CHAPTER-II

REVIEW OF LITERATURE
CHAPTER - II

REVIEW OF LITERATURE

2.1 INTRODUCTION

In this chapter, the researcher reviewed previous studies related to relationship marketing and customer retention in banking sector. A study on relationship marketing and customer retention was carried out in the past in different dimensions. The researchers in this field have identified some common dimensions which provide some conceptual clarity of relationship marketing and customer retention. In the present study, the researcher identified and reviewed the most influencing factors of relationship marketing and customer retention. The relationship marketing dimensions are trust, commitment, empathy, conflict handling, communication, personalisation, ethics and technology. The customer retention dimensions are customer trust, customer commitment, customer services and corporate image. Through this literature review, customer-based relationship marketing and customer retention views, assumptions and dimensions have been identified and arranged in a systematic order and which provides vital inputs in carrying out this research in a most comprehensive manner.

2.2 RELATIONSHIP MARKETING

Relationship marketing is the process of building a long term mutual and beneficial relationship with the customer. The following
reviews are the outcomes of the various researches related to relationship marketing identified by different researchers.

Gilbert and Choi (2003)\(^1\) examined whether the eastern or western ownership of a bank would create any impact on relationship marketing in Hong Kong banks. It was very clear from the study that different ownerships of a bank will make use of different emphasis on relationship marketing practices. It played a major role in maintaining a banks competitive advantage through systematic and comprehensive approach, but they were not fully implemented in the banking industry. They examined the impact of ownership of a bank only on relationship marketing. The present paper highlights customer retention and relationship marketing dimensions.

Marocha Reginald (2009)\(^2\) analysed the utility range of various modern technologies of transaction with four banks like ABSA, FNB, Ned bank and Standard bank in East London and pointed out the impact of massive technological innovations on clients’ switching mobility and on relationship marketing in banking environment. He concluded that the bank clients utilised various modern technologies and the technology also influenced the relationship marketing rather

---


than transactional marketing in the bank technological marketing. This paper brings out the significance of creating awareness on the way of using technology through mass media, processing personal contacts in ATM through audio in local language as it builds a good relationship between the bank and the customer in technological marketing. Moreover, in the present paper, the researcher focuses on the other dimensions of relationship marketing trust, commitment, empathy, communication and ethics, which were not concentrated by Marocha Reginald’s study.

*Nagasimha Kanagal (2009)*³ analysed the role of relationship marketing in the hotel industry in India. Relationship marketing practices in hotels included loyalty programmes, frequency marketing, tie-up with credit card companies, database marketing, direct marketing, guest relationship programme, preferred partner programmes, direct email, newsletter and food festivals. Relationship marketing provided competitive edge on the basis of good product with excellent operations and good service delivery set up. They fully concentrated on the role of relationship marketing in competitive market, but they did not consider the relationship marketing dimensions.

---
Victor Danciu (2009), a Romanian, worked out and implemented a theoretical model and showed the nuances of the operations in each and every stage of the lifecycle of relationship between the bank and the customer. He suggested that the customers should become the assets of the bank to which the value depended on their satisfaction through sustaining it in banking services. This could make both the bank and the customer obtain high advantages throughout the entire life cycle of the mutual relationship. The present study makes an attempt to give more importance to the other dimensions of relationship marketing including trust, commitment, empathy, communication, technology and ethics.

Nalin Abeysekera and Buddhika Hewawasam (2010) examined the trust-commitment dimensions of the relationship marketing paradigm in Sri Lankan corporate banking sector. They also found that the relationship marketing strategy and a long term marketing orientation had a significant relationship with commitment and trust dimensions. In the present research work, the researcher emphasises the Sri Lankan banks on making investment in long-term relationship marketing activities to be successful in the corporate sector with considering the other dimensions of relationship marketing empathy, communication, technology and ethics.


Shahram Gilaninia et al (2011)\(^6\) investigated relationship marketing in public and private banks in Iran banking industry. The result of this study showed that only the dimensions merit, communication, trust and conflict management had significant effect on customer satisfaction, but commitment had no major role in customer satisfaction because of the standard services offer by the banks without any commitment to maintain a long term relationship. They made a comparative study on the relationship between the private and the public banks with regard to relationship marketing dimensions but they did not pay attention to the association between the demographic profile of the customers with relationship marketing dimensions. The present study reveals that customer motivation and relationship marketing strategy are the essential factors to maintain a long term relationship with the customers.

Ayozie Daniel Ogechukwu (2012)\(^7\) observed the concept of relationship marketing and CRM in Nigerian commercial banks. The study compared the traditional marketing concept with relationship marketing concept and listed various strategies that a commercial bank


can use to win and retain customers in Nigeria. This study paves a way for relationship marketing approach practically and also helped Nigerian commercial banks in customer acquisitions, customer retention and customer stimulation instruments. In this study, the researcher mainly concentrates on customer complaint as the main part of relationship marketing that when the bank solves the problems of the customers immediately, it can maintain a long term relationship with them by retaining lifetime profitable customers. Further, it is carried out considering the other dimensions of relationship marketing trust, commitment, technology, empathy, communication and ethics.

_Nalin Abeysekera and Kumaradeepan (2012)_8 identified how customer relationship marketing could be used as a strategy in banking sectors in Sri Lanka. It was discovered that there had been certain differences in relationship marketing practices between the state and the private banks. The private banks paid much importance to relationship marketing strategy because of the nature of ownership and the commitment of employees. In the present study, the researcher emphasises the need to comprehend the relationship marketing concept in the public banks.

---

Shahram Gilaninia et al (2012)\textsuperscript{9} investigated the influence of relationship marketing over the purchase intention in Iran banking industry. The result revealed that relationship marketing dimensions namely trust, commitment, communication and conflict handling had a positive effect on purchase intention and the word of mouth also had a moderate effect on the relationship marketing and purchase intention. The banks also increased mutual trust by showing hospitality; amending trust in bank employees and making them disseminate information comprising job proficiency, professional skills and knowledge up-to-date in the current field quickly and accurately. They have concentrated only on the four dimensions of relationship marketing, and, therefore, the present study highlights the other dimensions empathy, technology and ethics.

Tafadzwa Mwanyisa (2012)\textsuperscript{10} investigated the significance of relationship marketing on the sustainability of Zimbabwean banks. According to him, product attributes and service delivery possessed a relationship with the mechanism of Zimbabwean banks but there was no relationship with the dimensions customer relations, promotion and information technology. Hence, they did not contribute anything to the


growth of the bank. On the other hand, Zimbabwean banks accomplished getting benefits only through their banking schemes and services. The present paper mainly highlights the relationship marketing dimensions trust, commitment, empathy, communication, technology and ethics.

Ashish Gupta and Sahu (2013)\textsuperscript{11} Uttar Pradesh, India studied the factors of relationship marketing. These factors can improve the performance of firms and establish relationship between them and they used Interpretive Structural Modelling (ISM). It was suggested that the management should pay serious attention to all the relationship marketing variables to improve the performance of the firms. They gave importance only to the dimensions trust and customer satisfaction.

Catalina Chirica (2013)\textsuperscript{12}, a Romanian highlighted the best practices in relationship marketing to adjust the companies’ strategies in a turbulent and unstable economic environment. The result concluded that they required a comprehensive approach not only of the clients but also of the employees in order to build a long term profitable relationship. Hence, the packages of service and products represented only a quantitative response to clients’ demands and did not constitute

a source of trust for loyalty. In addition, the banks could offer satisfaction at low cost and they required financial support to fulfill the trust of the client during a long term relationship. This study was mainly focused on relationship marketing practices but no attempt was made to examine the relationship marketing dimensions.

*Mihir Dash and Vineetha Rajshekhar (2013)*\(^{13}\) analysed the perception of relationship marketing in public and private sector banks in India and discussed various barriers to the implementation of relationship marketing in Indian banking sector. They found out a significant gap between expectations and perceptions in bonding, communication and conflict handling aspects of relationship marketing. Further, communication and conflict handling aspects were found to be the significant drivers of overall customer satisfaction. The present study recommends that the top management should encourage the employees and establish an effective customer service system. The system should not only respond to customer complaints, but also encourage the customers to reveal their problems.

Veronica Rosendo-Rios (2013) examined the effect of variables trust, integration and commitment with regard to satisfaction and customer retention between private Spanish enterprises and major Spanish public University in Madrid, Spain. The result of the study showed that integration and commitment had been the key predictors for inter-organisational cooperation and success. Customer satisfaction also seemed to be a crucial factor for customer retention and it also enhanced university-industry relationship. The study was mainly focused only on dimensions trust and commitment. The researcher makes an attempt to bring out the significance of the other dimensions technology, empathy, communication and ethics in the present study.

In the previous studies related to relationship marketing, the researchers examined the aspects, such as role and practices of relationship marketing, purchase intention, customer perception, banking schemes and services, dimensions of trust, commitment, customer complaint, communication and technology and customer satisfaction. But they did not analyse the dimensions like empathy, personalisation and the relationship between relationship marketing and customer retention.

---

2.3 RELATIONSHIP BANKING

Relationship banking includes relationship marketing and the services offered by a bank to their customers. So, relationship banking is related to relationship marketing. The following are the various reviews related to relationship banking.

*Arnoud W.A.Boot* (2000)\(^\text{15}\), Netherland, examined relationship banking and discussed how it had suited the core economic services provided by the banks and pointed out its cost and benefit. He concluded that relationship banking had played a distinct role in value enhancing intermediation activity. The present study is of the view that, in a competitive environment, the differentiation between the cost and benefit factors will help a lot to predict viability and the scale of relationship banking.

*Arnoud W.A.Boot and Anjan V.Thakor* (2000)\(^\text{16}\), Netherland, analysed how the bank had evaluated the competition of one bank with another bank and capital market. They concluded that in case the interbank competition increased, the banks could make better relationship loans which might cause low value for the borrowers. According to them, capital market competition had reduced relationship lending, but each relationship loan had high value for the borrowers.


The present study highlights that, in both the cases, the welfare of some borrowers increases, but it will not be the same with all the borrowers.

Avinandan Mukherjee and Prithviraj Nath (2003)\textsuperscript{17} identified three main aspects of trust shared value, communication and opportunistic behaviour in the banks in India. The banks developed a trust-based relationship; it might make an attempt to promote a culture of customer privacy, security and ethics. They pointed out that communication had influenced the bank-customer-trust relationship but the opportunistic behaviour had failed to influence the trust.

Gabriel Jimenez and Jesus Saurina (2004)\textsuperscript{18} analysed the impact of collateral, the type of lender institution and bank-borrower relationship on the probability of default (PD) of bank loans in Spanish credit institutions. They found that collateralised loans had high PD while the loans granted by savings banks had been riskier to some extent. Further, they concluded that the close bank-borrower relationship had increases the willingness to take more risks. In the present study, the researcher brings out the view that the risk is high in all the cases.


Martin Brown and Christian Zehnder (2006)\textsuperscript{19} examined the impact of credit on the repayment behaviour of borrowers in a competitive credit market in Zurich. The result of the study suggested that the impact of a credit had depended strongly on the nature of credit transactions. In the present study, the researcher depicts that the nature of transaction credit houses a little impact on borrowers’ behaviour.

Louis Johannes Van Ravesteyn (2008)\textsuperscript{20} studied the importance of building close relationship with bank customers and examined the impact of relationship banking on customer loyalty in South African retail banking industry. The result of the study concluded that the retail banks had achieved a sustainable success. The relationship banking model was essential to attain success and maintain customer loyalty. The present study states that functions like a bridge in mending the relationship among the bank, the employee and the customer, and, further, it adds the fact that the bank and its employees will really get benefitted with customer loyalty.


Aoife Hanley and Sheila O’ Donohoe (2009) investigated the significance of relationship in Irish business banking market. The result of the study showed that there had been a high level of interaction between Small and Medium sized Enterprises (SMEs) and relationship managers in both Dublin and South east regions of Ireland. In addition, they proposed the existence of a long relationship between the bank and the customer to increase the understanding level and grant fund assistance to the customers.

In the previous studies related to relationship banking, the researchers carried out their studies in the aspects, such as relationship banking on customer loyalty, relationship among SMEs and relationship manager and trust based relationship. But they did not examine how to retain the customers through relationship marketing dimensions.

2.4 CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

CRM gave importance to the needs of customers and integrated them with the bank’s strategy, employees, technology and business process and it was also related to the relationship strategy. The following were the various outcomes of CRM by previous researches.

---

Peter C. Verhoef (2003)\textsuperscript{22}, Rotterdam, Netherland, investigated the effects of customer perception and relationship marketing instruments on customer retention and customer share development. The result of the study showed that commitment and loyalty programmes had affected customer retention and customer share development. They also identified that direct mailing factors had influenced only the customer share development. The present study suggests that the firms should concentrate on all the aspects of customer relationship management strategies.

Alexander Krasnikev \textit{et al} (2009)\textsuperscript{23} examined the impact of CRM implementation on cost and profit efficiencies in US commercial banks. They suggested that CRM implementation in banks had reduced the cost and increased the profit. They used the factors, such as time of adoption and time since adoption. The study states that the time of adoption factor has failed to influence the CRM due to the lack of maturity of CRM technology and experience in banks. Time since adoption factor has influenced CRM in a positive way with the experience of CRM technology. Moreover, it has reduced the cost and increased the profit efficiency of the banks.


Anthony Oduro-Senyah (2009) studied the CRM strategies and their successful implementation in the financial institutions in Ghana Standard Chartered Bank and in State Insurance Company. They found that the proper implementation of a CRM strategy had yielded benefits and these benefits had a positive change in customer satisfaction and retention. The present study proposes that CRM strategies can reduce the cost and increase the profit margin of the company.

Popli and Rao (2009) studied and compared CRM implementation between the public and the private sector banks in India, and evaluated the impact of CRM on customer retention between them. They made an outline that there had been no difference in CRM implementation between the public and the private sector banks in India, and there had been a positive relationship between the CRM and the customer retention. The present study suggests that both of the banks should meet the customer needs and beat the competition. They should also deliver superior service and adopt CRM approach to maximise the value of the customer and the bank.

---

Ritu Agarwal (2009)\textsuperscript{26} evaluated the control criterion and analysed the factors influence CRM in nationalised and private banks in India. The result of the study showed that the private banks were better than the public sector banks in interactive management, bank schemes and online services. Public sector banks were better than private sector banks in empowerment to the customers, presence of internet facility without risk, loan and related facilities and well-trained staff. Finally, they suggested that private sector banks could implement the CRM practices more effectively as compared to public sector banks because private sector banks had been more innovative in understanding their customers and in building good relations with them.

Pedhiwal and Sanjay J.Tale (2011)\textsuperscript{27} examined consumer behaviour towards CRM in banking sectors in Western Vidarbha, Akola District, India. Majority of the customers agreed that they trusted the bank, commit themselves to the customer’s financial needs and provide valuable information. The result concluded that if the banks wanted to attain a sustainable competitive advantage through CRM, they should efficiently apply all the CRM resources to create CRM process capabilities in a unique way.


Richa Raghuvanshi and Rashmi Tripathi (2012)\textsuperscript{28} identified the success factors for an effective CRM implementation in Axis bank in Lucknow. They revealed that the banks had failed to convince their customers of their CRM efforts. It was evaluated that various CRM initiatives and dimensions brought forth unfavourable response. The present study highlights the requirement of proper application and implementation of CRM practices and the banking services to its customers through effective CRM solutions.

Sanjay Kanti Das (2012)\textsuperscript{29} studied the comparative perception of SBI customers and other nationalised banks customers in the issue of CRM practices in Guwahati city of Assam, India. It was observed that the approach of CRM in SBI and the other nationalised banks had been the same to some extent but it differed with the reach of CRM because of the profile, capacity and strategy of CRM in making it reach the customers. The study concluded that there had been a significant difference between the perception of SBI and other nationalised banks towards CRM. The present study shows that the CRM is a predictable tool of marketing as it can be considered as the Critical Responsibility of Market with regard to banks in the present context.


Satya Narayana Chary and Ramesh (2012)\textsuperscript{30} analysed the performance of CRM as a tool of banking sector in retention of customer in general, and SBI and HDFC banks in India. They have made a modest attempt towards the idea that CRM can be adopted uniformly in the banking industry for the betterment of banking services. They concluded that there had been significant difference between the perception of SBI and HDFC customers towards CRM. The present study shows that the banks use CRM strategy to develop and enhance individual customer relationship and maximise the total life time value of the customer.

In the previous studies related to customer relationship management, the researchers examined the aspects, such as consumer behaviour towards CRM, CRM practices, its implementation, the impact on customer retention. They have failed to analyse the relationship between relationship marketing and customer retention.

2.5 CUSTOMER RETENTION

Customer retention refers to retaining the customers through services and products. Customer retention can lead to various benefits for banks including higher sales and profit, lower cost of acquiring new customer and word of mouth recommendations. The previous

researchers have suggested the following reviews about customer retention.

*David T. Wilson et al (1995)*[^31] analysed the financial impact of retention and the influence of satisfaction and dissatisfaction with retention in the firms in Australia. They concluded that the dimensions customer satisfaction and trust had created an effective impact on customer retention. In the present research, the researcher recommends trust and relationship between the bank and the customers are indispensable to retain the customers where individual action can create an impact on the outcome of a purchase.

*Rizal Ahmad and Francis Buttle (2001)*[^32] discussed the key issues pertaining to customer retention management, such as its definition, forms of measure, benefits and potential strategies for application in the UK. They suggested that customer retention should be a part of marketing planning process to set a primary goal. In this study, they have carried out the study only on the theoretical aspects of customer retention in the UK.


Costantine Vincent Magavilla (2002)\textsuperscript{33} examined the level of customer satisfaction with interpersonal communication, service performance and complaint handling at Standard Chartered Bank in Tanzania. The result of the study concluded that the bank should concentrate on the field of interpersonal communication, service performance and complaint handling, and ultimately increase the customer retention rate. In the present study, the researcher identified the other dimensions of customer retention, such as customer trust, customer commitment, corporate image and customer service.

Christopher Gan et al (2006)\textsuperscript{34} examined the effect of customer satisfaction, customer value, corporate image, switching barriers to competitive advantage on customer retention in New Zealand banking industry. They found that customer retention had been influenced by all the factors except customer satisfaction. The present study reviews the satisfaction of the customers with the banks that they can certainly retain their customers and increase the customer loyalty.


David Cohen et al (2006)\textsuperscript{35} examined the impact of customer retention factors on consumers’ decisions to stay with or leave their banks in New Zealand. They identified the most important factors, such as customer satisfaction, corporate image and switching barriers. Customers’ age and education also played a major role in consumers’ decisions to stay with or leave their current banks. The present study suggests that the latest technology is a key factor to introduce new products and services to attract new consumers and retain the existing customers.

Gengeswari et al (2013)\textsuperscript{36} analysed the impact of customer retention practices on firm performance through the non-financial measure customer satisfaction in Malaysian retail firms. They took customer retention dimensions word of mouth, price insensitivity, repeat purchase and non-complaining behaviour as well as demographic profile. They identified that these dimensions had significantly influenced the firm performance over customer satisfaction. The present study suggests that the retail firms should improve the customer retention and enhance their financial position.


Padmashantini et al. (2013)\textsuperscript{37} studied customer retention practices in AEON shopping centres in the Northern Region of Malaysia. They investigated the impact of policy, pricing, employees, interaction, switching cost and membership towards customer retention on AEON. They concluded that the switching cost borne by the customers and their membership with a retailer had been the key contributors to AEON’s customer retention practice. AEON’s policy and interaction between AEON and customers were the least important contributors to the customer retention practice. The present study suggests that the retailers should concentrate on the internal factors like retail policy and interaction with the customers.

Winfred Nganda Mbithi (2013)\textsuperscript{38} investigated the challenges of customer retention in Kenyan banking sector. They concluded that unless the banks paid serious attention to retain their customers, they would fail to achieve the main objective of banking sector in Kenya. The banks took essential steps only to increase new customers, but they failed to concentrate on retaining the existing customers. The present study highlights that retaining the existing customers is more significant than increasing the new customers.


In the previous studies with respect to customer retention, the researchers performed their studies in the aspects, such as retention factors, its challenges and practices, theoretical aspects of customer retention and the impact of satisfaction on it. They have not studied the dimensions of customer retention and analysed the relationship between relationship marketing and customer retention in banking sector.

2.6 CUSTOMER LOYALTY

Customer loyalty becomes a key objective for banking companies and it also adopts relationship marketing strategy. A loyal customer increases the bank growth and customer retention rate. The following reviews are the outcomes of the various researches related to customer loyalty.

Alina Filip and Laurentiu - Dan Anghel (2009)\textsuperscript{39} studied the level of customer loyalty on Romanian retail banking sector. They stated that the level of trust, commitment, satisfaction and bank’s attitude towards its customers had supported the level of customer loyalty. The present study reviews the possibility of the banks to identify critical factors to enhance customer relationship, customer life time value and relationship marketing tools.

Kazi Omar Siddigi (2011)\textsuperscript{40} identified the most important dimensions of customer loyalty and the interrelationship among service quality, customer satisfaction, corporate image, customer value and customer loyalty in retail banking sector in Bangladesh. He concluded that all the constructs had absolutely been connected with one another. The customer value had been the most important factor of customer loyalty in the retail banks in Bangladesh. The present paper brings out the significance of the other factors of customer loyalty including customer satisfaction and corporate image.

Amine Jabali and Sandra Vela (2012)\textsuperscript{41}, North Gulf, examined the total relationship loyalty (TRL) concept and its framework for banks to operate their loyalty programmes. According to TRL concept, customers should be rewarded for their entire relationship with a bank. It should also allow banks to establish customer value, product ownership and usage.

In the previous studies related to customer retention, the researchers have concentrated on the aspects, such as total relationship loyalty concept and customer loyalty. They have not studied customer retention in banking sector, and the present study fills this gap.


2.7 RELATIONSHIP MARKETING AND CUSTOMER LOYALTY

When the bank maintains a good relationship with its customers, the customer will surely become a loyal customer who brings up the bank growth and its image in the society. The following reviews are the outcomes of relationship marketing and customer loyalty identified by the various researchers.

Andreas Leverin and Veronica Liljander (2006)\(^\text{42}\) investigated the relationship marketing strategy of a retail bank and examined whether after its implementation customer relationship had been strengthened in Finland banks. The study concluded that customer satisfaction and relationship gave a small amount of the variance in customer loyalty. The present study is of the view that the bank should highly concentrate on relationship marketing to convert the customer into a loyal customer.

Anahita Bagherzad Halimi et al (2011)\(^\text{43}\) evaluated the impact of personalisation and communication on customer satisfaction and determined the impact of customer satisfaction on customer loyalty in the travel agencies, Malaysia. They stated that personalisation and communication had relationship with customer satisfaction, and both


the factors had highly influenced customer satisfaction and customer loyalty.

*Ntale Peter Dithan* (2011)\(^{44}\) examined the relationship among relationship marketing, word of mouth and customer loyalty in Uganda telecommunication industry. He summed up with emphasising relationship marketing on trading relationship and highlighting the wide-spread communication of the word of mouth about the products and services. He also pointed out that both relationship marketing and word of mouth communication had encouraged the purchase behaviour and increased customer loyalty. The present research work focuses on the cordial relationship between telecommunication companies and their customers through the positive approach of word of mouth dimension to increase the customer loyalty level.

*Wijekoon and Dharmadasa* (2011)\(^{45}\) investigated the significance of customer loyalty in relationship marketing and market orientation. They identified the behaviour of customer loyalty in commitment and measured the impact of relationship marketing and market orientation on customer loyalty in Sri Lankan banking sector. The result of the

---


study showed that commitment had acted as a strong determinant of customer loyalty.

Afshin Rahnama et al (2012)\textsuperscript{46} studied the stronger perspectives of relationship marketing on customer loyalty in Iran insurance companies through trust, commitment, communication and contrast control dimensions. They discussed the influence of trust, commitment and communication dimensions on customer loyalty. They concluded that contrast control had not influenced customer loyalty. The present study highlights the importance of the insurance companies in handling customer complaints to increase the customer loyalty level.

Mukhiddin Jumaev et al (2012)\textsuperscript{47} examined the casual relationship of customer loyalty dimensions empathy, commitment, trust, perceived value, perceived service quality and conflict handling in the context of retail banking in the northern Malaysia. The research work concluded that all the factors had influenced the customer loyalty of retail banking in the northern Malaysia.


Sivesan (2012)\textsuperscript{48} examined relationship marketing dimensions commitment, trust, communication and conflict handling. He identified the relationship between relationship marketing and customer loyalty in the private commercial banks in Jaffna district, Sri Lanka. Hence, he came to a conclusion that trust and communication dimensions in the relationship marketing had significantly been contributed to customer loyalty. Commitment and conflict handling dimensions had failed to contribute significantly. The present study suggests that the banker should encourage and train their employees to solve customer complaints at a promised time.

In the previous studies related to relationship marketing and customer loyalty, the researchers paid attention to the aspects, such as relationship marketing dimensions on customer loyalty, and the relationship among relationship marketing, word of mouth and customer loyalty. They did not identify the relationship between relationship marketing and customer retention through relationship marketing and customer retention dimensions.

2.8 CUSTOMER SATISFACTION

Customer satisfaction is a key factor for determining customers to make them either leave or stay within a bank. Bank needs to know how to satisfy their customers even if they seem to be satisfied. The following

reviews are the outcomes of customer satisfaction identified by various researchers.

_Sultan Singh and Komal_ (2009)\(^\text{49}\) studied the impact of ATM on customer satisfaction in SBI, ICICI and HDFC banks in India. They concluded that SBI had held the first position while ICICI and HDFC held the second and the third place respectively with regard to the fee charged, the frequency to face the problems and post purchase behaviour. In terms of efficiency and performance HDFC, ICICI and SBI banks held the first, the second and the third places respectively. In both the aspects HDFC bank held the first, ICICI bank held the second and SBI held the third positions. The present study suggests that the banks should analyse their customer problems with respect to ATM usages and post purchase behaviours.

_Amudha et al_ (2010)\(^\text{50}\) studied the significance of customer satisfaction towards service quality in Indian private sector ICICI bank. They were of the view that the customers had been satisfied with the standard of the banks similar to the industry. They also discovered that the banks were deserving customer loyalty through its level of commitment and service quality.


Faizan Mohsan et al (2011)\textsuperscript{51} discovered the impact of customer satisfaction on customer loyalty and that of customer intention on switching over to the other banks in Pakistan. The study summed up with suggesting customer satisfaction as a main factor in ensuring customer loyalty and customer retention. It also identified that customer satisfaction had prevented the customers from switching over to the other banks. The present study depicts that customer loyalty and customer retention acted as the most powerful weapon in banks in the 21\textsuperscript{st} century and enabled them to survive in a competitive environment.

Goonetilleke (2011)\textsuperscript{52} developed objectives to achieve the key factors technology, accessibility, benefit, service and security that would affect the switching cost which had a reasonable effect on the relationship between customer satisfaction and customer retention in Sri Lankan commercial banks. He suggested that the banks should lessen the gap among customers switching cost, their satisfaction and retention.


Surabhi Singh and Renu Arora (2011)\textsuperscript{53} studied the customer perception of service quality related to the transaction based and IT enabled banking services in public, private and foreign banks in Delhi. They analysed that the public sector bank customers had not been satisfied with employee behaviour and infrastructure. They also pointed out that the private and the foreign bank customers had not been satisfied with high charges, accessibility and communication. An attempt has been made to rectify these drawbacks to make the customers satisfied in the present study.

Ali Sanayei and Elham Sahami (2013)\textsuperscript{54} investigated the effect of social factors, quality of services, information interchange and monitor relationship on customer satisfaction in Saderat Bank in Iran. The result of the study suggested that the service factor had been placed on the top position, and the other factors also had a positive relationship with customer satisfaction.


Rahmat Madjid et al (2013)\textsuperscript{55} examined the significance of trust and commitment in customer satisfaction and customer loyalty in Indonesian BRI Kendari Siutheast Sulawesi bank. The result showed that customer satisfaction had affected customer loyalty with the support of trust dimension. The commitment factor did not function as a mediating variable between customer satisfaction and customer loyalty. The present study suggests that if the banks encourage their employees to maintain good relationship with their customers, commitment factor can act as a mediating variable between customer satisfaction and customer loyalty.

In the previous studies related to customer satisfaction, the researchers had conducted their studies in the aspects customer loyalty and retention, impact on ATM and the influence of trust and commitment on satisfaction and loyalty. They have failed to analyse the relationship between relationship marketing, customer satisfaction and customer retention.

2.9 SERVICE QUALITY

Service quality is one of the most important aspects to maintain a good relationship between the bank and its customers. When the bank provides better service to the customers, they can retain their customers

for a long time. The following reviews are the outcomes of service quality identified by various researchers.

Deepak Gupta and Vikrant Singh Tomar (2011)\textsuperscript{56} identified the customer friendly services provided by the select public and private banks in India. They studied the performance level of SBI and ICICI bank under the heads customer focus and orientation, proficiency, infrastructure and expediency. ICICI has performed better than SBI under these heads. The present study suggests that SBI should provide customer friendly services to maintain mutual understanding between the bank and the customers.

Sanmugam Annamalah (2011)\textsuperscript{57} investigated the impact of service quality on customer satisfaction and customer loyalty in Malaysian retail banking sector. He commented that empathy and assurance played a major role in customer satisfaction, whereas tangibility, reliability and responsiveness could not create much effect on customer satisfaction. The present study focuses on the view that the bank


managers should concentrate on all the aspects of service quality to satisfy its customers.

Manisha (2012)\textsuperscript{58} evaluated and compared the effectiveness of public and private sector banks in India and assessed the impact of advertising, sales promotion, personal selling, publicity and public relations in Indian banking sector. She concluded that ICICI bank had a competitive edge over SBI in overall marketing communication strategies.

Vibhor Jain et al (2012)\textsuperscript{59} studied customer perception and service quality dimensions in Indian private banks. The result of the study concluded that ICICI and HDFC banks held the loftiest position as compared to other banks in service quality dimensions. HDFC bank had retained much better position than Indusind bank with regard to customer perception. Hence, HDFC bank had held the best position with compared to the other banks in customer perception and service quality dimensions. The present study highlights the significance of creating awareness about the product and the services of the banks.


In the previous studies related to service quality, the researchers paid attention to the aspects, such as impact on customer satisfaction and loyalty, customer friendly services, the effectiveness of banks and the dimensions of service quality. They have not examined the relationship between customer satisfaction and customer retention which the researcher carries out in the present study.

2.10 RELATIONSHIP MARKETING AND CUSTOMER RETENTION

Relationship marketing is a business strategy to keeping up and improving relationship with current customers rather than acquiring a new one. Customer retention refers to retaining the customers through proper services and products. The following reviews are the various outcomes of relationship marketing and customer retention by the previous researches.

Chantal Rootman (2011)\textsuperscript{60} analysed the firm-client relationship and its significance in increasing customer retention rates in South Africa. She made a detailed analysis with the bank managers and the clients in South Africa. Based on the analysis with the bank managers, it reveals that the dimensions, such as communication and fees influenced relationship marketing, and, in turn, relationship marketing influenced customer retention. This relationship implied that in case a bank successfully maintained relationship with its clients, customer retention

rates would increase. Finally, she suggested that the bank had utilised relationship marketing strategy and had ultimately increased their customer retention rate.

*Christiana Baffoe Ababio and Amy Atiwoto (2011)* explained the role of relationship marketing in customer retention. They demonstrated the application and practice of relationship marketing and its role in increasing customer loyalty and customer retention in Ghana banking industry. The result of the study suggested that all the banks had adopted relationship marketing strategy to retain their customers. The banks also retained similar capacity and human behaviour influence of relationship marketing. The researchers concluded that the banks should bring differences in implementing their practices of relationship marketing.

*Frank Kojo Kuranchie (2011)* examined the effect of customer relationship marketing on customer retention in Ghanaian banking sector. They identified that the banks had received strong positive word of mouth from their clients. The banks performed well with maintaining authentic relationship with their clients, but it was suggested that they

---


should improve the number of contact time with them. The customer relationship marketing is a key factor to improve contact time between the bank and the customer that the bank can retain their customer by adopting relationship marketing strategy.

In the previous studies related to relationship marketing and customer retention, the researchers had made studies in the aspects, such as implementation of relationship marketing, firm-client relationship to increase customer retention rate and the impact of customer relationship marketing on customer retention. They identified the relationship between relationship marketing and customer retention, but they did not analyse the association of demographic profile of the customers with relationship marketing and customer retention dimensions.

2.11 RATIONALE FOR THE PRESENT STUDY

In the present study, the researcher has reviewed the previous thesis and research papers in various facets, such as relationship marketing, relationship banking, CRM, customer retention, customer loyalty, relationship marketing and customer loyalty, customer satisfaction, service quality and relationship marketing and customer retention. The previous researchers analysed relationship marketing dimensions, its influence on customer satisfaction and customer loyalty and its improvement in increasing the customer retention rate in banking and the other service sectors in India and foreign countries.
Though the previous research papers examined relationship marketing in various dimensions, they did not analyse the relationship among relationship marketing, customer satisfaction and customer retention in public and private sector banks in Tamilnadu. Thus, the previous researches seem to be incomplete, as they have failed to concentrate on all the dimensions of relationship marketing and customer retention. In the present study, the researcher pays much attention to the gaps which have occurred in the previous researches and brings out suggestions and recommendations to resolve the issues.