

Evaluating Customer Relationship Management Scorecard with Special Reference to Vellore District

¹D. Sasikala, ²**S.Vasantha, ³*M. Sangeetha

*Department of B.COM CA, SSS JAIN COLLEGE, India

¹sasidaya@yahoo.co.in

**Corresponding Author, School of Management Studies,

Vels Institute of Science Technology & Advanced Studies, Chennai, Tamil Nadu, India

²vasantha.sms@velsuniv.ac.in

³msangeetha@shasuncollege.edu.in

Abstract - The activities of the banking industry are diverse and competitive. There is a paradigm shift in banking business involving a network of financial transaction to manage all aspects of a customer's financial portfolio. Banks today face complex challenges and multiple threats to its existence and growth. Customer expectations are growing with demand for more rapid service delivery and more flexible, personalized interaction. The wave of liberalization, privatization and globalization of the Indian economy has given a lot of challenges to this sector. A small attempt has been made in the marketing of financial services with the help of customer relationship management scorecard and brand perception metrics scorecard.

Keywords: customer relationship management score card, Brand perception metrics scorecard, Balance score card, servqual.

1. Introduction

The definition of success or effectiveness in an organization is not a simple task with the business metrics like quantifiable criteria, objective. In today's volatile marketplace Steep competition, globalization, growing

customer/consumer demand and exposure to high credit risks are forcing the banks to find new ways for improving profitability poses banking sector to be under intense pressure. Banks tend to manage operations with a few customer relationship managers and product specialists because of cost-cutting measures. The search for new strategies began to meet not only the high expectations of customers but also helped in retaining them. The competitive world has witnessed many banks participating in the race to optimize their profits.

1.2 Business Metrics

Metrics may help the business to know whether or not one's goals are being met. It also provides quantifiable feedback to show the status of organizational objectives. It enhances the business process of continuous improvement by identifying the current trend. A criterion on which the success or failure of a particular aspect of the organization's strategy and objectives are judged is a good metric.

Prevailing in Bank in a particular religion. The findings of the study need not be considered for universal application in all cultures in different regions, organizations of different nature with multi-cultural environment. Research should accumulate more data over a long-term period to overcome the limitation. Seasonality may affect the result.

1.7 Statistical Tools Applied For The Analysis

1. Chi-square
2. One-way Anova
3. Factor Analysis
4. one sample T test

VALUABLE BANKS		
Top Indian banks in terms of year-on-year increase in brand value		
Bank	India rank in '15	Increase in value (%)
Bank of India	7	83
IDBI Bank	9	79
Axis Bank	4	74
State Bank of India	1	62
YES Bank	18	59
HDFC Bank	3	57
Indian Overseas Bank	13	52
ICICI Bank	2	49
Punjab National Bank	6	46
Kotak Mahindra Bank	8	45

1.3. Primary Objectives To understand the relationship between CRM score card and Brand perception metrics.

- To correlate lifestyle (consumption style) of the consumers with critical elements of the bank.
- To associate personality trait (psychographic variable) with critical elements of the bank.

1.4 Methodology of the Study

The necessary data for assessing CRM score card and Brand perception metrics through a survey method by adopting a simple random sampling which consists of 250 customers. The participants in this survey belong to various occupations. The data was collected during June to December 2015.

1.5. Questionnaire Design

A structured questionnaire was constructed to indicate the importance of customer perceptions of a bank as a brand. The purpose of the questionnaire is to help find out customer perception about the services of IOB bank. Our data collection and analysis is directed to IOB customers in Vellore District. There are 3 sections in the questionnaire.

Section – I Demographics

Section – II Brand perception metrics score card – to evaluate the brand performance of IOB

Section – III CRM scorecard– to evaluate CRM effectiveness

1.6 Limitations of the Study

This study does not examine the company centric perspectives namely Financial perspective, Customer perspective, Internal business perspective, Innovation and learning perspective of Bank. This study is not free from those limitations that are usually found in studies of this nature. The perception may change from time to time and may not be relevant for all times.

Moreover, this study was conducted in a specific culture

3.2 CRM in banks

[2] Summarized that banks' ability to retain their existing customers and gain new customers depends on accurate customer relationship management. At this point, listening to the customers' demands and complaints and producing solutions with consideration paid to the customer differences are very important in creating customer satisfaction and thus

2 Indian Overseas Bank (IOB) is a major public sector bank based in Chennai (Madras), with about 3700 domestic branches, including 1150 branches in Tamil Nadu, 3 extension counters, and eight branches and offices overseas as of 30 September 2014. Indian Overseas Bank has an ISO certified in-house Information Technology department, which has developed the software that its branches use to provide online banking to customers; the bank has achieved 100% networking status as well as 100% CBS status for its branches. IOB also has a network of about 3300 ATMs all over India. IOB has branches in Singapore, Hong Kong, Colombo, Seoul, and Bangkok. It has representative offices in Guangzhou, Vietnam, and Dubai. IOB also is part-owner of a joint-venture bank in Malaysia.

3 Literature Review

This chapter discusses the literature review on CRM score card, CRM in banks, BSC in banks and servqual in banks. Based on the previous studies the research gap was identified and the research design was prepared to bridge the gap.

3.1 CRM Score Card

[1] Found that low percentage of revisiting customers. Lack of brand image. Low percentage of purchase made by members. Lack of interaction channel. Lack of timely sales in popular products. Low access speed. Seasonality may affect the result of a case study. Research should accumulate more data over a long-term period to overcome the limitation. In the future, we expect that this work will spur further research extensions of evaluating models for e-business effectiveness such as SCM, ERP, and B2B Web sites.

changes to the customer accounts when they needed it, IOB has very nominal interest rate. There are ample number of branches and ATMs located in the common places of search. They understand all the account information as per the requirement of the age and the requirement of the customers. All the staffs are courteous. Speedy Financial transaction speed and convenient website features for the same is 0.691.

4.2 Reliability statistics for Balanced Scorecard and Customer Relationship Management scorecard.

Table 2 Reliability statistics

Cronbach's Alpha	N of items
.979	49

Customer loyalty.

3.3 BSC in banks

[3] Study revealed that Balanced Scorecard is a strategic performance management system that brought a holistic approach to the performance measurement in banking industry. Which is the most important activity of an administration's control function. Moreover, this study contributes to the literature with examples from the different regions of the world. Findings show that it is more beneficial to prepare the balanced scorecard for the banks than to report financial performance only in terms of evaluating performance with a holistic approach.

3.4 SERVQUAL in Banks

[4] He has done an in-depth empirical investigation that seeks to compare consumer expectations to perceptions in the delivery of service within community banks in the southern United States. It has its aim to develop a useful instrument to evaluate service quality by comparing consumer expectations to their perceptions of delivered service. An additional purpose is to determine bank chief executive officers' ability to predict consumer expectations in the area of service delivery. An investigation was carried out among consumers of fifteen community banks in the southern United States, to examine methods to predict service quality in community banks.

4. Data Analysis and Interpretation

4.1 Reliability statistics for critical elements of bank satisfaction criteria

Table 1 Reliability statistics

Cronbach's Alpha	N of items
.691	9

Cronbach's Alpha for the customers' experience regarding 9 critical elements like IOB has a variety of financial services offering to its customers, IOB makes necessary

Cronbach's Alpha for the 49 elements, 14 elements of Brand Perception Metrics scorecard -Brand perception, Brand value and Brand loyalty -and 35 elements of Customer Relationship Management Scorecard metrics- Customer Knowledge, customer interaction, customer value, customer satisfaction, service quality and Brand Image is 0.979.

4.3 Critical elements of the Bank.

Table 3 One sample t Test

	N	M	SD	SE	Test Value = 0				
					T	Df	Sig.	MD	R
Variety Of Fin Serv	250	4.48	.856	.054	82.763	249	.000	4.480	5
Making Changes	250	4.44	.754	.048	93.094	249	.000	4.440	1
Interest Rate	250	4.20	.850	.054	78.106	249	.000	4.200	7
Branch No Loc	250	4.32	.787	.050	86.742	249	.000	4.320	3
Ac Inf	250	4.32	.884	.056	77.305	249	.000	4.320	9
Atm Noloc	250	4.48	.856	.054	82.763	249	.000	4.480	5
Courteous Staff	250	4.44	.754	.048	93.094	249	.000	4.440	1
Speedy	250	4.20	.850	.054	78.106	249	.000	4.200	7
Website	250	4.32	.787	.050	86.742	249	.000	4.320	3

From the above table it is found that the mean values of all 9 critical elements ranges from 4.2 to 4.48, standard deviation ranges from 0.75 to 0.884 and the t-value ranges from 77.3 to 93.09, which are statistically significant at 5% level of significance.

4.5 Effect of personality style on the critical elements of the Bank

- **H0**- There is no significant effect of personality style on the critical elements of the Bank.
- **H1**- There is significant effect of personality style on the critical elements of the Bank.

4.4 Effect of consumption style on the critical elements of the Bank.

Table 4 ANOVA

		F	Sig.
VARIETY OF FIN SERV	Between Groups	5.410	.021
	Within Groups		
	Total		
MAKING CHANGES	Between Groups	3.661	.057
	Within Groups		
	Total		
INTEREST RATE	Between Groups	8.445	.004
	Within Groups		
	Total		
BRANCH NO LOC	Between Groups	9.473	.002
	Within Groups		
	Total		
AC INF	Between Groups	1.559	.213
	Within Groups		
	Total		
ATM NOLOC	Between Groups	5.410	.021
	Within Groups		
	Total		
COURTEOUS STAFF	Between Groups	3.661	.057
	Within Groups		
	Total		
SPEEDY	Between Groups	8.445	.004
	Within Groups		
	Total		
WEBSITE	Between Groups	9.473	.002
	Within Groups		
	Total		

- H0- There is no significant effect of consumption style on the critical elements –
- H1- There is significant effect of consumption style on the critical elements of the Bank.

Interpretation The following critical elements of the bank like IOB has a variety of financial services offering to its customers, IOB makes necessary changes to the customer accounts when they needed it , IOB has very nominal interest rate. There are ample number of branches and ATMs located in the common places of search. They understand all the account information as per the requirement of the age and the requirement of the customers. All the staffs are courteous. Speedy Financial transaction speed and convenient website features for the same were statistically significant with the consumption style since the p value is less than 0.05.

Table 5 Anova

		F	Sig.
VARIETY OF FIN SERVICE	Between Groups	9.786	.000
	Within Groups		
	Total		
MAKING CHANGES	Between Groups	5.000	.000
	Within Groups		
	Total		
INTEREST RATE	Between Groups	4.917	.000
	Within Groups		
	Total		
BRANCH NO LOC	Between Groups	6.609	.000
	Within Groups		
	Total		
AC INF	Between Groups	5.419	.000
	Within Groups		
	Total		
ATM NOLOC	Between Groups	9.786	.000
	Within Groups		
	Total		
COURTEOUS STAFF	Between Groups	5.000	.000
	Within Groups		
	Total		
SPEEDY	Between Groups	4.917	.000
	Within Groups		
	Total		
WEBSITE	Between Groups	6.609	.000
	Within Groups		
	Total		

Interpretation: There is significant effect of personality style on the critical elements of the Bank IOB has a variety of financial services offering to its customers, IOB makes necessary changes to the customer accounts when they needed it , IOB has very nominal interest rate. There are ample number of branches and ATMs located in the common places of search. They understand all the account information as per the requirement of the age and the requirement of the customers. All the staffs are courteous. Speedy Financial transaction speed and convenient website features for the same since the p value is less than 0.05.

4.8 Factor Analysis of Brand perception Metrics and Customer Relationship Score card

Interpretation Varimax rotation was used. This analysis has extracted 11 factors which accounted for 85.925% of the variance.

4.6 Effect of age and frequent access of transactions in this bank

- H0: There is no significant effect of age and frequent access of transactions in this bank
- H1: There is significant effect of age and frequent access of transactions in this bank

Table 6 Age and Frequent access

Age	Direct visit	Frequent access			Total
		ATM	Mobile	Net Banking	
20-30	40	60	5	15	120
30-50	25	35	0	0	60
50 & Above	35	25	10	0	70
Total	100	120	15	15	250

Table 7 Chi square

	Value	Df	Sig.
Pearson Chi-Square	35.293 ^a	6	.000
Likelihood Ratio	42.562	6	.000
Linear-by-Linear Association	8.161	1	.004
N of Valid Cases	250		

Interpretation There is significant effect of age on frequent access of transactions in this bank since the pearson chi-square value is less than 0.05.

4.7 Effect of occupation and frequent bank transactions in this bank

H0: There is no significant effect of occupation and frequent bank transactions in this bank

H1: There is significant effect of occupation and frequent bank transactions in this bank

Table 8 Occupation and Bank transactions

Occupation	5 - 9				Total
	1	2-4	8	9	
Govt& Pvt Business	0	40	5	5	50
Professors	10	40	10	10	70
Students	0	5	10	0	15
House wives	35	5	5	0	45
Others	10	20	5	10	45
Total	10	10	0	5	25
	65	120	35	30	250

Rotated component matrix tells how much each manifest variable loads onto each of the eleven latent variables before rotation. From this matrix we see that factor one includes 6 variables reliable, nominal interest, dependability, financial advice, attention and error free service. Factor two includes empathy, feel safe, account statements, specific needs. Factor three includes convenient ATM and less time to respond. Factor four includes tangible, nominal charges and promotion Factor five includes knowledgeable and service timings. Factor six includes feel happy and financially stable. Factor seven includes friendly and innovative. Factor eight includes convenient working hours. Factor nine has polite. Factor ten has consistent. And factor eleven has customer driven.

Findings:

Cronbach's Alpha for the customers' experience regarding 9 critical elements like IOB has a variety of financial services offering to its customers, IOB makes necessary changes to the customer accounts when they needed it, IOB has very nominal interest rate. There are ample number of branches and ATMs located in the common places of search. They understand all the account information as per the requirement of the age and the requirement of the customers. All the staffs are courteous. Speedy Financial transaction speed and convenient website features for the same is 0.691.

Cronbach's Alpha for the 49 elements, 14 elements of Brand Perception Metrics scorecard -Brand perception, Brand value and Brand loyalty -and 35 elements of Customer Relationship Management Scorecard metrics- Customer Knowledge, customer interaction, customer value, customer satisfaction, service quality and Brand Image is 0.979.

From the one sample statistics it is found that the mean values of all 9 critical elements range from 4.2 to 4.48, standard deviation ranges from 0.75 to 0.884 and the t-value ranges from 77.3 to 93.09, which are statistically significant at the 5 % level of significance.

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The critical elements of the bank like adding or making changes to the accounts, understanding account information, Staff courtesy and helpfulness, were not statistically significant with the consumption style since the p value is more than 0.05.

There is a significant effect of personality style on the critical elements of the Bank. IOB has ample number of ATM centres in convenient locations, Courteous staffs, speedy financial transaction and convenient website features creates 50% influence over IOB customers.

ANOVA table 7 shows that $F=18.103$ $p=.000$, are statistically significant at the 5 % level and therefore it can be concluded that the critical elements like website, ATM numbers and locations, Courteous staff, Account information and Speedy transaction influences satisfaction of the customers

It is found from the table 8, that critical elements like Bank like IOB has ample number of ATM centres in convenient locations, Courteous staffs, speedy financial transaction and convenient website features are statistically significant at the 5 % level. Understanding account information is not statistically significant at the 5 % level.

There is a significant effect of age on frequent access of transactions in this bank since the Pearson chi-square value is less than 0.05. There is a significant effect of occupation and frequent bank transactions with this bank.

Conclusion

This study considers the causal relationship between Customer relationship management (CRM) and its influence consumption style and personality style in Indian Overseas Bank.

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