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RELATIONSHIP MARKETING'S FUNCTION IN THE BANKING INDUSTRY'S CUSTOMER ORIENTATION PROCESS WITH AN EMPHASIS ON LOYALTY

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ABSTRACT

The purpose of this study was to conduct an empirical investigation into how the foundations of relationship marketing like trust, commitment, communication, handling conflict, bonding, shared values, empathy and reciprocity will affect client loyalty in the banking sector. A study was carried out in the state of Tamilnadu, wherein 200 randomly selected bank customers and they completed a questionnaire consisting of 34 questions. The data was analyzed using multiple regression analysis. The findings demonstrated that each of the relationship marketing pillars had a substantial impact on customer loyalty and was closely related to it. Thus, it seems sense to draw the conclusion that marketing strategies that focus on fostering trust, exhibiting a dedication to customer service, interacting with clients in a prompt, dependable and proactive manner, resolving conflicts amicably, and offering incentives may all help to generate, reinforce and to maintain customer loyalty.

Key words: Relationship marketing, Customer Orientation, Loyalty, Banking and Trust

Introduction

Globally, the banking industry is become more and more competitive. This is especially valid for small to medium sized company banking. Furthermore, one may argue that the real and core product being provided to corporate clients is very homogeneous. As a result, banks are under more pressure to set themselves apart from rivals at the enhanced product level. Building longer-term ties with their most important clients is one method they may do this. Relationship marketing has been hailed as a good strategy for banks to establish special, long lasting relationships with their clients in the fiercely competitive global financial sector. As a result, in recent years, the significance of relationship marketing has come to be understood.

Furthermore, a bank might have a long-lasting competitive edge if it cultivates and upholds positive client connections that are difficult for rivals to match. Relationship marketing, thus, focuses on developing a win-win partnership between clients and banks The establishment of customer relationships fosters reciprocal benefits for both the company and the consumer.

Consequently, it is critical to conduct an empirical investigation into the true influence of relationship marketing's foundational principles on customer loyalty. Thus, the purpose of this study was to investigate how customer loyalty in the banking sector is affected by relationship marketing's foundational principles, which include trust,

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commitment, communication, handling conflict, bonding, shared values, empathy and reciprocity. A greater degree of customer loyalty and improved management of the company-customer connection will result from this knowledge.

Review of Literature

Venkatesh (2018) examined the long term effects of present day relationship marketing by analyzing various customer friendly programmes that companies dish out and the reactions of the customers to these relationship building programs in last six years. They concluded that the organizations will have to come out long term strategies to keep their regulars for a long time. Otherwise, all these contemporary marketing schemes would remain temporary.

Catalina Chirica (2018) highlighted best practice in relationship marketing because of adjusted companies' strategies in a turbulent, unstable, and dynamic economic environment. He analyzed that by best practice, we understand specific marketing tools and strategies built upon real needs and heterogeneous consumer preferences, addressed directly in a relevant way, aiming at clients' long-term retention.

Joseph Vella, Albert Caruana, Leyland F. Pitt, (2019) resulted that the human behavior plays an important role in adoption of CRM strategy as the CRM is relationship between the employees and the customers and both are carrying human characteristics. The attitude of both employees and customers is responsible for the success or failure of the CRM strategy.

Shirmila Stanley (2012) identified the new perspectives in the banking sector with the introduction of CRM. The remedies suggested by her are that banks should adopt customer relationship building approaches to improve Customer Life time Value (CLV) and Customer Delight thereby resulting in a long term relationship. This paper is an attempt to observe factors essential for effective CRM in banking sector.

Adolphus Y. Y. Wan and Ken T. L. Ng (2019) studied the significance of guanxi in terms of its importance and applicability to foreign banks in China. Data was collected through semi-structured interviews of ten marketing executives ("Relationship Managers"), representing ten samples from ten CFBs based in Shanghai. Non-probability and purposive sampling techniques were applied. The research problem focused on how important is relationship marketing ("RM") activities of CFBs.

Narinder Kaur (2021) studied the concept of Trust and its impact on customer relationship marketing in banking sector in India in post liberalization era. The research methodology was based on the empirical data collected from Public Sector Banks, Private Sector Banks and foreign Sector banks in India for the study. The study had shown that the trust is very strong in Foreign Sector Banks (FSB).

Isabelle Brun, Fabien Durif, Line Rihard (2022) explored the e relationship marketing and identified the elements that are predominant to ensure the success through internet. The exploratory Cognitive mapping technique was employed on the three types of respondents banking experts, online customers and academic experts. Authors found the similarity of traditional relationship marketing and e relationship marketing.

Chistine T Ennew, Martin R Binks, Brian Chiplin (2022) examined the customer satisfaction and retention in UK banks and small business where key strategy is building and maintaining loyal database. He developed the preliminary model. Discriminant Analysis was used.

Madhu Jasola, Shivani Kapoor (2023), underlined the significance of CRM in Indian Banking Sector. Customer Relationship Management has emerged as a popular business strategy in today's competitive environment. It is a discipline which enables the companies to identify and target their most profitable customers. CRM involves new and advance

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marketing strategies which not only retain the existing customers but also acquire new customers. It has been invented as a unique technique capable of remarkable changes in total output of companies. While the concept of relationship marketing was formally introduced in early 90s when financial services, airlines and other service institutions stated to 'reward to retain' the existing customers by introducing loyalty programs, CRM is only a product of the late nineties.

Research conceptual model

The conceptual model depicted in Figure No.1 was based on the combination of two models presented in previous studies by Ndubisi in 2007 and Sin et al in 2002. It highlights the effect of relationship marketing underpinnings on customer loyalty.

Figure No. 1 - Conceptual model

Trust	**Loyalty**
Commitment	
Handling conflict	
Bonding	
Communication	
Shared values	
Empathy	
Reciprocity	

Trust: Long-term partnerships are built on trust (Jusuçius and Grigaite, 2019). A breach of trust by the supplier or service provider may result in defection. Trust is defined as "a willingness to rely on an exchange partner in whom one has confidence".

Communication: "The consumer's perception of the extent to which a retailer interacts with its regular customers in a warm and personal way" is the definition of communication. The sentiments of intimacy and camaraderie, the usage of the client's first or family name on the spot, and intimate knowledge all show such an engagement (Naoui and Zaiem, 2010).

Conflict Handling: Noui and Zaiem (2010), conflict is characterized as "tension and frustration between two or more social entities that arise from the incompatibility of actual and desired responses." This presents an opportunity for the company to demonstrate its engagement with the client by working towards resolving the conflict and being willing to have an open discussion about the reasons behind it as well as potential satisfactory solutions.

Bonding: Noui and Zaiem (2010), The aspect of a business connection known as bonding occur when two parties (the supplier and the customer) work together to achieve a common objective. Bonding in a dyadic connection between a buyer and a seller may be thought of as a dynamic process that advances with time. The basic demands of a seller to find a market for their goods and a buyer to acquire a product that would meet their wants are the starting points of the bonding process.

Shared values: "The extent to which partners have beliefs in common about what behaviors, goals, and policies are important, unimportant, appropriate or inappropriate, and right or wrong" is how Morgan and Hunt (1994) describe shared values. It has long been believed that shared value plays a significant role in fostering relationships between buyers and sellers.

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Empathy: The capacity to view a situation from the viewpoint of another person is known as empathy (Wang, 2007). It is described as attempting to comprehend the aspirations and objectives of another person. It entails each party's capacity to perceive the circumstances from the other party's point of view in a fully cognitive manner.

Reciprocity: Chatthananon and Trimetsoontorn (2009), reciprocity is the aspect of a commercial connection that permits one side to do favors or offer allowances for the other in exchange for comparable favors or allowances to be received at a later time.

Commitment: Wang, (2007) is of the opinion that, in relationship marketing, commitment is a key concept that refers to a pledge to continue a relationship with a business partner. It's a central characteristic of relationship marketing models and is considered the "highest stage of relational bonding".

Hypothesis

In order to carry out the study the following hypothesis were framed.

H1: There is a positive correlation between client loyalty and trust.

H2: There is a positive correlation between loyalty and commitment.

H3: There is a positive correlation between Customer loyalty and communication

H4: There is a positive correlation between Handling conflicts and customers.

H5: There is a positive correlation between Customer loyalty and bonding.

H6: There is a positive correlation between Customer loyalty and shared values.

H7: There is a positive correlation between Empathy and consumer loyalty.

H8: There is a positive correlation between client loyalty and reciprocity.

Methodology

The study's target demographic consisted of bank clients in the State of Tamilnadu. The study's sample consisted of public and private bank customers. Managers interviewed at the bank stated that there was a proportionate amount of branches and consumers. Thus, when using the sample approach, the quantity of bank branches was taken into account. Therefore, in this investigation, the random sampling approach was employed.

Over the course of five weeks, a field survey of bank clients in the state of Tamilnadu was used to gather data. The information was submitted by the respondents using a 34-item self-completed questionnaire. Items to measure the construct dimensions in the customer-completed questionnaire were taken from earlier research by Sin et al (2002) and Ndubisi (2007).

Every item was evaluated based on replies to statements on a five-point Likert's scale of agreement, where 1 represented severe disagreement and 5 represented strong agreement. 200 questionnaires that were distributed were returned, based on sample size. In order to forecast the link between the eight "underpinnings" of relationship marketing and client loyalty in this particular situation, multiple regression analysis was employed for data analysis.

Demographic profile of the respondents

The following Table No. 1 shows the age level of the respondents considered for the study.

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Table No. 1 - Age of the respondents

Sl. No	Age	No. of Respondents	Percentage
1	Below 40	120	60
2	Above 40	80	40
		200	**100**

Source: Primary data.

From the above table it is clear that the age level of the respondents are, below 40 age was 60 percentage and above 40 was 40 percentage.

The following Table No. 2 shows the sex rate of the respondents considered for the study.

Table No. 2 - Gender level of the respondents

Sl. No	Sex	No. of Respondents	Percentage
1	Male	140	70
2	Female	60	30
		200	**100**

Source: Primary data.

The above table shows that the gender respondents ratio was 7:3.

The following Table No. 3 shows the education level of the respondents considered for the study.

Table No. 3 - Education level of the respondents

Sl. No	Education level	No. of Respondents	Percentage
1	Degree holder	82	41
2	Non Degree holder	118	59
		200	**100**

Source: Primary data.

From the above table it is evident that the degree holders are 41 percent and non degree holders constitute 59 percentage.

The following table No. 4 shows the customers experience with the bank under the study.

Table No. 4 - No. of years experience with the bank

Sl. No	Years of experience	No. of Respondents	Percentage
1	1 to 3	58	29
2	4 to 6	92	46
3	7 and more	50	25
		200	**100**

Source: Primary data.

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From the above table it is evident that the 25 percent are having more than 7 years experience and 29 percent is having less than 3 years experience and 46 percent are having 4 to 6 years experience.

Reliability and validity

The Cronbach's alpha value was used in this investigation as a reliability analysis technique. According to Guielford's (1965) proposal, internal consistency increases with a greater Cronbach's alpha value.

A measurement's excellent dependability was indicated by a result greater than 0.70. As demonstrated in Table 1, the analysis of this study's examination result revealed that each variable's Cronbach's alpha value was greater than 0.7, indicating strong reliability.

This study employed convergent validity and content validity to assess the questionnaire's validity. Following the verification of the questionnaire items' content validity by three academics with relevant experience and a few bank professionals, a small sample of bank customers was given the form to complete in order to solicit their feedback on the form's clarity and significance.

The instrument's final version took their input into consideration. The degree of agreement between two or more measurements of the same construct is referred to as convergent validity (Sin et al, 2002). The eight relationship marketing pillars were simply correlated to look for evidence of convergent validity in the questionnaire.

Table No. 5 - Descriptive statistics and reliability estimates

Dimensions	No. of items	Mean	Standard deviation	Cronbach's
Trust	6	3.90	0.85	0.921
Commitment	4	3.90	0.85	0.921
Communication	4	3.57	0.74	0.920
Conflict handling	3	3.63	0.70	0.820
Bonding	4	3.56	0.80	0.916
Shared values	4	3.76	0.63	0.788
Empathy	4	3.82	0.54	0.888
Reciprocity	3	3.70	0.68	0.840

The above Table No. 5 shows the Descriptive statistics and reliability estimates, like mean and standard deviation and Cronbach's alpha for the factors which are considered important for the study.

Table No. 6 - Relationship between RM underpinnings and customer loyalty

Dependent variables	Independent	Beta coefficients	t-value	p-value
Customer loyalty	Trust	0.441	2.110	0.360*
	Commitment	0.348	2.360	0.026*
	Communication	0.208	2.441	0.015*
	Conflict handling	0.113	2.490	0.013*
	Bonding	0.181	2.168	0.031*
	Shared values	0.094	1.993	0.047*
	Empathy	0.153	2.081	0.039*
	Reciprocity	0.107	2.200	0.028*

*Statistically significant level @ 0.005 level

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Analysis and outcomes

The respondents' demographic details are 60 percent of respondents were below 40 years old and 40 percent of respondents were above 40 years old. 30 percent of respondents were women and 70 percent of respondents were men. Based on the number of years the respondents have been with the specific bank, information on their service consumption reveals that 25 percent have been there for seven years or more, 46 percent have been there for four to six years, and 29 percent have been there for three years or less. 60 percent of those in the age distribution were under 40. Additionally, nearly 41 peRcent of those surveyed are degree holders.

Regression analysis results, in Table 6, show that every one of the eight relationship marketing pillars significantly influences customer loyalty. Furthermore, it shows a strong direct correlation between all eight foundations and customer loyalty at the 5 percent significance level (statistically significant at $P < 0.05$). Since each of the eight hypotheses has a p-value less than $P < 0.05$, they are all supported. The positive sign of the calculations suggests that the size of these foundations correlates with an increase in the level of customer loyalty. As a result, every element of the study plan receives substantial support.

The eight foundational elements of relationship marketing: trust, commitment, communication, handling conflict, bonding, shared values, empathy, and reciprocity will have an empirically demonstrated impact on consumer loyalty.

By conducting an empirical investigation of the influence of relationship marketing foundations on customer loyalty in the banking sector, this study contributes to the body of literature. The study's findings suggest that banks that want to attract and keep devoted clients should be reliable and devoted to providing excellent customer service, communicate clearly and promptly, and settle disputes in a way that minimizes loss and inconvenience to clients. According to certain theories, devoted consumers can spread positive word of mouth about brands or goods they genuinely believe in. They are evangelists and can draw in new clients.

In the end, loyalty growth and the connections between businesses and their customers depend heavily on trust. Consequently, banks should work to gain the trust of their clients if they want to have a loyal clientele. Banks can gain the trust and loyalty of their customers by fulfilling their obligations, making good on their promises, caring about the security of their transactions, offering high-quality services, treating them with respect, and constantly working to boost their confidence. Commitment is another important component in developing consumer loyalty. One method to show your devotion is to provide services that are both flexible and tailored. It entails being responsive to consumers' desires, customizing items to meet specifications, and maintaining an open line of communication with them. Banks should take action after realizing how important service dedication is in retaining devoted clients.

Conclusion

Therefore, it makes sense to draw the conclusion that marketing strategies that focus on fostering trust, exhibiting a dedication to customer service, communicating with customers in a prompt, trustworthy, and proactive manner, resolving conflict effectively, paying attention to shared values, enhancing salespeople's empathy and reciprocity, and creating strong bonds between buyers and sellers can all help create, reinforce, and to maintain customer loyalty.

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