Customer Perception towards Relationship Marketing Practices Across the Selected Public Sector Banks in India

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Preface

The banking industry in India has undergone radical changes due to the liberalization and globalization measures undertaken since 1991.Banks are experiencing stiff competition and focusing now on customer centric strategies to attain competitive advantage and retain profitable customers. With increased number of banks, products and services and practically nil switching costs, customers are easily switching banks whenever they find better services and products. Banks are finding it tough to get new customers and more importantly retaining existing customers. To retain High Net Worth customers and attain competitive advantage, banks should focus strongly on relationship management with customers. The objective of this work is to understand the customers' perception towards relationship marketing practices and the impact of relationship marketing on customer satisfaction and loyalty.

The work in this study is descriptive providing the inventory of customer feelings regarding relationship marketing practices in selected public sector banks (State Bank of India and Indian Bank) in Chittoor District. The present study considered bonding, trust, communication, conflict management, empathy, personalization, reciprocity and commitment as the elements of relationship marketing. Further, gender, age, education and income are considered as demographic variables to study the impact of relationship marketing practices on customer satisfaction and customer loyalty. Convenience and Purposive sampling method is used for this study and sample size of the study is 600 customers of selected banks in Chittoor district of Andhra Pradesh. The pre-tested questionnaire was used in the study; data were gathered on the respondents' demographics, their perceptions towards relationship marketing practices and impact of relationship marketing on customer satisfaction and customer loyalty. Testing of hypotheses was conducted using statistical tools such as Z test, ANOVA, and Pearson correlation and multiple regressions.

The findings of the study indicate that gender has no significant impact towards factors of relationship marketing. The other demographic variables age, education and family annual income level has significant impact on the perception towards factors of Relationship

Marketing. According to the results, it is clear that there is a positive relationship between Relationship Marketing factors and customer satisfaction and customer loyalty. The findings of this study would contribute significantly in better understanding of Relationship Marketing practices of banking sector by the academicians and the practitioners.

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Expressing my profound indebtedness to Lord Venkateswara, who has blessed me in each of my endeavours. I take this opportunity to express my sincere thanks to all those who have contributed significantly to this work.

I am gratefully indebted to my parents **Sri. D. Jayabharatha Reddy** and **Smt. D. Lakshmi Devi** for the constant motivation, inspiration, love and affection. I wish to thank my wife, **Smt.D.Suneetha**, daughter D. Sai Deepshika for motivating and supporting me in preparing this book.

I articulate my sincere thanks to Management of Sri Venkateswara Colleges, Tirupati for their constant support and encouragement. I am thankful to my colleagues for their support in completion of this project.

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Dr. Nalla Bala Kalyan

List of Abbreviations

ASP   Application Service Providers

ATM   Automated Teller Machine

BP   Business Performance

BPR   Business Process Reengineering

CMAT   Customer Management Assessment Tool

CRM   Customer Relationship Marketing

HDFC   Housing Development Finance Corporation

ICICI   Industrial Credit and Investment Corporation of India

IDBI   Industrial Development Bank of India

IMAGE   Indian Bank Management Academy for Growth
and   Excellence

NABARD   National Bank for Agriculture and Rural Development

NIB   National Investment Bank

PSB   Public Sector Bank

RBI   Reserve Bank of India

RM   Relationship Marketing

RMO   Relationship Marketing Orientation

ROI   Return on Investment

SBI   State Bank of India

SIDBI   Small Industries Development Bank of India

SPSS   Statistical Package for Social Science

UTI   Unit Trust of India

Contents

Chapter-I

Introduction

In response to ever-increasing competitive pressures in the business environment, marketers are aggressive to attract customers and to get to know them in order to better meet their customers' needs, offer them new range of products/services, and strive to set up long-term relationships with them. Relationships have been considered to be the backbone of business activities and marketing by several researchers and practitioners over the last two decades and relationship marketing recently has become "the fashionable new topic". This new relationship-oriented approach came into the force in the early to mid-1990 upon the recognition of the limitation of the dominant marketing mix management (4Ps) and was embraced by scholars and practitioners as a paradigm shift both in the theory and the practice of marketing.

1.1   INTRODUCTION TO RELATIONSHIP MARKETING

Relationship Marketing is to establish, maintain and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfillment of promises (Gronroos, 1994)[1]. Such relationships are usually but not necessarily long term. Relationship with a customer can be divided into two parts: to attract the customer and to develop the relationship with that customer so as to achieve the economic goal of the marketer.

Thus, the overall objective of relationship marketing is to facilitate and maintain long-term customer relationships, which leads to changed focal points and modifications of the marketing management process. The common superior objectives of all strategies are enduring unique relationships with customers, which cannot be imitated by competitors and therefore provide sustainable competitive advantages (Berry and Gresham, 1986).[2]

1.1.1 Emergence/Origin of Relationship Marketing

It is generally accepted that the roots of the expression "relationship marketing" can be found in the early 1980's. It appears first time in academic literature in the year 1983 when Leonard Berry[3], in a book on marketing to services writes a chapter entitled "Relationship Marketing". Two years later, in the context of a project related to industrial marketing, Barbara Jackson uses the same expression of "relationship marketing" in her book winning and keeping Industrial Customers as well as in an article published in Howard Business Review in 1985.

 The two researchers introduced the expression – one in the area of services and other in the industrial field – indicate, to some extent its conceptual pillars. Finally, we must also mention the great Theodore Levitt, in 1983[4], without using the term "relationship marketing" in those exact words, states that the objective of a business should not be limited to sales itself but should also provide the greatest customer satisfaction, which depends on "how well the relationship is maintained by the seller."

Theodore Levitt described relationship marketing as 'an approach which emphasizes the continuing relationships that should exist between an organization and its customers.' He also proceeded to state that 'in a great and increasing proportion of transactions, the relationship actually intensifies subsequent to the sale.'
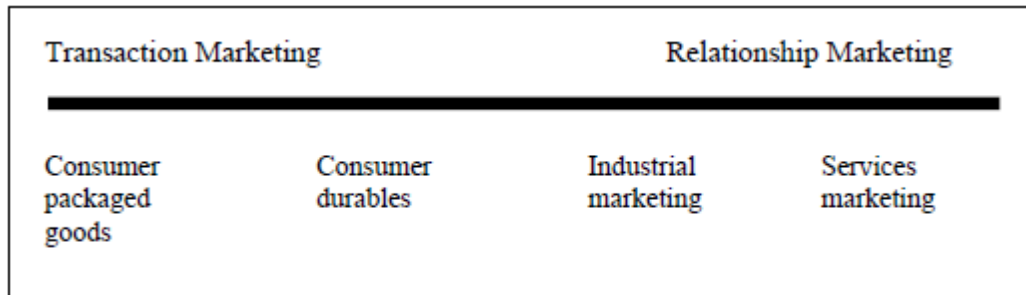
Traditional transaction marketing focuses on the completion of the transaction and the pursuit of maximizing profits for each transaction. Relationship marketing, on the other hand, focuses on the establishment of strong relationships and stable partnerships in order to maximize the pursuit of the interests of all aspects of the relationship.

1.1.2 From Transaction to Relationship

According to Gronroos (1996)[5], the traditional view of marketing as a function for specialists planning and executing a marketing mix may not be altogether true where services are concerned. The marketing mix approach is frequently too limited and does not cover all the activities that appear in customer relationships at various stages of the customer relationship lifecycle. Gronroos also explains the classical Four P's as a clinical approach to marketing where the seller is the active part and the buyer the passive. Further he states that the globalization trend and the individualization of the customers have led to new marketing practices being introduced to complement the traditional marketing mix.

Change is a matter of fact in our society. The marketing mix management 4Ps showed its limitation after more than three decades dominance. Relationship marketing came out at the marketing strategy continuum to resolve the limitation of traditional marketing considering interpersonal relationships as centre to businesses.

One particular thought regarding the Relationship Marketing is that it is the extension of simple transaction marketing or rather simple buyer-seller relationship. There is no doubt in the mind of the researchers that Relationship Marketing (RM) goes far beyond the theory of transaction marketing, though most of the researchers say Relationship Marketing is the opposite of transaction marketing. So, in order to understand the term Relationship Marketing, a distinction between these two terms is required. A transactional exchange involves a single, short time exchange with a distinct beginning and ending (Gundlach and Murphy 1993)[6]. In contrast, a relational exchange involves multiple linked exchanges extending over time and usually involves both economic and social bonds (Wilson, D.T. 1995)[7].

Figure 1.1 The Marketing Strategy Continuum

Transaction Marketing			Relationship Marketing
Consumer packaged goods	Consumer durables	Industrial marketing	Services marketing

Source: O'Malley (2003)[8]

Mittal (2006)[9] discussed the evolution of relationship marketing approach as an evolution of a revolution in the marketing. He suggests that marketing is no longer just about developing, selling and delivering products; it is increasingly concerned with customers. In fact, relationship marketing is based upon the premise that it makes economic sense to satisfy and retain customers as the strength and duration of relationship is directly proportional to the resultant profitability.

Zineldin et al (1997)[10] also claim that the traditional marketing process is not enough to create and build a long-term relationship between the buyer and seller. Gummesson (1999)[11] point out that in traditional marketing caring for existing customers used to be second to attracting new customers. Varey (2002)[12], like Gronroos, refers to a new paradigm in marketing, relationship marketing, as a complement to the more traditional approach transaction marketing.

Instead of this narrow transactional view of marketing, marketing is now increasingly seen as being concerned with relationships. Whilst some relationships do not involve any social relationship or interaction, other relationships may involve many interactions between customers and employees and evolve over long periods of time. As described by Levitt (1983), relationship marketing is an approach which emphasizes the continuing relationships that exist between the organization and its customers, the importance of customer service and quality and developing a series of transactions with customers.

Table 1.1

Comparison between Transaction Marketing and Relationship Marketing

The strategy continuum	Transaction Marketing	Relationship Marketing
Time perspective	Short-term focus	Long-term focus
Dominating marketing function	Marketing Mix	Integrated marketing (supported by marketing mix activities)
Price elasticity	Customers tend to be more sensitive to price	Customer tend to be less sensitive to price
Dominating quality dimension	Quality of output (technical quality dimension) is dominating	Quality of interaction (functional quality dimension) grows in importance and may become dominating
Measurement of customer satisfaction	Monitoring of market share (indirect approach)	Managing the customer base (direct approach)
Customer information system	Ad hoc customer satisfaction surveys	Real-time customer feedback system
Interdependency between marketing, operation and personnel	Interface of no or limited strategic importance	Interface of substantial strategic importance
The role of internal marketing	Internal marketing of no or limited importance to success	Internal marketing of substantial strategic importance to success

Source: Christian Gronroos (1994)[13]

Berry (1983) introduced the concept of relationship marketing to describe a longer-term approach to marketing. The author claims that relationship marketing is applicable when there is an ongoing and periodic desire for the service and when the customer controls the selection of a service supplier and has alternatives from which to choose. According to Gummesson (1997)[14] long-term relationships with customers are especially important in services, where relationships with customers can be more expensive to establish. The emphasis on relationships is also important in industrial markets but does mean that short-term sales are not desirable, in fact, they may be very profitable. However, if close and long-term relationships can be achieved, this will lead to increased profitability for the company and reduced costs and make market entry or share gain difficult for competitors. The comparison between the concepts is given in table 1.1.

1.1.3 Orientation of Marketing Practice in the Post-Industrial Era

Post-industrial era has seen substantial development toward relationship marketing, both in practice and in managerial thinking. Marketers started realizing the need to supplement a transaction-orientation with an orientation which showed more concern for customers. It began with the advent of complex products, which gave rise to the systems selling approach. This approach emphasized the integration of parts, supplies and the sale of services with the individual capital equipment. Customers liked the idea of systems integration and sellers were able to sell augmented products and services to customers. The popularity of system integration began to extend to consumer-packaged goods, as well as services. The growth of relationship orientation of marketing in post-industrial era is the rebirth of direct marketing between producers and consumers. Several environmental and organizational development factors are responsible for this rebirth of direct relationships between producers and consumers. At least five macro-environmental forces can be identified: (i) Rapid technological advancements, especially in information technology, (ii) The adoption of total quality programs by companies, (iii) The growth of the service economy, (iv) Organizational development processes leading to empowerment of individuals and teams and (v) Increase in competitive intensity leading to concern for customer retention.

1.1.4 Relationship Stages

The definition of Relationship Marketing anticipates that, once a company begins thinking about individual customers, it must recognize that different customers are at different stages of relational development. Most importantly, it also suggests that each customer type (e.g. prospect, customer) should be treated in a different way like separate targeted messages and diverse value propositions. The appreciation of different relational stages in RM also includes the assumption that the higher the stage of development the greater the profitability to the business.

Dwyer et al. suggest a five-stage model where each phase represents a major transition in how parties in a relationship regard each other (Dwyer et al., 1987)[15].

1) **Awareness**es where one party realizes that the other party is a "feasible exchange partner". Interaction has not yet taken place although there may be "positioning" by the parties.

2) **Exploration** refers to the "research and trial stage". Partners consider obligations, benefits and burdens of the exchange.

3) **Expansion** refers to the period where there is a continual increase in benefits obtained by partners and where they become progressively more interdependent.

4) **Commitment** relates to the implicit or explicit promise of relational continuity between the parties.

5) **Dissolution** implies that disengagement always remains a possibility in any relationship.

Figure 1.2   Relationship Ladder and Stages

Source: Adapted from Egan, 2008
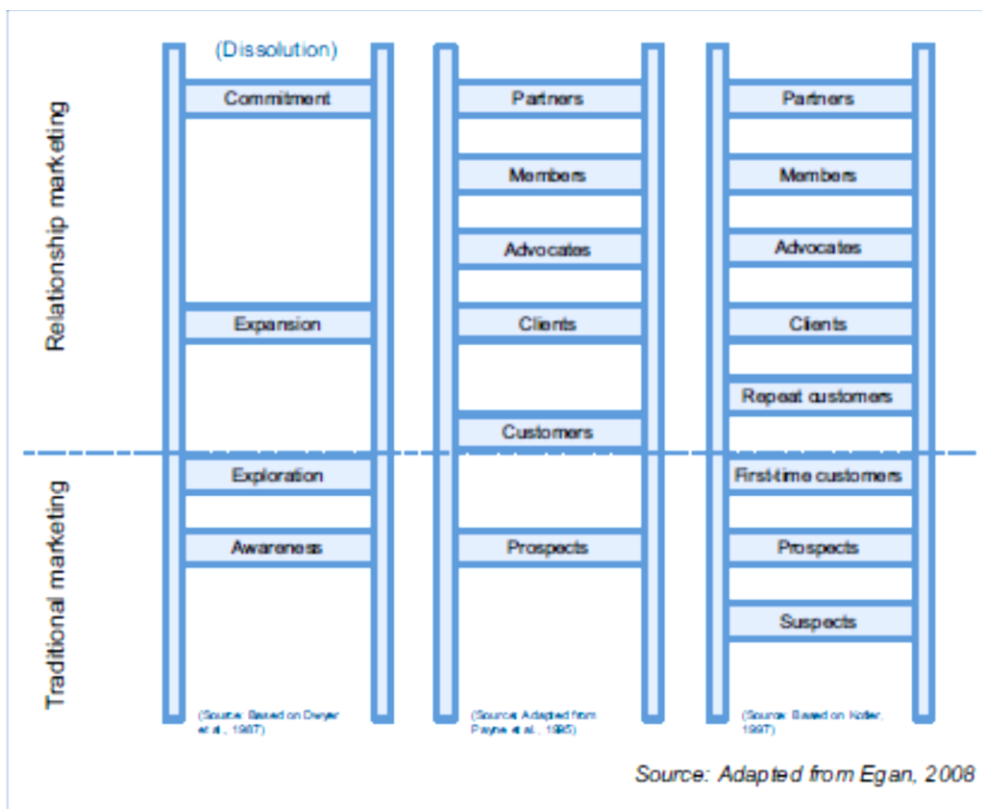
1.1.5 Relationship Marketing Theory

There are three types of relationship marketing approaches: database marketing; interaction marketing and network marketing.

Database marketing as internal marketing, is the use of IT to increase customer loyalty, profits and customer satisfaction.

Interaction marketing as external marketing assets for example, employees used to develop and facilitate relationships.

Network marketing focuses on the interactive character of relationships in the field of business-to-business marketing and takes and inter-organizational perspective. Firms are viewed as actors in several multifaceted, complex and long-term social systems called networks of relationships (Low, 1996).[16]

According to Moller and Halinen (2000)[17], there are two basic relationship marketing (RM) theory called market based and network based, where four sources of relationship marketing are identified: marketing channel; business marketing (interaction and networks); services marketing; and database marketing and direct marketing. Relationship marketing theory is based on exchange characteristics and exchange context.

1.1.6 Strategic elements of Relationship Marketing

Six strategy elements for practicing relationship marketing are:

1) Developing a core service around which to build a customer relationship.
2) Customizing the relationship to the individual customer segmentation, personalization and customization.
3) Augmenting the core service with extra benefits- value added services.
4) Pricing services to encourage customer loyalty.
5) Marketing to employees so that they in turn will perform well for customers.
6) The building of trust between the customer and the organization.

1.1.7 Levels of Relationship Marketing

Relationship marketing can be practiced on multiple levels, depending on the type of bonds used to foster customer loyalty. The higher the level, at which the relationship marketing is practiced, the greater it's potential for sustainable competitive advantage.

Level one relationship marketing relies primarily on pricing incentives to secure customer's loyalty. Unfortunately, the potential for sustainable competitive advantage from this approach is low because price is the most easily imitated element of marketing mix. Marketers seeking to establish the strongest possible relationships typically must be more than a price competitor.

Level two relationship marketing relies primarily on social bonds, although aggressive pricing may be a vital element of the marketing mix. Social bonding involves personalization and customization of the relationship. Communicating with customers regularly through multiple means, referring to customers by name during transactions, providing continuity of service through the same representative, and augmenting the core service with education or entertainment activities such are seminars or parties are examples of social bonding. Although social bonding normally cannot overcome a non-competitive core product, it can drive customer loyalty when competitive differences are not strong.

Level three relationship marketing relies primarily on structural solutions to important customer problems. When relationship marketers can offer target customers value-added benefits that are difficult or expensive for customers to provide and that are not readily available elsewhere, they create a strong foundation for maintaining and enhancing relationships. If the marketer is also using financial and social bonds, the foundation is even more difficult for competitors to penetrate. At level three, the solution to the customer's problem is designed into the service delivery system rather than depending upon the relationship-building skills of the individual service providers. The problem solution is 'structural' and thus binds the customer to the company, instead of individual service provider who may leave the firm.

Relationship marketing has to be seen as a management philosophy starting with customer orientation, continuing with creating satisfied customers and finally, activities to maintain profitable long-term relationships (Holmlund and Kock, 1996)[18].

1.2 BENEFITS OF RELATIONSHIP MARKETING

There are numerous benefits to both the firm and the consumer as a result of relationship marketing practices like higher perceived value for both, increased competitiveness of the firm, reduced transaction cost, improved financial performance and increased marketing productivity (Janet E. Keith, et al 2004)[19].

From a firm's perspective, Relationship Marketing is based on two arguments:

- It is more expensive to win a new customer than it is to retain an existing one.
- The longer the association, the more profitable the relationship for the firm.

While it would depend on the individual, it is claimed that getting a new customer is five to ten times more expensive than retaining one. This is not only because of the direct costs that are incurred but also the costs of unsuccessful prospecting that can be saved. Furthermore, as customers become highly satisfied with the service they receive, the more they buy (Reichheld and Sasser, 1990)[20]. As purchases increase, operating costs fall due to increased efficiency.

Reducing customer defection rates is obviously critical for retention. As defection rates fall, the average customer relationship lifespan increases. When customers defect, they take profits away from current transactions and future profits and negative word of mouth comments. Therefore, Relationship Marketing stresses the following as key to profitability: loyalty, customer retention and long-term relationships.

Indeed, 'customer share' is more important than market share (Gummesson 1996)[21] and the relationship must be win–win if it is to be long-term and constructive and the initiative must come from all parties to produce equal and respectful interactions. The share of the customer refers to the percentage of an individual's lifetime purchases. In addition, 'economies of scope' can occur which refer to the cost savings resulting from the complementarities of products. 'Customer loyalty' is now being used instead of 'brand loyalty' and this emphasizes

the interactive nature of the commitment of the customer to the firm and/or its employees (Das and Sadanand (2009)[22].

Another key benefit is that long-term service customers become better co-producers and this helps production and delivery and therefore improves quality. This also means that service providers can gradually build up knowledge about their customers. In addition, customers tend to become low price sensitive as the relationship becomes more important to them than price alone. Thus, relationship marketing improves security and makes outcomes more predictable.

Building relationship with customers in current market trends is the most important aspect that an organization should focus on (Tapan and Biviraj, 2004)[23]. Distinction and eminence are now most sustainable and affirm for which developing good relationship with customers is must. Some of the substantial outcomes of building a quality relationship are explained below.

(i) **Better Customer perceptiveness:** As the customer lengthens to deal with a supplier, the supplier tends to explicate a better insight of customer's needs and expectations. By this a high level of relationship can be developed between them. This will result in selling more products and retain the business with the customers which finally will lead to profitable business.

(ii) **Lead to Customer Satisfaction:** Customer satisfaction is the measure of how the needs and responses are collaborated and delivered to excel customer expectation. It can only be attained if the customer has an overall good relationship with the supplier. In today's competitive business marketplace, customer satisfaction is an important performance exponent and basic differentiator of business strategies. Hence, the more is customer satisfaction; more is the business and the bonding with customer.

(iii) **Lead to Customer Loyalty:** Customer loyalty is the tendency of the customer to remain in business with a particular supplier and buy the products regularly. This is usually seen when a customer is very much satisfied by the supplier and re-visits the organization for business deals, or when he is tended towards re-buying a particular product or brand over times by that supplier. To continue the customer loyalty the most

important aspect an organization should focus on is customer satisfaction, hence it can be said that customer loyalty is also an outcome of good relationship.

(iv) **Lead to Customer Retention:** Customer retention is a strategic process to keep or retain the existing customers and not letting them to diverge or defect to other suppliers or organization for business and this only possible when there is a quality relationship between customer and supplier. Usually, a loyal customer is tended towards sticking to a particular brand or product as far as his basic needs continue to be properly fulfilled. He does not opt for taking a risk in going for a new product. More is the possibility to retain customers the more is the probability of net growth of business.

(v) **Chances of getting referrals:** It is always a cost-free advocacy by customers to provide referrals to supplier when they feel satisfied and encouraged and when they have a healthy relationship with customers. These referrals or customer's reference of other customers acts like a piece of cake for suppliers as there is no cost and struggle involved in this. This could be treated as the best outcome of quality relationship what a supplier can think of.

(vi) **Growth in revenue:** When suppliers have healthy relationship with customers the revenue of the organization always increases as customers tend to buy more and more. There is possibility that a satisfied customer seeks to buy special category of related products apart from the regular ones from that particular supplier. For instance, if a satisfied and loyal customer has a home insurance from an insurance company then there are positive chances that he could also insure his property and car also if he is fully satisfied with the services of that insurance company. This will definitely result in growth of business.

(vii) **Cost to serve is low:** Cost to serve existing satisfied customers is always very less for the supplier as they know and understand customers. Customers never come back with complaints and queries because they know the actual business flow and completely rely on the relationship with supplier.

Benefits to Customers

Addressing the benefits of Relationship Marketing, researchers have outlined the benefits for not only businesses, but also for customers as following.

- Psychological benefits from close relationship

- Social benefits such as familiarity, personal recognition and friendships

- Economics benefits such as discount, money-saving schemes from customer-loyalty programs

- Customisation benefits as service providers may tailor their services to meet customers' specifications, preferences and requirements.

1.3   BANKING SECTOR IN INDIA

Indian banking is the lifeline of the nation and its people. Banking has helped in developing the vital sectors of the economy and usher in a new dawn of progress on the Indian horizon. The sector has translated the hopes and aspirations of millions of people into reality. But to do so, it has had to control miles and miles of difficult terrain, suffer the indignities of foreign rule and the pangs of partition. Today, Indian banks can confidently compete with modern banks of the world.

1.3.1 Origin & Development

The reminisce of banking in India can be traced back to the 4th century BC in the 'Kautilya Arthashastra', which contains references to creditors and lenders. It also makes a reference to "Interest on commodities loaned" (Prayog Pratyadanam) to be accounted as revenue of the state. Thus, lending activities were not entirely unknown in the medieval.

India and the concept such as 'priority of claims of creditors' and 'commodity lending' were established business practices even then. However, the real roots of commercial banking in India can be traced back to the early eighteenth century with the establishment of the three presidency banks.

The Three Presidency Banks

The Bank of Calcutta was the first part of the golden triangle- established in June 1806, it which was renamed as Bank of Bengal in January 1809. This was followed by the establishment of the Bank of Madras in July 1843, as a joint stock company, through the reorganization and amalgamation of four banks viz., Madras Bank, Carnatic Bank, Bank of

Madras and the Asiatic Bank. This bank brought about major innovations in banking such as use of joint stock system, conferring of limited liability on shareholders, and most importantly acceptance of deposits from the general public. The last presidency bank- Bank of Bombay which was also last bank to be set up under the British Raj was established in 1868. The three Presidency Banks with their 70 branches were merged in 1921 to form the Imperial Bank of India.

Presidency Banks to Imperial Bank

The new monolith took on the triple role of a commercial bank, a banker's bank and a banker to the government. Thus, proving that the concept of mergers and consolidation as well as their success in the banking system of India, is not as recent a phenomenon as is often thought to be. Between the 1865 & 1913 a number of Indian private bank emerged which are even reigning successfully today.

Establishment of Other Private Banks

The first bank which was exclusively set up by Indians was Allahabad Bank, followed by Punjab National Bank Ltd. set up in 1895 with headquarters at Lahore. Other private banks established during this period were Bank of India & Central Bank of India established in 1911, Bank of Baroda (1908); Canara Bank (1906), Indian Bank (1907) and Bank of Mysore (1913). Until 1935 all the banks which were set up only belonged to the private sector in the absence of any regulatory framework, these private owners of banks were at liberty to use the funds as they wanted, they deemed appropriate and resultantly the bank failure &exploitation of the poor were frequent phenomenon. Therefore, in order to control & regulate these banks the Reserve Bank of India was established.

Establishment of Reserve Bank of India (1935)

The Reserve Bank of India was established on April 1, 1935 in accordance with the provisions of the Reserve Bank of India Act; 1934.The establishment of this central bank of the country ended the quasi-central banking role of the Imperial Bank. The latter ceased to be bankers to the Government of India and instead became agent of the Reserve Bank for the transaction of government business at center at which the central bank was not established. Even after the formation as well as nationalization of RBI the growth of economy & banks was very slow

and banks still experienced periodic failure. Therefore, in order to streamline the functioning and activities of the 1100 commercial banks present then, the Government of India came up with in March 1949, a special legislation, called the Banking Companies Act, 1949.

The Banking Regulation Act

The Banking Act 1949 was a special legislation, applicable exclusively to the banking companies. This Act was later renamed as the Banking Regulation Act from March 1966. The Act vested in the Reserve Bank of India the responsibility relating to licensing of banks, branch expansion, and liquidity of their assets, management and methods of working, amalgamation, reconstruction and liquidation. Thus giving Reserve Bank of India authority along with responsibility & igniting the first part of banking transformation in India. The second path braking & transformation effort took place in 1955 with the establishment of the Indian Banking Sector' State Bank of India.

Formation of "The State Bank of India"

In 1951, when the First Five Year Plan was launched, the development of rural India was given the highest priority. The commercial banks of the country including the Imperial Bank of India had till then confined their operations to the urban sector and were not equipped to respond to the emergent needs of economic regeneration of the rural areas. In order, therefore, to serve the economy in general and the rural sector in particular, the All-India Rural Credit Survey Committee recommended the creation of a state-partnered and state-sponsored bank by taking over the Imperial Bank of India, and integrating with it, the former state-owned or state-associate banks. An act was accordingly passed in Parliament in May 1955 and the State Bank of India was constituted on 1 July 1955. However, it was soon realized that State Bank alone is not sufficient for the development of the economy & more government sponsored banks are required and accordingly the plan for nationalization was passed in1968. Thus, forming the SBI is the third turning point in the history of Indian Banking in India.

Table 1.2   Banks Nationalised

S. No	1969	1980
1	Allahabad Bank	Andhra Bank
2	Bank of Baroda	Corporation Bank
3	Bank of India	Punjab & Sind Bank
4	Bank of Maharashtra	Vijaya Bank
5	Canara Bank	Oriental Bank of Commerce
6	Central Bank of India	UTI Bank
7	Syndicate Bank	
8	UCO Bank	
9	United Bank of India	
10	Union Bank	
11	Punjab National Ban	
12	Indian Overseas Bank	
13	Indian Bank	
14	Dena Bank	

Nationalization

The need for nationalization was felt because government believed that private commercial banks were lacking in fulfilling the social & developmental goals of banking. This was evident from the fact that the industries' share in loans almost doubled between 1951 and 1968, from 34% to 68%. On the other hand, agriculture which was a major occupation (and still is) received less than 2% of total credit Thus with a view to serve the mass Government of India Nationalized 14 banks (refer table 1) in 1969 bringing the total number of branches under government control to 84 percent. Once again in April of 1980, the Government of India undertook a second round of nationalization, placing under government control the six private banks whose nationwide deposits were above Rs. 2 billion, leaving approximately 10 percent of bank branches in private hand

1.4   CLASSIFICATION OF BANKS IN INDIA

Banks can be classified in various types of categories depending upon their ownership pattern, nature of operations, structure of operations etc. In India the banking sector may be classified into two categories – commercial banks and –cooperative banks.

While commercial banks cater to the needs of industry and trade to great extent, the cooperative banks play a major role in financing agriculture and allied activities in rural areas, and trade and services in urban areas. The commercial banks may be further classified into two categories such as banks incorporated in India and banks incorporated outside India. Banks incorporated in India may be further classified as per their ownership pattern such as public sector banks, private sector banks, regional rural banks and cooperative banks etc. The commercial banks may also be classified on the basis of their inclusion in the second schedule to the Reserve Bank of India Act, 1934 in two categories such as Schedule Commercial banks or Non-Schedule Commercial banks. Public Sector banks may be classified into two categories such as State Bank of India and its associates or nationalized banks, banks incorporated outside India and having branches in various countries are also termed as Multinational companies.

Figure1.3   Structure of the organized banking sector in India.
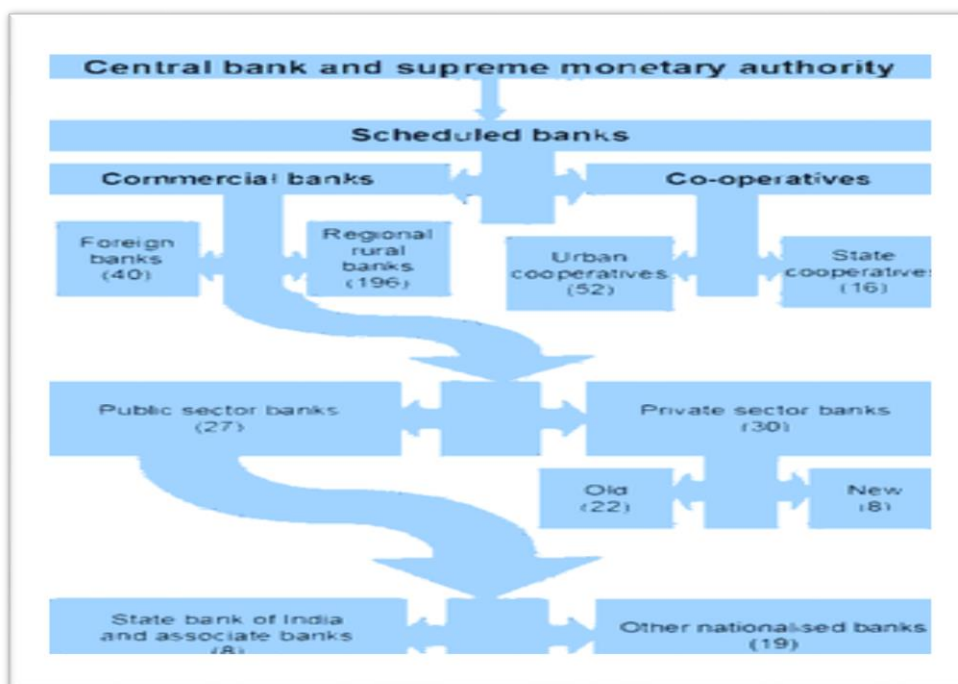
Note: Number of banks is in brackets.

1.4.1 Types of Banks

There are various types of banks which operate in our country to meet the financial requirements of different categories of people engaged in agriculture, business; profession etc. on the basis of functions, the banking institution may be divided into following types:

1. Central Bank

A central bank functions as the apex controlling institution in the banking and financial system of the country. It functions as the controller of credit, banker's bank and also enjoys the monopoly of issuing currency on behalf of the government. A central bank is usually control and quite often owned, by the government of a country. The Reserve Bank of India (RBI) is such a bank within an India.

2. Commercial Banks

It operates for profit. It accepts deposits from the general public and extends loans to the households, the firms and the government. The essential characteristics of commercial banking are as follows:

- Acceptance of deposits from public
- For the purpose of lending or investment
- Repayable on demand or lending or investment.
- Withdrawal by means of an instrument, whether a cheque or otherwise.

Another distinguish feature of commercial bank is that a large part of their deposits is demand deposits and are withdrawable and transferable by cheque.

3. Development Banks

It is considered as a hybrid institution which combines in itself the functions of a finance corporation and a development corporation. They also act as a catalytic agent in promoting balanced and viable development by assuming promotional role of discovering project ideas, undertaking feasibility studies and also provide technical, financial and managerial assistance for the implementation of project. In India 'Industrial Development Bank on India' (IDBI) is the unique example of development bank. It has been designated as the principal institution

of the country for coordinating the working of the institutions engaged in financing, promoting or development of industry.

4. Co-operative Banks

The main business of co-operative banks is to provide finance to agriculture. They aim at developing a system of credit. Agriculture finance is a special field. The co-operative banks play a useful role in providing cheap exit facilities to the farmers. In India there are three wings of co-operative credit system namely - (i) Short term, (ii) Medium-term, (iii) Long term credit. The former has a three-tier structure consisting of state co-operative banks at the state level. At the intermediate level (district level) these are central co-operative banks, which are generally established for each district.

At the base of the pyramid there are primary agricultural societies at the village level. The long-term exit is provided by the central land development Bank established at the state level. Initially, these banks used to advance loans on mortgage of land for the purpose of securing repayment of loans.

5. Specialized Banks

These banks are established and controlled under the special act of parliament. These banks have got the special status. One of the major bank is 'National Bank for Agricultural and Rural development' (NABARD) established in 1982, as an apex institution in the field of agricultural and other economic activities in rural areas. In 1990 a special bank named small industries development Bank of India (SIDBI) was established. It was the subsidiary of Industrial development Bank of India. This bank was established for providing loan facilities, discounting and rediscounting of bills, direct assistance and leasing facility.

6. Indigenous Bankers

That unorganized unit which provides productive, unproductive, long term, medium term and short-term loan at the higher interest rate are known as indigenous bankers. These banks can be found everywhere in cities, towns, mandals and villages.

1.5   RELATIONSHIP MARKETING AND BANKING SECTOR

Relationship marketing in banks is a comprehensive management system which seeks to touch all areas and functions of banking business connected with value creation and delivery chain of the organization. Relationship Marketing is neither a product nor a service; it is an overall business strategy that enables organizations to effectively manage relationships with customers by providing integrated view of the customers to everyone in the organization.

Relationship marketing in banks involves creating, maintaining, and enhancing strong relationships with customers. It is the process of attracting, maintaining and enhancing and commercializing a relationship between buyer and the bank. Relationship marketing in banks emphasizes on building and maintaining profitable long-term relationships with customers by creating superior customer value and satisfaction.

Relationship marketing is oriented towards the long-term. The objective is to deliver long-term value to customers and the measure of success is long-term customer satisfaction. The relationship marketing in banks is based on the premise that customers do not merely buy banking products or services, but solutions to their problems. In relationship banking, banks people, processes and technology are integrated in such a way as to maximize the relationships of the bank with all types of its customers. The true value of relationship marketing in banks is to transform strategy, operational processes and business functions so as to retain customers and increase customer loyalty and profitability.

Relationship marketing in banks focuses on customer retention and therefore places high premium on building and strengthening long-term relationships with customers. As against this, transaction banking is about customer catching. Unlike the transaction banking which is only converting the prospect to a customer, the relationship banking assiduously cultivates the customer to take him further up in the relationship ladder to a client, a supporter and finally to a partner. Relationship marketing in banks thrusts on creating superior value and satisfaction to customers, which result in strong customer loyalty.

Relationships are a key factor which makes up the people. This is a key driving force in the banking industry as well. To build successful long-term partnerships, clients look for a bank

that is more than a 'banker', one who is also interested in their general well-being than purely in what can be sold to them.

Indian banking industry has undergone tremendous transformation after liberalization and globalization process initiated from 1991. These changes have forced the Indian banking industry to adjust the product mix to effect the rapid changes in their process to remain competitive in the globalized environment. Over the years the nature and scope of services provided by banks have changed and expanded so much. One would agree that a bank operates in one of the most competitive markets worldwide, with 23 public sector banks in India fighting for the same client base. With the recent crunch in the financial industry and the movement towards enhanced quality, banks are looking to maintain cleaner balance sheets and are taking calculated risks.

Customers have today become more knowledgeable, sophisticated and assertive, with an increasing demand for tailor-made and innovative products and services. Customers are no longer interested in buying off the shelf solutions, but require remedies that fit their business models and plans. It is therefore crucial for banks to have strong relationships with their evolving customers, in order to ensure they are at the right place at the right time.

1.5.1 Need of Relationships with Customers

The non-traditional competition, market consolidation, new technology, and the proliferation of the Internet are changing the competitive landscape of retail banking industry. Today's Retail banking sector is characterized by:

- Multiple products (deposits, credit cards, insurance, investments and securities)
- Multiple channels of distribution (call center, branch, internet and counter)
- Considered as many customer expectations groups (consumer, small business, and corporate) that bank customers today
- Services at affordable prices
- "Anytime, anywhere" Services
- Personal Service

The banks products and services and almost no increase in the number of switching costs to find better services and products, customers are able to easily switch banks.

Banks feel harder to get new customers and retain existing customers. Relationship marketing is the tool implemented by banks to attract new customers and retaining the existing customers.

1.5.2 Key Drives of Relationship Marketing in Banking Sector

The development of the need for the establishment of the Relationship Marketing system and the cost implications of the same need to be emphasized so as to determine the opportunity for the implementation of the same. The drives of Relationship marketing in banks have classified as internal and external.

Internal Factors:

The following are the internal factors that act as the drivers for the implementation of the relationship marketing by the banks in the retail-banking sector.

- **Improving customer satisfaction and cross-selling:** The establishment of customer satisfaction programs through new channels to market and bundling of services is a key challenge to the banks. Development of relationship marketing become imperative for banks to understand the customer's needs and offer products and services to suit their requirements.

- **Increasing share of customer spend:** All banks are looking for opportunities to create higher value-added services through lending, investment services provision and insurance. However, a consistent problem faced by the banks is a difficulty in persuading customers to buy multi products. This made the job of the bankers tougher in terms of handling a large number of customers and yet deriving the profitability out of them. Thus, relationship marketing initiatives become a must for the banks in order to increase the customer dealing on one hand and increasing the knowledge of their transaction business on the other.

- **Operational Performance:** The operational performance of the banks is intimately connected with the cost cutting and better efficiency initiatives of the banks. Cost cutting and enhancing profit performance of banks are most important factors in measuring operational performance of banks. Thus, improving operational

performance is a major driver of the banking sector towards relationship marketing implementation.

- **Competitive Pressure:** With the continued entry of the new players in the market with very competitive products and services that are entice customers away from the more established players. This increased competition has to be taken care by internal systems of the bank. To outscore the competition and have better profitability, banks need to move towards relationship marketing.

- **Understanding Customer Lifetime Value:** Understanding the lifetime value of the customers and providing a level of service appropriate to the value of those customers – giving better service to those customers that deliver (or will deliver) the greater share of income, is one of the key profitability drives towards relationship marketing in banking sector in present days.

- **Integration of all Delivery Channels:** The integration of the various banking channels including remote banking services, call centers, e-mail and web banking to provide a single view of the customer thereby improving customer service. The effort and focus of the banks to increasingly move towards this so as to cross sell the products and identify better avenues for profitability is another drive for relationship marketing for the banks.

- **Introduction of Multi-Channel Management:** With a focus on the improvement of the customer service and operational efficiency, the banks have developed multiple channels for banking. The customers who access a bank through different channels should be identified and served in the same way. Especially within the banks, there is a large potential to standardize processes and information systems to reduce overheads and provide consistent service levels. This is again a drive for the implementation of relationship marketing in banks.

External Factors:

The following external factors tend to influence banks towards implementation of relationship marketing. These factors tend to incorporate the business environment related factors in which the banks are presently operating.

- **Reduced Competitive Barriers:** Deregulation of the industry has removed many barriers to competition, opening the door to new market entrants offering insurance and investment services, as well as traditional bank products. Diminishing technical barriers also have allowed banks to expand their market reach beyond traditional boundaries of geography via internet banking, call centers and an emerging range of wireless services. The entry of competitors thus makes it imperative for the banks to develop systems for the retention of the existing customers in order to retain the market share. This need for effective tracking of customers drives the banks towards the implementation of Relationship Marketing.

- **Reduced Scope for Differentiation:** The growing competition and technological advances have ensured the development of a broadened range of bank channels and product and services offerings. Some have been achieved through in-house development and others through acquisitions and strategic partnerships. Although this rapid growth in the numbers and types of banking products has meant greater choice for customers, the net effect has been commoditization of banking products with little scope for differentiation. This then directly influences the bank to actually develop systems of customer relationship management and drive value through better understanding of the customers.

- **Customers Demand:** The retail banking segment of bank's customers tend to have high levels of expectation and with a number of competitive offerings available, their tendency to switch in case of any dissatisfaction is very high. The bank's customers typically demand flexibility in pricing and fee structures, more choice via a wider product range, rapid response to requests as well as customized and personalized products and services. Also, these customers generally demand virtually unlimited access to transaction and information services anytime and anywhere, via their chosen delivery channels or devices. For the profitable serving of these customers the bank needs to sell them multiple products to generate volumes so as to ensure a particular level of profitability. This requires an effective tracking of customers being provided by the relationship marketing systems.

1.6   PROFILE OF SELECTED BANKS

The study is based on public sector Banks only. Out of the 22 public sector banks, the two banks having more than 40 branches in Chittoor district are selected. They are Indian Bank which is the lead bank in the district and State Bank of India which is the most popular bank in India.

1.6.1 Profile of Indian Bank

A premier bank owned by the Government of India, the Indian Bank was incorporated in 5th March of the year 1907 as Indian Bank Limited and commenced operations in 15th August of the year 1907 as part of the Swadeshi movement. Indian Bank has many deposit schemes tailored to suit the needs of its customers, both individuals and organisations. Credit/Advances/Loan Schemes specifically designed for its customers. Also offers various novel services to customers, both individuals and organizations.

The Bank opened its first overseas branch in Colombo, Sri Lanka during the year 1932 and also opened its Singapore branch in 1941. In the year 1962, Indian Bank acquired the businesses of Rayalaseema Bank, the Bank of Alagapuri, Salem Bank, the Mannargudi Bank and the Trichy United Bank. The Bank was nationalized in 19th July of the year 1969. The Bank name was changed to Indian Bank after the nationalization. It was appointed as the lead bank for nine districts in the States of Tamil Nadu, Andhra Pradesh and Kerala and the Union Territory of Pondicherry.

The first regional rural bank sponsored by the Bank, Sri Venkateswara Grameena Bank, was founded in the year 1981. Indbank Merchant Banking Services Ltd was incorporated as a subsidiary of the Bank during the year 1989. The Bank of Thanjavur Limited (with 157 branches) was amalgamated with the Bank during the year 1990. Ind Bank Housing Limited was incorporated in the year 1991 as a subsidiary. Indfund Management Limited was established in 1994 to manage the operations of Indian Bank Mutual Fund. During the year

1995, The Bank's own training establishment, Indian Bank Management Academy for Growth & Excellence (IMAGE) was established.

The network of the bank comprises 100% Business Computerization, 168 Centers throughout the country covered under 'Anywhere Banking', Core Banking Solution (CBS) in 1557 branches and 66 extension counters, 618 connected Automated Teller Machines (ATM) in 225 cities/towns and also 24 x 7 Service through 32000 ATMs under shared network.

1.6.2. State Bank of India profile

State Bank of India (SBI) is the largest banking and financial services company in India by revenue, assets and market capitalization. It is a state-owned corporation with its headquarters in Mumbai, Maharashtra. As of March 2012, it had assets of US$360 billion and 14,119 branches, including 173 foreign offices in 37 countries across the globe. Including the branches that belong to its associate banks, SBI has 21,500 branches.

The bank traces its ancestry to British India, through the Imperial Bank of India, to the founding in 1806 of the Bank of Calcutta, making it the oldest commercial bank in the Indian Subcontinent. Bank of Madras merged into the other two presidencies banks—Bank of Calcutta and Bank of Bombay—to form the Imperial Bank of India, which in turn became the State Bank of India. The Internationalized the Imperial Bank of India in 1955, with the Reserve Bank of India taking a 60% stake, and renamed it the State Bank of India. In 2008, the government took over the stake held by the Reserve Bank of India. SBI has been ranked 285th in the Fortune Global 500 rankings of the world's biggest corporations for the year 2012.

SBI provides a range of banking products through its vast network of branches in India and overseas, including products aimed at non-resident Indians (NRIs). The State Bank Group has

the largest banking branch network in India. SBI has 14 local head offices situated at Chandigarh (Punjab & Haryana), Delhi, Lucknow (Uttar Pradesh), Patna (Bihar), Kolkata (West Bengal), Guwahati (North East Circle), Bhubaneswar (Orissa), Hyderabad (Andhra Pradesh), Chennai (Tamil Nadu), Trivandrum (Kerala), Bengaluru (Karnataka), Mumbai (Maharashtra), Bhopal (Madhya Pradesh) & Ahmedabad (Gujarat) and 57 Zonal Offices that are located at important cities throughout the country.

SBI is a regional banking behemoth and is one of the largest financial institutions in the world. It has a market share among Indian commercial banks of about 20% in deposits and loans. The State Bank of India is the 29th most reputed company in the world according to Forbes. Also, SBI is the only bank featured in the coveted "top 10 brands of India" list in an annual survey conducted by Brand Finance and The Economic Times in 2010.

The roots of the State Bank of India lie in the first decade of 19th century, when the Bank of Calcutta, later renamed the Bank of Bengal, was established on 2 June 1806. The Bank of Bengal was one of three Presidency banks, the other two being the Bank of Bombay (incorporated on 15 April 1840) and the Bank of Madras (incorporated on 1 July 1843). All three Presidency banks were incorporated as joint stock companies and were the result of the royal charters. These three banks received the exclusive right to issue paper currency in 1861 with the Paper Currency Act, a right they retained until the formation of the Reserve Bank of India. The Presidency banks amalgamated on 27 January 1921, and the re-organized banking entity took as its name Imperial Bank of India. The Imperial Bank of India remained a joint stock company.

Pursuant to the provisions of the State Bank of India Act of 1955, the Reserve Bank of India, which is India's central bank, acquired a controlling interest in the Imperial Bank of India. On 30 April 1955, the Imperial Bank of India became the State Bank of India. The government of India recently acquired the Reserve Bank of India's stake in SBI so as to remove any conflict of interest because the RBI is the country's banking regulatory authority.

In 1959, the government passed the State Bank of India (Subsidiary Banks) Act, which made eight state banks associates of SBI. A process of consolidation began on 13 September 2008, when the State Bank of Saurashtra merged with SBI.

SBI has acquired local banks in rescues. The first was the Bank of Behar (est. 1911), which SBI acquired in 1969, together with its 28 branches. The next year SBI acquired National Bank of Lahore (est. 1942), which had 24 branches. Five years later, in 1975, SBI acquired KrishnaramBaldeo Bank, which had been established in 1916 in Gwalior State, under the patronage of Maharaja Madho Rao Scindia. The bank had been the Dukan Pichadi, a small money lender, owned by the Maharaja. The new banks first manager was Jall N. Broacha, a Parsi. In 1985, SBI acquired the Bank of Cochin in Kerala, which had 120 branches. SBI was the acquirer as its affiliate, the State Bank of Travancore, already had an extensive network in Kerala.

State Bank of India is the largest state-owned banking and financial services company in India. The Bank provides banking services to the customer. In addition to the banking services, the Bank through their subsidiaries, provides a range of financial services, which include life insurance, merchant banking, mutual funds, credit card, factoring, security trading, pension fund management and primary dealership in the money market. The Bank operates in four business segments, namely Treasury, Corporate/ Wholesale Banking, Retail Banking and Other Banking Business. The Treasury segment includes the investment portfolio and trading in foreign exchange contracts and derivative contracts. The Corporate/ Wholesale Banking segment comprises the lending activities of Corporate Accounts Group, Mid Corporate Accounts Group and Stressed Assets Management Group. The Retail Banking segment consists of branches in National Banking Group, which primarily includes personal banking activities, including lending activities to corporate customers having banking relations with branches in the National Banking Group. SBI provides a range of banking products through their vast network of branches in India and overseas, including products aimed at NRIs. The State Bank Group, with over 16,000 branches, has the largest banking branch network in India.

State Bank of India (SBI) is an India-based commercial bank. Its primary banks include Treasury, Corporate / Wholesale Banking, Retail Banking and Other Banking business. The Treasury Segment includes the entire investment portfolio and trading in foreign exchange contracts and derivative contracts. The Corporate / Wholesale Banking segment comprises the lending activities of Corporate Accounts Group, Mid Corporate Accounts Group and

Stressed Assets Management Group. These include providing loans and transaction services to corporate and institutional clients and further include non-treasury operations of foreign offices.

The Retail Banking Segment consists of branches in National Banking Group, which primarily includes Personal Banking activities, including lending activities to corporate customers having banking relations with branches in the National Banking Group. This segment also includes agency business and automated teller machines (ATMs).

1.7 STATEMENT OF THE PROBLEM

In recent years, the financial services sector in India, particularly the banking industry has become more competitive due to the emergency of new technologies, relative similarity of service and emergency of private sector competitors and of any other time, banks require establishing secure and close relationship with customers for distinct and sustained presence in the competition. It is obvious that maintaining and developing a long-term relationship does not occur spontaneously and it needs adopting appropriate strategies for relationship marketing. Therefore, for a better understanding of relationship marketing strategies, and high effectiveness to establish and maintain long term relationship with the customers of the banking industry in India, it is necessary to do a comprehensive study.

In a service industry like banking, the quality of customer service holds primal significance in the context of sustained business growth. Lack of customer service in public sector banks, has been the topic of vehement criticism during the post-nationalization phase. The appointment of the R.K.Talwar committee in 1975 and the Goiporia committee in 1990, which although were the steps taken in the right direction, have failed to bring about a perceptible improvement in the service quality. Zooming customer complaints at an alarming pace have made banks wary about containing the mounting tide of customer dissatisfaction.

Outdated and cumbersome system and procedures and undue apathy towards technology have taken their toll in the form of the poor quality of superior vehicle for growth. Lack of resources, absence of appropriate attitude, vision and planning, strong resistance from trade

unions and indifferent attitudes of employees have made these banks slowly in adopting the new technology.

Banking has today become extremely competitive business. However, the essential strength of a bank lies in its good customer relationship. Banks in the pell-mell rush for achieving efficiency and gaining technology are facing the danger of forgetting this fundamental premise. For years, banks have been guilty of five interpersonal sins, that have caused tremendous irritation to customers: inability to cross sell, long queues, poor service attitude, lack of information and lack of humility, that prevent them from maintaining good customer relationship.

Banks are concentrating only on acquiring new customers. They seldom understand the importance and profitability of creating loyalty and retaining customers. For the last decade most banks have been so absorbed that their own internal issues, particularly merger-drives, cost-cutting and re-engineering, that customers and their relationship often received short shrift. Banks have to come out with innovative measures to satisfy the needs of both the present and the potential customers at the same time adopt procedures to win bank the lost customers.

In the light of this development, it seems pertinent to focus on the study of quality of banking service and the banker customer relationship. The present research aims to suggest a modus operandi for upholding relationship marketing practices in banks. Proper adoption of this modus operandi would further improve the relationship management.

The banks cannot be assured of the fact that their customers would continue to transact with them once the relationship is established. With many financial institutions, now, offering multi-channel access, relationship marketing practices are becoming more complex to handle. The challenge now, is how to deliver an equally high-level service across all channels. The banks can face the challenge only through the adoption of strategic initiatives.

1.8 NEED FOR THE STUDY

One of the banks' greatest assets is their knowledge of their customers. Banks can use this asset and turn it into key competitive advantage by retaining those customers who represent the highest lifetime value and profitability.

Relationship Marketing is the tool that helps banks to organize and analyze customer data and thereby helping the banks to understand customer preferences. Understanding their likes and dislikes is the key to build lasting relationships and also to gain new customers by the banks.

This work attempted to understand the customer perceptions on Relationship Marketing practices dimensions while dealing with the public sector banks in Chittoor District of Andhra Pradesh.

Though Relationship Marketing is a well-studied area, there is little literature on Relationship Marketing in India, and especially on Relationship Marketing in the public sector banks in Chittoor District of Andhra Pradesh. The present study addresses this gap.

SUMMARY

This chapter started with introduction to Relationship Marketing and evolution of Relationship Marketing. The study further focused on relationship stages and approaches to Relationship Marketing. Strategic elements, benefits and levels of Relationship Marketing are further studied in this section to understand the concept Relationship Marketing. The study next focused on banking sector in India, covering focusing on origin, development and classification of banks in India. The study further discussed about key drives of Relationship Marketing and profile of selected banks. The final stage of the chapter emphasized on statement of the problem and need for the study.

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Chapter-II

Review of Literature

The banking sector in India has made remarkable progress since the economic reforms in 1991. New private sector banks have brought the necessary competition in the industry and spearheaded the changes towards higher utilization of technology, improved customer service and innovative products. Customers are now becoming increasingly conscious of their rights and are demanding more than ever before. The recent trends are showing that most banks are shifting from a "product centric model" to a "customer centric model" as customer satisfaction has become one of the major determinants of business growth. In this context, prioritization of preferences and close monitoring of customer satisfaction have become essential for banks. This chapter enlightens on the most cited and recent research studies in banking sector especially focusing on relationship marketing.

This study reviews literature on Relationship Marketing Practices in the Banking Industry, focusing on the contribution of relationship marketing practices in enhancing customer satisfaction and the impact of relationship marketing on Customer Loyalty.

2.1 LITERATURE ON RELATIONSHIP MARKETING   PRACTICES IN BANKING INDUSTRY

This section reviews literature on Relationship Marketing in Banking Industry, the benefits of Relationship Marketing, the dimensions of Relationship Marketing and strategies for implementation of Relationship Marketing.

Berry (1983)[1] focused more on the relationship between the company and the customer. He laid emphasis on the service sector and the need for service sector to attract customers, maintain and enhanced the customer relationships. Berry introduced the concept of Relationship Marketing to describe a longer-term approach to marketing. The author claims that relationship marketing is applicable when there is an ongoing and periodic desire for the service and when the customer controls the selection of a service supplier and has alternatives from which to choose.

Bucha Reddy and Randheer (1992)[2] observed that CRM is applied to a number of different marketing activities ranging from consumers frequency marketing programs to selling activities. They defined that the role of sales personnel has evolved from Production to Sales, Sales to Marketing and Marketing to Partnering and, thus CRM acts as the value creation in the relationship of marketing and partnering.

Perrien et al. (1992)[3] studied the effectiveness of relationship marketing within the commercial banking industry. The recommendations are based on interactions with several hundreds of commercial bankers who attended the seminars held at the institute of Canadian Bankers. The study revealed that, the customer should be profit center. Decisions on customer issues should be decentralized to people managing the relations. Relationship marketing effectiveness rests on the banks' ability to implement a successful relational approach.

Berry (1995)[4] stressed that attracting new customers should be viewed only as an intermediate step in the marketing process. Developing closer relationship with these customers and turning them into loyal one are equally important aspects in marketing. Therefore, he proposed relationship marketing as attracting maintaining and in multi-service organizations –enhancing customer relationship.

Sheth and Parvatiyar (1995)[5] revealed that the overall purpose of Relationship Marketing is to improve marketing productivity and enhance mutual value for the parties involved in the relationship. CRM has the potential to improve marketing productivity and to create mutual values by increasing marketing efficiencies and/or enhancing marketing effectiveness. The organization can enhance marketing effectiveness by carefully selecting customer for its various programs, individualization and personalizing their market offering to anticipate and to serve the emerging needs of individual customer, building customer loyalty and commitment; partnering to enter new markets and develop new products, and redefining the competitive playing field for their company.

Gummerson (1997)[6] explored the extent of application of relationship marketing in banking sector. The study found that the service users hold good image of the company if it provides effective CRM services. Further it was   found that poor relationship marketing caused discontinuation of services by many customers. The same concept applies to Indian customers

too. Service industry players need to put thrust on this area to maintain profits on a sustainable business.

Colgate and Alexander (1998)[7] suggested that Relationship Marketing is becoming increasingly important within the banking industry. In particular, competition is driving banks to look at forms of defensive marketing rather than offensive marketing strategies. Maintaining and enhancing relationships with personal customers is one way banks have sought to use defensive marketing and increase customer retention. However, at the same time banks are looking to create more effective and efficient relationships with their customers and competitors from outside the industry are seeking to establish their own financial service relationships with these customers. They argued that customers greatly value their relationships with their banks. They found that customers are increasingly concerned about having a high quality experience of banking. They expect atmosphere and entertainment and prefer banks with a personality rather than those perceived as offering a commodity. Quality of service is becoming an increasingly important differentiator between banks.

O`Connell and Bryan (2000)[8] stated that Customer Relationship Management (CRM) is shaping up to be one of the hottest issues for retail banks and other financial service providers. Banks have greatly increased their emphasis on the issue, not only in terms of investing in technology but in developing focused management strategies.

Ryals and Payne (2001)[9] found three main components for the development of Customer Relationship Management in service sector; the organizational culture and communication, management tools and cross-functional integration between marketing and information technology. Organisational culture affects customer service worker behaviour which affects customer relationships with the organization and promotes good CRM practices.

Gupta and Sonal (2002)[10] stated that their study is supported by a case study of CRM systems in major Japanese Bank-Bank of Tokyo Mitsubishi and also a field survey of scenario in Indian banking sector. The various issues are examined including organizational information, the CRM strategy, strategic changes resulting from CRM implementation priorities for the banks and the factors indicating the performance after CRM implementation. This study revealed that CRM is gradually picking up and is definitely considered as a viable proposition

by banks in improving services to their customers. One of the major challenges experienced during implementing CRM is resistance to change. To get CRM to work, high commitment is required in those who are implementing it.

Jarrar et al. (2002)[11] exposed that customer relationship management (CRM) is a growing trend in banks today and billions have already been spent on CRM systems. Financial service providers are, however, recognising the many challenges they face in implementing an enterprise CRM business strategy. This study provides an overview of research work undertaken, in partnership with a major UK bank, to assess the validity of the sales through service concept. The project aimed at identifying the requirements for a successful cross-selling system to provide an external input to the current initiative already underway at the bank. It concludes with recommendations for developing the cross-selling initiative at the bank.

Krishnaveni and DivyaPraba (2002)[12] has highlighted the suitability of CRM for companies having customers and high profit margin, when products/ services and complex and involve a high degree of uncertainty on the part of the buyers, the likelihood of customers seeking a relationship is increased, and CRM can be exercised when the customer would find it costly and rightly to switch to another vendor and the seller would find that loosing this customer would be a major loss, Hence, this article also concentrated on introducing CRM process with the help of key steps such as : identifying your customer, differentiating your customers, interacting with customers and customizing your enterprise's behaviour. Finally, the study concluded that, customers prefer marketers who can sell, deliver, service, repair, solve problems and improve products. Thus, there is a need for management and marketers to create strong long-term CRM, because it became a necessary for survival and success in today's scenario.

David and Karen (2003)[13] examined the relationship marketing's present practices in banking industry in Hong Kong, which were classified into three categories by reference to their ownerships (Chinese, non-Chinese, merged). The findings suggested that there was no significant difference between different ownership of the banks towards guanxi. The research findings imply that different ownership of a bank may exert a different RM practice. The

study also states that relationship marketing practices are not yet fully implemented in the banking industry and it is important to develop a more systematic and comprehensive approach to maintain a bank's competitive advantage.

Jayadev (2003)[14] revealed that the major reasons for the recent radical changes in banking industry's asset portfolio are competition, consolidation, information technology and the need to be customer-centric. Banks could improve the profitability by adopting strategies like market segmentation, innovation, price building and relationship building. Technology has a major role to play in retail banking, but its role is complimentary to customer service initiatives.

Sajal Kabiraj (2004)[15] conducted a research with the main objective to develop and design strategic business models for CRM for retail banking in India, for gaining sustainable competitiveness and Return on Investment (ROI) in acquiring, retaining and servicing customers in the Indian retail banking environment, thus this research is more qualitative in nature. The research was based upon an exploratory survey of 200 retail bank customers conducted across 6 Indian cities, CRM end user survey consisting of 10 public sector banks, 10 private sectors banks and 30 industries across 15 industrial sectors conducted across India, and the study of 10 Application Service Providers (ASPs) and 10 vendors. Studies carried in research indicated that retail bank customers are resistant to closure of local bank branches. They are not as adoptive of new technology deliveries as the industry would like to believe and have an emotional preference for physical presence of branch and staff.

Appalraju (2005)[16] reviewed that banks are capable of adopting and absorbing the new technology faster had a competitive edge over their rivals. Simultaneously, banks started focusing on `customer relationship' and moved towards "relationship marketing". Banks promoted a new concept called virtual banking to serve the customer through electronic network. Banks have undertaken a lot of reorganization measures which involves major cultural change, outsourcing expertise. They rely more on information through outsourcing its information technology to the benefit of the customer and the bank.

Mosad Zineldin (2005)[17] studied the impact of quality and Customer Relationship Management (CRM) on banking competitiveness. The study examines the product and

service quality and customer relationship factors that influence the customer selection and image of the principal banks. The findings revealed that the necessary condition for the realization of quality and the creation of value added is quality measurement and control, which is an important function to ensure the fulfillment of given customer requirements. The study found CRM, product/service quality and differentiation as the key ways to build strong competitive position.

Satish Kumar (2005)[18] revealed that to attain the stupendous task, the Indian companies are using Customer Relationship Management (CRM) as an effective tool. The companies have to retain their loyal customers and also have to attract brand switchers. In the long run they have to convert the brand switchers into their own brand loyal. The study states that to retain the loyal customers, the relationship marketing plays a pivotal role.

Saumitra Bhaduri (2005)[19] reveled that Indian banks wake up to this reality and re-focus on their core asset –the customer. A greater focus on customer relationship management (CRM) is the only way the banking industry can protect its market share and boost growth. CRM would also make Indian bankers realize that the purpose of their business is to "create and keep a customer" and to "view the entire business process as consisting of a tightly integrated effort to discover, create, and satisfy customer needs".

Sharma and Amaraveni (2005)[20] intended to examine the CRM as a comprehensive tool of marketing banking services more effectively in the present-day context of globalization of banking sector. It focuses on the use of IT customer database and Business Process Reengineering (BPR) in CRM with special emphasis on the relevant practices now is prevalent in the banking sector. The findings reveal that Customer relationship management is vital and has become an essential strategy in marketing. The study also stated that, globalization and the information revolution have raised customer expectations. Today customers expect more quality, greater speed, and more uniqueness in products at reduced cost than ever before.

Tapan and Bhivraj (2005)[21] studied the implementation of customer relationship management principles in Indian retail banking sector, challenges associated with it for implementation of CRM in banks. The study illustrated the CRM initiatives of two popular

banks viz. HDFC Bank and Punjab National Bank. The study revealed that, application of CRM programs in both banks selected for the study have resulted in higher profits, better customer relations, lesser customer defection and higher loyalty rate.

Evangelia and Michalis (2006)[22] studied one major Greek bank which has implemented Customer Relationship Marketing (CRM). The aim of their study was to analyze the design and implementation of CRM in the bank, identify the benefits, the problems, as well as the success and failure factors of the implementation. Banks have realised that managing customer relationships is a very important factor for their success. Customer relationship management (CRM) is a strategy that can help them to build long-lasting relationships with their customers and increase their profits through the right management system and the application of customer-focused strategies. The study revealed that CRM solution gave the bank a higher degree of effectiveness and performance and increased the level of service and response time.

Vidyadhar (2006)[23] emphasized that, the banks have realized that the key to achieve sustainable competitive advantage in today`s markets is to build relationships with customers by serving them in excellent fashion, not just selling them. The factors that are essential in influencing the investment decision of the customers of the public sector banks are analyzed. For this purpose, Factor Analysis, which is the most appropriate multivariate technique, has been used to identify the groups of determinants factor analysis identifies common dimensions of factors from the observed variables that link together the seemingly unrelated variables and provide insight into the under-laying structure of the data.

Jain et al (2007)[24] argued that, Customer Relationship Management (CRM) has emerged as a core business process for maintaining and enhancing competitive edge in modern business warfare. In spite of meticulous planning and implementation, a large number of CRM programs fail to accomplish their goals. They suggest that a deeper understanding of the behavioral dimensions of relationship marketing and careful evaluation can help organizations to make their relationship building efforts more effective. Service providers need to be customer-oriented and trained in displaying a genuine care and concern for customer welfare. A relationship based on mutual trust and faith lasts longer.

Madhavaiah and Durga Rao (2007)[25] collected and analyzed 36 definitions of relationship marketing from different sources of previous literature. Content Analysis methodology has been used to identify the underlying "constructs" in each of the 36 definitions. The results revealed that there are seven Relationship Marketing "constructs" which constitute the major conceptualizations of relationship marketing. These seven conceptual categories are origin, development, maintain, interaction, time duration, emotional content and output. Of all the definitions collected, the definition presented by Gronroos (1994; 1995) is the best in terms of its coverage of the underlying conceptualization of relationship marketing and its acceptability throughout the relationship marketing community.

Anurag Mittal (2008)[26] studied the perception of Relationship Marketing Orientation that prevails among the bank's customers. The study determined the application of relationship marketing to banking in Union Territory of Delhi, Capital of India. The study was directed towards analyzing the customer's opinion about their bank with respect to the relationship-oriented behavior of their bankers towards them. The study also compared the relationship marketing orientation in Public Sector Banks and Private Sector Banks. The study has been conducted in Delhi, capital of India. For selecting banks "Judgmental sampling" was used and 5banks each from private and public sector. Sample size includes 200 bank customers of private sector banks and 200 bank customers of public sector banks. The data collected through a well-structured questionnaire, comprised several dimensions of relationship marketing were analyzed using SPSS software to test various hypothesis of the study. For this T-Test for Equality of means and Levene's Test for Equality of Variances (F-Test) was used. The study identified managerial, human resource, cultural, comprehension, communication, strategic, resource and operational forces impeding the process of relationship marketing, it's up-take and viability of the implementation of its resulting recommendations.

Arpita and Anshuman (2008)[27] explored the role and relevance of CRM in creating sustainable relationships. The study examined the implications of CRM as a process and how it is applied in financial sector. The study focused on the use of CRM technology in the financial sector in India. It highlights how they are changing their business processes to provide better value to the customer during the interaction. The research study reiterates the growing relevance and demand for building relationships with customers and emphasizes the

usage of information technology in creating better value for the end user. It also explores the practices being adopted in the financial sector organizations in India in redesigning their business processes to enhance their competitiveness through more meaningful interaction with customers. The study found that the information technology can be effectively utilized by the financial organizations to improve the standards of performance and achieve success.

Monir Zaman (2008)[28] studied the CRM practices in banks through comparative analysis of two banks SBI and ICICI. Two banks are compared by considering the factors such as: dissatisfaction level of customers, Customer convenience, benefits and facility and increase in customer revenue. The study revealed that aim of CRM is to produce Customer Equity. The findings state the three major drives of Customer Equity are: Value Equity, Brand Equity and Relationship Equity.

Rolajoko et al. (2008)[29] investigated the familiarities of the customers of multinational and indigenous companies in the food and beverages industry, with relationship marketing. The study explored the customers view on the company's use of relationship marketing as a strategic tool; and determined the relative importance of the relationship marketing variables (Trust, commitment, communication, internal marketing, support and co-operation) from the customer's perspective. The findings revealed that, Multinational Companies have developed better communication tactics but are lacking in building relationships in Nigeria. Indigenous companies need to focus on better communication systems and more frequent communication with their customers.

Rootman et al. (2008)[30] investigated the variables that influence the effectiveness of CRM strategies of banks. They investigated the influence of variables, with regard to bank employees, on the customer relationship Management (CRM) of banks. These variables were attitude, knowledge and two-way communication related to bank employees. Results from this study indicated that attitude and knowledge had influenced the effectiveness of CRM strategies in banks. The findings of the study stressed that; bank's employees need to understand the bank's mission and the information of their products and services especially for new employees. The study affirmed that to survive in a competitive business environment, banks need to focus on building and maintaining client relationships and identify how their

employees influence these relationships. The findings revealed that the variables knowledge ability and attitude of bank employees have a statistically significant impact on the effectiveness of the CRM strategies of banks.

Sanjit Kumar Roy (2008)[31] studied the implementation of CRM practices in ICICI bank. In this study a single descriptive case study of ICICI Bank, which implemented CRM in the 1990s, has been used. The objective of the study is to understand the implementation of CRM in the bank and to identify the lessons learn from the same. CRM solution has given the bank a higher degree of effectiveness and performance, an increased level of service and reduced the response time. CRM helped the ICICI bank to raise the capital value of the bank by means of better coordination between the departments of marketing and operations and has helped the bank to project service level as a differentiator from competitors. The findings reveled that CRM is a holistic strategy which can help the banks to become customer –oriented and implement customer – focused strategies, which in turn will help them to build long –lasting relationship with the customers and hence increase their profits.

Iftichar et al (2009)[32] explored and analyzed the strategic implementation of CRM in selected banks of Pakistan. This study focused on identifying the benefits, the problems as well as the success and failure factor of implementation of CRM. In this study, CMAT (Customer Management Assessment Tool) model is used. Data is collected from three major banks of Pakistan. Questionnaire was the main instrument for data collection. Interviews were conducted with 205 senior management responsible for marketing and/or relationship management using a questionnaire of eight targeted questionnaire. The findings revealed that, Citibank has emerged as a leading bank, followed by HBL and MCB in CRM understanding and application. The findings of the study expressed that CRM is gradually being practiced in studied banks; however, the true spirit of CRM is still needed to be on the active agenda of the banking sector in Pakistan.

Indrani Majumder (2009)[33] studied the relationship marketing practices of the units of the Indian Banking Industry to convert the prospect in to client. The study is exploratory in nature. The findings of the study states that, banks need to have very strong in-house research and market intelligent units in order to face the future challenges of competition, especially customer retention. Indian banks have started implementing full blown GUANXI or CRM

packages as they are getting networked. Both demand and supply have to be understood in the context of geographic locations and competitor analysis to undertake focused marketing efforts.

Popli and Rao (2009)[34] studied Relationship Marketing in Indian banks and revealed that Private Sector Banks have been able to implement the Relationship Marketing practices more effectively when compared to their Public Sector counterparts. This indicates that the Private Sector Banks have been more innovative in understanding their customers and in building good relations with them. This fact has further been corroborated by the findings of the service quality level being provided by these banks. These suggest that in case of the Private Sector Banks, all the five dimensions of service quality have scored higher values when compared to the Public Sector Banks. It also points towards the same fact that these banks have been able to enhance the service quality levels for their customers making them more customers oriented. Further, they have observed by analyzing the service quality dimensions that responsiveness and empathy of both the Public as well as the Private Sector Banks, scored the least. However, a micro analysis reveals that the Public Sector Banks have highest scores in terms of reliability and assurance whereas the Private Sector Banks have fared better in terms of tangibility, reliability and assurance. This indicates that the banks are in a direct need to make proper strategies to improve their working. The analysis of the results received on customer retention suggests that the banks (whether Public or Private) are equally affected by the kind of CRM initiatives they undertake to retain the customers.

Victor (2009)[35] pointed out that banks should practice relationship marketing rather than transaction marketing. With that view the author had worked out and implemented a model which shows the particularities of the operations in every stage of the lifecycle of the relationship between the bank and the customer. By means of this theoretical model the author has identified the current situation of the relationship between the local banks and their customers and also suggested some ways for the improvement of this relationship within the framework created by the objectives of attraction and maintaining of the banking customers.

Ayopo et al. (2010)[36] examined the practice of Relationship Marketing orientation (RMO) in Nigerian banks to replicate the study of Sin, et.al (2005) with a conceptual model and

measurement scales of RMO in the Nigerian business environment. The six multi-item scales of RMO were tested for reliability and validity using the Confirmatory Factor Analysis through the SPSS statistical tool. The results show strong evidence of validity and reliability using samples from 123 bank branches in Port Harcourt, Nigeria. The result further revealed the practice of RMO in the Nigerian Banks and that the RMO dimensions positively correlate with the business performance measures in the study.

Huger and Nancy (2010)[37] evaluated the need for Customer Relationship Marketing (CRM) implementation in the Indian public sector banks (PSBs) through the study of secondary as well as primary data. They have declared that India is on the threshold of a stark global competition, especially so for the banking sector with the likelihood of the economy opened for global banks soon. The Indian public sector banks, which have come face-to-face with competition just since last decade, are found wanting both with regard to performance as well as their customer orientation. The study explores that; CRM practices of the banks can help them in retention of their existing customers in the competitive market. With the insight received from the study and the review of other implementation models found in CRM and related IT literature, an optimum model for CRM implementation for Indian Public Sector Banks (PSBs) has been suggested in the second part.

Opara et al. (2010)[38] investigated the technology impact on Relationship Marketing Orientation (RMO) and Business Performance (BP) of the Nigerian banks. Quantitative and qualitative data were generated from 123 different bank branches with 565 target respondents. SPSS software packages were employed in the analysis. The findings revealed that, technology exists as a moderating variable in the RMO-BP relationships of the Nigerian banks. The authors recommended that, banks in today's business environment must be technologically compliant in order to have competitive edge and build a meaningful and lasting relationship with their customers.

Shaker et al. (2010)[39] studied the extent to which the concept of Relationship Marketing clearly understood and adopted by Jordanian Private Universities. The study explored the theoretical foundations of relationship marketing and examined the effects of utilizing and adopting this concept on organizational performance indicators from the perspective of several high educational institution's experts and academic staff. The study is cause and effect

in nature and relies on a simple random sample to collect the required data. The study considered six of thirteen of high educational institutions (private universities) withdrawn randomly from the population of the study. The data collected through pre- designed questionnaire which was directed to the academic people in each university. A self-administered questionnaire was used to collect the required data from the ample of the study. Using the drop and collect method, the researchers delivered 19 questionnaires to the academic people in each university and then collected it within 14 days. The study found that there is a positive relationship between relationship marketing concept and organizational performance indicators, relying on successful relationship is the two-way flow of value.

Agundu et al. (2011)[40] studied critically the Corporate Relationship Marketing (CRM) as multi auspicious and efficacious new sensation to drive Nigerian banks to topmost heights with utmost sustainability. The objective of the study is to examine the relationship between bonding, shared value and reciprocity on bank performance. The bank branches studied cut across the 24 recapitalized banks, duly approved/pronounced by the Central Bank of Nigeria (CBN). A total of 123 bank branches were contacted out of 189 pilot volunteers. Accordingly, the accessible population relative to the above bank branches was 4,552 employees, and using the Krejcie-Morgan Sampling Determination Table, the appropriate corresponding sample size was 565. The stratified random sampling method facilitated selection and contact of the sample units. To aid data collection, a research questionnaire was designed and administered on the bank workers. The instrument was in two parts (part A for demographic specifics and part B for the study variables). The findings revealed that there is a significant between relationship marketing variables (bonding, shared value and reciprocity) and bank performance.

Fagbemi and Olowokudejo (2011)[41] investigated the use of CRM as a marketing strategy in banks and insurance companies in Nigeria. The study also focused on whether these organizations have employed the same variables to achieve Customer Relationship Management. Findings showed that these institutions use CRM as a marketing strategy and also that the variables employed by these organizations to achieve customer relationship management were different.

Izah and Zuliana (2011)[42] studied the CRM practices among banks from customer's perspectives. Five dimensions comprising of 48 statements are proposed for this study: Customer Acquisition, Customer Response, Customer Knowledge, Customer information system and customer value evaluation. The results from the preliminary study are important to understand the perceptions of the customers so as to adjust and modify items that are important and not.

Mehdi and Venkatesh (2011)[43] studied the Customer Relationship Management practices adopted by the Iranian Banking industry. In this study the primary data was gathered from 400 respondents who represented the top, middle and lower management of public and private banks of Iran. Advanced information and communication technologies are widely utilized by the Iranian banks to enrich the process of Organizational management in general and customer relations management in particular. The study revealed that the practice of CRM in public and private banks of Iran is less understood due to lack of comprehensive and scientific investigations.

Mohammed et al. (2011)[44] empirically investigated the impact of relationship marketing understandings, namely trust, commitment, bonding, shared values, empathy and reciprocity on customer loyalty in the banking industry. A survey was conducted collecting data through a questionnaire containing 34 items that has completed by 384 randomly selected bank customers and multiple regression analysis was used for data analysis. The result revealed that the all underpinnings of relationship marketing were directly associated with customer loyalty and they had a significant effect on it.

Nalin and Jaya (2011)[45] studied the impact of transformational leadership behavior of sales persons on their customer relationship marketing behavior in the corporate banking sector in Sri Lanka. The study revealed that relationship marketing is well practiced by private banks than in state banks. This Study contributed to the practice of relationship marketing by shedding light on how sales persons can create and develop the practice of relationship marketing.

Rootman et al. (2011)[46] studied the need for understanding of relationship marketing and customer retention of banks in Canada and the United Kingdom (UK). A self-developed,

structured questionnaire was distributed via convenience snowball sampling to banking clients in South Africa, Canada, and the UK. The findings revealed that six banking service delivery variables influence banks' relationship marketing and customer retention. Fee structures and ethical behavior of banks were regarded as the most important focus areas for banks.

Uma et al. (2011)[47] studied the attraction and use of CRM in banking sector and understand the multi-dimensional construct of customer relationships and its implications in competitive environment. The study includes the customers' expectations and perceptions on ATM, Phone banking and credit cards in public and private banks in the state of Orissa of India. The study revealed that the public banks are ahead of the private banks in attracting and retaining customers because of good personal relationship with the customers. The roles of the front office people are quite important in attracting and retaining the customers as per the study.

Yogita et al. (2011)[48] studied the extent of implementation of CRM in MNCs private sector banks operating in India. The study analyzed the perceptions of the customers regarding the impact of CRM on service quality and evaluates the impact of CRM on customer retention. Ten Private Sector banks have been taken for studying the sample for this study. These banks have been chosen because they have a good market share and latest technology. The representative sample has been collected from the 10 Banks situated in Delhi and NCR. 500 questionnaires were distributed among the customers of ten banks covered for the study, but 359 responses were received back from the customers of the above-mentioned banks. The results revealed that ICICI Bank being rated first in implementation of CRM, HDFC Bank rated first in service quality and customer retention.

Zuliana and Izah (2011)[49] investigated the Customer Relationship Marketing practices among the banks from the customers' perspective. The concept of CRM is studied based on six important dimensions, customer acquisition, customer response, customer knowledge, customer information system, customer value evaluation and customer information process. The sample in this study consists of customers of banks located in one of the states in the east coast of Malaysia. Customers were selected randomly using convenience sampling. The objective of the study is to design a framework for Customer Relationship Management

practices among banks from customer's perspective. A questionnaire was adopted from Lu and Shang containing 25 statements.

Anamica et al (2012)[50] evaluated the customer perception of CRM practices in the selected Foreign Sector Banks, by identifying the four major CRM dimensions; Pre-Transaction services, During Transaction Services, Post-Transaction Services and Behavioral factors. The study was based on survey method. Convenience sampling was administered in the study. Data was collected from 200 customers of selected Foreign Sector Banks using structured questionnaire. Statistical Techniques such as percentages, ANOVA and correlation are applied to analyze the data. The study indicated that there is no significant difference in the perception of respondents of various age groups, gender and occupation in the entire CRM dimension.

Arun and Deepali (2012)[51] developed a reliable and valid CRM (Customer relationship management) scale specifically catering to Indian banking sector. An exhaustive review of literature on CRM was followed by depth interview and questionnaire survey. Exploratory factor analysis was followed by confirmatory factor analysis, which was presented in three forms; the single factor model, covariance model and the structural model. The covariance model shows CRM in Indian banking sector as a multidimensional construct comprising of factors namely organizational structure and customer support, service quality, trust, technology, personalization and market orientation. The structural model validates the previously extracted factors along with their indicators. The findings of this study validate the long-held belief that CRM is a multidimensional construct and serves as a critical success factor for business performance. The study provides a conceptually validated CRM scale catering to Indian banking sector, which can help the managers in implementing the CRM in an effective manner and also can be used as a tool to identify the major areas requiring attention.

Ayozie (2012)[52] studied the concept of Relationship Marketing in Nigerian Commercial Banks, Commercial Banks Marketing and Customer Relationship Management. The study compared the traditional and relationship marketing concept and listed the various strategies that a commercial bank can use to win and retain customers in Nigeria. The study also gives

insight into practical relationship marketing approach by commercial banks in Nigeria and various customer acquisition, Customer retention and customer stimulation instruments. The study explained the basic relationship marketing strategies that the Nigerian commercial banks should adopt to increase market share and also to maintain customer loyalty.

Costel et al. (2012)[53] highlighted the connection elements between relationship marketing and educational marketing, seen as a new optical system of education at national and international level. The study revealed that there is a strong connection between relationship marketing and educational marketing, as both focus on long-term relationships, proximity to customers, quality and satisfaction, an efficient communication and retention of customers.

SaritaBhatnagar (2012)[54] investigated the impediments to successful implementation of Customer Relationship Marketing. The key impediment is the lack of understanding and acceptance of CRM as an organization wide strategy and need for reorientation of organization structure to adopt CRM. The study suggests that for effective implementation of CRM emphasizes the importance of understanding of CRM as an organization wide strategy and need for alignment of bank's culture and processes to bring customer centricity at the core of operations. The study recommends leadership and motivation driven by top management to optimize customer relationships on the basis of customer information.

Shahram Gilaninia et al. (2012)[55] investigated the influence of relationship marketing on purchase intention. Customers of banks in Rasht were studied and for data collection a self-completed questionnaire was applied. The descriptive research methodology was applied to study the data was collected from 390 respondents. The results revealed that relationship marketing underpinnings namely trust, commitment, communication and conflict handling have a positive effect on purchase intention and also word of mouth has a moderating effect in the relationship between relationship marketing and purchase intention.

Sanjay (2012)[56] examined the relationship between customers' perceptions on CRM practices among banks and demographic factors. Information pertaining to this study was collected by distributing a well-structured questionnaire among 100 bank customers belonging to Guwahati city of Assam. Only 93 respondents participated in this study as their fill up questionnaires are found suitable. Descriptive statistics was employed to describe the

sample and Pearson chi-square test was used to test customers' perceptions and the relationship with demographic factors. From the study it is found that there are no significant differences in means between customers' perceptions on CRM practices among banks based on demographic factors. This would imply that customers' perceptions on CRM practices among banks are similar regardless of gender, age, education level, employment and modern banking usage.

Srinivasa Rao (2012)[57] studied the implementation of CRM practices in selected Indian industries. Banking, Insurance, Manufacturing, Travel and Tourism, Airlines, Higher education and Telecom industries are selected for the analysis of the implementation of CRM. The findings reveal that, in order to succeed at CRM all companies need to understand that it is not about technology alone but about business process as well. The necessity for several CRM applications and integration between them and existing infrastructure requires companies to invest on customization and integration of their services.

Kosile et al. (2012)[58] examined the effects of relationship marketing process on bank performance of selected Commercial Banks in Southwestern Nigeria. The study examined the management and performance of marketing relationships from the perspectives of direct marketing, internal marketing, banks' relationship quality and customer's relationship benefits in Nigeria context. The research design used was descriptive research. The data was collected from three out of six states in the southwestern geopolitical zone of Nigeria and 10 branches were selected by using multistage random sampling technique. Out of 150 questionnaires distributed to the respondents, only 137 were returned and found useful for analysis. The findings reveal a positive and significant relationship between Relationship Marketing and Bank performance indicators. The Relationship Quality and Relationship Benefits were found to be positive and significant determinants of bank performance. The study further reveals that Direct Marketing and Internal Marketing are insignificant predictors of bank performance.

Manoj et al. (2012)[59] studied Customers' perception regarding service attributes offered by public sector and private sector banks in odisha. The researchers also highlighted on calculating impact of service attributes on overall satisfaction in both public sector and private sector banks. Data from a total number of 307 respondents was collected in 5 different areas

(Berhampur, Chatrapur, Aska, Parlakhemundi and Bolangir) of 10 different banks (5 Public sector and 5 Private sector banks). The Public sector banks include State Bank of India, Punjab National Bank, Syndicate Bank, Andhra Bank and Bank of India. The Private Banks include ICICI Bank, HDFC Bank, Axis Bank, YES Bank and ING Vysya Bank. The results revealed that the impact of variables and attributes is high which is consistent. The comparative analysis of the service attributes among two major segments has revealed that private sector banks have dominated public sector banks in terms of delivering qualitative customer service.

Naveen and Vijay (2012)[60] studied the various CRM practices in selected local and multinational banks in India. From the study it was found that a great difference in CRM practices is present between local and multinational banks. This difference is based on type of customers banks are targeting. Local banks are carrying out CRM services on individual basis; whereas multinational banks are strictly focusing on standardized CRM services along with IT and E-banking services. Through this research the author analysed that how banks are focused on the efforts of knowing the customers, detecting their needs and also raising the profitability or the benefits of the customers to the business. It was found from the study that the private Sector Banks had implemented CRM practices more effectively when compared to their Public Sector counterparts and had been more innovative in understanding their customers and in building good relations with them.

Sanjay Kanti Das (2012)[61] studied the perception of SBI customers and other nationalized bank's customers in the issue of CRM practices. The study is a comparative and analytical one through the perceptions of the customers of the selected banks of Guwahati city of Assam. It is observed from the study that, the approach of CRM by SBI and other nationalized banks are to some extent same and one but the reach is quite distinguishable.

Subeesh and Vijayachandran Pillai (2012)[62] examined the Customer Relationship Marketing strategies adopted by automotive dealers in Kerala with particular reference to Hundai Dealers of Calicut area. They also studied the customers view on the CRM tools used in automotive industry. The study found that most of the owners of the cars came to know about the car from television advertisements and magazines. They are influenced to buy the car by dealers of the car and friends. Dealers offer a number of CRM tools to attract and

maintain their customers. It is found from the study that the attitude of sales persons towards customers is good and none of the customers are dissatisfied with the services provided by car dealers.

Tareq (2012)[63] investigated the impact of customer relationship marketing on Customers' image for Jordanian Five Star Hotels. The survey method was used in this study. Convenience sampling method was used in selecting the respondents. The study results indicated that there are positive attitudes towards CRM used in five-star hotels in Jordan. The study revealed that here is an impact of using CRM on customers' image of Jordanian Five Star Hotels.

Catalina Chirica (2013)[64] studied the best practices in relationship marketing. The study focused about consumer behavior analysis based on multiple criteria, including the emotional or moral components, consumers' expectations and life style, which are important variables of relationship marketing. The study recommends that, Banks must address specific financial needs with an extended portfolio, with room for tailoring, focusing more on gaining clients' trust during win-win long-term relations. An intelligent computer-based information system such as a CRM can improve the information flow and decision processes between various departments of the bank.

Manol and Magdalena (2013)[65] analyzed how the Albanian banking system has implemented Customer Relationship Marketing programs. They also studied the positive and negative aspects of implementation of CRM in Albanian banking system. The study was mainly focused on the perception and knowledge of bank managerial staff in Albanian banking sector towards implementation of CRM. The study concludes that CRM has caught the attention of bank managers in the improvement of their tools and strategies as part of their marketing. According to the findings, the main factors to be taken for consideration by the managers are customer satisfaction, customer retention, implementation of software and hardware and the transparency regarding the procedures.

Nyarku and Kwamena (2013)[66] assessed the Customer Relationship Management (CRM) practices at National Investment Bank (NIB) Ghana. The researcher employed the descriptive study and adopted the questionnaire and personnel interview as the research instruments. The five-point Likert Scale was used to code the responses of 150 respondents. The study

recommended win back and retention strategies to meet the needs of customers in a highly customized and responsive manner.

Ramya et al (2013)[67] studied the employee's perception of Customer Relationship Management in the E-Banking services of State Bank of India and ICICI Bank at Srirangam branch in Tiruchirapalli of Tamilnadu. The study covers an analysis over the elements of Customer Relationship Marketing and its implementation in banking sector. The study mainly centered on the influence of demographic factors on employees' perceptions towards CRM practices among the banks. This study is significant to banks as they get information on what are items that are important to maintain the relationship with the customers and strengthen their relationship with the help of E-Banking products and services.

Rashmita (2013)[68] investigated the front-end effectiveness of CRM strategies in the banking sector in India by studying the customer perception of CRM initiatives. The study provides a discussion on the concept of CRM in Indian banking sector and proposes recommendations to assist the banking sector on how to nurture profitable, long-term relations with the customers. This is empirical research which is descriptive in nature and relied mainly on primary data collected through a structured questionnaire to study the perception of Indian customers. This study provided a step in understanding the existing CRM strategies in the Indian banking sector. The findings indicated that there are several loop holes in the existing tactical CRM strategies in the Indian banking sector. The overall findings of this research revealed that the banks operating in India have failed to convince their customers on their CRM efforts. Various CRM initiatives and dimensions measured in this study report unfavorable response. Overall, the banks are approaching CRM as a tool for building customer base and increasing the sales.

Sathiya (2013)[69] analyzed the customer's perception of various elements of Customer Relationship Marketing (CRM) in public and private sector banks in Salem district, Tamilnadu. The study focused on perception of 500 customers regarding initial strategies, strategies to maintain the customers, impact of technology on CRM, customer satisfaction and impact of CRM. The study has taken a wider view about CRM in public sector banks and private sector banks.

Shaista et al. (2013)[70] studied the results of a survey conducted to know the state of customer relationship management utilization in making strategic marketing decisions in 10 major private banks of Islamabad, Pakistan. The study is a field study where researchers gathered data themselves in the real environment and corresponds with respondents in the field. A non-probability convenient sampling of 60 individuals was selected from branches of 10 major banks located in Rawalpindi and Islamabad. The results showed that customer relationship management is strongly considered as a strategic tool and that fully supports strategic marketing decisions.

Vinod and Vikctor (2013)[71] examined the perception of visually challenged customers towards the Customer Relationship Marketing initiatives and efforts of the banks in India. It is descriptive research in nature that relied on primary data source using structured questionnaire that was personally administered to VIP (visually challenged persons) savings account holders. The study revealed that the VIPs share the unfavorable response towards the effectiveness of the CRM initiations of the banks and also signifies the importance of different CRM strategies for VIPs.

Love Kumar Patwa, Kush Kumar Patwa (2014)[72] evaluated the effectiveness of Customer Relationship Marketing (CRM) in Banking sector and compared the structure, objectives and working styles between various Public Banks and Private Banks of Uttar Pradesh. The research is descriptive in nature and and stratified random sampling method was used for administrating the questionnaire. The sample had collected from 2public and 2 private sector banks and the sample size of the study is 328. It was found that the Private Banks have been able to implement CRM practices more effectively. However, a micro analysis revealed that the Public Banks have advantage over Private Banks in terms of reliability and assurance. The analysis of the study suggested that banks (whether public or private) are equally affected by the kind of CRM initiatives they undertake.

2.2 LITERATURE ON RELATIONSHIP MARKETING PRACTICES AND CUSTOMER SATISFACTION IN BANKING INDUSTRY

This section reviews literature on Relationship Marketing practices in Banking Industry and its impact on Customer Satisfaction. Customer Satisfaction is one of the major outcomes of

Relationship Marketing and it plays a significant role in retention of customers and enhancing business performance.

Anderson et al. (1997)[73] stated that customer satisfaction resulting from the relationship marketing guarantees loyal customers that strongly support and advocate the organization through word of mouth that leads to lower cost when attracting new customers. As a result, customer satisfaction is significant in building trustworthy relationships with customers and retaining the competitive advantage.

Hari kiranpal Singh (2006)[74] studied the importance of customer satisfaction in relation to customer loyalty and retention. According to the research, customer satisfaction highly affects the organization profitability. The study comprises of two parts, the first part is CRM best practices and the second part is the customer loyalty survey. The findings revealed that there is no bank which has deployed all the CRM best practices to the fullest extent.

Mittal (2006)[75] discussed the evolution of relationship marketing approach as an evolution of a revolution in the marketing. He suggests that marketing is no longer just about developing, selling and delivering products; it is increasingly concerned with customers. The study stated that relationship marketing is based upon the premise that it makes economic sense to satisfy and retain customers as the strength and duration of relationship is directly proportional to the resultant profitability.

Aruna and Manish (2008)[76] studied the primary opinion of the customers of the banks. The State Bank of India (SBI) is selected as the representative of the public sector banks and HDFC. ICICI, IDBI and UTI as representatives of the new private sector banks. The study is divided in to three parts; the first part deals with customers preferences while selecting the bank of their choice; the second part covers the satisfaction level of the customers; and the third part is an attempt to record the instances of customers shifting from one bank to another (competitor bank) due to dissatisfaction. It is evident from the study that the customers of private banks are most satisfied than those of the SBI. Customers of the SBI are more sensitive with regard to the processing time taken for account handling and technological updates. Dissatisfaction in those areas can lead to shifting to another bank while in the case of private

bank`s customers proximity to residence and sometimes delay in the processing time can be likely reasons to change the existing bank with a new one.

Ali and Rasool (2009)[77] studied the use of customer relationship management for boosting the bank customer satisfaction in Agricultural Bank especially in Qom providence. Customer relationship management was considered to be an independent variable: its variables include services quality, access to services and their properties while the customer satisfaction is a dependent variable. The results of the research revealed that there was positive relationship between customer relationship management and customer satisfaction in Agricultural Bank, Qom providence.

Festus (2011)[78] examined the adoption of relationship marketing practices in the insurance industry. Sample for the study is made from the licensed commercial insurance companies in operation in Lagos Metropolis of Nigeria. The study revealed that relationship marketing practices have been playing a dominant role in improving the performance of insurance and increasing customers' satisfaction through service quality. The findings also stated that existence of any insurance organization will depend on its ability to maintain good relationship with customers and provision of quality services.

Rezvani et al. (2011)[79] examined stronger dimensions of relational marketing upon insurance customers' loyalty, which is considered on the basis of a model offered by Doisy including reliance, commitment, communications and confliction control. This research was of causative type and research statistical assembly included total customers of Ardabil province bank branches. Questionnaire gathered data were examined by using LISREL software in structural equation modeling style and all of the assumptions were confirmed. The sample size was 384 people and 384 questionnaires were distributed of which 379 units were collected and analyzed. The results revealed that reliance, commitment, communication and conflict control dimensions had indirect impact on customer loyalty and customer satisfaction had direct impact on customer loyalty.

Shahram and Seyyed (2011)[80] investigated the effect of five variables trust, commitment, communication, conflict management and merit on customer loyalty. The study was a descriptive study and which was performed by survey method. The target population of the

study was 312 customers of private and public banks in Isfahan. Data collection tool was questionnaire and data was analyzed using multiple regression and pair t-test to investigate the effect of independent variables of trust, commitment, communication and conflict handling on loyalty as dependent variable. The study found that merit, communication, trust and conflict management have significant effect on customer satisfaction but commitment has no significant relationship with customer satisfaction. Further, the study suggested that effective communication with customers, trust and conflict management are variables which are effective on customer satisfaction and should be considered by bank management.

Shitole and James (2011)[81] studied the CRM initiatives in the banking sector with reference to Saraswat Bank in Thane district, which is an urban co-operative bank. The objective of this study was to determine the importance of CRM in banks and CRM strategy practiced in urban co-operative banks in the present competitive market. They have also analyzed the level of satisfaction of customers with the bank's services. The findings revealed that the customers are quite satisfied with the services provided by the bank.

Gilaninia et al. (2012)[82] investigated the relationship between the components of relationship marketing and customer satisfaction. In this study variables trust, commitment, communication, conflict handling and competence as fundamental variables of relationship marketing had been studied. Statistical population of present study was all customers with an account in Tejarat Bank in the province of Guilan. Tejarat Bank in Guilan province has 64 branches. sampling method in this study is cluster and so Guilan is divided into three parts (center, east and west) that from the central part is selected customers of six branches and the east and west is selected each of them three branches and then is used non-probability available method for sampling. Data collection tool have been questionnaires. After the questionnaires distributed, 378 questionnaires were analyzed. Method of data analysis was the correlation coefficient and regression that performed by using spss software. Research findings indicated that there was a relation between relationship marketing components including trust, commitment, communication quality and competence on customer satisfaction.

Margaret Oloko (2012)[83] studied the influence of relationship marketing on the performance of banks in Kenya. The objective of the study was to evaluate the relationship between

customer loyalty and firm performance and secondly to determine the influence of customer satisfaction on firm performance. The study employed descriptive statistics and multiple regressions to establish the relationship between customer satisfaction, customer loyalty and bank performance. Data for this study was collected on ten commercial banks listed in the Nairobi Stock Exchange. A random study of five customers from each bank was undertaken during month end (peak season) when most of them visit the banks making a sample size of 50. The results showed a positive correlation between customer loyalty, customer satisfaction and bank performance. The study recommended that commercial banks must embrace relationship marketing in order to retain their customers for a competitive advantage and maintain a long-term relationship with their customers for survival in the highly changing market place.

Malla Reddy and Suresh (2012)[84] explored the perception of Customer Relationship Management with respect to the customers of State Bank of India in Karimnagar District of Andhra Pradesh. The study is based on the responses of 200 customers of State Bank of India branches in Karimnagar District. The perception of SBI customers on CRM was judged on the following 12 variables: visual appeal of physical facilities, guidance signs at service counters, timely services by bank employees, problem solving interest of bank employees, security measures taken by the bank, service performing information, prompt services by employees, safety of transactions, convenience of operating hours, parking facilities at bank, sending of transaction information through SMS and installation of new ATMs. The study revealed that, the implementation of CRM has helped the bank to come closure to its customers and the emphasis has shifted from sales to customers.

Manoj et al. (2012)[85] studied Customers' perception regarding service attributes offered by public sector and private sector banks in Odisha. The researchers also highlighted on calculating impact of service attributes on overall satisfaction in both public sector and private sector banks. The results revealed that the impact of variables and attributes is high which is consistent. The comparative analysis of the service attributes among two major segments has revealed that private sector banks have dominated public sector banks in terms of delivering qualitative customer service.

Monal Deshmukh (2012)[86] studied the usefulness of CRM implementation on customer contentment perceived business performance. The study revealed that frequent rate of getting in touch with customers and recovery of services facilitates in retention of customers. In a administrative point of view, this research provides an outline of the impact of CRM efforts on the magnitude of customer satisfaction and apparent business conductance.

Ndubisi and Nwankwo (2012)[87] studied the effectiveness of Relationship Marketing in the banking industry and also evaluated the effect of operational strategy adopted by banks in Nigeria. The study revealed that relationship marketing has been effectively adopted in acquiring and retaining customers in the banking industry; relationship marketing adopted by banks has been able to deliver customer satisfaction; and there are significant relationships between relationship marketing and customer satisfaction in the banking industry. The study recommended that banks in Nizeria need to improve their practice of relationship marketing in order to deliver better customer satisfaction.

Satyanarayana and Ramesh (2012)[88] examined the importance of CRM in banking sector and its impact on the customer satisfaction with a special reference to State Bank of India and HDFC Bank. The analysis was made with regard to evaluation, growth and role of CRM in promotion of banking sector in India. The study revealed that CRM can be implemented in selective and focused way. CRM which was found to be useful for all the banks not only gives the required commercial returns but also helps in creating a fovourable public image to the banks in the context of global competition.

Sonia Karla (2012)[89] evaluated the Customer Relationship Marketing (CRM) practices being adopted by banks in Punjab so as to analyze whether the banks are really implementing the whole concept of CRM. This paper also attempts to compare the CRM practices of public and private sector banks in Punjab. The present study revealed that both public sector and private sector banks are directing their strategies towards increasing customer satisfaction and loyalty through improved services quality. It has been found that public sector banks are ahead of private sector banks in making continuous efforts to delight the customers and in making goals to acquire, develop and retain customers. Public sector banks also ahead of private banks in giving prompt services to its customers.

Ajit Kumar and Rashmita (2013)[90] studied the factors leading to selecting the particular bank and role of banking personnel in customer satisfaction. The study is based on 120 customers in different banks. Through this study they had identified that, quality of service, effectiveness of marketing program and convenience in transaction are the important factors to enhance customer satisfaction and plays major role in influencing bank brand selection.

Armin et al. (2013)[91] investigated the basis of the relationship marketing such as, trust, commitment, communication, conflict management, and competency to customer satisfaction on bank services. Results indicated that 4 factors competency, communication, trust and conflict management, respectively, had significant effect on customer satisfaction, but commitment did not any significant relationship with Bank's customer satisfaction.

Kaushik (2013)[92] analyzed the customer satisfaction on the basis of the performance of the banks by interpreting the results of 125 sample customers chosen from State Bank of India from the state of Delhi. The findings revealed that the strategy adopted by SBI to maintain good CRM practice is quite successful and implies a growth in the direction of customer accumulation.

Mihir and Vineetha (2013)[93] examined the relationship marketing in the context of banking. They analyzed the customer perceptions of relationship marketing in public and private sector banks in India. They further discussed about the various barriers to the implementation of relationship marketing in Indian banking sector. The data was collected using a structured questionnaire, pertaining to five dimensions of relation marketing, viz. Trust, Bonding, Communication, Relationship Quality and Conflict Handling, and overall customer satisfaction with the service. The findings of the study indicate that Relationship Marketing in both Public sector and Private sector banks has to go a long way to become effective. There was a significant gap between expectations and perceptions in the Bonding, Communication and Conflict-handling aspects of Relationship Marketing. Further, Communication and Conflict handling aspects were found to be significant drivers of overall customer satisfaction.

2.3 LITERATURE ON RELATIONSHIP MARKETING PRACTICES AND CUSTOMER LOYALTY IN BANKING INDUSTRY

This section reviews literature on Relationship Marketing in Banking Industry and its impact on Customer Loyalty.

Ehigieand Benjamin (2006)[94] examined how customer expectations, perceived service quality and satisfaction predict loyalty among bank customers in Nigeria. This study relied upon both qualitative as well as quantitative data collected from bank customers. The qualitative research undertook focus group discussions for 18 participants and in-depth interviews for 24 customers operating saving, current and electronic bank accounts. This study made use of 16 constructs for customer expectations and 13 for customer loyalty to develop the research equipment's for the quantitative research, which are respectively labeled as Customer Expectancy Scale and Customer Loyalty. For quantitative research, structured questionnaire was administered for 247 bank customers to measure research variables. The hierarchical regression analysis was considered; the study revealed that perception of service quality and satisfaction are significant predictors of customer loyalty, with customer satisfaction contributing more. The contribution of service perception was not significant in explaining customer loyalty. This study argued that the ―more favorable customers perceived bank services and the more satisfied they are, the more loyal they are to their banks.

Ndubisi (2006)[95] investigated the role of gender in the association of relationship marketing underpinnings (namely trust, commitment, communication, and conflict handling) with customer loyalty and found the tendency of women to become more loyal than men, and older people more so than younger people. Moreover, there is the tendency for higher-income customers to receive better attention from banks, at least in Malaysia, because of their higher net worth and the larger volume of business they generate for the banks. This study states that high net worth people are more loyal towards the service banks than other income group people.

Rahman and Zillur (2006)[96] advocated that loyal customers are considered to be the key to survival and success in many service businesses, in particular in the hospitality, insurance and financial sectors. The assumption is that with customer satisfaction; loyalty, retention and

profitability will automatically follow. The current thinking is that the relationship between satisfaction and loyalty is more complex than was originally proposed, a commoditization of many service offerings continues, new sources of competitive differentiation/advantage will come from focusing on the management of customer experiences. Because loyalty is so very important for the survival and profitable growth of a company, measuring it becomes all the more important. Existing approaches to the measurement of loyalty have not proved to be very effective in this task. They explored the relationship between experience and loyalty and concluded that, on average, a majority of customers are satisfied with the present functioning of the bank but would definitely be delighted if the bank changed its interface with the customers to become more cognitive (intelligent), emotional, physically pleasing and well connected.

Ndubisi (2007)[97] empirically investigated the impact of relationship marketing strategy on customer loyalty taking evidence from Malaysian banking industry. For data collection, Systematic quasi-random sampling was used selected every second customer to enter the bank on each day of the survey, starting with the first to come through the doors of selected bank at start of business, at 9.30 am. A questionnaire derived from previous studies was completed by 220 bank customers in Malaysia. Multiple regression analysis was employed to assess the impact of four key constructs of relationship marketing (trust, commitment, communication and conflict handling) on customer loyalty. This study has confirmed that measurement of the —underpinnings of relationship marketing can predict customer loyalty, at least in the Malaysian banking sector.

Madhu and Shivani (2008)[98] studied the differences in an organization's services employing Customer Relationship Marketing (CRM) with others. They also tried to find out the relationship between perception and satisfaction, commitment and loyalty which underlines the significance of CRM in Indian banking sector. The findings revealed that customers in the CRM bank rate its services far more favorably than those non-CRM banks which are an indicator of superior level of services by banks following CRM. The findings also indicated that there is a direct relationship between perception and satisfaction, commitment and loyalty which underlines the significance of CRM in service industry.

Prasad & Aryasri (2008)[99] investigated the influence of relationship marketing variables viz. trust, commitment, communication, empathy and conflict handling attitudinal outcomes like relationship quality and behavioral outcomes like customer loyalty in the context of Indian food retailing. The study also examined the impact of relationship quality on customer loyalty. The primary data were collected from 300 food retail customers from various food retail outlets using structured and non-disguised questionnaire with mall intercept method. Various statistical tools viz. mean, standard deviation, correlations and regressions are employed to examine the impact of each attribute on relationship quality and loyalty. This study revealed that that focusing on trust, commitment, communication and empathy, modern retail outlets likely to foster quality relationships and retain customer loyalty. It was also observed that commitment and trust drive relationship quality and customer loyalty more than any other variable.

Kallol Das et al (2009)[100] explored the association between deployment of Customer Relationship Management (CRM) best practices and loyalty of profitable customers in Indian retail banking sector. The study comprises two parts, the first part consists of CRM best practices survey and the second part involves the use of customer loyalty survey. The findings revealed that there is no perfect bank which has deployed 29 CRM best practices to the fullest extent. The study develops a list of 29 CRM best practices, which may be helpful to the organizations towards achieving comprehensive CRM deployment.

Laith and Nahla (2010)[101] empirically investigated the impact of relationship marketing orientation on customer loyalty. The study also aims to test the impact of demographic variables in association with relationship marketing dimensions on customer loyalty. The study was carried out on a convenience sampling of 450 respondents. The data were analyzed to determine the key dimensions of relationship marketing orientation measurement scale. Results confirm that the five diminutions scale such as Bonding, trust, communication, satisfaction and commitment posses' adequate reliability and internal consistency as well as convergent validity.

Mohammad Reza and Abbas Rezaloie (2010)[102] evaluated the impacts of relation centered factors on the loyalty of the bank clients. The relationship marketing factors called: trust,

commitment, communication and conflict handling and their impact on customer loyalty was analyzed. To collect the needed data to test the hypothesis, a standard questionnaire was used and distributed among 280 customers of Mellat Bank in Rasht City of Northern Iran. The result of the study reveals that there is a positive and meaningful connection between relationship marketing factors and Client's loyalty.

Anahita et al. (2011)[103] proposed a model to link key relationship marketing tactics to the customers' relationship satisfaction and customer loyalty. This study evaluated the impact of personalization and communication on customer's relationship satisfaction and then determines the impact of customer's relationship satisfaction on customers' loyalty. In order to conduct this study, primary data has been collected by a properly designed questionnaire which was distributed among customers in 5 different tours and travel agency in Singapore. In this study, personalization and communication were independent variables and customers' relationship satisfaction as dependent variable. The results also showed that there is significant relationship between customers' relationship satisfaction on customers' loyalty. The results of the study stated that personalization and communication increase the customer's loyalty by enhancing customer's relationship satisfaction.

Niraj and Ankita (2011)[104] investigated the effectiveness of customer retention strategies from the perspectives of existing customers of a bank in Dehradun (India). The findings revealed that retention is based on four levels namely financial bonds, social bonds, structural bonds and customization bonds. The questionnaire survey was responded by 108 existing customers of a leading private sector bank. Chi-square test revealed that the effectiveness of retention strategies is independent of demographic variables except educational qualifications. The factor analysis indicated the grouping of seventeen variables into three factors namely: bonds, services and benefits. Finally, a multiple regression analysis revealed that the factors extracted in factor analysis are significant in determining the effectiveness of customer retention strategies.

Shahram and Seyyed (2011)[105] investigated the effect of five variables trust, commitment, communication, conflict management and merit on customer loyalty. The study was a descriptive study and which was performed by survey method. The target population of the

study was 312 customers of private and public banks in Isfahan. Data collection tool was questionnaire and data were analyzed using multiple regression and pair t-test to investigate the effect of independent variables of trust, commitment, communication and conflict handling on loyalty as dependent variable. According to the results of the study, merit, communication, trust and conflict management have significant effect on customer satisfaction but commitment has no significant relationship with customer satisfaction. According to the study, effective communication with customers, trust and conflict management are variables which are effective on customer satisfaction and should be considered by bank management.

Dinesh and Rajkumar (2012)[106] explored the customer's perception towards customer relationship marketing programs in HDFC Bank and ICICI Bank and customer's loyalty towards these banks in India and UK. The analysis revealed that the various CRM practices, such as providing a personnel assistant, timely and reliable complaint handling, empathetic Bank employees, timely and understandable information regarding the bank's products and services, provisions of adequate number of branches, facilities of online and mobile banking, efficient and fair business practices influence customer loyalty. The ICICI bank and HDFC bank in India and UK are recognized as having good CRM practices. Good CRM practices are implemented by both HDFC and ICICI banks in India and UK through adequate training and empowerment of the bank staff.

DuyguKocoglu (2012)[107] studied the relationship between the banks' customer relationship management and the customer loyalty. The study was conducted on a sample group of 350 staff employed in all the branches of Ziraat Bankasi, the leading public bank of the banking sector in Denizil of TC. The study revealed that customer relationship management affects customer loyalty in the banking sector.

Peter Anabila and Bedman (2012)[108] explored the relationship between Relationship Marketing and Customer Loyalty in Ghana's banking industry. This study used cross-sectional data collected from 247 Relationship officers and Managers of 15 Banks with universal banking license in Ghana. The study found that Six Relationship Marketing (RM) constructs trust, competence, conflict handling, commitment, communications; social and financial bonds cumulatively had significant positive effect on customer loyalty. Individually,

competence, commitment and communication were found to be significant drivers of customer loyalty. The study recommends that banks should consider relationship marketing as a strategy to since its effective practice leads to customer loyalty.

Mukhiddin et al. ((2012)[109] examined the causal relationships of several antecedents of customer loyalty in the context of retail banking in Northern Malaysia. The study concentrates on Impact of relationship marketing on customer loyalty in the banking sector and is a form of fact-finding research. The study followed descriptive study research and a total of 100 university lecturers and students who are patronizing different commercial banks were requested to complete a questionnaire that contained measures of the constructs of concern. The respondents are staying in the Penang, Kedah, and Perlis region in Malaysia. Those who are having saving and current accounts in 5 major banks were considered for the study. The study revealed that the factors which related to customer loyalty like trust, commitment, empathy, perceived value and conflict handling have better influence on the customer's choice as well as preferring the bank. The study recommended that the bank managers and the banking staff should have such attitude towards customers in order to maintain better customer relationships.

Rozita and Taeibe (2012)[110] studied the effect of marketing strategy of product, price and service quality, perception, values offers and promotion on customer satisfaction and trust, which in turn increase the customer loyalty in Iranian Banking System. The study focused on the relationship marketing tactics including service quality, price perception, value offers, brand image, communication, personalization, power, and cooperation as independent variables have positively correlated to relationship quality's elements such as customer trust, customer satisfaction, customer commitment and conflict management as depend variables. The findings revealed that in banking industry, in any level, the confidence building is growing; the customer's loyalty is increasing in the same level. They found that, attraction and maintaining of customers, building trust and avoiding conflict among customers depends upon providing high quality services at perceived competitive prices

Sivesan and Achchuthan (2012)[111] studied how relationship marketing helps to build the customer loyalty. Relationship Marketing has been measured through the indicators such as trust, communication, commitment and conflict handling. The study revealed that, Trust and

Communication in the relationship marketing contribute significantly to customer loyalty and customer loyalty is not contributed significantly by commitment and conflict handling.

Krishnamoorthy and Srinivasan (2013)[112] studied the impact of different dimensions of customer relationship management on customer loyalty. This study used a descriptive research design to measure the impact of various dimensions of customer relationship management and its impact on loyalty. The targeted population of the present study was bank customers of Theni city. The total sample size determined was 345 bank customers. The researcher used purposive sampling method for collecting data from both private sector and public sector banks. The study shows that there is an impact of Customer relationship management on customer loyalty. The study also noticed that reliable words and promises, fulfilling its obligations to its customers, offering advices on how to invest are the predominant variables which have impact on customer loyalty.

Kunal and Kaleem (2013)[113] studied the impact of relationship marketing and perceived service quality on customer loyalty. This study has considered various research models from earlier studies viz. Parasuraman et al. (1994; 1988), Ndubisi & Wah (2005); Ndubisi (2007); Yieh, Chiao & Chiu (2007); Gaurav (2008), Hoq& Amin (2009), Vanniarajan & Gurunathan (2009) and Alrubaiee & Al-Nazer (2010) for understanding the connection between the underpinnings of relationship marketing, perceived service quality dimensions, and customer loyalty. This study strengthened the existing body of knowledge by providing some empirically tested insight and help service providers to design their offering in such a way that ensure high level of loyalty among customers.

Peyman et al. (2013)[114] investigated the relationship between the components of relationship marketing and customer loyalty. Trust, commitment, communication, conflict handling and competence are the components of relationship marketing studied in this study. Statistical population of this study is all the customers who have an account in Meher Bank in the province of Kermanshah, Iran. This study was descriptive in nature and the sample size was 384 persons, determined by Cochran's formula. Research findings indicated that there is a relationship between relationship marketing components and customer loyalty.

Saravanakumar and Senthil Kumar (2013)[115] analyzed the Customer Relationship Marketing (CRM) strategy and customer loyalty on banking sector in South India. They also studied the impact of various demographic variables of the respondents in association with marketing variables on customer loyalty. This research was specially studied in banking sector about how they are offering relationship marketing. This study was carried out a total of 300 customers in public and private sector bank account holders in Chennai city. The result of this study revealed that there is a positive relationship between demographic factors and customer relationship marketing strategy. The customer relationship marketing strategy has a positive impact on customer loyalty in Banking Sector.

Seyyed et al. (2013)[116] studied the role of relationship marketing tactics in customer loyalty. This study was conducted at Pasargad Bank in Mazandaran province. The sample size of the study was 352 bank customers selected through the simple random sampling method. To gathering of data, the authors used questionnaires with 37 items, 25 items for relationship marketing and 12 for customer loyalty. In this study, Trust, Commitment, Communication, Conflict Management and Competence are considered as independent variables and Customer Loyalty as dependent variable. Findings of the study revealed that there is a positive relationship between relationship marketing variables and customer loyalty.

Shivani and Tazyn (2013)[117] highlighted the impact of CRM on service quality and customer retention in the banking sector. They also evaluated the major issues and challenges faced by banking industry in implementing the CRM strategy. According to the study the biggest challenge that Indian banks are facing today is to establish customer intimacy and retaining customers.

Thus, the review of literature clearly signifies the role of Relationship Marketing and customer relationship management in service industry especially financial service industry and particularly in banks. It was also revealed that the Relationship Marketing helps in retention of the customers by enhancing their satisfaction level in regard to the products and services, customer knowledge, technology, communication and tools used by the banks. The banking institutions can retain the profitable customers with the help of relationship

management practices and can attain their goals through the advantage brought by relationship marketing.

2.4 RESEARCH GAP

Relationship Marketing has been thought of as a new paradigm in marketing over the last few decades. It has been believed by academics and practitioners that companies can achieve success in the long run by maintaining relationship with their customers and business associates. However, much of the work and understanding of relationship or relational marketing to date focuses on the Western perspective, and hardly any work has been done in the Indian context, particularly in Andhra Pradesh state. The current literature on relationship marketing in the Indian financial sector is relatively under-researched, and hence this research aims to provide some insight into relationship marketing in this sector and country.

The existing literature focused on limited dimensions of Relationship Marketing such as trust, communication, commitment, empathy, conflicting handling etc. But all the dimensions are not considered in single study. In this research, all important factors of relationship marketing are considered for the study.

Another gap identified in the literature is lack of comprehensive model that integrates relationship marketing practices with satisfaction and loyalty. The literature survey found studies that focused on either loyalty or satisfaction with reference to relationship marketing.

2.5 SUMMARY

This chapter reviews literature on Relationship Marketing Practices in the Banking Industry, focusing on the contribution of relationship marketing practices in enhancing customer satisfaction and the impact of relationship marketing on customer loyalty. This chapter is divided into three sections; the first section focuses on the relationship marketing practices followed by banking industry, the dimensions of relationship marketing and the benefits of relationship marketing particularly for banking industry. The second section focused on the influence of relationship marketing in enhancing customer satisfaction which is basis for customer retention and enhancing profitability. The third section focused on the impact of relationship marketing on customer loyalty which is essential for banks to face competition

and sustain competitive advantage. The research gaps found from the review of literature are basis for developing research objectives, hypothesis and formulating methodology for the study.

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Chapter – III

Objectives and Research Methodology

In the previous chapter review of literature in the area of relationship marketing in banks are highlighted. Despite a number of models developed to explain by various researchers, relationship marketing still remains a fairly new area in research, leaving room for the development of frameworks and models to better describe them. The research methodology of the present study is presented in this chapter, covering the research questions, objectives, and hypotheses, data sources and instrument, sampling design, data analysis tools and organization of the thesis.

3.1 STATEMENT OF THE PROBLEM

The financial institutions play a significant role in the development of an economy. It is expected that the financial sector in the near future would witness increased competitiveness, dynamism, diversification, integration as well as the ability to provide world class services with the emergence of number of banks and financial institutions into the market. The foot steps towards financial progress in are perceived as India had opened up the market for international entrants in the banking sector through Globalization, Liberalization and Privatization.

The Indian banking business has come a long way since the country began its economic and financial reform program a decade ago. The number of financial institutions has risen quickly, a significant number of foreign banks have opened offices and consumers have begun to develop confidence in the Indian banking system. In the increasingly competitive global financial world, relationship marketing has been advocated as an excellent way for banks to establish a unique long-term relationship with their customers.

Most of the core products/services in commercial banking are fairly generic, and it is difficult for most banks to compete purely on this core service. Thus, recognition of the importance of relationship marketing has grown in recent years. In order to gain a competitive

advantage right in the local market, there is a need for the Indian banking sector to keep improving the system as a whole and quality of services specifically.

The quick pace of developing technologies makes it difficult to gain strategic competitive advantage through physical products alone. Customers are more demanding, they not only expect excellent high-quality goods, but they also expect high level of service available with them. Banks are finding that they need to focus on service to keep up with rising customer expectations and to compete effectively.

Banking services in India have become more competitive as a result of the reform programmes being undertaken; leading to loss of skilled manpower and customers to more vibrant and customer focused ones.

The down turn in India's economy is adversely affecting the banking operations so much that banks that fail to improve their services to customers are facing the difficulties of reduced profit earnings, less market share, liquidation and closing down of their operations.

Also, many banks in India have not fully realized the importance of relationship marketing programmes necessary to maintain and sustain all categories of customers. Thus, there is the need for banks to adopt and sustain relationship marketing in their operations.

It is no surprise that much of the work and understanding of relationship marketing to date focuses on the Western perspective, as hardly any work has been done in the Indian context. The current literature on relationship marketing in the Indian financial sector is relatively under-researched, and hence this study aims to provide some insight into relationship marketing in this sector.

3.2 NEED FOR THE STUDY

The forces of deregulation, globalization and advancing technology have greatly increased the competitive pressures in the banking industry. Indian banks are functioning increasingly under competitive pressures emerging from within the banking system, from non-banking institutions as well as from domestic and international capital markets. With increased number

of banks, products and services and practically zero switching costs, customers are easily switching banks, whenever they find better services and products.

In this era of increased competition, in order to prosper, it will be imperative for the banks to develop long term relations with the customers by offering quality services. Developing long term relations with the customer for banking industry depends basically on three dimensions—product quality, service quality and relationship quality.

Globalization and Technological advancement have put banks into tough competition. Banking now has become a fragmented market with a large number of banks offering mostly the same products and services and thus making it easier for customers to leave one bank for another. This scenario gave rise to the importance of relationship marketing and providing an opportunity for banks to develop actual relationship with customers. Today marketing doesn't only means developing and selling a product, rather it is moving towards developing and maintaining long-term customer relationships.

Customer relationships are becoming even more important for banks as market conditions get harder. Competition is increasing, margins are eroding, customers are becoming more demanding and the life-cycles of products and services are shortening dramatically. All these forces make it necessary for banks to intensify the relationship with their customers and offer them the services they need via the channels they prefer.

Since the perceived service quality acts as a foundation for developing long-term customer relationships, the present study is mainly undertaken to present the SBI and Indian Bank customer's perception on Relationship Marketing practices adopted by the banks in Chittoor district of Andhra Pradesh.

3.3 SIGNIFICANCE OF THE STUDY

As a result of globalization of businesses and the evolving recognition of the importance of customer retention, customer loyalty, market economies and customer relationship economies, there has been a shift in marketing paradigm (Gronroos, 1996)[1] from focusing on the benefits of long-term relationships for companies to the benefits that accrue to customers. Because of this it is becoming evident that companies have to fundamentally

change the way in which marketing is done i.e. a shift from managing a market to managing a specific customer (Bose, 2002)[2]. This includes establishing, maintaining and enhancing relationships in order to build up long-term relationships with customers so that the economic goals are achieved.

Kotler (2000)[3] maintained that it has been the practice by companies to devote greater attention and marketing effort to attracting new customers rather than retaining existing ones. Transactional marketing used to emphasize the concepts of 4Ps that focused only on attracting businesses, but not so much on customer retention (Gummesson, 1999)[4].

Literature in relationship marketing shows that it has been well acknowledged and recognized that retaining companies' existing customers is more profitable than attracting new one (Kotler[5], 2001; Doyle[6], 2000; Piercy[7], 2002). As a result, relationship marketing was developed on the basis that customers vary in their needs, preferences, buying behaviour and price sensitivity. Besides, relationship marketing also helps to increase market share, profitability and reduce cost. Many studies have shown that it can cost anywhere from four to ten times as much to acquire a new profitable customer as it does to maintain repeat buyers (Reichheld, 1993)[8]. These statistics are one of the driving forces behind the move to relationship marketing, which focuses its emphasis on customer retention rather than attraction. This type of strategy calls for a different type of marketing technique that is customer and information driven as opposed to product driven. With this in mind, marketers and business developers are now seeking new ways to obtain, manage, and analyze information on their customers via customer relationship management system.

Although, there is a long list of benefits associated with relationship marketing, little is understood about the actual influences of the underpinnings of relationship marketing on relationship quality, customer loyalty and customer satisfaction which developed through the major constructs of relationship marketing such as trust, commitment, and bonds. The outcome of this research hopefully holds significant benefits for marketing researchers and practitioners interested in the subject of relationship marketing and the application of relationship marketing in the banking sector through the understanding of its major constructs.

Further, this study certainly strengthens the existing body of knowledge by providing some empirically tested insight in the Indian banking context.

3.4 RESEARCH DESIGN

A research design outlines the procedures for obtaining the information needed to structure or solve business research problems. It gives a framework or blueprint for the study, suggesting the type of data to get or observations to make how to analyze them, and the possible conclusions that can be drawn from the analysis. Research in this study is descriptive providing the inventory of customer feelings regarding relationship marketing practices in selected public sector banks (State Bank of India and Indian Bank) in Chittoor District. It has broadly three stands; one analyzing the relationship marketing orientation in public sector banks, second examining the attitude of demographic variables towards relationship marketing practices and last one to find out the impact of relationship marketing on customer satisfaction and customer loyalty.

The paradigms of Anurag Mittal (2008)[9], Alrubaiee and Al-Nazeer (2010)[10], Mohammed Teleghani et al. (2011)[11], ShahranGilaninia et al. (2011)[12], Sanjay kanti Das (2012)[13], Mukhiddin et al. (2012)[14], Ndubusi and Nwankwo (2012)[15], Armin et al. (2013)[16] and Payman et al. (2013)[17] provides basic framework for the research design of the present study. \

Anurag Mittal (2008) studied the application of relationship marketing to banking in Union territory of Delhi, Capital of India. It further was directed towards analyzing the customer's opinion about their bank with respect to the relationship-oriented behavior of their bankers towards them.

Alrubaiee and Al-Nazeer (2010) aimed to test the impact of demographic variables (gender, education and income) in association with relationship marketing dimensions (bonding, trust, communication, satisfaction and commitment) on customer loyalty.

Mohammed Teleghani et al. (2011) in their model incorporated the elements of relationship marketing (trust, commitment, communication, conflict handling, bonding, shared values, empathy and reciprocity) and their impact on customer loyalty.

Shahram Gilaninia et al. (2011) investigated the effect of foundations of relationship marketing (trust, commitment, communication, and conflict handling) on loyalty in public and private banks.

Shahram Gilaninia et al. (2012) investigated the relationship between components of relationship marketing (Trust, commitment, communication, competence, conflict handling) and customer satisfaction.

Sanjay Kanti Das (2012) examined the relationship between customers' perception on CRM practices and demographic factors (gender, age, education level, employment) and modern banking usage. Mukhiddin et al. (2012) also studied the impact of factors of relationship marketing (empathy, conflict handling, trust, perceived value and commitment) on customer loyalty.

Ndubusi and Nwankwo (2012) determined the significant relationship between relationship marketing elements (bonding, reciprocity, empathy, shared value, trust, communication) and customer satisfaction. Armin et al. (2013) investigated the basis of the relationship marketing such as trust, commitment, communication, conflict handling and competency to customer satisfaction on bank services. Payman et al. (2013) considered few elements of relationship marketing (trust, commitment, conflict handling and competence) and their impact on customer loyalty.

Continuing the legacy of earlier research works, the research design of the present study considered:1) bonding, 2) trust, 3) communication, 4) conflict management, 5) empathy, 6) personalization, 7) reciprocity and 8) commitment as the elements of relationship marketing to investigate the customer perception and attitude towards relationship marketing practiced by the selected public sector banks in Chittoor District.

Further, gender, age, education and income are considered as demographic variables to study the impact of relationship marketing practices on customer satisfaction and customer loyalty. The ultimate aim of the present research study is to find out the relationship between relationship marketing, customer satisfaction and customer loyalty.

3.5 RESEARCH QUESTIONS

The current literature on relationship marketing in the Indian banking sector is relatively under-researched, and hence the present study aims to provide some insight into relationship marketing in banking sector. Relationship marketing is very powerful tool to gain and keep the customers. In this backdrop, the present research study aims to answer the following basic questions.

- How a customer perceives the relationship marketing practiced by the public sector banks?

- What is the impact of demographic variables on relationship marketing and customer loyalty?

- Is there any relationship between relationship marketing and customer satisfaction?

- Is there any relationship between relationship marketing and customer loyalty?

3.6 RESEARCH OBJECTIVES

The study is directed towards analyzing the customer's opinion about their bank with respect to the relationship-oriented behavior of their bankers towards them. List of objectives are detailed as follows:

1. To study the customer perception towards relationship marketing practices across the selected public sector banks in Chittoor district.
2. To examine the impact of demographic characteristics of the customers on perceiving relationship marketing practices.
3. To find out the relationship between relationship marketing, customer satisfaction and customer loyalty.
4. To offer suggestions to improve relationship marketing practices and customer loyalty in selected banks.

3.7 FRAMEWORK OF THE STUDY

Elements of Relationship Marketing are the operational tools for implementing Relationship Marketing in an organization. Different researchers have taken multiple views regarding the elements. Synthesizing these various views, the elements of Relationship Marketing were identified. The impact of demographic variables such as gender, age, education and income level on relationship marketing orientation is investigated. The elements of relationship marketing identified from various studies are explained as follows:

(i)   Bonding

Bonding is defined as the dimension of business relationship that results in two parties (buyer and seller) acting in a unified manner toward a desired goal. In the dyadic relationship of a buyer and seller, bonding can be described as a dynamic process that is progressive over time. The dimension of bonding as it applies to relationship marketing consists of developing and enhancing customer loyalty, which results directly in feelings of affection, a sense of belonging to the relationship, and indirectly in a sense of belonging to the organization (Sin et al., 2002)[18]. Bonding is found to be the most dominant relational dimension in determining the variation in customer loyalty (Alrubaiee and Al-Nazer, 2010).

(ii)   Trust

Trust is the corner stone of long-term relationships. Trust is "a willingness to rely on an exchange partner in whom one has confidence". Morgan and Hunt (1994)[19] conceptualized trust as a partner's confidence in an exchange partner's reliability and integrity. Trust in organizations comes from customers' positive experiences that induce them to continue with the relationship (Vesel and Zabkar, 2010)[20]. A bank in which a client has confidence definitely stands ahead of competition. The results of trust can be seen in a bank's profitability, growth in market share and customer retention. An abuse of this trust by a service provider will result in customer dissatisfaction and defection (Ndubusi & Wah, 2005)[21]. Thus, trust is expected to have positive effect on customer satisfaction and customer loyalty.

(iii)   Communication

Communication is part of any relationship between individuals or groups of people. It can justly be argued that a relationship can only be established if dialogue or communication with another party is started. The same applies to the relationships of a firm, such as a bank, with its clients. Kotler and Armstrong (2008)[22] saw marketing communications as the means, by which firms attempt to inform, persuade and remind consumers, directly or indirectly about the products and brands they sell.

If relationship marketing is to be successful, the integration of all marketing communications messages is needed to support the establishment, maintenance, enhancement of relationships with customers. Communication in relationship marketing means keeping in touch with valued customers, providing timely and trustworthy information on service, service charges and communicating proactively if any problem occurs.

Several relationship marketing scholars agree that communication is a fundamental aspect of relationship development. The quality of information that is shared and the mode in which this is done plays a central role in a bank / customer relationship. Hence, careful design of communication means and forms must play a decisive role in complimenting the relationship marketing aspect of a bank. The role of communication

in business has been demonstrated over the years to have positive effect on customer acquisition and retention (Shiffman and Kanuk, 2007)[23]. The frequency of communication between the parties indicates the strength of the relationship and this is expected to have positive effect on customer loyalty.

(iv) **Conflict Management**

Conflict Handling is an important relationship builder. Dwyer et al. (1987)[24] defined conflict management as a supplier's ability to avoid potential conflicts, solve manifest conflicts before they create problems, and discus solutions openly when problems do arise. How well this is done will determine whether the outcome is loyalty, "exit" or "Voice". Poorly handled conflicts could also lead to negative word-of-mouth and eventually customer exit. A major problem which had been resolved satisfactorily may leave in its wake a happy and loyal customer, but may be minor issues if not handled carefully will result in defection. Ndubusi and Chan (2005)[25] found a significant relationship between conflict handling and customer loyalty, indirectly through trust and perceived service quality. The ability of the product or service provider to handle conflict well will certainly influence customer satisfaction and customer loyalty.

(v) **Reciprocity**

Reciprocity is the component of a business relationship that causes either party to provide favours or make allowances for the other in return for similar favours or allowances at a later date (Callanghan et al., 1995)[26]. The links of reciprocity to relationship marketing have been indicated by Housten et al. (1992)[27] as a basis for the interface between exchange transactions and marketing activities. This deals with the dimension of business relationships where it is believed that people owe one another because of their prior actions. This is premised on the fact that, if you desire assistance, you must first assist others. For example, a bank that steps to the forefront when a customer is in difficulty stands at an advantage over its peers. This builds a sense of loyalty and ensures the relationship is grounded firmly for the long term.

(vi)   Commitment

Commitment is another important variable for determining the strength of the relationship marketing. It is defined as an enduring desire to maintain a valid relationship (Moorman, Zaltman, amd Deshpande, 1992)[28]. Commitment refers to an implicit or explicit pledge of the continuity of a relationship between exchange partners (Dwyer et al. 1987)[29]. Wilson (1995)[30] observed that commitment was the most common dependent variable used buyer-seller relationship studies. Committed customers are expected to be loyal to the organization resulting in positive relationship between commitment and customer loyalty (Mowday et al. 1982)[31].

(vii)   Empathy

Empathy is the ability to see a situation from another person's perspective (Wang, 2007)[32]. It is defined as seeking to understand somebody else desires and goals. Sin et al describe empathy as analyzing a business relationship in such a way that enables the two parties involved to see the situation from the other's perspective; i.e. seeking to understand somebody else's desires and goals. For example, the front office staff of a bank must be able place themselves in the customer's position in order to serve them accordingly and ensure customer satisfaction and customer loyalty.

(viii)   Personalization

Personalisation refers to the customisation of both products and services according to the individual needs of clients. Wells and Wolfers (2000)[33] explain the method of personalisation as follows: The key is to organise and build a client database for the firm. It is a requirement that the database can be continuously updated, immediately after each client interaction, and the main purpose of the client database is to convert client data into useful client information. Client information should be used to personalise products and services according to each client's unique needs. The extension of customer services has proved to be an effective tool for customer retention. The seller in this case seeks information about the target buyers. After that the seller puts in lots of effort to cater to the needs of the buyer. The products as well as services are tailored in accordance with customer's preferences.

Berry (1983)[34] identified the customization or personalization of products and services as a relationship marketing practice. Peppard (2000)[35] also mentions that it is critical to use information in relationship marketing strategies in order to tailor products and services according to clients' individual needs.

Most of the earlier researches of Alurbaiee (2010), Mohammad Teleghani (2011), Gilaninia (2011), Payman et al. (2013) etc. emphasized that there is a significant relationship between relationship marketing and customer satisfaction, customer loyalty. Hence, the present study further examined the impact of relationship marketing on customer satisfaction and customer loyalty.

(a) Customer Satisfaction

Customer Satisfaction means feeling or attitude of customer towards the goods or services that could affect consumer buying behaviour (Maleki & Darabi, 2009)[36]. Customer satisfaction is defined as a customer's overall evaluation of the performance of an offering to date (Johnson and Fornell 1991)[37]. In marketing perspective, customer satisfaction is broadly depended on goods and services experiences. When customers evaluate the outcomes, they compare their experiences with expected results and the ramifications acquired from other resources (Lee and Chung, 2009)[38]. In other words, customer satisfaction is a degree of customer positive feelings toward service provider (Deng et al., 2010)[39]. Elements of relationship marketing such as competency, communication and trust and conflict management are affected bank's customer satisfaction (Armin et al., 2013).

(b) Customer Loyalty

Customer loyalty is defined as a deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing despite situational influences and marketing efforts having the potential to cause switching behavior (Oliver, 1999)[40]. In business context, loyalty is used to describe the willingness of a customer to continue patronizing a firm's goods and services over a long period of time and voluntarily recommending the firm's products to friends and associates. In their view, customers

will continue to be loyal to a particular firm if they feel and realize that better value is being offered. Customer loyalty is seen as one of the major drivers of success. This is acknowledged by Pullman and Gross (2004)[41] who argue that loyal customers are the key to success for many service organizations. Bowen and Shoemaker (1998)[42] indicated that a small increase in loyal customers can result in a considerable increase in profitability. This makes customer loyalty a foundational cornerstone of modern business practices and a major spotlight of business strategy and organizational reengineering.

The comprehensive model tying together various sets of variables, independent and dependent, are shown in figure 3.1

MODEL OF THE STUDY
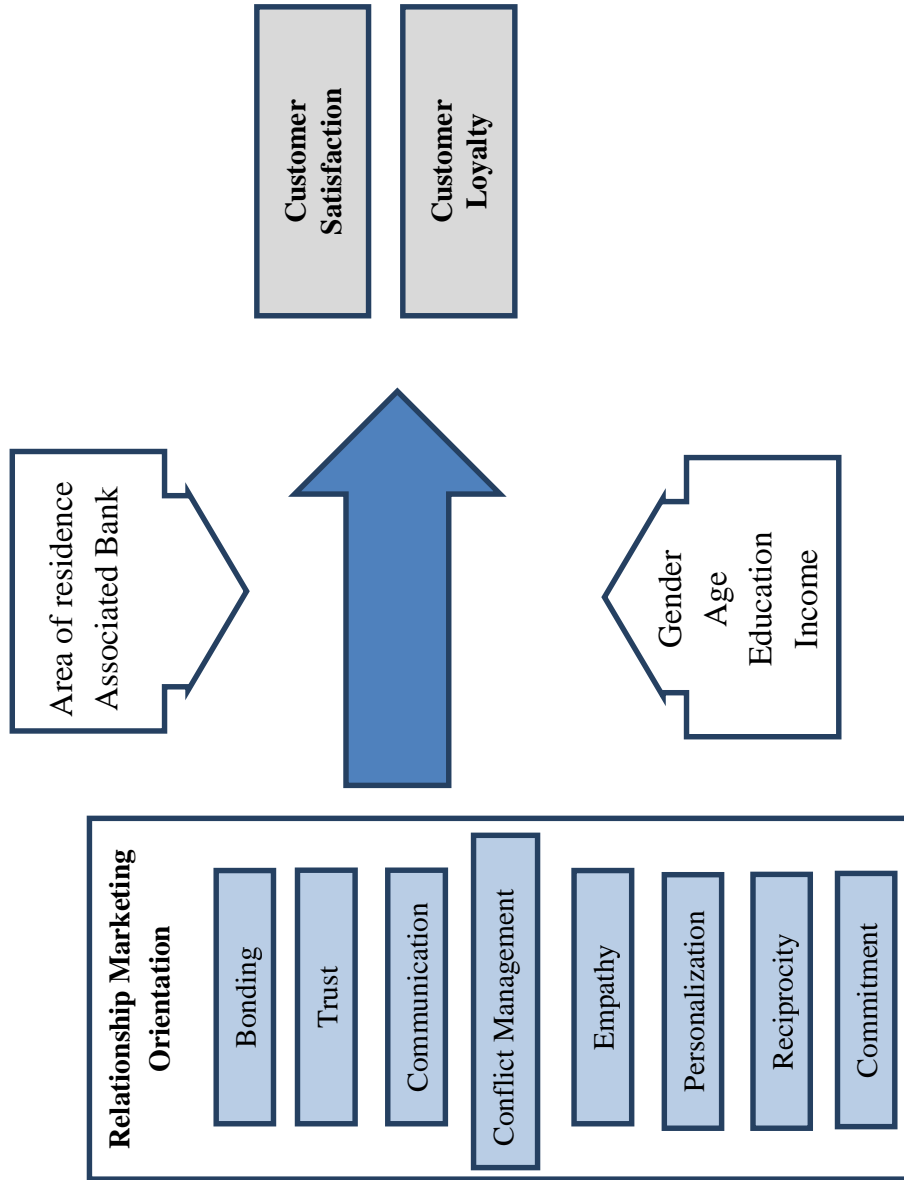
Figure 3.1

3.8 RESEARCH HYPOTHESIS

The current research model has three parts: (1) Demographic variables (2) Relationship marketing practices and (3) Customer satisfaction and Customer loyalty. Five hypotheses are formulated regarding demographic variables and relationship marketing. Sixth hypothesis is regarding customer's perceptions towards relationship marketing practices of their associated banks and seventh and eighth hypotheses are dealing with significance of relationship marketing on customer satisfaction and customer loyalty. The hypotheses of the present study naturally flow from the research questions and the objectives of the study (see table 3.1). Based on the extensive literature review, the following hypotheses are formulated to be tested in the study.

$H_0$1:   There is no significant difference between male and female customers towards relationship marketing practices.

$H_0$2:   There are no significant perceptual differences between customers with different age groups towards relationship marketing practices.

$H_0$3:   There is no significance influence of education on the perception towards relationship marketing practices in selected banks in Chittoor district.

$H_0$4:   There is no significant influence of family income level on the perception towards relationship marketing practices in selected banks in Chittoor district.

$H_0$5:   There are no significant perceptual differences between customers of selected banks with respect to relationship marketing

Table 3.1

Sources of Research Hypotheses

S.No.	HYPOTHESIS	SOURCES
$H_0$1	There is no significant perceptual difference between male and female customers towards relationship marketing practices	Anurag Mittal(2008) Alrubaiee(2010) Sanjay (2012)& Rashmita(2013)
$H_0$2	There are no significant perceptual differences between customers with different age groups towards relationship marketing practices.	Alrubaiee(2010) Niraj&Ankita(2011) &Ndubusi (2007)

$H_0 3$	There is no significance influence of education on the perception towards relationship marketing practices in selected banks in Chittoor district.	Ndubusi et al.(2007) Alrubaiee(2010 &Rashmita (2013)
$H_0 4$	There is no significant influence of family income level on the perception towards relationship marketing practices in selected banks in Chittoor district.	Alrubaiee(2010) Niraj&Ankita(2011) &Sanjay (2012)
$H_0 5$	There are no significance perceptual differences between urban and semi-urban area customers towards relationship marketing.	Alrubaiee(2010)
$H_0 6$	There are no significant perceptual differences between customers of selected banks with respect to relationship marketing.	Anurag Mittal(2008) Sanjay (2012) Mihir&Vineetha (2013)
$H_0 7$	There is a significant relationship between relationship marketing and customer satisfaction.	Gilaniniaet al(2012) Armin et al.(2013) Ndubusi&Nwankwo (2012)
$H_0 8$	There is a significant relationship between relationship marketing and customer loyalty.	Ndubusi(2007) Teleghani (2011) Mukhiddin(2012)

$H_0 6$:   There are no significant perceptual differences between customers of selected banks with respect to relationship marketing.

$H_0 7$:   There is no significant relationship between relationship marketing and customer satisfaction.

$H_0 8$:   There is no significant relationship between relationship marketing and customer loyalty.

3.9 SAMPLING DECISIONS

Sampling is one of the most critical problems confronted with this study, because of the difficulty in selecting the banks for study and to in defining the customers of selected banks.

Sampling Unit

Public sector banks in Chittoor district of Andhra Pradesh is chosen for this study. There are 22 public sector banks in Chittoor district. Out of them, the banks having above 40 branches are chosen for the study. Accordingly, customers of State Bank of India, which is having 50 branches and Indian Bank with 42 branches in Chittoor district, are considered for the study.

Sampling Frame

In statistics, sample frame is the source material or device from which sample is drawn. It is a list of all those within a population who can be sampled. The sampling frame of this study is categorized as 3 urban areas and 6 Semi-Urban areas. Tirupati, Chittoor and Madanapalli are considered as the 3 urban areas chosen for the study. Similarly, Piler, Punganur, Palamaner, Sri Kalahasti, Chandragiri and Kuppam are considered as the 6 rural areas chosen for the study.

Sample Size

Sample size of the study is 600 customers of selected banks in Chittoor district. For serving the purpose of the research work, 300 customers are chosen from urban areas, 100 customrs each from Tirupati, Chittoor and Madanapalli regions. Out of the 100 customers from each urban area, 50 customers are selected from State Bank of India and 50 customers are selected from Indian Bank. The rest of the 300 customers are chosen from 6 semi-urban areas consisting of 50 customers each. Here also, out of the 50 customers 25 customers are from State Bank of India and 25 customers are chosen from Indian Bank.

Sampling Method

Convenience and Purposive sampling method is used for this study, since population is very large. In all forms of research, it would be ideal to test the entire population, but in most cases, the population is just too large that it is impossible to include every individual. This is the reason why most researchers rely on sampling techniques like convenience sampling, the most common of all sampling techniques.

3.10 DATA SOURCES

Researchers need to consider the sources on which to base and confirm their research and findings. They have a choice between primary data and secondary sources and the use of both,

which is termed triangulation or dual methodology. The present study used both the primary and secondary sources.

Secondary Sources

One of the cardinal principles of data collection is to exhaust all secondary data sources before collecting primary data. Data sources of any scientific research include both primary and secondary. To collect secondary data, at first, the researcher reviewed articles related to research objectives that appeared in the scholarly literature. Published journals and proceeding of national and international conferences were systematically scanned for articles or studies related to the present topic of study are collected for review. A few of the significant secondary sources are listed in table 3.2. Relevant literature was also collected from the libraries like IIM – Bangalore Library and Digital Library, Sri Venkateswara University Central Library and Digital Library.

Primary Source

Research instruments for collecting data from the respondents, whose reliability and validity were widely reported and accepted, are identified through pertinent literature review. Thus, two methods emerged as effective tools of data collection: (1) Questionnaire Method and (2) Experimental Method. But, most of the studies conducted earlier adopted questionnaire method, since laboratory testing is expensive and the other valid reason being ease of the use of questionnaire method. The present study adopted questionnaire method to collect the data from the bank customers of selected public sector banks in Chittoor district.

Table 3.2 Secondary Data Sources	
Journals	Indian Journal of Marketing
	International Journal of Management and Research and Business Strategy
	International Journal of Marketing Studies
	International Journal of Business and Social Sciences
	Amity Business Review
	Asian Journal of Multidimensional Research
	Indian Journal of Applied Research
	International Journal of Advances in Management and Economics
	Asia Pacific Journal of Marketing and Management Review
	VSRD International of International Journal of Business and Management Research
	Marketing Intelligence and Planning
	PSG Journal of Management Research
	GITAM Journal of Management
	Asia-Pacific Business Review
	Journal Financial Services Marketing
	European Management Journal
	The ICFAI University Journal of Bank Management
	Romanian Journal of Marketing
	International Journal of Bank Marketing
	South Asian Journal of Marketing and Management Research
	International Research Journal of Applies and Basic Sciences
Websites	www.elsevier,com
	www.emeraldinsight.com
	www.sagepub.com
	www.sbi.co.in
	www.indian-bank.net.in
	www.rbi.org.in

3.11 DATA COLLECTION INSTRUMENT

For developing the data collection instrument, an extensive review of articles was carried out in Banking and Marketing related Journals, magazines, Internet websites, etc. The overview of the research process for the present study was shown in figure 3.2.

3.11.1 Pilot Study

The pilot study is a prerequisite of the main study which is also called "feasibility study". It aims to pre-test individual respondents to assess the feasibility of the research. It helps in identification of potential problems in the early stages of research so that particular methods could be refined and bring perfecting to them.

The initial format of the questionnaire prepared was pretested in the pilot study on 50 customers of State Bank of India Main Branch, Tirupati, located behind Govindarajaswamy temple. This study was conducted for 15 days. In the initial 5 days questionnaires were distributed to the respondents seeking feedback on the questionnaire and modifications required. Based on the feedback and suggestions, the questionnaire is modified to improve the clarity and presentation of questionnaire items. After modifying the questionnaire data was collected from the customers and filled in questionnaires were later examined for scale reliability and validity.

Figure 3.2:   Overview of the Research Process
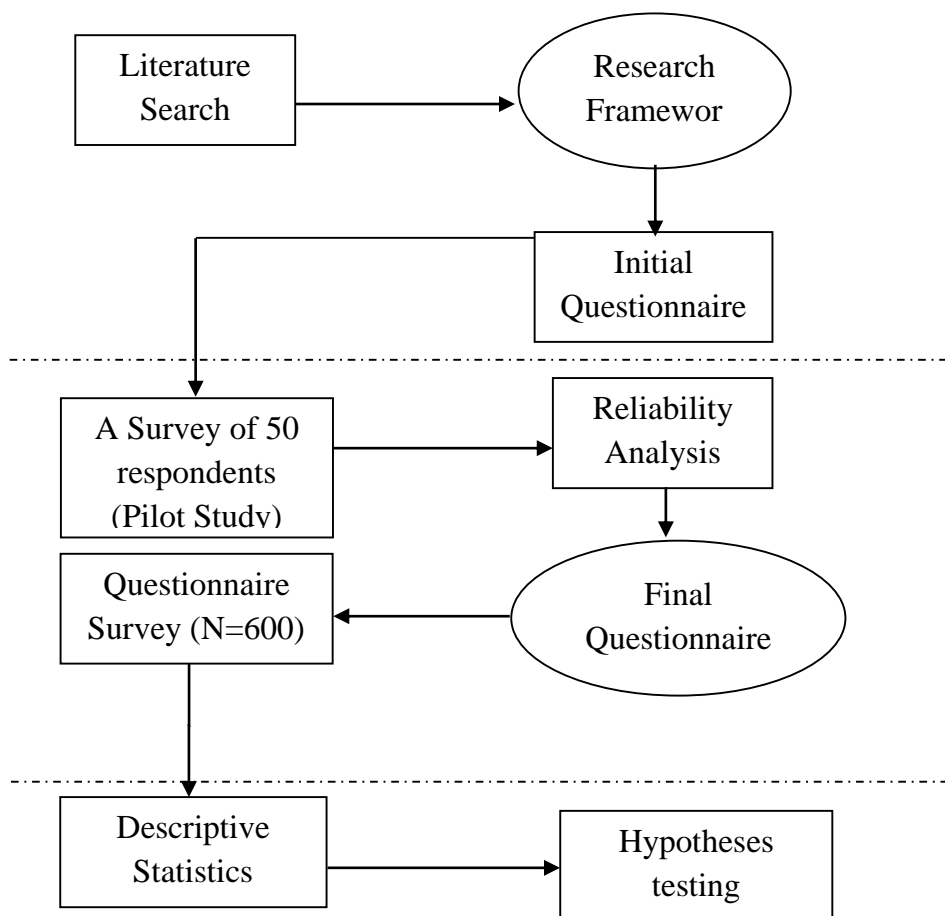
3.11.2   Reliability Analysis

When the scales are used in the study, their reliability needs to be tested. Reliability testing is concerned with the scale's internal consistency, which refers to the degree to which the items that makeup the scale 'hang together' (Pallant, 2005)[43]. One of the most commonly used internal consistency indicators is Cronbach's alpha coefficient. Ideally, the Cronbach alpha coefficients should be above 0.6 (Briggs and Cheek, 1986)[44].

A reliability test using SPSS was conducted to examine the internal dependability of the constructs based on the responses recorded in pilot study. From the table 3.3, it is noted that all the values of Cronbach's alpha is above 0.7, which shows a good consistency in the scales used in the present study.

Table 3.3 Reliability Analysis

S.No	Factors	No. of Items	Cronbach's alpha Score
1	Bonding	10	0.854
2	Trust	7	0.800
3	Communication	6	0.731
4	Conflict Management	3	0.863
5	Empathy	7	0.735
6	Personalization	4	0.736
7	Reciprocity	3	0.770
8	Commitment	3	0.715
9	Customer Satisfaction	5	0.722
10	Customer Loyalty	8	0.707

3.11.3 Questionnaire

Questionnaire is one of the most commonly used research tools in management research and is highly useful when data is collected from a representative sample of a larger population. This study needs development of a questionnaire to know the bank customers perception towards relationship marketing practices and relationship between relationship marketing, customer satisfaction and customer loyalty. In the questionnaire five-point Likert scales are used to study the customer perception towards relationship marketing practices across the selected public sector banks in Chittoor district. The scale values are: 1- Strongly Disagree, 2 – Disagree, 3 – Neutral, 4 – Agree, 5 – Strongly agree. Likert Scales are employed primarily in the study as they offer advantages of speed, ease of coding for SPSS and administration. The questions framed are presented in three sections of the questionnaire.

Section I   was designed to collect the demographic and social characteristics of the respondents (gender, age, educational qualifications and family income level).

Section II   of the questionnaire was aimed at measuring the customer perception towards relationship marketing practices across the selected public sector banks in Chittoor district. This part consists of five scales to measure the customer perception towards relationship marketing practices. The scales developed in this section were drawn from the prior research studies (Sin et al., (2005)[45]; Nelson Oly Ndubusi, (2007)[46], Alrubaiee & Al-Nazeer, 2010; and Zulkifli & Tshir, 2012). The number of items corresponding to each of the eight dimensions is as follows:

Bonding	10 items
Trust	7 items
Communications	5 items
Conflict Management	3 items
Empathy	7 items
Personalization	4 items
Reciprocity	3 items
Commitment	3 items

Section III   consisting of two parts designed to measure the impact of relationship marketing practices on customer satisfaction and customer loyalty. Customer satisfaction factor consists of five scales to measure the impact of relationship marketing orientation on customer satisfaction. The scales developed in this section were drawn from prior research studies (Sin et al. 2005; Alrubaiee& Al-Nazeer, 2010). Customer loyalty is the second part of this section, consists of five scales to measure the impact of relationship marketing orientation on customer loyalty. The scales developed in this part were drawn from prior research studies such as Ramya et al., (2013)[47] and Sanjay (2012). The number of items corresponding to each of the two dimensions is as follows:

Customer satisfaction:	5 items
Customer Loyalty:	8 items

For collecting the data from the sample respondents, highly structured questionnaire was developed in the light of lengthy discussion made with focus or target groups. The construction of the survey questions are guided by two basic considerations: (a) the questions must clearly communicate the desired information to the respondents, and (b) the questions should be worded to allow accurate transmission of respondents' answer to research. The questionnaire is also translated into Telugu, which is the regional language to facilitate the respondents who are not familiar with English language.

3.11.4 Survey

Survey was conducted by personal contact method. All the respondents are personally met and data was collected by gathering the filled in questionnaires. Since the data was gathered by personal interaction, clarifications and doubts expressed regarding the items of different elements of the questionnaire are immediately explained to the respondents. To facilitate the customers who are not familiar to English language, questionnaire in Telugu language is circulated for data collection. The survey was conducted around 90 days to gather information from all the 600 respondents. The survey was conducted in selected area of Chittoor district, which was classified as urban and semi-urban areas. Tirupati, Chittoor and Madanapalli regions are considered under the urban area and data was collected from 100 customers at each location. At every location it took 15 days' time to collect the required data and total of 45 days was spent for collecting data from urban areas. Once the data was collected from the urban area, focus was shifted to semi-urban areas. Piler, Palamaner, Punganur, Chandragiri, Srikalahasti and Kuppam are selected under semi-urban area. The survey was conducted at each area for a period of 8 days and the survey was completed by 48 days in this semi-urban area.

3.12 TOOLS OF DATA ANALYSIS

In this research, all the survey responses were coded into Microsoft Excel 2007 spreadsheet, verifying for missing data and inconsistently filled-in questionnaires. The data coded were transferred to SPSS 20 under its relevant defined variables, while creating the data file for analysis. The data analysis for the present study was undertaken in three phases. In the first

phase, all sorts of descriptive statistics of the responses were calculated. In the second phase, data collected using scaling techniques were analyzed employing tests of reliability analysis; in the final phase testing the hypothesis was done, using statistical tests whichare listed in Table 3.4.

Descriptive Statistic Analysis

The basic characteristics of the subjects were analyzed using mean, percentages, standard deviations, etc. The mean value is obtained by adding together all the items and by dividing this total by the number of items. Standard deviation measures the absolute dispersion. A small standard deviation means a high degree of uniformity of the observations as well as homogeneity of series.

Reliability Testing

Reliability is the trustworthiness of an instrument used for data collection. In this study, consistency of scales used in questionnaire is tested by using Cronbach's alpha scores based on the responses recorded in the pilot study.

Statistical tools for Testing Hypotheses

Testing of hypotheses was conducted using statistical tools such as Z test, ANOVA, and Pearson correlation and multiple regressions. The statistical test applied on each hypothesis, dependent and independent variables were summarized in Table 3.4.

Table 3.4   Statistical Test required for Testing each Hypotheses

	Hypothesis	Dependent variable	Independent Variable	Statistical Test
$H_0 1$	There is no significant perceptual difference between male and female customers towards relationship marketing practices.	Relationship Marketing Variables	Gender	Z test
$H_0 2$	There are no significant perceptual differences between customers with different age groups towards relationship marketing practices.	Relationship Marketing Variables	Age	ANOVA
$H_0 3$	There is no significance influence of education on the perception towards relationship marketing practices in selected banks in Chittoor district.	Relationship Marketing Variables	Education	ANOVA
$H_0 4$	There is no significant influence of family income level on the perception towards relationship marketing practices in selected banks in Chittoor district.	Relationship Marketing Variables	Family Income Level	ANOVA
$H_0 5$	There are no significance perceptual differences between urban and rural area customers towards relationship marketing.	Relationship Marketing Variables	Area of the Customer	Z test
$H_0 6$	There are no significant perceptual differences between customers of selected banks with respect to relationship marketing.	Relationship Marketing Variables	Bank of the Customer	Z Test
$H_0 7$	There is no significant relationship between relationship marketing and customer satisfaction.	Customer Satisfaction	Relationship Marketing	Regression
$H_0 8$	There is no significant relationship between relationship marketing and customer loyalty.	Customer Loyalty	Relationship Marketing	Regression

3.13 ORGANISATION OF THE STUDY

The thesis has been organized into **five** chapters. The chapter sequence and the topics dealt with are as follows:

Chapter One: **Introduction**

This chapter outlines the importance of relationship marketing and its origin, growth and benefits with a focus on banking sector. The chapter also outlines the origin,

growth and development of banking sector in India. Finally, closes with the motivation/importance of the present study and need for the study.

Chapter Two: **Review of Literature**

This chapter provides a review of the literature related to the purpose of the study. This study reviews literature on Relationship Marketing Practices in the Banking Industry, focusing on the contribution of relationship marketing practices in enhancing customer satisfaction and the impact of relationship marketing on Customer Loyalty.

Chapter Three: **Objectives and Research Methodology**

This chapter outlined the methodology adopted for the present study. The research questions, objectives, proposed model of research and developing the hypothesis are based on the literature. This chapter includes justification of the sample, description of the data collection procedures, and the process of instrument development. Finally, statistical procedures to be used during data analysis are also outlined.

Chapter Four: **Relationship Marketing and Customer Loyalty.**

This chapter presents the descriptive statistics of the survey conducted on 600 bank customers of selected public sector banks in Chittoor district of Andhra Pradesh. The data was tabulated with their frequency, mean and standard deviation to uncover the demographic profile of the respondents, customer perception towards relationship marketing practices of selected banks and relationship between relationship marketing, customer satisfaction and customer loyalty. Reliability of the data collected is checked with the help of Cronbach Alpha values. Every hypothesis was examined carefully by applying an appropriate statistical tool like Z test, ANOVA and Linear Regression analysis to arrive at the research findings of the present study.

Chapter Five: **Summary of findings, Recommendations and Conclusion**

This chapter discusses the findings and implications for future research. The findings were discussed to verify with earlier research findings of similar studies and to draw conclusions.

Appendix and a selected **bibliography** are given at the end.

3.14 SUMMARY

This chapter starts with the basic questions framed around the relationship marketing practices of selected public sector banks in Chittoor district and the impact of relationship marketing on customer satisfaction and customer loyalty. Eight hypotheses were formulated in the study, explaining the relationships between independent and dependent variables. The survey was conducted on customers of selected public sector banks. Sample size of the study is 600 customers of State Bank of India and Indian Bank together. Structured questionnaire was designed and pretested for its reliability using Cronbach's alpha scores. Data generated from the questionnaire were tabulated and statistically analyzed; employing simple descriptive statistics as well as advanced tools such as Regression, ANOVA and Z test etc.

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Chapter IV

Relationship Marketing & Customer Loyalty

A Survey was conducted, using a structured questionnaire on 300 SBI customers and 300 Indian Bank customers under various branches in Chittoor district of Andhra Pradesh, drawn by convenience sampling method. Their responses were analyzed with particular focus on the demographics of the respondents, their perceptions towards various factors of relationship marketing practiced by the selected banks.

All the factors and scales used in the questionnaire were framed from the extensive review of literature in the area of relationship marketing in banking sector. Statistical tools were employed to examine the hypotheses framed in the present study. The results found are quite noteworthy. This chapter is divided into three segments. The first one is describing the profile of respondents; the second segment is examining the perceptions of respondents on various factors of relationship marketing, customer satisfaction and loyalty. The final section deals with the hypothesis testing using appropriate statistical tools and drawing inference from the results.

4.1 DEMOGRAPHIC PROFILE OF THE RESPONDENTS

The demographic characteristics of the respondents include gender, age, educational qualifications, marital status and family annual income.

Table 4.1   **Demographic profile of the Respondents**   **(N=600)**

Demographic Variables / Groups		Frequency	Percentage
Gender	Male	417	69.5
	Female	183	30.5
	Total	600	100.0
Age of the Respondent (in years)	Less than 27	139	23.2
	27 - 32	140	23.3
	33 - 44	162	27.0
	Above 45	159	26.5

	Total	600	100.0
Educational Qualifications	S.S.C or lower	226	37.7
	Below Graduation	67	11.2
	Graduation	162	27.0
	Post-Graduation	145	24.2
	Total	600	100.0
Marital Status	Unmarried	181	30.2
	Recently Married	82	13.7
	Married, having Children	337	56.2
	Total	600	100.0
Family Annual Income	Less than 2 Lakhs	302	50.3
	2 - 5 Lakhs	234	39.0
	5 - 10 Lakhs	41	6.8
	Above 10 Lakhs	23	3.8
	Total	600	100.0

Table 4.1 portrays the profile of the sample respondents from selected public sector banks. The table represents the frequency (number) and percentages of the variables such as gender, age, educational qualifications, marital status and family annual income.

Gender

The sample (N=600) was com posed of 417 males (69.5%) and 183 females (30.5%).

Age

The age of the respondents are grouped into four categories: (1) less than 27 years, (2) 27 – 32 years, (3) 33- 44 years and (4) above 45 years. The total sample consists of 139 (23.2%) respondents in the age group of 'less than 27 years', 140 (23.3%) in '27 to 32 years', 162 (27%) in '33 to 44 years', and 159 (26.5%) in 'above 44 years' age group.

Educational qualifications

Educational qualifications of the respondents are grouped into four categories: (1) S.S.C or lower, (2) Below Graduation, (3) Graduation and (4) Post-Graduation. The total sample comprises of 226 (37.7%) respondents having 'SSC or lower', 67 (11.2%) belongs to below graduation level, 162 (27%) having graduation and 145 (24.2%) having post-graduation as educational qualification.

Marital Status

With regard to marital status of the respondents, most of them i.e. 337 (56.2 %) are married and having children, 181 (30.2 %) are unmarried and 82 (13.7 %) are recently married.

Family Annual Income:

Family annual income of the respondents is classified into four categories: (1) Less than 2 Lakhs, (2) 2-5 Lakhs, (3) 5-10 Lakhs and (4) Above 10 Lakhs. The total sample comprises of 302 (50.3%) respondents 'with less than 2 lakhs', 234 (39%) respondents 'With 2-5 lakhs, 41(6.8%) respondents 'With 5-10 lakhs' and 23 (3.8%) respondents 'With above 10 lakhs' family annual income.

4.2 BANKING EXPERIENCES OF THE RESPONDENTS

Table 4.2 explains the banking profile of the respondents. The variables studied here are type of bank, branch location, years of relationship with the bank and frequency of visiting banks.

Type of Bank

Customers of State Bank of India and Indian Bank in Chittoor district constitute the sample of the study. From the total respondents, 300 (50 %) belongs to State Bank of India and 300 (50 %) are from Indian Bank.

Table 4.2   Banking Experiences of the Respondents (N=600)

Banking Variables / Groups		Frequency	Percentage
Type of Bank	State Bank of India	300	50.0
	Indian Bank	300	50.0

		Total	600	100.0
Branch Location	Semi-Urban	Chandragiri	50	8.3
		Kuppam	50	8.3
		Pungarnur	50	8.3
		Palamaner	50	8.3
		Piler	50	8.3
		Sri Kalahasti	50	8.3
		Sub-Total	300	50.0
	Urban	Tirupati	100	16.7
		Chittoor	100	16.7
		Madanapalli	100	16.7
		Sub-Total	300	50.0
Years of Relationship with the Bank		Less than 3 years	150	25.0
		3 - 5 years	181	30.2
		5 - 8 years	158	26.3
		Above 8 years	111	18.5
		Total	600	100.0
Frequency of Visiting Bank		Weekly	88	14.7
		Fortnightly	58	9.7
		Monthly	319	53.2
		Occasionally	119	19.8
		Very Rare	16	2.7
		Total	600	100.0

Branch Location

Based on the location of the branches of SBI and Indian Bank, the customers from urban and semi-urban branches were selected for the study. The locations from which sample respondents were drawn are shown in table 4.2. Focusing on the last column of the table it can be observed that 16.67% of them were from Tirupati, 16.67% of them were from Chittoor and 16.67% of them were from Madanapalli which were considered as urban branches and 8.33% were from Chandragiri, 8.33% were from Kuppam, 8.33% were from Punganur, 8.33% were from Palamaner, 8.33% were from

Piler and 8.33% were from Srikalahasthi which were considered as semi-urban branches.

Years of relationship with the Bank

With respect to the years of relationship with the banks, 150 (25%) of the respondents maintains relationship with the bank for less than 3 years, 181 (30.2 %) 'From 3 to 5 years', 158 (26.3%) 'From 5 to 8 years' and 111 (18.5%) 'Above 8 years' of bonding with the bank.

Frequency of visiting the Bank

Frequency of visiting the bank by the respondents varies from weekly to very rare. Majority of the respondents 319 (53.2%) visit the bank monthly, followed by 119 (19.8%) occasionally, 88 (14.7%) weekly, 58 (9.7%) fortnightly, and 16 (2.7%) very rarely.

Banking Products used by the Respondents

Globalisation, entry of private sector banks increased the competition in banking sector. To face the competition effectively and enhance customer satisfaction, banks are coming up with number of innovative products to cater the varying needs of the customers.

Table 4.3 gives a clear picture about the banking products used by the respondents.

Table 4.3 Banking Products used by the Respondents

Banking Products	Responses	
	N	Percent
Saving Account	569	43.1%
Current Account	44	3.3%
Debit Card	535	40.5%
Credit Card	20	1.5%
Personal Loan	36	2.7%

Auto Loan	7	0.5%
Educational Loan	13	1.0%
Home Loan	16	1.2%
Business Loan	11	0.8%
Others (Crop/Gold/Dwakra etc.,)	70	5.3%
Total	1321	100.0%

Total sample collected comprises of 569 (43.1%) respondents using Savings Account, 44(3.3%) using Current Account, 535 (40.5%) were using Debit Card, 20 (1.5%) using Credit Card, 36 (2.7%) using Personnel Loan, 7 (0.5%) using Auto Loan, 13 (1.0%) using Educational Loan, 16 (1.2%) using Home Loan, 11 (0.8%) using Business Loan and 70 (5.3%) using other loans (Crop / Gold/Dwakra etc.,)

Table 4.4 Bank Services used by the Respondents

Banking Services	Responses	
	N	Percent
Internet/Online Banking	61	4.6%
SMS facility	567	43.1%
Cheque Book	94	7.1%
ATM	594	45.1%
Total	1316	100.0%

Bank Services used by the Respondents

Banking services are the important tools used by the banks to fulfil the needs of the customer's, plays an important role in enhancing customer satisfaction and making them loyal. Banking services used by the respondents is exhibited in Table 4.4. Majority of the respondents uses ATM service and SMS facility. Cheque Book facility and Internet /online banking are the other services utilised by the respondents. From

the total respondents, 594 (45.1%) utilised ATM services, 567 (43.1%) used SMS facility, 94 (7.1%) used cheque book facility and 61 (4.6%) used Internet/ Online Banking Services.

4.3 RELATIONSHIP MARKETING

Today's banking industry is changing rapidly. With the development of international economy and competitive markets, banks are also affected. Among banks at the global level, relationship marketing is taken into consideration as the ideal way to create and maintain long-term relationships with customers; because deliverable services in commercial banks is relatively same and for most banks, to differentiate services towards competition is difficult. So many of the world's banks are oriented the use of relationship marketing approach and implementation of its foundations.

The present section presents the frequencies; mean and standard deviation of responses on the eight factors of relationship marketing that were identified from extensive survey of literature. For each factor, the scores of selected banks were also tabulated to make meaningful inferences.

4.3.1 Bonding

Bonding is defined as the dimension of business relationship that results in two parties (buyer and seller) acting in a unified manner toward a desired goal. The dimension of bonding as it applies to relationship marketing consists of developing and enhancing customer loyalty, which results directly in feelings of affection, a sense of belonging to the relationship, and indirectly in a sense of belonging to the organization. A long-term buyer-seller relationship requires bonding.

Table 4.5   Customer Perception towards 'Bonding' Factor   (N=600)

S.No	Statement	1	2	3	4	5	Mean	S.D.
1	Bank sends mail in occasions	22 (3.7)	72 (12.0)	249 (41.5)	244 (40.7)	13 (2.2)	3.26	0.834
2	Employees show respect to customers	6 (1.0)	19 (3.2)	174 (29.0)	362 (60.3)	39 (6.5)	3.68	0.686

							Mean	S.D.
3	Bank has well defined standards for customers contact	9 (1.5)	32 (5.3)	252 (42.0)	280 (46.7)	27 (4.5)	3.47	0.733
4	Encourage customers' complaints	16 (2.7)	59 (9.8)	372 (62.0)	140 (23.3)	13 (2.2)	3.13	0.714
5	Bank show a sincere interest in solving problem on time	3 (0.5)	78 (13.0)	163 (27.2)	312 (52.0)	44 (7.3)	3.53	0.829
6	Try hard to understand customers' needs constantly	4 (0.7)	78 (13.0)	242 (40.3)	223 (37.2)	53 (8.8)	3.41	0.848
7	Bank always search most reasonably priced solution for me	3 (0.5)	49 (8.2)	258 (43.0)	265 (44.2)	25 (4.2)	3.43	0.723
8	Employees will search for the best services for me	14 (2.3)	59 (9.8)	201 (33.5)	289 (48.2)	37 (6.2)	3.46	0.842
9	The bank keeps in touch constantly	49 (8.2)	147 (24.5)	264 (44.0)	109 (18.2)	31 (5.2)	2.88	0.973
10	The bank tries very hard to establish a long-term relationship	24 (4.0)	85 (14.2)	263 (43.8)	185 (30.8)	43 (7.2)	3.23	0.919
Overall 'BONDING'							3.35	0.417

Anchors: 1 – Strongly Disagree, 2 – Disagree, 3 – Neutral, 4 – Agree and 5 – Strongly Agree. Values in brackets represent percentages.

Table 4.5 presents the frequencies of the responses and its mean and standard deviation of the relationship marketing variable 'bonding'. The means of ten statements that are used to examine the perception of respondents towards the factor 'Bonding' ranges between 2.88 and 3.68. It was found from the table that the high mean was recorded to the statement 'Employees show respect to customers' (Mean = 3.68) and least mean was found for the statement 'The bank keeps in touch constantly' (Mean = 2.88). The overall mean for the factor 'Bonding' is 3.35.

4.3.2 TRUST

Trust is the willingness to rely on an exchange partner in whom one has confidence. Trust is the "corner stone" of long-term relationships. In the context of relationship marketing, trust is defined as the dimension of a business relationship that determines the level to which each

party feels they can rely on the integrity of the promise offered by the other. Higher the level of trust between the customer andthe bank,the greater is the probability of continuance or long-term existence of the relationship between them.

Table 4.6 presents the frequencies, mean and standard deviation of the responses recorded from the survey. The means of seven statements that are used to examine the perception of respondents towards the factor 'Trust' ranges between 3.53 and 4.08. The highest mean was recorded for the statement 'Based on my experience, I believe the bank trustworthiness' (Mean = 4.08) and lowest mean was recorded for the second statement 'Work in close cooperation' (Mean = 3.53). The overall mean of 'Trust' factor was recorded as 3.86.

Table 4.6   Customer Perception towards 'Trust' Factor   (N=600)

S.No	Statement	1	2	3	4	5	Mean	S.D.
1	Bank has high integrity and security	8 (1.3)	15 (2.5)	99 (16.5)	297 (49.5)	181 (30.2)	4.05	0.828
2	Work in close cooperation	6 (1.0)	45 (7.5)	232 (38.7)	260 (43.3)	57 (9.5)	3.53	0.806
3	Bank has good will reputation	-	20 (3.3)	113 (18.8)	307 (51.2)	160 (26.7)	4.01	0.768
4	Bank is trust worthy	2 (0.3)	22 (3.7)	103 (17.2)	311 (51.8)	162 (27.0)	4.02	0.787
5	Consistent in providing quality services	-	28 (4.7)	152 (25.3)	340 (56.7)	80 (13.3)	3.79	0.727
6	Bank is reliable in providing unique services	4 (0.7)	30 (5.0)	243 (40.5)	268 (44.7)	55 (9.2)	3.57	0.755
7	Based on my experience, I believe the bank trustworthiness	3 (0.5)	21 (3.5)	86 (14.3)	304 (50.7)	186 (31.0)	4.08	0.795

Overall 'TRUST'			**3.86**	**0.507**

Anchors: 1 – Strongly Disagree, 2 – Disagree, 3 – Neutral, 4 – Agree and 5 – Strongly Agree.

Note: Values in brackets represent percentages. '-'indicates no respons.

4.3.3 Communication

Communication is a fundamental aspect of relationship development. The quality of information that is shared and the mode in which this is done plays a central role in a bank / customer relationship. Hence, careful design of communication means and forms must play a decisive role in complimenting the relationship marketing aspect of a bank.

Table 4.7   Customer Perception towards 'Communication' Factor   (N=600)

S.No	Statement	1	2	3	4	5	Mean	S.D.
1	Bank communicate frequently	14 (2.3)	84 (14.0)	317 (52.8)	168 (28.0)	17 (2.8)	3.15	0.778
2	Bank provides timely and trustworthy information	4 (0.7)	64 (10.7)	217 (36.2)	293 (48.8)	22 (3.7)	3.44	0.758
3	Bank executes public relation programs	74 (12.3)	202 (33.7)	214 (35.7)	97 (16.2)	13 (2.2)	2.62	0.968
4	Staff communicates in friendly manner	9 (1.5)	41 (6.8)	220 (36.7)	273 (45.5)	57 (9.5)	3.55	0.816
5	Information provided by the bank is always accurate	1 (0.2)	31 (5.2)	120 (20.0)	347 (57.8)	101 (16.8)	3.86	0.756
6	Bank provides information about new services and products	20 (3.3)	72 (12.0)	288 (48.0)	178 (29.7)	42 (7.0)	3.25	0.877
Overall 'COMMUNICATION' Score							**3.31**	**0.471**

Anchors: 1 – Strongly Disagree, 2 – Disagree, 3 – Neutral, 4 – Agree and 5 – Strongly Agree. Note: Values in brackets represent percentages.

Table 4.7 presents the frequencies of the responses and its mean and standard deviation of the relationship marketing variable 'communication'. The means of six statements that are used to examine the perception of respondents towards the factor 'Communication' ranges between 2.62 and 3.86. It was found from the table that the high mean was recorded to the statement

'Information provided by the bank is always accurate' (Mean = 3.86) and least mean was found for the statement 'Bank executes public relation programs' (Mean = 2.62). The overall mean for the factor 'Communication' is 3.31.

4.3.4 Conflict Management

Conflict management is defined as a supplier's ability to avoid potential conflicts, solve manifest conflicts before they create problems, and discus solutions openly when problems do arise. How well this is done will determine whether the outcome is loyalty, exit or voice.

Table 4.8 presents the frequencies of the responses and its mean and standard deviation of the relationship marketing variable 'conflict management'. The 'means of three statements that are used to examine the perception of respondents towards the factor 'Conflict Management' ranges from 3.40 to 3.53. It was found from the table that the high mean was recorded to the statement 'The bank has the ability to openly discuss solutions when problems arise' (Mean = 3.53) and least mean was found for the statement 'The bank tries to avoid potential conflicts' (Mean = 3.40). The overall mean for the factor 'Conflict Handling' is 3.47.

Table 4.8 Customer Perception towards 'Conflict Management' Factor (N=600)

S.No	Statement	1	2	3	4	5	Mean	S.D.
1	The Bank tries to avoid potential conflicts.	9 (1.5)	44 (7.3)	265 (44.2)	260 (43.3)	22 (3.7)	3.40	0.743
2	The Bank tries to solve manifest conflicts before they create problems	1 (0.2)	30 (5.0)	268 (44.7)	277 (46.2)	24 (4.0)	3.49	0.664
3	The Bank has the ability to openly discuss solutions when problems arise.	10 (1.7)	43 (7.2)	206 (34.3)	300 (50.0)	41 (6.8)	3.53	0.794
Overall 'CONFLICT MANAGEMENT'							3.47	0.512

Anchors: 1 – Strongly Disagree, 2 – Disagree, 3 – Neutral, 4 – Agree and 5 – Strongly Agree.

Note: Values in brackets represent percentages.

4.3.5 Empathy

Empathy is the ability to see a situation from another person's perspective. It is defined as seeking to understand somebody else desires and goals. It involves the ability of individual parties to view the situation from the other party's perspective in a truly cognitive sense. Empathy is a necessary condition to foster a positive relationship between two parties. Empathy builds a sense of loyalty and ensures the relationship is grounded firmly for the long term.

Table 4.9   **Customer Perception towards 'Empathy' Factor(N=600)**

S.No	Statement	1	2	3	4	5	Mean	S.D.
1	The Bank employees exercise goodwill when dealing with customers.	9 (1.5)	57 (9.5)	211 (35.2)	302 (50.3)	21 (3.5)	3.45	0.774
2	The Bank employees try to put themselves in the customer's position.	19 (3.2)	89 (14.8)	321 (53.5)	151 (25.2)	50 (3.3)	3.11	0.806
3	The Bank employees provide adequate care and attention to customers.	11 (1.8)	48 (8.0)	236 (39.3)	249 (41.5)	56 (9.3)	3.49	0.841
4	The Bank employees show compassion to customers.	4 (0.7)	96 (16.0)	304 (50.7)	165 (27.5)	31 (5.2)	3.21	0.792
5	The employees provide the service in the agreed time	4 (0.7)	63 (10.5)	253 (42.2)	233 (38.8)	47 (7.8)	3.43	0.808
6	The working hours are flexible and adapted to the different types of customers	49 (8.2)	180 (30.0)	200 (33.3)	137 (22.8)	34 (5.7)	2.88	1.034
7	The Bank employees usually follow up each customer individually	18 (3.0)	113 (18.8)	304 (50.7)	129 (21.5)	36 (6.0)	3.09	0.870
Overall 'EMPATHY'							**3.23**	**0.522**

Anchors: 1 – Strongly Disagree, 2 – Disagree, 3 – Neutral, 4 – Agree and 5 – Strongly Agree.

Note: Values in brackets represent percentages.

Table 4.9 presents the frequencies of the responses and its mean and standard deviation of the relationship marketing variable 'empathy'. The study examined the perception of customers towards the factor 'Empathy' by using seven statements. It was found from the table that the

high mean was recorded to the statement 'The bank employees provide adequate care and attention to customers' (Mean = 3.49) and least mean was found for the statement 'The working hours are flexible and adapted to the different types of customers' (Mean = 2.88). The overall mean for the factor 'Empathy' is 3.23.

4.3.6 Personalization

Personalization refers to the customization of both products and services according to the individual needs of clients. The products as well as services are tailored in accordance with customer's preferences. Client information should be used to personalize products and services according to each client's unique needs. The extension of customer services has proved to be an effective tool for customer retention.

Table 4.10 presents the frequencies of the responses and its mean and standard deviation of the relationship marketing variable 'personalization'. The means of four statements that are used to examine the perception of respondents towards the factor 'Personalization' ranges between 3.10 and 3.40. It was found from the table that the high mean was recorded to the statement 'The organization is flexible in serving my needs' (Mean = 3.40) and least mean was found for the statement 'The organization makes adjustments to suit my needs' (Mean = 3.10). The overall mean for the factor 'Personalization' is 3.19.

Table 4.10   Customer Perception towards 'Personalization' Factor (N=600)

S. No	Statement	1	2	3	4	5	Mean	S.D.
1	The organization makes adjustments to suit my needs.	13 (2.2)	97 (16.2)	318 (53.0)	161 (26.8)	11 (1.8)	3.10	0.762
2	The organization offers personalized services to meet customer's needs.	4 (0.7)	112 (18.7)	301 (50.2)	151 (25.2)	32 (5.3)	3.16	0.809
3	The organization is flexible when its services are changed.	14 (2.3)	84 (14.0)	352 (58.7)	122 (20.3)	28 (4.7)	3.11	0.782
4	The organization is flexible in serving my needs.	14 (2.3)	64 (10.7)	227 (37.8)	257 (42.8)	38 (6.3)	3.40	0.849

| | Overall 'PERSONALIZATION' | | | | | 3.19 | 0.561 |

4.3.7 Reciprocity

Reciprocity deals with the dimension of business relationships where it is believed that people owe one another because of their prior actions. Reciprocity builds a sense of loyalty and ensures the relationship is grounded firmly for the long term.

Table 4.11   Customer Perception towards 'Reciprocity' Factor   (N=600)

S.No	Statement	1	2	3	4	5	Mean	S.D.
1	The bank helps me to solve difficulties, so I am responsible to repay their kindness	13 (2.2)	37 (6.2)	195 (32.5)	330 (55.0)	25 (4.2)	3.53	0.766
2	I always regard ``never forget a good turn'' as something I hold dear and I owe the bank one	8 (1.3)	24 (4.0)	207 (34.5)	331 (55.2)	30 (5.0)	3.59	0.710
3	The bank keeps its promises	10 (1.7)	24 (4.0)	124 (20.7)	296 (49.3)	146 (24.3)	3.91	0.867
	Overall 'RECIPROCITY'						3.67	0.570

Table 4.11 presents the frequencies of the responses and its mean and standard deviation of the relationship marketing variable 'reciprocity'. The study examined the perception of customers towards the factor 'Reciprocity' by using three statements. It was found from the table that the high mean was recorded to the statement 'The bank keeps its promises' (Mean = 3.91) and least mean was found for the statement 'The bank helps me to solve difficulties, so I am responsible to repay their kindness' (Mean =3.53). The overall mean for the factor 'Reciprocity' is 3.67.

4.3.8 Commitment

Relationship commitment is also an important component of relational exchanges. It is defined as an enduring desire to maintain a valued relationship. Commitment is at the core of all the successful working relationships and is an essential ingredient in successful long-term relationships.

Table 4.12 presents the frequencies of the responses and its mean and standard deviation of the relationship marketing variable 'commitment'. The means of four statements that are used to examine the perception of respondents towards the factor 'Commitment' ranges between 3.50 and 3.80. It was found from the table that the high mean was recorded by two of the statements 'Remain a client to enjoy the relationship' and 'I have strong sense of loyalty towards the bank' (Mean = 3.80) and least mean was found for the statement 'I feel bank is looking out for my interest' (Mean =3.50). The overall mean for the factor 'Commitment' is 3.70.

Table 4.12   Customer Perception towards 'Commitment' Factor (N=600)

S. No	Statement	1	2	3	4	5	Mean	S.D.
1	Remain a client to enjoy the relationship	4 (0.7)	25 (4.2)	129 (21.5)	369 (61.5)	73 (12.2)	3.80	0.725
2	Feel bank is looking out for my interests	7 (1.2)	42 (7.0)	241 (40.2)	264 (44.0)	46 (7.7)	3.50	0.784
3	I have strong sense of loyalty towards bank	8 (1.3)	23 (3.8)	154 (25.7)	310 (51.7)	105 (17.5)	3.80	0.817
Overall 'Commitment'							**3.70**	**0.560**

Anchors: 1 – Strongly Disagree, 2 – Disagree, 3 – Neutral, 4 – Agree and 5 – Strongly Agree.

Note: Values in brackets represent percentages.

Summary of Relationship Marketing Factors

Table 4.13 portrays the summary of relationship marketing factors and the scales used in the study. From the table, it can be inferred that the important factor that influence relationship marketing is 'trust' (Mean = 3.86). The second important factor is 'commitment' (Mean = 3.70). The mean is low for the factor 'personalization' (Mean = 3.19).

Table 4.13 Summary Table of Relationship Marketing Factors

S. No.	Factors	No. Of Scaled items	Mean	S.D.
1	Bonding	10	3.35	0.417
2	Trust	7	3.86	0.507
3	Communication	6	3.31	0.471
4	Conflict Management	3	3.47	0.512
5	Empathy	7	3.23	0.522
6	Personalization	4	3.19	0.561
7	Reciprocity	3	3.67	0.570
8	Commitment	3	3.70	0.560
Overall Relationship Marketing Score			3.45	0.351

4.4 CUSTOMER SATISFACTION AND CUSTOMER LOYALTY

4.4.1 Customer Satisfaction

Customer satisfaction is a degree of customer positive feelings toward service provider. Customer Satisfaction is means feeling or attitude of customer towards the goods or services that could affect consumer buying behavior. Elements of relationship marketing such as competency, communication, trust and conflict management are affected bank's customer satisfaction. Customers' satisfaction represents a key output of Relationship Marketing. Therefore, a significant attention is paid to this phenomenon in banking sector.

Table 4.14   Customer Perception towards 'Satisfaction' Factor (N=600)

S. No	Statement	1	2	3	4	5	Mean	S.D.
1	Bank completely meets my expectations	4 (0.7)	17 (2.8)	141 (23.5)	344 (57.3)	94 (15.7)	3.85	0.736
2	Bank show a sincere interest in solving complaints	4 (0.7)	40 (6.7)	208 (34.7)	291 (48.5)	57 (9.5)	3.60	0.778
3	Employees work in a tidy professional way	2 (0.3)	21 (3.5)	180 (30.0)	330 (55.0)	67 (11.2)	3.73	0.715
4	Satisfied with all services offered	4 (0.7)	22 (3.7)	179 (29.8)	317 (52.8)	78 (13.0)	3.74	0.753
5	Bank try very hard to establish long term relationship	9 (1.5)	86 (14.3)	225 (37.5)	210 (35.0)	70 (11.7)	3.41	0.924
Overall 'SATISFACTION'							3.66	0.473

Anchors: 1 – Strongly Disagree, 2 – Disagree, 3 – Neutral, 4 – Agree and 5 – Strongly Agree.

Note: Values in brackets represent percentages.

Table 4.14 presents the frequencies of the responses and its mean and standard deviation of the relationship marketing outcome 'customer satisfaction'. The means of five statements that are used to examine the perception of respondents towards the factor 'Customer Satisfaction' ranges between 3.41 and 3.85. It was found from the table that the high mean was recorded by two of the statements 'Bank completely meets my expectations' (Mean = 3.85) and least mean was found for the statement 'Bank try very hard to establish long term relationship' (Mean =3.41). The overall mean for the factor 'Customer Satisfaction' is 3.66.

4.4.2 Customer Loyalty

Customer loyalty is seen as one of the major drivers of success, a small increase in loyal customers can result in a considerable increase in profitability. Loyal customers are the key to success for many service organizations. A small increase in loyal customers can result in a considerable increase in profitability. This makes customer loyalty a foundational cornerstone

of modern business practices and a major spotlight of business strategy and organizational reengineering.

Table 4.15 presents the frequencies of the responses and its mean and standard deviation of the relationship marketing outcome 'customer loyalty'. The means of eight statements that are used to examine the perception of respondents towards the factor 'Customer Loyalty' ranges between 2.86 and 3.91. It was found from the table that the high mean was recorded by two of the statements 'I will continue using the services offered by this bank' (Mean = 3.91 and least mean was found for the statement 'I will switch to competitor bank that offers more attractive benefits/interest rates/service charges' (Mean = 2.86). The overall mean for the factor 'Customer Loyalty' is 3.62.

Table 4.15   Customer Perception towards 'Loyalty' Factor (N=600)

S. No	Statement	1	2	3	4	5	Mean	S.D.
1	I have never seriously considered changing the bank	15 (2.5)	24 (4.0)	110 (18.3)	321 (53.5)	130 (21.7)	3.88	0.878
2	I consider myself to be a loyal customer of this bank	2 (0.3)	33 (5.5)	159 (26.5)	315 (52.5)	91 (15.2)	3.77	0.783
3	I will continue using the services offered by this bank.	2 (0.3)	24 (4.0)	123 (20.5)	327 (54.5)	124 (20.7)	3.91	0.771
4	I will use other products / services offered by this bank in the future	2 (0.3)	21 (3.5)	162 (27.0)	344 (57.3)	71 (11.8)	3.77	0.711
5	I recommend my bank to others.	12 (2.0)	28 (4.7)	219 (36.5)	237 (39.5)	104 (17.3)	3.66	0.887
6	I will switch to competitor bank that offers more attractive benefits/interest rates/ service charges. *	52 (8.7)	122 (20.3)	309 (51.5)	90 (15.0)	27 (4.5)	2.86	0.929
7	I will switch to a competitor bank when there are problems with the current bank's service. *	16 (2.7)	56 (9.3)	331 (55.2)	142 (23.7)	55 (9.2)	3.27	0.854
8	I consider this bank as first choice among other banks in the area	7 (1.2)	14 (2.3)	191 (31.8)	272 (45.3)	116 (19.3)	3.79	0.818

Overall 'LOYALTY'	3.62	0.372

Anchors: 1 – Strongly Disagree, 2 – Disagree, 3 – Neutral, 4 – Agree and 5 – Strongly Agree.
Note: Values in brackets represent percentages. * indicates reverse questio

4.5 HYPOTHESES TESTING

H₀1: **There is no significant perceptual difference between male and female customers towards factors of Relationship Marketing.**

The first hypothesis of the present study is to investigate on the perceptual differences between male and female customers towards the factors of relationship marketing. To test this hypothesis, Z test is employed by considering gender (male & female) as independent variable and relationship marketing factors as dependent variables. Table 4.16 displays the test results along with the mean, standard deviation of the responses.

From the table 4.16 it can be noted that there are very slight differences in the mean values between male and female respondents with respect to the eight factors of relationship marketing considered in the present study. Female respondents displayed slightly higher mean than male with respect to bonding and communication, whereas male respondents displayed higher mean values in all other factors. The mean difference was found high in the factors such as reciprocity and commitment.

The z test was employed between male and female samples at 95% confidence level. The test results showed almost no significant difference between male and female respondents except in two factors i.e. reciprocity and commitment. The overall score of relationship marketing found no significant difference between male and female.

Table 4.16 Relationship between Gender and Relationship Marketing

Factors	Male (n=417)		Female (n=183)		Total (N=600)		Z Test Score	p-value (2-tailed)
	Mean	S. D.	Mean	S. D.	Mean	S. D.		
Bonding	3.34	0.419	3.35	0.414	3.35	0.417	-0.271	0.786
Trust	3.88	0.498	3.83	0.529	3.86	0.507	1.085	0.278

Communication	3.30	0.459	3.34	0.498	3.31	0.471	-0.927	0.354
Conflict Management	3.50	0.523	3.42	0.481	3.47	0.512	1.826	0.068
Empathy	3.26	0.517	3.18	0.531	3.23	0.522	1.713	0.087
Personalization	3.22	0.538	3.14	0.608	3.19	0.561	1.536	0.125
Reciprocity	3.71	0.531	3.58	0.642	3.67	0.570	2.402	0.016
Commitment	3.74	0.554	3.61	0.562	3.70	0.560	2.620	0.009
Overall Relationship Marketing	3.46	0.351	3.42	0.350	3.45	0.351	1.287	0.198

Thus, H_01 is accepted as the p value found to be more than 0.05. Hence, there are no significant differences with respect to the factors of relationship marketing between male and female respondents.

H_02 There are significant perceptual differences between customers with different age groups towards the factors of Relationship Marketing.

The second hypothesis of the present study is to investigate on the perceptual differences between the customers with different age groups towards the factors of relationship marketing.

Table 4.17   Mean distribution between Age and Relationship Marketing

Age (in years) \ Factors	Below 27 (n=139)		27 - 32 (n=140)		33 – 44 (n=162)		Above 45 (n=159)	
	Mean	S. D.	Mean	S. D.	Mean	S. D.	Mean	S. D.
Bonding	3.40	.423	3.34	.420	3.29	.406	3.37	.418
Trust	3.90	.476	3.91	.488	3.81	.523	3.85	.532
Communication	3.36	.469	3.42	.410	3.21	.461	3.29	.512
Conflict Management	3.46	.506	3.48	.490	3.39	.551	3.57	.481

Empathy	3.36	.471	3.29	.493	3.10	.550	3.20	.529
Personalization	3.37	.539	3.21	.563	3.08	.592	3.13	.510
Reciprocity	3.72	.512	3.64	.590	3.66	0.656	3.68	.503
Commitment	3.72	.565	3.63	.636	3.73	.527	3.72	.513
Overall Relationship Marketing	3.51	.330	3.47	.327	3.38	.365	3.45	.363

To test this hypothesis, ANOVA test is employed by considering age as independent variable and relationship marketing factors as dependent variables. The age variables are categorized into four groups: below 27 years, between twenty-seven and thirty-two, between thirty-three and forty four, and above forth four. Table 4.17 shows the cross tabulation of the variables considered for ANOVA test with their corresponding number of responses, means and standard deviations.

From the table 4.17, overall relationship marketing mean is higher for the age group 'below 27 years' (M=3.51), whereas it is lower for the age group 'between 33-44 years' (M=3.38). Reading the mean values of all relationship marketing factors considered in this study, 'below 27 years' have expressed high mean values for bonding, empathy, personalization, reciprocity. The age group 'between 27-32 years' respondents have expressed high mean values for trust, communication and lower mean valued for the factor's reciprocity and commitment. The age group 'between 33-44 years' have expressed high mean value for commitment and low mean values for bonding, trust, communication, conflict management, empathy, personalization. The respondents of 'above 44 years' have expressed highest mean value for the factor conflict management and have expressed moderate mean scores for other variables.

Table 4.18   Relationship between Age and Relationship Marketing

ANOVA Table						
		Sum of Squares	df	Mean Square	F	Sig.
Bonding * Age of the Respondent	Between Groups	.957	3	.319	1.841	.138
	Within Groups	103.277	596	.173		
	Total	104.235	599			

Trust * Age of the Respondent	Between Groups	1.034	3	.345	1.341	.260
	Within Groups	153.178	596	.257		
	Total	154.212	599			
Communication * Age of the Respondent	Between Groups	3.678	3	1.226	5.651	**.001***
	Within Groups	129.293	596	.217		
	Total	132.970	599			
Conflict Management * Age of the Respondent	Between Groups	2.626	3	.875	3.382	**.018***
	Within Groups	154.218	596	.259		
	Total	156.844	599			
Empathy * Age of the Respondent	Between Groups	5.851	3	1.950	7.384	**.000***
	Within Groups	157.433	596	.264		
	Total	163.285	599			
Personalization * Age of the Respondent	Between Groups	6.908	3	2.303	7.557	**.000***
	Within Groups	181.608	596	.305		
	Total	188.516	599			
Reciprocity * Age of the Respondent	Between Groups	.500	3	.167	.512	.674
	Within Groups	193.908	596	.325		
	Total	194.408	599			
Commitment * Age of the Respondent	Between Groups	.985	3	.328	1.049	.370
	Within Groups	186.533	596	.313		
	Total	187.518	599			
Relationship Marketing * Age of the Respondent	Between Groups	1.556	3	.519	4.282	**.005***
	Within Groups	72.205	596	.121		
	Total	73.761	599			

Note: * denotes significant at 95% confidence level

Table 4.18 presents the results of ANOVA analysis performed to examine and compare the age differences with respect to relationship marketing. The function of ANOVA is to analyse and compare the resources of Variance, which can help in understanding the significant age group variations. The results amply demonstrate that there are significant age group variations in the relationship marketing factors such as communication, conflict management, empathy, personalisation (p<0.05) except the factors bonding, trust, reciprocity and commitment. But there is significance between overall relationship marketing and age of the respondents.

Thus, it can be inferred from the ANOVA test results that there are significant differences in relationship marketing with respect to age of the respondents at 95% confidence level.

Hence the null hypothesis ($H_0$2) is rejected.

H₀3   There is no significant influence of education on the perception towards the factors of Relationship Marketing.

The second hypothesis of the present study is to investigate on the perceptual differences between the customers with different educational qualification towards the factors of relationship marketing. To test this hypothesis, ANOVA test is employed by considering education as independent variable and relationship marketing factors as dependent variables. The educational qualification variable was categorised into four groups: 'SSC or lower', 'below graduation', 'graduation', and 'post-graduation'. Table 4.19 displays the mean, standard deviation of the responses.

Table 4.19   Mean distribution between educational qualifications and Relationship Marketing

Education \ Factors	S.S.C. or lower (n=226)		Below Graduation (n=67)		Graduation (n=162)		Post- Graduation (n=145)	
	Mean	S. D.	Mean	S. D.	Mean	S. D.	Mean	S. D.
Bonding	3.29	0.398	3.37	0.462	3.39	0.367	3.39	0.468
Trust	3.76	0.564	3.91	0.431	3.93	0.458	3.93	0.477
Communication	3.17	0.495	3.40	0.366	3.37	0.430	3.43	0.470
Conflict Management	3.47	0.517	3.61	0.410	3.49	0.453	3.40	0.594
Empathy	3.08	0.522	3.26	0.597	3.35	0.470	3.33	0.488
Personalization	3.06	0.560	3.12	0.622	3.37	0.521	3.23	0.521
Reciprocity	3.73	0.492	3.70	0.523	3.68	0.556	3.57	0.696
Commitment	3.69	0.540	3.73	0.655	3.77	0.513	3.63	0.587
Overall Relationship Marketing	3.36	0.366	3.49	0.374	3.52	0.288	3.49	0.355

From the table 4.19, the relationship marketing mean is higher for the education level 'graduation' (M=3.52), whereas it is lower for the education level 'SSC or lower' (M=3.36). Reading the mean values of all relationship marketing factors in the study, respondents with educational qualification S.S.C or lower have expressed low mean values for the factors bonding, trust, communication, empathy and high mean score for the factor reciprocity. The respondents of 'below graduation' education level have expressed high mean score for the factor conflict management and moderate mean scores for the rest of the factors. The respondents who are 'graduates' have expressed high mean scores for the factors bonding, trust, empathy, personalization and commitment. The 'post-graduate' respondents have expressed high mean scores for bonding, trust; communication and low mean scores for conflict management, reciprocity and commitment.

Table 4.20 portrays the test results of ANOVA performed to examine and compare the differences in educational qualification with respect to relationship marketing. The results indicate that the p values of the variables bonding, trust, communication, empathy, Personalization are less than 0.05 and the variables conflict management, reciprocity and commit have p value more than 0.05. The overall relationship marketing is having statistically significant relationship with education level of the respondents.

Hence it can be inferred from the table that there is statistically significant differences between educational qualifications of customers and relationship marketing.

Thus H₀3 (null hypothesis) is rejected at 95% confidence level.

Table 4.20   Relationship between Educational Qualifications and Relationship Marketing

ANOVA Table		Sum of Squares	df	Mean Square	F	Sig.
Bonding * Educational Qualifications	Between Groups	1.383	3	.461	2.672	**.047***
	Within Groups	102.851	596	.173		
	Total	104.235	599			
Trust * Educational Qualifications	Between Groups	3.837	3	1.279	5.069	**.002***
	Within Groups	150.375	596	.252		
	Total	154.212	599			
	Between Groups	7.581	3	2.527	12.012	**.000***

Communication * Educational Qualifications	Within Groups	125.389	596	.210		
	Total	132.970	599			
Conflict Management * Educational Qualifications	Between Groups	1.965	3	.655	2.521	.057
	Within Groups	154.879	596	.260		
	Total	156.844	599			
Empathy * Educational Qualifications	Between Groups	8.570	3	2.857	11.005	**.000***
	Within Groups	154.715	596	.260		
	Total	163.285	599			
Personalization * Educational Qualifications	Between Groups	9.807	3	3.269	10.902	**.000***
	Within Groups	178.709	596	.300		
	Total	188.516	599			
Reciprocity * Educational Qualifications	Between Groups	2.452	3	.817	2.538	.056
	Within Groups	191.956	596	.322		
	Total	194.408	599			
Commitment * Educational Qualifications	Between Groups	1.504	3	.501	1.606	.187
	Within Groups	186.014	596	.312		
	Total	187.518	599			
Relationship Marketing * Educational Qualifications	Between Groups	2.767	3	.922	7.742	**.000***
	Within Groups	70.995	596	.119		
	Total	73.761	599			

H_04 There is significant influence of family income level on the perception towards the relationship marketing in selected banks.

The fourth hypothesis is tested to investigate on the perceptual differences between the customers with different income level towards the factors of relationship marketing. To test this hypothesis, ANOVA test is employed by considering income level as independent variable and relationship marketing factors as dependent variables. The income level variable was categorized into four groups: less than 2 lakhs, between 2 to 5 lakhs, between 5 to 10 lakhs and more than 10 lakhs. Table 4.21shows the cross tabulation of the variables considered for ANOVA test with their corresponding number of responses, means and standard deviations.

From the table 4.21, the relationship marketing mean is higher for the income level 'above 10 lakhs' (M=3.55), whereas it is lower for the income group 'less than 2 lakhs' (M=3.38). Respondents with family income 'less the 2 lakhs' have expressed low mean values of the

factors bonding, communication, conflict management, empathy and personalization. Respondents with income level 'in between 2-5 lakhs' have expressed high mean values for the factors trust and reciprocity. The respondents whose income is 'between 5 – 10 lakhs' have expressed highest mean values for bonding, empathy and commitment and lowest mean value for the factor trust. Respondents whose family income is 'above 10 lakhs' have expressed highest mean values for the factors bonding, communication, conflict management, personalization and lowest mean values for the factor's reciprocity and commitment.

Table 4.21   Mean distribution between Income levels and Relationship Marketing

Income Level / Factors	< 2 lakhs (n=302)		2 – 5 lakhs (n=234)		5 – 10 lakhs (n=41)		> 10 lakhs (n=23)	
	Mean	S. D.	Mean	S. D.	Mean	S. D.	Mean	S. D.
Bonding	3.30	.399	3.39	.393	3.42	.614	3.42	.412
Trust	3.78	.504	3.98	.466	3.77	.681	3.93	.373
Communication	3.21	.467	3.38	.438	3.38	.552	3.72	.331
Conflict Management	3.44	.473	3.50	.516	3.52	.749	3.59	.427
Empathy	3.13	.494	3.31	.533	3.48	.477	3.45	.524
Personalization	3.11	.516	3.27	.608	3.24	.461	3.43	.632
Reciprocity	3.68	.508	3.74	.573	3.54	.521	3.14	.979
Commitment	3.67	.542	3.75	.577	3.79	.536	3.52	.611
Overall Relationship Marketing	3.38	.340	3.52	.333	3.50	.428	3.55	.375

Table 4.22 presents the results of ANOVA analysis performed to examine and compare the different income levels of respondents with respect to relationship marketing. From the table, it can be noted that p values of bonding, trust, communication, empathy, personalization,

reciprocity are less than 0.05. In other words, all the variables selected except conflict management and commitment are having statistical significance with relationship marketing.

Table 4.22   Relationship between Income levels and Relationship Marketing

		Sum of Squares	df	Mean Square	F	Sig.
ANOVA Table						
Bonding * Annual Income	Between Groups	1.499	3	.500	2.899	**.034***
	Within Groups	102.735	596	.172		
	Total	104.235	599			
Trust * Annual Income	Between Groups	5.572	3	1.857	7.447	**.000***
	Within Groups	148.640	596	.249		
	Total	154.212	599			
Communication * Annual Income	Between Groups	8.075	3	2.692	12.844	**.000***
	Within Groups	124.896	596	.210		
	Total	132.970	599			
Conflict Management * Annual Income	Between Groups	.898	3	.299	1.144	.331
	Within Groups	155.946	596	.262		
	Total	156.844	599			
Empathy * Annual Income	Between Groups	8.445	3	2.815	10.835	**.000***
	Within Groups	154.840	596	.260		
	Total	163.285	599			
Personalization * Annual Income	Between Groups	4.709	3	1.570	5.089	**.002***
	Within Groups	183.807	596	.308		
	Total	188.516	599			
Reciprocity * Annual Income	Between Groups	8.259	3	2.753	8.814	**.000***
	Within Groups	186.149	596	.312		
	Total	194.408	599			
Commitment * Annual Income	Between Groups	1.846	3	.615	1.975	.117
	Within Groups	185.672	596	.312		
	Total	187.518	599			
Relationship Marketing * Annual Income	Between Groups	2.816	3	.939	7.884	**.000***
	Within Groups	70.946	596	.119		
	Total	73.761	599			

However, the overall p value of relationship marketing and income level difference is less than 0.05. Hence it can be inferred from the table that there are statistically significant differences between income levels of respondents and relationship marketing.

Thus H_04 (null hypothesis) is rejected at 95% confidence level.

H_05 There are no significant perceptual differences between urban and semi-urban customers towards the Relationship marketing in selected banks.

The fifth hypothesis of the present study is to investigate on the perceptual differences between urban and rural area customers towards the factors of relationship marketing.

To test this hypothesis, Z test is employed by considering location of the customer (urban area and semi-urban area) as independent variable and relationship marketing factors as dependent variables. Table 4.23displays the test results along with the mean, standard deviation of the responses. From the table, it can be noted that the mean values of relationship marketing factors are high in urban area customers than semi-urban area customers in all the factors of relationship marketing.

The z test was employed between urban and rural samples at 95% confidence level with bank location as independent variable and relationship marketing as dependent variable. The test results showed significant difference between urban and rural customers except in one factor i.e. reciprocity. The overall score of relationship marketing found significant difference between urban area and semi-urban area customers.

Table 4.23Relationship between Bank Location and Relationship Marketing

Location / Factors	Urban (n=300)		Semi-urban (n=300)		Total (N=600)		Z Test Score	p-value (2-tailed)
	Mean	S. D.	Mean	S. D.	Mean	S. D.		
Bonding	3.43	0.413	3.27	0.406	3.35	0.417	4.7852	**<0.0001***
Trust	3.95	0.467	3.77	0.530	3.86	0.507	4.4135	**<0.0001***
Communication	3.46	0.434	3.17	0.462	3.31	0.471	7.9242	**<0.0001***
Conflict Management	3.54	0.451	3.41	0.560	3.47	0.512	3.1315	**0.0017***

Empathy	3.43	0.436	3.04	0.531	3.23	0.522	9.8317	**<0.0001***
Personalization	3.39	0.470	3.00	0.579	3.19	0.561	9.058	**<0.0001***
Reciprocity	3.69	0.604	3.65	0.533	3.67	0570	0.8601	0.3898
Commitment	3.76	0.544	3.65	0.570	3.70	0.560	2.4180	**0.0156***
Overall Relationship Marketing	3.56	0.299	3.34	0.363	3.45	0.351	8.1025	**<0.0001***

Thus, $H_0 5$ is rejected as the p value found to be less than 0.05. Hence, there are significant differences with respect to the factors of relationship marketing between urban and semi-urban area respondents.

$H_0 6$ There are no significant perceptual differences between customers of selected banks with respect to relationship marketing

The sixth hypothesis of the present study is to investigate on the perceptual differences between customers of selected banks (SBI& Indian Bank) towards the factors of relationship marketing. Table 4.24 displays the mean, standard deviation of the responses along with the test results.

From the table, it can be noted that there are very slight differences in the mean values between State Bank of India and Indian Bank customers with respect to the eight factors of relationship marketing considered in the present study. Respondents from State Bank of India displayed slightly higher mean than Indian Bank with respect to trust and reciprocity; whereas respondents from Indian Bank displayed higher mean in all other factors.

To test the hypothesis, two sample z test was employed with selected banks (State Bank of India and Indian Bank) as independent variables and relationship marketing as dependent variable. The test results showed almost no significant difference between State Bank of India and Indian Bank customers, except in one relationship marketing factor 'empathy'. The overall score of relationship marketing found no significant difference between State Bank of India and Indian Bank customers.

Table 4.24   Relationship between State Bank of India and Indian Bank Customers with respect to Relationship Marketing

Selected Bank / Factors	State Bank of India (n=300)		Indian Bank (n=300)		Z Test Score	p-value (2-tailed)
	Mean	S. D.	Mean	S. D.		
Bonding	3.33	0.443	3.36	0.390	-0.8804	0.3786
Trust	3.89	0.500	3.83	0.514	1.4493	0.1473
Communication	3.29	0.476	3.34	0.466	-1.3001	0.1936
Conflict Management	3.46	0.499	3.49	0.524	-0.7181	0.4727
Empathy	3.19	0.570	3.28	0.466	-2.1173	**0.0342***
Personalization	3.16	0.644	3.22	0.462	-1.3112	0.1898
Reciprocity	3.69	0.571	3.66	0.569	0.6446	0.5192
Commitment	3.68	0.592	3.72	0.525	-0.8756	0.3813
Overall Relationship Marketing	3.44	0.386	3.46	0.312	-0.6979	0.4852

Thus, $H_0 6$ is accepted as the p value found to be more than 0.05. Hence, there are no significant differences with respect to the factors of relationship marketing between State Bank of India and Indian Bank customers.

$H_0 7$ There is no significant relationship between relationship marketing and customer satisfaction.

The core objective of the work is to empirically investigate the relationship between relationship marketing and customer satisfaction. The linear regression analysis was performed to examine the statistically significant relationship between the factors of relationship marketing and customer satisfaction. Regression is not just one technique but a family of techniques that can be used to explore the relationships between one continuous dependent variable and a number of independent variables are predictors. Regression is based on correlation but allows a more sophisticated exploration of the interrelationship among a set of variables.

Table 4.25 Regression Model summary – Relationship Marketing vs Customer satisfaction

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.683[a]	.467	.460	.34789

a. Predictors: (Constant), Commitment, Reciprocity, Communication, Conflict Management, Personalization, Bonding, Trust, Empathy

Table 4.25 shows that 46.7% of variable in customer satisfaction is explained by the model which is quiet a respectable result.

Table 4.26 displays the ANOVA test results of the model tested by using the linear regression analysis. The analysis of variance conducted by considering customer satisfaction as dependent variable (a) and all the factors of relationship marketing considered as independent variable (b) displayed significance value less than 0.000 ($p < 0.05$) with F value as 64.710. This shows that the model displayed statistically significant relationship between relationship marketing i.e. independent variable and customer satisfaction i.e. dependent variable.

Table 4.26 Relationship between Relationship Marketing and Customer Satisfaction

ANOVA[a]					
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	62.654	8	7.832	64.710	.000[b]
	Residual	71.528	591	.121		
	Total	134.182	599			

a. Dependent Variable: Satisfaction
b. Predictors: (Constant), Commitment, Reciprocity, Communication, Conflict Management, Personalization, Bonding, Trust, Empathy

Table 4.27 Regression Test Coefficients – Relationship marketing vs Customer satisfaction

Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.557	.148		3.771	.000
Bonding	.220	.047	.194	4.695	.000
Trust	.002	.038	.002	.054	.957
Communication	.057	.044	.057	1.311	.190
Conflict Management	.061	.033	.066	1.865	.063
Empathy	.143	.044	.158	3.243	.001
Personalization	.100	.035	.118	2.831	.005
Reciprocity	.080	.030	.097	2.679	.008
Commitment	.240	.032	.284	7.615	.000

a. Dependent Variable: Satisfaction

Table 4.27 shows the t test results conducted in Regression model testing. From the table it can be noted that bonding, empathy, personalization, reciprocity and commitment has shown significant value of p ($p < 0.05$). Another important aspect to note is the insignificance of some of the factors such as trust, communication and conflict management with customer satisfaction. Though some factors show insignificance, most of the factors showed a statistically significant relationship and overall model tested has shown fair amount of variance and significant p values in ANOVA test employed. Thus, it can be stated that there is statistically significant relationship between relationship marketing and customer satisfaction.

Hence, H_07 (i.e. null hypothesis) is rejected.

H_08 There is no significant relationship between relationship marketing and customer loyalty

This hypothesis tested the significance of the relationship between relationship marketing and customer loyalty. The linear regression analysis was performed to examine the statistically significant relationship between the factors of relationship marketing and customer loyalty. Regression is not just one technique but a family of techniques that can be used to explore the relationships between one continuous dependent variable and a number of independent

variables are predictors. Regression is based on correlation but allows a more sophisticated exploration of the interrelationship among a set of variables.

Table 4.28 Regression Model summary – Relationship marketing and Customer Loyalty

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.600[a]	.360	.352	.29927

a. Predictors: (Constant), Commitment, Reciprocity, Communication, Conflict Management, Personalization, Bonding, Trust, Empathy

Table 4.28 shows that 36% of variable in customer loyalty is explained by the model which is quiet a respectable result.

Table 4.29 displays the ANOVA test results of the model tested by using the linear regression analysis. The analysis of variance conducted by considering customer loyalty as dependent variable (a) and all the factors of relationship marketing considered as independent variable (b) displayed significance value less than 0.000 (p<0.05) with F value as 41.621. This shows that the model displayed statistically significant relationship between relationship marketing i.e. independent variable and customer loyalty i.e. dependent variable.

Table 4.29 Relationship between Relationship Marketing vs Customer Loyalty

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	29.821	8	3.728	41.621	.000[b]
	Residual	52.930	591	.090		
	Total	82.751	599			

a. Dependent Variable: Loyalty

b. Predictors: (Constant), Commitment, Reciprocity, Communication, Conflict Management, Personalization, Bonding, Trust, Empathy

Table 4.30 shows the t test results conducted in Regression model testing. From the table it can be noted that trust, communication, personalization, reciprocity and commitment has shown significant value of p (p < 0.05). Another important aspect to note is the insignificance

of some of the factors such as bonding, conflict management and empathy with customer loyalty.

Table 4.30 Regression Test Coefficients – Relationship marketing vs Customer loyalty

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	1.529	.127		12.028	**.000***
	Bonding	-.048	.040	-.054	-1.196	.232
	Trust	.193	.033	.263	5.862	**.000***
	Communication	.117	.038	.148	3.094	**.002***
1	Conflict Management	.008	.028	.011	.298	.766
	Empathy	.017	.038	.024	.453	.651
	Personalization	.112	.030	.169	3.709	**.000***
	Reciprocity	.068	.026	.104	2.625	**.009***
	Commitment	.115	.027	.173	4.244	**.000***

a. Dependent Variable: Loyalty

Though some factors show insignificance, most of the factors showed a statistically significant relationship and overall model tested has shown fair amount of variance and significant p values in ANOVA test employed. Thus, it can be stated that there is statistically significant relationship between relationship marketing and customer loyalty.

Hence, H_08 (i.e. null hypothesis) is rejected.

Table 4.31 Summary Table of Hypothesis Testing

S. No	Hypothesis Statement	Tool Used	Result
H_01	There are no significant perceptual differences between male and female customers towards factors of Relationship Marketing	**Z test**	**ACCEPTED**
H_02	There are no significant perceptual differences between customers with		**REJECTED**

		ANOVA	
	different age groups towards the factors of Relationship Marketing.	**ANOVA**	
H_03	There is no significance influence of education on the perception towards the factors of Relationship Marketing.	**ANOVA**	**REJECTED**
H_04	There is no significance influence of family income level on the perception towards the Relationship Marketing in selected banks.	**ANOVA**	**REJECTED**
H_05	There are no significant perceptual differences between urban and rural area customers towards the Relationship Marketing in selected banks**.**	**Z test**	**REJECTED**
H_06	There are no significant perceptual differences between customers of selected banks with respect to relationship marketing.	**Z test**	**ACCEPTED**
H_07	There is no significant relationship between relationship marketing and customer satisfaction.	**Regression Model**	**REJECTED**
H_08	There is no significant relationship between relationship marketing and customer loyalty (Model Testing)	**Regression Model**	**REJECTED**

4.6   SUMMARY

In the sample of 600 bank customers, 69.5% are males and 30.5% females. Majority of the respondents are above 33 years of age. 37.7% of the respondents are with educational qualification SSC or lower, 27% with graduation and 24.2% are post graduates.50.3% of the respondent's annual income is below 2 lakhs and 39% respondents earns 2 – 5 lakhs. The overall mean for the factor 'Bonding' is 3.35, 'Trust' factor was recorded as 3.86, for the factor 'Communication' is 3.31, for the factor 'Conflict Handling' is 3.47. The overall mean for the factor 'Empathy' is 3.23, the factor 'Personalization' is 3.19, the factor 'Reciprocity' is 3.67 and for the factor 'Commitment' is 3.70. The means of five statements that are used to examine the perception of respondents towards the factor

'Customer Satisfaction' ranges between 3.41 and 3.85 and the overall mean for the factor 'Customer Satisfaction' is 3.66. The means of eight statements that are used to examine the perception of respondents towards the factor 'Customer Loyalty' ranges between 2.86 and 3.91. The overall mean for the factor 'Customer Loyalty' is 3.62. By employing appropriate statistical tools for each and every hypothesis, the present study found interesting and noteworthy results. Age, education, family income level, bank location found to be having significant relationship with relationship marketing, whereas gender and customers of selected banks were found to be having insignificant relationship with the relationship marketing. It was also found that relationship marketing has significant impact on customer satisfaction and customer loyalty. The hypothesis framed, tools used and the results were tabulated in table 4.31.
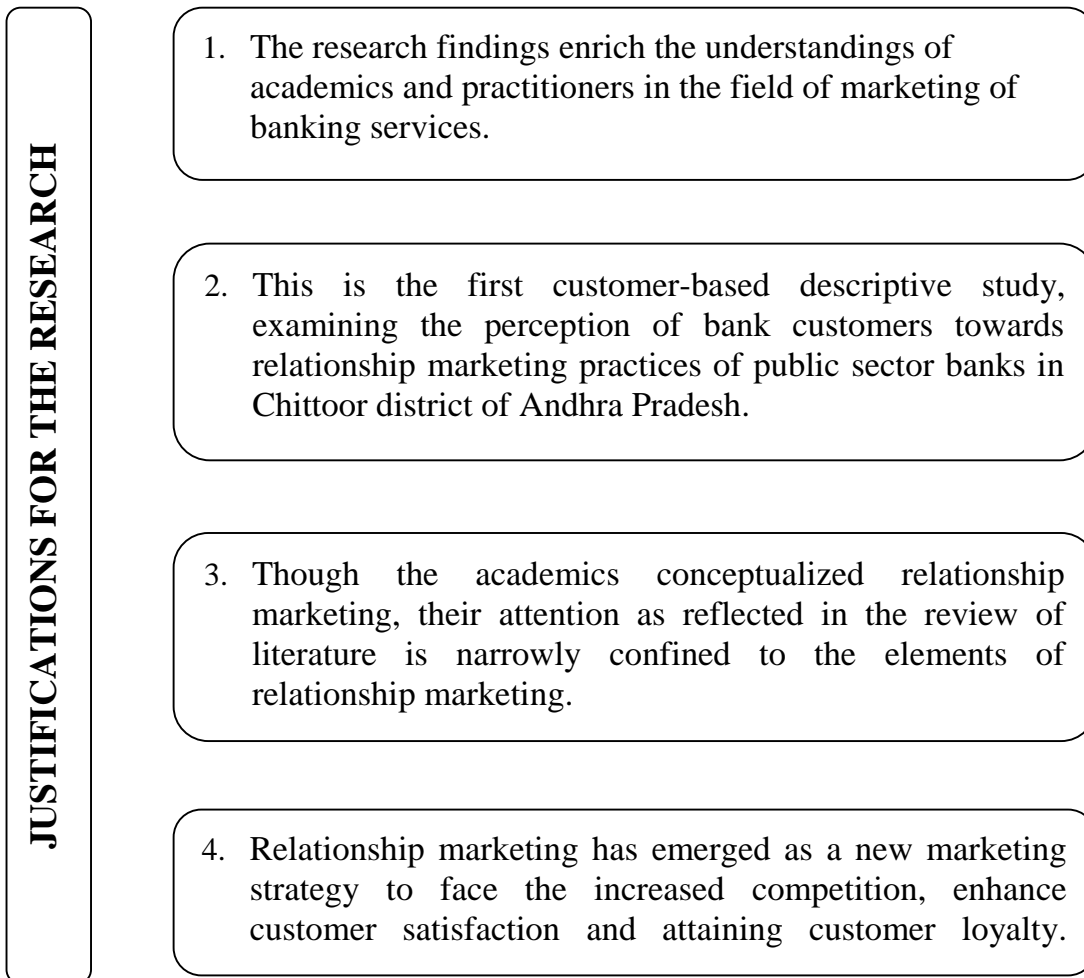
Chapter – V

Summary of Findings, Suggestions and Conclusions

Relationship Marketing is very powerful tool to gain and keep the customers. The policy of deregulation, liberalization and privatization and growing awareness of customers due to path breaking technological developments, Indian customers have become more finicky and sophisticated demanding better service and higher value and aspiring for personal care, continuous attention and involvement. Relationship marketing in banks focuses on customer retention and therefore places high premium on building and strengthening long-term relationships with customers. One would agree that a bank operates in one of the most competitive markets worldwide, with 23 public sector banks fighting for the same client base. Customers have today become more knowledgeable, sophisticated and assertive, with an increasing demand for tailor-made and innovative products and services. Customers are no longer interested in buying off the shelf solutions, but require remedies that fit their business models and plans. It is therefore crucial for banks to have strong relationships with their evolving customers, in order to ensure they are at the right place at the right time.

5.1 RESEARCH THEME

One of the banks' greatest assets is their knowledge of their customers. Banks can use this asset and turn it into key competitive advantage by retaining those customers who represent the highest lifetime value and profitability. Relationship Marketing is the tool that helps banks to organize and analyze customer data and thereby helping you to understand customer preferences. Understanding their likes and dislikes is the key to build lasting relationships and also to gain new customers.

Figure 5.1 Justification for the present research

JUSTIFICATIONS FOR THE RESEARCH

1. The research findings enrich the understandings of academics and practitioners in the field of marketing of banking services.

2. This is the first customer-based descriptive study, examining the perception of bank customers towards relationship marketing practices of public sector banks in Chittoor district of Andhra Pradesh.

3. Though the academics conceptualized relationship marketing, their attention as reflected in the review of literature is narrowly confined to the elements of relationship marketing.

4. Relationship marketing has emerged as a new marketing strategy to face the increased competition, enhance customer satisfaction and attaining customer loyalty.

Many banks in India have not fully realized the importance of relationship marketing programs necessary to maintain and sustain all categories of customers. Thus, there is the need for banks to adopt and sustain relationship marketing in their operations. Evolution of relationship marketing strategy in banking sector calls for research on customers' perception towards relationship marketing practices in banks. Keeping this in mind, the present study is carried out to measure customers' perception towards relationship marketing practices in selected public sector banks in Chittoor district. The present study aims at providing research information to banking industry, especially public sector banks in Chittoor district. The research findings have both academic and practical utilities to the banking industries, academicians, and practitioners by providing them a better understanding of relationship marketing practices and its impact on customer satisfaction and customer loyalty. Hence the present study is reasoned out on the four valid grounds as shown in Figure 5.1.

5.2 SUMMARY OF FINDINGS:

The major objective of this research is to study the customer's opinion about their bank with respect to relationship-oriented behavior of their bankers towards them.

5.2.1 Profile of the Sample Respondents:

The demographic characteristics of the respondents include gender, age, educational qualifications, marital status and family annual income.

Gender

Majority of the respondents are males (417) (69.5%) and 183 are females (30.5%).

Age

The total sample consists of 139 (23.2%) respondents in the age group of 'less than 27 years', 140 (23.3%) in '27 to 32 years', 162 (27%) in '33 to 44 years', and 159 (26.5%) in 'above 44 years' age group.

Educational qualifications

The total sample comprises of 226 (37.7%) respondents having 'SSC or lower', 67 (11.2%) belongs to below graduation level, 162 (27%) having graduation and 145 (24.2%) having post-graduation as educational qualification.

Family Annual Income

The total sample comprises of 302 (50.3%) respondents 'with less than 2 lakhs', 234 (39%) respondents 'With 2-5 lakhs, 41(6.8%) respondents 'With 5-10 lakhs' and 23 (3.8%) respondents 'With above 10 lakhs' family annual income.

Type of Bank

Customers of State Bank of India and Indian Bank in Chittoor district constitute the sample of the study. From the total respondents, 300 (50 %) belongs to State Bank of India and 300 (50 %) are from Indian Bank.

Branch Location

Based on the location of the branches of SBI and Indian Bank, the customers from urban and semi-urban branches were selected for the study. The sample comprises of 300 respondents from urban branches and 300 respondents from semi-urban branches.

Marital Status

From the total sample, 181(30.2%) respondents are 'unmarried', 82(13.6%) respondents are 'recently married' and 337(56.2%) are 'married and having children'.

Years of relationship with the bank

From the total sample, 150(25%) of the respondents were having 'less than 3 years of relationship with the bank', 181 (30.2) were having '3-5 years' of relationship with the bank, 158(26.3%) were having '5-8 years' of relationship with the bank and 111(18.5%) were having 'above 8 years' of relationship with the bank.

Frequency of visiting the Bank

Majority of the respondents 319 (53.1%) visit the bank monthly, followed by 119 (19.8%) occasionally, 88 (14.7%) weekly, 58 (9.7%) fortnightly, and 16 (2.7%) very rarely.

Banking Products used by the Respondents

Total sample collected comprises of 569 (43.1%) respondents using Savings Account, 44(3.3%) using Current Account, 535 (40.5%) were using Debit Card, 20 (1.5%) using Credit Card, 36 (2.7%) using Personnel Loan, 7 (0.5%) using Auto Loan, 13 (1.0%) using Educational Loan, 16 (1.2%) using Home Loan, 11 (0.8%) using Business Loan and 70 (5.3%) using other loans (Crop/Gold/Dwakra etc.,).

Bank Services used by the Respondents

From the total respondents, 594 (45.1%) utilised ATM services, 567 (43.1%) used SMS alerts, 94 (7.1%) used cheque book facility and 61 (4.6%) used Internet/ Online Banking Services.

5.2.2 Effect of Demographic Factors on Relationship Marketing

The demographic characteristics of the respondents include gender, age, educational qualifications and family annual income. The research findings indicate that there is significant impact of demographic characteristics on relationship marketing. All the variables

except gender had significant perceptual differences between them and relationship marketing.

Gender

There are very slight differences in the mean values between male and female respondents with respect to the eight factors of relationship marketing considered in the present study. Female respondents displayed slightly higher mean than male with respect to bonding and communication, whereas male respondents displayed higher mean values in all other factors. There is no significant difference between male and female respondents except in two factors i.e. reciprocity and commitment. The overall score of relationship marketing found no significant difference between male and female. Since gender has no significant impact on relationship marketing factors, banks should formulate similar strategies for both male and female customers.

Age

The overall relationship marketing mean is higher for the age group 'below 27 years' (M=3.51), whereas it is lower for the age group 'between 33-44 years' (M=3.38). This emphasizes that banks should focus more on customers with age group 33-44 to improve the effectiveness of relationship marketing. The results reveal that there are significant age group variations in the relationship marketing factors such as communication, conflict management, empathy, personalization ($p<0.05$) except the factors bonding, trust, reciprocity and commitment. But there is significance between overall relationship marketing and age of the respondents.

Educational Qualifications

Educational qualifications of the respondents are grouped into four categories: (1) S.S.C or lower, (2) Below Graduation, (3) Graduation and (4) post-graduation. The relationship marketing mean is higher for the education level 'graduation' (M=3.52), whereas it is lower for the education level 'SSC or lower' (M=3.36). The results indicate that the relationship marketing variables bonding, trust, communication, empathy, Personalization are showing significant impact on education qualification and the variables conflict management, reciprocity and commit have no significant impact on relationship marketing. But there is a

statistically significant difference between educational qualifications of customers and overall relationship marketing.

Family Annual Income

The relationship marketing mean is higher for the income level 'above 10 lakhs' (M=3.55), whereas it is lower for the income group 'less than 2 lakhs' (M=3.38). All the variables selected except conflict management and commitment are having statistical significance with relationship marketing. The study reveals that that there are statistically significant differences between income levels of respondents and overall relationship marketing.

Relationship marketing practices can be improved by focusing on the following demographic variables based on lowest means of factors of relationship marketing explained in the table 5.1 shown below.

Table 5.1   Relationship between Relationship Marketing and Demographic Variables

	Age group	Education Qualification	Family Annual Income	Location of the Bank
Bonding	33-44	SSC or Lower	< 2,00,000	Semi-urban Area
Trust	33-44	SSC or Lower	5-10 Lakhs	Semi-urban Area
Communication	33-44	SSC or Lower	< 2,00,000	Semi-urban Area
Conflict Management	33-44	Post Graduation	< 2,00,000	Semi-urban Area
Empathy	33-44	SSC or Lower	< 2,00,000	Semi-urban Area
Personalization	33-44	SSC or Lower	< 2,00,000	Semi-urban Area
Reciprocity	27-32	Post Graduation	>10,00,000	Semi-urban Area
Commitment	27-32	Post Graduation	>10,00,000	Semi-urban Area

Table 5.1 indicates that banks should focus on 33-44 age group customers to improve the factors of relationship marketing such as Bonding, trust, communication, conflict management, empathy and personalization. Reciprocity and commitment can be improved by focusing on the 27-32 age groups.

Banks can improve the significance of the factors bonding, trust, communication, empathy and personalization by focusing on the customers with educational qualification 'SSC or

lower', whereas post graduates should focus to improve the reciprocity and commitment and conflict management factors of relationship marketing.

The factors bonding, communication, conflict management, empathy and personalization can be improved by focusing the customers with family annual income less than 2,00,000 and the factor trust can be improved by focusing the customers with annual income between 5-10 lakhs and reciprocity and commitment factors can be improved by focusing on the customers whose family income is above 10 lakhs.

Banks should focus on semi-urban area customers to improve all the factors of relationship marketing.

5.2.3 Perceptual differences between customers based on Branch Location

Based on the location of the branches of SBI and Indian Bank, the customers from urban and semi-urban branches were selected for the study. The findings indicate that, the mean values of relationship marketing factors are high in urban area customers than semi-urban area customers in all the factors of relationship marketing. The results showed significant difference between urban and rural customers except in one factor i.e. reciprocity. The overall score of relationship marketing found significant difference between urban area and semi-urban area customers.

5.2.4 Perceptual differences between customers of selected banks

Customers of State Bank of India and Indian Bank in Chittoor district constitute the sample of the study. There are very slight differences in the mean values between State Bank of India and Indian Bank customers with respect to the eight factors of relationship marketing considered in the present study. Respondents from State Bank of India displayed slightly higher mean than Indian Bank with respect to trust and reciprocity; whereas respondents from Indian Bank displayed higher mean in all other factors.

The study results showed almost no significant difference between State Bank of India and Indian Bank customers, except in one relationship marketing factor 'empathy'. The overall score of relationship marketing found no significant difference between State Bank of India

and Indian Bank customers since both belongs to public sector banks and may be functioning in similar fashion.

5.2.5 Customers perception towards factors of relationship marketing

Findings on customer's perception towards relationship marketing factors are explained in this section.

Bonding

Bonding is the second most important factor of relationship marketing according to findings of this study. Ten statements are used to examine the perception of respondents towards the factor 'bonding'. The findings of the study reveal that overall mean of the factor bonding is 3.35. The dimension of bonding as it applies to relationship marketing consists of developing and enhancing customer satisfaction and customer loyalty. Majority of the customers feel that 'banks   are not encouraging customer complaints. Another finding indicates that majority of the respondents are disagree with the statement that 'the bank keeps in touch constantly'. According to findings, customers agrees that 'employees show respect to customers' and 'banks show a sincere interest in solving problem on time'.

Trust

The findings reveal that trust is the most significant factor of relationship marketing that influences the customers to maintain long term relationships with the banks. The overall mean of trust factor was recorded as 3.86. According to the findings, majority of the customers accepts that 'bank has high integrity and security and has goodwill reputation, bank is trust worthy and consistent in providing quality services.

Communication

The means of six statements are used to examine the perception of respondents towards the factor communication. Research findings indicate that, customers are disagreeing that 'bank communicates frequently' and 'executes public relationship programs. Another finding indicates that, 'bank provides timely and trustworthy information' and 'information provided by the bank is always accurate'.

Conflict Management

According to the present research study, conflict management is the fourth important factor with reference to overall mean scored by the factor. The means of three statements are used to examine the perception of the respondents towards the factor 'conflict management'. Majority of the respondents accepts that 'the bank has the ability to openly discuss solutions when problems arise', 'tries to solve manifest conflicts before they create problems' and 'tries to avoid potential conflicts.

Empathy

The study examined the perception of customers towards the factor 'empathy' by using seven statements. Majority of the respondents feel that, the bank employees provide adequate care and provide the service in agreed time. The respondents also disagree that, the working hours are flexible and adapted to the different types of customers and employees usually follow up each customer individually.

Personalization

The factor personalization has the lowest mean of 3.19 compared to other factors of relationship marketing. Majority of the respondents agrees that, the organization is flexible in serving customer needs. The research findings indicate that, most of the customers are neutral towards personalization factor and banks need to focus on this factor to improve the effectiveness of relationship marketing.

Reciprocity

The study examined the perceptions of customers towards the factor 'reciprocity' by using the means of three statements. Majority of the respondents agrees that the bank keeps its promises and helps customers to solve their difficulties.

Commitment

According to the research, commitment is the second most important factor of relationship marketing. The findings of the study indicate that, customers have strong sense of loyalty towards bank and want to remain a client to enjoy the relationship with the bank.

The following is the ranking of mean scores recorded relating to relationship marketing factors shown in the table 5.2

Table 5.2   Ranking of Relationship Marketing factors Based on Mean scores

Relationship Marketing Factor	Mean	Rank
Trust	3.86	1
Commitment	3.70	2
Reciprocity	3.67	3
Conflict Management	3.47	4
Bonding	3.35	5
Communication	3.31	6
Empathy	3.23	7
Personalization	3.19	8

5.2.6 Relationship Marketing and customer satisfaction

The means of five statements are used to examine the perception of respondents towards the factor customer satisfaction. The findings reveal that, the selected banks are completely meetings of the customer expectations contribute majorly for customer satisfaction. Another important factor that contributes to the customer satisfaction is 'working in a tidy professional way by the employees. The respondents felt that if an organization wanted to build and maintain long-term relationship with the customers, it should cultivate customer satisfaction. The results indicate that there is significant impact of relationship marketing on customer satisfaction.

The analysis of variance displayed significance value less than 0.000 ($p < 0.05$) with F value as 64.710. This shows that the model displayed statistically significant relationship between relationship marketing and customer satisfaction. The t test results conducted in Regression model testing states that bonding, empathy, personalization, reciprocity and commitment has

shown significant value of p (p < 0.05). Another important aspect to note is the insignificance of some of the factors such as trust, communication and conflict management with customer satisfaction. Though some factors show insignificance, most of the factors showed a statistically significant relationship and overall model tested has shown fair amount of variance and significant p values in ANOVA test employed. Based on the results, it can be stated that there is statistically significant relationship between relationship marketing and customer satisfaction.

5.2.7 Relationship Marketing and customer loyalty

The means of eight statements that are used to examine the perception of respondents towards the factor 'Customer Loyalty' ranges between 2.86 and 3.91. The findings reveal that majority of the respondents wants to continue using the services offered by their bank, never seriously considered changing the bank and consider their bank as first choice among other banks in the area. Another finding indicates that, majority of the respondents are neutral towards switching towards competitor bank that offers most attractive benefits/ interest rates/ service charges and when there are problems with the current bank's service.

The t test results conducted in Regression model testing indicates that trust, communication, personalization, reciprocity and commitment has shown significant value of p (p < 0.05). Another important aspect to note is the insignificance of some of the factors such as bonding, conflict management and empathy with customer loyalty. The ANOVA test results of the model tested by using the linear regression analysis displayed significance value less than 0.000 (p<0.05) with F value as 41.621. This shows that the model displayed statistically significant relationship between relationship marketing and customer loyalty.

5.3 IMPLICATIONS OF THE STUDY

The present findings of the work have implications both for bank managers and academic researchers.

5.3.1 Implications for bank managers/ marketing practices

There are several factors of relationship marketing that management of banking service providers can use to improve their specific service delivery process and to establish long-lasting relationships with their customers. Relationship marketing orientation is one of key

strategic issues for managers of Banking institutions for establishing and maintaining long-term relationships with their clients.

This work focused mainly on Relationship Marketing practices and impact on customer satisfaction as well as customer loyalty and proceeds to establish the effect of mediating variables between Relationship Marketing practices and customer loyalty in the banking industry. The empirical results of this study clearly underscore the following.

Customer satisfaction and Customer loyalty would increase with the implementation of Relationship Marketing as strategy.

(1) The finding implies that if a bank wants to achieve a high rate of customer satisfaction and customer loyalty, then Relationship Marketing has to be considered as a strategy. An investment in Relationship Marketing skills is likely to provide the bank with a reasonable return.

(2) To remain competitive and obtain competitive advantages, the bank managers can try to increase relationship and thus customer loyalty by managing each dimension of relationship marketing orientation in the context with the bank customers.

(3) The eight dimensions of the relationship marketing orientation scale may serve training needs for bank staff to develop appropriate training programs that can help to improve their understanding of the activities involved in developing relationship marketing. Specifically, banks must take the necessary steps to improve upon their Personalization factor through training programs.

(4) Bank managers of the selected banks can focus on the factors bonding, conflict management and empathy to improve the effectiveness of relationship marketing to achieve customer loyalty.

(5) Relationship bonding is found to be one of key strategic issues for bank managers for establishing and maintaining long-term relationships with their customers therefore bank managers need to monitor their behaviors and internal processes.

5.3.2 Implications for Academic Research

The work has wider implication for the researchers as it provides conceptual framework of relationship marketing for Indian banking sector, based on thorough review of research

studies. The present research highlights the perception of bank customers towards relationship marketing practices. As the bank customer demographics are constantly changing, extensive survey would be needed to assess the perception of different segments of bank customers.

The study has provided a path to the researchers towards further extending the concept by comparing the impact of relationship marketing on public and private sector banks, foreign banks and co-operative banks.

Any research study is not finality. So, the present one also needs to be refined further. It is clear that more and distinct variables should enter the conceptual frame to fully understand customer perception towards relationship marketing. Furthermore, it is relatively new phenomenon, and as such may require refinement of existent models used to explain the perception towards relationship marketing in Indian banking sector.

5.4 RECOMMENDATIONS

The following are the recommendations made based on the outcomes of the research study.

Since there is no perceptual differences between male and female customers towards factors of relationship marketing, banks can follow common marketing strategies for both male and female.

(i) To enhance bonding with customers, employees have to encourage customer complaints and show sincere interest in solving problems on time.

(ii) By keeping in touch constantly and sending mails in occasions, banks can enhance bonding with customers. Banks should try very hard to establish a long-term relationship with customers to develop deep bonding with customers.

(iii) Since the banks have goodwill reputation and trust worthy in the minds of customers, the trust factor can be maintained by working in close cooperation, providing quality and unique services to the customers.

(iv)   By providing accurate, timely and trustworthy information and information about new services and products, banks can enhance relationship with customer for longer period.

(v)   Banks should also execute public relation programs to strengthen their relationships with key customers.

(vi)   Banks should focus on personalization aspect to improve relationships with customers. Banks can improve the personalization factor of relationship marketing by being flexible in serving customers and offering personalized services to meet customer's needs.

(vii)   Banks should keep its promises and helps customers to solve their difficulties to build reciprocity.

(viii)   One of the fundamental findings of the study is that relationship marketing has significant relationship with both customer satisfaction and customer loyalty. Therefore, it may be recommended that banks should put better efforts towards relationship marketing, would result in a higher level of customer satisfaction and customer loyalty.

(ix)   Bonding can be improved by focusing on customers of (i) the 33-44 age group; (ii) the educational group titled 'SSC or lower'; (iii) the income group below 2 lakhs and (iv) the semi-urban area.

(x)   To establish trust among the customers, bank employees should work in close co-operation with them. Banks should maintain high integrity, security and trustworthiness to maintain trust with the customers. Trust can be improved by focusing on customers of (i) the 33-44 age group; (ii) the educational group titled 'SSC or lower'; (iii) the income group of 5-10 lakhs and (iv) the semi-urban area.

(xi)   By conducting appropriate public relationship programs and communicating frequently with customers, banks can strengthen their position towards communication. Since majority of the respondents are satisfied with the accuracy of the information provided by the banks, banks can provide more accurate and timely information to customers to maintain good relations with them. Communication can be improved by focusing on customers of (i) the 33-44 age group (ii) the educational

group titled 'SSC or lower'; (iii) the income group of below 2 lakhs and (iv) the semi-urban area.

(xii) Since majority of the respondents are satisfied with the conflict management abilities of the banks, the same can be maintained in future also. Conflict management can be improved by focusing on customers of (i) the 33-44 age group; (ii) the educational group titled 'post graduates'; (iii) the income group of below 2 lakhs and (iv)the semi-urban area.

(xiii) Since majority of the respondents are dissatisfied towards the working hours of the banks, banks should change or extend banking hours to suit the requirements of the customers.

(xiv) The factor personalization has the lowest mean compared to other factors of relationship marketing, which indicates that banks should focus more on this factor to improve the effectiveness of relationship marketing. The 'personalization' can be improved by focusing on (i) the 33-44 age group; (ii) the educational group titled 'SSC or lower' ;(iii) the income group below Rs. 2 lakh and (iv) the 'semi urban' area.

(xv) The element reciprocity can be improved by helping the customer to solve his/her difficulties. The factor 'reciprocity' can be improved by focusing on the customers of (i) the 27-32 age group; (ii) the educational qualifications with 'post-graduation'; (iii) the income group 'above 10 lakh and (iv) the semi-urban area.

(xvi) Banks should always look out for the interests of the customers to create a strong sense of commitment towards bank and makes him to remain a client to enjoy the relationship. The factor 'commitment' can be improved by focusing on the customers of (i) the 27-32 age group; (ii) the educational qualifications with 'post-graduation'; (iii) the income group 'above 10 lakh and (iv) the semi-urban area.

(xvii) Employees should be encouraged to consider the long-term effects of how they treat customers, rather than viewing the customers as a onetime buyer.

(xviii) Results of the study revealed that there is a significant relationship between relationship marketing and customer satisfaction. Trust, communication and conflict management are the key factors to be focused by the banks to improve customer satisfaction of the customers.

(xix)   There is significant relationship between relationship marketing and customer loyalty. By focusing on the factors bonding, conflict management and empathy, banks can create customer loyalty.

5.5 LIMITATIONS OF THE STUDY

- This study is limited to the extent that it covered the customers of only 2 public sector banks of Chittoor district of Andhra Pradesh. The study recommends that future research should include more banks so that the findings could be more generally applicable to the entire banking industry.

- The study also excluded the rural banks, private sector banks, foreign banks and co-operative banks.

- The study again was only limited to the banking industry which is only an aspect of the financial services industry. Future research on the topic could go beyond the banking industry and look at the financial services industry as a whole.

- The data was collected using convenience sampling method and the bank customers were taken as a sample population, which have resulted in sampling biases. These limitations hamper the generalization of the results of the study.

In overall, there are some limitations indicated in this study which encountered by researchers. However, it does not affect the overall result of this study. The underlying reason is the limitations can lay a background for future study as having a better understanding on the effectiveness of relationship marketing practices in Indian banking sector.

5.6 FUTURE RESEARCH DIRECTIONS

The study has important implications for future research on the use of relationship marketing practices which were listed as follows.

- The present study confines only to the impact of various dimensions of relationship marketing on customer satisfaction and customer loyalty in selected public sector

banks. In future, this study can be enhanced by studying the impact of relationship marketing dimensions of comparing private sector banks and public sector banks.

- Similarly, a study can be conducted to study about the impact of relationship marketing on customer loyalty of foreign banks and co-operative banks.

- The present research has chosen a convenience sample method in line with the sampling method adopted in previous studies reviewed in the area of relationship marketing. Further research can be conducted using probabilistic sampling methods.

- The present study refers to Chittor district only. The further research can consider the four districts of Rayalaseema region or entire state of Andhra Pradesh to have a better understanding of the topic.

- Future research should examine the effect of relationship marketing orientation on business performance as multidimensional construct.

- Future research should be extended to other sectors of finance and services such as insurance, hotels, hospitals etc.

5.7 CONCLUSION

Changes in the operating environment (e.g. regulation, computerized systems) as well as changes in sources of revenues (e.g. revenues derived from fee-based incomes) are strong motives for banks' adoption of relationship marketing strategies. Therefore, more than ever before, managers in the financial services industry must understand their customers so that they can better meet their best customer' needs and prevent them from switching to other companies. Any approach that addresses these issues is likely to meet with a great deal of interest, and relationship marketing has proven to be one of the most successful approaches. Relationship marketing adopts a customer focus and the benefits of strong relationships with key customers include increased profit through reduced risk, improved communication links, and referrals and an increase in customer satisfaction leading to more loyal customers. This research provides empirical evidence for the influence on customer loyalty of eight underpinnings of relationship marketing: trust, commitment, communication, conflict handling, bonding, shared values, empathy and reciprocity. This study adds value to the literature by empirically investigating the impact of relationship marketing underpinnings on customer loyalty in the banking industry. According to the results of this study, banks wishing

to retain and develop loyal customers should be trustworthy and committed to the service ethic, should communicate timely and accurately, and must resolve conflicts in a manner that will eliminate unnecessary loss and inconvenience to customers. It has been suggested that loyal customers are valuable communicators of favorable word-of-mouth about organizations or products to which they feel loyal. Trust is an important ingredient in firm-customer relationships and ultimately in the development of loyalty. Therefore, banks that desire to build loyal customers should strive to earn customers' trust. By giving and keeping promises, showing concern for the security of customer transactions, providing quality services, showing respect for customers, fulfilling obligations to customers, and striving always to enhance customers' confidence, banks can earn customers' trust and, as a result, can make them loyal. Another critical factor in building customer loyalty is commitment. Specific ways to demonstrate commitment include, offering both customized and flexible services. It means accommodating to customers' needs, tailoring products to requirements, and being generally flexible in customer relationships. Banks should recognize the potency of service commitment in keeping loyal customers, and act accordingly. In order for banks to survive in any economy, they should also be able to provide timely and reliable information for customers. Effective communication predisposes customers to stay with a provider of banking services. Loyalty can be nurtured by providing timely and reliable information, for example about the uses and benefits of new banking services or about the status of transactions. It can also be reinforced by the provision of honest information on what the bank is doing about existing problems and what it does to forestall potential ones. Lastly, customers tend to be loyal to banks that combine proactive steps towards conflict resolution with satisfactory responses to manifest problems. This results when the organization is capable of avoiding potential conflicts, or becoming proactive in dealing with conflicts when they do arise. This research focused on the impact of relationship marketing on customer satisfaction and customer loyalty. The results of the study indicate that, there is no perceptual difference between male and female customers. Age, education and family annual income has significant influence on the perception towards relationship marketing in selected banks. There is significant influence of location of the bank customers towards relationship marketing practices of selected banks. Urban area customers are more significant towards relationship marketing practices compared to semi-urban area customers. Another finding of the study is

that, there are no significant perceptual difference between customers of State Bank of India and Indian Bank.

In this study, based on previous researches classified 8 factors, bonding, commitment, trust, communication, conflict management, personalization, empathy and reciprocity for relationship marketing, and relation of these factors with customer satisfaction are studied. Results indicated that 5 factors bonding, personalization, empathy, respectively and commitment had significant effect on customer satisfaction, but trust, communication and conflict management have insignificant relationship with Bank's customer satisfaction.

Consumer loyalty is seen as the key factor in winning bank share and developing a sustainable competitive advantage. The relationship marketing factors trust, communication, personalization, reciprocity and commitment had significant impact on customer loyalty of using services in public sector banks in Chittoor district. In fact, results shows that hypotheses are confirmed by their positive instances. Also, this finding is in line with the hypothesis showed that the relationship marketing had high influence on customer loyalty.

In this highly competitive environment, banks must pay more attention to gaining and maintaining customer satisfaction and customer's loyalty in order to retain competitive advantage. Consequently, Relationship Marketing is a **key** strategy for banks to achieve success.

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QUESTIONNAIRE

Name:

Gender: [ ] Male   [ ] Female

Your Account is with: [ ] State Bank of India [ ] Indian Bank

Branch: _____

Age: _____ years

Years of relationship with your present bank:_____ years

The Products you are using from your Bank

[ ] Savings Account   [ ] Current Account

[ ] Debit card   [ ] Credit card

[ ] Personal loan   [ ] Auto loan   [ ] Educational loan   [ ] Home loan   [ ] Business Loan

Other: _____ (Specify)

The Services you are using from your Bank

[ ] Internet/online Banking   [ ] SMS facility   [ ] Cheque Book   [ ] ATM

Other: _____

How frequent you visit your Bank?

[ ] Weekly   [ ] Fortnightly [ ] Monthly   [ ] Occasionally   [ ] Very Rare

Educational Qualifications:

[ ] S.S.C. or lower   [ ] Below Graduation [ ] Graduation   [ ]   P.G.

Marital Status: [ ] Unmarried   [ ]   Recently Married

[ ] Married, having children

Family Annual Income:

[ ] Below 2 lakhs   [ ] 2 – 5 lakhs   [ ] 5 – 10 lakhs   [ ] above 10 lakhs

Strongly Disagree (1), Disagree (2), Neutral (3), Agree (4), Strongly Agree (5)

S.No	CIRCLE the number, expressing your opinions on the statements presented below.	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	Bonding with your Bank					
1	Bank sends mail in occasions	1	2	3	4	5
2	Employees show respect to customers	1	2	3	4	5
3	Bank has well defined standards for customers contact	1	2	3	4	5
4	Encourage customers' complaints	1	2	3	4	5
5	Bank show a sincere interest in solving problem on time	1	2	3	4	5
6	Try hard to understand customers' needs constantly	1	2	3	4	5
7	Bank always search most reasonably priced solution for me	1	2	3	4	5
8	Employees will search for the best services for me	1	2	3	4	5
9	The bank keeps in touch constantly	1	2	3	4	5
10	The bank tries very hard to establish a long-term relationship	1	2	3	4	5

S.No	**CIRCLE** the number, expressing your opinions on the statements presented below.	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	Trust on your Bank					
1	Bank has high integrity and security	1	2	3	4	5
2	Work in close cooperation	1	2	3	4	5
3	Bank has good will reputation	1	2	3	4	5
4	Bank is trust worthy	1	2	3	4	5
5	Consistent in providing quality services	1	2	3	4	5
6	Bank is reliable in providing unique services	1	2	3	4	5
7	Based on my experience, I believe the bank trustworthiness	1	2	3	4	5
	Communications from your Bank					
1	Bank communicate frequently	1	2	3	4	5
2	Bank provides timely and trustworthy information	1	2	3	4	5
3	Bank executes public relation programs	1	2	3	4	5
4	Staff communicates in friendly manner	1	2	3	4	5
5	Information provided by the bank is always accurate	1	2	3	4	5
6	Bank provides information about new services and products	1	2	3	4	5
	Conflict Management					
1	The Bank tries to avoid potential conflicts.	1	2	3	4	5
2	The Bank tries to solve manifest conflicts before they create problems	1	2	3	4	5
3	The Bank has the ability to openly discuss solutions when problems arise.	1	2	3	4	5

S.No	**CIRCLE** the number, expressing your opinions on the statements presented below.	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	Empathy					
1	The Bank employees exercise goodwill when dealing with customers.	1	2	3	4	5
2	The Bank employees try to put themselves in the customer's position.	1	2	3	4	5
3	The Bank employees provide adequate care and attention to customers.	1	2	3	4	5
4	The Bank employees show compassion to customers.	1	2	3	4	5
5	The employees provide the service in the agreed time	1	2	3	4	5
6	The working hours are flexible and adapted to the different types of customers	1	2	3	4	5
7	The Bank employees usually follow up each customer individually	1	2	3	4	5
	Personalization					
1	The organization makes adjustments to suit my needs.	1	2	3	4	5
2	The organization offers personalized services to meet customer's needs.	1	2	3	4	5
3	The organization is flexible when its services are changed.	1	2	3	4	5
4	The organization is flexible in serving my needs.	1	2	3	4	5
	Reciprocity					
1	The bank helps me to solve difficulties, so I am responsible to repay their kindness	1	2	3	4	5
2	I always regard ``never forget a good turn'' as something I hold dear and I owe the bank one	1	2	3	4	5

3	The bank keeps its promises	1	2	3	4	5
	Commitment					
1	Remain a client to enjoy the relationship	1	2	3	4	5
2	Feel bank is looking out for my interests	1	2	3	4	5
3	I have strong sense of loyalty towards bank	1	2	3	4	5

S.No	**CIRCLE** the number, expressing your opinions on the statements presented below.	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	SATISFACTION					
1	Bank completely meets my expectations	1	2	3	4	5
2	Bank show a sincere interest in solving complaints	1	2	3	4	5
3	Employees work in a tidy professional way	1	2	3	4	5
4	Satisfied with all services offered	1	2	3	4	5
5	Bank try very hard to establish long term relationship	1	2	3	4	5
	LOYALTY					
1	I have never seriously considered changing the bank	1	2	3	4	5
2	I consider myself to be a loyal customer of this bank	1	2	3	4	5
3	I will continue using the services offered by this bank.	1	2	3	4	5
4	I will use other products / services offered by this bank in the future	1	2	3	4	5
5	I recommend my bank to others.	1	2	3	4	5
6	I will switch to competitor bank that offers more attractive benefits/interest rates/ service charges. *	1	2	3	4	5
7	I will switch to a competitor bank when there are problems with the current bank's service. *	1	2	3	4	5

8	I consider this bank as first choice among other banks in the area	1	2	3	4	5

Signature of the Respondent

* * * THANK YOU * * *

Appendix-B

List of Public Sector Banks in Chittoor District,

Andhra Pradesh.

Name of Bank	Number of Branches
State Bank of India	50
Indian Bank	42
Andhra Bank	36
Syndicate Bank	14
State Bank of Hyderabad	11
Canara Bank	10
Indian Overseas Bank	10
Union Bank of India	7
Bank of Baroda	6
Bank of India	6
Corporation Bank	5
Vijaya Bank	5
UCO Bank	5
Central Bank of India	4
State Bank of Mysore	4
Allahabad Bank	2
Oriental Bank of Commerce	2
Punjab National Bank	2
United Bank of India	2
Bank of Maharashtra	1
State Bank of Travancore	1
Dena Bank	1

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