Customer Perspectives on Relationship Marketing in Thrissur Based Banks

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Abstract

Customer Relationship Marketing is a business philosophy in dealing customers efficiently and effectively. Research on Customer Relationship Marketing in banking sector is relevant more when it is made on comparative basis. This paper is an outcome of a sample study on customer perception about relationship marketing strategies of three private sector commercial banks headquartered in Thrissur, namely South Indian Bank, Catholic Syrian Bank and Dhanlaxmi Bank. Responses collected from 114 customers of these selected banks are the primary data source of the study. Based on the relevant literature, the study measured five dimensions customer relationship marketing namely bonding, trust, communication, and commitment and satisfaction. The Intra bank analysis of various dimensions of CRM by using ANOVA revealed a statistically significant difference in customer perception in respect of South Indian bank. But ANOVA comparison of CRM practices did not divulge any statistically significant difference among the three banks.

Keywords: Business philosophy; Customer relationship marketing; South Indian bank; Catholic Syrian bank; Dhanlaxmi bank; Bonding; Trust; Communication; Commitment; Satisfaction.

Introduction

Banking business in India, over the years, developed both vertically and horizontally. A flourish in terms of size and number made the sector a highly competitive one. In this competitive environment, attraction of new customers and retention of existing customers become challenging tasks to the banking business. The success of every bank lays in their ability to build confidence among the public to maintain a financial link, an existing relation with continued interaction build trust, confidence and satisfaction among the public to invest their hardcore money. Hence, a typical philosophy or an approach of marketing in this direction is considered to be relevant in the sector. Relationship marketing is one of the trending ways of marketing where prospective relations are created and preserved for smooth and sustainable conduct of business. *Gronoor in 1994 defined the term* Relationship marketing *as "identify and establish, maintain and enhance and, when necessary, terminate relationships with customers and other stakeholders, at a profit so that the objectives of all parties involved are met; and this is done by mutual exchange and fulfilment of promises".* Relationship marketing strategy helps in building relationship quality, trust, communication, competency and shared value. (Kyei, Narteh. 2016) The role of relationship marketing for banking has been analysed empirically in various international and national research studies.

Literature review

Oloto, Maclayton and Opara (2010) explored the impact of relationship marketing orientation scale on business performance and found a positive impact on increased market share, high customer retention and cost reduction and also discovered a correlation between relationship marketing orientation and business performance.

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Das (2012) made a comparative analysis of customer perception on CRM practises by grouping all other public sector banks v/s State Bank of Indian and found no significant difference in its reach towards public.

Al-hersh, Aburoub, and Saaty (2014) evaluated customer relationship marketing on customer satisfaction in Arab countries KSA and Jordan. The study considered the variables namely Trust, communication, commitment, empathy, social bonding and fulfilling promises for the measurements of relationship marketing. The study revealed that Jordan People have positive attitude towards CRM compared to KSA public and customer relationship marketing and customer satisfaction is complementary to one another.

Puthukulangara and Daneil (2014) initiated a comparison of Indian public and private sector bank on different attributes. The study found no significant difference between two groups in terms of service charges and services of technical aspects. But, in CRM practises and service quality private sector banks are superior in comparison with public sector banks.

Kyei and Narteh (2016) analysed the impact of customer relationship practises on customer satisfaction in Ghanaian banks and found that relationship marketing has a significant effect on relationship quality and customer satisfaction. Similarly, relationship quality has influence on customer satisfaction.

Dimensions of Relationship Marketing

Relationship marketing is a behavioural component which comprises of attributes namely bonding, trust, communication, commitment and satisfaction as evidently described in the above literature. Interactions between customers and service providers during service delivery process may lead to build an attachment which is called Bonding. The bonding is classified into social, confident and emotional .Bonding will create strong relation, trust and attachment. (Lima, Fernandes 2017). Bonding is the ability of frontline employees in maintaining their customers. Social bonds are treated as positive interpersonal relation between the parties involved but sometime the customer perception and expectation of the variable bonding may have a gap (Dash, Rajshekhar 2013). Trust is a kind of belief or confidence in someone or in something. Trust on the service providers and organisation is an essential element in relationship

marketing. The level of trust depends on the prior experience of the partners involved (Lewicki, Bunker, 1995). Trust creates a favourable attitude of customers towards relationship quality and satisfaction (Kyei, Narteh 2016). Trust can be build through delivering services promptly and consistently to the customer, as and when they require, safeguarding their interest to prove that the service provider is a reliable source. Communication is the exchange of essential information between business and customers for making the customers informative about the new aspects of the business in order to provide better services. An integrated communication system will improve the business relationship (Gronoors, 2004). Thus in order to reduce the gap between the business and customer and to have a proper interaction between them an effective communication system in an organisation is essential. Communication process makes the service provider as trust worthy and reduces the chances for any fraud activity (Suhair, Nagasanthi, 2017). Commitment is the sincere approach of the customers towards a particular business with a promise to keep that relation in future. Commitment can only be initiated from the customers, when they are certain about the benefit derived from the continued relation (Kyei, Narteh 2016) .Commitment and customer satisfaction are positively related variable (Al-hersh, Aburoub, Saaty 2014). Commitment from the part of the employees are to provide better services to their valuable customers while the commitment from the part of customers are to stick on to the business than switching on to competitor. When customer perception is higher than their expectation, customer can be considered to be at the state of satisfaction. Satisfaction is related to the fulfilment of the needs of the customers and it is considered as an essential element for building loyalty (Afzal, Pakistan 2013). Since, dissatisfaction may have an adverse effect on relationship marketing, the priority must be given at least not to dissatisfy the customers (Velnampy, Sivesan 2012). The satisfaction of the customers depend upon the quality of the service provided to them. (Anand, Selvaraj 2013)

Objectives

On the backdrop of the literature reviewed above the study is attempted with the following objectives

- To study the intra bank comparison of customer perception towards relationship marketing practises of South Indian Bank, Catholic Syrian Bank and Dhanlaxmi Bank.

- To make an inter bank comparison of customer perception towards relationship customer relationship marketing practises in South Indian Bank, Catholic Syrian Bank and Dhanlaxmi Bank.

Data and Methodology

Present sample study is descriptive and analytical nature. The study is basically attempted to analyse the relationship marketing practises of three private sector banks which have their headquarters in Thrissur, namely South Indian Bank, Catholic Syrian Bank and Dhanlaxmi Bank. Hence, the population of the study consisted of the customers of these three banks. Sample size of the study was arbitrarily fixed as 125 consisting of 50, 40 and 35 customer respondents of South Indian Bank, Catholic Syrian Bank and Dhanlaxmi Bank respectively. After selecting sample customers by using convenient sampling technique, both field and online surveys among the customers of were conducted by administering a semi structured questionnaire. The constructs used in the study were selected on the basis of available literature. Owing to the non response from 11 target customers selected for online survey, the sample size of study was practically reduced to 114. In the survey, responses have been collected on five point likert type scale with 1 strongly disagree and 5 strongly agree on the extremes. The data in respect constructs of relationship marketing dimensions were put for a reliability test by computing cronbach's alpha .The computed value of cronbach's alpha in respect of all the constructs used in the study exceeds the standard value of 0.7, which establish a high reliability for the survey instrument. The collected data were analysed by using descriptive tools such as mean and inferential tool ANOVA.

Results and Discussions

The study analysed the profile of customers and their perceptions on the relationship marketing practises of three private banks measured under multiple scale items namely bonding (6 items with a reliability of 0.761), trust (7 items with reliability of 0.813), communication (6 items with reliability of 0.867), commitment (6 items having reliability of 0.800) and satisfaction (6 items with reliability 0.780). Practise of each dimension in South Indian bank, Catholic Syrian bank and Dhanlaxmi bank has been analysed by using descriptive (Mean) and inferential tool (ANOVA).

While analysing the profile of sample respondents, majority (64%) are male. The age wise classification reveals that 35.1 per cent of customers are of the age 46 and above. While almost 50 per cent of respondents have 1 to 5 years of relationship with their bank, of the total respondents, 41.2 per cent have an annual income less than Rs 1 lakh (Table 1).

Table 1: profile of the respondents

Profile of respondents		Total
Gender	Male	73(64)
	Female	41(36.0)
		114 (100)
Age	20-25	31 (27.2)
	26-35	27 (23.7)
	36-45	16 (14.0)
	46 and above	40 (35.1)
		114 (100)
Relationship period	Less than 1 year	12 (10.5)
	1-5 years	57 (50.0)
	6-11 years	24 (21.1)
	More than 11 years	21 (18.4)
		114 (100)
Annual income	Below 1 lakh	47 (41.2)
	1 lakh – 5 lakh	43 (37.7)
	5 lakh – 10 lakh	19 (16.7)
	above 10 lakh	5 (4.4)
		114 (100)

Source: Primary data; Note: figures given in parentheses are percentage

A) Descriptive analysis

The Analysis of mean scores of data on the customer relationship marketing of different banks reveals that, there is no wide range of variation in the dimensions of relationship marketing of the banks. Mean score in respect all the dimensions are found above three in all the three banks which can be logically inferred as at above moderate level (Table 2).

Table 2: Banking customer's perception on relationship marketing dimensions

SL.No:	Attributes	Calculated mean		
		South Indian bank	Catholic Syrian bank	Dhanlaxmi bank
1	Bonding	3.57	3.71	3.78
2	Trust	3.92	3.75	3.97
3	Communication	3.82	3.85	3.90
4	Commitment	3.69	3.68	3.67
5	Satisfaction	3.71	3.76	3.76

Source: Compiled Data

B) Intra Bank Comparison of Relationship Marketing

The intra bank comparison of attributes of customer relationship marketing of three banks reveals that, in respect of Catholic Syrian Bank and Dhanalakshmi Bank there is no statistically significant difference between the dimensions of relationship marketing selected for the study (Table 3 and 4). But a reverse ANOVA result is found in respect of South Indian bank (Table 5) and the post hoc analysis of data on this bank further showed a significant difference between 'trust' and 'bonding' dimensions of relationship marketing (Table 6).

Table 3: Comparison of customer relationship marketing dimensions in Catholic Syrian bank: ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	0.541	4	0.135	0.487	0.745
Within Groups	44.429	160	0.278		
Total	44.970	164			

Source: Compiled Data; Note: significant difference at 0.05 level

Table 4: Comparison of customer relationship marketing dimensions in Dhanlaxmi bank: ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.037	4	0.509	1.587	0.180
Within Groups	54.564	170	0.321		
Total	56.601	174			

Source: Compiled Data; Note: significant difference at 0.05 level

Table 5: Comparison of customer relationship marketing dimensions in South Indian bank: ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	3.419	4	0.855	2.750	0.029*
Within Groups	69.946	225	0.311		
Total	73.366	229			

Source: Compiled Data; Note: significant at 0.05 level

Table 6: Difference in dimensions of relationship marketing research between different dimensions of the same bank. (*Post hoc test*)

Dimensions		Mean difference	Standard error	significance
Bonding	Trust	-0.35587	0.11626	0.021

Source: Compiled Data; Note: significant difference at 0.05 level

c) Interbank Comparison of Relationship Marketing

Interbank comparison for analysing relationship marketing was done using ANOVA and results show that there is no significant difference between the customer relationship marketing practices of different banks (Table 6).

Table 6: Interbank comparison of customer relationship marketing practices using ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	0.145	2	0.072	0.332	0.718
Within Groups	24.188	111	0.218		
Total	24.332	113			

Source: Compiled Data; Note: significant difference at 0.05 level

Conclusion

The study conclude that South Indian bank, Catholic Syrian bank and Dhanlaxmi although have differences in their banking practices, they do maintain a customer relationship marketing practises which are similar in their nature according to the customer perspective. Bonding, trust, communication, commitment and satisfaction once again proved to be good dimensions for measuring the customer relationship marketing.

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