

Should banks invest money into CRM?

Customer Relationship Management (CRM) has become an important part of relationship banking; and it plays a significant role in customer acquisition and maintaining a profitable business relationship. Financial service providers are, however, recognising the many challenges they face in implementing a CRM business strategy. It is important for banks to understand the role that CRM plays in satisfying their customers, as well as the possible influence it could have on cross-selling. The practice of cross-selling is of great importance in the financial service industry, because of the additional income that can be generated, the low input costs, in addition to the fact that cross-selling increases customers' exit barriers. The most successful bank will be the one that understands its customer, fulfil customer needs, achieving high levels of customer retention, leveraging technology, knowledge and human resources to provide quality products and services, and manage risks and returns, thereby delivering value to all stakeholders.

A study was conducted by Petrus Benjamin Wiese, a [Doctoral](#) student in the [Department of Marketing Management](#). A total of 20 661 customers from small, medium and large business clients of one of the banking groups in South Africa were included in the study. This study provides an understanding of the different business-bank segments' experiences and reactions to the CRM process followed by the bank in scope. Reference was made to customer-lifetime value and profitability, as well as explaining the drivers of customers' cross-buying intentions.

The findings of this study indicated the existence of significant differences between the business segments in terms of their satisfaction experienced; confirming an association between the length of a customer's relationship with the bank and his/her level of satisfaction experienced. Furthermore, the results demonstrated that a positive relationship exists between customers with regard to their cross-selling ratio and the likelihood to recommend their bank. These findings should guide managers to distinguish between the satisfaction experienced and the cross-sales generated by the CRM structures used in specific segments in business banking. This study also contributes to the body of knowledge in CRM and cross-selling by adding to the literature knowledge base.

This research was conducted as part of the fulfilment of the [DCom \(Marketing Management\) degree](#) in the [Department of Marketing Management](#) in 2013 under the supervision of [Prof Yolanda Jordaan](#). The thesis is available electronically from: <http://hdl.handle.net/2263/32255>