CHAPTER I

INTRODUCTION

Relationship marketing is a philosophy to change the customer’s behaviours and implementations depending on what the customers are thinking about the bank and what the personnel of the bank should know about the customer. The value of a relationship is noted by the customers. It has been given a lot of thought in recent years. The customer perceived value, the supplier-perceived value of a relationship signifies the supplier’s perception of the trade-off between the benefits and the sacrifices incorporated in a relationship.

The term relationship marketing has been used generally in different activities, such as philosophical, strategic and operational dimensions. The domain of relationship marketing, are trust, commitment, a long term orientation and cooperation. It has been noted that relationship marketing at the level of business to business exchange needs very different principles and techniques with relationship marketing between a company and numerous low value personal customers (Gronroos, 1997).

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. (Peltier, Schibrowsky, & Davis 1998). 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.

**Meaning and Definition of Relationship Marketing**

Relationship marketing has many definitions (Table 1). For instance, it can be understood as a strategic business management concept. Beech and Chadwick (2005), maintain that relationship marketing is a business philosophy that seeks to develop strong relationships with customers and stakeholders, such as suppliers, media, intermediaries or public organizations. An interesting look at the concept of relationship marketing is offered by Payne (2005).
Relationship marketing is understood as a strategic approach to deal with many marketing are as (stakeholder), not just customers. According to Payne, relationship marketing represents a shift in marketing activities that emphasize the acquisition and retention of customers through the development of appropriate relationships. Wide variability of the notion of relationship marketing is shown in Table 1 below. Based on the above definition it can be stated that support for long-term relationships has become a central axis of marketing and that the customers have the greatest impact on marketing solutions. Marketing is no longer just seen as a system of trading activities but as a complex process that emphasizes not only elements of the marketing mix, but also maintaining, supporting and strengthening relations with other market participants.

Michalova (2006) sees relationship building as a lifecycle, where three basic phases must be distinguished: establishing, developing, and termination of the relationship. The first phase deals with the problem of establishing relationships. Michalova’s (2006) emphasis is on quality data analysis of available resources, which essential for building a successful customer relationship. The business must choose the appropriate communication channel and the right way to reach customers. If it is success, so then is a follow-up relationship. Michalova (2006) points out the important fact that the delivery of the product or service does not mean an end to the relationship.

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. Reasons for termination of the relationship may be more than the customer, as well as a business. Wessling (2002) also uses the concept of a life cycle in building relationships. His concept is more detailed, as it distinguishes six phases to the relationship: perceptions of values, making contact, relationship development, consolidation, bankruptcy and termination of the relationship.

According to Wessling, the initiative where contact is always based on the undertaking. Having established contact leads to the further development and consolidation, Wessling (2002) points out that not every relationship can be profitable for the business. If a customer does not being profit to a business, then the maintaining of this relationship is not economically meaningful. A customer who ceases to look for other exchanges of value with the business can also initiate ending a relationship. Palmer (1996) and Bivainis et al. (2011) identified three basic views of relationship marketing.

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.
### Table 1.1. Definitions of the relationship marketing concept

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Definition of relationship marketing</th>
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</thead>
<tbody>
<tr>
<td>Gronroos (1997)</td>
<td>Relationship marketing can be seen as a process of identifying and creating, maintaining, improving and, if necessary, termination of relationships with customers or other stakeholder. The aim is to build profitable relationships based on mutual trust, fulfilling promises and achieving the objectives of all sides.</td>
</tr>
<tr>
<td>Morgan, Hunt (1994)</td>
<td>Relationship marketing is any marketing effort aimed at the creation, development and maintenance of successful interactions (exchange values).</td>
</tr>
<tr>
<td>Gummesson (1994)</td>
<td>Relationship marketing can be seen as a relationship or interaction networks.</td>
</tr>
<tr>
<td>Moller and Wilson (1995)</td>
<td>Relationship marketing is about understanding, creating and managing interactions between economic partners, suppliers, service providers and end users.</td>
</tr>
<tr>
<td>Žvirelienė, Bučiūnienė (2008)</td>
<td>Relationship marketing is defined as “the new marketing”, oriented towards the main objective of the company’s operations – fulfilment of customer needs and building of long-term relationships with customers.</td>
</tr>
<tr>
<td>Author(s)</td>
<td>Definition of Relationship Marketing</td>
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<td>----------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------</td>
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<tr>
<td>Michalova (2006)</td>
<td>Relationship marketing is forcing one/us to immediately analyse the marketing situation and develop activities and resources in order to create, maintain and expand relationships with customers or specific customer segments.</td>
</tr>
<tr>
<td>Dudinskaet al. (2006)</td>
<td>Relationship marketing is one of the strategic business management concepts and its essence is to establish, develop, maintain and improve relations with customers and other stakeholders (employees, owners, suppliers, intermediaries, public and professional institutions) in order to create mutual value and benefits for all parties involved. The final effect is a unique wealth that creates for a company the preconditions for ensuring long-term competitiveness.</td>
</tr>
<tr>
<td>Jurgilevičiūtė, Sūdžius (2010)</td>
<td>Relationship marketing can be defined as a long-term, mutually useful relationship, which is characterized among others by such attributes as confidence, cooperation, communication, commitment, dependence as well as development and maintenance.</td>
</tr>
<tr>
<td>Sheth, Parvatiyar (1995)</td>
<td>Relationship marketing is communications and marketing programs focused on economic development, i.e. consumers benefit by lowering the price of products or services.</td>
</tr>
<tr>
<td>Peng, Wang (2006)</td>
<td>Relationship marketing involves all the marketing tools with a focus on developing of customer loyalty, and gives benefits to all parties involved in the communication</td>
</tr>
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<td>------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Berry (2002)</td>
<td>Relationship marketing is a marketing concept aimed at maintaining and creating new relationships with customers based on mutual satisfaction and attraction.</td>
</tr>
</tbody>
</table>

**Level of Relationship Marketing**

In general, the literature distinguishes between three levels of relationship marketing.

(i) A first level counts on pricing incentives to secure customer loyalty and is often referred to as level one relationship marketing.

(ii) A second level of relationship marketing focuses at the social aspects of a relationship which is communicating with consumers or referring to their name during an encounter.

(iii) These Level three relationship marketing relates to offering structural solutions to customer problems, as argued by (Berry 1995). At a level three, the solution to customer’s problem is designed into the service-delivery system rather than relying on the relationship marketing goes beyond what is described as a loyalty program are generally concentrated on level one and/or level two relationship marketing, (Sharp and Sharp 1998).
Gwinner, Gremler and Bitner (1998) found that consumer relational benefits could be categorized into three apparent benefit types: confidence, social and special treatment. Cannon and Homburg (2001) have found cost and value to be other important advantages looked for by the customer. Customers also appear to prefer certain styles of marketing from suppliers. When customers enter into a relationship with a firm, they are often eager to forego other options and to limit their choice. Relationship marketing permits service providers to be more responsive to customer needs, thereby offering more value to their customers. Although it has numerous benefits, relationship marketing appears to be an expensive alternative to firms practicing mass marketing due to comparatively high initial investments. So, firms that are used to traditional mass marketing are likely to adopt relationship marketing only if they are convinced that relationship marketing will profit them. Relationship strategy is marketing strategy in the context of relationship marketing. According to Morgan (2000), stated that relationship marketing can be a part of the firm’s overall means of achieving its aims and objectives. It can be a major part of the firm’s business strategy and can provide the firms with a guiding strategy for a wide variety of decisions. Data warehousing and data mining have made it possible for firms to sustain a one-to-one relationship with their customers. Firms can often manage every single contact with the customer through account management personnel, call enters, interactive voice response systems, on line dial up applications, and web sites to build lasting relationships. These interactions can potentially be used to gather information and insights about customer needs and their buying behavior to design and develop services that helped create value for customers as well as for the firm.
1.1 RELATIONSHIP MARKETING

The term ‘relationship marketing’ can be traced to the industrial and services marketing literature of the 1980s. In the industrial marketing literature, the early work focused on the notion that the real value of a relationship between a customer and a supplier occurs after the sale Levitt (1983). He argued that the supplier’s emphasis needed to shift from closing a sale to delivering superior customer satisfaction throughout the lifetime of the customer relationship. Further work by Jackson (1985) was among the first literature to differentiate between transaction marketing and relationship marketing. It is outlined the importance of relationships and how the context of the industrial sale sets the scene for the type of relationship that is possible. It is argued that building and enhancing long-term customer relationships involves concentrating on a number of things that have to be executed over long periods and in a consistent manner.

During the past decade, there has been widespread and growing concern about the validity of the traditional marketing approach and recognition that relationships are becoming ever more important in increasingly complex and mature markets. Christopher, Payne and Ballantyne an (1995) and Gronroos (1997).

Payne (1995) summarised the functionally-based marketing to cross-functionally based marketing;
This shift to cross-functional marketing reflects the difficulties traditional hierarchically-structured and functionally-oriented organisations encounter when they adopt a departmental or functional approach to marketing. The new view of relationship marketing emphasises the organisation of marketing activities around cross-functional processes rather than organisational functions.

This Ostroff and Smith (2003) who argued the need for a horizontal mode of organisation, in which cross-functional, end-to-end work flows link internal processes
with the needs and capabilities of both suppliers and customers. This suggests organisations need to co-ordinate their approach to relationships with other markets including suppliers and internal staff as well as customers, if they are to maximise relational value. Kotler (1992) argued for a broader perspective to take into account the relationships between an organisation and its publics. Gummesson (1987) went further to include thirty relational forms.

This broader concept of relationship marketing is depicted in Figure 1.2.

![Figure 1.2. The Evolution of Relationship Marketing](image-url)
The fundamental principles of relationship marketing

The first is an emphasis on extending the lifetime value of customers through strategies that focus on retaining targeted customers.

The second is the recognition that companies need to forge relationships with a number of market domains or stakeholders if they are to achieve long-term success in the final marketplace.

And the third is that marketing has moved from being the sole responsibility of the marketing department to become pan-company and cross-functional.

Maximising the lifetime value of a customer is a fundamental goal of relationship marketing. Lifetime value of a customer as the future flow of net profit, discounted back to the present, that can be attributed to a specific customer. Adopting the principle of maximising customer lifetime value forces the organisation to
recognise that not all customers are equally profitable and that it must devise strategies to enhance the profitability of those customers it seeks to target.

The second differentiating feature of relationship marketing is the concept of focusing marketing action on multiple markets. Conventionally, marketing strategy has been structured solely around the customer. Of course, the ultimate aim of relationship marketing strategies is to compete successfully for profitable customers. Relationship marketing recognises that multiple market domains can directly or indirectly affect a business’s ability to win or retain profitable customers. These other markets include suppliers, employees, influencers, distributors and alliance partners.

Relationship marketing differs from transactional marketing in a number of important ways. These are summarised in the box:

<table>
<thead>
<tr>
<th><strong>Transactional marketing</strong></th>
<th><strong>Relationship marketing</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus on volume</td>
<td>Focus on profitable retention</td>
</tr>
<tr>
<td>Emphasises product features</td>
<td>Emphasises customer value</td>
</tr>
<tr>
<td>Short timescale</td>
<td>Longer-term timescales</td>
</tr>
<tr>
<td>Little emphasis on customer service</td>
<td>High customer service emphasis</td>
</tr>
<tr>
<td>Moderate customer contact</td>
<td>High customer contact</td>
</tr>
<tr>
<td>Primary concern with product quality</td>
<td>Concern with relationship quality</td>
</tr>
</tbody>
</table>

In an environment characterised by global competition, overcapacity and the inevitable trend towards ‘commoditisation’ of markets, the focus has to switch from volume growth to profit growth. The challenge that this changed environment poses
to the organisation is to identify how to build enduring relationships with profitable customers.

It is now fairly widely accepted among marketing practitioners and academics that customers base purchasing decisions on the value they perceive they will derive from that purchase.

Customers of every sort, from individual consumers to industrial corporations, seek to acquire value through their purchasing behaviour. Broadly defined, value represents an acceptable ‘solution’ to a buying ‘problem’. In other words, given that buyers are goal oriented – there is a rationale for their purchasing behaviour – they will seek a solution that best achieves that goal.

Bradley Gale (1995), defined customer value as ‘market-perceived quality adjusted for the relative price of your product’, where market-perceived quality is defined as ‘the customer’s opinion of your products (or services) compared to those of your competitors’.

**Theoretical Background**

Christopher et al. (1991) explained that transactional marketing is focused on a single sale in the short term. Transaction marketing is said to be oriented towards product features with low emphasis in service, and involves moderate customer contact and limited customer commitment, when compared with relationship marketing which emphasizes product benefits with high service, customer contact, and customer commitment. Grönroos (1991) argues that transaction and relationship marketing differ in their time perspective, price elasticity, the dominating marketing
function and quality dimension, measurement of customer satisfaction, the customer information system, functional interdependence, and the role of internal marketing. Grönroos (1991) further stated that the choice of approach used (either transactional or relational) may depend not only on the offer, but also on the type of customer served and the stage of business lifecycle. The literature also suggests that marketing management in the transaction context is primarily concerned with the product and achieving organizational objectives that emphasize product profitability (Coviello et al., 1997; Webster, 1992). There marketing focuses on achieving profit maximization that revolves around the application of the firm's resources to markets, customers and products in the most efficient and cost effective manner. As Webster (1992) noted, “there is no need to consider people or social processes when the units of analysis are products, price, costs, firms and transactions”. On the other hand refusing the idea of transactional marketing, relationship marketing is always concerned about the interactive marketing activities and managing these dimensions with the aim of establishing, developing and maintaining co-operative customer relationships for mutual benefit (Grönroos, 1997, 2004).

Relationship marketing strategies should enhance customers’ perceived benefits such as perceived relationship improvement and perceived economic benefits of engaging in relationships (O'Malley and Tynan, 2000). As literature suggests, customer-company relationships are increasingly topical for business practitioners and researchers. The developing school of thought suggested that, rather than exchanges and transactions, it is the relationship with the customer that is the more appropriate unit of analysis for many businesses. Sometimes referred to as a “new marketing
paradigm” the relationship approach views marketing as an integrative activity, which involves personnel from across the organization, with emphasis on facilitating, building and maintaining relationships over time (Brodie et al., 1997). On the other hand, there is much attention in the marketing literature, which has been directed towards debating whether “transaction and relationship marketing are mutually exclusive” and addressing the “paradigm shift” argument (Buttle, 1997, Gummesson, 1994). But now there is a growing recognition that, in practice, transaction marketing and relationship marketing activities may actually be used side by side in an effort to achieve different objectives (Walsh et al. 2004). Relationship marketing practices can be seen in business-to-business situations. In business-to-business situations, especially where the benefits exceed the risks, it is desirable for both the company and the customer to maintain a long-term relationship (Walsh et al. 2004). In business-to-business marketing the balance of power varies greatly from situation to situation. Power is also a matter of continuous negotiation. For example, the relationships between buyers and suppliers in distribution channels have sometimes been described as struggle for power, domination, and control (Hyvonen, 1990).

In this context, it is important to look at the role that the human element can play in relationship marketing, instead of further struggling with technology driven and companywide relationship marketing programs. Certainly, relationship marketing has already given an attention to human element. For instance the selling orientation-customer orientation (SOCO) scale, developed by Saxe and Weitz (1982), was based on the premise that in customer oriented salespeople strive to increase customers'
long-term satisfaction. Selling oriented salespeople are considered to prioritize the achievement of an immediate sale at the expense of customer needs. Subsequent research has shown that the degree of customer orientation indeed has an effect on a firm's relationships with its customers (Clark, 1997). In a study of financial services, Bejou et al. (1998) found that customer oriented employees had a positive impact; while sales oriented employees had a negative impact, on customers' relationship satisfaction.

Background Information of the study

The banking industry in India has witnessed significant changes over the past two decades due to liberalization of the financial services sector in 1988 and the progressive transformation of the financial system over the years through legal, financial and institutional reforms (Aryeetey, 2008). The number of major banks with universal banking licence as at December, 2011 stood at twenty-seven with extensive branch networking as a strategy leading to stiff competition within the industry (BoG, 2011). Following the liberalization of the banking industry in India, competition has assumed such intensity that the very survival of individual banks has come under serious threat. Evidence of mergers and acquisitions in the past two years attests to this fact. What is more, with growing customer acquisition costs, increased customer expectations and high rate of customer defection, banks have realised the need to foster closer relationships with their customers in order to ensure customer loyalty and retention (Ndubisi, 2003; Rosenberg & Czepiel, 1983).

Against this backdrop, staying ahead of the competition and achieving competitive advantage appear to be one of the critical challenges facing many a bank
in Ghana today. RM has, therefore, emerged as a key business strategic option for banks in their bid to hold on to their customers. The lure for RM adoption has been bolstered by the fact that, RM has been a subject of academic research and practice in recent times.

In view of the fact that there are various constructs of relationship marketing practices and their implementations involve cost, it is important to find out which of the constructs have the most influence on customer loyalty. The understanding of the effect of various constructs as well as key mediating variables between RM and customer loyalty would assist banks in reducing cost by concentrating on the most important constructs and mediation variables. However, most of the studies on RM have tended to focus on opinions of customers in order to determine customer loyalty (Cadotte & Turgeon, 1988; Ndubisi, 2003, Ndubisi & Wah, 2005; Narteh, 2009; Dominici & Guzzo, 2010). This study, therefore, sought to explore the relationship between RM and customer loyalty in the Ghanaian banking industry from the banks’ own perspective by sampling the views of relationship officers and managers. Specifically to evaluate the effect of Relationship Management constructs and key mediating variables on customer loyalty.

Banking Industry: An Overview

The banking Industry has seen momentous changes in the post-independence era. It has witnessed a remarkable shift in its operating environment during the last decade. Various reform measures, both qualitative and quantitative, were introduced with an objective to revitalize Indian banking sector and to meet the future challenges. Every aspect of the functioning of the Indian banking industry, be it a customer
service, resource mobilization, credit management, asset-liability management, investments, human resource development, and forex management are undergoing dramatic changes with the reforms gathering the momentum and speed. Several innovative IT-based services such as Automated Teller Machines (ATMs), electronic fund transfer (EFT), anywhere-anytime banking, smart cards, internet banking etc. are no longer alien concepts to Indian banking customers (Rawani and Gupta, 2000). The market has changed drastically and has become largely customer centric. From sellers market the banks have been forced to operate in the buyer's market. The change has made the customer a king.

The banking industry is basically a service industry. In the Indian context, banking operations can be broadly classified into two main segments namely, corporate banking or wholesale banking and the retail banking. The corporate banking serves the financial needs of corporate houses, companies and other financial institutions. On the other hand, the Retail banking is a form of mass banking where financial needs of individuals like professionals, salaried persons, self employed, housewives, and students are met. The two things which distinguish the corporate banking with the retail banking are the size of the customers’ accounts and the number of customers. In wholesale banking or corporate banking, the customers are not a living entity but are an association of people, while retail banking directly deals with the customers who manage their accounts all by themselves. The products and services under retail banking are designed to meet the financial needs of the targeted customers. The size of the account is very small but the number of such accounts is very large when compared to the corporate accounts. The small size of the accounts
are less risky and the large number of such accounts is more profitable for the banks. Hence, the features, the characteristics and the services of retail banking products are based on the customers’ needs and the marketing strategies adopted by banks.

The retail or commercial banks can further be classified on the basis of ownership as public and private sector banks. Initially the commercial banks were providing only the conventional services and the customers were happy at whatever banks provided them. However, since the introduction of the financial sector reforms there has been increasing number of foreign banks which poses severe competition to the traditional banks. This has resulted in the changing perceptions of the customers. Researches have also shown that customers seem to keep the “technical factors” of services such as core service and systematization of the service delivery as the yardstick in differentiating good and bad services. As a result, the banking institutions realized that in the emerging competitive global banking scenario, technology management and product innovations are the key to success. This has changed drastically the concept of banking from a business dealing with money transactions to a business related to information on financial transaction. The wholesale and retail banking have come to play a major role apart from offering the conventional products like, loan, cash credit, OD, bill discounting. The introduction of credit card, debit card, ATM, anywhere banking, multiple delivery channels, single window service, mobile banking, phone banking, e-banking and service at the door steps have come to the forefront in many of the banks. The introduction of the above mentioned technology oriented services indicates that the banks provide more emphasis on the service quality as a means of achieving competitive advantage. To improve customer
services, the banks have realized the need to adopt a people oriented approach as compared to solely the profit oriented approach. In this context the quality of service provided by the employees plays a dominant role in improving the perceptions of the customers towards the bank.

However, the characteristics and substance of service can vary from producer to producer and from customer to customer and from day to day. They are perishable in nature as they cannot be used or served later than in times of need and hence service organizations are frequently in trouble in terms of matching the supply and demand for services. This clearly underlines the gaining momentum of customer service as the core issue of banking performance. In the present chapter, it is attempted to discuss the importance of customer service, the need for providing better customer service in the Indian banking industry as a whole and the measurement of customer services.

For centuries banks have played an important role in financial system of the country. The vital role continues even today although the form of banking has changed today with changing need of the economy and individuals. With expansion of trade and commerce, the concept of banking gained importance. The banking transcended from individuals to groups and later to companies. During the Mughal period the indigenous bankers played a very important role in lending money and financing foreign trade in India. During British rule the agency houses carried on the banking business. The Banking system in India has three tiers. There are scheduled commercial banks, the regional rural banks; and the cooperative banks. The scheduled
commercial banks constitute those banks which are included in the second schedule of RBI Act, 1934.

**Banking Industry in Cuddalore District:**

Cuddalore is a district situated in the state of Tamil Nadu in India (Figure 2.1.1). The city of Cuddalore is the district headquarters. The district with a geographical area of 3678 sq.kms is bounded by Bay of Bengal on the east and by Villupuram, Nagapattinam and Perambalur districts on the other sides. The district was part of South Arcot district which was bifurcated into Cuddalore and Villupuram district in 1993. Cuddalore district comprises of 681 village panchayats an has 3 revenue divisions, 6 taluks and 13 blocks with a population of 22.85 lakh. The district is considered to be 33 per cent urbanized as per the 2001 census.

The district has a 52 per cent share in agriculture and is the top producer of cashew nut in the state. About 78 per cent of the land holdings are below one hectare. Some of the other major crops produced are paddy, groundnut, tapioca, millets, sugarcane and pulses. Cuddalore is also famous for Neyveli Lignite Corporation and SIPCOT industrial park. The Neyveli Lignite Corporation provides briquette, electricity, coal and tar. The power generated by this corporation accounts for 30 per cent of the electricity generated by southern states. The district also has one cooperative and 3 private sugar mills. A number of chemical factories are located in SIPCOT industrial complex. The district has a coastal length of 57.5 kms and hence fishing activities are undertaken in coastal villages on a large scale.
Cuddalore district has 511465 households with a population of 22.85 lakh. Around 42 percent of the households in the district were already having bank accounts. There was no data available on the number of adult persons already having bank accounts at the start of this study. The financial report resulted in opening of 186935 new no frills savings accounts in the district and helped to bring in 144975 households into the banking net which formed 28 percent of the total households. Obviously, some households had opened more than one account in the name of willing persons of the households concerned.

<table>
<thead>
<tr>
<th>Banking Statistics</th>
<th>Number of Households</th>
<th>Percentage of Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total households as per 2001 Census</td>
<td>511465</td>
<td>100.00</td>
</tr>
<tr>
<td>Total households actually found during survey</td>
<td>488779</td>
<td>95.56</td>
</tr>
<tr>
<td>Households having bank accounts already</td>
<td>214274</td>
<td>41.89</td>
</tr>
<tr>
<td>Households not having bank accounts</td>
<td>274505</td>
<td>53.67</td>
</tr>
<tr>
<td>Households willing to open bank accounts</td>
<td>144975</td>
<td>28.35</td>
</tr>
<tr>
<td>Households unwilling to open bank accounts</td>
<td>129530</td>
<td>25.33</td>
</tr>
<tr>
<td>Total households having bank accounts after the drive</td>
<td>359249</td>
<td>70.24</td>
</tr>
</tbody>
</table>
### District wise spread of Bank branches in Tamil Nadu

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Name of the District</th>
<th>No. of Branches</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>R</td>
</tr>
<tr>
<td>1</td>
<td>CHENNAI</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>ARIYALUR</td>
<td>46</td>
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<tr>
<td>3</td>
<td>COIMBATORE</td>
<td>175</td>
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<tr>
<td>4</td>
<td>CUDDALORE</td>
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<td>DHARMAPURI</td>
<td>61</td>
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<tr>
<td>6</td>
<td>DINDIGUL</td>
<td>98</td>
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<tr>
<td>7</td>
<td>ERODE</td>
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<td>8</td>
<td>KANCHEEPURAM</td>
<td>196</td>
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<td>KANYAKUMARI</td>
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</tr>
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<td>KARUR</td>
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<td>11</td>
<td>KRISHNAGIRI</td>
<td>76</td>
</tr>
<tr>
<td>12</td>
<td>MADURAI</td>
<td>109</td>
</tr>
<tr>
<td>13</td>
<td>NAGAPATTINAM</td>
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</tr>
<tr>
<td>14</td>
<td>NAMAKKAL</td>
<td>103</td>
</tr>
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<td>15</td>
<td>NILGIRIS</td>
<td>18</td>
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<td>16</td>
<td>PERAMBALUR</td>
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<td>PUDUKOTTAI</td>
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<td>RAMANATHAPURM</td>
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<td>SIVAGANGA</td>
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<td>123</td>
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**Figure 1.4 - Frame Work of the Study**

**Customer Welfare**

The banks and its subsidiaries are committed to protecting our customers’ safety and welfare by dealing with them in fairly and professional manners. As
implied in our Customer Welfare Policy, we abide by all applicable laws and regulation and adopt global standards wherever applicable. Our group has established various programs and activities to better serve our clients and customers as described:

1. Delivery of products and services – our coal products are delivered based on agreed quality and contracted delivery schedule; equipped with modern facilities which conform with the International Organization for Standardization and the American Society for Testing

2. Customer data is treated with utmost confidentiality in all business transactions of the Company’s subsidiaries.

3. Customers are given access to conduct site visits to our mining and power sites and property developments.

4. Our residential development business has established an information campaign called “Feels Real Good to Know” on frequently asked questions and concerns on property management such as association dues, real estate property tax, unit warranty, among others

5. Customer Care, the after-sales service of our residential development business, is a commitment to provide with thriving, living communities that grow with their needs and demands

6. Using the internet technology, DMCI Homes created DMCICommunities.com, the official and online lifestyle portal for DMCI Communities and residents. This online site features the various property developments, food and home making tips, health and wellness, among others.
7. The contact details of our Investor Relations Group are posted in the website and serve as the avenue for shareholders and clients to communicate with the Company.

8. The Whistle blower Policy has a reporting channel posted in the company website to encourage stakeholders and the public who believe they have discovered any malpractice or impropriety by Officers and employees of the Company.

Communication

Members of organizations, at all levels, communicate with business colleagues, customers, shareholders, the media and members of the public on a daily basis. No organization can function properly or reach its goals without a good system of communication. Van Staden et al., (2002) cite the following advantages of communicating effectively with customers such as

- Better customer relationships
- Saving time and money
- More effective decision-making and
- Successful problem-solving

Kasthuri Poovalingam and Dayaneethie Veerasamy VanStaden et al., (2002) define communication as a two-way process whereby information (the message) is sent from one person (the sender) through a channel to another person (the receiver) who in turn reacts by providing feedback. According to Rouse and Rouse (2002), effective communication means that the information is received accurately in terms of content and meaning as intended by the sender. According to Duncan (2002:8),
marketing communication is a process for managing the customer relationships that drive brand value.

Communication is believed to directly affect the building of long term relationships with the stakeholders of an organization. It is therefore, necessary to acknowledge the role of communication in building relationships between the various activities in the organization and between the organization and its stakeholders (Rensburg & Cant, 2003:120). Schultz et al. (1995:85) are of the opinion that it is the rapport, the empathy, the dialogue, the relationship and the communication that the marketer establishes with the prospect that makes the difference.

**Commitment**

In relationship marketing literature, commitment has widely been acknowledged to be an integral part of any long-term business relationship (Anderson and Weitz, 1992). In most cases, it is described as a kind of lasting intention to build and maintain a long-term relationship (Anderson and Weitz, 1992).

Gundlach, Achrol and Mentzer (1995) commitment has entailed three different dimensions. Affective commitment describes a positive attitude towards the future existence of the relationship. Instrumental commitment is shown whenever some form of investment (time, other resources) in the relationship is made. Finally, the temporal dimension of commitment indicates that the relationship exists over time (Garbarino and Johnson 1999).
Commitment is frequently defined as a desire to maintain the relationship (Morgan and Hunt, 1994). It is a pledge of continuity, (Dwyer, et.al., 1987). It is a resistance to change, (Pritchard, Havitz and Howard, 1999).

Berry and Parasuraman (1991) stated that relationships are built on the foundation of mutual commitment. Garbarino and Johnson (1999) believed that commitment is the feeling of adoration, loyalty, concern on their blessings, agreement and even pride of the customer toward an organization. Dwyer, et al., (1987) believed that when the buyer is predicted to have a higher relationship termination cost, the intention of the buyer to maintain their relationship is promoted. On the contrary, if this relationship is not maintained with the best effort of the partners, the intention of leaving is higher. In the development process of relationships, the commitment to both parties will increase as trust accumulates. Because, commitment includes potential harm and sacrifice, people won’t easily commit to things unless trust is established. Thus, trust is the cause of commitment (Garbarino and Johnson, 1999). Andaleeb (1996) also noted that trust in a relationship signifies values to provide greater benefits for both parties. These benefits can establish loyalty and has the intention of continuously improving the relationship. So when the trust of the buyer toward the supplier increases, the commitment of the buyer toward the supplier also increases.

Bloemer, et al. (1998) defines bank commitment as the pledging or binding of an individual to their choice of bank. These definitions of relationship commitment are considered appropriate and important in this context as they describe how connected the concept is to loyalty whilst also reflecting the difference between the
two concepts. That is, one can be somewhat loyal to a firm, by repurchasing the products or services, without being a committed customer or having any desire to maintain the relationship. However, to be truly loyal, one needs to be committed in the way of being willing to contribute to the relationship in order to retain it. This understanding and meaning of commitment is considered imperative for banks to pursue in their customer relationships to make sure it exists so they are not gaining behavioural loyalty based on inertia and habit (White and Yanamandram, 2004).

Businesses need to show customers that they are committed while offering customers the core service benefit. If these issues are addressed correctly, it could lead to the customer developing long-term relations with the business, which will then create loyalty (Thompson & Thompson 2003). Moorman Zaltman and Deshpandé (1992) defined it as an enduring desire to maintain a valued relationship’. It implies a willingness on the part of both partners to make short-term sacrifices to realize long-term benefits in the relationship (Anderson & Weitz, 1992). Common to the different definitions of commitment is that commitment is characterized by a disincentive to replace relationship partners (Young & Denize, 1995).

Most researchers in marketing have conceptualized and operationalized commitment as a global construct. However, researchers observing relationships in organizational psychology have pointed out three distinct motivations underlying the desire for continuity (Allen & Meyer, 1990)

The three components of commitment that are (to some extent or completely) included in these models are: affective (attachment due to liking and identification),
calculative or continuance (attachment due to instrumental reasons) and moral or normative (attachment due to felt obligations).

All these components of commitment pertain to psychological states, yet they originate from different motivations for maintaining a relationship (Geyskens et al., 1996). Affective commitment means that firms want to stay in the relationship because they like their partner, enjoy the partnership and feel a sense of loyalty and belongingness. On the other hand, calculative commitment is the extent to which partners to perceive the need to maintain a relationship due to the significant anticipated switching costs or lack of alternatives. Normative commitment means that partners stay in the relationships because they feel they ought to (Geyskens et al., 1996).

**Work behavior**

The ways in which employees behave impact business performance to a big extent; it is a critical success factor for outstanding business performance. It is therefore imperative that all businesses build a clear and strong organisational culture that provides the means by which organisations can embed behaviours and attitudes that are aligned to the strategy of the business. As a critical success factor, organisational culture can be the difference between mediocrity and outstanding business performance. For example if an airline business communicates a message to customers that “we fly you on time” but the employees of this airline do not demonstrate a behaviour of punctuality and urgency then you cannot expect customer satisfaction and you cannot expect outstanding business performance. The values of an organisation provide the more effective means for mobilising employees rather
than targets and processes. When people share common beliefs and values, they communicate effectively; decisions are understood easily and therefore quickly enacted. Organisational culture is also a powerful retention factor that must be exploited by managers of business. It is a well-known fact that good pay and other benefits are not the only reasons that employees remain in employment; the business which spends the most money on its employees is not necessarily the business which delivers the best performance or is able to hold on to its best talents. The VALUES of an organisation, the ways in which employees behave and work to achieve outstanding performance could be the reason that an employee is happy and motivated to come to work every day and it would be an important reason why he declines that offer for a higher paying job. It is therefore an imperative for business leaders to develop initiatives and programmes that enable the business to establish the right organisational culture. These programmes must communicate the key messages accurately and be aspiration as well as energetic and exciting enough to engage the entire organisation. These programmes must also include guidance and coaching of line managers to enable them to develop the necessary skills to influence employees’ behaviour. Leaders must also develop a system that enables the business to reward right behaviour. All these done properly will motivate employees build the right behaviours and attitudes. Where a business fails to establish a clear and strong organisational culture, a culture does emerge anyway driven by naturally charismatic employees who by virtue of their position or links to top management explain the reasons behind events that take place within the organisation. In these situations, the “whisper in the corridor” determines what an employee will value and believe and this dictates how he will behave.
Customer Grievance and Care

In the present scenario of competitive banking, excellence in customer service is the most important tool for sustained business growth. Customer complaints are part of the business life of any corporate entity as every business has to deal with situations in which things go wrong from a customer’s point of view. This is more so for banks because banks are service organizations. As a service organization, imparting good customer service and enhancing level of customer satisfaction should be the prime concern of any bank. Providing prompt and efficient service is essential not only to attract new customers, but also to retain existing ones. Customer dissatisfaction would spoil bank’s name and image. This policy document aims at minimizing instances of customer complaints and grievances through proper service delivery and review mechanism and to ensure prompt redressal of customer complaints and grievances. The review mechanism should help in identifying shortcomings in product features and service delivery. The bank’s policy on grievance redressal follows the under noted principles.

- Customers be treated fairly at all times.
- Complaints raised by customers are dealt with courtesy and on time.
- Grievances of pensioners and senior citizens are dealt on priority.
- Customers are fully informed of avenues to escalate their complaints/grievances within the organization and their rights to alternative remedy, if they are not fully satisfied with the response of the bank to their complaints.
• Bank will treat all complaints efficiently and fairly as they can damage the bank’s reputation and business if handled otherwise.

• The bank employees would work in good faith and without prejudice to the interests of the customer.

In order to make bank’s Grievance redressal Mechanism more meaningful and effective, a structured system has been built up towards such an end. This system would ensure that the redressal sought is just and fair and is permissible within the given frame-work of rules and regulation.

**Customer bonding**

Bonds and bonding have become central concepts in the study of customer relationships, (Arantola. H 2002). Bonds are the exit barriers that tie the customer to the firm and maintain the relationship, (Wendelin. R 2011). Different bonds will generate different states of mind from a customer towards a certain company and can influence loyalty towards a service provider. In this section some positive and negative effects of various bonds presented in previous literature, (Arantola. H 2002). (Hennig-thurau. A, Gwinner. K, Gremler. D 2002) will be explored. Economic bonds and switching costs. Developing relationships with businesses may lead consumers to receive economic advantages. Customers who have an enduring relationship with an organization may be rewarded with financial benefits, such as special pricing considerations (Gwinner. K, Gremler. D, Bitner. M 1998). Switching barriers are a consequence of a customer’s perception of time, money, and psychological effort required to change from one service provider to another, particularly search and learning costs that switching entails (Jones M.A, Mothersbaugh. D.L, Beatty S, 2002).
These perceptions help customers to develop capabilities required to optimally use a given product. Such capabilities are likely to be firm specific and cannot be transferred perfectly to competitors’ product offerings (Brush. T, Dangol. R, O’Brien. J 2012). Switching costs will most likely retain customers in the firm and make them consume their complementary products. Switching costs may be caused by various aspects such as: costs of searching for a new service provider; the loss of a friendly and comfortable relationship; having to bear learning cost; explain individual preferences; risk perceptions; or loss of special privileges (Klemperer. P, 1995). Consumer switching costs give firms a degree of market power over their repeat purchasers (Klemperer. P, 1995). Thus, by exploiting this type of bond, firms can achieve a competitive advantage. Therefore, the switching costs theory predicts a direct, positive relationship between customers’ switching costs and firm revenues. (Shapiro. C and Varian. H 1999) argue that in competitive markets where all firms in an industry have similar production costs and product quality, the profits firms earned from customers equal exactly customers’ switching costs. Social bonds refer to personal ties which include perceived feelings of “familiarity, personal recognition, friendship, rapport and social support” (Klemperer. P, 1995).

Customers derive social bonds from long-term relationships with service firms. A considerable indirect influence of social benefits on word-of-mouth communication through commitment can also be pointed out (Hennig-thurau. A, Gwinner. K, Gremler. D 2002). This bond can be established, in addition to the benefits received in the delivery of the core service, as a kind of fraternization that can occur between customers and employees. It is then most likely to appear in services
with a high degree of interpersonal contact between customers and employees. Thus it is expected that the higher social bonds, the better the interpersonal relations will be between the customer and the provider which can result to higher levels of loyalty (Hennig-thurau. A, Gwinner. K, Gremler. D 2002). Nevertheless, managers who encourage social relationships should be aware that some customers are only willing to engage on this type of interaction to a certain point. It is crucial to realize when you’re invading people’s “comfort zone”. Confidence bonds are defined as “perceptions of reduced anxiety and comfort in knowing what to expect in the service encounter” (Hennig-thurau. A, Gwinner. K, Gremler. D 2002). Reducing the risk in services, thus building trust, is key to provide feelings of assurance to customers (Berry, L.L. 1995) and also improving satisfaction. Trust creates benefits for the customer (e.g., relationship efficiency through decreased transaction costs) that in turn fosters his or her commitment and loyalty to the relationship (Garbarino. E, Mark. S, 1999).

Although this sense of confidence and trust may be inextricably tied to the quality of the core service, it is expected that this bond appears as an independent benefit of long term relationships - particularly when customers perceive that there are comparable quality providers in the market. Thus, these bonds are perceived to be highly important in retaining relationships, and are expected to influence positively customer loyalty.

Customers develop deep emotional bonds with brands, as elaborated in the emotional attachment to brands construct (Douglas. B, Hieu. G, Nguyen. P, 2011) Developing a relationship with a provider can indicate that there is often a comfort or
feeling of security in having that bond. They feel like it’s going to be good in advance or if something is wrong it will be taken care of (Spake. D, Beatty. S, Brockman. B, Crutchfield. T, 2003). Consumers who are emotionally attached to a brand are also likely to have a favorable attitude towards it so it’s quite that the consequences of this attachment include loyalty and (possibly) a willingness to pay a price premium for the brand. This feeling towards the provider appears to develop over time and only after a relationship has been established between the customer and the organization. Revenue and profit from emotionally bonded repurchase are less vulnerable to disruption. Facilitating strong emotional attachments to brands is thus an important means of realizing devoted, profitable, customer repurchasing.

**Customer Satisfaction**

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 rends, 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. Each single conflict within an organization can have far-reaching consequences in long-term customer satisfaction, and that the human element- the way an employee interacts with a customer – plays the dominant role. The mentioned factors and practices strongly support that service recovery skills and procedures are critical in maintaining customer satisfaction (Belding, 2004). The challenge therefore for companies is to provide customers to have smart, appropriate interactions regardless of which channels they use. The focus of bottom line growth will never relent. Firms also need to secure loyalty and increase the profitability of those clients aside from retaining their customers (Winters, 2008). Recent researches have confirmed that customer satisfaction and customer loyalty are related to key measures of financial performance, including but not limited to retention. Companies with loyal clients or customers tend to register higher customer satisfaction, increased sales, lower costs, and more predictable profit streams (Grossman, 1998).

**Trust**

Trust is defined as the willingness to rely on an exchange partner with whom one has confidence (Ostrom & Iacobucci, 1995) or confidence in an exchange partners reliability and integrity (Morgan & Hunt, 2004). Trust causes dedication because it reduces the costs of negotiating agreements (Berry, 2002). In social psychology, trust is considered to consist of two elements namely honesty and benevolence (Wetzels, et al., 1998). In the marketing literature, Morgan and Hunt
(1994) also suggest that brand trust leads to brand loyalty and commitment because trust creates exchange relationships that are highly valued.

In business, trust is viewed as one of the most relevant antecedents of stable and collaborative relationships. Researchers have established that trust is essential for building and maintaining long-term relationships Rousseau, et al., 1998; Sirdeshmukh, (2001). Morgan and Hunt (1994) stated that trust exists only when one party has confidence in an exchange partners reliability and integrity.

Trust is the perceived level of confidence in transaction partners’ reliability and honesty. In service, customer trust might differ depending on their trust towards the firm or trust towards the service provider. When customers interact with an employee, their trust is created by their perceptions of those interactions (Santos and Fernandes, 2008). However, when customers have developed special bonds with employees, this feeling might not reflect their feelings towards the whole company (Hocutt, 1994). Customer trust towards the company is more based on how the company operates (Santos & Fernandes, 2008).

Trust variable is defined in various ways and there exists no accepted definition of it. Usually trust is defined as a belief in one’s capability for a specific duty, or the expectation that one’s promise can be reliable, or the tendency to rely on or attach to an exchange partner. In general trust as a three dimensional variable consists of competence, honesty and propitiousness (Dimitriadis, et al., 2011).

Researchers has showed that using customer orientation is positively related to companies reputation and product quality and service may be used as marketing tool
for those companies that welcome customer orientation for gaining the desired reputation of big companies. Good reputation is counted as a crucial business property that brings along stability in business (Koh, et al, 2007). There is a variation of definitions of the concept of companies reputation and also its measurement. Reputation points to mental images about the organization actually protected by others outside the organization (Walsh, et. al, 2009). In brief, it is quite useful to consider companies reputation as inferences kept by all beneficiaries related to the organization, i.e. customers, employees, Suppliers, managers, creditors, media, etc. Chun and Rosa, (2005). Brown (1997) relates a company reputation to big companies social performance. He supports the idea that companies with positive reputation for social performance have greater ability for faithful customers and employees and suppliers development (Koh, et. al, 2007).

Customer Loyalty

Customer loyalty is comprised of both customers attitudes and behaviors. Customers attitudinal component represents notions like repurchase intention or purchasing additional products or services from the same company, willingness of recommending the company to others, demonstration of such commitment to the company by exhibiting a resistance to switching to another competitor Cronin and Taylor, 1992; Narayandas, 1996; Prus and Brandt, (1995) and willingness to pay a price premium (Zeithaml, Berry & Parasuraman, 1996). On the other hand, the behavioral aspect of customer loyalty represents actual repeat purchase of products or services that includes purchasing more and different products or services from the same company recommending the company to others and reflecting a long-term
choice probability for the brand (Feick, Lee & Lee, 2001). Customer loyalty expresses an intended behaviour related to the product or service or to the company.

Pearson (1996) has defined customer loyalty as the mind-set of the customers who hold favorable attitudes toward a company, commit to repurchase the company’s product or service and recommend the product or service to others. Customer loyalty is very significant in the creation and maintenance of competitive advantage in the service industry.

In the banking sector, loyal customers are more profitable because they are attached to the bank and thus are easier to serve than those who are non-loyal. Bowen and Shoemaker (1998) stated that a small increase in loyal customers can result in a substantial increase in profitability. Furthermore, the longer a loyal customer stays with a firm, the more profitable to that firm (Kim & Cha, 2002). Reichheld and Sasser (1990) found that firms could improve their profits from two to eight percentages by reducing customer defections by five percent. Thus, keeping loyal customers represents a strategy for achieving distinct and sustainable competitive advantage Roberts, et al., (2003). The banking industry globally is facing a very competitive environment that is forcing it to enhance the development and sustainability of loyalty opportunities.

Perceived Performance

Recently, value concepts have entered the discussion about sources for competitive advantage. In general, value can be regarded as the trade-off of the salient give and get components relating to products, services or relationships Zeithaml,
42

(1988). Marketing researchers have discussed customer value as a new perspective in the search for excellence in business Anderson and Narus (1998). Hence, it is stated that understanding business markets implies applying and understanding the value concept.

Customer value has become an important concept for re-focusing business activities on customer needs and perceptions. Woodruff (1997) defines customer value on a product level as a customer’s perceived preference for and evaluation of those product attributes, attribute performances and consequences arising from use that facilitate to achieving customer’s goals and purposes in use situations. In marketing practice and theory, it is observed that a shift from transaction-oriented to relationship-oriented marketing research (Sheth & Sharma 1997). Several authors have started to theorize about perceived performance. (Wilson 1995, Ravald & Grönroos 1996, Grönroos 1997, Walter, Ritter and Gemuenden, 1999) Wilson (1995) stated that value creation is the process by which the competitive abilities of the hybrid and the partners are enhanced by being in the relationship. Hence, customer perceived performance defined as the trade-off between the multiple benefits and sacrifices perceived by a customer, regarding all aspects of the business relationship with a supplier.

Scope of the Study

Strong competitive pressure has forced financial institutions to revise their marketing strategies and to stress long-lasting relationships with customers. Most banks have tried to differentiate from other banks by offering supporting services, which is a first step towards relationship marketing. Many banks would also claim to
have implemented relationship marketing more fully by developing closer relations with their clients.

Tyler and Stanley, (2001) stated that Customers still prefer personal relationships as the principal means of communication and exchange between bank and client firm (Tyler & Stanley, 2001). Research on relationship marketing in the banking industry shows that much of literature focuses on various elements of relationship marketing. However banks are slipping on almost every measure of relationship quality one reason is the vulnerability of relationships in an alternative delivery environment. This research has focused the importance of the personal relationship by revealing that customers considered their banking relationship to be with their relationship manager rather than with the bank they represented.

Significance of the study

This study consider the relationship marketing and the maximizing customers’ value in more cooperative and long-lasting relationships. Customer loyalty and customer retention are the most important challenges faced by the banks. Effective relationship marketing strategy helps the bank to understand customers’ needs. So that bank can serve their customers better than their competitors.

Most of the research focused to find the determinants of relationship marketing. But, this research focus on how relationship marketing can affect the performance of the bank.
Statement of the Problem

For years Indian business organizations have been operating successfully in protected domestic markets facing only restricted competition. Globalization and the economic reform processes undertaken by Government of India have brought about a paradigm shift in the context in which Indian organizations have been operating. Integration with global economy has become an indispensable part of Indian economy. Due to this shift in external environment the Indian industry in general and banking industry in particular are passing through a phase of radical transformation. Today, banking sector is seen as a catalyst in the economic growth of a country and, a lot is expected from the banking fraternity. The recognition of banking sector, as a tool for all inclusive growth by economists, financial planners and reformists has made it an important sector in the Government’s planning of economic growth.

The banking sector in India is therefore witnessing tremendous changes because of political, social and economic upheavals that are taking place domestically and internationally.

The banking industry in India has undergone a radical change in the last two decades. Now the banking has become too open and competitive. The basic focus and direction has changed from a level of moderate business to a maximum possible limit. Even the flow of business movement has changed from Customer’s door step to bankers, now from Banker’s to customers’ door step. Survival of the fittest is the order of the day. Customer service has become quite important in the present day situation as competition is increasing among the banks. Everyone is trying to woo the
same customer. Retaining the existing customers and attracting new ones has become very difficult for Indian banks.

This research has been conducted on general aspects of relationship marketing, How relationship marketing determinants can help the bank performance.

**Need of the study**

Relationship marketing has been advocated as an excellent way for banks to establish a unique long-term relationship with their customers. Most of the core products in the bank are fairly generic, and it is difficult for most banks to compete purely on this core service. Thus, recognition of the importance of relationship marketing has grown in recent years.

The market place today is very dynamic, vibrant and competitive. The customers are smarter, more informed, and have an access to many channels and choices which they take little time to exercise. Customer can easily defect to competitors who promise better offerings at lower prices (Bhardwaj 2007).

Present day business environments are characterized by increasingly saturated markets, caused by changes in the nature of competition and an ever-growing imperative to attain a comprehensive appreciation of customer needs. Matching the growing complexity of the business environment has led to an ever-more diversified and demanding customer base. (Barnes et al., 2004) in the rapidly changing environment, companies cannot maintain attitudes characterized by attracting customers or expanding in new markets. The key success factor to survive in mature markets relies on sustaining long-term relationships with stakeholders (De madariaga
& Valor, 2007). Hence, there is a need for study about the relationship marketing practices in the banking sectors.

**Objectives of the Study**

1. To study the customer perception towards customer welfare, communication, commitment, work behavior, customer grievance and care, customer bonding, customer satisfaction, trust, and customer loyalty.

2. To analyze the relationship between customer welfare, communication, commitment, work behavior, customer grievance and care, customer bonding and customer satisfaction, trust, customer loyalty.

3. To find out the effect of customer satisfaction, trust and customer loyalty on perceived performance.

4. To explore the customer opinion towards the relationship marketing determinants of customer satisfaction, trust and customer loyalty based on the demographic factors.

**Hypotheses of the study**

1. There is no significant relationship between customer welfare, communication, commitment, work behavior, customer grievance and care, customer bonding and customer satisfaction, trust, customer loyalty.

2. There is no significant effect of customer welfare, communication, commitment, work behavior, customer grievance and care, customer bonding on customer satisfaction, trust, and customer loyalty.
3. There is no significant difference of opinion towards relationship marketing determinants, customer satisfaction, and trust based on demographic factors of the customer.

**Organisation of the study**

The dissertation is divided into five chapters. The first chapter deals with the fundamental concepts and research issue related to the topic. In this chapter the researcher has also given brief notes on banking industry, relationship marketing and its determinants, customer satisfaction, trust and loyalty. It has also spelt out the background of study, statement of the problem, need for the study and conceptual framework for effective relationship marketing in private and public banks, the specific objectives and testable hypotheses of study.

The second chapter devoted to review of the past research works pertaining to the topic. The review has been categorized into four forms namely relationship marketing determinants, customer satisfaction, trust and customer loyalty.

The third chapter presents the methodological procedures which include research design, construction of research tool, pre-test procedure, pilot study, reliability test results, sample size determination, sampling area, sampling procedure, data collection procedure, data analysing tool and limitation of study.

The fourth chapter explains the detail analysis and discussion of the study.

The fifth chapter highlights a summary of findings, recommendation and conclusion of the study, the managerial implication and future scope of the study are also presented.