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CUSTOMER SATISFACTION AND CUSTOMER LOYALTY AS A TOOL FOR MEASURING CRM: A STUDY OF RURAL BANKS

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ABSTRACT

Customer relationship deals with long term, mutually beneficial relationship among the consumers, companies and other stakeholders. Customer Relationship Management (CRM) is not defined by single activity, many more different works and services contributed for the maintaining a cordial relationship between banks and customers. Customer satisfaction and customer loyalty are the important variables in measuring the CRM. If customers are satisfied relationship is continued for a long term, loyal customers are the assets of the organization. This study is more specialized one, because, the study covers only rural areas of selected two districts viz. Mandya and Mysore of Karnataka. Five banks are selected for this study which is working in rural area; these banks are categorized by the RBI like Public Sector Banks, Co-operatives and Regional Rural Banks. 100 is the sampling size of the study, convenient sampling method is employed. Simple statistical tools like one sample test and simple linear regression is applied for analysis and testing of hypothesis.

Keywords: Customer Satisfaction, Loyalty, CRM

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1. INTRODUCTION

Retaining the customer is becoming a big challenge due to advanced technology, computerization, networking of branches and more competitiveness. Customers are becoming dynamic and less loyal in their behavior. The development of the Internet is further adding to this trend and the whole market becomes transparent and customers are in a position to move easily from one bank to another. In such a situation, customer satisfaction is the key to bank marketing, which aims to retail their old customers and by bringing in new customers. Two strategies are identified for increasing an organisation's market penetration: the offensive strategy, which focuses on generating new customers, and the defensive strategy which focuses on preserving the current customers. Although these strategies can be successful, all customers are not retained as a consequence and organisation's need to identify those customers at risk of leaving in order to reduce defections. (Ellie and Malcolm: 2000)

Most of the banks are concentrating more on retaining the existing customers rather than going for new customers. Lot of research studies have been carried out about servicing existing customers and customer retention. The concept of acquiring new customers has not gained the

required momentum. That area has been unexplored by many of the researchers. An attempt has been made in this study to examine the various initiatives which have been taken by the banks in acquiring customers. Implementation of Customer Relationship Management poses a greater challenge to the banks after acquiring the customers. The various ways and means through which Customer Relationship Management is implemented by the banks to determine the success or failure of the entire concept. Many research articles have identified a number of approaches towards implementation of Customer Relationship Management.

PennieFrow, et al.,(2011) This paper aims to consider the neglected area of customer relationship management (CRM) and customer management's "dark side"; and identify the key types of dark side behaviours of service providers as well as integrated approaches to CRM that will assist in overcoming dark side behaviour. The paper identifies ten forms of dark side behaviour that may be grouped into three broad categories based on means used and target. It illustrates how different types of dark side behaviours may be linked to the key strategic CRM processes.

Mahaswar&Sweta (2015) analysed the customer relationship management in banking sector as a strategic tool. The objective of the study was to analyse weather banks were implementing the concept of CMR& evaluate the service quality offered by Axis Bank Bhubaneswar. The study adopted primary data of Axis Bank respondents. The study identified that the satisfaction with service and time spend to get the work done and grievance redresses service were satisfied with the services offered by the different branches of the bank. The study concludes that CRM has helped in establishing customer relationship with clients and long way in developing a lifelong relationship.

OBJECTIVES OF THE STUDY

1. To study the customer satisfaction and customer loyalty towards banking services in rural area.
2. To Study the relationship between Customer satisfaction and customer loyalty.

2. HYPOTHESIS OF THE STUDY

H1: There is significant relation between CRM and Customer loyalty and Customer Satisfaction.

3. RESEARCH METHODOLOGY

3.1 Research design:

Research design for study considered is descriptive research. Research was undertaken by administrating a questionnaire to the customers of the selected banks. The questionnaire is designed to facilitate response that would confirm the level of customer satisfaction and customer loyalty and relationship between CRM.

3.2 Sampling:

Population of the present study was selected from customers of public, co-operative sector banks which are situated in rural areas of Mysore and Mandya districts, Karnataka. A total of 100 respondents were equally selected from the SBI, CanaraBank, District Co-operative Central (DCC)Banks,VyavasayaSevaSahakaraSanghaNiyamitha/RaitharaSevaSahakaraSanghaNiyamitha(VS SSN/RSSSN) branches and on Regional bank i.e., KaveriGrameenaBank, on the basis of convenient sampling technique. 100 questionnaires issued to the customers, for each bank 20 customers selected and issued to the customers, in this related 85 customers are filled and returned.

4. RESULTS OF THE STUDY

4.1 Customer satisfaction on banks:

When customer expectations are reached by the banks, customers are satisfied with the banking services. Customer satisfaction is one of major variable in the success strategy of CRM. This study covers the Current service provider meet all your pre-purchase expectations, Overall service is good, Satisfied with the current service provider, Satisfied with the overall service package, Worthiness of the spending on the services. This study measure the customer satisfaction by using the following variables. Data collected from the 88 customers of nationalized banks, Co-operatives and one regional rural bank is covered.

Table No. 1: Customer satisfaction on banks (One way ANOVA) Descriptive

		N	Mean	Std. Deviation
Current service provider meet all your pre-purchase expectations	SBI	16	2.4000	.49144
	Canara Bank	17	2.0909	.66995
	DCC bank	19	2.5556	.68733
	VSSSN/ RSSSN	18	3.1946	.39725
	KGB	18	2.7000	.40126
	Total	88	2.8948	.70194
Overall service is good	SBI	16	2.7000	.45970
	Canara Bank	17	2.4091	.90252
	DCC bank	19	2.3333	.47305
	VSSSN/ RSSSN	18	3.2013	.75319
	KGB	18	3.2000	.40126
	Total	88	2.8758	.84137
Satisfied with the current service provider	SBI	16	2.6000	.70220
	Canara Bank	17	2.2182	.83557
	DCC bank	19	2.3333	.47305
	VSSSN/ RSSSN	18	3.2013	.75319
	KGB	18	2.3000	.49144
	Total	88	2.9366	.88331
Satisfied with the overall service package	SBI	16	2.7100	.30094
	Canara Bank	17	2.0909	.79479
	DCC bank	19	2.5556	.68733
	VSSSN/ RSSSN	18	3.3020	.64415
	KGB	18	2.9000	.40126
	Total	88	3.0165	.83907
Worthiness of the spending on the services	SBI	16	2.8000	.40126
	Canara Bank	17	2.1818	.57660
	DCC bank	19	2.5556	.49864
	VSSSN/ RSSSN	18	2.7013	.40236
	KGB	18	2.2000	.40126
	Total	88	2.9975	.72483

Source: Field Survey

Table No. 2: Customer satisfaction on banks (One way ANOVA)

		Sum of Squares	df	Mean Square	F	Sig.
Current service provider meet all your pre-purchase expectations	Between Groups	154.812	1	38.703	**129.973**	**.000**
	Within Groups	233.457	87	.298		
	Total	388.269	88			
Overall service is good	Between Groups	240.122	1	60.031	**148.137**	**.000**
	Within Groups	317.705	87	.405		
	Total	557.828	88			
Satisfied with the current service provider	Between Groups	259.890	1	64.972	**143.512**	**.000**
	Within Groups	354.942	87	.453		

	Total	614.831	88			
Satisfied with the overall service package	Between Groups	275.275	1	68.819	**193.030**	**.000**
	Within Groups	279.510	87	.357		
	Total	554.786	88			
Worthiness of the spending on the services	Between Groups	245.098	1	61.274	**284.429**	**.000**
	Within Groups	168.897	87	.215		
	Total	413.995	88			

Source: Field Survey

Above tables indicates that variables of **Customer satisfaction on Banks** like Current service provider meet all your pre-purchase expectations, Overall service is good, Satisfied with the current service provider, Satisfied with the overall service package, Worthiness of the spending on the services it is identified with the one way ANOVA test, table 4.27 shows the descriptive analysis with mean values and table 4.28 shows the ANOVA table with F values and its significance. Customers of all the banks are satisfied with the various services, it is proved by one way ANOVA, Mean values and F value is significant with the 5 percent level of significance **(0.000<0.05)**. Current service provider meet all your pre-purchase expectations in this view customers are opined that canara bank is giving more satisfaction, its services are meet the expectation of the consumers, concerning to Overall service is good SBI, Canara and DCC bank customers are happy with overall services, with reference to Satisfied with the current service provider and the overall service package of the banks SBI, Canara bank, DCC banks and KGB banks are good. Worthiness of the spending on the services all the banks are excellent because without the worthiness of spending customers are not continue with the bank.

4.2 Customer Loyalty:

Customer loyalty has received much consideration and attention from banking industry and CRM. Build consumer loyalty is seen as the key factor in development of banks. But it is very costly to attract customers and gain the customer loyalty. In this study attempted that measure the customer loyalty, it contains many variables of customer loyalty like have more connection from the service provider, service provider has a positive Image, service provider is a leading firm in this sector, encourage friends and relatives who plan to avail the service, recommend this service provider to others and using this same service provider.

Table No. 3: Customers loyalty (One way ANOVA) Descriptives

		N	Mean	Std. Deviation
I will go on using this same service provider	**SBI**	**16**	**2.4000**	.49144
	Canara Bank	**17**	**2.2182**	.93864
	DCC bank	**19**	**2.4444**	.68733
	VSSSN/ RSSSN	18	3.2953	.64203
	KGB	**18**	3.5000	.50157
	Total	88	2.8935	.78133
I recommend this service provider to others	**SBI**	**16**	**2.5000**	.50157
	Canara Bank	**17**	**2.1273**	.75179
	DCC bank	**19**	**2.3333**	.47305
	VSSSN/ RSSSN	18	**2.5973**	.66698
	KGB	**18**	**2.3000**	.64232
	Total	88	2.7009	.75687
I encourage friends and relatives who plan to avail the service	**SBI**	**16**	**2.6000**	.49144
	Canara Bank	**17**	**2.3091**	.79479

DCC bank	**19**	**2.3333**	.66899
VSSSN/ RSSSN	18	3.0067	.77544
KGB	**18**	**2.6000**	.49144
Total	88	2.8999	.78136

Source: Field Survey

Table No. 4: Customers loyalty (One way ANOVA)

		Sum of Squares	df	Mean Square	F	Sig.
I will go on using this same service provider	Between Groups	119.913	1	29.978	**65.079**	**.000**
	Within Groups	361.144	87	.461		
	Total	481.057	88			
I recommend this service provider to others	Between Groups	149.061	1	37.265	**96.630**	**.000**
	Within Groups	302.348	87	.386		
	Total	451.409	88			
I encourage friends and relatives who plan to avail the service	Between Groups	140.751	1	35.188	**81.058**	**.000**
	Within Groups	340.339	87	.434		
	Total	481.090	88			

Source: Field Survey

The above tables indicates that variables of **Customer loyalty** i.e., customers are like to have more connection from the service provider, the service provider has a positive image in the mind of customers and the service provider is a leading firm in the banking sector; it is identified with the one way ANOVA test, the table3 shows the descriptive analysis with mean values and table 4 shows the ANOVA with F values and its significance. Customer loyalty towards their banks are very moral, it is proved by one way ANOVA, Mean values and F value is significant with the 5 percent level of significance **(0.000<0.05)**. Having more connection from the service provider in this view SBI, Canara Bank and DCC banks customers are very happy and loyal about their banks. In this study, all the customers of their respective banks are happy to introduce to others.

4.3 Testing of Hypothesis

H1: There is significant relation between CRM and Customer loyalty and Customer Satisfaction.

H0: There is no significant relation between CRM and Customer loyalty and Customer Satisfaction.

Table 5: Regression Model summary of Customer loyalty and Customer Satisfaction and Customer relationship Management

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.785[a]	.615	.615	10.15251

a. Predictors: (Constant), Customer Loyalty and Customer Satisfaction

(Source: Primary Data)

Table 6: Results of Analysis of variance of the Regression model of Customer loyalty and Customer Satisfaction and Customer relationship Management

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	129853.010	1	129853.010	**1259.811**	.000[b]
	Residual	81118.739	787	103.073		
	Total	210971.749	788			

a. Dependent Variable: Customer Relationship Management; b. Predictors: (Constant), Customer Loyalty and Customer Satisfaction *(Source: Primary Data)*

able 7: Showing Analysis of coefficients of the Regression Model of Customer loyalty and Customer Satisfaction and Customer relationship Management Coefficients[a]

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Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	32.042	1.759		**18.213**	**.000**
	Customer Loyalty and Customer Satisfaction	3.526	.099	.785	**35.494**	**.000**
a. Dependent Variable: Customer Relationship Management						

(Source: Primary Data)

This hypothesis is tested with simple linear regression model and it is found that the value of Beta co-efficient and it is associated t values are statistically significant at 5 per cent level of significance (p</000 in all these cases) therefore null hypothesis there is no significant relation between CRM and Customer loyalty and Customer Satisfaction is rejected with a conclusion that the there is a significant relation between CRM and Customer loyalty and Customer Satisfaction.

5. CONCLUSION

When customer expectations are reached by the banks, customers are satisfied with the banking services. Customer satisfaction is one of major variable in the success strategy of CRM.This study attempted to measure the customer loyalty and customer satisfaction and its relationship with CRM, it contains many variables of customer loyalty which have more connection from the service provider, service provider has a positive Image and a leading firm in the banking sector, it encourage friends and relatives who plan to avail the service, and recommend othersto use the same service provider. In this modern era, all the banks are giving more preference to the development of infrastructure and digitalizing their services, it is a most obligatory duty of banks for facing competition in the banking industry, following to this creation of loyal customers is a significant portion of CRM. Loyal customers can be created only by the quality of services, customer satisfaction and maintaining the good relationship with them.

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