



Building an Effective Customer Relationship System (CRM): Saudi Credit Bank Employees Perception of Service Quality

Alshahrani Meshal Saeed S, Alshahrani Bander Sayaf Z, Alshahrani Ahmed Saeed A

School of Management, Wuhan University of Technology, Wuhan, P.R. China

Dental department, Armed Forces Hospital, Sharurah city, Saudi Arabia

E-mail (corresponding author): b-sayaf@hotmail.com

Abstract: There is a major change in the way which companies organize themselves; switching from product-based to customer-based structures. A key driver of this change is the advent of Customer Relationship Management (CRM). Underpinned by information systems convergence and advanced supporting software, CRM significantly improves the implementation of Relationship Marketing principles. In this study, we explore the main issues enabling or hindering the development of Customer Relationship Management – factor of successful business and long-term profitability in the banking sector. We analyze the service quality offered to customers and its implications for the performance of a banking institution clarifying drawbacks, mainly, drawbacks concerning organization and resource use to support quality service, of the services provided by the Saudi Credit Bank.

Keywords: Customer relationship management, banking sector, customer satisfaction, long-term profitability

1. Introduction

In our ultra-competitive world, customer management is the key to business success. This requires tools to objectively identify needs, assess satisfaction and monitor progress in the relationship with the customer. With the word of Kotler (2011), companies should focus both on qualitative and quantitative customer: “Look at our balance sheet as an asset, the asset is counted as flying, so many millions, but it is illusory. Our real capital is the number of satisfied customers.” The quality of the service or product is an asset for a business to maximize the profit, gain competitive advantage and make sustainable national, regional and even global ranking. The services must be organized in a systematic manner in parallel with the improvement and innovation of appropriate technology. The services offered by Saudi commercial enterprises are often criticized for several reasons; lack of proper organization and resources capable of generating good services thus, slow services, lack of information and sometimes impoliteness of agents to the client. A system that aims at improving the overall service and building loyalty among customers is CRM (Peelen, 2005).

In our research study, we focus on the service quality of Saudi Credit Bank and its CRM - significant attribute of service quality. Saudi Credit Bank is a state owned Bank and it plays a major role in the government policy. The Bank is considered as one of the cornerstones of the government of Saudi Arabia. It provides loans for citizens enabling them to contribute to the construction of the country. The objectives of the bank are to provide interest-free loans for small enterprises, employees and emerging trades in order to encourage them to run their own businesses independently, to provide interest-free social loans for citizens with limited incomes in order to help them overcome their financial difficulties, to play a coordinating role between micro, small and medium enterprise (MSME) sector and individuals and institutions in the Kingdom of Saudi Arabia to encourage circulation of funds as well as to find the appropriate tools to achieve all above-mentioned goal. The purpose of this research paper is to explore the customer relationship management from the perspective of the bank employees by conducting a qualitative study in the context of Saudi Credit Bank. We also aim to analyze the impact of the quality of services offered to customers on the performance of a banking institution. The main objective of our research is to demonstrate the contribution of Customer Relationship Management in the performance of a bank, to analyze the contribution of the service quality on performance of Saudi Credit Bank, to analyze the strategies and methods used by the bank in Customer Relationship Management and to determine the strengths and weaknesses CRM system of the bank from the employee perspective.

2. CRM Objectives in Banking Sector

CRM is a sound business strategy to identify the bank's most profitable customers and prospects. It devotes time and attention to expand relationship with customers through individualized marketing, reprising, discretionary decision making and customized service through the various sales channels (Chen, 2003). Any financial institution seeking to adopt a customer relationship model should consider following six key business requirements (Chary and Ramesh, 2012); creating a customer-focused organization and infrastructure, gaining accurate picture of customer categories, assessing the lifetime value of customers, maximizing the profitability from each customer relationship and understanding how to attract and keep best customers. Today, many financial service organizations are rushing to become more customer focused. A key component of many initiatives is the implementation of Customer Relationship Management (CRM). Our research highlights that most institutions take a rather narrow view of CRM and therefore, benefits have been limited. However, second generation CRM has emerged to embrace the whole organization; yet success in general has still not been widespread (Baines, 1996).

The idea of CRM helps businesses use technology and human resources to gain insight into the behavior of customers and the value of those customers. If CRM works well, a business can provide better customer service, make call centers 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. However, this doesn't happen by simply buying software and installing it (Chary and Ramesh, 2012). 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 fitting their needs. Next, the organization must look into all the different ways of information about customers that revolves in 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 centers, mobile sales force staff and marketing as well as advertising efforts. Solid CRM systems link up each of these points (Popovich and Chen. 2003). Collected data flows between operational systems (like sales and inventory systems) and analytical systems that can help sort 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. In CRM projects, following data should be collected to run process engine: responses to campaigns, shipping and fulfillment dates, sales and purchase data, account information, web registration data, service and support records, demographic data and web sales data (Chen, 2003).

Over the last decade, too many organizations have assumed that their products or services were so superior that customers would automatically keep coming back for more. However, in order to compete effectively in today's marketplace, organizations must change their strategy; be more customer focused, not product focused (Chary and Ramesh, 2012). Customer Relationship Management (CRM) is the best way to integrate customer-facing approach throughout an organization. Aimed at understanding and anticipating the needs of an organization's current and potential customers, innovative book by Siddiqi et.al (2002) shows how CRM links people, process and technology to optimize an enterprise's revenue and profits by first providing maximum customer satisfaction, developing a market-oriented strategy, innovation in products and services, sales and channels transformation, customer relationship marketing and customer care.

3. Research Methodology

The research undertaken is exploratory. The initial step of the research starts with the theory and further moves to data analysis; qualitative information has been collected using structured interviews. Qualitative research is good here because it tries to understand events regarding management and decision-making, require a close look at details. This type of study uses a smaller sample base yet it has a much greater focus on the individual case. The drawback exists given that the results need to be verified by using quantitative methods (Gummerson. 1999). As this article aims at studying the usage of CRM in banking, the employees of Saudi Credit Bank were selected as the data sources. 92 interviewees responded to the questionnaire with a 20.5% response rate out of 450 employees targeted. This study uses the questionnaire that was developed and validated by a team of experts. Different question types are included; such as rating scales, multiple choices and more. The data was collected from various sources; the sample of the research includes managers and employees of Saudi Credit Bank who are aware of importance of customer relationship management in the development and success of companies. Therefore, they were deemed as competent to address the issue of Customer Relationship Management.

4. Results

Male respondents dominated the sample comprising roughly 87 percent of the population. Respondents are sorted based on their age, academic background, occupation, income amount per year and marital status. Majority of the respondents (70%) are with a bachelor degree qualification. The majority of the respondents (45%) describe their current job level to be in middle management while 15,9% are in the entry level and only 7,3% are in senior management. When it comes to identify the crucial steps of CRM, 36% of the respondents strongly agree that providing employees with the information and processes, understand and identify customer needs and effectively build relationships between the company, its customer base and distribution partners is vital, while 58% agree that helping an enterprise to enable its marketing departments to identify and target their best customers, manage marketing campaigns and generate quality leads for the sales team is very important. 46% agree that assisting the organization to improve telesales, account and sales management by optimizing information shared by multiple employees and streamlining existing processes (for example, taking orders using mobile devices) is crucial. 44% of the respondents express that allowing the formation of individualized relationships with customers with the aim of improving customer satisfaction and maximizing profits; identifying the most profitable customers and providing them with the highest level of service is decisive. According to 67% of the respondents, a well-defined implementation strategy is required for a successful Customer Relationship integration. 25% of the respondents think that integration with the incumbent enterprise resource planning is required, while 8% think that the people factor is a key for a productive Customer Relationship integration.

Relationship management is a customer-oriented, customer service response-based tool. According to 49% of the respondents, direct online communications with customer and customer service centers help customers solve their questions. Only 8% of the respondents consider CRM to be one-to-one solutions to customers' requirements. According to the respondents' opinion, Customer Relationship Management is often thought of as a business strategy that enables businesses to understand the customer (29.76%), retain customers through better customer experience (23.81%), attract new customers (11.90%), win new clients and contracts (19.05%), increase profitability (10.71%), decrease customer management costs (4.76%). 45% of the respondents believe that banks can make better use of Customer Relationship Management strategies and technology to maximize client value; 37% strongly agree that banks can make better use of Customer Relationship Management for streamline operations. 40% agree that banks can make better use of Customer Relationship Management to contribute to top-line and bottom-line revenues and become trusted advisors. 8% of the respondents are satisfied with how Saudi Credit Bank has developed its range of services, 31% are satisfied to some extent, 23% of the respondents are partly satisfied, 17% are not satisfied and 20% remain neutral. Regarding good customer relations, 29% of the respondents agree that Saudi Credit Bank is maintaining a satisfactory level of customer relations, 7% strongly agree, 20% disagree and 9% of the respondents strongly disagree while 34% remain neutral. More than 60% of the respondents agree and strongly agree that the contribution of Customer Relationship Management is essential in the performance of Saudi Credit bank.

5. Discussion and implications

CRM in banking is crucial for the success of the business but many times it is poorly defined. There are many examples of firms who use CRM, install an IT system but never see any kind of return on investment. This study has shown that all the processes and places where the firm interacts with customers need to be considered when developing a CRM process. The general discussion informs that the bank is yet to develop an integrative approach which focuses on the customer needs and deliver it to the customer. Today, many businesses such as banks, insurance companies and other service providers realize the importance of Customer Relationship Management (CRM) and its potential to help them acquire new customers, retain existing ones and maximize their lifetime value (Rao and Perry, 2002). At this point, close relationship with customers will require a strong coordination between IT and marketing departments to provide a long-term retention of selected customers. Zeng et.al, (2003) describe the characteristics of well-working CRM with the use of smart IT. CRM can provide instant service responses based on customer inputs and requirements and automatically analyze the customer's current and previous purchase trends. Based on this, estimations of future buying behavior can be made. Thus, the use of the technology available to deliver up-to-date information about each customer and to provide key performance indicators about each customer is equally crucial for meeting customers' needs better, being flexible and moving on information analyses process smoothly. Through the study, we have concluded that the major reasons why Saudi Credit Bank and other banks are implementing CRM are to improve customer satisfaction, retain existing customers, provide strategic information, and improve customer lifetime value. Gummerson (1994) explains that the building relationship is a key to reaching and maintaining a successful market share. Additionally, he emphasizes that by learning relevant information about customers such as; names, habits, preferences and expectations, one-on-one relations can be formed and customers can be kept coming back continuously; maybe even become friends. Through the use of IT, a feeling of intimacy can be created with the customer. The major benefit of establishing relationship is increased profits attained by both parties adapting better to each other. As shown by the study, the bank is far from developing a customer centric approach both for the customer as well as for the

employees. Thus, customer relationship management should play an integrative role within the bank and ensure that all processes are integrated in the bank global strategy, which is far from reality in the study above.

In view of this, to implement a CRM integration strategy, the following recommendations can be adopted: In such a competitive environment, banks should adopt suitable marketing skills rather than depending on the trading skills. Hence, new services should be constantly introduced to ensure the growth of banks and to enable them to be competitive in the market and to keep up the enthusiasm of the employees and customers. It is highly necessary to implement a Customer Centric Process in banks and increase customer experience through the website. More importance should be given to handling online transaction and using commerce, mobile banking services. Employee relationship management should be put before customer relationship management. Bank personnel should be given good care by the banks before they come and work in the field and more emphasis should be put on the development of channel integration for effective customer relationship management.

CRM in Saudi Credit should help identify and target their most profitable customers. It involves new and advanced marketing strategies that not only retain the existing customers but also acquire new customers (Xu and Walton 2005). CRM has been found as a unique technique which can bring remarkable changes in total output of companies. Through the literature survey and data analysis, it can be concluded that CRM tries to find out the relationship between perception and satisfaction, commitment and loyalty which is also highly significant in the banking sector. Customers largely select their banks based on how convenient the location of bank is to their homes or offices. The banking industry is much lacking behind than other industries in recognizing the value of CRM and implementing decision support systems to support CRM (Rao and Perry, 2002). Though most of the banks have already focused on tactical point solutions, they're not ready for a transition toward strategic, enterprise-wide CRM initiatives that cross major business lines (Baines, 1996). An effective decision support system for CRM enables to collect data about customer from every touch, consolidates this information into a single view of the customer and uses this information for customer profiling, segmentation, cross-selling, up-selling and retention efforts (Siddiqi et.al, 2002). As banks continue to seek a unified understanding of customer relationships across diverse channels, the importance and penetration of CRM is expected to grow.

6. Conclusion

This study contributed to the understanding of the customer relationship management in Saudi Arabia and more particularly in Saudi Arabian banking system. This work also gave the opportunity to deepen our knowledge in the field of customer relationship management and its impact on the performance of a financial institution and determining how several financial service organizations are rushing to become more customer focused today. The results of this survey point to numerous difficulties that are either not followed or clearly understood by customer service representatives. Finally, it is important to realize that while some of these issues are linked to employee and user behavior, many of them are inherent attributes of the system and existing processes. In summary, successful implementation of CRM within the banking system itself requires more effective management of functional interdependencies through process teams (Parson et.al, 1996) and revisions in the ways that employee performance is measured and rewarded. Such a radical shift in expectations and behavior towards CRM can only be achieved with the full commitment and support of the board and senior management (Fletcher et.al, 1993).

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