

Customer Contentment Regards to Electronic Customer Relationship Management: A Comparative Study of Public and Private Sector Banks of India

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Abstract

Financial industry is going through turbulent time in the recent years due to various changing constituents in financial business environment. Increasing and ever changing customer's financial needs and mindsets is one of the major challenge for the banking industry, reforms by RBI for making banking available to diverse section of society of issuing licenses to new players will be another threat to existing banks in retaining existing customer and acquiring new customer. Recent advancement, development and availability at affordable rates of digital technology have changed the way banks serve, connect and communicate with customers. Electronic Customer Relationship Management (eCRM) is advancement with the help of modern technology in the traditional CRM approach embraced by the banks to serve the customers round the clock at the place of their choice. This paper attempts to study the level of customer satisfaction regards to eCRM in public and private sector banks of India in Jodhpur city.

Keywords:

eCRM, traditional and web based eCRM channels, Public and Private sector banks

Introduction

Over the last few years majority of organisations are using CRM as strategic tool for survival and sustainable growth in dynamic business environment. eCRM is step ahead in maintaining relationship and providing customised products and services to customers as per their convenience and reduced cost of transactions. With the availability of technology easily and at affordable rate organisations wants to provide better value as regards to service quality of products and service to customers at better responsive rate and less time and as per customer's convenience. Babu (2011) remarks that services are tangibly intangible product of the market and many of the elements in services are qualitative in nature rather than quantitative in nature and hence are not measurable. This makes the marketer think beyond customer satisfaction whereas eCRM is very vital for companies in the present highly volatile competitive scenario. Malik & Kumar (2001) states that eCRM is the phenomenon of building relationship with customers via the internet or the relationship that is web-based is known as electronic CRM (eCRM)". 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 too many relationships to enhance their competitive advantage over the competitors.

Defining eCRM

Shan and Lee (2003) has defined eCRM as “the traditional CRM techniques by integrating technologies of new electronic channels, such as web, wireless, and voice technologies, and combines them with e-business applications into the overall enterprise CRM strategy. Further they state that “the ability to capture, integrate and distribute data gained at organisation web site throughout enterprise.” In simpler terms Paul Greenberg (2001) has defined eCRM as “CRM on line.” On the basis of understanding customer behaviour Christopher et al., 1991(cited in Aileen, 2006) has elaborated eCRM as “eCRM allows a business to understand customer behavior and forecast customer needs easier through online activities and able to improve long-run profitability, thus it becomes more popular”. According to Dotan (2008 “eCRM can improve the levels of interaction between customer and service. The common goal of using eCRM is to improve customer relationship via improving customer service and retaining profitable customers.”

In simple term eCRM is better and innovative channel for interaction, customised offerings and communication across electronic channels to serve customer at anytime and anyplace.

Differentiating CRM and eCRM

According to Chaffey (2007) eCRM refers to electronic customer relationship management or simpler CRM that is more web-based. The main difference between CRM and e-CRM are that in CRM customer contact is initiated through traditional mean of telephone, retail store or fax where e-CRM in addition to telephone customer contact can initiated through internet, email, wireless and latest technologies.

Difference between CRM and e-CRM are very delicate but important. They concern the underlying technology and its interfaces with users and other systems Pan and lee(2003) tried to point out difference between CRM and eCRM; CRM is considered an approach or business strategy providing seamless integration office every area of business that touches the customer namely, marketing, sales, customer service and field support through integration of people, process, technology. eCRM on other hand, taking advantage of the revolutionary impact of the internet, eCRM has thus broadened it and it now expands that traditional CRM techniques by integrating technologies of new electronic channels, such as web, wireless, and voice technologies and combines them with e- business application into overall enterprise CRM strategy.

Literature Review

Uppal (2011) threw light on growth of information technology in various banks. Findings shows as compared to new private sector banks and foreign banks, in public sector banks very less IT has taken place. The maximum technology is taking place in new private sector banks and foreign.

Grover (2011) in his research paper states that eCRM is an essential tool for any organisations high performance and depend on workers effectiveness more than their efficiency. With help of eCRM companies can engage their customers in an ongoing knowledge exchange in which the companies can learn more about market and customer needs and work to develop and deliver the products and services that can exceed the customers expectations

and leap ahead of market trends.

Hassan (2012) conducted a research to find out the effects of different dimensions on the service quality perception of internet banking. Results reveal that easily navigable website would be comforting for customers and they would prefer to use online services. Trustworthy and secured online system, if provided, would make the decision easy for the customer moving to internet banking. It is very important that their transactions and personal information must be fully secured. In case of any query there must not be communication gap and customer have access to the management and banking staff when needed. If banks work on these determinants that it would surely increase its customer's satisfaction.

Padhi, & Mishra (2013) in their study on eCRM in Indian banks states that by the adoption of eCRM technology in Indian Banking sector not only the customers but also the banks itself get benefited. eCRM helps the customers by customer's satisfaction through the speed processing of transaction process, through e- response, by providing quality service with trust and convenience, and by providing online transaction facilities. eCRM system enables an organization to provide sales, marketing and service personnel with better, more complete customer information.

Edge of eCRM

Several companies are turning to e-solution for CRM, to gain better understanding of customer's wants and needs. Ozdemir and Trott (2009) identified time savings, fast service, cost savings, instant access, opportunity cost savings (that is, enables more time for work) and convenience as perceived usefulness aspects for internet banking.

Key benefits to customers

- Accounts can be accessed without any restriction to place.
- Transactions can be executed from any place.
- Time and energy of customers are saved due to speedy execution of transaction at door step.

Key benefits to banks

- Better customer understanding and knowledge.
- Increased customer retention and profitable customers.
- Automation helps in increased efficiency and productivity of employees.
- Additional and attractive medium for marketing and selling products and services.
- Quick response to customer queries.
- Cost reduction due to paper less transactions.
- New product can be introduced at high pace.

With the help eCRM banks have been able to integrate the multiple channel information to provide a unified view about the customers (Peppard 2000) increasing the operational efficiency (Jutla et al. 2001) and customer centered approach (Pan and Lee 2002;

Puschmann 2001)

Overall Research Purpose

The important objective of research is to ascertain the level of customer satisfaction with eCRM quality and eCRM channels of public and private sector banks of India covering the internet and

mobile banking.

Sample Size and Respondents

The survey was carried with 400 carefully selected participants who are regularly using banking services in Jodhpur Region. 100 respondents of each bank were selected for this research studies.

Name of Bank	Sample Size of Respondents
State Bank of India	100
Oriental Bank of Commerce	100
Housing Development Finance Corporation	100
AXIS Bank	100

Research Hypothesis

In this study, following hypothesis is going to be examined. The level of significance is tested at 95% confidence level.

Hypothesis 1:

Null Hypothesis: There is no significant difference in customer satisfaction relating to traditional eCRM channels in public and private sector banks.

Alternative Hypothesis: There is significant difference in customer satisfaction relating to traditional eCRM channels in public and private sector banks.

Hypothesis 2:

Null Hypothesis: There is no significant difference in customer satisfaction relating to web based eCRM channels in public and private sector banks.

Alternative Hypothesis: There is significant difference in customer satisfaction relating to web based eCRM channels in public and private sector banks.

Hypothesis 3:

Null Hypothesis: There is no significant difference in customer perception relating to eCRM facilities (banks websites) provided by public and private sector banks.

Alternative Hypothesis: There is significant difference in customer perception relating to eCRM facilities (banks websites) provided by public and private sector banks.

Scale

The five point Likert scale has been used to collect the responses relating to each item have been recorded on five arbitrary points comprising of these dimensions.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Disagree
1	2	3	4	5

Data Analysis and Interpretation

The data was analysed with the help of Statistical Package for

Social Science (SPSS) version 16 using the statistical technique of analysis of variance (ANOVA).

Traditional eCRM Channels

Table 1: Descriptive analysis of Customer perception towards traditional eCRM channels

Traditional Channels		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
						Lower Bound	Upper Bound		
						ATM	Public Bank		
	Private Bank	200	4.03	.763	.054	3.92	4.14	1	5
	Total	400	3.98	.825	.041	3.90	4.06	1	5
Call centre	Public Bank	200	3.14	1.097	.078	2.98	3.29	1	5
	Private Bank	200	3.27	1.074	.076	3.12	3.42	1	5
	Total	400	3.20	1.086	.054	3.10	3.31	1	5
Phone banking	Public Bank	200	3.40	.967	.068	3.27	3.54	1	5
	Private Bank	200	3.66	.853	.060	3.54	3.78	1	5
	Total	400	3.53	.920	.046	3.44	3.62	1	5

The population mean of traditional eCRM channels in private sector banks is more in comparison to public sector banks and standard deviation in private sector bank is near to mean in

comparison to public sector banks indicating that responses of private sector banks cluster more near the mean of private sector banks in comparison to public sector banks.

Table 2: Analysis of Variance of traditional eCRM channels

		Sum of Squares	df	Mean Square	F	Sig.
ATM	Between Groups	1.000	1	1.000	1.470	.226
	Within Groups	270.840	398	.681		
	Total	271.840	399			
Call centre	Between Groups	1.823	1	1.823	1.547	.214
	Within Groups	468.775	398	1.178		
	Total	470.598	399			
Phone banking	Between Groups	6.503	1	6.503	7.817	.005
	Within Groups	331.075	398	.832		
	Total	337.577	399			

The table 2 presents the sig. values .226, .214 for ATM and Call centre respectively which is more than .05. Hence statistically speaking there is no significant difference in customer perception regarding ATM and Call Centre facilities of public and private

sector banks. Phone banking has sig. value .005 which less than .05 meaning there is significant difference in customer perception towards phone banking in public and private sector banks.

Web based eCRM channel

Table 3: Descriptive analysis of Customer perception towards Web based eCRM channels

Channels		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
						Lower Bound	Upper Bound		
Internet banking	Public Bank	200	3.62	.969	.069	3.49	3.76	1	5
	Private Bank	200	3.96	.745	.053	3.85	4.06	1	5
	Total	400	3.79	.879	.044	3.70	3.88	1	5
Mobile banking	Public Bank	200	3.56	.912	.064	3.43	3.65	1	5
	Private Bank	200	3.83	.796	.056	3.72	3.94	1	5
	Total	400	3.69	.866	.043	3.61	3.78	1	5
SMS/ E-mail	Public Bank	200	3.68	.981	.069	3.54	3.82	1	5
	Private Bank	200	3.92	.782	.055	3.81	4.02	2	5
	Total	400	3.80	.894	.045	3.71	3.89	1	5
Social network	Public Bank	200	3.03	1.079	.076	2.88	3.16	1	5
	Private Bank	200	3.64	.828	.059	3.52	3.75	1	5
	Total	400	3.33	1.007	.050	3.23	3.43	1	5

The mean of web based eCRM channels in private sector banks is comparatively more than public sector banks and standard deviation in private sector bank is near to mean in comparison to

public sector banks indicating that responses of private sector banks cluster more near the mean of private sector banks in comparison to public sector banks

Table 4: Analysis of Variance of Web based eCRM Channels

		Sum of Squares	df	Mean Square	F	Sig.
Internet banking	Between Groups	10.890	1	10.890	14.570	.000
	Within Groups	297.470	398	.747		
	Total	308.360	399			
Mobile banking	Between Groups	7.562	1	7.562	10.321	.001
	Within Groups	291.615	398	.733		
	Total	299.178	399			
SMS/ E-mail	Between Groups	5.522	1	5.522	7.021	.008
	Within Groups	313.075	398	.787		
	Total	318.598	399			
Social network	Between Groups	36.602	1	36.602	39.688	.000
	Within Groups	368.175	398	.925		
	Total	404.778	399			

The sig. value in table 4 is .000, .001, .008 and .000 of internet banking, mobile banking, SMS/email and Social networks respectively which is significantly less than 05. Therefore statistically there is significant difference between customer

satisfactions regards to mobile and internet banking in public and private banks. Hence the null hypothesis is rejected and alternative hypothesis is accepted.

eCRM facilities (Bank website)

Table 5: Analysis of Variance of eCRM facilities

		Sum of Squares	df	Mean Square	F	Sig.
Website is of bank is quick and easy to access	Between Groups	27.040	1	27.040	38.316	.000
	Within Groups	280.870	398	.706		
	Total	307.910	399			
Website is informative and easy to get information about product and services.	Between Groups	52.563	1	52.563	78.096	.000
	Within Groups	267.875	398	.673		
	Total	320.437	399			
Online transaction is completed accurately	Between Groups	37.210	1	37.210	57.228	.000
	Within Groups	259.790	398	.650		
	Total	296.000	399			
It Protects the information about customers online banking transactions.	Between Groups	31.360	1	31.360	47.049	.000
	Within Groups	265.280	398	.667		
	Total	296.640	399			
Transaction and transfer of fund is secure	Between Groups	37.822	1	37.822	57.686	.000
	Within Groups	260.955	398	.656		
	Total	298.777	399			
It save transaction cost and fees	Between Groups	24.503	1	24.503	31.481	.000
	Within Groups	309.975	398	.779		
	Total	334.478	399			

The table 5 depicts that the sig value of all factors considered as regards eCRM facilities are .000 which is less than .05. So we reject the null hypothesis and accepted the alternative hypothesis. So there is significant difference between customer perception regarding eCRM facilities provided by public and private sector banks.

Major Findings

Findings of the study reveal that there is no significant difference in customer's perception and satisfaction about traditional eCRM channels ATM and Call Centre except for Phone banking. There is significant difference in Web based eCRM channels of public and private sector banks. As regards eCRM facilities (website) there is difference in both the sector banks and private sector banks out score the public sector banks.

Managerial Implications

The results of study reveals that public sector banks are not able to match the eCRM facilities provided by private sectors banks even after half a decade of introduction of web based channels and facilities. Banking industry is facing tough competition of cost reduction and technology can be one of the enabler for cost savings for banks. Banks should educate and encourage the customers about use of technology with help of workshops, conference etc. Banks should highlight the benefits of cost and time saving in transaction through internet banking. Banks should encourage old age people who are still reluctant to use technology enable channels by educating them. To attract the young and working segments of customer's banks should improve its eCRM practice related to security and privacy issues. Banks should enrich the digital technologies for convenient and easy use for customers.

Conclusion

It is high time for public sector banks to pamper the customers by improving its services with respect to web based channels and websites facilities otherwise customers will make shift to better service providers. Private sector banks should maintain the current standards and continue to serve the customers by introduction of new and innovative digital channels of banking which will help in saving customers time and cost reduction for customer as well as banks and help in capture generation Y which is available more online than offline. Both the sector banks should simplify the technology so that technology reluctant generation can be attracted.

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