



# Relationship Marketing in Banking Sector – A Comparison Between Public and Private Banks

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## ABSTRACT

Relationship marketing is the wide concept and important in modern times for better competition in the recent times. Berry (1983) introduced the term relationship marketing. Later on many research and debates conducted on the relationship marketing and the challenges and major issues faced by the service provider in order to maintain their customers. This paper attempt to summarize the Impact of relationship marketing on banking sector and comparison is made in order to understand about the status of relationship marketing in public and private banks.

## Introduction

Globalization brings many changes in each and every sector. It has great impact on the marketing sector too. With the advancement of technology today the customers are more aware and they have many options to select. So in order to satisfy the needs, customers' switch their products and services and move towards the better option. In order to maintain the customer loyalty towards the product and services companies'

follows many techniques. In 1983 Berry introduce the term relationship marketing for the service marketing. This term is mainly introduced for obtaining direct response of marketing campaigns that directly draw attention towards the customer loyalty and customer satisfaction.

Relationship marketing has struck out the past 10 years with the burst of intensity. The interest of the scholars in the concept of relationship marketing got

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off to the extent that today the relationship marketing concept become major key issue in the marketing sector. For the better development and to settle down in the today's marketing sector it become important for the companies to adopt the relationship marketing strategy. The relationship marketing concept is used to describe the different marketing statics and helps the companies to settle down in competitive market.

The traditional marketing approach becomes less popular in support of relationship marketing from past few years. As the relationship marketing binds the customer and companies directly and highlights the idea of creating common experience. The concept of relationship marketing brings the answers, reaction and change in the economic and environmental marketing.

The concept of relationship marketing is very important because -:

Firstly due to globalization every marketing sector becomes integrated and customers have more choices so it is difficult to maintain the customer loyalty. In order to maintain the customer loyalty the companies have to maintain the good relationship with them the concept of relationship marketing helps them to do this. Secondly, with the passage of time technology is developing very fast and this will helps in better exchange about the problems and needs of the customer and the concept of relationship marketing helps the companies to maintain the better relationship with their customers.

In the service industry relationship marketing play very important role especially in those sector which involve complex and highly intangible services like banking sector. Banks are considering as most important part for economic and financial development the country. The country's success depends upon the banks of the country and the banks success depends upon the customer satisfaction and loyalty which is greatly influenced by the concept of relationship marketing.

The traditional banking involves only lending and depositing of money but in modern due to globalization and due to the development of technology today's customer is more aware about the services available around the world due to which they expect better services from the bank. As the banking sector is the sector whose base is customer so they have to pay more attention towards the customer satisfaction in order to

maintain their customer loyalty towards them. For this the concept of relationship marketing is very important in today's time.

## Review of Literature

The literature of relationship marketing is very wide and talks over about the effect of it on customer loyalty, its advantages and need of it in today's marketing sector. Berry (1983) introduced the term relationship marketing. He believed that customer is the backbone of market and the relationship between the customer and service provider is important. In similar manner Jain (2002) believed that customer relationship marketing became very important for the service provider and firms for intensify competitive edge in the modern business world. Mittal (2006) talked over about the evolution of relationship marketing. He strongly believed that in the modern business world the ultimate motive of companies is not to earn profit only but the major challenge for them to maintain the customer towards them in which concept of relationship marketing helps them a lot because relationship marketing concept is directly proportional to the customer satisfaction which helps the companies to earn more profit. Similarly, Seth (2012) drew to an end that scope of relationship marketing is very wide as it extends up to many market segments. Dibb & Meadows (2001), Modhi (2018) & Gronroos (2017) suggested that banks should organize the public and employees' awareness programs in order to alert them about the new tactics and technology and improve the communication skills between them that will help to maintain the good relationship between them. Rich(2000) discussed that the evolution from transition marketing to relationship marketing brings drastic change in the technology and had resulted in need of more rigorous databases and current computerized tracking systems. As the concept of relationship marketing is purely customer oriented and in the modern world of technology is very important because with the globalization technology developed to vast extent so Chirica (2013) culminated that changes in the system brings more effect on the customer satisfaction. Moreover, Priya (2015) concluded that banks should have switch to the new technology and techniques instead of traditional methods that

will help them to earn more profits. In same manner, Visalakshi & Kasilingam (2017) suggested that banks have to make changes in their current techniques and have to go with the flow of technology in order to easy and better understand and maintain the loyalty of customers towards their bank. In 2018 Madan, Agrawal & Matta conducted the study and came to an end that private sector banks are more reliable in providing services because employees of private sector banks are more aware about the use of technology. So in order to maintain the customer loyalty towards them public sector banks has to give proper training to their employees. Moreover, Gummesson (2012) discuss about the number of problems and he suggested that proper awareness programs are to be needed for better understanding and implementation of relationship marketing concept. Sivesan (2012) conducted the research between relationship marketing and customer loyalty and came to end that there is the positive relationship between customer loyalty and relationship marketing. Moreover, Sivesan & Achchuthan (2012) & Hasan (2019) conducted the research and culminated that there are some factors on which relationship marketing depends i.e. Trust, Communication, Conflict handling & Commitment. However, Dash & Rajshekar (2013) came to an end that there are main five factors that affect the relationship marketing out of which there is lot of difference between the perception and expectations regarding the three factors i.e. communication, bonding & conflict handling. In like manner Husnain & Akhtar (2015) found the four major factors (trust, commitment, communication & conflict handling) that had impact on customer loyalty. In 2019, Garpasha, Zende & Iranzadeh conducted the study on Iranian bank and drew to an end that there are certain factors on which customer satisfaction depends and these factors have positive relationship with relationship marketing. Furthermore, Chatterjee (2019) conducted the extensive literature review and came to an end that bank provide attention towards the customer satisfaction by focusing on the certain factors like trust, commitment, communication, social bonding & empathy. In same manner, Banna & Rahman (2020) came to an end that there are certain factors of relationship marketing on which customer loyalty depends. Moreover, In Harun, Noor & Rahman (2008) conducted the study on the insurance sector and con-

cluded that there are certain factors that affect the relationship marketing and helps in customer satisfaction. Similarly Constantin (2009) studied about the impact of crisis on the insurance sector and he believed that there is obligatory or to set in rehearse avoid as possible to overcome from the bad effect of economic crisis. As believed that relationship marketing brings notable interest and this will increase in future with passage of time. Moreover, Areqia, Mahrakani, Zamil & Rumman (2019) conducted the analysis on the Jordanian Bank and drew to a close that bank employees have to pay more attention towards the customer satisfaction in order to promote relationship marketing. In a like manner Pebrianti, Tanwaria & Ahmadi (2021) conducted the analysis on the BCA Bank of Indonesia and concludes that customer involvement will leads to more satisfaction of the customer and helps in promoting relationship marketing. Yadav, Singh (2018) culminated that relationship marketing and relationship quality act as the precursor of customer loyalty. Leverin & Liljander (2006) believed that relationship marketing are more valuable for profit segment and bank managers would have to adopt better strategies for different segments. Likewise, Palmatier, Scheer, Evans & Arnold (2008) came to an end that relationship marketing helps in improving the financial outcomes along with the customers' satisfaction. Moreover, Ok & P (2019) concluded that relationship marketing strategies and customer perceived service both will have positive impact on service quality. In the same manner Madan, Agrawal & Matta (2015) culminated that relationship marketing gave way to the bank in order to make long term relation with customer and help in reducing the operation cost and make beneficial for the bank. Weitz & Jap (2012) believed that we need to grow a better grip on concept of relationship marketing.

## Relationship Marketing Variables

**TRUST** simply means the belief on honesty and ability of someone. According to Morgan and Hunt (1994) trust is the belief of one party for the fulfillment of their needs on another party by the action of another party. **BONDING** In simple words, bonding means creation of a link between the two parties on the basis of experiences or interests. Callaghan et al.,(1995), A

bonding is the dimension of business in which two parties work together and trust each other for fulfillment of their desired goals. **COMMUNICATION** simply means that exchanging of ideas and thoughts between the two persons. In the concept of relationship marketing communication means providing valuable information to the customer and keeping in touch with the customer in order to maintain the trust with them and providing recent solution to them if and problem occurs (Ndubisi,2007). **SATISFACTION** Customer satisfaction is very important variable of relationship marketing in order to maintain the customer loyalty. Satisfaction basically means the fulfillment of one's needs. Loyalty and satisfaction are related the two sides of coins. According to Strauss & Corbin (1997) higher the satisfaction higher will be the customer loyalty. **COMMITMENT** is the worth of being dedicated towards something. According to Morgan and Hunt (1994), Commitment is the important variable of relationship marketing tactics as it predicts the future purchase frequency and helps in maintaining and creating customer loyalty. **LOYALTY** Customer loyalty is very important factor because now days everything is depended on the customer and companies profit is directly depend upon them. Customer loyalty is very wider term and many debates are going on in order to explain the customer loyalty. Jacoby & Kyrer (1973) explained about the customer loyalty. They believed that customer loyalty is the behavioral response with respect to one or more alternative brands.

## Research Methodology:

### Data collection and Sampling

For this study data was collected from the customers' of the public and private sector banks located in north region of India using assembled questionnaire. The data collected from the customers was regarding the impact of relationship marketing on customer loyalty in banking sector. Responses for all the factors were requested on a seven-point Likert scale ranging from 1 (strongly disagree) to 7 (strongly agree). The questionnaires were distributed to the respondents through Google forms. Out of distributed questionnaire all were completely filled and counted for 148 in total. The response rate

was not an issue because questionnaires were sample includes only those customers who had been consistently uses the services provided by the bank.

## Profile of Respondents

Table 1:

	Category	Frequency	Percentage (%)	Cumulative Percentage (%)
Gender	Male	63	42.567	42.567
	Female	85	57.433	100
	Total	148	100	
Age	18-25	74	50	50
	26-35	36	24.324	74.324
	36-45	21	14.189	88.513
	45-above	17	11.487	100
	Total	148	100	
Educational Qualification	Senior Secondary	26	17.567	17.567
	Graduation	56	37.837	55.404
	Post-Graduation	47	31.756	87.16
	Any Other	19	12.837	100
	Total	148	100	
Marital Status	Married	67	45.270	45.270
	Unmarried	81	54.729	100
	Total	148	100	
Locality	Urban	70	47.297	47.297
	Semi Urban	45	30.405	77.702
	Rural	33	22.299	100
	Total	148	100	
Bank	Public	92	62.162	62.162
	Private	56	37.837	100
	Total	148	100	

## Measure

In this study we take different factors that have impact on the customer satisfaction and customer loyalty. On the basis existing literature six dimensions of relationship marketing have been taken i.e. Bonding, Trust, Communication, Satisfaction, and Commitment.

## Reliability

VARIANCE	CRONBACH'S ALPHA
Bonding	0.903
Trust	0.887
Communication	0.731
Satisfaction	0.912
Commitment	0.849

## Analysis

According to Morgan and Hunt (1994) trust is the willingness to rely on an exchange partner in whom one has confidence. So, the bank which fulfills customers' needs and gains the confidence of customer for sure stands for the strong competition. There are many marketing tactics that have effect on towards the service provider. In order to find out the difference between the relationship tactics followed in the public and private sector banks, we conducted the analysis by focusing on the six main factors that mainly affect the relationship marketing and on which the concept of relationship marketing relays.

In order to find out the impact of relationship marketing on customer loyalty in banking sector (both public and private banks) T-test was performed. The result are given consideration in the below table

VARIANCE		Levene's Test For Equality of Variance				T-test for Equality of Means		95% of Confidence Interval of Difference		
		F	Sig.	t	DF.	Sig. (2tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Bonding	Equal Variance Assumed	.099	.754	.050	146	.960	.01290	.25610	-.49412	.51992
	Equal Variance Not Assumed			.049	47.201	.961	.01290	.26256	-.51524	.54104
Trust	Equal Variance Assumed	3.091	.081	1.341	146	.182	.32043	.23889	-.15252	.79338
	Equal Variance Not Assumed			1.160	40.07	.253	.32043	.27632	-.23801	.87887
Communication	Equal Variance Assumed	.654	.420	-.067	146	.947	-.01640	.24425	-.49996	.46716
	Equal Variance Not Assumed			-.063	44.654	.950	-.06140	.25992	-.54001	.50722
Satisfaction	Equal Variance Assumed	3.530	.063	.570	146	.570	.14903	.26131	-.36830	.66637
	Equal Variance Not Assumed			.475	38.454	.637	.14903	.31351	-.48538	.78345
Commitment	Equal Variance Assumed	1.542	.217	.353	146	.717	.09319	.25678	-.41517	.60155
	Equal Variance Not Assumed			.319	40.840	.752	.09319	.29236	-.49732	.68370
Loyalty	Equal Variance Assumed	2.466	.119	.447	146	.656	.11957	.26759	-.41019	.64933
	Equal Variance Not Assumed			.391	40.640	.698	.11957	.30590	-.49837	.73751

From this table we found the result that

- BONDING- Since the significant calculated value is 0.754 which is more than the 0.05. So, there is no significant difference of the bonding on the relationship between the employees and customers of public and private sector bank.
- TRUST- There is no significant difference of trust on the relationship between the employees and customers of public and private sector of bank because the significant calculated value i.e. 0.81 is more than 0.05.
- COMMUNICATION- Since the significant calculated value i.e. 0.420 is more than 0.05. So, there is no sufficient evidence to conclude that there is difference of communication between the employees and customers of public and private sector banks.
- SATISFACTION- As the calculated value is 0.63 which is more than 0.05. From this it is concluded that there is no significant difference of relationship between the employees and customers of public and private sector banks on the basis of satisfaction.
- COMMITMENT- Considering that there is no significant difference in the relationship between the employees and customers of public and private sector bank on the basis of commitment. Because the calculated value 0.217 is more than 0.05
- LOYALTY- there is no significant difference in the relationship between the employees and customers of public and private sector bank on the basis of loyalty as the calculated value is 0.119 which is more than 0.05.

## Conclusion

As the relationship marketing and tactics become very important in the present scenario because today the marketing sector become customer oriented. In 1983 Berry introduced the term relationship marketing. Lots of research, reviews and debates are done on the concept and introduction and implementation of this concept face lots of problem in each and every sector of market. From the transition marketing to the relationship marketing there were many difficulties faced by every sector. We conducted the analysis in order to check the status of relationship marketing in public

and private banks. We came to an end that there is no difference between the status of relationship marketing in public and private banks as both are equable in providing the quality services to their customer and maintain the good relationship with their customers. As public sector banks are more trustworthy and people deals most in public banks. So private sector has to pay more attention towards the relationship quality tactics. But from our study it is concluded that both the sector pay equal attention and customers are equally satisfied from both the banks i.e. public and private.

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