OBJECTIVE OF THE PRESENT WORK

Set against this backdrop, this research attempts several objectives.

1. To enquire if the industries of Indore have started to embrace these concepts of customer retention, long-term relationship and CRM.

2. To test the validity of cross-selling and up-selling in the financial services industry of Indore.

3. The final objective focuses on how to design cross-selling strategies and whether a common universal strategy can be applied or whether strategies need to be tailored to customer characteristics, consumption patterns and purchase time aspects.

In summary, the research questions are:

1. Is customer retention a relevant strategy in the financial services industry?

2. Is cross-selling an appropriate means of promoting customer retention in the financial services industry?

3. Can companies adopt a common cross-selling strategy for all their customers or should they consider customer characteristics and consumption patterns and timings when developing their cross-selling strategy?

In order to address these three research questions, a hybrid approach is used within the overall research framework of scientific realism. Firstly, several in depth face to face interviews were conducted with financial services provides and national organisations in order to determine the validity of such concept in the financial industries of Indore through scaling process.

The second line of investigation consisted of the application of an analytical framework- making use of statistical and data mining techniques- called the “Who-What-
When” framework, designed to help financial services providers to identify one or several cross-selling and up-selling strategies according to their customer features and their consumption. This framework was originally defined and tested in a pilot research study conducted in 2011-2012 (tool-R). However, refinements and improvements to the framework are put to a test in this study. The rationale underpinning this framework is grounded in several areas of research including segmentation, the Customer Life Cycle, Acquisition Pattern Analysis and the influence of time on financial product acquisition (through data analysis). This second phase of the research constitutes the quantitative method, which will use deduction as the main research method, given the type of data and the tools used to analyse it (through Excel solver).

**HYPOTHESIS**

Any research project should take into consideration epistemology and ontology, as those over-arching terms relate to the development of knowledge and the nature of that knowledge (Saunders et. al., 2009). As Johnson and Clark (2006) highlight, researchers need to be aware of the philosophical research strategy given that it has not only a significant impact on the research process, but also on the understanding of the research questions. Burrell and Morgan (1982) summarised the main research philosophies used for management research as:

- **Positivism**: reality is external, objective and independent of social actors. Only observable phenomena can provide credible data. The end product of this research is to develop law-like generalisations through case studies similar to those produced by the physical and natural sciences (Remenyi et. al., 1998).

- **Realism**: reality is objective. It exists independently of human thoughts and beliefs. However, it is interpreted through social conditioning. In this line, Bhaskar (1989) argues that in order to understand reality, it is necessary to understand the social structures that have given rise to the phenomena under data analysis.
- Interpretivism: reality is socially constructed. It is subjective and open to change. Knowledge is subjective and focuses upon the details of a situation, a reality behind these details, subjective meanings and motivating actions.

- Pragmatism: reality is understood as something external. Knowledge derives from both observable and subjective meanings, depending on the research questions. It is primarily focused on practical applied research integrating different perspectives to help interpret the data.

From those definitions, it can be determined that, ontologically, there is a clear dichotomy between Objectivism (Positivism and Realism) and Subjectivism (Interpretivism and Pragmatism) (Saunders et al., 2009). Whilst Objectivism refers to the position that social entities exist in reality, external to social actors and, therefore, scientific methods can be used to know them in reality (R). Subjectivism holds that social phenomena are created from the perceptions and consequent actions of those actors concerned with their existence. From a Subjectivist perspective, interpretation and personal involvement are crucial to understand meanings motivating social actors and which configure their realities. From an epistemological point of view, while Objectivism advocates using quantitative techniques to collect and analyse data from reality (Hun 1991), the Subjectivism approach rejects the quantitative approach in favour of a more qualitative one in order to describe what has been observed (Seale, 1999).

This debate between Objectivism and Subjectivism seemed to have found a solution with Hunt’s contribution to scientific realism (1990). Mäki (1990), stats that Scientific realism is based on the assumption that scientific theorising is the most reliable way to find out what there is in the world. Scientific realism is based on four propositions: (1) the world exists independently of its being perceived (classical realism); (2) the task of science is to develop genuine knowledge about that world, even though such knowledge will never be known with certainty; (3) all knowledge claims must be critically evaluated and tested to determine the extent to which they do, or do not, truly
represent or correspond to that world (scientific method); and (4) truth is an appropriate
goal for marketing (and social) theory and research. Building upon this, Hunt (1990: 11)
states that:

“Applied to marketing and social science, scientific realism maintains
that, to the extent that there are theories that have long-run success in
explaining phenomena, predicting phenomena, or assisting in the
solution of pragmatic problems in society, we are warranted in
believing that something like the postulated entities and their
structure or relationships exists, that is, they truly represent or
correspond to reality external to the theorist.”

Peter (1992), argues that scientific realism agrees with the fact that no single
approach to science guarantees scientific progress, therefore in order to validate the
results, scientific realism advocates for long-term success of the measures used (theory
testing research that seeks general truth), and contract with reality in order to make sure
that results make sense within their context.

Brglez (2001) describes scientific realism as a philosophical perspective which
views reality as being independent from thought, knowledge and language, and
sometimes as agents in social reality. The existence of “unobservables” can be
approached by the scientific method in order to identify explanations for observable
regularities and events (Máki, 1990). In relation to this point, Hunt (1991) determines that
scientific realism can be used to provide evidence of both observable and unobservable
entities. Therefore, through the observation of reality data, knowledge about latent
(unobservable) dimensions (i.e. motivations, beliefs) can be established (Wendt, 1999).

In conclusions, (1) given the scope of scientific realism, where reality is something
that exists and that can be approached through the scientific method; (2) if offers the
possibility of using a wide range of research techniques to approach knowledge and
reality; and (3) that it approaches the validation process combining observations (i.e.
testing, results generalisation), and the quality check of assessing those results within
their social context, are the reasons to use Scientific Realism as the framework to conduct this research.