A study of application of information technology using e-CRM in bank in rural area with special reference to SBI Bank, Sangamner

Dr. Kirti Gulati (Ass Prof)
Institute of Management and Business Administration, Akole

Dr Malhar Kolhatkar
Nagpur University

ABSTRACT:
Technology, people and customer are the three elements on which hinge the success of banking in today’s fast changing economic environment. The ultimate performance of a bank depends upon the satisfaction of its customers. In the emerging competitive and technological driven banking era, banks have to strive hard for retaining and enlarging their customer base. E-CRM, which is the latest buzzword in the corporate sector, is perceived as one of the effective tool in this direction by the banks. Its emphasis is on defining the customers as valuable in the long-term and on viewing customer relationships as learning relationships. The present paper attempts to analyze the concept of e-CRM in State Bank of India in rural area from its various dimensions covering specifically its need, process, present status and future prospects.

To justify the purpose research questions have been addressed & on the basis literature review a frame of reference was developed which helped us to answer the research questions & collect data. A qualitative research approach was used for this study. Empirical data was collected through in depth interviews of SBI bank in Sangamner & group of their customers.

Key words: Banking, State Bank of India, e-CRM, customer relationship

Introduction:
The Internet has witnessed dramatic evolvement over the past 30 years. Today, the Internet provides the foundation for electronic mail (e-mail), the World Wide Web (WWW) and electronic commerce (e-commerce).

One way of improving competitive advantage is to attract more customers and increase customer retention; for example, by developing long-term, secure relationships between the buyers and sellers. Customer Relationship Management has emerged as a popular business strategy in today’s competitive environment. It is a discipline which enables the companies to identify and target their most profitable customers. CRM involves new and advance marketing strategies which not only retain the existing customers but also acquire new customers. It has been invented as a unique technique capable of remarkable changes in total output of companies. While the concept of relationship marketing was formally introduced in early 90s when financial services, airlines and other service institutions stated to ‘reward to retain’ the existing customers by introducing loyalty programs. CRM has developed into a major corporate strategy for many organizations. It is concerned with
the creation, development and enhancement of individualized customer relationships with carefully targeted customers and customer groups resulting in maximizing their total customer life time value. It is an overall business strategy that enables companies to effectively manage relationships with their customers. It provides an integrated view of a company’s customers to everyone in the organization. With the intensified competition, companies realized that they have to treat their customers with respect. Customers have a lot more choices and they do not have to be loyal to any company. Companies are now trying to figure out ways to manage customer relationships effectively, not only to acquire new customers but also to retain their existing customers.

Relationship marketing becomes an important determinate of success in increasingly competitive business world of today. With the rapid growth of electronic business and rise in Internet-based services, the internet has provided a platform to deliver CRM functions on the Web; hence, a new concept is born: eCRM (Electronic customer relationship management). eCRM 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. In the new competitive era banks too are focusing on managing customer relationships in order to manage global challenges and efficiently maximize revenues.

Customer relationship management systems are being widely across various sectors and in companies widely varying in size. It has been viewed as a process aimed at collecting customer data, find profiles of customers and use the customer knowledge in specific marketing activities. (Swift, 2001) CRM has been seen as an IT-enabled business strategy focusing on developing and retaining customers through increased scores on satisfaction and loyalty.

Literature review:
Shani and Chalasani (1992) define relationship marketing as an integrated effort 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. Narrow functionally based traditional marketing is being replaced by CRM. A narrow perspective of CRM is database marketing emphasizing the promotional aspects of marketing linked to database efforts (Bickert 1992).

Berry (1995) stresses that attracting new customers should be viewed only as an intermediate step in the marketing process. Developing close relationships with these customers and turning them into loyal ones are equal aspects of marketing. Thus he proposed relationship marketing as attracting, maintaining and in multi service organizations- enhancing customer relationships. Berry’s notion of customer relationship management resembles that of Gronroos (1990), Gummesson and Levitt (1981). Another important facet of CRM is customer selectivity. As several research studies have shown not all customers are equally profitable for an individual company (Storbacka 2000).

Sheedy, Elizabeth (1997), proposed that, Relationship marketing emphasizes long-term relationships between providers and customers, rather than individual transactions.

Rich, Michael K., (2000), highlighted that the evolution from transaction marketing to relationship marketing in recent years has resulted in research indicating the need for more rigorous databases and greater utilization of current computerized tracking systems. Relationship selling has been examined and the results stress long-term perspectives to the dyadic exchange process to enhance sales results.

Dyche (2001) identified that aim of e-CRM systems is to improve customer service, develop a relationship and retain valuable customers. It enhances delineation in customer’s value. Means to motivate valuable
customers remain loyal with the enhanced features of eCRM, where e makes the huge difference.

Vital & important key point is that e-CRM takes into different forms, relying on the objectives of the organization. It is about arranging in a line business process (Rigby et. al., 2002) According to Rosen K, (2000) eCRM is about people, process & technology and these are key paramount to success.

Authors like Rowley (2004), Xu et al (2002) and Bose (2002) have focused on a requirement of capabilities in CRM systems beyond basic levels. Xu et al (2002) links CRM system allowing the organization to gain an insight into the behaviour of individual customers and this helps to target and customize marketing communication & messages. The tools embedded in the CRM system support the calculation of customer lifetime value for the ‘segment of one’ that is individual customers. Rowley (2004) evaluates CRM systems in their capabilities to include online order, e-mail, and knowledge bases and the use of these to generate customer profiles and finally to customize service. However both Xu et al (2002) and Rowley (2004). However the above mention authors neither give the key components of the CRM system nor do they mention a blueprint for the development of such a system. Bose (2002) has outlined a CRM development plan based on the development life –cycle approach involving acquisition, analysis and use of knowledge about customers so as to sell more goods and services and to do it more efficiently. An integration of technologies, working together, such as data warehouse, website internet/ extranet, phone support systems, accounting, sales marketing and sales has been called for by the author. The analytic functions desired have been proposed to be fulfilled by separate systems such as decision support systems and expert systems.

Kaushik Mukerjee (2006) in his paper “CRM in Banking-Focus on ICICI Bank’s initiatives” had focused on CRM in Banking and its applications in ICICI Bank. The CRM in ICICI is being used for targeting customers, sales, and consistent interface with customers, etc. ICICI Bank has managed to focus better on customers by undertaking a serious approach that has enabled it to manage its operations effectively. It included better targeting of customers; higher share of wallet; more effective channel strategies; database marketing, etc. The bank is able to evaluate customer usage pattern through CRM data warehouse. New products are developed through extensive customer profiling. Through CRM, ICICI is able to manage its data centrally.

Various studies were conducted related to information systems usage in organizations. A.M.Rawani and M.P.Gupta (2002) found that IS played a supportive role in public sector banks and a strategic role in private and foreign sector banks as supported by Kaushik Mukerjee (2006), M.P.Gupta and Sonal Shukla (2004)

Aim:
To find out the application of information technology using eCRM in bank in rural area with special reference to State Bank of India, Sangamner

Objective of the study:
The study aims to determine the application of e CRM in bank in rural area with special reference to SBI Bank, sangamner. It was further directed towards analyzing the customer’s opinion about the bank with respect to electronic relationship oriented behaviors.

The study had following Objectives:
1. To study the effective use of e CRM in Bank in rural area
2. To study to manage global challenges by use of e CRM in Bank in rural area
3. To study the customer satisfaction and customer loyalty towards bank

**Hypothesis of the study:**

The study seeks to clarify several propositions that revolve around the central theme of the study that is analyzing the application of electronic customer relationship marketing in bank in rural area. The hypothesis was being formulated in synchronization with the purpose and objectives of the study. Moreover the hypothesis covered all the dimensions of the use of information solutions for relationship marketing in bank. The following set of hypotheses were being formulated & were being cross examined and tested to draw certain inferences & conclusion about the study.

- ECRM is one of the needs of today to manage global challenges.
- Effective e-CRM policies by the bank even attract and retain the customers of rural area.

Use of e CRM polices by the bank is the important parameter for satisfaction of customers and customer loyalty towards the bank.

**Research Methodology:**

Research Methodology is a way to systematically solve the research problem, it not only takes the research methods but also consider the logic behind the methods. The study of Research Methodology for developing the project gives us the necessary training in gathering materials and arranging them, participation in the field work when required, and also provides training in techniques for the collection of data appropriate to particular problems.

Considering that CRM is vastly employed in the service sector the banking sector was chosen for the purpose of the study. State of India, Sangamner branch employing eCRM was taken up in the present survey. Following interviews with the management, it was learnt that since CRM is taken as a catchword by business today, many organizations are vying to introduce it to differing extents.

**Questionnaire Development:**

The questionnaire was based upon several dimensions/antecedents of e CRM & these dimensions were adaptation of the few of the dimensions/antecedents used to measure IT solutions & its application to manage global challenges that were thoroughly examined through the literature review & probed how customer perceive/feel about its implementation in Bank.

The instrument developed to measure the customer perception related to bank eCRM services provided by the bank.

**Design:**

*Questionnaire & interaction based* A well defined questionnaire as a research instrument consisting questions aimed to measure the consumers perception about the eCRM policies used by their bank and their views about it.

**Scope:**

Limited to selected sample of customers of SBI Bank, Sangamner

**Sample size:**

After initial testing, the instruments were finalized and administered on 200 respondents that are customers of the State of bank. The data relating to perceptions were subjected to factor analysis.
Sampling Process:
Research being exploratory in nature, a simple random & convenient sampling was taken into consideration.

Contact Method:
Customers are contacted personally and information was collected with the help of a questionnaire.

Duration: 10 days

Inclusion Criteria:
Respondents are Customers of State Bank of India, Sangamner. Customers from different lifestyle & professions are interviewed. This has helped to gather liable information regarding survey.

Finding:
Overall, customer perceptions are far more positive in the context of the bank employing eCRM than before.

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Poor %</th>
<th>Fair %</th>
<th>Good %</th>
<th>Very Good %</th>
<th>Mean Score</th>
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<tbody>
<tr>
<td>Customer interaction &amp; satisfaction</td>
<td>23</td>
<td>38</td>
<td>27</td>
<td>12</td>
<td>4.95</td>
</tr>
<tr>
<td>Convenience of customer to do all processes smoothly</td>
<td>2</td>
<td>20</td>
<td>55</td>
<td>23</td>
<td>6</td>
</tr>
<tr>
<td>Speed of processing the transaction though E-response, auto response and by email.</td>
<td>3</td>
<td>37</td>
<td>42</td>
<td>18</td>
<td>5.75</td>
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<tr>
<td>Service quality</td>
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<td>30</td>
<td>47</td>
<td>23</td>
<td>5.93</td>
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<tr>
<td>Business communication</td>
<td>2</td>
<td>20</td>
<td>55</td>
<td>23</td>
<td>6</td>
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<tr>
<td>Personalised services or one to one services</td>
<td>2</td>
<td>28</td>
<td>48</td>
<td>22</td>
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<td>Website to market products and services</td>
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<td>48</td>
<td>27</td>
<td>5</td>
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<td>53</td>
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<td>Trust</td>
<td>11</td>
<td>27</td>
<td>37</td>
<td>25</td>
<td>5.75</td>
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</tbody>
</table>

Conclusion:
- Customer interaction & satisfaction is found to be an important benefit provided by banks using eCRM
- Convenience is a major benefit provided to the customers of the bank
- Speed at which the transactions have been processed and their rate of accuracy is an advantage provided by banks through the usage of eCRM.
Marketing management

- Reliable employees, availability of latest IT were some of the added benefits provided by banks to its customers.
- Trust in the overall services of the organisation is an important benefit provided to the customers.

References:


