electronic methods were used to gather data and analyze customer information, the trend of the upcoming Internet can be seen as the foundation of what we know as E-CRM today (Purba and Lee 2002).

Peel (2002), CEO of Quadriga Consulting, defines CRM as understanding the nature of the exchange between customer and supplier and managing it appropriately. The exchange contains monetary considerations between supplier and customer – but also communication. The challenge to all supplier organisations is to optimize communications between parties to ensure profitable long-term relationships. CRM is a key focus for many organisations now as a shift away from customer acquisition toward customer-retention and churn reduction strategies dictates a need for best practice CRM processes. Customer Relationship Management is also a concept of identifying customer needs; understanding and influencing customer behaviour through ongoing communications strategies and an effort to acquire, retain and satisfy the customer.

According to Picton and Broderick (2005), CRM is a view that emphasizes the importance of the relationships developed between an organization and its customers. It involves the strategic and tactical management tasks to achieve positive communications and long term customer relationships.

Rashid (2003) finds organisations seek benefits in order to develop a relationship with their customers, so that they will be able to create a competitive advantage. It is also the same for

the customers, who seek a benefit to start a relationship and respond with their loyalty. The end user clearly enjoys a better service and a higher value. It appears that better customer relationship is advantageous for both the customer and the organisation and, for most companies, building strong relationships in an era of intense competition represents a significant challenge.

Roy *et al.* (2005) mentioned that everyone in the organization should be concerned about creating and capturing value for the customer and if this will be real the company must provide training for everyone in the firm who will come in contact with customers. The company must show that she is truly interested in helping her customers to achieve her long term goals, and not simply making a sale and there must be solutions creating strategy (Greenberg 2004).

Rootman *et al.* (2008) on the other hand, investigated the variables that influence the customer relationship management (CRM) of banks from employees' perspectives. There are three variables influence which CRM: attitude of their employees; knowledge ability; and two way communication. The findings reveal that the variables of attitude and knowledge ability of bank employees have significant impact on the effectiveness of the CRM strategies of banks.

Sheth and Parvatiyar (1997) noted that, as customers were available in abundance, early marketers behaved passively with their customers as they primarily focused on maximizing their profits (transactional based marketing). Early marketers believed that their marketing objectives were met at the point of customer acquisition. But marketing as a field of study and practice went through a re-conceptualization in its orientation from transactions to relationships. They posit that, there was a growing recognition that in service marketing, the objective should not only be to attract, but also to keep and maintain the customer, i.e., to develop a long-term relationship with them. Arndt (1979) introduced the notion of the long-term buyer seller relationship. He believed that the long-term buyer-seller relationship is an important factor in the growth of the domestic market. This led to the development of the CRM concept.

Shelly and Vermaat (2010) stated that customer relationship management (CRM) manages information about customers, interactions with customers, past purchases, and interests. They said customer relationship management mainly is used across sales, marketing, and customer service departments. Customer management software tracks leads and inquiries from customers, stores a history of all correspondence and sales to a customer, and allows for tracking of outstanding issues with customers.

In the view of Siomkos and Tsianes (2006), CRM is essentially a two-stage concept. The task of the first stage is to master the basics of building customer focus, i.e. moving from a product orientation to a customer orientation and defining market strategy from outside in. This means the focus should be on customer needs rather than on product features. Thus the need for banks to better understand their customers and provide personalized customer service.

In the opinion of (Smith and Chaffey, 2005) there is nothing new since good marketers have been taking care of their customers for many decades now. What is new is the lack of CRM in the fast moving online world:

- i. A world where customer expectations are often higher than those of the offline world.
- ii. A world where customers' raised expectations is regularly crushed by successful offline companies.
- iii. A world where customer e-mails are left unanswered for days.
- iv. A world where immediate responses are expected but often times are not delivered.
- v. A world where satisfying customers is simply not enough to keep them.
- vi. A world of consolidating relationships...where surfers visit fewer sites but spend longer with them.

Sin *et al.* (2005) identified four dimensions of CRM in their study namely key customer focus, CRM organization, and technology-based CRM and knowledge management. These dimensions were based on the definition of CRM where CRM involve the strategy, technology and process to identify, attract and increase retention of profitable customers by managing relationships with them for long term relationships Furthermore, the researchers developed the reliable and measurement scale for these dimensions of CRM because

limited research had done this before. The finding showed that the CRM scale had a high degree of reliability and validity. CRM is a critical success factor for business performance indirectly and also for financial performance where it increases the organization's profit.

Wang *et al.* (2004) developed an integrative framework for customer value and CRM performance based on the identification of the key dimensions of customer value namely functional value, social value, emotional value and perceived sacrifices. The results found that, customer satisfaction, brand loyalty, functional values have positive effect on customer behaviour based on CRM performance where brand loyalty is the most significant influence on customer behaviour.

Wisner, Tan and Leong (2008) defined Customer Relationship Management as the infrastructure that enables the delineation of an increase in customer value, and the correct means by which to motivate valuable customers to remain loyal indeed to buy again.”

In their own opinion customer relationship management can be viewed in three different ways:

- “...managing the relationships among people within an organization and between customers and the company's customer service representatives in order to improve the bottom line.”
- “...a core business strategy for managing and optimizing all customer interactions across an organization's traditional and electronic interfaces.”
- “...to keep track of customers, learning about each one's likes and dislikes from various sources like transaction records, call center logs, website clicks, and search engine queries.”

New generation service usage include use of ATMs, Internet Banking, Mobile Banking, Any -where banking, customer Call-center use and other internet bases customer service like E-banking etc. e-CRM facilitates in building a closer relation with customers based on these services provided by banks.

Table2.1: List of Literature on CRM to e-CRM in Banking

Author	About the Study	Contribution
Beckett-Camarata, E.J., Camarata, M.R., & Barker, R.T. (1998)	Present a conceptual overview of relationship management in a rapidly changing global environment	The researcher emphasized that customer relationship management based on social exchange and equity significantly assists the firm in developing collaborative, cooperative and profitable long-term relationship.
Ananda and Murugaiah (2004)	Studied various strategic issues related to the marketing of financial services	For surviving financial services have to adopt new marketing strategies and tactics that enable them to capture maximum opportunities with the lowest risks in order to enable them to survive and meet the competition from various market players globally.
Bargal and Sharma (2004)	They analysed the role of service marketing in customer complaint system and performance based appraisal system to enrich.	Banks will have to adopt the diversified services, open their branches at the shopping centres, install their web system to improve the behaviour of the employees, customer complaint system and performance based appraisal system to improve the overall services of the banks.
Boulding <i>et al.</i> (2005)	CRM evolves as it tries to find the specific elements of the exchange process that produce value to the customer	Key component of CRM is not on selling product but on creating value for the customer
Chaffey, Chadwick, Mayer and Johnston (2009)	Building long-term relationships with customers is essential for any sustainable business, and this applies equally to online elements of a business.	Interactive nature of the web combined with e-mail communications provides an ideal environment to develop customer relationships.
Dhade and Mittal (2008)	Analysed the satisfaction and perception of bank customers between state-owned banks and foreign banks in India	Proper customer care, number of years in business and easy accessibility are considered as important factors that influence a customer's choice of a bank.
Duran (2001)	List the reasons for the emergence	Customer one-to-one marketing

	of customer relationship management	has gained importance. There is intensive competition and developments in communication technologies.
Romano and Fjermestad. (2006)	Identification of factors fundamental to e- CRM Success	“e” in e-CRM does not limit the data collection and processing to the Internet. Five Key e- CRM influences are: Markets, Business Models, Human Factors, e- CRM Technology and Knowledge Management.
Gordon (2002)	Discussed about how company wants to improve their performance of CRM and the changing role of senior manager in developing a relationship-oriented organization.	The best companies did not adopt the CRM technology first but develop a balance approach to implement CRM strategic capabilities.
Shelly and Vermaat (2010)	Customer relationship management (CRM) manages information about customers, interactions with customers, past purchases, and interests.	Customer relationship management mainly is used across sales, marketing, and customer service departments. Customer management software tracks leads and inquiries from customers, stores a history of all correspondence and sales to a customer, and allows for tracking of outstanding issues with customers.
Dyche, (2001)	Analysed the different types of CRM, viz. operational, Analytical CRM	e-CRM is combination or software, hardware, application and management commitment. e-CRM can be. Operational CRM covers e-mails, telephone, direct sales, fax etc. Analytical CRM requires technology to process customer’s data. The main intention here would be to identity and understand customers demographics pattern.
A. Kennedy (2006)	Reason for using e-CRM	By using e-CRM, customer centric companies are using customer information to manage pricing and marketing decisions in real time in better way.

2.2 OBSERVATIONS BASED ON REVIEW

From the review it can be inferred that though there is rich literature in India and in other countries on banking sector, but they have tried to focus more on comparison of services or factors influencing customer relationship marketing. There has been limited work on Customer relationship strategies with a focus on e-CRM in banking sector in India. Thus, there is ample scope of research in this area. The present study has been undertaken with the perspective to focus on e- CRM strategies of public and private sector banks.

CHAPTER – 3

RESEARCH DESIGN AND METHODOLOGY

This chapter deals with research design and methodology. Section 3.1 of this chapter covers objectives of the study. Section 3.2 covers the research design. Section 3.3 covers the sources of data. Section 3.4 covers the sample size and sampling method. Section 3.5 deals with Reliability and Validity. Finally section 3.6 covers the research methods used to achieve the objectives of the study.

3.1 OBJECTIVES OF THE STUDY

The present study has been undertaken with the following **objectives**:

- O₁: To identify the key features of e-CRM in Public & Private Sector Banks
- O₂: To analyse the benefits of e-CRM Public & Private Sector Banks.
- O₃: To identify the key strategies of e-CRM in Public & Private Sector Banks.
- O₄: To identify the relation between key strategies of e-CRM and e- CRM benefits
- O₅: To analyse the difference in the e-CRM strategies of Public & Private Sector Banks.

3.2 RESEARCH DESIGN

Research design is the conceptual structure within which research is conducted. A research design is the arrangement of condition for collecting and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. With this as a base Description Research Design ,which includes survey and fact finding , the major purpose of descriptive research is for the description of the state of affairs, as if exists at present. The present study is based on primary data collected through survey from NCR region. The study has used descriptive research design and is more of an exploratory study.

3.3 SOURCES OF DATA

The data for the study has been collected through Primary Data. The data has been collected from NCR region covering Delhi, Noida, and Faridabad. The reason for selecting NCR region is that there are a number of Industrial organizations, Educational institutions and other developmental/planning and State institutions are also there. This has enabled the Public and Private sector banks to open a number of branches in NCR region.

3.4. SAMPLE SIZE AND SAMPLING METHOD

Sample size

The total sample size of our respondents is 300. The primary data has been collected through survey from NCR region viz. Delhi, Noida and Faridabad.

Sampling Method

Stratified Random sampling was administered in the study. 750 questionnaires were distributed to the people visiting Private & Public Banks in NCR region and 100 questionnaires from each region viz. Delhi, Noida and Faridabad. 300 questionnaires were completed in all aspects and have been taken up for analysis. The response rate is 40%.

Questionnaire

The questionnaire was constructed to record various aspects relating to CRM practices. It consists of 54 questions relating to customer perceptions divided into three sections, viz. e-CRM features, e-CRM Benefits and e-CRM Strategies.

3.5 RELIABILITY AND VALIDITY

The internal reliability of the instrument was assessed using Cronbach's Alpha and content was validated by a panel of experts. A sample of 300 respondents yielded coefficients ranging from 0.869 - 0.892 for different sections, as shown in Table 3.1. According to Nunally (1978) the generally accepted standard for reliability estimates are values greater than 0.70. The high reliability has been observed and this implies that the items do measure the same construct satisfactorily.

Table 3.1: Reliability Statistics

S No	Item Name	Item No	Cronbach Alpha
1	Features of e-CRM	16	0.756
2	Benefits of e-CRM	17	0.892
3	Key Strategies of e-CRM	15	0.880
	Overall	48	0.941

On the basis of reliability and validity results, it is believed that the instrument as a whole has valid contents. The reliability of the questionnaire as a whole is 0.941. Thus, all the sections as well as overall reliability score is quite high.

Section I: The estimated item-wise reliability for Features of e-CRM has been given in the Table 3.2:

Table 3.2 Item-wise Reliability Statistics of Features of e-CRM

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
i. Approachability of Services & Staff	59.2300	16.138	.563	.731
ii. Online privacy policy	59.2200	16.112	.586	.729
iii. Online Information of Products /Services	59.7400	13.063	.771	.690
iv. e-billing	59.6033	12.441	.749	.689
v. Efficiency in problem solving online	59.0267	16.441	.393	.741
vi. Secured online checkout service	59.0400	16.881	.261	.751
vii. Online Complete Mailing List of all Departments	59.7000	22.445	-.704	.841
viii. Online product/ service customisation facility	60.3133	18.089	.009	.765
ix. FAQ's with appropriate solution Online	59.2867	17.035	.313	.748
x. Quick service facility online	59.8000	13.739	.777	.695
xi. Locations of Bank Online	59.1533	17.060	.242	.752
xii. Additional benefits of online purchasing	59.1133	16.649	.287	.749
xiii. Online bulletin board for customers	60.3067	18.494	-.117	.771
xiv. Online conditions for online purchase	59.2433	16.252	.519	.733
xv. Quick site tour options online	59.1867	16.246	.515	.733
xvi. Information to first time users online	59.7367	13.894	.687	.704

In this section all items are included. Factor analysis was also performed and the results of factor analysis are presented in next chapter. On the basis of factor analysis certain items are deleted.

Table 3.3 Item-wise Reliability Statistics of Benefits of e-CRM

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
i. Understand needs of e-customer	68.2700	35.402	.801	.875
ii. Building & maintaining long term relationships	67.7633	40.810	.369	.891
iii. Prompt e-service by employees	67.9333	34.297	.776	.876
iv. Two way communication	68.1000	33.415	.843	.872
v. Well organised & integrated internally	67.4633	39.066	.610	.885
vi. Shares customer information promptly	67.7300	38.753	.511	.887
vii. Comprehensive database of e-customers	67.5367	40.256	.432	.890
viii. Coordinated efforts to satisfy e-customers	67.6200	40.631	.384	.891
ix. Commits time & resources for e-customers	67.6900	41.198	.297	.893
x. Customize customer interactions to optimize loyalty	67.7067	41.593	.236	.894
xi. Proper organisational structure	68.1300	33.973	.801	.875
xii. Efforts to find what e-customer needs	67.5433	38.657	.679	.883
xiii. e-CRM responsibilities of employees	67.6700	40.148	.413	.890
xiv. Feedback to create e-strategies	68.0567	34.475	.771	.876
xv. Embrace e-CRM for mutual benefits	67.5067	41.281	.261	.894
xvi. Transparent & fair dealing	67.6167	41.762	.198	.896
xvii. Investment for better e-CRM	67.6100	39.831	.515	.887

The researchers retained all 17 items for first stage as Cronbach alpha for this section was 0.892. Factor analysis was employed and as reported in subsequent chapter from these 17 items 11 were retained for further analysis.

Table 3.4 Item-wise Reliability Statistics of Key Strategies of e-CRM

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
i. Relationship with customer	58.5600	45.224	.513	.875
ii. Customer prospecting	58.5967	44.201	.558	.873
iii. Interactive management	59.0367	39.614	.760	.861
iv. Empowerment	59.0133	40.428	.705	.864
v. Understanding customer expectation	58.6367	44.031	.568	.872
vi. Speedy service	59.4367	35.759	.829	.856
vii. Process on internet without risk	58.5600	43.752	.602	.871
viii. Staff cooperation & behaviour	58.8867	40.516	.686	.865
ix. Problem solving attitude	59.1333	39.480	.820	.858
x. Home services	58.6867	42.330	.575	.871
xi. Geographically presence	58.3833	45.836	.412	.878
xii. Quality service & staff	58.3900	45.971	.397	.878
xiii. Data protection & privacy	58.7833	53.963	-.478	.916
xiv. 24*7 telephonic support	58.2233	46.147	.404	.878
xv. New products & services	58.9733	37.665	.869	.854

The overall reliability for Key Strategies of e-CRM is 0.880. This section contains 15 items. For this section also factor analysis was employed and 11 items were retained for further analysis.

3.6 RESEARCH METHODS

The following statistical methods were applied were applied to achieve the objectives.

- Mean
- Standard deviation
- Factor Analysis
- Regression Analysis

Descriptive statistics like mean and standard deviation have been used for finding broad trends of customers of public and private sector banks.

Factor analysis is a very useful method of reducing data complexity by reducing the number of variables being studied. Factor analysis seeks to resolve a large set of measured variables in terms of a relatively few categories, which are known as factors. In other words, the factor analysis emphasizes on investigating the interrelationships among all the relevant variables. In simple words it is a technique whose purpose often consists of data reduction and summarization. Broadly speaking, it addresses the problem of analyzing the structure of the inter relationships among a large number of variables (e.g. test scores, test items, questionnaire responses) by defining a set of common underlying dimensions known as factors.

This technique has a great utility in summing and simplifying a large number of factors. At the same time one of the fundamental aims is to classify similar factors together. In the present study the second and third part of the questionnaire is analysed with the help of factor analysis.

In this study factor analysis has been used for features of e-CRM, Benefits of e-CRM and Key strategies of CRM. These were stored as factor scores and regression was employed to find important predictors.

CHAPTER-4

DATA ANALYSIS AND INTERPRETATION

In this chapter data analysis is presented based upon the responses gathered through the survey. Different analysis techniques have been used. This chapter has three sections. Section 4.1 covers the profile of respondents, section 4.2 covers the features of e-CRM in private and public sector banks, section 4.3 deals with Benefits of e-CRM ; section 4.4 covers the e-CRM Strategies and finally section 4.5 deals with a comparative study of e-CRM features of private and public sector banks. Thus this study tries to provide a holistic view of e-CRM features, benefits and strategies of Public and Private sector banks.

4.1: PROFILE OF RESPONDENTS

The study covered 300 respondents from NCR region. There were 156 males and 144 females in the sample.

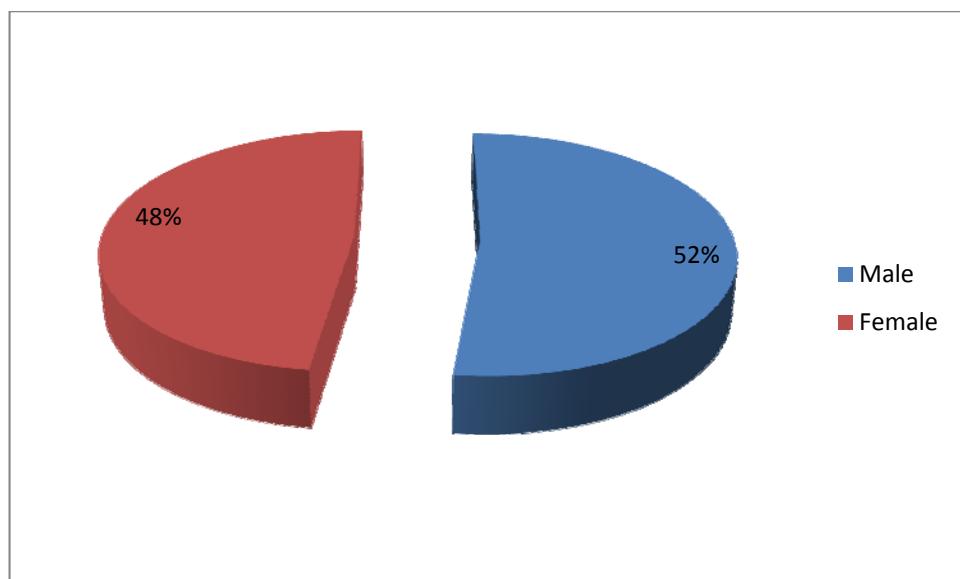


Figure 4.1: Gender-wise Profile of Respondents

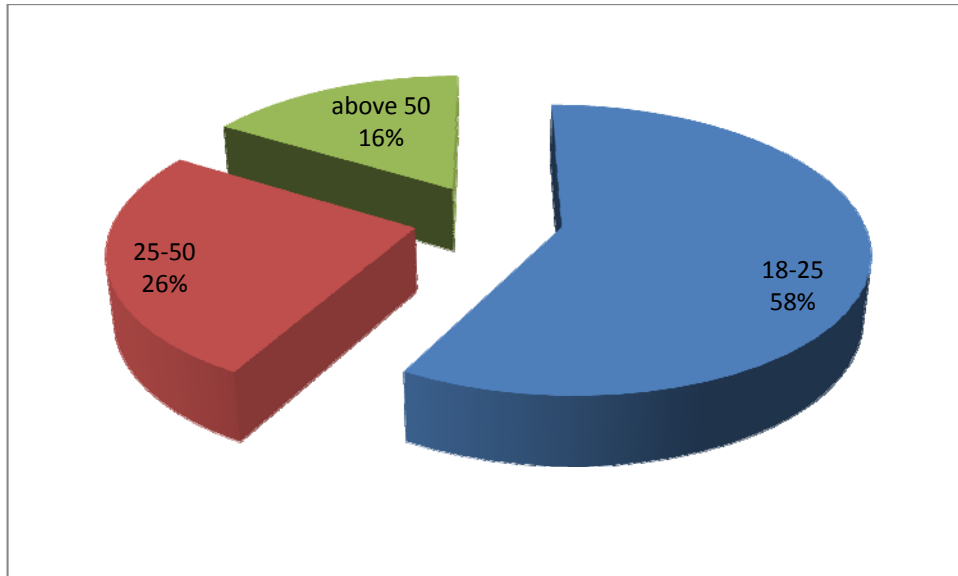


Figure 4.2: Age-wise Profile of Respondents

Age-wise profile depicts that the sample is dominated by younger age group representing 58% of the total population. Older age group constitutes only 16 per cent of population.

Although equal no of questionnaires were distributed in all groups, response rate was higher from younger population. One reason could be more awareness and usage of e-banking by them.

4.2: FEATRES OF e-CRM

It is essential to understand the features of e-CRM prevalent in public and private sector banks. Section 1 of questionnaire focussed on getting respondents views on the features prevalent in their banks. In all there were – questions related with these features. There were 16 features which were taken into consideration. Further Factor analysis was performed to reduce these factors to 13 factors categorised into five factors. Four response factors were removed due to the low loadings.

The main five factors which emerged from factor analysis are –

- i. e-CRM Core Services
- ii. Operationability
- iii. Security
- iv. Reliability
- v. Additional facilities

These factors are further depicted with their factor loadings in table 4.1, so as to know which factor is considered to be more important for the e-CRM services.

Table 4.1: FEATRES OF e-CRM

S.No	Factor Name	Factor Components	Eigen Value	% of Variance	Factor Loading
1.	e-CRM core services	i. Online information of product/services	4.087	28.275	0.874
		ii. e-billing			0.896
		iii. Quick service facility online			0.842
		iv. Information to first time user online			0.872
2.	Operationability	i. Online conditions for online purchase	2.327	13.65	0.846
		ii. Quick site tour options online			0.817
		iii. FAQ's with appropriate solution online			0.706
3.	Security	i. Approachability of Services & staff	2.280	13.411	0.906
		ii. Online privacy policy			0.901
4.	Reliability	i. Efficiency in problem solving online	2.149	12.639	0.756
		ii. Secured online checkout service			0.753
5.	Additional Facilities	i. Location of bank online	1.634	9.610	0.848
		ii. Additional benefits of online payments			0.793

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.696
Approx. Chi-Square		4837.453
Bartlett's Test of Sphericity	Df	136
	Sig.	.000

These three factors explained 77.623% of variance. The value of KMO test is 0.696, $p < 0.001$ which is significant and acceptable. Similarly Bartlett test of sphericity is also significant and acceptable.

The factors listed out by factor analysis are discussed as follows -

- i. **e-CRM Core services-** This factor basically explains about the services or products being offered by the banks. This factor outlines those services which are provided online on the banks online preview. It includes like online information & the preview facility of products and services online. It explains how the information is being given out to a first time user online.
- ii. **Operationability-** This factor explains that how much clarity is being made by banks in the mindset of the customers so as showing out their distinguishing features. It describes the areas like covering the aspects of FAQ's with their solutions online. It also explains that how much clearly the conditions are being given online for the online purchase so as to avoid out faulties case and thus providing clarity of thought to a customer.
- iii. **Security-** This factor plays an important role as a feature of e-CRM. It includes how much approachability of services and staff towards the people & what particulars are being given out for an online privacy policy.
- iv. **Reliability-** This factor is considered to be the prime most part for e-CRM. The banks are doing their best part for customer loyalty. This particularly explains that how much a bank is towards the customer like how much efficient they are in solving the problems online. Or we can say how much secured online checkout services are being provided to customers so as to ensure customer loyalty.
- v. **Additional facilities-** This factor explains the additional perks given out to customer for being the customer of that particular bank. In this it basically explains the gifts & certifications or additional benefits of the online payments.

4.3: BENEFITS OF e-CRM

It is considered to be important to know what particular benefits of e-CRM as perceived by customers. e-CRM is considered to be an important part in banks nowadays so it is important for them also to know what benefits they are getting from e-CRM. There were 17 questions in the second part of questionnaire which are considered to be important in

perspective of benefits of e-CRM. Further factor analysis was performed and the factors were reduced to five main factors.

TABLE 4.2: Customers Perception of Benefits of e-CRM

S. No	Factor Name	Factor Components	Eigen Value	% of Variance	Item Loading
1.	Efficiency in Corporate Governance	i. Two way communication	5.574	30.965	0.924
		ii. Proper organisational structure			0.929
		iii. Feedback to create e-strategies			0.900
		iv. Prompt e-service by employees			0.886
2.	Customer Satisfaction	i. Coordinated efforts to satisfy e-customer	2.821	15.675	0.825
		ii. Comprehensive database of e-customer			0.765
		iii. Commits time & resources for e-customer			0.734
3.	Customer Retention	i. Building and maintaining long term relationship	2.026	11.255	0.857
4.	Transparency	i. Transparent and fair dealing	1.744	9.687	0.844
		ii. Investment for better e-CRM			0.708
5.	Trust	i. e-CRM increases trust	1.715	9.526	0.855
KMO and Bartlett's Test					
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.					.671
Bartlett's Test of Sphericity			Approx. Chi-Square		4828.347
			Df		153
			Sig.		.000

Five factors emerging through factor analysis explained 77.123 percent of variation. The value of KMO test – 0.671, $p < 0.001$ which is significant and acceptable. Similarly Bartlett test of sphericity is also significant and acceptable.

The factors which emerged out are:

- i. Efficiency in corporate governance
- ii. Customer satisfaction
- iii. Customer retention
- iv. Transparency
- v. Trust

Effort was made in this study to examine the benefits of e-CRM. There were eleven variables were reduced to five factors through factor analysis. These include-

- i. **Efficiency in Corporate Governance-** Since providing the e-banking services required on disclosure practices and providing all details on website. The respondent felt that this will help in improving efficiency in terms of corporate governance. Thus this factor had the highest Eigen value of 5.574 and 30.965% of variance was explained by this factor only. The sub factor in this had higher loading ranging from 0.866 to 0.929. Thus e-CRM has helped not in developing better relations with customers only; it has also helped in improving the building bank bonding and improving relations with employees as well.
- ii. **Customer Satisfaction** – The second factor has been customer satisfaction. The respondents felt that e-CRM has improved the customer satisfaction by improving time efficiency and presenting to a coordinated effort to satisfy the customer. This factor has 2.821 Eigen value and explained 15.675% of variation.
- iii. **Customer Retention** – A satisfied customer will tend to remain with bank for the longer period of time. This factor has one item only viz. Building & maintain long term relationships. The Eigen value for this factor is 2.026 and it explains 11.255 per cent of variations.
- iv. **Transparency** – Improving transparency helps in reducing inefficiency and frauds. This through e-CRM the transparency of banks has improved. This has two items, viz. i) Transparent and fair dealing and ii) investment for better e-CRM. This factor had Eigen value of 1.744 and explained 9.687 % of variation.

- v. **Trust-** This has one item viz. e-CRM increases trust. It had Eigen Value of 1.715 and explained 9.526 % of variation.

4.4: Key Strategies of e-CRM

What particularly strategies are being followed out by the bank is considered to be important to know about their perspectives to follow out CRM. These factors are further explained below with their considerable importance by showing with the help of higher factor loadings.

There were 15 questions in the questionnaire to understand the strategies being followed out. As factor analysis is performed three factors emerged out with higher factor loadings. Four factor responses were left out due to low factor loadings.

The three main factors which emerged out are –

- i. e-sales and services
- ii. Safety & Customer Targeting
- iii. Employee CRM

These three factors explain 73.865% of variance. The value of KMO test – 0.764, $p < 0.001$ which is significant and acceptable. Similarly Bartlett test of Sphericity is also significant and acceptable.

TABLE 4.3: KEY STRATEGIES OF e-CRM

S. No	Factor Name	Factor Components	Eigen Value	% of Variance	Item Loading
1.	e-Sales and Services	i. Problem solving attitude	5.123	36.591	0.847
		ii. Speedy Service			0.832
		iii. Empowerment			0.829
		iv. Interactive Management			0.806
		v. New products & services			0.889
2.	Safety & Customer Targeting	i. Process on Internet without risk	2.765	19.748	0.746
		ii. 24*7 telephonic support			0.817
		iii. Customer Prospecting			0.660
3.	Employee CRM	i. Helpful attitude of staff	2.454	17.526	0.922
		ii. Quality services			0.851
		iii. Home services			0.754

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.764
Approx. Chi-Square		4114.632
Bartlett's Test of Sphericity	df	91
	Sig.	.000

After analysing the e-CRM features and benefits it was essential to examine the determinants of e-CRM. Further analysis helped in classifying the eleven variables into three factors viz. –

- i. **e-Sales and Services-** This strategy had the highest Eigen value explaining 36.591 % of variation. All the sub factors have loadings ranging between 0.806 to 0.889. The sub factors new products & services had the highest loading. This factor had 5.123 Eigen value and explained 36.591 % of variation.
- ii. **Safety & Customer Targeting-** Next e-CRM determinant has been safety & customer targeting. The better the customer targeting and safety features of CRM software, the better the relationship the bank can share with its customers. Here 24*7 customer support had the highest loading and was considered more important than the other variables. This factor had Eigen value of 2.765 and explained 19.748% of Variation.
- iii. **Employee CRM -** It is also considered to be a key determinant for e-CRM by the respondents. The helpful attitude of staff & the quality services being offered by the bank considered to be a pivotal point in e-CRM. Home services being offered by bank also helps to build a relation with customer thus explaining that this factor is determinant of e-CRM. This factor had Eigen value of 2.454 and explained 17.526 % of Variation.

4.5 Relation between e-CRM Strategies and e-CRM Benefits

Regression was also performed with e-CRM benefits as dependent variable and the following e-CRM strategies as independent variables:

- i. sales & Services,
- ii. Safety & Customer Targeting,
- iii. Employee CRM,

The results of regression model is depicted in tables 4.4 and 4.5

Table 4.4: Regression model of e-CRM Strategies and e-CRM Benefits

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.852 ^a	.726	.725	.26243
2	.939 ^b	.881	.880	.17289
3	.963 ^c	.927	.926	.13570

a. Predictors: (Constant), e- sales & Services

b. Predictors: (Constant), e- sales & Services, Safety & Customer Targeting

c. Predictors: (Constant), - sales & Services, Safety & Customer Targeting, Employee CRM

ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	54.264	1	54.264	787.952	.000 ^b
Residual	20.522	298	.069		
Total	74.787	299			
2 Regression	65.909	2	32.955	1102.510	.000 ^c
Residual	8.877	297	.030		
Total	74.787	299			
3 Regression	69.336	3	23.112	1255.173	.000 ^d
Residual	5.450	296	.018		
Total	74.787	299			

a. Dependent Variable: Benefits of e-CRM

b. Predictors: (Constant), e- sales & Services

c. Predictors: (Constant), e- sales & Services, Safety & Customer Targeting

d. Predictors: (Constant), Employee CRM, Safety & Customer Targeting, Employee CRM,

Table 4.5: Relation of e-CRM Strategies and e-CRM Benefits

Coefficients^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
3 (Constant)	1.473	.008		188.059	0.000
e-Sales & Services	.426	.008	.852	54.286	0.000
Safety & Customer Targeting	.197	.008	.395	25.148	0.000
Employee CRM	.107	.008	.214	13.643	0.000

a. Dependent Variable: e-CRM Benefits

Regression with e-CRM benefits as dependent variable and e-CRM strategies as independent variables highlights that e-Sales and Services had the highest β of 0.426 and thus is an important predictor of e-CRM benefits. All three predictors, viz. i) e-Sales & Services; ii) Safety & Customer Targeting; and iii) Employee CRM have $p < .001$ and are significant at .01 percent. With introduction of all predictors adjusted R^2 increased from 0.726 to 0.926. F is also significant, that means the model is acceptable.

4.6 COMPARISON OF e-CRM FACILITIES OF PRIVATE AND PUBLIC SECTOR BANKS

Private Vs Public Sector Banks and e-CRM Features

The next step of the research has been to identify the customers' preference of CRM features and finally the choice of banks for various services. The study has used mean of various CRM services features to highlight the difference in performance of public and private banks.

Almost in all e-CRM services the private sector banks have an edge over public sector banks. In all prospects private sector bank is showing positive aspects as compared to public sector banks. In case of online information about the product and services and e-billing private sector banks are gaining a maximum percentage of it as compared to public sector banks. This particularly denotes that private sector banks are more

information open to customers about the product they are offering. In all aspects public sector banks are behind the private sector banks. In case of FAQ's online they are somewhat near to the private sector banks.

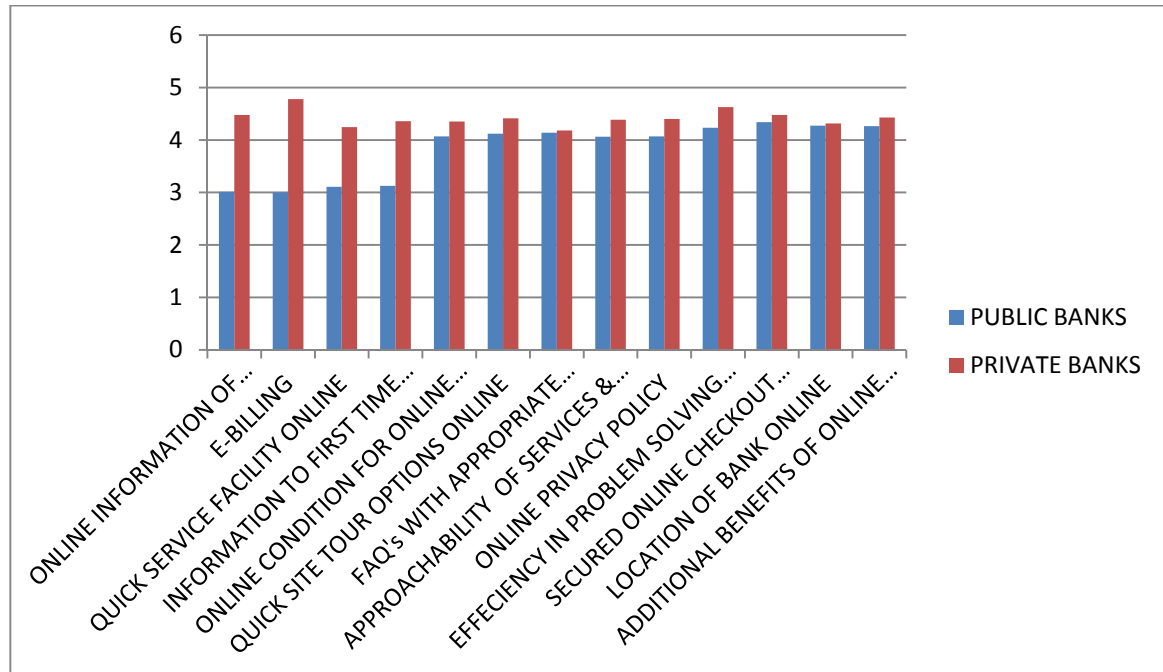


Figure 4.3: Private Vs Public Sector Banks and e-CRM Features

On the aspects given there is a strong need to cater to e-CRM features being followed out by the public sector banks. Private sector banks are paving out a good way as they are adopting e-CRM to cater the needs of the customer. In today's world customer is the king and private sector banks are able to do understand the customer and offering them whatever they want,

Private Vs Public sector banks and benefits of e-CRM

The study has used mean score of various e-CRM benefits highlighted by customers to differentiate the performance of public and private banks.

Almost in all CRM services the private sector banks have an edge over public sector banks. In all the benefits as per designed in the questionnaire all the benefits are being shown by the private sector banks. In case of public sector banks the respondents are not satisfied. The maximum difference is coming out to be in two way communication & proper

organisational structure. These benefits depict that private sector banks are having a face to face proper communication with the customers so as make them understand whatever they want to be understood. In context of organisational structure there is a proper structure more manpower is there with the private banks as compared to the public sector banks.

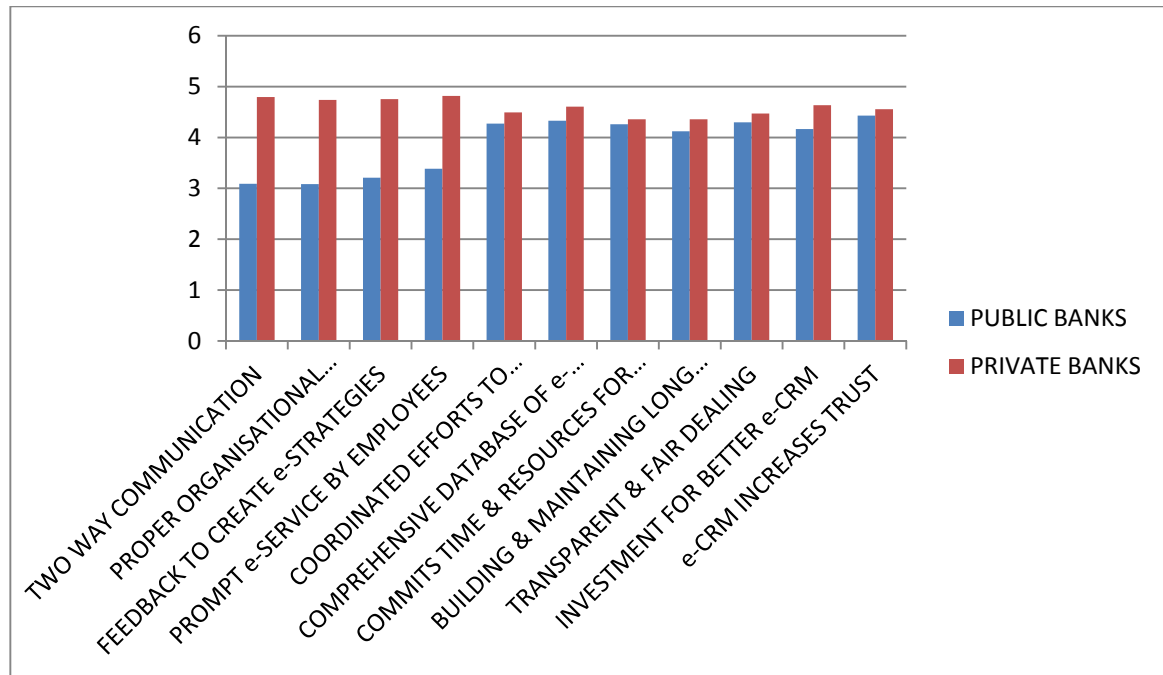


Figure 4.4: Private Vs Public sector banks and benefits of e-CRM

Private banks positively take the feedback so as to improve themselves and to create proper e-strategy to cater the customers. Since public sector commits time and resources to customers but they are lacking at a point which is keeping them behind the private sector banks.

Private Vs Public sector banks and e-CRM Strategies

The study has used mean scores of various e--CRM strategies to highlight the difference in performance of public and Private Banks. Almost in all e-CRM strategies the private sector banks had an edge over public sector banks. The private sector banks are more concerned in respect of e-CRM as compared to the public sector banks.

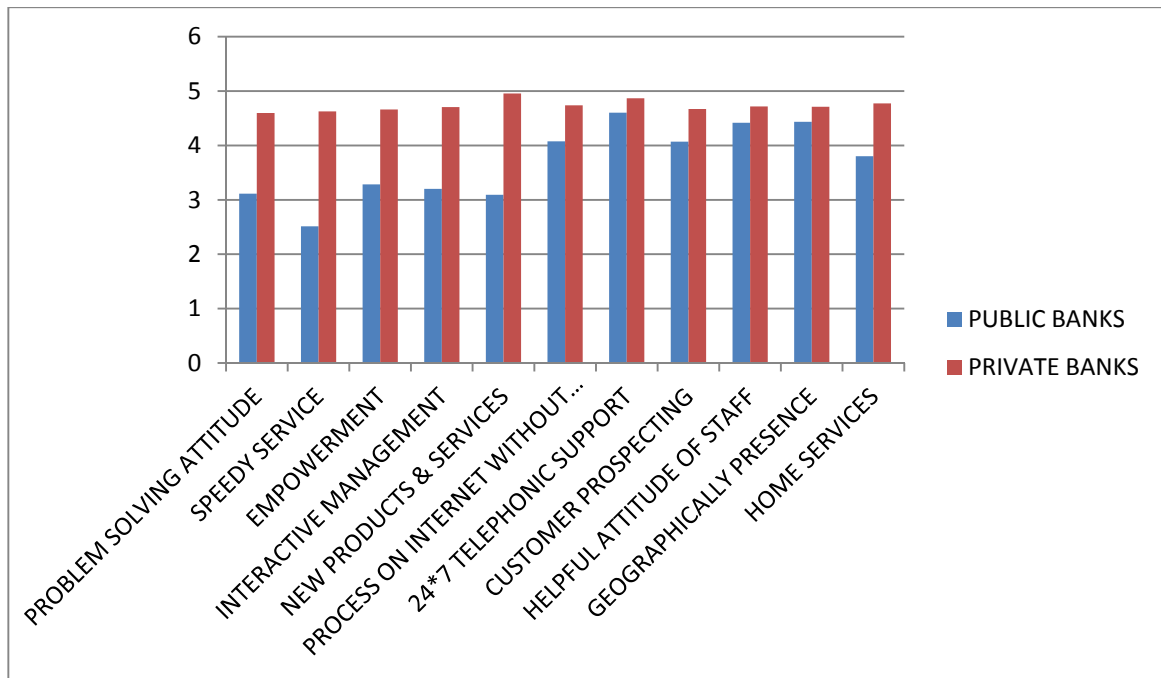


Figure 4.5: Private Vs Public sector banks and e-CRM strategies

In case of speedy service private sector had edge over public sector banks. Public sector banks are far behind Private sector banks in the strategies being followed for e-CRM. They need to understand the current scenario and arena and should follow out the e-CRM strategies to be in race for e-CRM. Thus in case of e-CRM features; e-CRM Benefits and e- CRM strategies private sector banks outperformed the public sector banks. There is a strong need for Public sector banks to improve their performance to retain their customers.

In the end we can conclude that private sector banks are far better than public sector banks in perspective of e-CRM. Private sector banks are catering the needs of customer more than the public sector banks.

CHAPTER –5

CONCLUSION

Customer Relationship Management (CRM) refers to a conceptually broad business activity becoming increasingly significant for banks in India. Private Banks have captured a large customer base in India due to their fast and efficient working style and better customer service. Customer Relationship Management, as referred to in some literature, is 10% strategy and 90% action. It is a business strategy that adds value to the customer service in Banks and brings the customers near and dear to business.

A proper strategic alliance between various partners in the process of implementing e-CRM should be decided well ahead and once the concept is accepted it should be implemented in good faith and spirit so as to derive customer delight. e-CRM emerges from the Internet and web technology to facilitate the implementation of CRM; it focuses on Internet- or web-based interaction between companies and their customers.

5.1 MAJOR FINDINGS OF THE STUDY

Some of the major findings of the study are:

- In the e-CRM features the main factors which emerged out are: i) e-CRM Core Services; ii) Operationability; iii) Security; iv) Reliability; and v) Additional Facilities.
- In the e-CRM benefits the main factors emerging from the present research are: i) Efficiency in corporate governance; ii) Customer satisfaction; iii) Customer retention; iv) Transparency; and v) Trust.
- In the e-CRM strategies emerging factors are- i) e-sales and services, ii) Safety and Customer Targeting; and iii) Employee CRM.
- As per according to the Regression result regression with e-CRM benefits as dependent variable and e-CRM strategies as independent variables highlights that e-Sales and Services had the highest β of 0.426 and thus is an important predictor of e- CRM benefits.

- Private sector banks have been found performing better as compared to the public sector banks. Private sector banks are more promising than the public banks in perspective of e-CRM.

The CRM is one such tool which helps in meeting the customer's expectations according to their changing needs. While analyzing the CRM Implementation in both the sectors, it was found that the Private Sector Banks have been able to implement the CRM practices more effectively when compared to their Public Sector counterparts. This indicates that strategically speaking, the Private Sector Banks have been more innovative in understanding their customers and in building good relations with them.

5.2 REVISITING THE OBJECTIVES

The first objective of the study has been:

O₁: To identify the key features of e-CRM in Public and Private Sector Banks

For this factor analysis was conducted. Results indicated that these five factors are: i) e-CRM Core services, ii) Operationability, iii) Security, iv) Reliability and v) Additional facilities. These five factors explained 77.623% of variation. From these the first factor, viz. e-CRM Core services had the highest Eigen value and emerged as the most important factor. It was followed by Operationability and Security.

In the first factor, the item, i) Preview of product/services online and ii) Information to first time user online had highest item loadings. In Operationability, i) Online conditions for online purchase and ii) Quick site tour option had higher item loadings. Both the items in security, viz. i) Approachability of Services & staff; and ii) Online privacy policy had item loadings more than 0.90. This highlights that security factor is very important in e-CRM. These results are corroborated by **earlier researchers**, [Boulding et al., 2005; Kennedy, 2006; Romano and Fjermestad, 2006]

O₂: To analyse the benefits of e-CRM Public and Private Sector Banks

Five factors of benefits of e-CRM emerged through factor analysis explaining 77.123 percent of variation. The factors which emerged out are: i) Efficiency in corporate governance; ii) Customer satisfaction; iii) Customer retention; iv) Transparency; and vi)

Trust. All sub factors of *efficiency in Corporate Governance*, viz. Two way communication, proper organisational structure; Feedback to create strategies and Prompt service by employees had higher item loadings in the range of 0.886 to 0.929.

The next factor explained is *Customer Satisfaction* explaining 15.675 % of variation. The sub factor namely coordinated effort to satisfy customer had higher item loading than comprehensive database of customer and Commits time & resources for customer .

The third factor viz. *Customer Retention* had sub- factor building and maintaining long term relationship with highest item loading of 0.857, signifying its importance.

O₃: To identify the key strategies of e-CRM in Public & Private Sector Banks

For identifying key strategies factor analysis helped in identifying three key strategies. These are: i) e-sales and services; ii) Safety & Customer Targeting and iii) Employee CRM. These three strategies explained 73.865% of variance.

The first strategy viz. *e-Sales and Services* had highest Eigen value of 5.123 explaining 36.591 % of variation. Information about new products and services had the highest item loading of 0.889, followed by Problem solving attitude of employees having item loading of 0.847 and Speedy Service received the next priority with 0.832 item loading. Empowerment and Interactive management were also sub-factors of this strategy.

Safety & Customer Targeting was the next prioritised strategy explaining 19.748% of variation. 24*7 telephonic support dominated in this strategy with highest item loading of 0.817.

The Third Strategy is *Employee CRM* with 17.526% of Variation. Helpful attitude of staff dominated with item loading of 0.922, followed by quality services with item loading of 0.851.

O₄: To identify the relation between key strategies of e-CRM and e-CRM benefits

For achieving this objective regression analysis was performed with e-CRM benefits as dependent variable and e-CRM strategies as independent variables. The results of regression highlight that e-Sales and Services had the highest β of 0.426 and thus is an important predictor of e- CRM benefits.

All three predictors, viz. i) e-Sales & Services; ii) Safety & Customer Targeting; and iii) Employee CRM have $p < .001$ and are significant at .01 percent. With introduction of all predictors adjusted R^2 increased from 0.726 to 0.926. F is also significant, that means the model is acceptable. Thus all three strategies are considered important, although the model chose e-Sales and Services as the most prioritised strategy.

O₅: To analyse the difference in the e-CRM strategies of Public & Private Sector Banks

Thus after identifying the features and benefits of e-CRM and analysing key strategies, the researchers tried to identify the key predictors through regression. The next step was to compare the differences in e- CRM features, benefits and strategies of public and private sector banks. In all these three aspects the performance of private sector banks was perceived to be better than public sector banks.

Regarding e-CRM features in case of online information about the product & services and in case of preview facility of product online private sector banks had higher mean ratings depicting that private sector banks are more open to customers, whether it is about the products/ services they are offering or information they are sharing. Only in case of FAQ's online, public sector banks were closer to the private sector banks.

In case of benefits also the performance of private sector banks was rated higher than that of public sector banks. The maximum difference emerged for two way communication; and for proper organisational structure. These benefits depict that private sector banks are having better communication with the customers. In context of organisational structure there is a proper structure, more manpower in the private banks as compared to the public sector banks.

In case of e-CRM strategies whether these are sales and service strategies or employee CRM related strategies the private sector again outperformed public sector banks. In speedy service private sector had edge over public sector banks. Public sector banks are far behind Private sector banks in the strategies being followed for e-CRM. They need to understand the current scenario and should adopt better e-CRM strategies to be in race for e-CRM.

Thus in case of e-CRM features; e-CRM Benefits and e- CRM strategies private sector banks outperformed the public sector banks. There is a strong need for Public sector banks to improve their performance to retain their customers.

Thus, this study shows that if banks want to attain a sustainable competitive advantage through CRM, they should efficiently apply all the e-CRM resources to create e-CRM process capabilities which are unique and cannot be copied by other banks. There is a direct relationship between perception and satisfaction, important. And employing e-CRM strategies will help in strengthening the relationship between customers and banks and help retain customers. Banks are realizing that e-CRM is the magic bullet that helps financial institutions to build stronger and more profitable relationships. Hence Banks should focus on delivering to customers by having a concise and precise ways of doing things through effective e-CRM solutions rather than developing product strategy.

5.3 IMPLICATIONS OF THE STUDY

The present study covers various aspects of e-CRM of Indian banks. There are certain learnings from the study.

- There is a need for public sector banks to improve the services provided by them. Perhaps there is a need for cultural change across all the departments of the banks.
- Customer satisfaction and customer retention would improve with focus on e-CRM.
- Security has emerged as important feature for e-CRM. Thus, Indian banks have to provide more secure w- banking options.
- There is need to focus on e-CRM strategies like e-sales and services and Employee RM to enhance customer relationship.

5.4 RECOMMENDATIONS FOR FURTHER RESEARCH

- The present study has taken customer perspective. It can be supported by bank employee's perspective.
- Sample size can be extended to include various zones and do a comparative analysis

- Future research regarding this topic can be extended to include other foreign banks and e-CRM and level of service quality, can be identified.
- Case study of best e-CRM in bank can be taken to identify the best practices.

5.5 LIMITATIONS OF THE STUDY

- The finding of the study depends purely on the responses given by the sample respondents.
- The study is restricted to NCR Region only and may not apply to other areas.

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QUESTIONNAIRE

A research is being done over “An insight into e-CRM strategies of some public & private sector banks”. This questionnaire has been designed for receiving particular information for the research on the above mentioned topic. The questionnaire is divided into three parts respectively. Kindly fill the questionnaire so as to give correct answers for the questions.

GENERAL INFORMATION ABOUT THE RESPONDENT

NAME -----

AGE 18-25 25-50 Above 50

GENDER Male Female

INCOME Low Medium High

TIME WITH BANK 5 10 >

TYPE OF BANK Public Bank Private Bank

The questionnaire is divided into three sections. Rate all the questions on the scale of 1-5.

5- HIGHLY SATISFIED

4- SATISFIED

3- NEUTRAL

2- DISSATISFIED

1- HIGHLY DISSATISFIED

PART – I: FEATRES OF e-CRM

Q1. How much accessible are the services and staff to you?

1 2 3 4 5

Q2. Is online privacy policy of bank okay?

1 2 3 4 5

Q3. Is bank offering you regular online information of online product/services?

1 2 3 4 5

Q4. The bank provides facilities for e-billing aspect for the products/services?

1 2 3 4 5

Q5. The bank is efficient in solving the problems online.

1 2 3 4 5

Q6. Bank provides secure online checkout service.

1 2 3 4 5

Q7. Bank provides you with FAQ's with appropriate solution online.

1 2 3 4 5

Q8. Whether your bank provides you with all its locations online?

1 2 3 4 5

Q9. Does your bank give you additional benefits of online payments?

1 2 3 4 5

Q10. Does your bank mention online conditions for online purchase?

1 2 3 4 5

Q11. Is your bank giving a quick site tour option online?

1 2 3 4 5

Q12. Whether the bank offers you the quick service facility online?

1 2 3 4 5

Q13. Is your bank giving any information to first time users online?

1 2 3 4 5

Q14. Does the website of bank provide you with all the mailing list of all the departments?

1 2 3 4 5

Q15. Are you being given the facility of product customisation online?

1 2 3 4 5

Q16. Is there any online bulletin board for the customers?

1 2 3 4 5

PART – II: BENEFITS OF e-CRM

Q1. The bank is providing two way communication facilities.

1 2 3 4 5

Q2. Is there a proper organisational structure of your bank?

1 2 3 4 5

Q3. Does your bank take feedback and create new e-strategies?

1 2 3 4 5

Q4. Whether the employees are providing you with prompt e-services?

1 2 3 4 5

Q5. Does your bank carries out coordinated efforts to satisfy e-customer?

1 2 3 4 5

Q6. Whether your bank is keeping a comprehensive database of e-customers?

1 2 3 4 5

Q7. Does your bank promise commitment of time and resources?

1 2 3 4 5

Q8. Whether your bank is able to build and maintain long term relationship?

1 2 3 4 5

Q9. Whether transparent and fair dealing is carried out in your bank?

1 2 3 4 5

Q10. Does your bank invest for better e-CRM?

1 2 3 4 5

Q11. Does e-CRM help to improve your trust with bank?

1 2 3 4 5

Q12. Whether your bank shares the customer information?

1 2 3 4 5

Q13. Whether your bank is able to understand the need of the customer?

1 2 3 4 5

Q14. Is your bank well organised and integrated internally?

1 2 3 4 5

Q15. Does your bank customise customer interactions to optimise loyalty?

1 2 3 4 5

Q16. Does an employee consider e-CRM as his/her responsibility?

1 2 3 4 5

Q17. Does your bank make efforts to find what customer needs?

1 2 3 4 5

PART- III: KEY STRATEGIES OF e-CRM

a. Relationship with customer

1 2 3 4 5

b. Customer prospecting

1 2 3 4 5

c. Interactive management

1 2 3 4 5

d. Empowerment

1 2 3 4 5

e. Understanding customer expectation

1 2 3 4 5

f. Speedy service

1 2 3 4 5

g. Process on internet without risk

1 2 3 4 5

h. Staff cooperation and behaviour

1 2 3 4 5

i. Problem solving attitude

1 2 3 4 5

j. Home services

1 2 3 4 5

k. Geographically presence

1 2 3 4 5

l. Quality service & staff

1 2 3 4 5

m. Data protection & privacy

1 2 3 4 5

n. 24*7 Telephonic support

1 2 3 4 5

o. New products & services

1 2 3 4 5

Thank you for your co-operation in filling the form. We appreciate the time and effort spent by you in providing us inputs for enhancing the academic content of this research.

APPENDIX II

Part I: Features of e-CRM

ITEMS	TYPE OF BANK				TOTAL	
	1		2		MEAN	SD
	MEAN	SD	MEAN	SD	MEAN	SD
Approachability of services & staff	4.06	0.24	4.39	0.52	4.22	0.43
Online privacy policy	4.07	0.26	4.40	0.49	4.23	0.42
Online information of product/service	3.01	0.11	4.48	0.50	3.71	0.81
E-billing	3.00	0.14	4.78	0.41	3.84	0.94
Efficiency in problem solving online	4.23	0.42	4.63	0.49	4.42	0.49
Secured online checkout service	4.34	0.48	4.48	0.56	4.41	0.52
FAQ's with appropriate solution online	4.14	0.38	4.18	0.44	4.16	0.41
Quick service facility online	3.11	0.31	4.25	0.49	3.65	0.70
Locations of banks online	4.27	0.50	4.32	0.47	4.29	0.48
Additional benefits of online purchasing	4.25	0.55	4.43	0.55	4.33	0.56
Online conditions for online purchase	4.07	0.30	4.35	0.51	4.20	0.44
Quick site tour option online	4.12	0.33	4.42	0.49	4.26	3.44
Information to first time users online	3.13	0.35	4.36	0.48	3.71	0.74

Type of Bank

1-Public bank

2- Private bank

Part II: Benefits of e-CRM

ITEMS	TYPE OF BANK				TOTAL	
	1		2		MEAN	SD
	MEAN	SD	MEAN	SD		
Building and maintaining long term relationships	4.12	0.43	4.36	0.48	4.23	4.69
Prompt e-service by employees	3.39	0.65	4.82	0.39	4.06	0.90
Two way communication	3.09	0.29	4.80	0.40	3.90	0.92
Comprehensive database of e-customer	4.33	0.47	4.61	0.49	4.46	0.50
Coordinated efforts to satisfy e-customer	4.27	0.45	4.49	0.50	4.38	0.49
Commits time and resources for e-customer	4.26	0.47	4.36	0.48	4.31	0.48
Proper organisational structure	3.08	0.28	4.74	0.44	3.87	0.90
Feedback to create e-strategies	3.21	0.42	4.75	0.43	3.94	0.88
Embrace e-CRM for mutual benefits	4.43	0.51	4.56	0.50	4.49	0.51
Transparent and fair dealing	4.30	0.46	4.47	0.50	4.38	0.49
Investment for better e-CRM	4.16	0.37	4.63	0.48	4.39	0.48

Part III: e-CRM Strategies

ITEMS	TYPE OF BANK				TOTAL	
	1		2		MEAN	SD
	MEAN	SD	MEAN	SD		
Customer Prospecting	4.07	0.54	4.67	0.47	4.35	0.59
Interactive Management	3.20	0.50	4.70	0.46	3.91	0.89
Empowerment	3.28	0.57	4.66	0.47	3.94	0.87
Speedy Service	2.51	0.58	4.63	0.49	3.51	1.19
Process On Internet Without Risk	4.08	0.56	4.74	0.44	4.39	0.60
Problem Solving Attitude	3.11	0.32	4.60	0.49	3.82	0.85
Home Services	3.80	0.78	4.77	0.42	4.26	0.80
Geographically Presence	4.44	0.52	4.71	0.45	4.57	0.51
Quality Service & Staff	4.42	0.51	4.72	0.45	4.56	0.50
24*7 Telephonic Support	4.60	0.53	4.87	0.34	4.73	0.47
New Products & Services	3.09	0.31	4.96	0.20	3.98	0.97