CUSTOMER RELATIONSHIP MANAGEMENT DURING THE XXI CENTURY IN EUROPEAN COOPERATIVE BANKS

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Abstract: *In this paper, the author aims to describe the concept of customer relationship management during the XXI Century in European Cooperative banks. In the today's strong competitive bank-market like in all marketplaces, the customer demand is considered the king. In order to manage the customer issue of all business, the bank system and all companies need to implement a customer relationship management strategy.*
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1. Introduction

In the past few decades, consumer choice has exploded in banking. The world we live in has already become a much more complex environment.

The new era of customer relationships recognizes the power shift from the seller to the buyer. Successful marketing is no longer about helping sellers to sell; the focus of the future is on helping buyers to buy.

In recent years, in such fields as cooperative banks (banking) where there is a strong competition, customer satisfaction has gained a good deal of importance. To raise the customer satisfaction to the highest level and retain their customers, the cooperative banks are to attach importance to customer relationship management.

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There are two important objectives of customer relationship management in the cooperative banks:

a) to gain customers, namely to activate the potential customers;

b) to keep the number of the existing customers.

Forming and sustaining healthy and long-term customer relationship management have become an important means of competition in the cooperative banks.

2. Literature review

An efficient customer relationship management is extremely important for sustainable development of any company and involves developing an organizational culture that has at its core the customer (Constantinescu L., 2009).

Customer relationship management is based on good knowledge of the customer and its buying behavior.

Getting closer to customers begins with knowing what customers want. Customers want that companies understand them, their needs and their unique wants, and they want companies that adapt their products and services to these needs and wants. This is the only way for a company to successfully retain its customers. Resuming the needs and wants of customers in several words, customers want: reasonable quality at a fair price, respect, consistency, intelligent support, convenience and efficient use of their time (Shepard D., 1999).

After the 2000's, customers had the opportunity, using the effect of the internet, to be more powerful and customer relationship management has been accepted as a management philosophy. Studying specialist literature, I can say, that different definitions have been made of customer relationship management as:

- To Kathleen (2000), "Customer relationship management is an enterprise strategy necessary to secure a proper, useful and consistent communication with each customer irrespective of the means of communication."
- To Anton, (2001): "Customer relationship management means following all the information about the customers through special software and seeing all that information with just one key at will."
- To Doug, (2002): "Customer relationship management is a business strategy that allows the enterprise to follow its customers, revenues

> and expenses, also enabling it to focus on target market opportunities."

The needs and wants of a customer can be different, so that companies must distinguish between the two issues, what customers want and what they really need. Thompson (Thompson, 2004) treats the myth that companies certainly know what customers need, in contradistinction to what customers want. This situation assumes that companies also know (find out through researches) what is best for the customers. Some companies try to permanently to find out what customers want, but even these cannot fully know what the customer actually needs and would most value. It is only the customer who understands what he needs and how they can benefit from something they want, and related to the reason why they need it. Therefore, from the point of view of companies, understanding what they want is good, but understanding why they need it is critical to creatively develop new products and services to better meet those needs. A company will not survive without customers. The actual and future value of its customers is and still will be a critical factor in assessing the value of the business.

As a result, customer relationship management is a philosophy of working that should be extended to whole of the organizations.

3. Customer relationship management strategy (CRM)

Customer relationship management is a combination of people, processes and technology that seeks to understand a company's customers. (Catalán-Matamoros, 2012). It focuses on customer retention and development of a relationship with them. Those companies that implement successfully the CRM are those whose customer will be loyal and this leads to long run profitability. An important goal for implementation of CRM is improvement of the customer retention rate in order to maintain relationships with those customers who add value to the company. A company has to follow a customer retention strategy to keep valuable customers and reduce the customer defections and a customer development strategy where the company targets to increase the value of the already retained customers.

Agrawal (2003) recognizes that the essence of CRM is customer and continuity and suggests another seven terms for this acronym, as follows: Caring Relations Management, Continuous Relations Management, Creative Relations Management, Customer Retention Management, Customer Return Management, Cost Reduction Management, Cost and Return Management.

Thus, the concept of CRM relies not only on identifying who are the customers, analyzing their preferences and provide them quality service, but on customer loyalty and customer profitability.

The main reason for companies for building relationships with their customers is the economic reason, for generating better results, higher profits having a base of satisfied and profitable customers. Managing successfully relationships with customers brings for the company benefits like reduced marketing costs and a better understanding of customer requirements and expectations and consequently satisfying requirements profitably, selling more products and services to valuable retained customers. (Buttle, 2009).

Emergence and growth of the Internet makes CRM stronger and more efficient, because on the Internet customization is possible, it is easier to track the customers behavior, at a relatively low cost. Companies should focus on retaining customers, but only those who are valuable, who contribute to value. However, for example in the banking industry, it is more important to concentrate on managing the overall downward migration of customer spending, than managing customer retention. There is a low defection rate, rather the customers simply change their buying behavior. These changes may be responsible for greater changes in customer value than defection. (Buttle, 2009).

Taking into consideration the 80/20 Principle (the Pareto law), twenty percent of customers account for 80 percent of revenues and twenty percent of products or customers usually also account for about 80 percent of an organization's profits. The 80/20 principle shows how a company can achieve much more with much less effort, time, and resources, simply by identifying and focusing its efforts on the twenty percent that really counts. (Koch, 2011).

Seybold P. (Seybold, 2001) proposes to create customer scenarios following some steps like: selection of target customers, selection of the goal that the customer needs to fulfill, determine what the customers considers to be the successful achievement of his goals, thinking of all activities that the customer performs. The company must map out how it can support the activities of the customer, how it can supply the necessary information, how it can use marketing, distribution and service channels to support the customer scenario.

Nowadays, the customer has more power because its knowledge is increasing exponentially. Now, the customer is capable to analyze better the offerings of several competitors and to make the right decision. The customer has access to a growing amount of information available from different sources like media and Internet. This media challenges the customer not only to buy and to consume, but also to search, to think, to decide.

The use of customer relationship management applications provides many benefits to companies that want to achieve automatization of their sales, marketing, and customer service functions. The most important benefits of a successful CRM implementation are: (Goldenberg, 2008)

- Better sales/marketing information (implementation of a CRM system permits collection of various data about the customer, like its name, background, needs etc.)
- Improved productivity (quick access of inventory availability, accelerate the orders, shorten the sales cycle)
- Enhanced customer care (ability to highlight existing or potential customer service problems and react more quickly to customer needs)

Goldenberg (Goldenberg, 2008) defines tangible benefits of CRM, with issues that must be considered, as the following:

➢ Time spent by sales personnel with existing customers (the number of service calls or hours per day spent in interaction with existing customers);

➢ The number of new customer prospects pursued by sales representatives (the number of new prospects versus existing customers contacted by the sales representative per day/ week/ month/ quarter);

➢ Time spent by sales managers in contacting customers and working with sales representatives on customer issues (the number of hours per day that sales managers spend in contact with customers and prospects, and with sales representatives discussing customer issues);

➢ Customer service efficiency (the turnaround time for customer service issues and the number of customer service errors made as a result of misinformation);

➢ Timeliness of follow-up correspondence to customers/prospects (the number of days between the date the customer or the prospect was contacted and the date that the customer / prospect follow-up information is sent);

➢ Higher close ratios (the lift in close ratios that result from CRM tools and techniques);

➢ Revenue per month for each sales representative (the increase in base revenue generated per month per sales representative);

- Overall business results (the percent of increase in monetary value over the budget for the entire sales team each month);
- Frequency that the company's name is in front of the own customers and prospects (the number of correspondence items sent to customers and prospects by sales and marketing personnel);
- Customer satisfaction (using a customer satisfaction survey rating and displaying these ratings in a location for all personnel to review);
- Better communications within the company (the time spent giving and getting information between the field and regional or headquarters offices);
- Improved "close" rates (the business orders closed before and after the implementation of the CRM system)
- Reduction in "close" time (the speed of bringing new business orders to a close before and after the implementation of a CRM system).

A successful CRM - based corporate strategy is based on the identification of potential customers, differentiation of customers according to their needs and customer value and the adaptive responses and actions. The increasing competition and ever the more closely occupied markets force even well established companies to explore new ways and new positioning in the market. Worldwide price comparisons within seconds via the Internet, fewer loyalty and increasing requirements on products, services, make it difficult for the companies to build profitable customer relationships. Today, it is imperative to develop new strategies to win more profitable customers and retain them. Close relations between companies and customers are the basis of benefit maximization for both partners.

An effective CRM strategy means attracting those customers that bring value to the company and gaining their loyalty by forming a relationship between company and client, which is in the benefit of both parties. The new economy that manifests itself through a large number of sellers and customers that make more prudent and knowledgeable choices does not give chances to a company to differentiate itself from competitors only through lower prices, or only through the irreproachable quality of products sold. The only way of success is to focus on the customer, listening to the customer voice and acting accordingly. The duration of relationships between companies and customers is based on the loyalty created as a result of the achieved customer satisfaction, and the confidence manifested to the company. It is not that important the number of new customers attracted, but their quality.

An integrated CRM strategy allows increasing the value added per customer, thus helping to reduce costs and increase the company's profitability. CRM systems are based upon the most profitable customers for the company and consequently on customized offers. The main success factors of each business are customer orientation, customer service, quality, time, price, cost and not least innovation. The experience of the successful companies has demonstrated that success in business depends on the way the objectives are established and the expected level of performance. The role of the strategy is to bring about a change in the mentality of the company's employees, to maintain their focus on performance problems and to raise the values promoted during the concerned period (Dragomir, C., 2014, p.46).

A successful CRM strategy enables a close relationship with the customer and thus influences the customer perception and assessment of that company. CRM strategies are based on CRM specific and measurable objectives. So, the overall strategy is based on objectives like clear customer knowledge and consolidated customer view.

4. *European Cooperative bank adopting CRM strategy in a changing world*

In Europe, the integration of cooperative banks is a real, complex and multi-faceted problem, both within the EU and in its dealings with the rest of Europe. The process of integrating the Romanian credit cooperative into the European flow is proving to be a lengthy one and involves major transformations.

In Europe and elsewhere in the world, the banking system is built and develops as an open system, which enables it to organize its activity through mobilizing its own resources and to continuously adapt to market signals and economic developments, of which it is a cause.

The cooperative bank appeared in Romania in 2007.

Initially, since 1887, they were credit cooperatives and they were founded to give agricultural support to the farmers, but today, as a European Cooperative bank, it conducts all of the banking services.

It was necessary to change the organizational structure of credit cooperatives as soon as Romania joined the EU, in accordance with G.E.O.

no 99/06.12.2006 on credit institutions and capital adjustment, approved through Law no 227/2007, with subsequent amendments. The implementation and transposition of European Parliament and Council Directive no 2006/49/CE of 14 June 2006, regarding the adjustment of the capital of investment companies and credit institutions, needed to be completed by the end of 2006 (a deadline established as part of accession negotiations). The procedure to pre-notify the European Commission of the entire legislative framework adopted was performed in the spring of 2007.

Within the EU, the European Association of Cooperative Banks is an important organization with an intense and varied activity, involved in all European Commission activities regarding the cooperative banking system. As of April 2003, Romania has been a part of the European Association of Cooperative Banks, alongside Austria, Belgium, Bulgaria, Cyprus, Switzerland, France, Finland, Greece, Germany, Italy, Hungary, Luxembourg, the Netherlands, Poland, Portugal, Spain and the UK. Congresses of the European Cooperative Banks take place annually, hosting debates on the following themes: financial markets, accounting and auditing, social responsibility, social and assisted development, banking legislation, payment systems, consumer protection and social affairs. The Congress is also the time for presenting the financial statement for the current year and the budget for the following year, as well as initiatives to increase the profile and to consolidate the position of cooperative banks within the European banking system.

With specific characteristics, Cooperative Banks are recognized both by national and by European legislation. They are valued by all financial rating agencies and ranked as a real banking force.

The cooperative bank model has been a successful factor because it associates services offered to clients and democratic leadership with the stimulation of financial progress through competition.

Through constructive dialogue with the representatives of European institutions, cooperative banks have put forward the three directions that will enable them to create and develop a new image of enlarged Europe.

Descendants of the original model based on democracy, transparency and closeness to the client as an associate member and co-owner, credit cooperatives contribute to stability and competitiveness of the economic and financial system.

This role was stressed by all financial analysts who believe that the cooperative banks have an important and unique role within the banking community through their capital ownership structure based on the principle of ‘one-man, one vote’, through the structure of central organisms and through guarantee mechanisms.

Transparency in decision-making and the participation of co-operating members in the daily management of capital is an alternative to the model of anonymous companies.

I believe customer complaint management is part of CRM. In adopting a CRM strategy we must think and try to know what our customers want and give it to them the way they want it. We must be able to meet their complaints.

In European Cooperative banks, the front and back offices departments must be able to work together in order to business from costumers’ perspective.

Customer relationship management is an approach to managing a cooperative banks interaction with current and future customers.

A clear CRM strategy is the top contributing factor to CRM software success and sustainability.

A CRM system is an important tool for building customer loyalty and encouraging refection, it will also keep our business competitive, but one common trap that can be fallen into by organization is to see it as a strategic function.

For the European Cooperative banks, it is important to implement a new and improved CRM strategy that include:

- standardizing decentralized processes that impede customer relationship (to replace old systems that risk quality, cost and customer experience);
- enhancing connections with customers via new technologies;
- utilizing new channels that offer a path to more personal customer communications.

5. Conclusions

A customer relationship strategy must define long term objectives, the achievements the company wants to reach, the way to get there, aspects fulfilled better than the competitors, the competitive advantage and last but not least the value proposition that will be used to communicate and connect with the company's customers and to keep them for a long time. A properly implemented CRM strategy helps the company in offering better service and develops deeper relationships with customers. Customer relationship management strategies offer companies a comprehensive view of their customers across the entire organization.

In order to maximize the duration and also the quality of the relationship with the customer, companies must assure a strong performance in how they interact across the whole customer lifecycle. A customer-centric CRM views the customer lifecycle as the main point and all its processes are focused to optimize the customer interaction.

In summary, I think there are two objectives of customer relationship management in the European Cooperative banks:

- to gain customers;
- to keep the number of the existing customers.

It is important for the European Cooperative banks, like in all banking sector, to retain their customers and gain new customers. This depends on an accurate customer management relationship.

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