

AN ANALYSIS OF RELATIONSHIP MARKETING STRATEGY ON CUSTOMER LOYALTY IN COMMERCIAL BANKS

R. Arjun¹

¹Reg.No: 21213161011003, Scott Christian College (Autonomous), Nagercoil, Affiliated to Manonmaniam Sundaranar University, Tirunelveli, Tamilnadu, India. Contact number: 6369557359, Email:sheeju83@gmail.com

Dr. I. Sheeja²

²Assistant Professor, Department of Commerce, Scott Christian College (Autonomous), Nagercoil,

Abstract

Aim– The aim of the study is to analyze the relationship marketing strategy on customer loyalty in Commercial Banks.

Design - – An interview schedule derived from previous studies and from the relevant literature was duly filled by 110 commercial bank customers in India. Multiple regression analysis is used to assess the impact on customer loyalty with seven key constructs of relationship marketing (trust, commitment, communication, conflict handling, shared values, keeping promises and cooperation).

Findings – All the variables have a significant effect and predict a good share of the variation in customer loyalty. Moreover, the identified factors are greatly related to one another.

Research implications – The relationships analyzed in this study be worthy for more research.

Implications – It is reasonable to conclude that, customer loyalty can be created, reinforced and retained by marketing plans meant at building trust, demonstrating commitment to service, communicating with customers in a timely, reliable and practical fashion, handling conflict competently, sharing the values with customer Keeping Promises forever and Maintaining Cooperation.

Value – Reinforces and refines the body of knowledge relating to customer loyalty in service sector.

Keywords: Relationship Marketing, Customer loyalty, Shared Values, Keeping Promises, Cooperation

1.1. Introduction

Unquestionably there is a mounting interest in the topic of relationship marketing. The strong competition characterize present business environment has resulted to the build of stronger firm-customer relationships.

Ndubisi (2004) says that more and more firms are capitalizing on strong firm-customer relationship to gain invaluable information on how best to serve up customers and maintain them from defect to rival brands. Therefore, it is significant to empirically look at the real impact of the underpinnings of relationship marketing of customer loyalty. This understanding will support in improved management of firm-customer relationship and in achieving advanced level of loyalty among customers. In this article an attempt was made to analyse the relationship marketing on

customer loyalty in commercial banks in Kanyakumari District.

1.2. Literature review

Ndubisi (2004) has suggested that companies should make sacrifices and worthwhile investments in building relationships with loyal, or at least potentially loyal, customers. It is argued here that the four identified underpinnings of relationship marketing are directly linked to and are capable of predicting customer loyalty.

Moorman et al., (1993). Trust has been defined as “. . . a willingness to rely on an exchange partner in whom one has confidence” A betrayal of this trust by the supplier or service provider could lead to defection.

Dwyer et al., (1987) defined conflict handling as a supplier’s ability to avoid

potential conflicts, solve manifest conflicts before they create problems and discuss solutions openly when problems do arise. How well this is done will determine whether the outcome is loyalty, "exit" or "voice".

Ndubisi and Chan (2005) found a significant relationship between conflict handling and customer loyalty, indirectly through trust and perceived relationship quality. The ability of the product or service provider to handle conflict well will also directly influence customer loyalty.

Anderson and Narus (1990) describe cooperation as "similar or complementary coordinated actions taken by firms in interdependent relationships to achieve mutual outcomes or singular outcomes with expected reciprocation over time".

Young and Wilkinson's (2005) addition is important in understanding the concept of co operation. True enough, cooperation might develop into a relationship not entirely ruled by trust, dependence may to an extent replace trust as the all-important key mediating variable.

Wilson & Jantrania (1994).The concept of relationship value is defined as that any relationship could create certain values for the two sides in the relationship as the process that both sides developed their trust and sought mutual benefits

Berry (1995) claims that the fulfilment of promises prepared to customers is the establishment for retaining customers and maintaining relationships with them.

Sathya Kumar C and Sujin C (2015) in their study concludes that while analysing customer loyalty (a) trust, (b) commitment, (c) communication and (d) conflict handling (e) sharing values (f) Cooperation (g) keeping promises are the factors which leads and (h) Reciprocity, (i) Empathy and (j) Bonding is considered least important.

Thus, the research proposal is that: . . . there is a sizeable positive association between customer loyalty and (a) trust, (b) commitment, (c) communication (d) conflict handling (e) sharing values (f) Cooperation and (g) keeping promises.

1.3. Aim of the Study – To aim of the study is to analyze the Relationship Marketing strategy on customer loyalty in Commercial Banks of Kanyakumari District.

1.4. Methodology

Sample – The sample consists of 110 bank customers from the Commercial Banks of Kanyakumari District.

Sampling Method - Random sampling method is selected for the study.

Data- Primary data through Interview schedule and Secondary data through Journals and Books were collected.

Period of the study – The study relates to the period of one month i.e. 2022 February

Area of the study- The area of the study is Kanyakumari District, Tamilnadu, India.

Tools used for data collection – Interview schedule is used for data collection.

Statistical tools used- Percentages and Regression analysis were used for analysing the data.

1.5. Limitations of the study

This research article reports that, it has not delve into the possible influence of socio-demographic factor on the relationship between relationship marketing initiatives and customer loyalty.

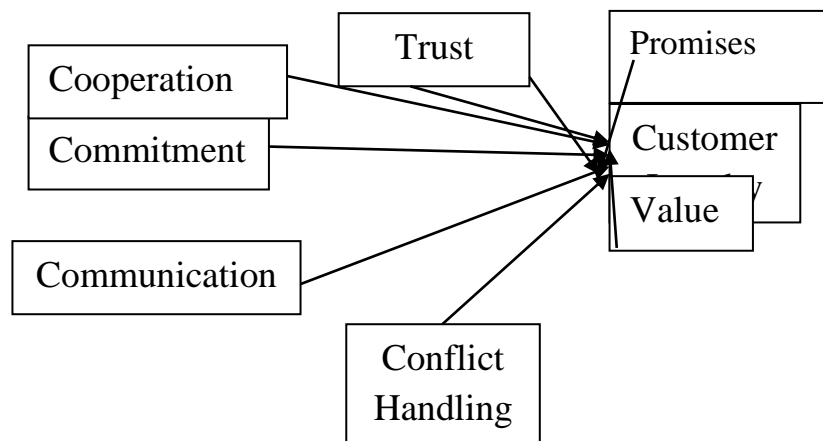
1.6. Analysis and Interpretations

Figure No. 1 depicts a depiction connecting the seven research construct to the dependent variable namely, customer loyalty. Data was collected through a field survey among commercial bank customers in Kanyakumari District of Tamilnadu, India.

All banks in the District were requested to involve in the survey; 20 banks in Kanyakumari District acknowledged the request. The sampling frame thus consisted of the customers of the commercial banks.

In the interview schedule finished by customers, items to gauge the construct domains were tailored from previous studies. The final total of 21 questions were framed related to the seven domains as follows:

Figure No. 1



All items were designed by response on a five-point Lickert's scale ranging from strongly disagrees to strongly agree. Multiple regression analysis was performed to forecast the relationship between the seven "Underpinnings" of relationship marketing and customer loyalty.

From the demographic data 40 percent of the respondents were female and 60 per cent were male. 80 per cent were under 50 years of age. Graduates accounted for 55 per cent of the respondents. 40 per cent had current account in the bank for more than 10 years, 45 per cent had current account less than 10 years, and only 15 percent had been current customers for less than 5 years.

Loyalty is consequently the preliminary point for relationship marketing. The internal reliability of the research mechanism was tested by reliability analysis. The descriptive statistics of the factors identified and reliability estimates are shown in Table No. 1.

Table No. 1
Descriptive Statistic and consistency estimate

Domains	Mean	Standard deviation	Cronbach's Alpha
Trust	3.95	0.53	0.84
Commitment	3.67	0.73	0.84
Communication	3.90	0.62	0.78

on			
Conflict Handling	3.73	0.64	0.73
Customer Loyalty	3.99	0.74	0.93
Shared Values	3.55	0.61	0.72
Keeping Promises	3.53	0.59	0.70
Cooperation	3.51	0.58	0.68

Source: Analysed Data

The results of the regression analysis summarized in Table No. 1 depicts that trust, Communication, commitment, and conflict handling, Shared Values, Keeping Promises, Cooperation contribute significantly to customer loyalty ($f = 19.99$; $p < 0.001$) and predict 29 per cent of the variation found. This shows a significant direct relationship between all seven "underpinnings" and customer loyalty at 5 per cent significance level. Therefore, and given the representativeness of the sample, it is fair to conclude that the commercial banks customers in Kanyakumari district tend to be loyal if the bank is found:

- Trustworthy to customers;
- Committed to service to customers;
- Reliable and efficient in communicating to customers;
- Able to handle conflicts well;
- Sharing the values with customer;
- Keeping Promises forever; and
- Maintaining Cooperation.

The optimistic sign of the estimate depicts that the greater the degree of these underpinnings, the higher the level of customer loyalty. All elements of the research proposition are thus firmly supported.

In total the greater the trust in the bank there will be the higher level of commitment. Timely, fast and reliable communications and handling conflicts in a amicable manner, sharing the values with customer, keeping promises forever, and maintaining cooperation will increase the loyalty of the customers.

1.7. Implications of the study

Hypothetically, the effect of this research provides empirical evidence for the influence on customer loyalty of seven underpinnings of relationship marketing: trust, commitment, communication, conflict handling, values, and Cooperation.

This study adds value to the literature by empirically connecting a more widespread list of variables to the dependent variable.

While considering the practical implications of the study, a first finale is that banks wish to defend and construct up loyal clientele should be honest and enthusiastic to the service ethic, should communicate timely and correctly, and must resolve conflicts in a way that will get rid of superfluous loss and problem to customers.

Table No. 2

Relationship between Relationship Marketing underpinnings and customer loyalty

Variables	Beta Coefficients	t-value (p-value)
Constant		3.287 (0.000)
Trust	0.187	2.469 (0.014)
Commitment	0.154	2.080 (0.039)
Communication	0.185	2.565 (0.011)
Conflict Handling	0.152	2.050 (0.042)
Shared Values	0.151	2.049 (0.041)
Keeping Promises	0.149	2.048 (0.040)
Cooperation	0.148	2.043 (0.039)

Source : Analysed Data

Trust is a significant element in firm-customer relations and eventually in the growth of loyalty, in India and elsewhere. Consequently, banks should struggle to succeed customers' trust. The practice in

which relationship can be achieved comprise the generous and keeping promises to customers, presenting concern for the safety of dealings, given that of quality services, giving respect for customers throughout the front-line staff, satisfying obligations, and acting to build customers' confidence in the bank and its services.

As for commitment as a serious factor in creating customer loyalty, consisting in this study of accommodating to customers' needs, tailoring products to necessities, and being usually elastic in their customer relationships. Banks should be familiar with the strength of service commitment in keeping loyal customers, and act for that reason.

Customers are inclined to be loyal to banks that handle customer complaints and further conflicts acceptably. Further it is important that effective conflict decision mechanism is not only in place but are practical. So as to anticipate possible sources of conflict and attend to them previous to troubles become obvious. Effectual reactive solution should also be marshal positively and in time to determine problems and defend customers from preventable losses.

One time in a whilst you must be eager to give a little, It does not forever matter whether your customers are right or wrong in their requirements. Satisfy them, solve their troubles, and for honesty sake compromise and work with your customers and you will keep them and develop your relations with them in the process.

Shared values keep you mutually throughout the hard times and it will carry the customers happiness during the elevated points of relationship. Although values can be tweak, they can't be distorted. Otherwise, they will live in continuous dissatisfaction and anger.

Cooperation have the aptitude to take efforts to do things out with your partner. Cooperation, strengthen the fundamental structure of relationship from side to side impartial exchange, unlock message and common perceptive.

Occasionally, what may cause a customer to defect is not so much the happening of a trouble as how it is handled. Banks should be eager to thrash out troubles explicitly with their clients.

1.8. Conclusions and future research

This lesson has recognized that measurement of the "underpinnings" of

relationship marketing can forecast customer loyalty, at least in the Indian banking sector.

Consequently, researchers and strategists aim to take care of loyal customers and should pay utmost concentration to the issues of trust, commitment, communication and conflict handling, keeping promises, sharing values and Cooperation.

In addition, there is the propensity for higher-income customers to be given better consideration from banks, at least in India, because of their higher net worth and the bigger volume of dealing they produce for banks. This might create them more loyal than other customers. Future investigation studies might fruitfully examine such moderating influence.

References

1. Ndubisi, N.O. (2004), "Markets-marketers symbiosis under globalization and poor customer value", *Academy of Marketing Studies*, Vol. 8 No. 1, pp. 45-52.
2. Ndubisi (2004) "Service quality: and reaction", *International Journal of Business*, Vol. 5 No. 2, pp. 207-19.
3. Moorman, C., Zaltman, G. and Deshpande, R. (1992), "Dynamics of trust within and between organizations", *Journal of Marketing Research*, Vol. 29 No. 3, pp. 314-28.
4. Dwyer, F.R., Schurr, P.H. and Oh, S. (1987), "Developing buyer-seller relationships", *Journal of Marketing*, Vol. 51 No. 1, pp. 11-27.
5. Ndubisi and Chan (2005) Ndubisi, N.O. and Chan, K.W. (2005), "the underpinnings of relationship marketing", *International Journal of Bank Marketing*, Vol. 23 No. 3, pp. 542-57.
6. Anderson and Narus (1990) "Distributor-manufacturer working relationship", *Journal of Marketing*, Vol. 48 No. 1, pp. 62-74.
7. Wilson and Jantrania (1994). "An integrated model of buyer-seller relationships", *Journal of Marketing Science*, Vol. 23 No. 4, pp. 335-45.
8. Berry, L.L., Shostack, G.L. and Upah, G.D. (1995) (Eds), *Emerging Perspectives of Services Marketing*, American Marketing Association, Chicago, IL
9. Sathya Kumar C and Sujin C (2015) *Relationship Marketing in Service Sector in India " Mass Bulletin" An International*

Journal of Social Sciences, Vol.1 Issue 1. pp 42-49

10. Raja Justus E and Sathya Kumar C (2014) *Quantitative Techniques*, Humming Birds Publishers, Haryana.