PREFACE

The banking industry in India is undergoing a major transformation due to changes in economic conditions and continuous deregulation. These multiple changes happening one after other has a ripple effect on the bank trying to graduate from completely regulated sellers market to completed deregulated customers market. This market presents a potentially vast untapped source for research and business. The Marketer has started recognizing the role of relationships in the service industry today.

During the last decade we have witnessed a paradigm shift in marketing from a transaction approach based to relationship marketing where the focus is to "establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met.

Relationship marketing is a relatively new concept emerging within the marketing literature over past decade. The core theme of relationship marketing perspectives is its focus on cooperative and collaborative relationship between the firm and its customers, and/or other marketing actors. Marketers are realizing that it costs less to retain customers than to compete for new ones.

There is greater opportunity for cross-selling and up-selling to a customer who is loyal and committed to the firm and its offerings. The centre of relationship marketing philosophy is the notion that making the most out of existing customers is essential for long term profitability. Keeping clients, developing relationships with them, is crucial to establishing and maintaining a competitive advantage in the market.

The development of financial service provision within the retail sector has offered retailers the opportunity to build closer relationships with their customers. The development of financial services has occurred within
increasingly competitive environments where retailers faced with limited growth opportunities in their core markets have sought to secure existing customer loyalty with schemes which establish a relationship built on retailers’ better understanding of the customer and customers’ greater involvement with the retailer.

The introduction of financial services is considered within the context of retailers’ relationships with their customers and retailers’ ability to build closer relationships with existing and potential customers. Today banks have moved way from a transactional based marketing effort to a relationship based approach that has at its core the recognition of the lifetime value of the customer. This also provides greater opportunity for cross-selling and up-selling to a customer who is loyal and committed to the firm and its offerings.

Customer satisfaction is generally described as the full meeting of one’s expectations. It is the feeling or attitude of a customer towards a product or service after it has been used. Customer satisfaction is a major outcome of marketing activity whereby it serves as a link between the various stages of consumer buying behavior. For instance, if customers are satisfied with a particular service offering after its use, then they are likely to engage in repeat purchase and try line extensions.

Customer satisfaction is an important theoretical as well as practical issue for most marketers and consumer researchers and is considered the essence of success in today’s highly competitive world of business. Thus, the significance of customer satisfaction for a “market and “customer focused” firm cannot be underestimated in today’s competitive environment. Consequently, customer satisfaction is increasingly becoming a corporate goal as more and more companies strive for quality in their products and service.

The growth in the number of published works (both academic and a managerial) in recent years is the testimony to the renewed interest in the relational marketing paradigm.
The present study is an effort in this direction. It is hoped that the findings will provide a realistic insight into the dynamics of relationship marketing and the role of customer satisfaction in the Indian context.

This thesis is divided into five chapters. Chapter one talks about relationship marketing, its importance and role of customer satisfaction. It also defines the objectives of this research and identifies the framework, rationale and benefits of this study.

Chapter two gives a review and analysis of literature on relationship marketing and customer satisfaction in banking and service industry.

Chapter three deals with the methodology and states the objectives of research, research design, and the research instrument administered, the profile of the respondents, sampling procedure, stating of the hypothesis, method of analysis and limitations of the study.

Chapter four deals with analysis of results. It is an attempt in the direction analyzing the satisfaction with overall service parameters of the bank, factor analysis, identifying the principal components. Performance of banks is linked with satisfaction of the customers. This followed by identification of satisfaction with general and specific service parameters, with loan accounts, attributes with service quality, satisfaction with ATM services, identification of the demographic profile and information seeking habits of the respondents form an important parameter of analysis.

Chapter five presents a summary of results and discussion. The findings are presented in the form of sections dealing with important relationship dimensions and relationship between satisfaction of the customer and performance of the Indian banks. It also proposes steps that may prove to be of help to Indian Banks to face competition in future. It further talks about suggestions for future research directions.

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