

EFFECT OF RELATIONSHIP MARKETING ON CUSTOMER SATISFACTION IN BANKS

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Abstract

Customers are the heartbeat of every business; therefore, developing a healthy relationship with them is important to the success of all business. Maintaining a healthy customer relationship with customers will help in sustaining the performance of business. The objective of this paper is to examine the effect of relationship marketing on customer satisfaction with the reference of banks. Tamilnadu, Cuddalore district public and private bank customers are selected as sampling areas. The sample size is fixed the sample size of 440. This sample respondent is selected using the convenience sampling techniques. Descriptive statistics and multiple regression are applied to describes relationship between variables. It is found that the relationship marketing dimensions are having significant effect on the customer satisfaction.

Key Words: Relationship marketing, Customer Satisfaction, Banks, Customer communication

Introduction

Nowadays banks have adopted the customized marketing strategies rather than the mass marketing program. Providing exactly what customers want and maintaining a proper communication with them increases the satisfaction level of the customers. Developing a relationship with clients is crucial for improving the way they relate to the company. Banks ensured that there is a steady flow of information on deals, events, and products via email, websites or social media to guarantee a continuous connection to their business and like that web site is easy to navigate, user-friendly, and contains all product information needed by the customers.

The primary focus of relationship marketing is to build the closer relationships with customers it is strategy to overcome problems such as obtaining global competitive advantage, coping with rapidly changing technologies and reducing time-to-time market of new products. Relationship marketing is attracting, maintaining and enlarging customer relationships. The marketing mind-set is that the attraction of new customers is surely the first step in the marketing process. Marketers have become interested in the potential of relationship marketing activities to deliver enlarged value of the customer over and above the firm's product or service offering. Building strong customer relationships offer a significant competitive advantage due to the difficulty of direct imitation by competitors.

Relationship marketing is essentially about the advantages and threats of engage in and sustaining mutually useful exchange relationships. Relationship marketing is more beneficial for a company to engage with existing customers, and to increase customer loyalty and try to attract new customers. Relationship marketing is defined as the identification, establishment, maintenance, enlargement, modification and termination of relationships with customers to form value of customers and profit for organization by a series of relational exchanges that have both a history and a future. More specifically, managing an effective relationship in a consumer context is considered to be even more challenging than it is in a business context, given the generally more polygamous character of consumers as objected to business customers.

Customer service is expected to follow similar actions, advice, sales of complementary products, etc. Phase of relationship development aims to achieve significant growth in the value relation. This is also necessary in the higher investment relationship.

The expected result is the strength of the relationship. This is mainly influenced by customer satisfaction, strength of competition and quality of service. Philosophical view defines relationship marketing in the definition of the lifecycle of a customer relationship focused on the impact of the integration of consumers and employees to the business to best meet the needs of customers in the target segment. Strategic insight is understood as relationship marketing activities aimed at existing customers to keep them secure from economic, technological, psychological, geographical and temporal aspects. Tactical perspective considers relationship marketing as a tool for promoting sales and negotiation with customers.

Customer satisfaction, as suggested by empirical evidences, tends to improve repeat business, usage levels, future revenues, positive word of mouth, reservation prices, market share, productivity, cross-buying, cost competitiveness, and long-term growth and if it tends to reduce customer complaints, transaction costs, defective goods, price elasticity, warranty costs, field service costs, customer defection, and employee turnover, it seems logical to expect that these effects will eventually affect stock prices and company valuations (Fornell et al., 2006). Companies and firms have recognized that through exceeding customer expectations is a worthy goal, exceeding those expectations profitability is necessary for long-term corporate viability. In order to understand corporate profitability, there is also a need to understand what drives shareholder value in organizations. In the current trends, companies are focusing on the relationships between employee satisfaction, customer satisfaction and corporate profitability (Epstein & Jones, 2000). A strong relationship and tie should be established and maintained in the process of achieving high customer satisfaction. Hence there is a need for to develop customer satisfaction through relationship marketing. This paper focused the relationship marketing elements such as customer welfare, communication, commitment, employee behaviour, customer grievance and care and customer bonding are how influenced by customer satisfaction.

Research Methodology

The primary aim of this present paper is examined the effects of relationship marketing on customer satisfaction with references of Public and Private Banks. Here relationship marketing Where, customer behavior is examined through customer welfare, communication, commitment, employee behaviour, customer grievance and care, customer bonding, customer satisfaction, loyalty, trust and perceived performance. This paper is descriptive in nature and the techniques are applied in this paper is survey research. In this paper, Cuddalore district public and private bank customers are selected, those who are all have bank account. The required sample size is 400. Expectation the 10 percent of non-

response or non-corporative, so the research fixed the sample size of 440. This sample respondent is selected using the convenience sampling techniques. Descriptive statistics is used to describe the sample, to show the numbers and percentage of the items falling in categories. Multiple regression is applied to describes relationship between variables. It has been applied to measure the independent variable effect on the dependent variables.

Result and analysis

Table 1 Respondents Opinion towards Customer satisfaction

Statements	Mean	S.D
Bank completely meets my expectations,	5.01	1.58
Bank show a sincere interest in solving complaints,	4.40	1.70
Employees work in a tidy professional way,	4.96	1.35
Satisfied with all services offered,	5.06	1.47
Bank try very hard to establish long term relationship	4.73	1.74

Source: primary data computed

Table 1 explains the respondent's opinion towards customer satisfaction with the banks. Customer Satisfaction has been measured with the five statements. Respondents are asked to rate their opinion for each statements. Mean and standard deviation values are calculated for each statement. The mean values are ranged between 5.06 to 4.40. From the mean values, the customer are expressed that they are satisfied with all service offered by the bank , which is secured higher mean score (5.06) followed by bank completely meet their expectation (5.01), the bank employee work in tidy the professional way (4.96) and the bank try very hard to establish long term relationship (4.73) and the bank shows a sincere interest in solving problem (4.40). It is found that the customer are satisfied with all service offered by the bank and the bank completely meet the expectation of customers. The calculated Standard deviation value indicates that the customer opinion towards the customer satisfaction factors is found to be similar level. It shows that the respondents are satisfied with promised services done by the banks.

Table 2 Effect of relationship marketing elements on customer satisfaction

R-Value	R-Square Value	Adjusted R- Square Value	F-Value	P-Value
0.747	0.558	0.552	85.914	0.001

Relationship marketing	B	Std. Error	Beta	t- Value	P-Value
Constant	1.832	0.959	_	1.910	0.057**
Customer welfare	-0.026	0.041	-0.023	-0.633	0.527**
Communication	0.046	0.033	0.057	1.387	0.166**
Relationship commitment	-0.014	0.042	-0.017	-0.332	0.740**
Work behaviour	0.058	0.042	0.059	1.381	0.168**
Customer grievance and care	0.142	0.037	0.199	3.810	0.001*
Customer Bonding	0.182	0.068	0.201	3.948	0.0001*

Source: Primary data computed*significant at one percent level;
**significant at Five percent level; Not – significant

Table 2 explains the effect of relationship marketing elements on customer satisfaction.

Ho: Relationship marketing elements are not influencing the customer satisfaction.

In order to examine the above stated hypothesis, multiple linear regression has been applied. Here, the relationship marketing elements namely customer welfare, communication, responsibility, work behavior, customer grievance care and customer bonding are considered as independent variables and customer satisfaction is treated as dependent variable. Further, the analysis has been done. From the model summary, the p-value is found to be (0.001), which is significant at one percent level. It shows that the independent variables, such as customer welfare, communication, relationship commitment, work behavior, customer grievance and care and bonding are significantly influenced the customer satisfaction. Hence, the stated hypothesis is rejected. Further, the r-square value is found to be 0.558. It is inferred that the relationship marketing elements, are influenced at 55.8 percent level on the customer satisfaction. The standardized co-efficient beta value indicates the relative importance of predictors of customer satisfaction is expressed by the equation.

$$\text{Customer satisfaction} = 1.832 + 0.182(\text{Bonding}) + 0.142(\text{Customer grievance and care})$$

This equation is explained that the other factors remain constant. Customer Grievance care are having positive impact on customer satisfaction. It shows, to have one unit increase in customer satisfaction, the customer bonding with the bank has to be increased by 0.182 and customer grievance care increased by 0.142, it is clearly indicates that the relationship marketing dimension are having significant effect on the customer satisfaction. However, customer bonding and customer grievance and care is the predictor elements of customer satisfaction.

Peters Silvia, et.al. (2005) found out that employee empowerment practices at the bank enable the employees to influence customers' perception of relationship marketing positively, due to their control

over the service delivery process, which leads to customers' satisfaction. The nature of the organizational structure also influence the character of the services delivered through their employees regarding the free flow of information all around the banks. Relationship marketing is found to be a strong predictor of customer satisfaction (Cronin and Taylor, 1992; Cronin, et al., 2001; Dabholkar, et al., 2000). In traditional retail banking relationship marketing dimensions of relational performance, core performance and feature performance were found to be significant predictors of customer satisfaction (Levesque & McDougall, 1996). Various studies have been conducted in similar area, where in banking relationship marketing dimension have been tested as predictors of customer satisfaction (Krepapa, et al., 2003; Ndubisi & Wah, 2005).

Recommendation and Conclusion

The Relationship Marketing ensures the long-term retention of the customer. When the company focuses on increasing the customer satisfaction by providing exactly what the customer wants, then the customer is likely to stay longer with the company. This paper concluded that the bank satisfied with all service offered to customer and the bank completely met the expectation of customers, it is rated higher among the respondents. The calculated co-efficient variation for bank employee work in a tidy professional way is found to be low. It shows that the respondents are satisfied with promised services done by the banks. It is clearly indicated that the relationship marketing dimensions are having significant effect on the customer satisfaction. However, customer bonding Customer grievance and care dimensions strongly predicting the customer satisfaction. But, commitment, trust, customer bonding and work behaviour do not predict the customer satisfaction.

It is suggested that the bank must focus on improving core and value added relationship marketing to enrich their customer satisfaction which will result in higher customer loyalty. If the bank improving customer service that has led to the increase in number of new customers, maintenance of existing customers, increase in loan disbursement, easy and safe payment, increase in profitability, increase in market share, increase in revenue and reduction in expenditure.

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