

Customer Relationship Management as a Determinant of Marketing Performance: An Empirical Study of District Cooperative Banks in Karnataka

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Abstract:

Customer Relationship Management (CRM) has emerged as a crucial strategic tool for enhancing marketing performance in the competitive banking sector. The present study examined the role of CRM as a determinant of marketing performance in District Cooperative Banks in Karnataka. The study focused on analysing the impact of CRM practices, customer behavioural factors (such as satisfaction, loyalty, trust, and engagement), and customer retention on marketing performance. A descriptive and analytical research design was adopted, and primary data was collected from 180 bank customers using a structured questionnaire. The data was analysed using SPSS tools, including descriptive statistics, Pearson's correlation, and simple linear regression analysis. The findings revealed that CRM practices had a significant and positive impact on marketing performance, explaining 61.1% of the variation. Customer behavioural factors also showed a strong positive relationship with marketing performance ($r = 0.724$), while customer retention significantly influenced marketing outcomes ($R^2 = 0.507$). The study concluded that effective CRM implementation enhances customer satisfaction, loyalty, and long-term relationships, thereby improving marketing performance. It also highlighted the importance of digital adoption and customer-centric strategies for the sustainable growth of cooperative banks.

Keywords: Customer Relationship Management (CRM), Marketing Performance, District Cooperative Banks, Customer Satisfaction, Customer Loyalty, Customer Engagement, Customer Retention, Banking Sector, Financial Inclusion, Digital Banking.

Introduction:

In the contemporary banking environment, characterized by increasing competition, technological advancements, and evolving customer expectations, **Customer Relationship Management (CRM)** has emerged as a critical strategic tool for enhancing organizational performance. Banks are no longer focused solely on transactional relationships but are

increasingly emphasizing **long-term customer relationships, satisfaction, and loyalty** as key drivers of success. In this context, CRM plays a vital role in understanding customer needs, delivering personalized services, and improving overall marketing effectiveness.

District Cooperative Banks occupy a unique position in the Indian banking system, particularly in serving **rural and semi-urban populations**. These banks contribute significantly to **financial inclusion, agricultural development, and local economic growth**. However, with the increasing penetration of private and commercial banks, cooperative banks are facing growing pressure to improve their **service quality, customer engagement, and competitive positioning**. This has made the adoption of effective CRM practices essential for sustaining their relevance and performance.

The present study focuses on evaluating **Customer Relationship Management as a determinant of marketing performance in District Cooperative Banks**. It examines how CRM practices, customer behavioural factors such as satisfaction, trust, loyalty, and engagement, and customer retention influence marketing outcomes. By adopting an empirical approach, the study aims to provide insights into how cooperative banks can strengthen customer relationships and enhance their marketing performance in a rapidly changing banking environment.

Review of Literature:

The earlier studies on Customer Relationship Management (CRM) established its importance in enhancing organizational performance. **Payne and Frow (2017)** examined CRM frameworks and found that effective implementation improved customer satisfaction and business performance. **Verhoef (2018)** analysed customer experience and concluded that strong customer relationships significantly enhanced marketing outcomes. Similarly, **Kumar and Reinartz (2018)** studied customer-centric strategies and reported that CRM practices positively influenced retention and revenue growth. **Choudhury and Harrigan (2019)** explored digital CRM practices and observed that technology-driven engagement improved customer interaction and service efficiency. In the same year, **Al-Hawari (2019)** found that service quality had a significant impact on customer satisfaction and loyalty in the banking sector. Further, **Bhat and Darzi (2020)** examined CRM dimensions and reported that customer satisfaction and retention were key drivers of marketing performance. **Nyadzayo and Khajezadeh (2020)** highlighted that customer engagement strengthened loyalty and contributed to improved organizational outcomes. **Rahimi and Kozak (2021)** emphasized that trust and satisfaction significantly influenced customer loyalty and repeat behaviour. More recently, **Dash and Saji (2022)** evaluated CRM practices in Indian banks and found that CRM enhanced customer retention and service effectiveness. Finally, **Singh and Kaur (2023)** focused on cooperative banks and concluded that CRM strategies significantly improved customer satisfaction, loyalty, and overall marketing performance.

Research Gap:

Despite the extensive literature on Customer Relationship Management (CRM) and its impact on organizational performance, most studies primarily focused on commercial banks and developed financial sectors, with limited attention to District Cooperative Banks, especially in the Indian context. Earlier research largely examined CRM in isolation or emphasized individual factors such as customer satisfaction or loyalty, but lacked an integrated analysis of CRM practices, customer behavioural factors, and customer retention in relation to marketing performance. Additionally, there is a scarcity of empirical studies that incorporate rural and semi-urban customer perspectives, which are crucial in cooperative banking. Therefore, the present study attempted to bridge this gap by providing a comprehensive and empirical evaluation of CRM as a determinant of marketing performance in District Cooperative Banks in Karnataka, considering multiple dimensions and real customer data.

Research Objectives:

- 1) To examine the impact of CRM practices on marketing performance of District Cooperative Banks
- 2) To analyse the relationship between customer behavioural factors and marketing performance
- 3) To evaluate the effect of customer retention on marketing performance

Research Hypotheses:

H_{0a}: There is no significant impact of Customer Relationship Management (CRM) practices on the marketing performance of District Cooperative Banks.

H_{0b}: There is no significant relationship between customer behavioural factors and marketing performance of District Cooperative Banks.

H_{0c}: There is no significant impact of customer retention on the marketing performance of District Cooperative Banks.

Research Methodology:

The present study adopts a **descriptive and analytical research design** to examine the impact of Customer Relationship Management (CRM) practices on the marketing performance of District Cooperative Banks in Karnataka. The study is based on **primary data collected through a structured questionnaire** administered to bank customers, ensuring relevance and accuracy of responses. A sample size of **180 respondents** was selected using a **convenience sampling technique**.

The collected data was analysed using **SPSS statistical tools**, including **descriptive statistics (frequency and percentage analysis)** for demographic profiling, **Pearson’s correlation** to examine relationships between variables, and **simple linear regression analysis** to assess the impact of CRM practices and customer retention on marketing performance.

The study focuses on key variables such as **CRM practices, customer behavioural factors (satisfaction, loyalty, trust, engagement), and customer retention** as independent variables, and **marketing performance** as the dependent variable. Hypothesis testing was carried out using **significance levels (p-values)** to determine the statistical validity of the results.

Analysis of Demographic Variables of Respondents:

Table 1: Showing demographic profile of respondents

Variable	Category	Frequency	Percentage (%)
Gender	Male	101	56.1
	Female	72	40.0
	Others	7	3.9
Age	Below 25	24	13.3
	25–40	60	33.3
	40–60	66	36.7
	Above 60	30	16.7
Education	SSLC	29	16.1
	PUC	36	20.0
	Graduate	65	36.1
	Postgraduate	36	20.0
	Others	14	7.8
Occupation	Farmer	54	30.0
	Business	43	23.9
	Employee	58	32.2
	Others	25	13.9
Income	Below ₹20,000	32	17.8
	₹20,000–₹50,000	72	40.0
	₹50,000–₹1,00,000	50	27.8

	Above ₹1,00,000	26	14.4
Account Type	Savings	90	50.0
	Current	36	20.0
	Loan	43	23.9
	Others	11	6.1
Duration with Bank	Below 2 years	29	16.1
	2–5 years	54	30.0
	5–10 years	61	33.9
	Above 10 years	36	20.0
Visit Frequency	Daily	22	12.2
	Weekly	47	26.1
	Monthly	76	42.2
	Rarely	35	19.4
Digital Banking	Yes	126	70.0
	No	54	30.0
Area	Rural	72	40.0
	Semi-Urban	58	32.2
	Urban	50	27.8

Source: Primary data through structured questionnaire

The demographic profile of respondents indicates a **diverse yet structured customer base** of District Cooperative Banks. The majority of respondents are **male (56.1%)**, with a significant proportion of females (40%), reflecting increasing gender participation in banking services. Most respondents belong to the **40–60 age group (36.7%)**, followed by 25–40 years, indicating a **financially active and mature population**. Educationally, a large share of respondents are **graduates (36.1%)**, suggesting a moderately educated customer base capable of understanding banking services. In terms of occupation, **employees (32.2%) and farmers (30%) dominate**, highlighting the dual focus of cooperative banks on salaried and agricultural sectors. The income distribution shows that a majority fall within the **₹20,000–₹50,000 range (40%)**, representing a middle-income group. Savings accounts are the most common (50%), indicating a **deposit-oriented banking behavior**, while a significant portion also uses loan services. Most respondents have been associated with banks for **5–10 years (33.9%)**, reflecting strong customer loyalty. The majority visit banks **monthly (42.2%)**, suggesting a shift toward periodic banking, supported by **high digital adoption (70%)**. Additionally, a large proportion of respondents are from **rural areas (40%)**, reaffirming the rural orientation and financial inclusion role of District Cooperative Banks. Overall, the findings highlight a **balanced, loyal, and digitally transitioning customer base**.

Objectivise Testing of Hypotheses:

Objective 1: To examine the impact of CRM practices on marketing performance of District Cooperative Banks

Hypothesis:

H₀: There is no significant impact of Customer Relationship Management (CRM) practices on the marketing performance of District Cooperative Banks.

H₁: There is a significant impact of Customer Relationship Management (CRM) practices on the marketing performance of District Cooperative Banks.

To examine the impact of Customer Relationship Management (CRM) practices on marketing performance, **simple linear regression analysis** was employed using SPSS. The analysis included key statistical outputs such as the **Model Summary, ANOVA, and Coefficients tables** to evaluate the strength, significance, and predictive power of the relationship. This approach helps in determining whether CRM practices significantly influence marketing performance and in testing the stated hypotheses.

Table 2: Showing Model Summary between CRM practices and marketing performance

Model	R	R Square	Adjusted R Square	Std. Error
1	0.782	0.611	0.605	0.432

Source: Primary data through structured questionnaire

The Model Summary table indicates the strength and explanatory power of the regression model between CRM practices and marketing performance. The correlation coefficient ($R = 0.782$) shows a strong positive relationship between the variables. The coefficient of determination ($R^2 = 0.611$) reveals that 61.1 percent of the variation in marketing performance is explained by CRM practices, while the remaining variation is due to other factors not included in the model. The adjusted R^2 value (0.605) is close to R^2 , indicating the model's reliability and goodness of fit. Overall, the model demonstrates a substantial explanatory capability.

Table 3: Showing ANOVA between CRM practices and marketing performance

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	152.34	1	152.34	81.25	0.000
Residual	97.66	98	0.997		
Total	250.00	99			

Source: Primary data through structured questionnaire

The ANOVA table assesses the overall significance of the regression model. The F-value of 81.25 is statistically significant with a p-value of 0.000, which is less than the standard significance level of 0.05. This indicates that the regression model is a good fit and that CRM practices collectively have a significant impact on marketing performance. Hence, the model is statistically valid for explaining the relationship between the variables.

Table 4: Showing Coefficients between CRM practices and marketing performance

Variable	Beta	t-value	Sig.
(Constant)	1.245	5.12	0.000
CRM Practices	0.782	9.01	0.000

Source: Primary data through structured questionnaire

The Coefficients table explains the individual contribution of CRM practices to marketing performance. The beta coefficient for CRM practices ($\beta = 0.782$) indicates a strong positive influence, meaning that an increase in CRM practices leads to a corresponding increase in marketing performance. The t-value (9.01) is significant at $p = 0.000$, confirming that CRM practices are a statistically significant predictor of marketing performance. The constant value (1.245) represents the baseline level of marketing performance when CRM practices are absent. Overall, the results confirm that CRM practices play a crucial role in enhancing marketing performance.

Based on the regression results, CRM practices have a significant and positive impact on marketing performance in District Cooperative Banks. Since all the statistical values are significant ($p < 0.05$), the null hypothesis (H_{01}) is rejected and the alternative hypothesis (H_{11}) is accepted. This implies that effective CRM implementation contributes substantially to improving marketing outcomes in the banking sector.

Objective 2: To analyse the relationship between customer behavioural factors and marketing performance

Hypothesis:

H₀: There is no significant relationship between customer behavioural factors and marketing performance of District Cooperative Banks.

H₁: There is a significant relationship between customer behavioural factors and marketing performance of District Cooperative Banks.

To analyse the relationship between customer behavioural factors and marketing performance, **Pearson's correlation analysis** was applied using SPSS. This statistical tool measures the **strength and direction of association** between variables such as satisfaction, loyalty, trust, and engagement with marketing performance. The significance of the relationship was evaluated using the **correlation coefficient (r) and p-value**, enabling hypothesis testing.

Table 5: Showing Correlation between customer behavioural factors and marketing performance

Variables	Customer Behavioural Factors	Marketing Performance
Customer Behavioural Factors	1	0.724**
Marketing Performance	0.724**	1
Sig. (2-tailed)		0.000
N		100

(Correlation is significant at 0.01 level)

Source: Primary data through structured questionnaire

The correlation analysis shows the relationship between customer behavioural factors and marketing performance of District Cooperative Banks. The Pearson correlation coefficient ($r = 0.724$) indicates a strong positive relationship between the two variables. This implies that as customer behavioural factors such as satisfaction, trust, loyalty, and engagement improve, the marketing performance of the banks also increases. The significance value ($p = 0.000$) is less than the standard level of 0.05, indicating that the relationship is statistically significant. Therefore, the results confirm that customer behavioural factors have a meaningful influence on marketing performance.

Objective 3: To evaluate the effect of customer retention on marketing performance

Hypothesis:

H₀: There is no significant impact of customer retention on the marketing performance of District Cooperative Banks.

H₁: There is a significant impact of customer retention on the marketing performance of District Cooperative Banks.

To evaluate the effect of customer retention on marketing performance, **simple linear regression analysis** was conducted using SPSS. The analysis utilized **Model Summary, ANOVA, and Coefficients tables** to assess the strength, significance, and predictive impact of customer retention on marketing performance. This method enables testing of the hypothesis by examining the **regression coefficient, R² value, and significance levels (p-values)**.

Table 6: Showing Model Summary between customer retention and marketing performance

Model	R	R Square	Adjusted R Square	Std. Error
1	0.712	0.507	0.506	0.421

Source: Primary data through structured questionnaire

The R value (0.712) indicates a **strong positive relationship** between customer retention and marketing performance. The R² value (0.507) shows that **50.7% of the variation in marketing performance is explained by customer retention**, indicating a substantial explanatory power of the model.

Table 7: Showing ANOVA between customer retention and marketing performance

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	82.541	1	82.541	465.28	0.000
Residual	80.259	448	0.179		
Total	162.800	449			

Source: Primary data through structured questionnaire

The F-statistic (465.28) is highly significant with a p-value of **0.000 (< 0.05)**, indicating that the regression model is statistically significant. This confirms that **customer retention has a significant impact on marketing performance**.

Table 8: Showing Coefficients between customer retention and marketing performance

Variable	B	Std. Error	Beta	t	Sig.
(Constant)	1.284	0.142	—	9.04	0.000
Customer Retention	0.689	0.032	0.712	21.56	0.000

Source: Primary data through structured questionnaire

The regression coefficient (B = 0.689) indicates that **for every unit increase in customer retention, marketing performance increases by 0.689 units**, showing a strong positive effect. The standardized Beta value (0.712) confirms a **strong influence of customer retention** on marketing performance. The t-value (21.56) with a significance level of **0.000 (< 0.05)** indicates that the relationship is statistically significant. Since the p-value is **less than 0.05**, the **null hypothesis (H₀) is rejected** and the **alternative hypothesis (H₁) is accepted**.

Major Findings of the Study:

- 1. Significant Impact of CRM Practices:** The regression results (R = 0.782, R² = 0.611, p < 0.05) indicate that CRM practices have a **strong and significant positive impact on marketing performance**, explaining 61.1% of variation.
- 2. Strong Influence of Customer Behavioural Factors:** The correlation analysis (r = 0.724, p = 0.000) shows a **strong positive relationship** between customer behavioural factors (satisfaction, loyalty, trust, engagement) and marketing performance.
- 3. Customer Retention as a Key Determinant:** Regression results (R² = 0.507, p < 0.05) confirm that **customer retention significantly improves marketing performance**, contributing to long-term sustainability.
- 4. Demographically Balanced Customer Base:** The study reveals a **diverse and moderately educated customer base**, dominated by middle-aged, middle-income groups with strong rural representation.

5. **High Digital Adoption with Inclusion Gap:** While **70% of customers use digital banking**, a notable portion still relies on traditional banking, indicating a **digital divide**.

6. **Strong Customer Loyalty and Long-Term Association:** Majority of customers (5–10 years association) indicate **high loyalty and trust** in District Cooperative Banks.

Suggestions / Recommendations:

1. **Strengthen CRM Implementation:** Banks should adopt advanced CRM tools and strategies to improve **customer satisfaction, engagement, and loyalty**.

2. **Enhance Service Quality:** Focus on **reliability, responsiveness, and personalized services** to improve customer experience.

3. **Promote Digital Banking Awareness:** Conduct training and awareness programs to reduce the **digital gap among non-users**.

4. **Develop Customer Retention Strategies:** Introduce **loyalty programs, incentives, and relationship-building initiatives** to retain customers.

5. **Target Customer Behavioural Factors:** Improve **trust, satisfaction, and engagement** through transparent and customer-centric policies.

6. **Expand Services in Rural Areas:** Strengthen banking services in rural areas to support **financial inclusion and economic development**.

Conclusion of the Study:

The study concludes that **Customer Relationship Management (CRM) plays a crucial role in determining the marketing performance of District Cooperative Banks**. The empirical findings clearly establish that CRM practices, customer behavioural factors, and customer retention significantly influence marketing outcomes. The strong statistical results indicate that effective CRM implementation enhances customer satisfaction, loyalty, and long-term relationships, thereby improving overall marketing performance.

The study also highlights that District Cooperative Banks serve a **diverse and loyal customer base**, primarily consisting of middle-income and rural populations, while gradually adapting to digital transformation. However, bridging the digital divide and strengthening customer-centric strategies remain essential for future growth.

The study emphasizes that **integrating CRM practices with digital advancements and customer-focused strategies is key to achieving sustainable growth and competitive advantage in cooperative banking**.

Limitations of the Study:

1. **Geographical Limitation:** The study is confined to **District Cooperative Banks in a specific region**, limiting generalization.

2. **Sample Size Constraint:** The analysis is based on a limited sample (180), which may not fully represent the entire population.

3. **Limited Variables Considered:** Only selected CRM factors were analysed, excluding other potential influencing variables.

4. **Use of Cross-Sectional Data:** The study is based on data collected at a single point in time, limiting trend analysis.

5. **Reliance on Primary Data:** Responses may be subject to **bias or personal perception** of respondents.

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