

EKONOMIKA I ORGANIZACJA PRZEDSIĘBIORSTWA

NR 7 (750) LIPIEC 2012

ECONOMICS AND ORGANIZATION OF ENTERPRISE

W numerze m.in.:

- **Bariery transferu technologii pomiędzy nauką a biznesem**
Barriers of Transfer of Technology between Science and Business
- **Zarządzanie procesem wytwarzania opakowań metalowych stosowanych do żywności**
Manufacturing of Metal Packages Used for Food
- **Karty kontrolne w zapewnieniu jakości wyrobów w branży lotniczej**
Control Cards to Ensure Quality of Products in the Aviation Industry
- **Ochrona własności przemysłowej w Polsce na tle Europy**
Industrial Property Protection in Poland vs. Europe



CRM Systems in Customer Relationship Development in the Banking Sector

Magdalena Gorzelany – Dziadkowiec*
Julia Gorzelany - Plesińska**

■ Introduction

Many companies realize the need to create new business strategies these days in order to face growing competition. Banks start to investigate methods and tools that would help them acquire profitable customers and build long-term relationships with them. These efforts are supported by CRM (Customer Relationship Management) systems. The adaptation and implementation of CRM strategies in banks is dictated by changing customer needs in different stages of life and should encourage financial institutions to build lasting relationships with customers throughout their lives. Banks should treat the knowledge about their customers as their most valuable asset that will help to develop new ways of creating customer value. Long-term relations with customers allow banks to generate competitive advantage.

Therefore, the aim of this paper is to show that appropriate application of CRM strategies, that is, systems supporting customer relationship management, streamlines information flow within the organization, as well as helps to tailor products to individual customer needs. CRM systems provide many benefits to enterprises: help to gain customer loyalty, which brings an increase in sales and profits. The research will be carried out in the banking sector, because banks need to put particular emphasis on maintaining current and accurate customer profile and they depend significantly on modern IT solutions. Frequent and direct contact with customers in the banking sector offers huge opportunities for the intensification of sales activities.

The research will be carried out in two stages. The first stage will consist of a CRM¹ audit survey conducted in selected banks with the aim of evaluating CRM implementation. Then, the research will focus on collecting input from customers. At this stage, it will be possible to find out how customers perceive a given bank, and what relationship they have developed with it. Thanks to such a two-stage procedure, it will be possible to verify CRM implementation strategy and the way a given bank is perceived by its customers. The research will provide input for recommendations on how to develop customer relationships.

* dr Magdalena Gorzelany – Dziadkowiec, Uniwersytet Ekonomiczny w Krakowie.

** dr Julia Gorzelany – Plesińska, Uniwersytet Rolniczy w Krakowie.

¹ A. Stachowicz – Stanusch, M. Stanusch, *CRM – przewodnik dla wdrażających*, Placet, Warszawa 2007, s. 314.

■ Creating strong customer relationships through CRM systems

As a result of a deep and silent transformation occurring these days in the society, the market offers more products than ever before whilst distribution channels are growing in complexity. This leads to significant change of customer role. According to the traditional way of thinking, an enterprise creates value by providing its product or services to customers. The customer represents the demand for what the enterprise offers and becomes a key element for it. Each enterprise has been in business thanks to its customers and it needs to foster relationships with them. Customer relationship maintenance is a process that consists of a range of actions aimed at a certain type of exchange between the company and the customer². What is gaining in importance now is the development of long-term relationships which means that at the stage of a strategy plan an enterprise needs knowledge about customers: it is going to serve in order to fulfill their needs accordingly. It is also important to gain the knowledge of key processes in which the enterprise needs to excel to provide value for target customers. Such an approach emphasizes customer needs. Mutual communication becomes a significant aspect as well. In order to communicate effectively with its customers, an enterprise needs to launch a dialogue. This will strengthen partner relationships and as a result encourage the customers to express their needs, which the enterprise can later fulfill. In the light of this approach, customer relationship development is not only a process but also a conscious strategy that needs to be based on understanding customer needs and developing strong and long-term relationships with them. In the era of increased competition, market share or investment is becoming less important as opposed to customer relationships. Their value is all the greater when the enterprise possesses accurate information about its customers and has managed to develop long-term relationships with them. The understanding of customer needs is the most valuable company asset³.

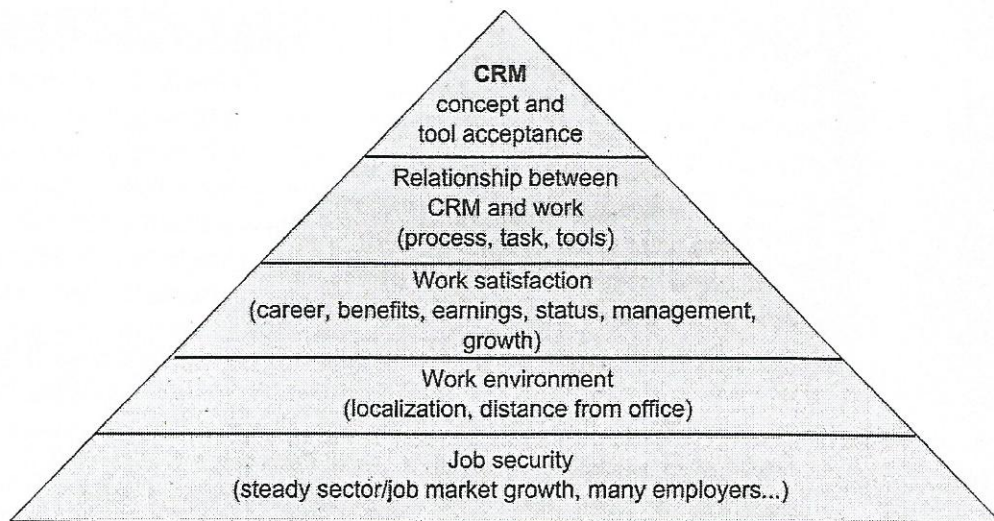
Customer-focused development strategy implies a significant change in enterprise values; a turnaround from product, technology, or service focus to customer focus. Therefore, enterprises start to implement new management systems called CRM. Their role is to support the company in understanding customer needs so as to determine which customers will generate profit or loss. CRM is a set of strategies and methods whose primary goal is to increase customer loyalty and decrease service, marketing and sales cost⁴. Loyalty and relationship-building programs are based on the philosophy of exceeding customer expectations. CRM is a set of procedures used to manage relationships with customers and also a part of the strategy which considers constant contact and customer satisfaction as a key value. It is important to provide a uniform system for all business processes: starting from the sales process through service to statistics used in the development of product portfolio. CRM needs pyramid is illustrated in Figure 1.

² W. Wereda, *Zarządzanie relacjami z klientem (CRM) a postępowanie nabywców na rynku usług*, Difin, Warszawa, 2009, s.71.

³ S.A. Brown, *Customer Relationship Management: A Strategic Imperative in the World of E-Business*, John Wiley&Sons, New York, 2000, s.7-9.

⁴ A. Stachowicz – Stanusch, M. Stanusch, *CRM – przewodnik dla wdrażających*, Placet, Warszawa 2007, s. 13.

■ **Figure 1.** CRM needs pyramid



Source: [Gentle, 2002, s. 58.]

According to Figure 1, people should be more motivated to take an interest in CRM, which is described as tasks to be performed. Employees will be motivated to use the CRM system as a new customer relationship management tool if they feel satisfied with the work they do, if they know the benefits of working environment, and if they do not have to worry about their professional lives. In practice, this means that the motivation for the implementation of CRM always revolves around employee job satisfaction. An important aspect of each CRM strategy is the responsibility for current tasks and the need to redefine performance. The customers expect their needs to be prioritized and CRM systems are designed to improve customer relations through the following⁵:

- integration of customer data,
- provision of consistent customer data across the organization,
- recording and classification of customer types,
- registration of all activities and actions (meetings, phone calls, offers, correspondence, etc.) referring to customers,
- collection and archiving of all documents that have been created in the context of customer management,
- planning, commissioning and monitoring of tasks,
- analysis of customer data.

In this context, CRM is a system which records customer data based on information obtained during direct contact between the enterprise employees and customers in order to understand their characteristics and needs.

⁵ K. Siatka, *Warsztaty – narzędzia marketingowe*, www.kwkww - 15.07.2012.

To sum up this part of the discussion, we can say that CRM is a business strategy which consists in building long-term relationships with customers. This strategy requires a customer-oriented philosophy and culture, whilst the management process should be supported by information systems because they provide the tools used in direct contact with customers. From the company point of view, CRM means effective processes that make it possible to retain and attract customers. From the customer point of view, CRM can be seen as a good product or service at the right price with efficient and friendly service. CRM as a strategy of action transmits information between the systems providing more insight into customer needs and reducing operating costs⁶.

■ Use of CRM in the banking sector

In the course of routine activities and daily work, all financial institutions collect information about customers, often in an electronic database form. Properly designed databases can provide information on customer habits, aspirations and expectations. These actions allow banks to predict customer behavior and respond quickly to a changing environment. Frequent and often direct contact with customers in the banking business provides great opportunities for intensifying sales activities, which actually means anticipating customer needs.

Therefore, the accuracy and speed of information flow become the most important values in the banking sector because they make it possible to create a current and accurate customer profile. In retail banking, the role and importance of CRM meets with great interest, but when it comes to corporate banking, it is accompanied with significant skepticism. According to TowerGroup, 78% of expenditures on CRM projects concern the retail segment. This is due to differences between the services provided to individual and corporate customers⁷.

It is worth noting here that customers use new technologies and adapt to changes in the environment faster than banks. They want their relationship with banks to be based on trust and mutual respect. If this need is not satisfied and a bank is unable to gain customer loyalty, competition will⁸. All new banks entering the Polish market (e.g. Alior Bank) attract customers from large traditional banks, which cannot keep up with their modern and demanding customers. Such new banks entering the market simplify the procedure of opening an account or getting a loan; they take over the account history from the previous bank to be able to provide the customer with most benefits from day one. Banks tempt potential customers with special offers, loans on favorable terms, while it should be noted that it is not the price, quality, or brand that gives them competitive advantage but relationships with customers⁹. Figure 2 presents correlation between building customer relationship versus transactions to be concluded.

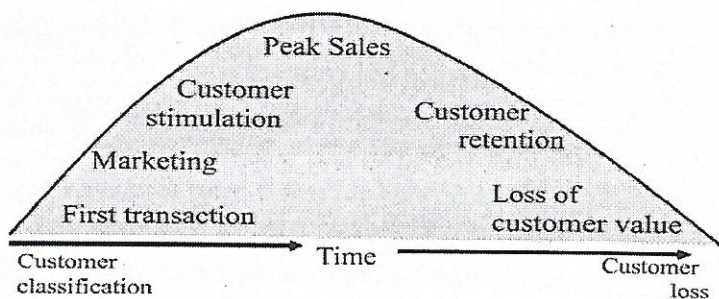
⁶ M. Gentle, *The CRM projekt management handbook. Building realistic expectations and managing risk*, Kogan Page, London and Sterling, 2002, s.46.

⁷ Comarch, CRM w bankowości korporacyjnej, - www.nowotechnologie.comarch.com 15.07.2012.

⁸ M. Cieślak-Grzegorzczak, *Bankowy kurs na CRM*, „Modern Marketing” nr 5., 2001.

⁹ M. Cieślak-Grzegorzczak, *Bankowy kurs na CRM*, „Modern Marketing” nr 5., 2001.

■ **Figure 2.** CRM-based customer classification in a bank



Source: [Cieślak – Grzegorzczuk]

According to Figure 2, relationships with customers are built up over a long period of time starting from the first transaction until the loss of customer value. It is very important here to determine what factors affect the value of customer relationship with the bank. First transaction turns out to have a crucial role, and then we have customer stimulation, retention and taking measures to prevent customer loss. Managers often complain that the increase in profits is very difficult, but at the same they are in the possession of a "gold mine" in the form of unused potential of existing customer database. Searching new product or geographic markets, or else enterprises to take over is a short-sighted activity from a strategic point of view. It is sufficient to activate and use the existing customer database which includes information about almost all types of buyers on the market. Retaining existing customers is extremely beneficial for banks and cheaper than acquiring new ones.

For these reasons, the central role of the CRM strategy is a process through which a customer creates value and achieves his or her goals. When bank employees are focused on the entire process, then individual transactions fall in importance, replaced by cooperation with the customer, which aims to establish a sustainable relationship. Therefore the acquisition and accumulation of knowledge about the customer should concentrate on the following: developing customer profiles, knowing the transaction history, with attention to any outstanding transactions, learning customer preferences, analyzing the way complaints are settled, etc. It is also important to know what information was sought through the web page, what products the customer intended to purchase and what have been the most frequent transactions recently.

The use of CRM in banking offers a number of benefits in terms of customer service, primarily, by making it possible to tailor the particular relationship management system to the bank's business needs and existing IT infrastructure. CRM Systems, developed and offered by companies like Comarch allow the following¹⁰:

- support of the entire customer lifecycle from acquisition to long-term and strong relationship development with profitable customers,
- optimal use of the bank resources, including alternative channels,

¹⁰ Comarch, CRM w bankowości korporacyjnej, - www.nowotechnologie.comarch.com 15.07.2012.

- a significant reduction in operating costs, mainly by automating and standardizing processes,
- low costs of system maintenance and expansion, thanks to the use of modern management tools.

Is very important that all employees who have the customer contact obtain access to the system. As the amount of customer information steadily increases, particular attention should be paid to enabling everyone to share it, follow up on complaint resolution and complete customer data on a regular basis. CRM systems in banks mostly support the following functions: marketing, customer communication, customer service, sales, product development, distribution, financial analysis, and risk assessment. All these functions should be integrated so as to provide a real customer image.

To sum up this part of the discussion it may be concluded that the implementation of CRM strategies and technologies in banks means storing, sharing and categorizing customer information. An effectively implemented CRM strategy, with the use of modern technologies, helps to create long-term customer relationships, which give banks a sustainable competitive advantage. The CRM system should be the dominant element of the bank information cycle, whilst system effectiveness depends on the quality of database and the organization of business processes in all areas of operation. The decision to implement a CRM strategy pushes banks towards a holistic view of their business. It improves the management of relationships with customers, increases profits to shareholders and provides better work performance.

■ The implementation of CRM strategies and customer relationships in selected banks - an empirical analysis

At first glance, the Polish banking sector appears to be a mature marked and locked for potential new players. As a result of an ongoing consolidation process in this sector makes, the services provided by Polish financial institutions do not differ in terms of level and sophistication from services offered by European leaders. It should be also noted that the first phase of Internet revolution in banking has ended. Following 2000, e-banking services have grown in popularity among Polish customers. This is when the first Polish e-banks, such as mBank and Inteligo, were launched followed by other banks opening their e-services. At the same time, new banking products have appeared, and banks gradually began to function as retailers, using a database of customers provided by the CRM system¹¹.

Since the use of CRM is very popular in banking, studies have been carried out in this sector. As it has been already mentioned in the introduction, the study was carried in two stages. The first stage consisted of a CRM¹² assessment survey conducted in four banks, which have not consented to reveal their names. At that stage, the study was supposed to reveal how banks implement the CRM concept. The results showed that all the surveyed banks implement a CRM strategy to a very large extent. It is supported with modern technologies that not only allow you to gather information about the customer, but also support the

¹¹ W. Sobieraj, *Więcej za mniej Strategia wejścia na rynek Alior Banku*, „HBR – Polska”, marzec 2012, s.36.

¹² A. Stachowicz – Stanusch, M. Stanusch, *CRM – przewodnik dla wdrażających*, Placet, Warszawa 2007, s. 314.

management system. The surveyed banks have implemented the following CRM modules: communication (call center), analysis, marketing campaign management and service management. In the surveyed banks, the CRM system supports the following processes: customer acquisition, sales, after-sales services, customer satisfaction and need surveys, service and consulting, support of operations including sales planning and forecasting, analysis and reporting. The CRM assessment survey revealed that banks are sufficiently prepared and they implement CRM with the support of advanced IT technologies. However, it also needs to be remembered about the need to verify the functioning of processes and practices on a regular basis. Since the CRM survey in banks yielded positive results, the next step consisted of the evaluation of CRM effectiveness from the point of view of the customer.

Customer relationship development means maintaining a good relationship between the bank and the customer by identifying customer needs and characteristics in the best possible way. In the case of banks, personalized approach to the customer is of crucial importance. In order to verify how banks deal with customer relationship management a questionnaire was sent out to the individual customers of the banks which had previously undergone the CRM survey audit. The study involved 20 participants: 3 customers of the bank PKO SA, 3 customers of Alior Bank, 4 customers of PKO BP and 10 customers of other banks (eurobank, ING, Getin Bank, City Bank, Inteligo, and BZ WBK). Since correlations between replies of customers and the bank didn't appear, summary results are presented in table 1.

■ Table 1. CRM in banks as perceived from the individual customers point of view

CRM element	Customer satisfaction level ¹³				
	1	2	3	4	5
Meeting expectations	0	10	10	60	20
Product range adaptation	0	5	35	40	20
Availability of banking services	0	15	0	40	45
Customer needs analysis	0	15	35	45	5
Maintaining customer contact	5	15	5	65	10
Employee attitude	10	0	15	50	25
Quality of services:					
• contact with customers	0	10	10	55	25
• availability	0	5	20	60	15
• décor	5	20	25	40	10
• relationships within the bank	5	10	35	40	10
• course of the service	10	0	30	50	10
Communication with the bank (dialogue)	0	15	0	75	10
Consideration of customer opinion	15	5	50	30	0
Management of customer relations	0	15	20	60	5
Loyalty programs	25	30	25	20	0

Source: own data based on conducted research

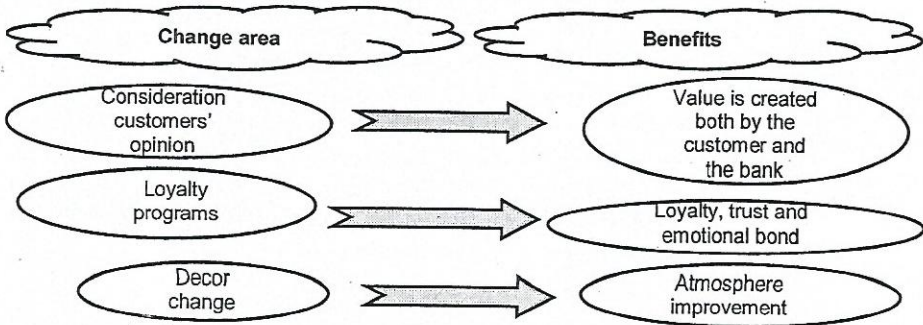
¹³ 1 - completely dissatisfied, 2 - very dissatisfied, 3 - rather dissatisfied, 4 - satisfied, 5 - very satisfied; answers in %

Based on the data presented in Table 1, it can be stated that the customers are satisfied with the implementation of CRM strategy in their banks. 70-85% of respondents said that the bank meets their expectations and maintains contact with them. Customers are satisfied with the employee attitudes, the quality of services in the area of customer contact and availability. 60% of the respondents are satisfied with the course of the service. Managers of the analyzed banks should, however, pay more attention to product range adaptation, customer needs analysis, relationships within the bank, as well as management of customer relationships. Here responses were spread dissatisfaction among customers and their satisfaction. Only Alior Bank customers have indicated that they are satisfied with the product offer, needs analysis and relationship management.

The study also showed that only the customers Alior Bank do not see the need to make changes to the existing CRM system. In PKO BP, 66% of customers believe that no changes are necessary in the current CRM system, whereas 44% believe that changes should be made. In the remaining banks, 84.6% of surveyed customers believe that it is necessary to change the existing system of customer relationship management. At this point it may be concluded that the CRM strategy implemented in the analyzed banks does not fully satisfy customer needs, with the exception of Alior Bank. It is also worth pointing out that 80% of questioned customers believe that banks do not consider their customers' preferences and develop systems that do not satisfy actual customer needs. Banks should also change the decor of their facilities so as to create an atmosphere of shopping, which would attract their customers more.

Based on the conducted studies, recommendations were formulated for the banking sector, which have been illustrated in Figure 3.

■ Figure 3. Recommendations for the banking sector



Source: opracowanie własne

Based on Figure 3, it can be stated that there are some focus areas to which banks should pay special attention. First of all, they should take into account the opinion of customers, because it is a very valuable source of information. Bank customers complain that their opinions are not appreciated and banks seem to underestimate this opportunity. Loyalty programs, which in most enterprises have a crucial role in developing customer relationships, are not explored fully in the banking sector, and that is the point where the banks should also take action.

Summing up this part of the discussion, we can say that the banking sector has implemented CRM strategies. Banks have duly recognized the need for the implementation of CRM programs and their advantages. The CRM audit showed that this strategy is properly implemented in the analyzed banks and customers are satisfied with the relationship they have with banks. CRM activities increase the effectiveness and efficiency of banks and make them competitive on the global market.

■ Conclusion

Changeable, fast and unpredictable business environments have also encouraged other sectors, not only banking, to recognize the need for long-term customer relationship development. Building customer loyalty should become a part of the CRM strategy, which makes it possible to look at the organization as whole and integrate all processes inside.

Process integration and a holistic view of the organization helps banks to gain knowledge about customers, activate sales, increase efficiency, motivate and reward employees better, create marketing campaigns and introduce changes.

To conclude, it can be stated that any enterprise, regardless of the sector in which it operates, and its specificity should build lasting relationships with customers. Customer-oriented policies will enable the enterprise to generate profits that can be reinvested in further development. The use of customer knowledge is critical in building loyalty programs, which affect the customer-business relationship.

■ References

1. Brown S.A., (2000), *Customer Relationship Management: A Strategic Imperative in the World of E-Business*, John Wiley&Sons, New York.
2. Cieślak-Grzegorzczak M., Bankowy kurs na CRM, „Modern Marketing” nr 5., 2001.
3. Comarch, CRM w bankowości korporacyjnej, www.nowotechnologie.comarch.com
4. Gentle M., (2002), *The CRM projekt management handbook. Building realistic expectations and managing risk*, Kogan Page, London and Sterling.
5. Siatka K., Warsztaty – narzędzia marketingowe, www.kwkwwk
6. Sobieraj W., Więcej za mniej Strategia wejścia na rynek Alior Banku, „HBR – Polska”, marzec 2012.
7. Stachowicz – Stanusch A., Stanusch M., (2007), *CRM – przewodnik dla wdrażających*, Placet, Warszawa.
8. Wereda W., (2009), *Zarządzanie relacjami z klientem (CRM) a postępowanie nabywców na rynku usług*, Difin, Warszawa.

■ Summary

More and more often, it is the satisfied customer that becomes the target of modern enterprises because he or she influences the profits as well as development potential. Both marketing and management begin to pay particular attention to building relationships with customers. This paper explains the role of customers in organizations. It also describes how CRM systems can aid in building customer relationships. The study was carried out in the banking sector.

Keywords: CRM, customer relationship, banking sector, loyalty programs