INTRODUCTION

Marketing has witnessed a paradigm shift towards relationship approach a decade ago (Gronroos, 1994). Hence, the concept of customer relationship management (CRM) is a constant theme in marketing. Today, many firms adopt CRM strategies with the aim of understanding customers better and building better relationships (Fitzgibbon and White, 2004). It provides number of benefits including increased customer satisfaction, trust, loyalty, sales effectiveness, cross selling opportunities, and profitability. Concisely, CRM efforts increase length, depth and breadth of a relationship (Bolton, Lemon, & Verhoef, 2004).

CRM is applicable more in banking industry as it is known to be highly human intensive and customer interactive industry (Dowling, 2002) and banks represent the economic stability and prosperity of a country (Rootman, Tait, & Bosch, 2008). But, global banking environment has been changed due to regulatory, structural and technological factors (Rao, 2008). Consequently, without exception, Indian banking sector has also been transformed to a greater
extent following deregulation, liberalization and globalization of the economy. These challenges together with increasing demanding customers compel banks to maintain customer relationship for improving business performance. Accordingly, most of the Indian banks are investing heavily in CRM technology (Khare, 2010) with a view to maintain and develop relationship with customers (Roy & Shekhar, 2010). On the contrary, the importance of developing such relationships and the outcomes of the relationships are largely ignored by Indian banks (Khare, 2010).

Theoretically, numerous empirical studies have reported positive effect of CRM on customer behavioral outcomes such as customer satisfaction (Mithas, Krishnan, & Fornell, 2005), customer trust (Sin, Tse, & Yim, 2005), and customer retention (Yim, Anderson, & Swaminathan, 2004); and financial performance outcomes such as return on assets (ROA) (Sin, Tse, & Yim, 2005), profitability (Reimann, Schilke, & Thomas, 2010), and return on equity (ROE) (Minami & Dawson, 2008). However, firstly, previous research has tested only partial impact of CRM either on satisfaction or retention and failed to address sequential effect of CRM, which is expected from customer satisfaction to firm financial benefit (Minami & Dawson, 2008). Secondly, CRM model tends to combine the effect of CRM on both customer metrics and financial metrics, and often used financial measures such as ROA and profitability to measure financial performance. But, it is argued that customer metrics like cross-buying or cross sell ratio is an important outcome of CRM efforts (Bohling et al., 2006) and it contributes to firm profits (Blattberg, Getz, & Thomas, 2001; Liang, Wang, & Farquhar, 2009). Thirdly, Aurier and N’Goala (2010) articulate that CRM theory has considered the role of relationship quality perceptions (satisfaction, trust and commitment), but ignored to examine their respective effects on relationship maintenance (customer retention) and relationship development (cross-buying). Moreover, in relationship efforts model, it is stated that the roles of relational mediators (satisfaction, trust and commitment) vary according to different relational perspectives (Palmatier, 2006). Fourthly, it is believed that perception of relationship and behavior is context specific (Dimitriadis, 2010; Palmatier et al., 2006) and therefore CRM performance has to be studied in Indian context (Jham & Khan, 2008). And finally, studies on CRM have considered firm perception, leaving open the issue of how customers perceive CRM efforts (Chan, 2005; Sin, Tse, & Yim, 2005). To the best of our knowledge, till date, none of the empirical studies on CRM have examined its impact on relationship quality, relationship maintenance and relationship development.

These gaps necessitate a rationale for developing and testing a more integrative conceptual framework containing the relationship between CRM, relationship quality; maintenance; and development in Indian retail bank setting from customer perception. The framework allows us to simultaneously investigate the respective impacts of relational mediators on both relationship maintenance and development. Specifically, we examine the impact of CRM on customer satisfaction, customer trust, customer retention and customer cross-buying. We believe that our study findings would shed light and add substantive theory to the body of knowledge on CRM. To realize this, we first review previous research on CRM followed by the proposed model and hypothesis construction. Second, we present the research methodology, including the instruments used for hypothesis testing. Finally, the empirical results are examined, key managerial and research implications are provided.

LITERATURE REVIEW

Concept of CRM

CRM is an integral part of relationship marketing (RM) and many of the scholars use the term RM and CRM interchangeably (Parvatiyar & Sheth, 2001). But RM becomes CRM when it is targeted towards customer market especially (Lindgreen & Antioco, 2005). CRM means
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