

**RELATIONSHIP MARKETING IN BANKING
SECTOR**

THESIS

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by

RUPALI MADAN

Registration No: **YMCAUST/Ph45/2011**

Under the supervision of

DR. RACHNA AGRAWAL
ASSOCIATE PROFESSOR
YMCAUST
FARIDABAD

DR. MITU G MATTA
EX. ASSOCIATE PROFESSOR
LINGAYA'S UNIVERSITY
FARIDABAD



Department of Management Studies
Faculty of Management Studies
YMCA University of Science & Technology
Sector-6, Mathura Road, Faridabad, Haryana, India

NOVEMBER, 2018

DEDICATION

I dedicate this thesis to my parents Mrs. Urmil Madan and Sh. Jagdish Kumar
Madan

DECLARATION

I hereby declare that this thesis entitled “**RELATIONSHIP MARKETING IN BANKING SECTOR**” by **RUPALI MADAN** being submitted in fulfillment of the requirements for the Degree of Doctor of Philosophy in **MANAGEMENT** under Faculty of Management Studies of **YMCA University of Science & Technology Faridabad**, during the academic year 2018-2019, is a bona fide record of my original work carried out under guidance and supervision of **Dr. RACHNA AGRAWAL, ASSOCIATE PROFESSOR, DEPARTMENT OF MANAGEMENT STUDIES, YMCAUST, FARIDABAD** and **Dr. MITU G MATTA, Ex. ASSOCIATE PROFESSOR, LINGAYA’S UNIVERSITY, FARIDABAD** and has not been presented elsewhere.

I further declare that the thesis does not contain any part of any work which has been submitted for the award of any degree either in this university or in any other university.

Rupali Madan

Registration No.: YMCAUST/ Ph45/2011

CERTIFICATE OF SUPERVISORS

This is to certify that this Thesis entitled “**RELATIONSHIP MARKETING IN BANKING SECTOR**” by **RUPALI MADAN** submitted in fulfillment of the requirement for the Degree of Doctor of Philosophy in MANAGEMENT under Faculty of Management Studies of YMCA University of Science & Technology Faridabad, during the academic year 2018-19, is a bona fide record of work carried out under our guidance and supervision.

We further declare that to the best of our knowledge, the thesis does not contain any part of any work which has been submitted for the award of any degree either in this university or in any other university.

Dr. Rachna Agrawal

Supervisor

Associate Professor

Department of Management Studies

Faculty of Management Studies

YMCAUST, Faridabad

Dr. Mitu G Matta

Supervisor

Ex. Associate Professor

Department of Management Studies

Lingaya's University, Faridabad

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ABSTRACT

Banking sector plays an important role in development of the Indian Economy. The concept of LPG (Liberalization, Privatization and Globalization) allowed the entry of private and foreign banks, and hence, changed the market structure and the consumer behavior significantly in India. Due to this, the competitive pressure also increased on the public banks. In this competitive market scenario, banks need to build and maintain strong customer loyalty via dedicated programs; otherwise they carry high risk of customer churn. Customer oriented relationship marketing programs help in smoothening the flow of information between the bank and customers and develop the positive impression in the minds of customers towards their bank. That way, customer satisfaction increases and long term relationship gets created. In this market scenario, all banks should implement the concept of relationship marketing to have the edge over the competitors. Relationship marketing is establishing, developing, and maintaining relationships with all stakeholders of business to achieve the ultimate goal of profitability and this activity benefits all the parties involved (Gronroos, 2006).

Relationship marketing now is a well-known practice followed by banks which results into increasing the profitability and market share of the banks. It also reduces the overall cost to the banks. Over time, retail bank customers tend to increase their holding of other products across the range of financial products / services available to them and hence, increase in value to the bank. It is also best to segment customers on the basis of customer lifetime value, since this segmentation helps in identifying the most high value customers and in maintaining long term mutually beneficial relations with them.

Existing high value customers are often more profitable than attracting new one (Kotler, 2001; Doyle, 2000; Piercy, 2002). Many studies support that it is costly to acquire a new customer than investing on the existing profitable customers. Literature review supported that the implementation of concept of relationship marketing was better in foreign countries than in India. In India, implementation of relationship marketing has been less of a focus area for banks. As time is passing, level of implementation of relationship

marketing concept is improving, though there is still significant scope for further improvement. So, the objective of this study is to explore the perception regarding different relationship marketing strategies and practices adopted by public and private sector banks with reference to National Capital Region (Delhi NCR). It also examines the perceived benefits and challenges of relationship marketing strategies and impact on customer satisfaction. In addition to the main objective, the research study also attempts to analyze the comparison of public and private sectors banks has been done regarding relationship marketing strategies from perspective of employees. A model has been designed using SEM that explains the impact of relationship marketing strategies on perceived benefits of relationship marketing.

Data has been collected from the bank employees and the bank customers. For the benefits and challenges of relationship marketing, data has been collected through employees. Exploratory factor analysis (EFA) was used to reduce relationship marketing strategies into factors. The extracted factors were further confirmed by CFA (Confirmatory Factor Analysis). The t test was used to compare the perception of employees of private sector banks and public sector banks. It was found that private sector banks are performing much better than public sector banks. Regression Analysis has been used to check the impact of relationship marketing strategies on customer satisfaction. It was found that factors customer service, bonding with VIP customers, database management, communication with the customers and technical aspect have significant impact on customers' overall satisfaction. A model designed by SEM (Structural Equation Modelling) shows how relationship marketing factors affect the perceived relationship benefits.

This study may benefit the banks and the banking industry as a whole as it presents the key factors that impacts relationship marketing. A model has been designed to analyze multiple aspects of relationship marketing that can benefit the banks. This study also identifies the key challenges faced by public and public sector banks in improving their relationship marketing strategies. .To increase customer satisfaction, this study details highlights the key relationship strategies that can be implemented across banks. Factors

extracted from relationship marketing strategies from employees and customers' perspective can be further used for the further research. Using the Structural Equation Modeling, a model has been developed. This model will help bank managers to take decisions regarding relationship marketing.

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LIST OF ABBREVIATIONS

Abbreviations	Full Form
AHP	Analytic Hierarchical Process
AMOS	Analysis of a Moment Structures
ATM	Automatic Telling Machine
AVE	Average Variance Extracted
BOI	Bank of India
CBS	Core Banking System
CFA	Confirmatory Factor Analysis
CLV	Customer Lifetime Value
CR	Composite Reliability
CRM	Customer Relationship Management
EFA	Exploratory Factor Analysis
HDFC	Housing Development Finance Corporation
HNI	High Net Worth Individuals
ICICI	Industrial Credit and Investment Corporation of India
KMO	Kaiser-Meyer-Olkin
MSV	Maximum Shared Variance
NCR	National Capital Region
PNB	Punjab National Bank
RBI	Reserve Bank of India
RM	Relationship Marketing
RMSEA	Root Mean Square Error of Approximation
SBI	State Bank of India
SEM	Structural Equation Modeling
SMS	Short Message Service
SPSS	Statistical Package for Social Sciences
VIP	Very Important Person

CHAPTER 1 INTRODUCTION

Change is always a must. Since many decades, 4 Ps in marketing mix have shown dominance. Concept has changed from traditional marketing to relationship marketing. Earlier it was era of mass marketing. Marketing mix was the pillar of marketing. Nowadays, the focus has been changed. Marketing transactions have shifted to the relationships with customers.

1.1 CONCEPT OF RELATIONSHIP MARKETING

Relationship marketing is establishing, developing, and maintaining relationships with all stakeholders of business to achieve the ultimate goal of profitability and this activity benefits all the parties involved (Gronroos, 2006).

Every organization has profitable and unprofitable customers. But managing the relationships with first five percent customers increases the 95 percent of the net value. Companies are treating every customer individually and uniquely. The aim of relationship marketing concept is to maintain the long term relationship with the customers rather than only no. of transactions. Concept of customer lifetime value guides how to behave with each customer.

1.1.1 Customer Lifetime Value

Customer lifetime value (CLV) is defined as the value of the customers based on the profits that can be generated through the customers over the period of the relationship customer stays with the company, i.e. expected life of the customer with firm (Bansal and Gupta, 2000). The CLV can be estimated using the following steps:

- The first step is to estimate annual revenues that customer would generate. The revenues of past year value and future year is calculated using time value of money formula. Present value of money is calculated.

Annual Revenues= present value of purchases done by customer already in that year + revenue generated by current purchase + present value of expected purchase in that year

- To calculate the customer's acquisition cost.
- To calculate customer retention cost.
- To calculate the duration of the relationship customer would stay with the company
- Discount the future earnings and the costs to their present value.
- Customer Life time value = Revenues - Cost

This concept helps in building the relationships with the customers. According to the customer lifetime value, the segmentation of customers is done and they are treated accordingly in the company.

1.1.2 Relationship Marketing and Customer Relationship Management

Customer Relationship Management is subset of Relationship Marketing. Relationship Marketing deals with creating, maintaining and enhancing the relations with all the concerned persons of the company in which customer covers the major part. Customer Relationship Management deals only with customers. Relationship marketing is a marketing concept and customer relationship management deals with the tools used for relationship marketing. Relationship marketing is a strategy that includes activities to identify long term relations, profitability and customer retention goal. CRM includes all activities related to operation that help to achieve the goal of relationship marketing. These activities are gathering data of customer, mining and analyzing it. CRM data is helpful in finding which offers are best for the customer. It also helps in segmenting the customer on the basis of customer lifetime value. VIP customers can be treated in a special way. This helps to maintain relations further.

1.2 INDIAN BANKING SECTOR

Indian Banking System has passed through various stages. It has a long history. It is explained in the following phases:

Pre Independence Phase: (1930 to 1947):

In this phase, two world wars occurred. This phase was not good phase for the banking sector. Failure of many banks affected the growth of this sector. Reserve Bank of India was set up during this phase. Stability of banking sector was a big question mark. Resources were limited to some business families only.

Phase After independence (1947 to 1967):

In this phase, the whole banking sector was private sector. It was tried to resolve the issues of banking sector. Even after 20 years of independence, banking sector was not in sound position. Under SBI act 1955, Imperial Bank of India was nationalized. In July 1955, it was named as State Bank of India. In 1960, seven subsidiaries/ associate banks were nationalized. These seven banks were as follows:

State Bank of Travancore

State Bank of Bikaner and Jaipur

State Bank of Hyderabad

State Bank of Saurashtra

State Bank of Patiala

State Bank of Indore

State Bank of Mysore

Phase (1967 to 1991):

In 1967, major change came into Indian banking Sector that was policy of social control over the banks. In 1969, 14 other banks were nationalized. In the second phase of nationalization, seven more banks were nationalized. Due to nationalization, Indian

Government got the control over 91% of the Indian Banking sector and profitability increased drastically.

Current Phase (1991 to till date):

Liberalization, Privatization and Globalization occurred in 1991. This improved the profitability and efficiency of the banks. Due LPG (Liberalization, Privatization and Globalization) reforms, new private banks and foreign banks has increased the competition in the banking sector. As a result, credit of agriculture increased. The use of technology also increased during this phase.

Presently Indian Banking System is divided into three segments: public sector banks, private sector banks and foreign banks. The study has been done on the public and private sector banks.

There are 28 public sector banks in India. The list of public sector banks is as following:

Table 1.1: List of Public Sector Banks

S.no.	Bank	S.no.	Bank
1	State Bank of India	15	Andhra Bank
2	Punjab National Bank	16	State Bank of Bikaner & Jaipur
3	Bank of Baroda	17	State Bank of Hyderabad
4	Bank of India	18	Allahabad Bank
5	Syndicate Bank	19	State Bank of Indore
6	Canara Bank	20	State Bank of Mysore
7	United Bank of India	21	Vijaya Bank
8	Corporation Bank	22	State Bank of Saurashtra
9	Dena Bank	23	State Bank of Travancore
10	IDBI Bank	24	Bank of Maharashtra
11	Indian Bank	25	UCO Bank
12	Indian Overseas Bank	26	Union Bank of India
13	Oriental Bank of Commerce	27	Central Bank of India
14	Punjab and Sind Bank	28	State Bank of Patiala

Source: www.rbi.org (as on Feb 2018)

Presently seven associate banks of State bank have been merged with State Bank of India. There are 21 private sector banks in Indian Banking sector. (as on Oct 2018)

The list of private sector banks is as following:

Table 1.2: List of Private Banks

S.no.	Bank	S.no.	Bank
1	Axis Bank	12	Jammu & Kashmir Bank
2	HDFC Bank	13	Tamilnadu Mercantile Bank
3	ICICI Bank	14	Karur Vysya Bank
4	City Union Bank	15	RBL Bank
5	YES Bank	16	LaxmiVilas Bank
6	Dhanlaxmi Bank	17	Nainital Bank
7	Federal Bank	18	Kotak Mahindra Bank
8	Bandhan Bank	19	South Indian Bank
9	Indusind Bank	20	Karnataka Bank
10	Catholic Syrian Bank	21	DCB Bank Ltd
11	IDFC Bank		

Source: www.rbi.org (as on Feb 2018)

1.3 NEED OF STUDY

Banking sector plays important role in development of Indian Economy. In 1990, when concept of LPG (Liberalization, Privatization and Globalization) came into existence, the entry of private banks and foreign banks was allowed. It changed the market structure and the consumer behavior. They have also increased the competitive pressure on the public banks. In this changed scenario, banks have priority of retaining the customers and creating confidence in customer rather than acquiring the new customers. Banks need to run loyalty programs otherwise there are chances of churn. Customer oriented relationship marketing programs smoothen the flow of information between the bank and customers and develops the positive feelings in minds of customers towards their bank. That way, customer satisfaction increase and long term relationship is created. For this, banks should implement the concept of relationship marketing to have the edge over the competitors. Relationship marketing now is a well-known practice followed by banks which results into increase the profitability of the banks and market share. It also reduces the cost to the banks. Over time, retail bank customers tend to increase their holding of the other products from across the range of financial products / services available. With

increased number of banks, products and services, there is practically nil switching costs- customers are easily switching banks whenever they find better services and products. Banks are finding it tough to get new customers, and more importantly, retain existing customers. So the focus has now moved to Relationship marketing which is necessary because of following reasons:-

1. Long-term customers do the promotion for the banks. As services are intangible in nature. Loyal customers are also physical evidence (seventh P of marketing mix).
2. The longer a relationship continues; the better a bank can understand the customer and his/her needs & preferences, and so greater the opportunity to tailor products and services and cross-sell the product / service range.
3. Customers in long-term relationships are more comfortable with the service, the organization, methods and procedures. This helps reduce operating cost and costs arising out of customer error.

According to a research by Reichheld and Sasser (1990) in the Harvard Business Review, 5% increase in customer retention can increase profitability by 35% in banking business. Therefore, banks are now stressing on retaining customers to increase market share.

As consumers' needs and preferences are different, banks need to understand their buying behavior. It is not possible to understand each and every customer. Customers are segmented on the basis of customer lifetime value. The segmentation helps to maintain the long term and mutually beneficial relations with the high value customers. Existing high value customers are more profitable than attracting new one (Kotler, 2001; Doyle, 2000; Piercy, 2002). Many studies support that it is costly to acquire a new customer than investing on the existing profitable customers. These statistics motivate banks to implement the concept of relationship marketing in their banks.

1.4 DESCRIPTION OF THE PROBLEM

The need of relationship marketing has been discussed above. Relationship marketing gives many benefits to the customers as well as bankers. Now there is need to describe what banks can do to create, maintain and enhance the relationship with the stakeholders.

The problem of the research study can be described as *“To study the different relationship marketing practices and strategies adopted by public and private sector banks, with reference to National Capital Region (Delhi NCR), and to find out the perceived benefits and challenges of relationship marketing strategies and impact on customer satisfaction”*

This research study attempts to answer the following research questions:

1. Do we have the concept of relationship marketing in public and private banks of India?
2. How do the banks manage the relationships with customers?
3. What are the strategies and practices followed by the public and private sector banks in India?
4. What are the benefits the banks get by implementing relationship marketing concept?
5. What are the challenges faced by the banks in relationship building?
6. What does the customer expects from the banks to do in order to maintain the relationships?
7. How much does the customer value the type or brand of bank to set up the relationship with the bank?

The above research questions are identified and answered with the help of achieving the framed objectives in the study (explained in section 3.1, chapter 3).

1.5 PROFILE OF SELECTED BANKS

For the study, only seven banks, in the National Capital Region (Delhi NCR), have been selected. Four banks are from public sector banks and three banks are from the private sector banks. The brief profile of the selected banks is as follows:



State Bank of India

State Bank of India is multinational bank. It is a government owned organization. It has its headquarters in Mumbai (Maharashtra). It is on first position amongst public sector banks in terms of market capitalization. (as per www.moneycontrol.com accessed in June 2018). SBI has more than 18000 branches and more than 59000 ATMs (as per annual reports). A wide range of products is offered by the SBI to its customers.

SBI got the rank 232 in the Fortune Global 500 biggest organizations list in year 2016 and got 216th rank in 2017. SBI got 50th rank in most trusted brands in India as per the Brand Trust Report in the Economics Times in 2013 and got 19th rank in 2014. On 21st March 2016, SBI was declared number one in terms of user in mobile banking transactions. RBI records (Dec 2015) show that SBI has 38.44 percent share in total mobile banking of all banks. SBI offers different mobile applications for the different segments of the customers (as per The Economics Times dated 21st March 2016). According the SBI chairperson Arundhati Bhattacharya, user friendly mobile applications increase the average transaction size more than five times. In May 2015, SBI launched the application “State Bank Anywhere-Saral” for small and medium scale. In October 2015, it launched “State Bank Anywhere- Corporate” for large corporate customers. SMS Banking with the app called SBI Quick gives the customers inquiry options even from basic phones. The bank also has a mobile wallet 'State Bank Buddy' with a large customer base. Customers are categorized on the basis of advances and deposits. On basis

of deposits, these high value customers are called HNI (High Network Individuals). Separate ledgers and counters are arranged at every division in SBI to the HNI customers. Other segments are medium value customers and low value customer. On basis of advances, categories are low value advances below 5 lacs, medium 5 lacs to 50 lacs and high value above 50 crores. Customers are contacted on the basis of the relationship values. They are wished on their birthdays and anniversaries. Relationship management concept is more in the case of advances rather deposits.



Punjab National Bank

Punjab National Bank is company based on New Delhi. Lala Laipat Rai is founder of this bank. It was founded in 1894. The bank has a big customer base of more than 80 million customers. (Checked on 31st March 2017). Bank has more than 6000 branches and more than 10000 ATMs. It is on fourth position amongst public sector banks in terms of market capitalization. (as per www.moneycontrol.com accessed in June 2018). Punjab National Bank got the rank in the Forbes Global 2000 in May 2013. PNB got the rank 26 in the list of Fortune India 500 in 2011. It was awarded as Best Public Sector Bank in 2012 by CNBC TV18. In 2012, the bank was recognized by Business World and PwC as “Most Socially Responsible Bank”.



Bank of India

Bank of India was founded on 1906. It started working from Mumbai. Banks has more than 4900 branches in India. Total number of shareholders as on 30/09/2009 is 215790. It is on seventh position amongst public sector banks in terms of market capitalization. (as per www.moneycontrol.com accessed in June 2018). Bank of India was private bank till 1969.



Syndicate Bank

Syndicate Bank was established in 1925 in Udupi by Sri Upendra Ananth, Sri Vaman Kudva, and Dr. T.M.A. Pai. The banks have its headquarters in Manipal. Bank is equipped with Centralized Banking Solution CBS system, ATMs etc. Employees of the bank are empowered through variety of training programs to increase the satisfaction of customers. Bank has its subsidiary named “SyndBank Services Ltd” to take care the services of Business Process Outsourcing. It is on thirteenth position amongst public sector banks in terms of market capitalization. (as per www.moneycontrol.com accessed in June 2018).



ICICI Bank

ICICI Bank is multinational bank. It has its headquarters in Mumbai. It has more than 4000 branches and more than 14000 ATMs in India. It is on third position amongst private banks in terms of market capitalization. (as per www.moneycontrol.com accessed in June 2018). For customer relationship management, ICICI Bank uses the SIEBEL software. Timings of ICICI bank are 8 to 8. The customers get extra time than the public sector banks.



HDFC Bank

HDFC bank was established in 1994. It has its registered office in Mumbai. Its first branch was inaugurated by Manmohan Singh (that time finance minister). It was having more than 4000 branches and more than 12000 ATMs in June 2017. It is on first position

amongst private banks in terms of market capitalization. (as per www.moneycontrol.com accessed in June 2018). HDFC bank uses the CRM next that works as a single platform for the execution of all the strategies and practices

Customers are categorized in three segments on the basis of (Customer Lifetime Value) i.e. band 1, band 2 and band 3. Relationship managers contact VIP customers very frequently. Gifts are also given to the VIP customers. Generally gifts are given on the special occasion like Diwali, New Year etc. Gifts are given on the birthdays and anniversaries to the special customers. In Delhi branches, everything is digital. Customers rarely visit branches. Complaint box is there. Customers can put their complaints in complaints in the complaint and suggestion box. The complaints are resolved in specified time period. HDFC bank was on rank one in internet banking (March 2016). Many software packages are there in HDFC bank like INSTA ALERT (SMS) and INSTA email (SMS). Mobile Applications like CHILLER are there for the convenience of the customers. HDFC adds approximately 300 branches per year.

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Axis Bank

Axis Bank is the third largest bank amongst the private sector banks in India (as per annual report (2017-18)). It has its headquarter in Mumbai and registered office in Ahmedabad. It has more than 3000 branches and more than 13000 ATMs. It is on fourth position amongst private banks in terms of market capitalization. (as per www.moneycontrol.com accessed in June 2018). In 2012, Axis bank was awarded as best private sector bank by CNBC TV18. In 2015, Axis Bank was awarded as the Best Private Sector Bank in the category Rural Reach in Dun and Bradstreet Banking Awards. Axis bank was earlier known as UTI bank.

1.6 RELATIONSHIP MARKETING STRATEGIES AND PRACTICES

As Relationship Marketing has become important concept these days. Banks are following the relationship marketing strategies and practices to retain the customers.

Electronic Payment System, Automatic Teller Machines, Plastics cards, segmentation using customer lifetime value concept, core banking system, VIP treatment to the loyal customers, Empowering employees, grievance Handling Mechanism, longer timings of banks, customization of products, mobile applications, phone banking, Internet banking, Help desks and Loyalty Programs.

Technology has play important role in implementing the strategies and practices of relationship marketing. Technology makes the work easy and time saving too. Banks has mobile applications, core banking system, electronic payment system, mobile banking and internet banking.

Core Banking System (CBS) keeps the whole record of banks centralized and allows the access from any location. Multiple software packages are used to keep the data integrated. Banks use different software to make the work easy. Information of the customer is available at each and every point of communication.

Banks use many channels to communicate with customers. It makes the flow of information quick and easy. Banks also have knowledge which channel is preferred by the customers. According to that, they communicate with customers. This saves the time and money of the banks. Ultimately marketing cost of the banks is reduced. To maintain the relations with the customers, banks make the segmentation of the customers on the basis of customer lifetime value.

High value customers are given special treatment. Banks also do the cross selling of the products. Cross selling means offering the other related products to the customers. Banks manage the data of the customers. They also maintain the privacy of data.

1.7 BENEFITS OF RELATIONSHIP MARKETING

As the competition is increasing, many alternatives are there with customers. Relationship Marketing offers benefits to banks, customers as well as employees. These are as follows:

1.7.1 Benefits to the Bank

- Banks collect the database of the customers. They have the details of the customer like taste and preferences of the customers, address of customers, contact number; preferred channel by the customers and details of purchases done by the customers. This data helps banks in understanding customers in better way. That way, they are able to serve customer in a better manner and provide them customized product. (Berry 1995)
- Relationship marketing makes the customer satisfied. Satisfied customers buy more frequently from the banks.
- Long term relationship does free promotion for the banks. Customers act as word of mouth referral source for the banks
- If customer is satisfied, chances are rare that customer will move to the competitors. Customer satisfaction will lead to customer retention and customer retention will lead to customer loyalty.
- Cost of acquiring new customers is very high. If banks continue with the existing customers only then cost for the banks is automatically reduced.
- Frontline employees are rewarded on the basis of customer satisfaction. Happy customer will also make employees happy.
- Satisfied customer increases the profitability of banks and high return on investment.
- Employees get more time to serve customers if customers are in long relationships with the banks. Products can be modified according to the choice of customer and customer becomes more satisfied.
- Relationship marketing gives social benefits (recognition, friendship) to the banks. It makes bank more famous and helps in making so many friends.
- Due to relationship marketing, marketing cost is reduced because banks need to focus only on profitable existing customers.
- Interaction process becomes easy. Bank knows the customer already. Customers have already of many products and policies of the banks. They have the faith in

banks. So need not to convince them at very stage. So it also saves the time of customer as well as bank.

1.7.2 Benefits to Customers

Relationship marketing also provides benefits to the customer besides benefits to the banks.

- If the bank has created the long term relationship with the customer then customer has faith in bank. So it creates the confidence in customers while purchasing the products.
- If customer is in relationship/ friendship with the bank. Any product purchased or service availed from the bank gives the customer satisfaction.
- Relationship marketing gives social benefits (friendship) to the customer. The reference circle of customer is increased. It gets more friends when the customer is in relationship with the bank.
- Customer feels very special when banks wish on special occasions (birthdays and anniversaries) and gift them Diwali, New Year to their VIP customers.
- Relationship Marketing helps in decision of purchase. Banks know the taste and preferences of the customers very well. So, banks offer the customized product to the customers and the customers have the faith that product/ services being purchased are according to the needs of the customers.
- Relationship marketing saves time of customer. The customer is not much involved in getting the information of so many products/ services.

Gwinner (1998) categorized relationship benefits into three categories from customer perspective:

- Confidence benefits
- Social benefits
- Special Treatment Benefits

P.G. Patterson & T. Smith, (2001) has used the factor analysis to categorized relationship benefits into three categories (confidence benefits, social benefits and special treatment benefits).

Beatty (1996) categorized the relationship benefits in two parts: functional benefits and special treatment/ social benefits. The functional benefits included time savings, convenience of customer, better decisions while purchasing, advice of the sales person and confidence. The special treatment/ social benefits included enjoying the close and long term relationship, good friendship and enjoying with the salesperson.

1.8 CUSTOMER SATISFACTION

Everything we do, we want outcome of that. Customer satisfaction is outcome of the marketing efforts. Customer satisfaction is measurement how customer feels about product or services. If companies don't measure how customer feels about the product, company won't be able to make changes in the product. Customer should be happy with products or services otherwise there are chances of customer churn (Kotler 2001). It is cheaper to retain customer than to acquire customers. Customer loyalty and customer retention are dependent on the customer's satisfaction. That is why; companies are giving more importance to relations than the 7 Ps of marketing. In order to increase the profitability, companies are making strategies to increase customer satisfaction and loyalty. When we apply the concept relationship marketing, we expect the outcome of that also. The second objective of the study is to check the impact of relationship marketing strategies and practices adopted by the banks on customer's satisfaction.

1.9 SIGNIFICANCE OF STUDY

This study is beneficial to the banks and the banking industry as a whole as it presents the key factors of relationship marketing. A model has been designed to analyze multiple aspects of relationship marketing that can benefit the banks.

This study also identifies the key challenges faced by public and public sector banks in improving their relationship marketing strategies. To increase customer satisfaction, this

study details highlights the key relationship strategies that can be implemented across banks.

Best practices in identifying the key relationship marketing strategies may also be shared across private and public sector banks.

This study has made some theoretical contributions. Factors extracted from relationship marketing strategies from employees and customers' perspective can be further used for the further research. Using the Structural Equation Modeling, a model has been developed. This model will help bank managers to take some decisions

1.10 ORGANISATION OF STUDY

The study is divided into seven chapters. The very first section introduces the study. The chapter second gives the brief of literature available on the relationship marketing strategies and benefits of relationship marketing. This chapter also describes the literature on customer satisfaction. The chapter third explains the objectives and methodology of research. The chapter fourth describes the analysis done on the data collected by the bank employees regarding relationship marketing strategies, benefits and challenges of relationship marketing. The chapter five describes the analysis done on the data collected from the customers. It covers the relationship marketing strategies from customers' perspective and impact of relationship marketing strategies on customer satisfaction. The chapter six covers the findings and conclusion drawn from the data analysis. The chapter seventh gives the recommendations and managerial implications, limitations of the study, contribution of the study and further scope for the research.

CHAPTER 2 LITERATURE REVIEW

Review of literature is pivotal part of every research. The study of existing literature guides the researcher to determine the objectives of the topic so that appropriate justification with research could be done. To formulate the problem and achieve the objectives of the study, around 200 papers have been studied but 80-85 papers were found related to the study. This chapter gives the brief of closely related papers to the study and also explains the research gap found after a long and deep study of research papers.

2.1 LITERATURE REVIEW

L.A. Crosby, (1990) observes that it is necessary to maintain the relationships with customers in case of service loyalty as compared to the loyalty with tangible products. That is why people and interaction process are important in the marketing of the services. Perceived risk is also higher in case of the services so only customer loyalty can reduce the chances of churn. In reality, loyalty is more in case of intangible products rather than tangible products.

F. Reichheld, and W.E. Jr. Sasser, (1990) considers that high customer loyalty is extremely important for successful retention of customers. Companies and sectors for which customer loyalty is must, they need to understand the link between customer retention and the business. Companies with loyal customers can gain the competitive edge over the competitors and they are also able to reduce lower costs and increasing market share. In order to respond to the competitive pressures in the current scenario, organizations need to understand the dynamics of customer loyalty.

M. Christopher, (1991) considers relationship marketing as a tool to convert the existing and new customers into regularly purchasing customers. Then these customers act as

supporter, promoters of the company. They also become the referral source of the company.

J. Perrien, (1993) states that in this competitive world, relationship marketing is best way to create long term relationship with the customer. Most of the core products and services in the banks are similar in nature. It is difficult for the banks to compete on these core services. Thus, recognition of the importance of relationship marketing has grown in current scenario. He suggests that financial institutions should revise the marketing strategies to make the long term relation with the customer. Most of the banks have tried to make the differentiation by offering multiple other services to develop long term relations with their customers.

J.G Barnes, (1994) states that all companies cannot expect to form customer relationships with the factor like the nature of the interaction and the customers' attitudes toward the company. The quality of banks' relationships with customers is dependent on the willingness of customers to participate. Some situation in perceived risk is also high and creditability is required then there are chances that customer forms the relationship.

C.T. Ennew, and M.R. Binks, (1995), says that relationship banking is opposite of transaction banking. He has suggested the guidelines to the bankers who wanted to take the position of leader in the banking industry and implement the relationship marketing successfully. The guidelines are as follows:

- a) Increase satisfaction leads to customer loyalty and thus increases the profitability of company.
- b) Cross-selling of many products decreases the cost to the company and generates the revenues for the company.
- c) It provides the competitive edge over the competitors.
- d) Trust develops the customers' commitment to their relationship;
- e) Loyal customer becomes less sensitive to the prize thus profits of the company increase.
- f) Information obtained from the high value customers is used to develop the customised product, which increases the sales of the product.

C.T. Ennew, and M.R. Binks, (1996) believe on the philosophy of relationship marketing that making out of existing customers is very important to achieve long-term profitability. Traditional theories and marketing research gives guidelines to focus on acquiring new customers by creating the innovative products for the customers so that customer satisfaction may be increased. But the modern concept is to give the emphasis on building and maintaining long term relations with the customers to increase profitability of the company rather than spending on acquiring new customers.

T. Levesque, and G.H.G. McDougall (1996) found that after 1985 the financial services sector had undergone through many changes which increased the competitive pressure in the market. In new market structure, the importance of committed relationships between bank and customers had increased. In order to retain customers and increase the trustworthiness of customers, banks had made the new marketing strategies and launched the innovative products and services.

M. Malhotra, and S. Arora, (1997), in their study, attempted to analyze the level of customer satisfaction in public and private sector banks. The purpose was to help bank managers to formulate the marketing strategies. The exploratory study was done to collecting primary data from the Amritsar, Ludhiana and Chandigarh. Twenty variables were taken to measure the level of satisfaction in the customers. Six factors were extracted using EFA for the public sector bank customers. The factors in respective order of importance were routine operation factor, price factor, situation factor, environmental factor, technology factor and interactive factor. The factors extracted in the case of customers of the private sector banks were staff factor, routine operations factor, service factor, environment factor, interactive factor, promotional factor, and situational factor in order of their importance. Score of customer satisfaction were calculated for the factors. It was found that there was difference in level of customer satisfaction of public sector customers with respect to private sector customers. Private sector customers were found to be more satisfied than the public sector customers. Analysis suggested that public sector banks need to adopt some specific marketing strategies to cope up with challenges

of competitors. The marketing strategies suggested by the authors were proper training to the employees, conducting periodical marketing research, customizing the service, avoidance of long queues in the banks, good infrastructure, well-lighted, ventilated and clean surroundings.

J. Bloemer (1998) defines bank loyalty as the biased behavior expressed at particular by decision maker for one bank out of a set of banks which is psychological process that results in brand commitment. The crux of this definition is bank commitment. The interrelationship theories explain that commitment plays important role in the interrelations. Commitment is key to achieve, develop valuable outcomes and to maintain this importance aspect in the relationship, Customer cannot be loyal in absence of commitment.

U.K. Ghai, (1998) has discussed about the customer loyalty in Indian banking industry. This paper states that customer loyalty has become the important factor after liberalization. He studied the reasons of quitting customers. It was concluded that competition has increased the switching of customers. Customers quit because of indifference mainly. The public sector banks need to work on customer defection. The loss of customer decreases the profitability of the banks. Banks need to work on the service quality.

R. Abrat and J. Russell (1999) studied the success of relationship marketing in the private banking sector. The study was done in South Africa. In depth literature review of relationship marketing was done. The study was done to check that relationship marketing in private banking sector was working or not. A sample of 118 HNI (high net worth individuals), 53 personal bankers, and 65 others was taken. It was concluded that relationships are an important factor in the selection of a private bank.

M.R. Colgate, & P.J. Danaher, (2000) has suggested the benefits of developing relationship with customers. Researchers believe that even good relationship marketing strategy may fail if implementation is poor. In this study, the researchers examined the

effect of implementing a customer and personal banker relationship strategy. The researchers further explained the banker-customer relationship increases the customer satisfaction and customer loyalty in comparison to the customers with no personal banker. On the other way, personal banker decreases the customer satisfaction and customer loyalty if he doesn't have good relations with the customer.

L. Moutinho, and A. Smith, (2000) in their study, have introduced a model for the evaluation of attitude of the customers towards both human tellers and automated banking in linking easy banking and customer satisfaction/ switching/ loyalty behavior. A linear structural relations method has been used for the modeling process. The research findings suggest that the customers were having the positive attitude towards ease of banking and convenience. The researchers also suggested that banks should find some strategic ways to improve service delivery. The authors suggest that banks should measure and manage customer satisfaction and retention.

J.N. Sheth. (2000) explained that in twentieth century, the marketing has shifting from mass marketing to segment marketing. In next step, marketing was moving towards customer centric approach. Marketing manager need to fulfill the needs of the individual customer.

M.A. Mobeen, (2001) gave a vision that banks have to focus on retaining the key customers of the banks because demands of customers are increasing and their expectations are high from the banks. Banks have to customize their products and services to cope up with the change environment. The employees should be having high level of understanding and commitment. The understanding and commitment can be achieved by proper training and proper communication which is the key of Customer Relationship Management. The empowered employees should be able to judge the opportunities, make decisions and solve problems with guidance of higher authorities.

J. Ballabh, (2001) strongly said that customer orientation approach is the formula for success in the banking sector business in the changed and competitive scenario. As per

researcher it is only way to retain customer loyalty and become leader in the market. Banks need to check the preferences of customers. In past, customers were used to visit banks but now banks need to go after customers. So bankers need to change their attitude.

F.F. Reichheld, (2001) states that to earn the profits, company need to concentrate on the customer loyalty. Customer loyalty and customer relations are highly correlated. If customer loyalty is accurately tracked and realistically measured then it contributes towards profitability of banks. Many things count like total years, referral of customers' family and friends, use of internet banking service etc. In other words, the more relationships and positive behavioral responses a customer uses, the more will the the lifetime value of the customer.

S. Dibb, & M. Meadow (2001) studied the application of Relationship Marketing in Retail Banking by different financial institutions. In depth literature review was done on this area. He compared past, present and future. He used four case studies for analysis in UK. It was found that some banks have already reached to the higher level of application of relationship marketing. A modified model of relationship marketing is proposed which may be applicable to some services.

M. R. Colgate, and R. Hedge (2001) has attempted to investigate into the switching process of customers in retail banking services. This study helps in understanding of the process of switching and the factors that influence the customer satisfaction. The data was collected from 694 surveys of customers in Australia and New Zealand. It was concluded that there are three categories of problems that influence switching behavior and process in retail banking. First one was service failure. Generally due the service failure and inconvenience, customers take the decision to switch banks. The second factor was pricing problems. Comparison of prices with competitors becomes reason to switch the bank. "Denied services" factor was the third factor which means that customers are deprived from some necessary services. Customers tell about their expectations and want the resolution. But banks are silent about certain issues. Pricing problem was found to be most influential factor in customers' decision to exit and least influential reason for

complaint. Researcher explained that denied services and service failures are reasons for the complaints but not the reasons for exit of customers.

According to D.L. Goodhue (2002) companies have realized the importance of concept of Customer Relationship Management. But they are weak in implementation of CRM. Although CRM has increased revenues, profits of the companies still companies are facing the challenges because of technical and organizational issues. This study on CRM in six companies explains three targets of CRM. Companies aim to implement a strong infrastructure to support CRM.

P. Malyadri, and V.D. Kumar, (2002) have observed that the banks become winner whose who provide the value added services and satisfaction to the customer. In tough competition, banks need to adopt Customer Relationship Management to retain the market share. The banks should measure the profitability of the customer rather than the products purchased by the customer. In 2002, the researcher had forecasting that banks would be focus on retaining the key customers to cope up challenges of the market because expectations of the customers are increasing from the bank. In such situations, public sector banks have to be proactive to anticipate the changes in expectations of customers and prepare themselves to compete with the private sector banks and other challenges in the market.

A. Eggert, and S. Helm (2003) introduce the idea of relationship transparency. It describes this new concept from the interaction model of business relationships. According to the researchers, relationship transparency is perception of an individual about being informed about the concerned actions of the other person in the interaction. In the cross-sectional survey of purchasing managers in Germany, it was found that relationship transparency contributes to the success of a business relationship. Model derived explained that transparency delivers the value to the customer and increases the satisfaction. This ultimately results into favorable behavioral actions.

Leek (2003) describes the role of IT in relationship and its effects. This paper explains that the development of IT and e-commerce has affected the way of doing business. The researcher examines the impact of information technology on business relationships which are the main focus of the marketing. The technology is important factor in relationships. The researcher predicted that the use of mobile phones, e-mails, the Internet, intranet, extranet, audio and video-conferencing and other electronic gadgets would increase in the future. Internet is very good way of one to one marketing and source of making the relations with customers. But other researchers contradicted that the Internet decreases the customer loyalty because in this tough competition, customers can switch to the competitor just on one click.

M.G. Durkin, & B. Howcroft, (2003) has studied the perception of senior bankers in UK, Sweden and USA with respect to internet as a relationship marketing instrument. The researchers explained that in the competitive world, internet is low cost source to give competition. Using the phone and internet, interaction between customer and bank becomes more and more. Thus there is better understanding and relationship of bank with customer becomes strong. They have found out that there is an agreement that internet had key role in relationship management but some doubts are raised about rate of customer adoption and the extent to which it is influenced by bank strategies.

A.A. Maged, et al. (2004) states that customer relationship management (CRM) strategies have grown in recent years. Understanding the needs of customers and responding accordingly by customizing the product and improving customer service have become important elements of strategy. IT based CRM applications are being used by companies to support these strategies. In depth literature review provides the evidence that the companies are able to increase customer satisfaction and performance of the company using IT based CRM applications. But 30 to 75 percent of CRM initiatives are failed because organizations implement them out without assessing them against CRM readiness checklist. Thus, a systematic analysis of factors that affect the successful implementation of CRM project is required.

Michael, D. Johnson and S. Fred, (2004) explain the management of the portfolio of customers who are in the different stages of relationships. A dynamic theory is required to explain the exchange relationships. This paper helps in understanding the relationship management by developing the model of relationship dynamics that captures that balance economies of scale and customer lifetime customer value. This model also explains how to manage the customer portfolio. The results suggest that firstly weaker relations should be brought into the portfolio. In second point, companies that offer low economies of scale should build closer relations to create value.

Scullin, Shannon S. et al. (2004) has emphasized that by successful implementation of the electronic CRM, financial institutions get many benefits. They are able to increase return on investment (ROI) and customer loyalty. They are able to make marketing strategies effectively. Improved service and support can be provided to the customers. The cost is reduced. The financial institutions can need-oriented customer relationships. It helps in customization and provides the right financial product at the right time to the right customer.

A.F. Payne and P.E. Frow (2005) did study on customer relationship management and examined the conceptual differences between CRM failures that took place owing to lack of strategic focus in multiple organizations. They identified few key strategic issues in their study. A CRM Strategy Matrix was designed that deliberated on the strategic aspects of companies and their consequences on the development of CRM strategies. Their study concluded that while personalized relationships with customers seemed to be most enviable, these relationships may not be suitable or appropriate in specific circumstances in an organization.

N. O. Ndubisi, & K. Wah Chan, (2005) evaluates the influence of the relationship marketing on the perceived quality of banker-customer relationship and on customer satisfaction in Malaysian banking sector. Survey was conducted using questionnaire. The key factors of relationship marketing were analyzed. After that discriminant analysis was applied. The key factors found were relationship quality, competence, communication,

trust, and conflict handling. The factors discriminated customers on the basis of perceived relationship quality. The bank-customer relationship quality discriminated between satisfied customers and unsatisfied customers.

M Pont & M. Lisa (2005) describes the relationship between customer satisfaction and Customer loyalty in the Australian banking industry for two different customer segments. Two segments were retired persons and university students. The method used for the analysis was multiple regressions. No significant difference was found in the satisfaction levels of these groups. But there were some differences in two of the five behavioral dimensions i.e. loyalty and switch. Satisfaction is found to have a significant impact on three of the five behavioral intentions dimensions: loyalty, pay more and external response, suggesting that management should initiate service policies aimed at securing improvements in customer satisfaction.

D. Martin-Consuegra, A. Molina, A. Esteban, (2006) researched on the relationship benefits from the customers' perspective. The research was carried out in various financial institutions. The authors further explained that market can be divided into types of customers according to the customer perception on the relationship benefits. The different types of relationship benefits are special treatment benefits, confidence benefits and social benefits. Results also suggested that these three dimensions are able to segment the market. Multivariate Techniques like factor analysis and cluster analysis were used.

N.Oly Ndubisi (2007) studied the impact of relationship marketing strategy on customer loyalty. The questionnaire was derived from literature review and the data was filled by 220 bank customers in Malaysia. The analysis tool used was multiple regression analysis. The researcher checked the impact on customer loyalty of four constructs of relationship marketing that are conflict handling, trust, communication and commitment. It was found that these four constructs have significant effect on customer loyalty and they are related to each other significantly.

Selin (2007) deeply analyses the various facets of relationship marketing and their implementation in the context of Turkish Beverage Companies. The scales used to generate the data were environmental factors, relationship marketing, and company performance. Firstly, the key effects of relationship marketing principles on company performance were studied, and, subsequently, multivariate techniques were used to evaluate the impact of environmental factors on the relationship between company performance and relationship marketing principles. According to researcher's analysis, the role of customer bonding will seem to dominate in markets where the turbulence is high. The researcher also deduced that competitive intensity, which is the second environment factor, has no reasonable effect on the relationship between company performance and marketing aspects.

A. Molina, D. Martín-Consuegra, and A. Esteban (2007) analyses, in the context of retail banking, the influence of relationship benefits on increasing the customer satisfaction. The researchers have found that these confidence benefits have a strong and positive impact on influencing the satisfaction of bank's customers. Nevertheless, social and special treatment benefits have no bearing on the satisfaction.

A Mittal (2008) studies public and private banks to deduce whether these banks are relationship centric. The researcher found out that there is considerable difference in the implementation of relationship marketing principles in the banks that were studied. His research proved that, in comparison to private sector banks, public sector banks would have to strive hard in order to follow relationship marketing concepts.

H.C. Purohit, (2008) has evaluated the outlook of the two-wheelers riders towards marketing communication and studied the factors that impacts relationship behavior of the consumer. The researcher proves a relation between relationship management and brand loyalty. It was clearly evident from the study that, in general, consumers prefer to shift brands instead of complaining. He also proposed that marketers would need to find dissatisfied customers and then focus their efforts to retain them by giving effective communication to satisfy them.

I. Hussain, M. Hussain, S. Hussain, and M. A. Sajid (2009) have carried out researched in few chosen banks of Pakistan. The strategic implementation of CRM practices in these banks of Pakistan was studied in detail, along with identifying the key factors of the CRM implementation and their benefits. The researchers study helps to develop a deeper understanding of the impact of CRM practices on the bank's competitiveness and provides a greater knowledge of good CRM practices. Their study deduced that, in Pakistan, CRM practices need to be more active and religiously followed.

A. Krasnikov, S. Jayachandran, and V. Kumar (2009) has analyzed the effect of CRM implementation on profit and cost efficiencies, focusing on the U.S. commercial banking industry. Their study analyzed a large sample of commercial banks in the US and studied the effect of CRM implementation on the key metrics of firm, i.e. operational and profit efficiencies. The author concludes that CRM implementation is related with declining cost efficiencies but with increasing profit efficiencies. They also deduced that two adoption factors, viz. time since and time of adoption, impact the relationship between CRM implementation and operational and profit efficiencies.

K. Das, J. Parmar, V.K. Sadanand (2009) have analyzed the correlation between practices of CRM and customer loyalty. They divided the study into two parts - one part is called the CRM best practices survey and the other part involves customer loyalty survey. No strong correlation between deployment of CRM best practices and loyalty levels of retail customers, having high and medium relationship value, was found using the results of replication done by following pattern matching technique.

R.K. Uppal (2009) examined the customer service, focusing mainly on the time factor aspect, in all major kinds of banks – private, public and foreign - in Amritsar (Punjab). A significant difference among three kinds of banks was observed in researcher's study. He concluded, with respect to time factor, that E banks are most efficient among all. This factor was found to be most significant factor in shifting of e-bank's customers.

E. Theron and N.S. Terblanche (2009) analyzed the multiple perspectives of relationship marketing in B2B (Business to Business) financial services. To identify the most important elements, Analytic Hierarchical Process (AHP) was used by the researchers. Their study proved that few key elements are more critical than other elements when the relationships are created - the most important elements are commitment, satisfaction, communication and trust. The findings that the researchers observed are extremely beneficial to maintain healthy marketing relationships with customers.

S.S.Hugar, and N.H.Vaz (2009) acknowledged that India is on the brink of a rigorous global competition, particularly in the banking sector. The Indian public sector banks, in particular, which have come head to head with global competition since last decade, are found lacking in both in their performance as well as in customer orientation.

R.W. Palmatier, C.B. Jarvis, J.R. Bechkoff, and F.R.Kardes (2009) developed an exploratory test and reasons for researchers to design a broader structure on cross-border relationships and their multiple dynamics. The researcher's exploratory study provided an account of a relationship model that took into account the ongoing service relationships between particular consumers and their global (foreign) providers. Hypotheses, concerning the effect of key conventional consumer attitudes toward global (foreign) providers, viz. consumer ethnocentrism, perceived tax reliefs and existing beliefs on the foreign industries, were developed by using this. Researchers' study showed that the international (foreign) factors complement the relationship model.

E.J. Nijssen and H.V. Herk (2009) analyzed cross-border service relationships of consumers with foreign (global) service providers. In general, the research carried out on international marketing concepts, viz. country of origin effects and consumer ethnocentrism, usually focuses on consumer's preliminary evaluations of foreign products but, unfortunately, ignores paying attention to emerging cross border service relationships of customers with Foreign Service providers. The researchers found that the impact of international marketing concepts on the development of these cross border

relationships is also mostly ignored. Considering this, the researchers demand novel research on cross border exchange relationships and study integration of relationship marketing paradigms with international marketing constructs. The researchers created an exploratory test, which involved studying German consumers who regularly cross the border (German – Dutch) to handle accounts with Dutch banks, and developed a research agenda, which calls out multiple possibilities for further research. The study found out the factors that could possibly impact loyalty to a foreign service provider such as satisfaction, trust, and value (substantive relational antecedents), and consumer belief about the industry and consumer ethnocentrism and consumer beliefs (international marketing antecedents). The research demonstrated that these international aspects complement the cross border service relationship model.

M. Bedi (2010) investigates the relationship among service quality, customer satisfaction and behavior in public sector and private sector banks in India. She concluded that service quality is a major determinant of customer satisfaction in Indian banking sector.

N. Abeysekara and B. Hewawasam (2010) did a similar study to the above mentioned research in Sri Lanka. Their research concluded that long term marketing orientation and marketing strategy have positive correlation with customer's trust and commitment. They concluded that banks, in order to be successful in corporate sector, would need to invest in relationship marketing - 71% of customers, as per their study, have been with the same relationship officer for two or more years. Moreover, they found private banks to give more value to relationship building than their counterparts (public state banks).

V.K. Shruthi and T.S. Devaraja (2011) examined the varied dimensions of CRM, focusing on the software services firms. Their research concluded that software service firms have well planned and organized CRM practices. To penetrate an account, these software services companies embraced strong practices of account management. These companies used CRM as the most important tool for profitable managing the customer relations.

N. K Chimote and A.Srivastava, (2011) analyzed the efficacy of customer retention strategies for a leading private sector bank in Dehradun (India), considering the varied perspectives of existing customers. They did the survey with a sample size of 108 customers and used Chi-square test to carry out the analysis. Their results highlighted that the efficacy of retention strategies is totally independent of various demographic variables, with an exception of education. Multiple regression analysis was used in their analysis. From the seventeen variables, their study extracted three broad factors, viz. bonds, services and benefits, which were concluded to have a considerable impact in determining the efficacy of customer retention strategies.

T.S Uma Rani and N. Panchantham, (2011) analyzed the importance of CRM and the role of technology in enhancing value for the customer, in the Indian Banking Sector. Their research concluded that integration of data, by leveraging information technology, helped in giving right information to the customer and at the right time.

R.Mandhachitara and Y.Poolthong (2011) created a model of corporate social responsibility (CSR) and customer loyalty. Their research studied, in the retail banking industry in Bangkok, Thailand, the impact of both CSR and the perceived service quality in deducing attitudinal loyalty of customers. The study showed CSR practices have a very strong and positive connection with attitudinal loyalty. Moreover, a positive association was demonstrated, in their study, between behavioral and attitudinal loyalty. Their study proved that banks can understand more on corporate strategy development from the empirical operationalization of CSR activities / initiatives, when measured from the view point of end customers.

P. Hajizadeh, M. Rouholamini, and A. Hajizadeh (2011) discovered that the CRM activities contribute not only to lowering of transaction costs but also to reducing marketing communication asymmetries. Essentially, CRM is an accelerator that assists establishment and maintenance of mutually valuable and beneficial relationship between banks and customers. The CRM applications are all IT solutions that leverage numerous marketing and communication resources and strategies to meet social, business and other

varied needs. In the current scenario, the relationship between CRM practices and banks is so that it is even difficult to perceive the former without the latter.

G. Peevers, G.Douglas, D. Marshall, and M. A. Jack (2011) investigated that the transaction confirmation is a key factor for the customers, leveraging various communication means such as Short Message Service (SMS) or using the Interactive Voice Response (IVR) facility. Customers really value SMS for CRM after monetary transactions; and they also prefer Interactive Voice Response (IVR) banking service.

P.S. Sangle and P. Awasthi (2011) discovered that the most critical factor for mobile CRM services is the perceived utility value. The other important factors that emerged are cost, compatibility, ease of use, personal innovativeness and risk.

A.A. Mohammed and B. Rashid (2012) devised a conceptual model to explain the theoretical linkages between performance of chosen Hotel and various CRM dimensions. Along with creating a comprehensive framework to deduce the impact of CRM on Hotel performance, their study also explained the mediation role played by marketing in this relationship..

S. Dasari and R. Gunaseelan (2012) marked out the reemergence of relationship marketing. Their study investigated the advantages and disadvantages of numerous models and theories explaining this phenomenon. Based on the research carried out by the researchers, this study also gave the literature that has emerged in the last 20-25 years on this subject.

S. Srivatsan (2012) analyzed the impact of Customer Relationship Management (CRM) practices on every stage of product life cycle. Their study arrived at the conclusion that customer satisfaction is achieved by imparting value additions to the product and service, and by enhancing the experience perceived at each stage in the buying cycle. As each and every product has a life cycle of its own, the customer expectations also changes along with this life cycle. Thus, in current times, firms are leveraging many advanced

technological improvements to reach out to their customers, in a well-defined and articulated approach.

J.Vella, A.Caruana and L.F.Pitt (2012) concluded that human behavior plays a critical role in the acceptance of CRM strategy. Their study proved that the attitude of both customer and employees is accountable for success or failure of any CRM strategy.

S. Stanley (2012) defined the new outlook in the banking industry with the introduction of CRM practices. Her research recommended that the banks would need to adopt relationship building approaches to improve Customer Delight and increase Customer Life Time value (CLV). The researcher also studied the critical factors required for introducing effective CRM in the banking industry.

V.K. Nagu (2012) examined the impact of relationship management in online banking segment, specifically focusing on ICICI bank. The researcher's study concluded that ICICI bank's primary goal is to use multiple e-CRM tools for profiling customers, mass customization, time saving and self-service. Furthermore, the study found that bank considers operations such as mass market operation, personalization and one to one marketing, and order management as lower priority / secondary tasks.

S. Das (2012) studied the literature on the Customer Relationship Management benefits in the banking sector. The researcher made the comparison of customers' perception regarding the CRM practices of State Bank of India with the CRM practices of other public sector banks. It was observed by the researcher that although CRM practices followed by SBI and other nationalized banks are more or less the same, but their customer reach is quite distinct – mainly, due to difference in their CRM strategy and capability in reaching out to the customers. Hence, the researcher clearly established that CRM tools are inevitable for banks, considering the present context.

V. Rajshekhar and M. Dash (2012) studied the perceptions of customers, considering relationship marketing aspects, in both private and nationalized banks in India. The

researchers also investigated multiple roadblocks faced by Indian banks in the implementation of Relationship Marketing. In this study, the researchers noted that both private and nationalized banks have to increase their focus in the Relationship Marketing aspects. Furthermore, as per their study, the most important levers of customer satisfaction are found to be conflict handling and communication.

S. Kirmaci (2012) aimed to study the importance given by Ziraat Bankası (a state owned bank in Turkey) to customer relationships and to uncover the impact of banks' customer relationship programs on customer loyalty. Researcher's results indicated that customer loyalty is aroused by not just collecting customer's data but by proactively sending information to them, thereby increasing the value perceived by the customer. Their study found that as the banking procedures are too quick these days, the waiting time should be reduced for the customer to increase customer loyalty. The bank employee's knowledge of banking procedures and his/her complete understanding of the subject impact the speed of the service given to a customer, so the researcher concluded that banks should maintain unwavering focus on training their employees for higher customer loyalty.

M. Jumaev and J.R. Hanaysha (2012) studied the impact of relationship marketing on customer loyalty in the banking sector. This study was done in Northern Malaysia. The customer loyalty is major issue of concern these days in banking sector. The way to increase customer loyalty is to offer good services according to the needs of the customers. That is banks should be having the good understanding of needs of the customers. This helps in building appropriate relationship building strategies and customer retention strategies.

T.N. Hashem (2012) explored the impact of customer relationship marketing (CRM) practices on customer's satisfaction, focusing on the banking industry in Jordan. The data sample for the study included banking customers, who live in Jordan's capital governorate. In this study, sample size of 500 customers was used and a self-administrated questionnaire was used for collecting data. Out of 500, the researcher got 391 responses (78.2% of the total sample), which was used for proper statistical analysis. The research findings showed a strong impact of using CRM tools on customer

satisfaction in Jordan's banking industry. Moreover, the researcher also indicated that customers are well educated and totally aware of customer relationship marketing strategies followed in Jordan's banking sector. Lastly, the researcher proved that the impact of CRM practice on customer's satisfaction varies across gender, income and education levels and age.

R. Venkatesh (2013) studied the long term impact of present day relationship marketing by investigating multiple customer friendly initiatives and responses / reactions of the customer to these relationship building initiatives,. The researcher analyzed last six years of data. The research found that the firms would need to devise long term strategies to retain their customers for a long time. Otherwise, all the present day marketing schemes would remain transitory. The study also concluded that organizations who maintain long term relations appear to be retaining great quality and catering to different generations of regular customers.

N. Kaur (2013) examined the notion of trust and its effect on customer relationship marketing in the Indian banking sector during the post-liberalization period. The research methodology used by the researchers is based on empirical data, which was collected from different kinds of banks – viz. private, public and foreign. Their study demonstrated the importance of trust in Foreign Sector Banks (FSB), which was developed due to constant delivery of top quality service. However, in the case of Private Sector Banks (PVTSB), their research observed that their quality of service is certainly improving, but, unfortunately, the cost of delivery is more in comparison to the actual service; and, in the case of Public Sector Banks (PBSB), there is no trust due to lack of quality service.

C. Chirica (2013) explained the best practices in relationship marketing in a turbulent, dynamic and chaotic economic environment. The researcher highlighted that best practices implies specific marketing tools and strategies that are built on heterogeneous customer needs and preferences, aiming at clients' long-term retention. Consumer behavior analysis is typically based on criteria such as expectations of the customers and the emotional or moral components, as these factors are key pillars for relationship

marketing. The key objectives for relationship marketing are to focus on, client retention, loyalty and building long term relations. Moreover, the researcher highlighted that the communication aspects, such as inviting customers to open dialogues and approaching niches with customized messages, as part of marketing efforts, will continue to play an important role in relationship marketing.

A.Y.Y. Wan and K.T. Ng (2013) analyzed the importance of “Guanxi” in foreign banks that are based in China. The researchers carried out the study from the viewpoint of significance and application of “Guanxi”. The Chinese term, “Guanxi” means social links and relationships for the mutual benefits of each other. The researcher collected sample data using semi-structured interviews of 10 relationship managers, representing 10 samples from 10 Chinese Foreign Banks (CFBs) based in Shanghai. Researchers studied the importance of “Guanxi” in relationship marketing activities of CFBs. To carry out their research, researchers applied purposive sampling and non-probability techniques. The results not only confirmed the research propositions, but these results have also led to development of a model for further research.

I. Brun, F. Durif and L. Rihard, (2014) investigated the e-relationship marketing and found out the elements that are critical to ensure success in the online world. The researchers surveyed three categories of respondents – online customers, academic experts and banking experts, and employed exploratory cognitive mapping technique. The researchers in their study found good amount of similarity in both traditional and e relationship marketing.

S.R. Sharmilee and T. Vijayakumar (2014) examined the extent of satisfaction towards CRM practices in Karur Vysya Bank (KVB) at Dindigul, Tamil Nadu. The researcher studied the level of satisfaction perceived by the customer on the multiple aspects of services provided by bank with regards to CRM practices followed in KVB. Correlation Co-efficient was used by the researchers to verify the effect of twelve factors identified by them.

R.K. Dzogbenuku and G.K. Ahiabor (2014) analyzed the extent to which Societe Generale – Social Security Bank (SG SSB) meets their customer's satisfaction in order to retain them and identified the impact of customer retention on the bank's prosperity. The researchers considered Descriptive Approach for their analysis by using systematic random sampling method.

M. Jasola and S. Kapoor (2014) emphasized the importance of Customer Relationship Management (CRM) practices in Indian banking industry. In today's competitive environment, CRM is proven to be a key function for any firm's business strategy. CRM helps to find and target most valuable customers for the firm. In early 90's, the concept of relationship marketing was first introduced by services institutions (like finance) to reward their existing customer by introducing innovative loyalty programs – CRM was formally considered a product only in late nineties.

C.H. Yen, L.L. Liu, C.Y. Chen, and T.Y. Lee (2015) investigated the impact of relationship benefits on the relationship marketing outcomes. The study was done in the travel industry. It was observed that travel agencies are using electronic mean for business transactions. The reason is increasing popularity of TV shopping and internet. The said study has examined the impact of the relational benefits on customer satisfaction and customer loyalty. The focus is on three types of transactions being used in travel products i.e. internet transaction, TV shopping transaction and interpersonal transaction. It was concluded that confidence benefits and social benefits have positive impact on the customer satisfaction. But special treatment benefits are not having the positive effect on the customer satisfaction. All the three types of relational benefits have positive impact on the customer loyalty. The confidence benefits have strong impact on customer satisfaction and customer loyalty for the internet transaction than the other two transactions types. The social benefits have stronger impact on customer satisfaction and customer for TV shopping transaction than the other two transactions types.

C.T.Ennew, M.R.Binks and B. Chiplin (2015) analyzed customer satisfaction and customer retention programs in the UK, focusing on banks and small businesses, whose

key strategy is to build and maintain loyal database. By using Discriminant Analysis, the researchers developed the preliminary model for their study.

A. Bilgihan and M. Bujisic (2015) created a theory-based model of hedonic and utilitarian website features, e-loyalty, customer commitment, and trust in the context of online hotel bookings. To test research hypotheses, the researchers used Structural Equation Modeling techniques. The results of their study emphasized the importance of creating customer loyalty by focusing on utilitarian and hedonic features – calculative commitment is influenced by utilitarian features and affective commitment is driven by hedonic ones. Both of these critical commitment dimensions influence the trust of the customers towards the online service provider (vendor). The researchers concluded that for online relationship marketing, the web design features play a very important role.

V. Verma, D. Sharma, & J. Sheth, (2016) made the relationship marketing framework in the area of online retailing to identify relationship marketing strategies. Their study examined the relationship between the mediators—trust, commitment, relationship quality, relationship satisfaction and consequences. Similarity and seller expertise are having the strongest impact on relational mediators. The word of mouth is the most critical result of relationship marketing.

J. Gummerus, C. Von Koskull, & C. Kowal Kowski, (2017) has assessed the status of the relationship marketing. The comparison was done for past, present and future. Many papers were called. Leaders were also invited who have developed the theories of relationship marketing. The issues for the relationship marketing were also identified.

A.A.T. Hasan (2018) has studied the customer relationship management practices in Bangladesh from customer retention perspective. This study is case study on City bank. City bank is best banks amongst all private banks in Bangladesh. The objective of the study is to explore the CRM practices that City banks opts to enhance the customer retention. It has been found by discussion with employees of banks that City bank is adopting the CRM practices from the 2003. City bank has set the benchmark for the other

banks in Bangladesh. City Bank has introduced the practice of Electronic Queue Management by which customer can book the appointment in bank so that there is no need to wait in a queue in the City bank.

2.2 RESEARCH GAP

A great deal of research has been performed in the foreign countries regarding the concept of relationship marketing, but a less number of studies were done in Indian Context. The concept of relationship marketing in the banking sector has been prevalent in India since many years but the literature focusing on its implementation of this aspect has been quite weak. In the past, the studies have been conducted in which it was found that there was no association or, to some extent, a weak association exists between customer loyalty and CRM practices. Moreover, the CRM practices were not found to be a profitability strategy. However the current scenario assumes that there should be a strong association between relationship marketing strategies and customer satisfaction. The objective of this study has been taken as to study the impact of relationship marketing strategies on customer satisfaction. The study also covers the benefits and challenges of relationship marketing from the perspective of employees. It also covers the comparative analysis of private and public sector banks regarding perception of employees for relationship marketing strategies and practices.

CHAPTER 3 RESEARCH OBJECTIVES AND METHODOLOGY

This chapter firstly explains the objectives of the study. These objectives are derived from the in depth study of existing literature. The chapter also mentions the hypothesis tested in the study, research design, sampling frame, data type and collection instrument, statistical method applied etc. The methodology adopted in the study is discussed in subsequent sections:

3.1 OBJECTIVES OF STUDY

The main objective of the study is *“To study the different relationship marketing practices and strategies adopted by public and private sector banks, with reference to National Capital Region (Delhi NCR), and to find out the perceived benefits and challenges of relationship marketing strategies and impact on customer satisfaction”*

In addition to the main objective, the research study also attempts to analyze the different sub-objectives of the study stated below:

1. Comparison of public and private sectors banks has been done regarding relationship marketing strategies from perspective of employees.
2. A model has been designed using SEM that explains the impact of relationship marketing strategies on perceived benefits of relationship marketing.

The details of the study and tools used to achieve these objectives are as follows:

Objective 1: To study the perception of employees regarding relationship marketing strategies and practices adopted by banks in public and private sector.

In this objective, employees’ perception regarding relationship marketing strategies and practices has been explored using EFA (Exploratory Factor Analysis). Eight factors have been extracted from all the variables. Further these factors are confirmed using CFA (Confirmatory factor Analysis). Comparison of private and public sector banks have been done using independent t test.

Objective 2: To study the impact of relationship marketing on customer satisfaction.

In this objective, relationship marketing strategies have been explored from customer perspective using EFA (Exploratory Factor Analysis). Further factors have been confirmed by CFA (confirmatory Factor Analysis). Impact of relationship marketing has been checked with regression analysis.

Objective 3: To study the benefits of relationship marketing to the banks.

In this objective, benefits of relationship marketing are studied from employees' perspective and further more a model have been developed how relationship marketing benefits the banks using Structure Equation Modeling (SEM).

Objective 4: To study the challenges of relationship building strategies.

Challenges are studied from the bank employees' perspective.

3.2 HYPOTHESES OF STUDY

The following tentative null hypotheses are postulated:

H₀1: *“There is no significant impact of relationship marketing strategies on customer satisfaction.”*

H₁1: *“There is significant impact of relationship marketing strategies on customer satisfaction.”*

H₀2: *“There is no significant impact of relationship marketing strategies on the perceived benefits from employees' perspective.”*

H₁2: *“There is significant impact of relationship marketing strategies on the perceived benefits from employees' perspective.”*

H₀3: *“There is no significant difference between public and private sector banks regarding different relationship marketing strategies adopted by the banks.”*

H₁₃: *“There is significant difference between public and private sector banks regarding different relationship marketing strategies adopted by the banks.*”

3.3 RESEARCH DESIGN

This research study design is an *exploratory cum casual and descriptive* by nature as it focuses on studying the different relationship marketing practices and strategies adopted by the Indian banks in public and private sector for the purpose of better customer management. The study includes in-depth research to understand the different strategies and their purposes as used by selected banks in public and private sector. The study is also causal in nature as it also discusses the impact of relationship marketing practices and strategies adopted by the Indian banks in public and private sector on the different mentioned benefits as well as on the satisfaction level of customers. The research study discusses the perceived benefits of relationship marketing strategies and their impact on customer satisfaction. In the first step, a qualitative study has been conducted, that is, the existing literature has been studied in detail with the help of secondary data published in the form of research papers, reports and articles, etc. It helps in identifying the current scenario about the banking sector and customers market. On the basis of the qualitative study, in the second step, the quantitative study has been done to quantify and statistically analyse the benefits and satisfaction level of customers.

3.4 SAMPLING FRAME

Sampling frame is list of all the units of population. It may also be taken as set of all information used to identify sample from the population for the statistical treatment. It is detailed plan that describes the population, population to be targeted, sampling method and sample. This is explained as below:

3.4.1 Population

The population of the study includes every bank employee and customers availing the services offered by the Indian banks in private or private sector.

The population of the study includes every bank employee and customers availing the services offered by the Indian banks in private or private sector. Since it is almost impossible to examine the whole universe, the target population of the study is the bank employee working with selected seven banks. The selected banks were State Bank of India, Bank of India, Punjab National Bank, Syndicate bank, ICICI bank, Axis bank and HDFC bank located in the National Capital Region (NCR). The seven banks are amongst top thirteen leading private and public sector banks according to the market capitalization (as on June 2018). The seven banks were amongst top ten leading private and public sector banks according to the market capitalization (in 2013). There are 28 public sector banks and 21 private sector banks. Four banks from public sector and three banks from private sector have been chosen. While selecting the banks, the banks have been chosen who are implementing the relationship marketing strategies and practices. The data is also collected from the bank customers who are availing the services offered from the chosen banks in the private or private sector.

3.4.2 Sampling method

The non-probability sampling method (Judgmental sampling) is used in the study. The selection of the respondent (bank employee and customer) is based on few well defined criteria.

- The respondent (employees and customers) should be preferably associated with the banks since more than 2 years.
- Bank employee selected should be preferably managers.

3.4.3 Sample size

The thumb rule has been used to define the sample size. The sample size is greater than five times the number of variables. The sample size is justified ((Gorsuch 1983, pp. 332) and (Hatcher 1994, p. 73)). The data has been collected from sample size of 210 bank employees (approx. 30 employees from each bank) and 450 customers (approx. 64 customers from each bank). Due care has been taken that samples selected are representative of the entire population. Response rate is more than 75% in case of

customers. To collect the responses 600 questionnaires were distributed and out of which 480 were duly filled and 450 were found to be usable questionnaires suitable for the study. The following formula also justifies the sample size in case of all the objectives -

$$\text{Necessary Sample Size} = (Z\text{-score})^2 * \text{Standard Deviation} * (1 - \text{Standard Deviation}) / (\text{margin of error})^2$$

3.5 DATA COLLECTION

In the study the primary data has been collected from the bank employees as well as bank customers availing the services of selected banks. The primary data has been collected with the help of survey where the self-designed questionnaire was used as a data collection instrument. The questionnaire was designed in different stages. In first stage the required variables were identified with the help of literature review. The 50 statements were taken from the literature (shown in the appendix 3). The rough draft of the questionnaire was prepared initially and modified with the help of discussions with the industry experts. The questionnaire was finalized during the process of pilot survey where few duplicate statements were removed and few new statements were added. Some similar process was also opted by McMullan in 2005 and Sin et al. in 2005 in designing the questionnaire. The language of the statements was also modified at this stage.

3.6 DATA ANALYSIS AND METHODS

Data is collected from primary and secondary data. This raw information is further converted into relevant information, compiled, edited and coded. Then it is passed through analysis. Various statistic tools are used for hypothesis testing, making the interpretations and then concluding the study. Tests have been applied according to the objectives of the study. Details of statistical techniques used are as below.

3.6.1 Descriptive Analysis

Descriptive Analysis is used in all the objectives. In descriptive analysis, mean, standard deviation, Skewness and kurtosis are used to justify the research. These tools are strong base of the study.

3.6.2 Exploratory Factor Analysis

EFA has been used in case of two objectives: objective one and objective two. Factors have been extracted from relationship marketing strategies variables. One time EFA has been done from employees' perspective and other time from customer perspective.

3.6.3 Confirmatory Factor Analysis

CFA has been used in case of two objectives: objective one and objective two. Factors are confirmed using CFA.

3.6.4 Independent t test

Independent t test have been used in objective one. Comparison of public and private sector has been done regarding relationship marketing strategies.

3.6.5 AHP (Analytical Hierarchical Process)

AHP technique is used to check the preferences of senior bank employees for the different relationship management strategies. The senior bank managers were asked to compare these different RM strategies. The listed RM strategies in the analysis are used for the AHP process where the bank managers as the respondents were asked for pairwise comparison available in the matrix form. The senior bank managers from the industry are asked for the pairwise comparison and provide the input which lies between 1 and 10. The designed matrix was shared with 10 bank managers in total where five of them belong to private sector banks and remaining five belongs to public sector banks.

3.6.6 Regression Analysis

The overall perception of customers about the satisfaction level is considered as a dependent variable, and the estimated factor scores are considered as independent variables. The multiple regression model applied in the study is estimated using **OLS method** assuming linear relationship between the dependent and independent variables. The regression model applied in the study is mathematically expressed as:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5$$

X1= Customer Service

X2= Database Management

X3= Bonding with VIP Customers

X4= Communication with the Customers

X5= Technical Aspect

Y= Overall customer satisfaction

Where Y is the dependent variable and X_i represent the independent variables. The standardized beta of the independent variables in the regression model indicates the comparative impact of the estimated factor scores of relationship marketing on the overall rating of customer perception towards relationship marketing strategies.

3.6.7 Structural Equation Modeling (SEM)

In order to analyze the impact of relationship marketing strategies and practices on the perceived benefits for the banks, the SEM method is used. In SEM, the RM practices are considered as exogenous construct and the perceived benefits constructs are considered as endogenous construct.

3.6.8 Frequency Distribution

Frequency Distribution has been used in third objective in studying the perception of employees regarding the benefits of relationship marketing. Frequency distribution table described the percentage of the employees who answered strongly agree, agree, neutral, disagree and strongly disagree.

3.7 SOFTWARE USED

For the data analysis, SPSS 21, AMOS 21 and Microsoft Excel have been used in this study.

CHAPTER 4 DATA ANALYSIS AND INTERPRETION: PART I (EMPLOYEES' PERSPECTIVE)

This chapter discusses the analysis done on the collected data and interpretations drawn from the analysis. This chapter analyzes the data collected from the employees. It analyses existing relationship marketing strategies in Indian Banking Sector (which is first objective) and also benefits, challenges of relationship marketing (third and fourth objective) from the point of view of bank employees.

The chapter starts with section 4.1 with theoretical discussion about different marketing strategies adopted by Indian banks.

Section 4.2 discusses the relationship marketing strategies from bank employees' perspective. Exploratory factor analysis (EFA) has been applied to reduce the factors into certain factors. CFA further confirms these factors from employees' perspective. The comparative analysis of public sector banks and private sector banks has been done regarding relationship marketing strategies. AHP technique has been applied to judge the preference of experts regarding these factors extracted.

Section 4.3 describes the different benefits of relationship marketing strategies adopted by different banks considered in the study. A model has been designed which explains the relationship of relationship marketing strategies with relationship marketing benefits.

Section 4.4 discusses the challenges of relationship marketing from employees' perspective.

4.1 RELATIONSHIP MARKETING STRATEGIES IN BANKING SECTOR (THEORITICAL BACKGROUND)

A. Mittal (2008) studied the perception of bank managers in public and private sector banks about relationship marketing. The variation was found in the banks under study regarding implementation of concept of relationship marketing. It was concluded that implementation of RM is less in the case of public sector banks. They need to put efforts regarding this. K. Das, J. Parmar, V.K. Sadanand (2009) in the study, explored the relationship between CRM practices and customer loyalty. The first part was to explore CRM best practices. 29 CRM practices were reduced into four factors: key customer focus, technology based CRM, CRM organization and knowledge management. In the second part, customer loyalty survey was done. The results indicated that there is no strong association between deployment of CRM best practices in scheduled commercial banks and loyalty levels of customers. N. K. Chimote, & A. Srivastava, (2011), checked the effectiveness of customer retention strategies from the perspectives of the existing customers of a bank in the city Dehradun (India). The survey was responded by 108 customers of a leading private sector bank. Chi-square test was used for the analysis purpose. The results revealed that the effectiveness of retention strategies is independent of demographic variables except education. Bonds, services and benefits three factors were extracted by factor analysis from seventeen variables. Results by multiple regression analysis indicated the factors extracted in factor analysis are significant in determining the effectiveness of customer retention strategies. Das Sanjay, K. (Sept 2012) has done the study on use of customer relationship management in the banking sector. Perception of SBI customers was compared with other nationalized banks regarding CRM practices. It is observed that the approach of CRM used by SBI and other nationalized banks are the same up to some extent, but their reach is different. In contrast, it can also be claimed that the background of both banks also found as a big cause for reaching the top CRM. Hence, it was concluded that CRM is an inevitable tool of marketing that can be considered as in case of banks in present context.

H. Balakrishanan and R. Krishnaveni (2014) studied the customer relationship management practices in selected private sector banks with reference to Coimbatore district. The tools used were percentage analysis, likert point scale analysis, mean method, ranking method. The study concluded that CRM practices would increase the satisfaction of customer thus it would help in customer retention.

Objective 1: “To study the relationship marketing strategies of banks in public and private sector”

The section 4.1 focuses on the objective 1 mentioned above. The objective 1 is achieved by applying EFA, on the collected primary data

4.2 RELATIONSHIP MARKETING STRATEGIES IN BANKING SECTOR

In the research study, the efforts are done to analyze the perception of the employees regarding the relationship marketing strategies adopted by different banks in India. In this research study, the primary data has been collected from the bank employees with the help of self-designed questionnaire. The thirty six statements related to different practices of relationship marketing adopted by banks are included in the questionnaire. The statements are:

1. Bank does not make false promises to customers.
2. Bank tracks the service quality and continuously works on improving the relations.
3. Bank sells the other products to existing customer to increase customer share (cross selling).
4. Bank has formal complaint system (written and oral). Customer can also check the status of complaint by giving reference number.
5. Bank employees respond the customers quickly.
6. Bank maintains and monitors the database of the customer continuously.
7. Bank has the proper privacy policy to keep the customer’s data confidential.

8. Information of customer is available at each and every point where customer can be contacted.
9. Customer database is good and provides real information about customers.
10. Bank provides the customers knowledge about the products available and detailed information about the product.
11. Bank provides the products according to the needs of the customers.
12. Knowledge Management system helps in improving the contact with the customer by providing the details of customer profiles, habits and contact preferences.
13. Bank has information that how much customers wants to spend on the various products and services.
14. Our bank does segmentation of customers on the basis of Customer Lifetime Value (CLV).
15. Bank generates and maintains Customer Life time Value data continuously.
16. Bank plans to increase the Lifetime Value of the customers.
17. Bank motivates employees to look at customers on the basis of lifetime values.
18. For convenience of customers, bank provides a variety of distribution channels. (Phone banking, internet banking, and mobile banking).
19. Bank finds out the channel which is preferred by the customer and also finds out the frequency of using that channel.
20. Bank's communication with customers is consistent across all the channels.
21. Bank manages the record of communications with the customer.
22. Bank has the right software and hardware (electronic payment system, plastic money, ATM) to serve the customers.
23. Bank has techniques like core banking system
24. Bank has the experts for the technical support.
25. Bank has mobile applications for the convenience of the customers.
26. Bank invests time and resources to managing relationships with the customers.
27. Bank provides customized products and services to the key customers.
28. Bank makes an effort to find out the need of key customer.
29. Bank exchanges the information with the key customers frequently.
30. Bank delights the key customers by the surprises.

31. Bank strengthens the emotional bonding with key customers by wishing them on important occasions (Diwali, birthdays).
32. Bank organizes the employee training programs to develop the skills required for acquiring and maintain the relationships with customer.
33. Banks tell the customer feedback to the employees and takes action basis of that feedback.
34. Bank measures and tracks employee satisfaction, loyalty, and commitment towards bank regularly.
35. Employees are always willing to help customers.
36. Front line employees are rewarded on the basis of customer satisfaction and the other metrics.

The exploratory factor analysis is applied on the responses of bank employees in order to identify the latent factors which influence the adoption of different relationship marketing practices in selected banks.

4.2.1 Exploratory Factor Analysis

Exploratory factor analysis is a multivariate quantitative method of reducing the number of variables selected in the study into few latent variables (factors). The quantitative method of EFA is based on the correlations among different pair of variables considered in the analysis. The highly variables are clubbed together and represented by the factors. This is done by seeking underlying unobservable (latent) variables reflected in the observed variables (manifest variables). There are many different methods that can be used to conduct a factor analysis (such as principal axis factor, maximum likelihood, generalized least squares, unweighted least squares), There are also many different types of rotations that can be done after the initial extraction of factors, including orthogonal rotations, such as Varimax and Equimax, which impose the restriction that the factors cannot be correlated, and oblique rotations, such as Promax, which allow the factors to be correlated with one another. Factor analysis is a technique that requires a large sample

size. Factor analysis is based on the correlation matrix of the variables involved, and correlations usually need a large sample size before they stabilize.

The results of factor analysis are shown in table shown below. The Kaiser-Meyer-Olkin measure of sampling adequacy is 0.926 which indicates that the sample size of the data set considered in the research study is adequate. The exploratory factor analysis is useful for the variables where significant level of correlation among the variables exists. The Bartlett's test checks the correlation matrix of the variables and test the null hypothesis that the correlation matrix of the variables is an identity matrix. According to the Bartlett's test, the p value is 0.000. The desired level is less than (5%) level of significance. So the null hypothesis that the correlation matrix of the variables is an identity matrix cannot be accepted. Hence it can be concluded that there exist significant correlation between the selected variables and it is not an identity matrix. This indicates that the exploratory factor analysis can be done on the data collected from the respondents.

Table 4.1: Kaiser-Meyer-Olkin and Bartlett's Test

KMO Measure of Sample Adequacy	Bartlett's test of Sphericity		
0.926	Chi-Square	Degree of freedom	Significance
	7906.403 (approx.)	630	0.000

Source: Compiled by the researcher

The communalities are the proportion of each variable's variance by explained by the principal components like latent variable. It is also defined as the sum of squared factor loadings. The communalities of the variables including in the analysis is shown in the table. For a significant exploratory factor analysis it is required that the communalities of the included variables must be more than 50 percent. It means at least 50 percent of the variance of the variables can be explained by the extracted factors. The results indicate that the communalities of all the variables are significant and higher than 60 percent for all the included variables.

Table 4.2: Communalities

	Initial	Extraction
Bank does not make false promises to customers.	1.000	.807
Bank tracks the service quality and continuously works on improving the relations.	1.000	.765
Bank sells the other products to existing customer to increase customer share (cross selling).	1.000	.827
Bank has formal complaint system (written and verbal). Customer can also check the status of complaint by giving reference number.	1.000	.787
Bank employees respond the customers quickly.	1.000	.862
Bank maintains and monitors the database of the customer continuously.	1.000	.674
Bank has the proper privacy policy to keep the customer's data confidential.	1.000	.860
Information of customer is available at each and every point where customer can be contacted.	1.000	.887
Customer database is good and provides real information about customers.	1.000	.913
Bank provides the customers knowledge about the products available and detailed information about the product.	1.000	.845
Bank provides the products according to the needs of the customers.	1.000	.785
Knowledge Management system helps in improving the contact with the customer by providing the details of customer profiles, habits and contact preferences.	1.000	.887
Bank has information that how much customers wants to spend on the various products and services.	1.000	.893
Our bank does segmentation of customers on the basis of Customer Lifetime Value (CLV).	1.000	.846
Bank generates and maintains Customer Life time Value data continuously.	1.000	.771

	Initial	Extraction
Bank plans to increase the Lifetime Value of the customers.	1.000	.801
Bank motivates employees to look at customers on the basis of lifetime values.	1.000	.863
For convenience of customers, bank provides a variety of distribution channels. (Phone banking, internet banking, and mobile banking).	1.000	.826
Bank finds out the channel which is preferred by the customer and also finds out the frequency of using that channel.	1.000	.829
Bank's communication with customers is consistent across all the channels.	1.000	.867
Bank manages the record of communications with the customer.	1.000	.893
Bank has the right software and hardware (electronic payment system, plastic money, ATM) to serve the customers.	1.000	.812
Bank has techniques like core banking system	1.000	.790
Bank has the experts for the technical support.	1.000	.810
Bank has mobile applications for the convenience of the customers.	1.000	.873
Bank invests time and resources to managing relationships with the customers.	1.000	.776
Bank provides customized products and services to the key customers.	1.000	.810
Bank makes an effort to find out the need of key customer.	1.000	.722
Bank exchanges the information with the key customers frequently.	1.000	.875
Bank delights the key customers by the surprises.	1.000	.904
Bank strengthens the emotional bonding with key customers by wishing them on important occasions (Diwali, birthdays).	1.000	.922
Bank organizes the employee training programs to develop the skills required for acquiring and maintain the relationships with customer.	1.000	.892
Banks tell the customer feedback to the employees and takes action basis of that feedback.	1.000	.865

	Initial	Extraction
Bank measures and tracks employee satisfaction, loyalty, and commitment towards bank regularly.	1.000	.790
Employees are always willing to help customers.	1.000	.826
Front line employees are rewarded on the basis of customer satisfaction and the other metrics.	1.000	.878

Extraction Method: Principal Component Analysis

Source: Compiled by the researcher

The results indicate that thirty six variables can be reduced into eight major factors. Only those factors are considered which have the eigen value more than one. The eigen value of the factors are calculated before and after the rotation. The varimax orthogonal rotation is applied on the factors. The extracted eight factors explain the 83 percent of the variance of the data. The results indicate that the first factor explains the fourteen percent of the variance of the included variables in the factor analysis followed by second factor which explains thirteen percent of the variance of the variables. These factors will be named after analyzing the variables having analyzing factor loading of the variables with the factors. The variance table has been shown in appendix IV

The scree plot is the graphical representation of the estimated Eigen values of all the extracted components (factors). However, all the extracted components are not useful for the study. Hence the components with Eigen values more than 1 are considered for the further study. The scree plot representing the eigen values of the extracted components is shown below in figure 4.1 -

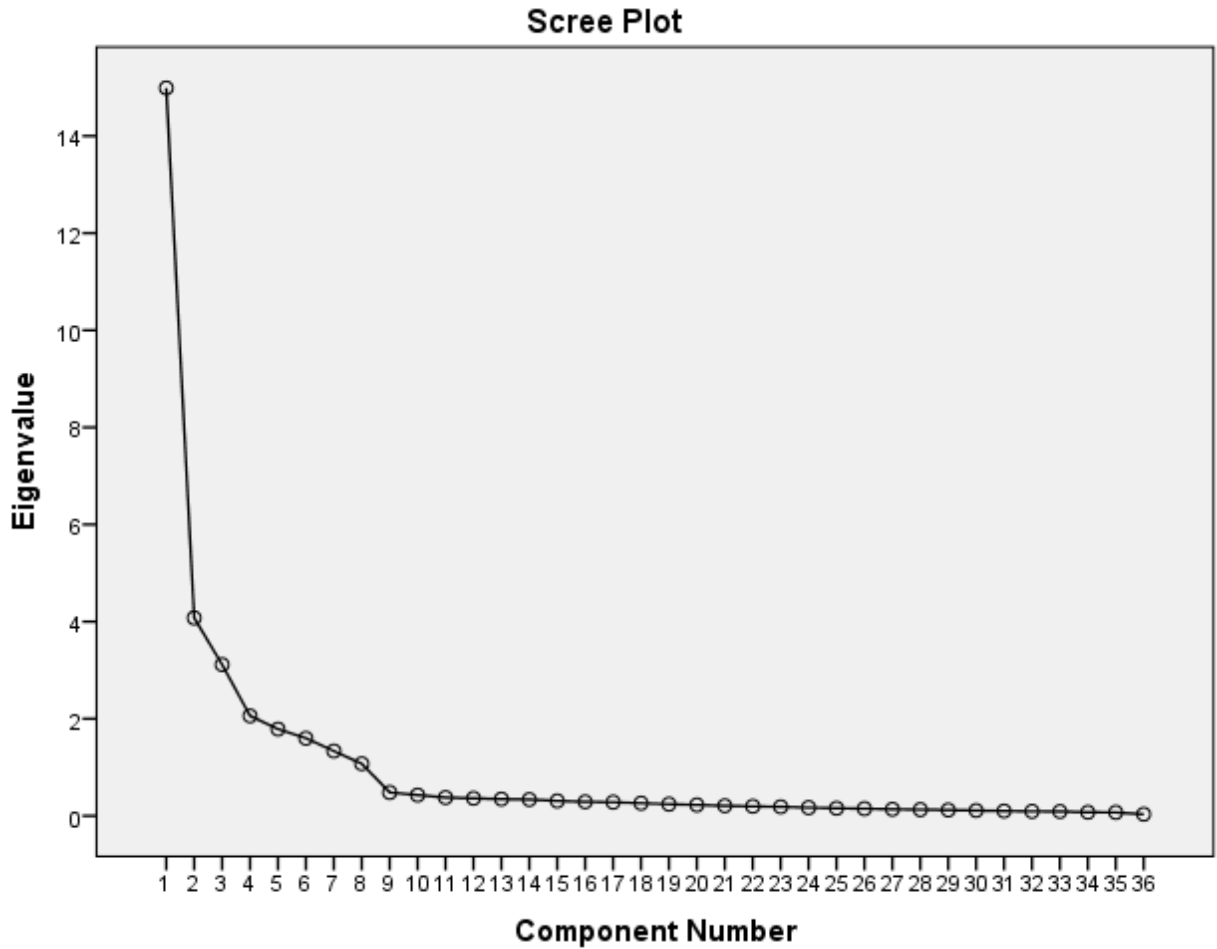


Figure 4.1: Scree Plot

The extracted components are rotated orthogonally in order to have better explanation of the factor loadings of the variables with the factors. The varimax orthogonal rotation is used in the study. The rotated component matrix table contains the rotated factor loadings, which are the correlations between the variable and the factor. Because these are correlations coefficients, possible values of it ranges from -1 to +1. The results indicate that the thirty six variables can be clubbed into eight factors. These eight factors are named as

- **Customer Service**
- **Special Treatment to key customers**

- **Technical Expertise**
- **Customer database Management**
- **Employee Empowerment**
- **Customization of product**
- **Customer Lifetime Value**
- **Multi-Channel Approach and Channel Optimization**

The rotated factor matrix showing the factors along with their variables is shown in table.

Table 4.3: Rotated Component Matrix^a

Rotated Component Matrix^a								
	Component							
	1	2	3	4	5	6	7	8
Bank strengthens the emotional bonding with key customers by wishing them on important occasions (Diwali, birthdays).	.912	.074	.121	.122	.059	.055	.111	.188
Bank delights the key customers by the surprises.	.892	.083	.166	.106	.082	.043	.124	.195
Bank exchanges the information with the key customers frequently.	.877	.152	.073	.135	.118	.064	.109	.172
Bank provides customized products and services to the key customers.	.839	.148	.077	.094	.156	.110	.100	.153
Bank invests time and resources to managing relationships with the customers.	.821	.081	.090	.205	.096	.113	.097	.121

Rotated Component Matrix ^a								
	Component							
	1	2	3	4	5	6	7	8
Bank makes an effort to find out the need of key customer.	.771	.139	.149	.092	.141	.136	.085	.178
Front line employees are rewarded on the basis of customer satisfaction and the other metrics.	.155	.814	.312	.095	.041	.127	.197	.168
Bank organizes the employee training programs to develop the skills required for acquiring and maintain the relationships with customer.	.156	.803	.298	.051	.139	.102	.290	.137
Banks tell the customer feedback to the employees and takes action basis of that feedback.	.163	.788	.317	.156	.086	.090	.249	.123
Employees are always willing to help customers.	.142	.767	.327	.011	.155	.053	.269	.104
Bank measures and tracks employee satisfaction, loyalty, and commitment towards bank regularly.	.134	.745	.341	.170	.157	.079	.201	.024
Bank does not make false promises to customers.	.083	.253	.794	.125	.162	.134	.200	.083
Bank sells the other products to existing customer to increase customer share (cross selling).	.138	.345	.777	.070	.096	.145	.186	.127

Rotated Component Matrix ^a								
	Component							
	1	2	3	4	5	6	7	8
Bank has formal complaint system (written and verbal). Customer can also check the status of complaint by giving reference number.	.134	.285	.775	.068	.131	.106	.206	.104
Bank employees respond the customers quickly.	.222	.326	.775	.099	.137	.161	.203	.102
Bank tracks the service quality and continuously works on improving the relations	.154	.304	.743	.048	.180	.033	.151	.195
Bank has mobile applications for the convenience of the customers.	.175	.124	.069	.873	.135	.152	.080	.109
Bank has the right software and hardware (electronic payment system, plastic money, ATM) to serve the customers.	.215	.095	.039	.831	.185	.152	.037	.081
My bank has techniques like core banking system	.128	.034	.090	.825	.168	.125	.082	.180
Bank has the experts for the technical support.	.136	.100	.127	.806	.191	.219	.050	.169
Bank motivates employees to look at customers on the basis of lifetime values.	.149	.120	.158	.179	.854	.170	.072	.072

Rotated Component Matrix ^a								
	Component							
	1	2	3	4	5	6	7	8
Our bank does segmentation of customers on the basis of Customer Lifetime Value (CLV).	.179	.106	.114	.193	.850	.125	.079	.094
Bank plans to increase the Lifetime Value of the customers.	.138	.088	.154	.147	.807	.249	.073	.098
Bank generates and maintains Customer Life time Value data continuously.	.104	.131	.146	.181	.784	.195	.120	.150
Customer database is good and provides real information about customers.	.066	.102	.128	.198	.240	.866	.111	.152
Information of customer is available at each and every point where customer can be contacted.	.091	.039	.139	.178	.186	.859	.113	.202
Bank has the proper privacy policy to keep the customer's data confidential.	.112	.054	.130	.191	.151	.841	.192	.155
Bank maintains and monitors the database of the customer continuously.	.207	.186	.077	.126	.195	.697	.094	.204
Bank has information that how much customers wants to spend on the various products and services.	.132	.276	.211	.025	.115	.101	.848	.110

Rotated Component Matrix ^a								
	Component							
	1	2	3	4	5	6	7	8
Knowledge Management system helps in improving the contact with the customer by providing the details of customer profiles, habits and contact preferences.	.151	.334	.208	.032	.161	.135	.811	.081
Bank provides the customers knowledge about the products available and detailed information about the product.	.161	.224	.175	.111	.026	.190	.804	.206
Bank provides the products according to the needs of the customers.	.168	.227	.289	.125	.082	.124	.759	.084
Bank manages the record of communications with the customer.	.234	.142	.130	.165	.093	.184	.140	.844
Bank's communication with customers is consistent across all the channels.	.249	.116	.184	.092	.154	.188	.099	.824
Bank finds out the channel which is preferred by the customer and also finds out the frequency of using that channel.	.248	.113	.115	.161	.098	.220	.110	.803

Rotated Component Matrix^a								
	Component							
	1	2	3	4	5	6	7	8
For convenience of customers, bank provides a variety of distribution channels. (Phone banking, internet banking, and mobile banking).	.303	.098	.099	.191	.107	.152	.118	.794
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.								
a. Rotation converged in 7 iterations.								

Source: Compiled by the researcher

(a) Special Treatment to key customers

This factor of relationship marketing includes six variables. The descriptive analysis and reliability analysis for this factor has been done.

Descriptive Analysis

The descriptive analysis of the statements in the factor are shown below in table indicates that the statement “The Bank provides customized services and products to our key customers” and “The bank strives to constantly surprise and delight our key customers” are found to have highest mean score. This indicates that the banks in current scenario focuses on the key customers and provides the customized services to them. The bank also made the efforts to provide surprises to their customers and made them delighted. The lowest mean is found in case of statement “the bank commits time and resources in managing relationships with customers”. The results also indicate that the bank tried to strengthen the emotional bonds with them by wishing them on important occasions and exchange the information with their key customers frequently. The response obtained in the study is found to have negatively skewed which indicates that the average responses received lies in positive side. This indicates that most of the respondents are agreed with

the statement. The kurtosis of all statements is found to be platy kurtosis indicating that perceptions of the employees have significant variations.

Table 4.4: Descriptive Analysis

Construct	Variables	Mean	Standard Deviation	Skewness	Kurtosis
Special Treatment to Key customers	Bank invests time and resources to managing relationships with the customers.	3.61	1.015	-.221	-.704
	Bank provides customized products and services to the key customers.	3.73	1.001	-.390	-.406
	Bank makes an effort to find out the need of key customer.	3.65	1.015	-.314	-.537
	Bank exchanges the information with the key customers frequently.	3.66	1.014	-.285	-.660
	Bank delights the key customers by the surprises.	3.73	1.053	-.335	-.790
	Bank strengthens the emotional bonding with key customers by wishing them on important occasions (Diwali, bdays).	3.72	1.054	-.322	-.803

Source: Compiled by the researcher

Reliability Analysis

Special Treatment to key customer feels them good. In relationship marketing where the focus is key customers. They need to be given VIP treatment. According to rotated component matrix, the variable “Bank strengthens the emotional bonds with our

customers by wishing them on important occasions” is having the factor loading of 0.912 thus it is an important factor.

Table 4.5: Factor Loading and reliability analysis

Construct	Variables	Factor Loading	Internal Consistency reliability
Special Treatment to Key customers	Bank strengthens the emotional bonding with key customers by wishing them on important occasions (Diwali, birthdays).	.912	0.958
	Bank delights the key customers by the surprises.	.892	
	Bank exchanges the information with the key customers frequently.	.877	
	Bank provides customized products and services to the key customers.	.839	
	Bank invests time and resources to managing relationships with the customers.	.821	
	Bank makes an effort to find out the need of key customer.	.771	

Source: Compiled by the researcher

“My bank strives to constantly surprise and delight our key customers” is having the factor loading of 0.912. So this is the first area being stressed. “My bank delights our key customers by the surprises” is having factor loading of 0.892. So this is the second area being stressed. “My bank exchanges information with our key customers frequently” is having factor loading of 0.877. This is third area being stressed. “My bank provides customized services and products to our key customers” is having the factor loading of 0.839. It is fourth area being stressed. The factor loading is found to be 0.821 in case of the variable “My bank commits time and resources in managing customer relationships” which is the fifth area being stressed. . As

per rotated component matrix, the variable “The bank makes an effort to find out what our key customers need” is having the factor loading of 0.771 which is the sixth area being stressed which is last but not the least. The Cronbach’s alpha is 0.958 which shows that there is internal consistency reliability of the responses received from the employees for the variables included in the factor.

(b) Employee Empowerment

This factor of relationship marketing includes five variables. The descriptive analysis and reliability analysis for this factor has been done.

Descriptive Analysis

Descriptive analysis of the statements in the factor are shown below in table indicates that the statement “Employees on the front end are rewarded on the basis of customer satisfaction and other metrics” is having highest mean score. It indicates that the banks reward the employees at front end.

Table 4.6: Descriptive Analysis (Employee Empowerment)

Construct	Variables	Mean	Standard Deviation	Skewness	Kurtosis
Employee Empowerment	Bank organizes the employee training programs to develop the skills required for acquiring and maintain the relationships with customer.	3.68	1.106	-.449	-.658
	Banks tell the customer feedback to the employees and takes action basis of that feedback.	3.74	1.017	-.379	-.607

Construct	Variables	Mean	Standard Deviation	Skewness	Kurtosis
	Bank measures and tracks employee satisfaction, loyalty, and commitment towards bank regularly.	3.77	1.009	-.434	-.641
	Employees are always willing to help customers.	3.77	1.047	-.418	-.701
	Front end employees are rewarded on the basis of customer satisfaction and the other metrics.	3.85	1.018	-.502	-.625

Source: Compiled by the researcher

Bank measures and tracks employee satisfaction, loyalty, and commitment towards bank regularly. So bank's employees also help the customers in a responsive manner. The lowest mean is found in case of statement “Employee training programs are designed to develop the skills required for acquiring and deepening customer relationships.” The response obtained in the study is found to have negatively skewed which indicates that the average responses received lies in positive side. This indicates that most of the respondents are agreed with the statement. The kurtosis of all statements is found to be platykurtic indicating that perceptions of the employees have significant variations.

Reliability Analysis

Employee Empowerment is an important aspect of relationship marketing. Employees need to be trained in the respective software package, which the bank is using for maintaining the relationship with the customers. According to rotated component matrix, the variable “Front line employees are rewarded on the basis of customer satisfaction and other metrics” is having factor loading of 0.814 thus this is an important factor.

Table 4.7: Reliability Analysis of Employee Empowerment

Construct	Variables	Factor Loading	Internal Consistency reliability
Employee Empowerment	Front line employees are rewarded on the basis of customer satisfaction and the other metrics.	.814	0.953
	Bank organizes the employee training programs to develop the skills required for acquiring and maintain the relationships with customer.	.803	
	Banks tell the customer feedback to the employees and takes action basis of that feedback.	.788	
	Employees are always willing to help customers.	.767	
	Bank measures and tracks employee satisfaction, loyalty, and commitment towards bank regularly.	.745	

Source: Compiled by the researcher

“Employee training programs are designed to develop the skills required for acquiring and deepening customer relationships” variable is having the factor loading of 0.803. This is the second area being stressed. . “Banks tell the customer feedback to the employees and takes action basis of that feedback.” variable is having factor loading of 0.788 as per rotated component matrix. This is the third area being stressed. “My bank’s employees are willing to help customers in a responsive manner” is having the factor loading of 0.767 as per rotated component matrix. This is the fourth area being stressed. “Bank measures and tracks employee satisfaction, loyalty, and commitment towards bank regularly.” variable is having factor loading of 0.745.it is the fifth area to be stressed

which is last but not the least. The Cronbach's alpha is 0.953 which shows the internal consistency reliability of the responses from the bank employees.

(c) Customer Service

This factor of relationship marketing includes five variables. The descriptive analysis and reliability analysis for this factor has been done.

Descriptive Analysis

Descriptive analysis of the statements in the factor are shown below in table indicates that the statement "Bank tracks the service quality and continuously works on improving the relations" are found to have highest mean score. This indicates that service quality is the most important parameter for the banks. Bank employees respond to the customer requests promptly. Banks offers the customers related products to increase customer value. The lowest mean is found in case of statement "Bank does not make false promises to customers" and "Bank has formal complaint system (written and verbal). Customer can also check the status of complaint by giving reference number." The response obtained in the study is found to have negatively skewed which indicates that the average responses received lies in positive side. This indicates that most of the respondents are agreed with the statement. The kurtosis of the two statements "Bank does not make false promises to customers" and "Bank has formal complaint system (written and verbal). Customer can also check the status of complaint by giving reference number." is found to be platykurtic indicating that perceptions of the employees have significant variations. Other three statements "Bank tracks the service quality and continuously works on improving the relations", "Bank does cross selling of products / services to increase customer share" and "Customers can expect that my bank's employees are not too busy to respond to customer requests promptly" are found to have positive kurtosis (leptokurtic). This indicates that most of the employees have agreed to these statements as the concentration of the responses is towards mean. Perceptions of employees are similar regarding these statements.

Table 4.8: Descriptive Analysis of Customer Service

Construct	Variables	Mean	Standard Deviation	Skewness	Kurtosis
Customer Service	Bank does not make false promises to customers	3.74	1.104	-.633	-.319
	Bank tracks the service quality and continuously works on improving the relations.	3.85	.979	-.695	.079
	Bank sells the other products to existing customer to increase customer share (cross selling).	3.78	.941	-.714	.151
	Bank has formal complaint system (written and oral). Customer can also check the status of complaint by giving reference number.	3.74	1.059	-.500	-.570
	Bank employees respond the customers quickly.	3.79	.985	-1.189	1.500

Source: Compiled by the researcher

Reliability Analysis

If the banks provide the good services to the customers, relationships with customers are automatically improved. For this study ethical responsibility is included in “Bank does not make false promises to customers” is having the factor loading of 0.794 factor

loading, it shows that bank is most concerned words they have committed. According to rotated component matrix, this variable is the most important factor.

Table 4.9: Reliability Analysis of Customer Service

Construct	Variables	Factor Loadings	Internal Consistency reliability
Customer Service	Bank does not make false promises to customers	.794	0.937
	Bank sells the other products to existing customer to increase customer share (cross selling).	.777	
	Bank has formal complaint system (written and verbal). Customer can also check the status of complaint by giving reference number.	.775	
	Bank employees respond the customers quickly.	.775	
	Bank tracks the service quality and continuously works on improving the relations.	.743	

Source: Compiled by the researcher

“Bank does cross selling of products / services to increase customer share” variable is having the factor loading of 0.777. This is the second area being stressed. “Bank has formal complaint system (written and verbal). Customer can also check the status of complaint by giving reference number” and Bank employees respond the customers quickly” variables are having factor loading of 0.775 as per rotated component matrix. This is the third area being stressed. “Bank tracks the service quality and continuously works on improving the relations” is having the factor loading of 0.743 as per rotated component matrix. This is the fourth area being stressed which is last but not the least.

The Cronbach's alpha is 0.937 which shows the internal consistency reliability of the responses from the bank employees.

(d) Technical Expertise

This factor of relationship marketing includes four variables. The descriptive analysis and reliability analysis for this factor has been done.

Descriptive Analysis

The descriptive analysis of the statements in the factor are shown below in table indicates that the statement “Bank has mobile applications for the convenience of the customers.” Is having highest mean score. This shows that in current scenario customer wants ease. Mobile applications have made the work so easy. Customers don't need to visit the branch. Bank employees respond to the customer requests promptly. Banks offers the customers related products to increase customer value.

Table 4.10: Descriptive Analysis of Technical Expertise

Construct	Variables	Mean	Standard Deviation	Skewness	Kurtosis
Technical Expertise	Bank has the right software and hardware (electronic payment system, plastic money, ATM) to serve the customers.	3.63	.939	-.329	-.290
	Bank has techniques like core banking system	3.63	.993	-.289	-.449
	Bank has the experts for the technical support.	3.63	.984	-.183	-.716

Construct	Variables	Mean	Standard Deviation	Skewness	Kurtosis
	Bank has mobile applications for the convenience of the customers.	3.67	1.002	-.267	-.741

Source: Compiled by the researcher

The lowest mean is found in case of statement “Bank does not make false promises to customers” and “Bank has formal complaint system (written and verbal). Customer can also check the status of complaint by giving reference number.” The response obtained in the study is found to have negatively skewed which indicates that the average responses received lies in positive side. This indicates that most of the respondents are agreed with the statement. The kurtosis of all statements is found to be platykurtic indicating that perceptions of the employees have significant variations.

Reliability Analysis

Technology is the key of Relationship Marketing. Now a day customer expects the faster services. Technology helps in providing faster services to the customers. For this study the variable “Bank has mobile applications for the convenience of the customers.” is having 0.873 factor loading. According to rotated component matrix, this variable is the most important factor. Mobile applications have increased the number of transactions many fold.

Table 4.11: Reliability analysis of Technical Expertise

Construct	Variables	Factor Loading	Internal Consistency reliability
Technical Expertise	Bank has mobile applications for the convenience of the customers.	.873	

Construct	Variables	Factor Loading	Internal Consistency reliability
	Bank has the right software and hardware (electronic payment system, plastic money, ATM) to serve the customers.	.831	0.924
	My bank has techniques like core banking system	.825	
	Bank has the experts for the technical support.	.806	

Source: Compiled by the researcher

“My bank has the right software and hardware (electronic payment system, plastic money, ATM, phone banking) to serve our customers” is 0.831. This is the second area being stressed as per rotated component matrix. “My bank has techniques like core banking system” is having factor loading of 0.825. This is the third area being stressed. “My bank has the right technical personnel to provide technical support for the utilization of computer technology (computerized branch, core banking system, internet banking) in building customer relationships” is having the factor loading of 0.806. This is the fourth area being stressed which is last but not the least. The Cronbach’s alpha is found to be 0.937 which shows the internal consistency reliability of the responses from the bank employees.

(e) Customer Life Time Value

This factor of relationship marketing includes four variables. The descriptive analysis and reliability analysis for this factor has been done.

Descriptive Analysis

The descriptive analysis of the statements in the factor are shown in table indicates that the statement “Bank organizes loyalty programs to promote the Lifetime Value of the

customers ” and “Bank managers motivate employees to look at customers on the basis of lifetime values.” are found to have highest mean score.

Table 4.12: Descriptive Analysis of Customer Lifetime Value

Construct	Variables	Mean	Standard Deviation	Skewness	Kurtosis
Customer Lifetime Value	Our bank does segmentation of customers on the basis of Customer Lifetime Value (CLV).	3.64	1.031	-.353	-.694
	Bank generates and maintains Customer Life time Value data continuously.	3.66	.939	-.235	-.652
	Bank plans to increase the Lifetime Value of the customers.	3.75	.869	-.436	.246
	Bank motivates employees to look at customers on the basis of lifetime values.	3.75	.926	-.356	-.514

Source: Compiled by the researcher

Bank generates and maintains Customer Life time Value data continuously. The lowest mean is found in case of statement “Our bank does segmentation of customers on the basis of Customer Lifetime Value (CLV).” The response obtained in the study is found to have negatively skewed which indicates that the average responses received lies in positive side. This indicates that most of the respondents are agreed with the statement. The kurtosis of the statement “Bank organizes loyalty programs to promote the Lifetime

Value of the customers” is positive. It shows that the employees have submitted similar responses regarding this statement. The kurtosis of other three statements is found to be platykurtic indicating that perceptions of the employees have significant variations. Customer Life time value helps in segmentation of customers.

Reliability Analysis

According to the segmentation, banks are able to focus on the high value customers. For this study, the variable “Bank motivates employees to look at customers on the basis of lifetime values” is having the factor loading of 0.854. This is the highest value so as per rotated component matrix; this is the most important factor. The variable “Our bank does segmentation of customers on the basis of Customer Lifetime Value (CLV)” is having the factor loading of 0.850. This is the second area being stressed. The variable “Bank organizes loyalty programs to promote the Lifetime Value of the customers” is having the factor loading of 0.807. This is the third area being stressed. The variable “Bank continuously generates Relationship value” is having the factor loading of 0.784. This is the fourth area being stressed. The Cronbach’s alpha is 0.924 which shows the internal consistency reliability of the responses from the bank employees.

Table 4.13: Reliability Analysis of Customer Lifetime value

Construct	Variables	Factor Loading	Internal Consistency reliability
Customer Lifetime Value	Bank motivates employees to look at customers on the basis of lifetime values.	.854	0.924
	Our bank does segmentation of customers on the basis of Customer Lifetime Value (CLV).	.850	
	Bank plans to increase the Lifetime Value of the customers.	.807	
	Bank generates and maintains Customer Life	.784	

	time Value data continuously.		
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Source: Compiled by the researcher

(f) Customer Database Management

This factor of relationship marketing includes four variables. The descriptive analysis and reliability analysis for this factor has been done.

Descriptive Analysis

The descriptive analysis of the statements in the factor are shown in table indicates that the statement “Bank has the proper privacy policy to keep the customer’s data confidential” are found to have highest mean score. This indicates that to manage the relationship with customers, it is necessary to ensure confidentiality of data. Banks also maintains the information of customer at each and every point where customer may be contacted. The lowest mean is found in case of statement “Bank maintains and monitors the database of the customer continuously”. The response obtained in the study is found to have negatively skewed which indicates that the average responses received lies in positive side. This indicates that most of the respondents are agreed with the statement. The kurtosis of all statements is found to be platykurtic indicating that perceptions of the employees have significant variations.

Table 4.14: Descriptive Analysis of Customer Database Management

Construct	Variables	Mean	Standard Deviation	Skewness	Kurtosis
Customer Database Management	Bank maintains and monitors the database of the customer continuously	3.64	1.017	-.315	-.545
	Bank has the proper privacy policy to keep the customer’s	3.74	.932	-.506	-.223

Construct	Variables	Mean	Standard Deviation	Skewness	Kurtosis
	data confidential.				
	Information of customer is available at each and every point where customer may be contacted.	3.71	.971	-.502	-.288
	Customer database is good and provides real information about customers.	3.69	.993	-.544	-.249

Source: Collected and Compiled by the researcher

Reliability Analysis

Banks maintain the customer database and track their preferences. This helps them to understand the customers in better way. For this study, the variable “Customer’s database is good and provides real information about the customers” is having the factor loading of 0.866. According to the rotated component matrix, this is found the most important factor.

Table 4.15: Reliability Analysis of Customer Database Management

Construct	Variables	Factor Loading	Internal Consistency reliability
Customer Database Management	Customer database is good and provides real information about customers.	.866	0.926
	Information of customer is available at each and every point where customer may be contacted.	.859	

Construct	Variables	Factor Loading	Internal Consistency reliability
	Bank has the proper privacy policy to keep the customer's data confidential.	.841	
	Bank maintains and monitors the database of the customer continuously.	.697	

Source: Compiled by the researcher

The variable “Information of customer is available at each and every point where customer may be contacted” is having the factor loading of 0.859. This is second area being stressed. The variable “Bank has the proper privacy policy to keep the customer’s data confidential” is having the factor loading of 0.841. This is the third area being stressed. The variable “My bank maintains and monitors the database of the customer continuously” is having the factor loading of 0.697. This is the fourth area being stressed. The Cronbach’s alpha is found to be 0.926 which shows the internal consistency reliability of the responses from the bank employees.

(g) Customization of products

This factor of relationship marketing includes four variables. The descriptive analysis and reliability analysis for this factor has been done.

Descriptive Analysis

The descriptive analysis of the statements in the factor are shown in table indicates that the statement “Knowledge Management system helps in improving the contact with the customer by providing the details of customer profiles, habits and contact preferences.” are found to have highest mean score.

Table 4.16: Descriptive Analysis of Customization of products

Construct	Variables	Mean	Standard Deviation	Skewness	Kurtosis
Customization of Products	Bank provides the customers knowledge about the products available and detailed information about the product.	3.32	1.166	-0.246	-0.75
	Bank provides the products according to the needs of the customers.	3.4	1.04	-0.066	-0.915
	Knowledge Management system helps in improving the contact with the customer by providing the details of customer profiles, habits and contact preferences.	3.5	1.049	-0.266	-0.602
	Bank has information that how much customers wants to spend on the various products and services	3.48	1.133	-0.424	-0.556

Source: Compiled by the researcher

This indicates that details about the customers help us in making the product. Bank has information that how much customers wants to spend on the various products and

services. The lowest mean is found in case of statement “My bank tries to educate our customers regarding proper use of our products and services.” The response obtained in the study is found to have negatively skewed which indicates that the average responses received lies in positive side. This indicates that most of the respondents are agreed with the statement. The kurtosis of all statements is found to be platykurtic indicating that perceptions of the employees have significant variations.

Reliability Analysis

If the banks offer the customized product, this gives the more satisfaction to the customers. For this study, ethical responsibility is included in “Bank has information that how much customers wants to spend on the various products and services” is having the factor loading of 0.848. This is observed as important factor as per rotated component matrix. The variable “Knowledge Management system helps in improving the contact with the customer by providing the details of customer profiles, habits and contact preferences” is factor loading of 0.811. This is second area being stressed. The variable “My bank tries to educate our customers regarding proper use of our products and services” is having the factor loading of 0.804. This is the third area being stressed. The variable “Bank provides the products according to the needs of the customers.” is 0.759. This is fourth area being stressed. The Cronbach’s alpha is found to be 0.936 which shows the internal consistency reliability of the responses from the bank employees.

Table 4.17: Reliability Analysis of Customization of products

Construct	Variables	Factor Loading	Internal Consistency reliability
Customization of Products	Bank has information that how much customers wants to spend on the various products and services.	.848	0.936
	Knowledge Management system provides customer insight, profiles, habits, contact preferences and	.811	

Construct	Variables	Factor Loading	Internal Consistency reliability
	understanding to improve contact with the customer.		
	Bank provides the customers knowledge about the products available and detailed information about the product.	.804	
	Bank provides the products according to the needs of the customers.	.759	

Source: Compiled by the researcher

(h) Multi-Channel Approach and Channel Optimization

This factor of relationship marketing includes four variables. The descriptive analysis and reliability analysis for this factor has been done.

Descriptive Analysis

The descriptive analysis of the statements in the factor are shown below in table indicates that the statement “Bank’s communication with customers is consistent across all marketing, sales, and service channels” and “Bank manages all customer communications so that they are consistently superior and relevant to the customer” are found to have highest mean score. Bank finds out the channel which is preferred by the customer and also finds out the frequency of using that channel. The lowest mean is found in case of statement “For convenience of customers, bank provides a variety of distribution channels. (Phone banking, internet banking, and mobile banking)”. The response obtained in the study is found to have negatively skewed which indicates that the average responses received lies in positive side. This indicates that most of the respondents are agreed with the statement. The kurtosis of all statements is found to be platykurtic indicating that perceptions of the employees have significant variations.

Table 4.18: Descriptive Analysis of Multi-channel Approach and Channel Optimization

Construct	Variables	Mean	Standard Deviation	Skewness	Kurtosis
Multi-Channel Approach and Channel Optimization	For convenience of customers, bank provides a variety of distribution channels. (Phone banking, internet banking, and mobile banking).	3.65	.966	-.232	-.616
	Bank finds out the channel which is preferred by the customer and also finds out the frequency of using that channel.	3.66	.940	-.362	-.260
	Bank's communication with customers is consistent across all the channels.	3.77	.955	-.395	-.454
	Bank manages the record of communications with the customer.	3.77	.965	-.401	-.493

Source: Compiled by the researcher

Reliability Analysis

Banks offer so many channels to the customers. This makes the communication easy with customers. For this study, the variable “Bank manages all customer communications so that they are consistently superior and relevant to the customer” is having the factor loading of 0.844. This is the important factor as per rotated component matrix.

Table 4.19: Reliability Analysis of Multi-channel Approach and Channel Optimization

Construct	Variables	Factor Loading	Internal Consistency reliability
Multi-Channel Approach and Channel Optimization	Bank manages the record of communications with the customer.	.844	0.941
	Bank’s communication with customers is consistent across all the channels.	.824	
	Bank finds out the channel which is preferred by the customer and also finds out the frequency of using that channel.	.803	
	For convenience of customers, bank provides a variety of distribution channels. (Phone banking, internet banking, and mobile banking).	.794	

Source: Compiled by the researcher

The variable “Bank’s communication with customers is consistent across all marketing, sales, and service channels” is having the factor loading of 0.824. This is the second area being stressed. The variable “Bank finds out the channel which is preferred by the customer and also finds out the frequency of using that channel” is having factor loading of 0.803. This is the third area being stressed. The variable “For convenience of

customers, bank provides a variety of distribution channels. (Phone banking, internet banking, and mobile banking)” is factor loading of 0.794. This is the fourth area being. The Cronbach’s alpha is found to be 0.941 which shows the internal consistency reliability of the responses from the bank employees.

4.2.2 Validity Analysis of Factors Representing Relationship Marketing Strategies

In the study in order to identify the latent factors of relationship banking strategies adopted by the banks for their customers, exploratory factor analysis method is applied. The results of exploratory factor analysis are discussed in earlier section. As a result of EFA, the thirty six statements can be reduced to eight factors named as **customer service, database management, customization of products, life time value, channel optimization, technical expertise, special treatment to the key customers, and employee empowerment**. These eight factors are represented with few statements having higher factor loadings with the factor. Although the validity of the factors can also be analyzed with the help of EFA only, but due to the availability of more robust method for testing the validity of the extracted factors, confirmatory factor analysis is applied on the extracted factors.

In the study eight extracted factors are representing the major relationship marketing strategies adopted by the banks in the perception of bank employees. The data is collected from the employees of selected banks of public and private sector banks in the rating scale against the different statements representing the different relationship marketing strategies adopted by the banks for their customers. In order to test the validity of extracted factors as a scale of measuring the relationship marketing strategies, CFA is used. The validity of the extracted factors included two different types of validity. These are convergent validity and discriminant validity. The purpose of convergent validity is to test whether the statements of relationship marketing used in the questionnaire significantly represent the factors or not? However the objective to test the discriminant validity of the scale is to investigate whether the bank customers are able to differentiate the statements of relationship marketing related to different factors. In the discriminant

validity, the cross correlations of the statements of the extracted factor are analyzed with the statements of other extracted factors emerges as a result of factor analysis. In order to analyze the presence of convergent validity of the extracted factors the CR (composite reliability) and AVE (average variance extracted) measures are estimated. For the convergent validity of the extracted factors of relationship marketing strategies adopted by the banks for their customers, the condition is

1. CR should be > 0.7 .
2. AVE should be more than 0.5.
3. CR should be $> AVE$

Composite reliability of the extracted factors of relationship marketing strategies represents the reliability of internal consistency within the statements of the relationship marketing factors. The AVE measure of each factor of relationship marketing strategies describes the variance of the statements explained by the respective relationship marketing factor. For the discriminant validity, the condition is

AVE measure of each factor of relationship marketing strategies should be $>$ than average shared variance (ASV) and maximum shared variance (MSV) measure of each factor of relationship marketing strategies. The CFA is represented by the figure and its interpretation is explained in subsequent tables in the section.

In the CFA diagram, the factors of relationship marketing strategies are represented by the eclipses and the related statements of relationship marketing factor are represented with the help of rectangles. The rectangles are connected to the factors of relationship marketing strategies. The double sided arrows in the various pairs of factors of relationship marketing strategies represent the correlation between the factors of relationship marketing strategies. Error terms are connected to the statements to measure the factors of relationship marketing strategies. The CFA analysis assumes that the expected variance of covariance matrix is similar to the observed variance of covariance matrix between the variables. CFA diagram shows the standardized regression weights and the correlation between the constructs.

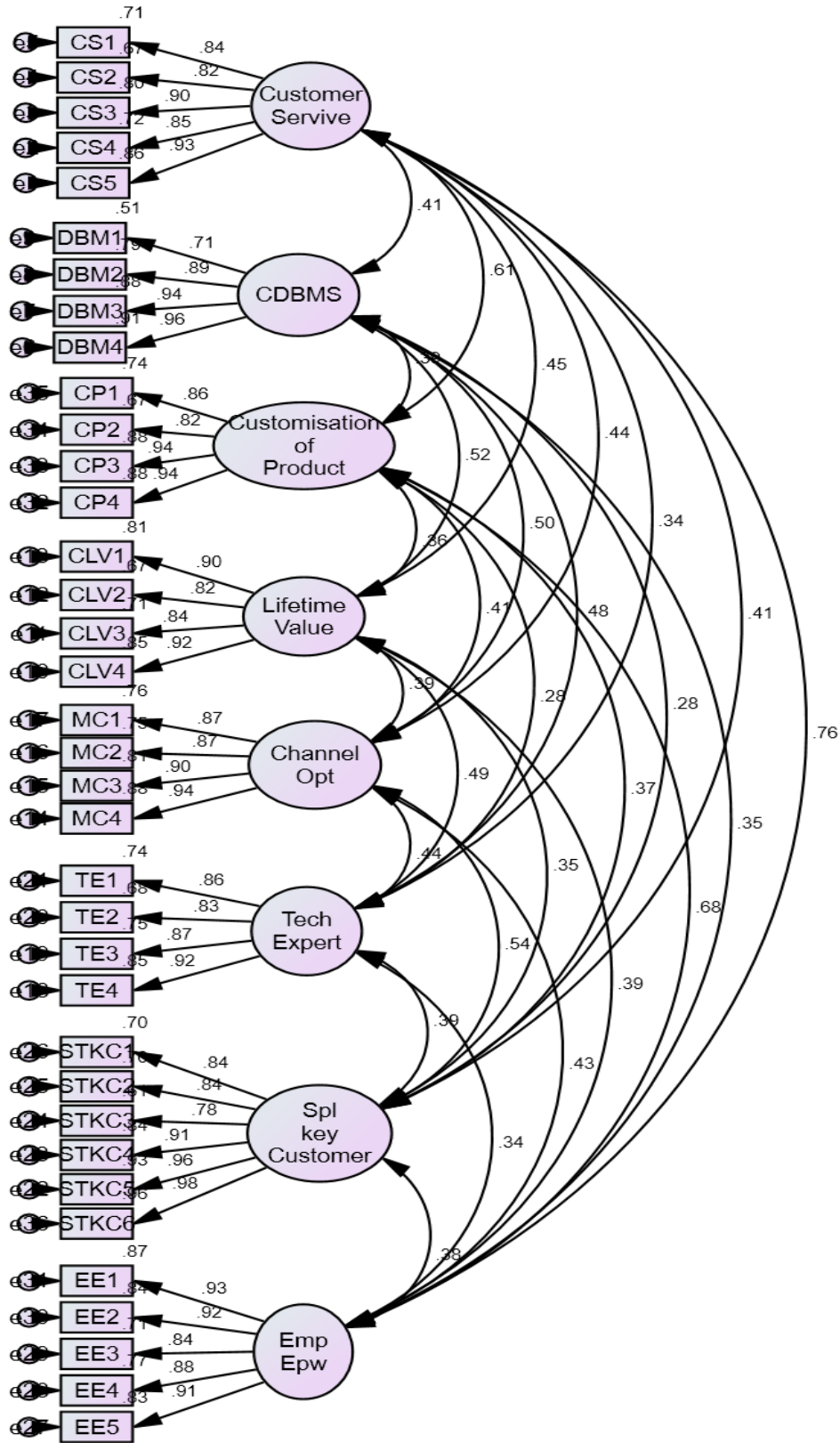


Figure 4.2: CFA Results

Table 4.20: Details of abbreviations used in CFA Diagram

Name	Variable
CS1	Banks keep promises
CS2	monitors service quality and performance
CS3	Sells related products to customers
CS4	Formal complaint system
CS5	Employees respond quickly
DBM1	maintains and monitor information about customers
DBM2	maintains privacy of data
DBM3	Customer's information available at each and every point
DBM4	Dynamic Database
CP1	Provides detailed information regarding products
CP2	Information about how much customer is willing to spend
CP3	Information Have the knowledge about customer preferences
CP4	Provides product according to the needs of customers
CLV1	Segmentation of customers according to the CLV
CLV2	Prepares data for CLV
CLV3	Organizes loyalty programs to promote CLV
CLV4	Motivate employees to treat customers on the basis of CLV
MC1	Variety of channels
MC2	Find out preferred channel by customers
MC3	Consistent communication across all the channels
MC4	Record of communication with customers
TE1	Availability of right Software and Hardware
TE2	CBS (Core Banking System)
TE3	Technical Staff
TE4	Mobile Applications
STKC1	Time and resources for managing relations

STKC2	Customized products and services for key customers
STKC3	Investigates the needs of key customers
STKC4	Provides information to key customers frequently
STKC5	Surprises and delights for the key customers
STKC6	Creates the emotional bonding with key customers
EE1	Employees Training Programs for the employees
EE2	Employees feedback
EE3	Tracks employee satisfaction
EE4	Willingness of employees to help customers
EE5	Rewarding frontline employees on basis of customer satisfaction
CDBMS	Customer Database Management System
Channel Opt	Multi-Channel Approach and Channel Optimization
Tech Expert	Technical Expertise
Spl Key Customer	Special Treatment to key customers
Emp Epw	Employee Empowerment

Source: Compiled by the researcher

Table 4.21: Validity measures

	CR	AVE	MSV	ASV
Employee Empowerment	0.953	0.803	0.582	0.251
Customer Service	0.938	0.753	0.582	0.256
Customer Database	0.931	0.774	0.265	0.180
Lifetime Value	0.925	0.756	0.265	0.179
Channel	0.942	0.802	0.286	0.204

	CR	AVE	MSV	ASV
Optimization				
Technical Expertise	0.925	0.756	0.236	0.160
Special treatment to key customers	0.957	0.788	0.286	0.155
Customization of Product	0.937	0.789	0.457	0.212

Source: Compiled by the researcher

The results of validity analysis of relationship marketing factors show that value of CR in case of all the factors extracted is greater than 0.7. The values of AVE in the case of eight factors extracted are more than 0.5. So it may be concluded that the eight factors employee empowerment, customization of products, customer service, customer database management, Customer Lifetime Value, database management, Customer service, channel optimization, technical expertise and special treatment to the key customers are having the acceptable level of convergent validity. The results show that the discriminant validity is also present because MSV in case of each factor of RM is lower than AVE. The variance covariance matrix between the different pairs of relationship marketing factors is shown in table 4.22:

Table 4.22: Variance Covariance Matrix

	Employee Empowerment	Customer Service	Customer Database	Lifetime Value	Channel Optimization	Technical Expertise	Special treatment to key customers	Customization of Product
Employee Empowerment	0.896							
Customer Service	0.763	0.868						
Customer Database	0.347	0.408	0.880					
Lifetime Value	0.393	0.445	0.515	0.870				
Channel Optimization	0.428	0.445	0.497	0.390	0.896			
Technical Expertise	0.337	0.336	0.479	0.486	0.444	0.869		
Special treatment to key customers	0.381	0.407	0.280	0.349	0.535	0.390	0.887	
Customization of Product	0.676	0.606	0.390	0.357	0.408	0.278	0.373	0.888

Source: Compiled by the researcher

4.2.3 Comparison of Public and Private Sector Banks Regarding Employee Perception on Relationship Marketing Strategies (using Independent sample t test)

After liberalization Privatization and Globalization, competition has increased. Private sector is providing competitive edge over public sector. In this section, comparison of public and private sector banks has been done factor wise. These are the factors of relationship marketing extracted from 36 variables of relationship marketing strategies.

(a) Customer Service in Public vs. Private sector banks (independent sample t test)

In this study the primary responses from the bank employees from public as well as private sector are collected with the help of questionnaire. The level of customer service provided by the banks may be different from employees' perception. This is due to many factors in public and private banks such as working environmental policies, employees' experience and qualification etc. In this study, independent sample t test has been applied to study the difference in the perception of bank employees working with public and private sector banks with respect to different customer services provided by the banks. In the independent sample t test, the public sector banks and private sectors banks have been assumed as independent groups. The null hypothesis for the independent sample t test is as below:

Ho: "There is no significant difference between public and private sectors banks with respect to different customer services offered to customers"

The results of t test are as below in table 4.23:

Table 4.23: Independent Sample t test (Customer Service)

Variables	Type of Bank	Mean (Standard Deviation)	t Stats	Prob. Value	Remarks
	Public	3.21 (1.063)	-9.353	.000	Significant

Variables	Type of Bank	Mean (Standard Deviation)	t Stats	Prob. Value	Remarks
Bank does not make false promises to customers	Private	4.42 (0.7160)			difference is there.
Bank tracks the service quality and continuously works on improving the relations.	Public	3.44(0.968)	-7.894	.000	Significant difference is there.
	Private	4.38 (0.696)			
Bank sells the other products to existing customer to increase customer share (cross selling).	Public	3.30 (0.883)	-10.360	.000	Significant difference is there.
	Private	4.41 (0.577)			
Bank has formal complaint system (written and oral). Customer can also check the status of complaint by giving reference number.	Public	3.21 (1.016)	-9.842	.000	Significant difference is there.
	Private	4.42 (0.651)			
Bank employees respond the customers quickly.	Public	3.30 (0.967)	-9.824	.000	Significant difference is there.
	Private	4.42 (0.559)			
Overall Customer Service	Public	3.3582 (0.82752)	-11.821	.000	Significant difference is there.
	Private	4.4957 (0.44976)			

Source: Compiled by the researcher

The results of mentioned test show that p is less than (0.05) five percent level of significance in case of all the dimensions of customer service. Hence, with ninety five percent level of confidence the null hypothesis that there is no significant difference between public sector banks and private sectors banks with respect to different customer services offered to customers cannot be accepted. Thus there exist significant different in

the perception of bank employees with respect to different services offered to the customers. It has also been found that the average response of the employees working with private sector banks is higher than the average response of the employees working with public sector banks. The results indicate that private sector employees perceive that the customer services offered by them are significantly better than public sector banks.

(b) Customer Database Management in Public vs. Private sector banks (independent sample t test)

In the study the primary responses from the bank employees from public as well as private sector are collected with the help of questionnaire. The level of customer database management provided by the banks may be different from employees' perception. This is due to many factors in public and private banks such as working environmental policies, employee's experience, age of the employee and technical knowledge etc. In this study, independent sample t test has been used to study the difference in the perception of bank employees working with public and private sector banks with respect to different customer database management system provided by the banks. In the independent sample t test, the public sector banks and private sectors banks have been assumed as independent groups. The null hypothesis for the independent sample t test is as below:

Ho: "There is no significant difference between public and private sectors banks with respect to different customer database management systems offered to customers"

The results of independent sample t test are shown below in table 4.24:

Table 4.24: Independent Sample t test (Customer Database Management)

Variables	Type of Bank	Mean (Standard Deviation)	t Stats	p- Value	Remarks
Bank maintains and monitors the database of the customer continuously.	Public	3.38 (1.065)	-4.265	.000	Significant difference is there.
	Private	3.97 (0.849)			
Bank has the proper privacy policy to keep the customer's data confidential.	Public	3.51 (0.934)	-4.144	.000	Significant difference is there.
	Private	4.03 (0.849)			
Information of customer is available at each and every point where customer may be contacted.	Public	3.44 (0.986)	-4.631	.000	Significant difference is there.
	Private	4.04 (0.842)			
Customer database is good and provides real information about customers.	Public	3.44 (1.045)	-4.404	.000	Significant difference is there.
	Private	4.02 (0.816)			
Overall Customer Database Management	Public	3.5916 (0.96048)	-4.878	.000	Significant difference is there.
	Private	4.933 (0.77052)			

Source: Compiled by the researcher

The results of mentioned test show that p is less than (0.05) five percent level of significance in case of all the dimensions of customer database management. Hence with ninety five percent level of confidence the null hypothesis that there is no significant difference between public sector banks and private sectors banks with respect to different customer database management system offered to customers cannot be accepted. Thus there exist significant different in the perception of bank employees with respect to different services offered to the customers. It has also been found that the average response of the employees working with private sector banks is higher than the average response of the employees working with public sector banks. The results indicate that bank employees perceive that the customer database management offered by private sector bank is significantly better than public sector banks.

(c) Customization of Products in Public vs. Private sector banks (independent sample t test)

In the study the primary responses from the bank employees from public as well as private sector are collected with the help of questionnaire. The level of customization of products provided by the banks may be different from employees' perception. This is due to many factors in public and private banks such as working environmental policies, employee's experience, age of the employee, customer database and technical knowledge etc. In this study, independent sample t test has been used to study the difference in the perception of bank employees working with public and private sector banks with respect to different customization of products provided by the banks. In the independent sample t test, the public sector banks and private sectors banks have been assumed as independent groups. The null hypothesis for the independent sample t test is as below:

Ho: "There is no significant difference between public and private sectors banks with respect to different customization of products."

The results of independent sample t test are shown below in table 4.25:

Table 4.25: Independent Sample t test (Customization of Products)

Variables	Type of Bank	Mean (Standard Deviation)	t Stats	p-Value	Remarks
Bank provides the customers knowledge about the products available and detailed information about the product.	Public	2.82 (0.887)	-8.046	.000	Significant difference is there.
	Private	3.97 (1.169)			
Bank provides the products according to the needs of the customers.	Public	2.9 (0.803)	-9.5 32	.000	Significant difference is there.
	Private	4.05 (0.947)			
Knowledge Management system helps in improving the contact with the customer by providing the details of customer profiles, habits and contact preferences.	Public	3 (0.799)	-9.120	.000	Significant difference is there.
	Private	4.13 (0.991)			
Bank has information that how much customers wants to spend on the various products and services.	Public	2.99 (0.856)	-8.083	.000	Significant difference is there.
	Private	4.11 (1.14)			
Overall Customization of Products	Public	3.1483 (0.74965)	-10.022	.000	Significant difference

Variables	Type of Bank	Mean (Standard Deviation)	t Stats	p-Value	Remarks
	Private	4.3393 (0.9646)			is there.

Source: Compiled by the researcher

The results of mentioned test show that p is less than (0.05) five percent level of significance in case of all the dimensions of customization of products. Hence, with ninety five percent level of confidence the null hypothesis that there is no significant difference between public sector banks and private sectors banks with respect to different customer services offered to customers cannot be accepted. Thus there exists significant difference in the perception of bank employees with respect to different services offered to the customers. It has also been found that the average response of the employees working with private sector banks is higher than the average response of the employees working with public sector banks. The results indicate that private sector employees perceive that the customization of products services offered by them are significantly better than public sector banks.

(d) Customer Life Time Value in Public vs. Private sector banks (independent sample t test)

In the study the primary responses from the bank employees from public as well as private sector are collected with the help of questionnaire. The level of using the concept “customer lifetime value” by the banks may be different from employees’ perception. This is due to many factors in public and private banks such as working environmental policies, employee’s experience, age of the employee, customer database and technical knowledge etc. In this study, independent sample t test has been used to study the difference in the perception of bank employees working with public and private sector banks with respect to difference in using the concept “customer lifetime value” by the banks. In the independent sample t test, the public sector banks and private sectors banks

have been assumed as independent groups. The null hypothesis for the independent sample t test is as below:

Ho: "There is no significant difference between public and private sectors banks with respect to difference in using of concept "customer lifetime value"."

The results of independent sample t test are shown below in table 4.26:

Table 4.26: Independent Sample t test (Customer Lifetime Value)

Variables	Type of Bank	Mean (Standard Deviation)	t Stats	p-Value	Remarks
Our bank does segmentation of customers on the basis of Customer Lifetime Value (CLV).	Public	3.39 (1.058)	-4.049	.000	Significant difference is there.
	Private	3.96 (0.906)			
Bank generates and maintains Customer Life time Value data continuously.	Public	3.45 (0.978)	-3.782	.000	Significant difference is there.
	Private	3.93 (0.814)			
Bank plans to increase the Lifetime Value of the customers.	Public	3.52 (0.877)	-4.599	.000	Significant difference is there.
	Private	4.05 (0.765)			

Variables	Type of Bank	Mean (Standard Deviation)	t Stats	p-Value	Remarks
Bank motivates employees to look at customers on the basis of lifetime values.	Public	3.52 (0.943)	-4.101	.000	Significant difference is there.
	Private	4.03 (0.823)			
Overall Customer Life Time Value	Public	3.46 (0.839)	-4.910	.000	Significant difference is there.
	Private	3.99 (0.701)	-5.021	.000	

Source: Compiled by the researcher

The results of mentioned test show that p is less than (0.05) five percent level of significance in case of all the dimensions of customization of products. Hence with ninety five percent level of confidence the null hypothesis that there is no significant difference between public sector banks and private sectors banks with respect to different customer life time value cannot be accepted. Thus there exist significant different in the perception of bank employees with respect to different services offered to the customers. It has also been found that the average response of the employees working with private sector banks is higher than the average response of the employees working with public sector banks. The results indicate that private sector employees perceive that the adaption of the concept of customer lifetime value is more in case of private sector banks better than public sector banks.

(e) Multi-Channel Approach and Channel optimization in Public vs. Private sector banks (independent sample t test)

In the study the primary responses from the bank employees from public as well as private sector are collected with the help of questionnaire. The level of using multi-channel approach and channel optimization by the banks may be different from employees' perception. This is due to many factors in public and private banks such as working environmental policies, employee's experience, age of the employee, customer database and technical knowledge etc. In this study, independent sample t test has been used to study the difference in the perception of bank employees working with public and private sector banks with respect to difference in using the multi-channel approach and channel optimization by the banks. In the independent sample t test, the public sector banks and private sectors banks have been assumed as independent groups. The null hypothesis for the independent sample t test is as below:

Ho: "There is no significant difference between public and private sectors banks with respect to difference in using of multi-channel approach and channel optimization.

The results of independent sample t test are shown below in table 4.27:

Table 4.27: Independent Sample t test (Multi-channel Approach and Channel Optimization)

Variables	Type of Bank	Mean (Standard Deviation)	t Stats	p- Value	Remarks
For convenience of customers, bank provides a variety of distribution channels. (Phone banking, internet banking, and	Public	3.45 (1.038)	-3.492	.001	Significant difference is there.
	Private	3.91 (0.798)			

Variables	Type of Bank	Mean (Standard Deviation)	t Stats	p- Value	Remarks
mobile banking).					
Bank finds out the channel which is preferred by the customer and also finds out the frequency of using that channel.	Public	3.48 (1.014)	-3.202	.002	Significant difference is there.
	Private	3.89 (0.781)			
Bank's communication with customers is consistent across all the channels.	Public	3.53 (0.996)	-4.263	.000	Significant difference is there.
	Private	4.08 (0.806)			
Bank manages the record of communications with the customer.	Public	3.52 (1.014)	-4.379	.000	Significant difference is there.
	Private	4.09 (0.798)			
Overall Multi Channel approach and Channel optimization	Public	3.59 (0.943)	-4.648	.000	Significant difference is there.
	Private	4.14 (0.686)			

Source: Compiled by the researcher

The results of mentioned test show that p is less than (0.05) five percent level of significance in case of all the dimensions of multi-channel approach and channel optimization. Hence, with ninety five percent level of confidence, the null hypothesis that there is no significant difference between public sector banks and private sectors banks

with respect to different multi-channel approach and channel optimization offered to customers cannot be accepted. Thus, there exist significant different in the perception of bank employees with respect to different services offered to the customers. It has also been found that the average response of the employees working with private sector banks is higher than the average response of the employees working with public sector banks. The results indicate that private sector employees perceive that the multi-channel approach and channel optimization services offered by them are significantly better than public sector banks.

(f) Technical Expertise in Public vs. Private sector banks (independent sample t test)

In the study the primary responses from the bank employees from public as well as private sector are collected with the help of questionnaire. The level of technical expertise by the banks may be different from employees’ perception. This is due to many factors in public and private banks such as working environmental, employee’s experience, age of the employee, resources available in banks and qualification of employees etc. In this study, independent sample t test has been used to study the difference in the perception of bank employees working with public and private sector banks with respect to difference in technical expertise by the banks. In the independent sample t test, the public sector banks and private sectors banks have been assumed as independent groups. The null hypothesis for the independent sample t test is as below:

Ho: “There is no significant difference between public and private sectors banks with respect to difference in technical expertise.

Table 4.28: Independent Sample t test (Technical Expertise)

Variables	Type of Bank	Mean (Standard Deviation)	t Stats	p- Value	Remarks
Bank has the right software and hardware (electronic	Public	3.51 (0.979)	- 2.053	0.041	Significant difference

Variables	Type of Bank	Mean (Standard Deviation)	t Stats	p- Value	Remarks
payment system, plastic money, ATM) to serve the customers.	Private	3.78(0.867)			is there.
Bank has techniques like core banking system	Public	3.46 (0.996)	-2.9	0.004	Significant difference is there.
	Private	3.86 (0.95)			
Bank has the experts for the technical support.	Public	3.43(1.011)	3.452	0.001	Significant difference is there.
	Private	3.89 (0.888)			
Bank has mobile applications for the convenience of the customers.	Public	3.48 (1.039)	3.246	0.001	Significant difference is there.
	Private	3.92 (0.897)			
Overall Technical Expertise	Public	3.62 (0.925)	3.578	0	Significant difference is there.
	Private	4.05 (0.790)			

Source: Compiled by the researcher

The results of mentioned test show that p is less than (0.05) five percent level of significance in case of all the dimensions of technical expertise. Hence with ninety five percent level of confidence the null hypothesis that there is no significant difference between public sector banks and private sectors banks with respect to technical expertise

cannot be accepted. Thus there exist significant different in the perception of bank employees with respect to different services offered to the customers. It has also been found that the average response of the employees working with private sector banks is higher than the average response of the employees working with public sector banks. The results indicate that private sector employees perceive that they are having more technical expertise than public sector banks.

(g) Special Treatment to Key Customers in Public vs. Private sector banks (independent sample t test)

In the study the primary responses from the bank employees from public as well as private sector are collected with the help of questionnaire. The level of concept “special treatment to key customers” by the banks may be different from employees’ perception. This is due to many factors in public and private banks such as working environmental, resources available in banks etc. In this study, independent sample t test has been used to study the difference in the perception of bank employees working with public and private sector banks with respect to difference in treatment given to key customers by the banks. In the independent sample t test, the public sector banks and private sectors banks have been assumed as independent groups. The null hypothesis for the independent sample t test is as below:

Ho: “There is no significant difference between public and private sectors banks with respect to difference in treatment to key customers.

Table 4.29: Independent Sample t test (Special Treatment to key Customers)

Variables	Type of Bank	Mean (Standard Deviation)	t Stats	p-Value	Remarks
Bank invests time and resources to managing relationships with the customers.	Public	3.34 (1.044)	-4.526	0	Significant difference is there.
	Private	3.96 (0.868)			
Bank provides customized products and services to the key customers.	Public	3.44 (1.021)	-4.842	0	Significant difference is there.
	Private	4.09 (0.852)			
Bank makes an effort to find out the need of key customer.	Public	3.35 (1.028)	-5.091	0	Significant difference is there.
	Private	4.03 (0.862)			
Bank exchanges the information with the key customers frequently.	Public	3.36 (0.91029)	-5.12	0	Significant difference is there.
	Private	4.04 (0.855)			
Bank delights the key customers by the surprises.	Public	3.39 (1.09)	-5.527	0	Significant difference is there.
	Private	4.15 (0.829)			
Bank strengthens the emotional bonding with key customers by wishing them on important occasions (Diwali, Birthdays).	Public	3.44 (1.094)	-4.642	0	Significant difference is there.
	Private	4.09 (0.877)			

Variables	Type of Bank	Mean (Standard Deviation)	t Stats	p-Value	Remarks
Overall Special Treatment to Key Customers	Public	3.50 (1.040)	-5.334	0	Significant difference is there.
	Private	4.20(0.800)			

Source: Compiled by the researcher

The results of mentioned test show that p is less than (0.05) five percent level of significance in case of all the dimensions of special treatment to key customers. Hence with ninety five percent level of confidence the null hypothesis that there is no significant difference between public sector banks and private sectors banks with respect to special treatment to key customers cannot be accepted. Thus there exist significant different in the perception of bank employees with respect to different services offered to the customers. It has also been found that the average response of the employees working with private sector banks is higher than the average response of the employees working with public sector banks. The results indicate that private sector employees perceive that special treatment to the key customer offered by them is significantly better than public sector banks.

(h) Employee Empowerment in Public vs. Private sector banks (independent sample t test)

In the study the primary responses from the bank employees from public as well as private sector are collected with the help of questionnaire. The level of employee empowerment by the banks may be different from employees' perception. This is due to many factors in public and private banks such as working environmental, resources available in banks etc. In this study, independent sample t test has been used to study the difference in the perception of bank employees working with public and private sector banks with respect to difference in employee empowerment given to key customers by

the banks. In the independent sample t test, the public sector banks and private sectors banks have been assumed as independent groups. The null hypothesis for the independent sample t test is as below:

Ho: "There is no significant difference between public and private sectors banks with respect to difference in employee empowerment.

Table 4.30: Independent Sample t test (Employee Empowerment)

Variables	Type of Bank	Mean (Standard Deviation)	t Stats	p-Value	Remarks
Bank organizes the employee training programs to develop the skills required for acquiring and maintain the relationships with customer.	Public	3.04 (0.959)	- 12.538	.000	Significant difference is there.
	Private	4.50 (0.639)			
Banks tell the customer feedback to the employees and takes action basis of that feedback.	Public	3.17 (0.884)	- 11.848	.000	Significant difference is there.
	Private	4.47 (0.638)			
Bank measures and tracks employee satisfaction, loyalty, and commitment towards bank	Public	3.25 (0.937)	- 10.408	.000	Significant difference is there.
	Private	4.44 (0.636)			

Variables	Type of Bank	Mean (Standard Deviation)	t Stats	p-Value	Remarks
regularly.					
Employees are always willing to help customers.	Public	3.20 (0.940)	- 11.391	.000	Significant difference is there.
	Private	4.51 (0.639)			
Front line employees are rewarded on the basis of customer satisfaction and the other metrics.	Public	3.29 (0.938)	- 11.518	.000	Significant difference is there.
	Private	4.57 (0.561)			
Overall Employee Empowerment	Public	3.09 (0.78)	- 13.814	.000	Significant difference is there.
	Private	4.35 (0.45)			

Source: Compiled by the researcher

The results of mentioned test show that p is less than (0.05) five percent level of significance in case of all the dimensions of employee empowerment. Hence with ninety five percent level of confidence the null hypothesis that there is no significant difference between public sector banks and private sectors banks with respect to employee empowerment cannot be accepted. Thus there exist significant different in the perception of bank employees with respect to different services offered to the customers. It has also been found that the average response of the employees working with private sector banks is higher than the average response of the employees working with public sector banks.

The results indicate that private sector employees perceive that the employee empowerment done in private banks is significantly better than public sector banks.

Table 4.31: Comparison of mean score of private and public sectors banks on eight factors

Factors	Private Sector Banks	Public Sector Banks
Customer Service	4.49	3.35
Customer Database Management	4.93	3.59
Customization of products	4.34	3.15
Customer Life Time Value	3.99	3.46
Multi- channel Approach and channel optimization	4.14	3.59
Technical Expertise	4.05	3.62
Special treatment to key customers	4.2	3.5
Employee Empowerment	4.35	3.09

Source: Compiled by the researcher

The table above shows the overall comparison of eight factors. The table shows that the best aspect is employee empowerment in the case of private sector banks. Private sector banks are ahead in every aspect. Difference is much in case of the aspect employee empowerment.

4.2.4 Preferences of Senior Bank Employees for the different Relationship Marketing Strategies opted by Banks using Analytical Hierarchical Approach (AHP)

The different relationship strategies are adopted by the banks in current scenario in order to attract new customers and to retain the existing customers. These strategies not only ensure the customer satisfaction but also the profitability of the banks. In the study the RM strategies are categorized into eight strategies namely customer service, database management, customization of products, life time value, channel optimization, technical expertise, special treatment to the key customers, and employee empowerment.

In the research study, the first objective focuses on studying the employee perception about the various RM strategies adopted by the banks. In order to achieve the objective the opinion of the senior bank managers is analyzed using the statistical method “Analytical hierarchical Process (AHP)”. In this process, the various RM strategies are listed on the basis of literature review, expert discussions and EFA analysis as discussed earlier. The senior bank managers were asked to compare the factors extracted from the different RM strategies. On the basis of received responses from the selected senior bank managers the process of AHP is applied. The listed RM strategies in the analysis are used for the AHP process where the bank managers as the respondents were asked for pairwise comparison available in the matrix form. The matrix used for AHP process is shown in table 4.32. The initial matrix used for the AHP method has blank cells in upper triangular matrix, 1 in the diagonal and cross (X) in the lower triangular matrix. The senior bank managers from the industry are asked for the pairwise comparison and provide the input which lies between 1 and 10. The main diagonal of the matrix is having number 1 as the same components are considered as equally important.

Table 4.32: Preferences of senior bank employees for the different Relationship Marketing Strategies opted by banks using analytical hierarchical approach (AHP)

	Customer Service	Customer Database Management	Customization of products	Customer Life Time Value	Multi- channel Approach and channel optimization	Technical Expertise	Special treatment to key customers	Employee Empowerment
Customer Service	1.00	7.00	7.00	5.00	9.00	7.00	7.00	7.00
Customer Database Management	0.14	1.00	5.00	5.00	5.00	1.00	3.00	0.33
Customization of products	0.14	0.20	1.00	0.33	1.00	0.33	5.00	1.00
Customer Life Time Value	0.20	0.20	3.00	1.00	3.00	3.00	7.00	1.00
Multi- channel Approach and channel optimization	0.11	0.20	1.00	0.33	1.00	0.33	0.20	0.33
Technical Expertise	0.14	1.00	3.00	0.33	3.00	1.00	0.33	1.00
Special treatment to key customers	0.14	0.33	0.20	0.14	5.00	3.00	1.00	1.00
Employee Empowerment	0.14	3.00	1.00	1.00	3.03	1.00	1.00	1.00
Total	2.03	12.94	21.21	13.14	30.03	16.67	24.53	12.66

Source: Compiled by the researcher

The rest of the cells (upper triangular matrix) represent the pairwise comparisons of various sources of collecting information by the professionals in media industry. The designed matrix was shared with 10 bank managers in total where five of them belong to private sector banks and remaining five belongs to public sector banks. These selected bank managers were asked to compare the available sources pairwise in the upper triangular matrix given to them. The input scores received by the experts are averaged and shown in table 4.32.

The end outcome of the AHP process in the study is the estimation of the relative importance of each listed RM strategy considered by the banks according to the senior bank manager's opinion. This relative importance of each category of RM strategy is measured with the help of estimating the average of the proportion scores for each components row wise. Based on the estimated relative importance of the each category of RM strategy the relative preference are arranged in ascending order as shown below in the table 4.33.

Table 4.33: AHP results

Customer Service	0.49	0.54	0.33	0.38	0.30	0.42	0.29	0.55	41%
Customer Database Management	0.07	0.08	0.24	0.38	0.17	0.06	0.12	0.03	14%
Customization of products	0.07	0.02	0.05	0.03	0.03	0.02	0.20	0.08	6%
Customer Life Time Value	0.10	0.02	0.14	0.08	0.10	0.18	0.29	0.08	12%
Multi- channel Approach and channel optimization	0.05	0.02	0.05	0.03	0.03	0.02	0.01	0.03	3%
Technical Expertise	0.07	0.08	0.14	0.03	0.10	0.06	0.01	0.08	7%
Special treatment to key customers	0.07	0.03	0.01	0.01	0.17	0.18	0.04	0.08	7%

Employee Empowerment	0.07	0.23	0.05	0.08	0.10	0.06	0.04	0.08	9%
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Source: Compiled by the researcher

On the basis of second matrix in the AHP process, the relative importance as well as cumulative importance of different RM strategies is calculated. The results of relative importance as well as cumulative importance of different RM strategies is shown below in table 4.34

Table 4.34: Relative importance of the various RM strategies adopted by banks

Relationship Marketing Strategies adopted by banks	Relative importance	Cumulative Scores
Customer Service	41%	41%
Customer Database Management	14%	56%
Customer Life Time Value	12%	68%
Employee Empowerment	9%	77%
Special treatment to key customers	7%	84%
Technical Expertise	7%	91%
Customization of products	6%	97%
Multi- channel Approach and channel optimization	3%	100%

Source: Compiled by the researcher

The above table indicates that customer service (41 %) is the most important RM strategy adopted by the banks in order to attract new customers and in retaining the existing customers.

Seniors managers feel that if customer service provided is good customer automatically becomes loyal. This is followed by the customer database management (14 %) strategy adopted by banks which means that banks need to maintain the details of the customers, the details of the customers help in understanding of customers in better way. The third important Relationship Marketing strategy adopted by banks is customer life time value

strategies (12%) because the basis of segmentation should be customer lifetime value. Banks divide the customers into various categories according to the lifetime value. Special treatment is given to the high value customers. The next important strategy is found to be employee empowerment (9%), employees should be trained properly how to deal with the customers. Technical training should also be given to the employees so that work progress is fast.

The least important RM strategies as rated by the senior bank managers as per AHP analysis includes *Special treatment to key customers, Technical Expertise, Customization of products and Multi- channel Approach and channel optimization.*

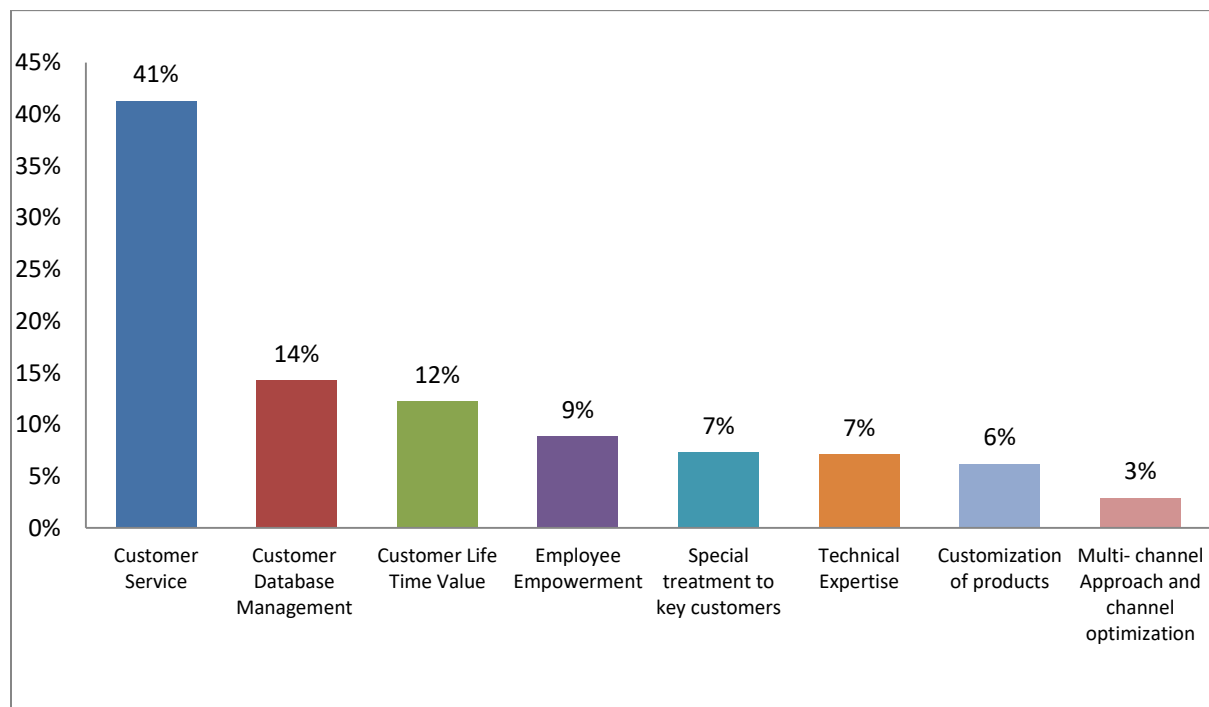


Figure 4.3: The relative importance of each RM strategy adopted by banks

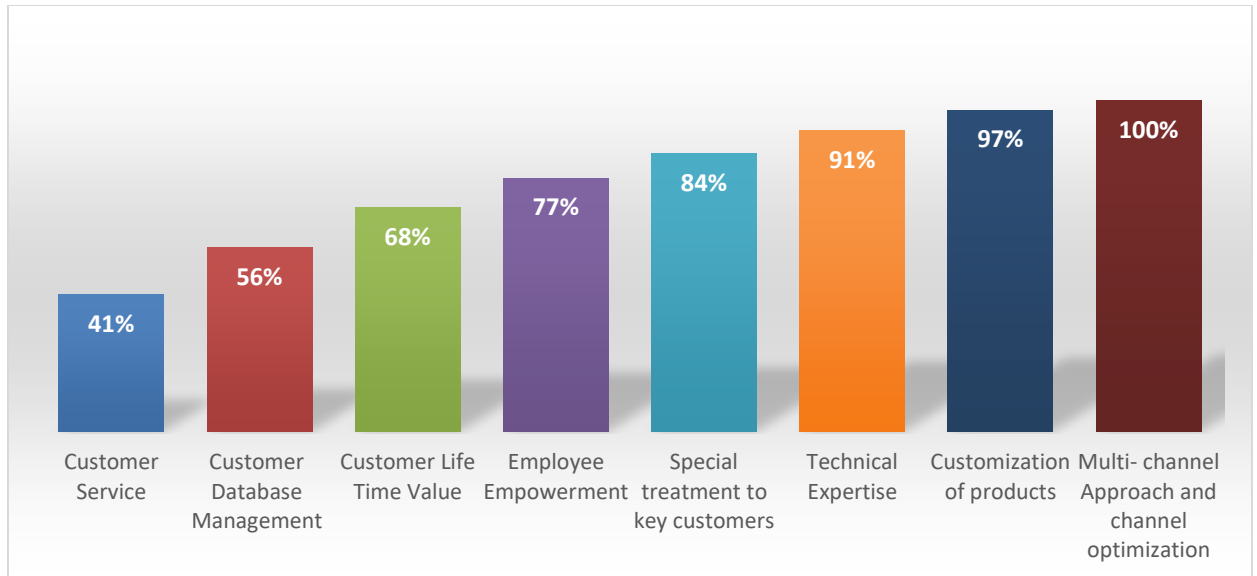


Figure 4.4: The Cumulative importance of each RM strategy adopted by banks

4.3 BENEFITS OF RELATIONSHIP MARKETING STRATEGIES TO BANKS

This objective focuses on studying the perceived benefits of the Relationship Marketing strategies adopted by the banks from bank employees' point of view. The primary data is collected from the bank employees using the survey method with the help of questionnaire as a data collection instrument. The different statements of possible benefits of Relationship Marketing strategies are included in the questionnaire. The survey is conducted in order to study the perception of bank employees towards the benefits of relationship marketing strategies. The objective is achieved with the help of applying the frequency distribution, descriptive analysis, construct analysis and SEM. The results of the statistical analysis and its interpretation are discussed in the section.

4.3.1 Benefits of relationship marketing strategies to banks

Frequency Distribution

In the scenario of stiff competition in the banking sector, the banks are adopting latest technologies and all possible strategies in order to attract the new customers as well as to retain the existing customers. The Relationship Marketing strategies are adopted by banks

in order to maintain the good relationships with their customers. In the study the objective three focuses on studying the perceived benefits of the Relationship Marketing strategies adopted by their banks.

Table 4.35: Frequency distribution of benefits of relationship marketing

Benefits	Disagree	Somewhat disagree	Somewhat agree	Agree	Strongly Agree
RM helps in reducing the marketing cost	11 (5.3 %)	22 (10.6%)	52 (25%)	69 (33.2%)	54 (24%)
RM creates customer awareness about different services offered by bank	14 (6.7%)	22 (10.6%)	51 (24.5%)	64 (30.8%)	57 (27.4%)
RM objective is to increase bank-customer relationship	11 (5.3%)	25 (12%)	46 (22.1%)	69 (33.2%)	57 (27.4%)
RM objective is to develop customer data base	6 (2.9%)	26 (12.5%)	53 (25.5%)	60 (28.8%)	63 (30.3%)
RM benefits in retention of customers	8 (3.8%)	38 (18.3%)	39 (18.8%)	62 (29.8%)	61 (29.3%)
RM attracts new customers	6 (2.9%)	38 (18.3%)	51 (24.5%)	66 (31.7%)	47 (22.6%)
RM helps in building customer	10 (4.8%)	34 (16.3%)	64 (30.8%)	66 (31.7%)	34 (16.3%)

Benefits	Disagree	Somewhat disagree	Somewhat agree	Agree	Strongly Agree
loyalty					
RM benefits banks performance and productivity	15 (7.2%)	23 (11.1%)	68 (32.7%)	60 (28.8%)	42 (20.2%)
RM is time saving (functional benefit)	13 (6.3%)	26 (12.5%)	69 (33.2%)	61 (29.3%)	39 (18.8%)
RM creates all round friendly environment benefits	6 (2.9%)	26 (12.5%)	62 (29.8%)	66 (31.7%)	48 (23.1%)

Source: Compiled by the researcher

In order to fulfill the objective the various benefits are listed and included in the questionnaire. The bank employees are requested to rate these statements on the scale of 1 to 5. The frequency distribution of the responses received from bank employees has been calculated and results are shown in table.

The result of frequency distribution analysis indicates that in case of the benefit of Relationship Marketing strategy in reducing the marketing cost maximum of the respondents (84 %) are found to be agreed. It is observed in the study that most of the bank employees believe that marketing costs is reduced significantly after adopting the Relationship Marketing strategies. These strategies help in increasing the satisfaction level of customers and less marketing is now required to retain them. In the research study, it has also been found that 83 percent bank employees agree with the statement that Relationship Marketing strategies adopted by their banks increases the customer awareness about different services offered by bank. In fact the Relationship Marketing strategies also inform the customers about the new products and services offered by the banks with the help of mobile messages, emails and phone calls. The other benefits of Relationship Marketing strategies include the increase in bank-customer relationship. In this case the majority of the bank employees were found to agree with (83 %) because

Relationship Marketing strategies intended to improve the relationships between the customers and the banks. The results also indicates that 86 percent of the bank employees agree with the statement that Relationship Marketing strategies adopted by their banks helps in developing the customer data base which can be utilized further in communicating with them. This not only improves the relationship of the banks with their customers but also helps in maintaining the reputation of the banks in their minds. The customer database helps the banks in personal communication with them, making them aware about the latest services and providing the necessary information to them. In fact the Relationship Marketing strategies also inform the customers about the new products and services offered by the banks with the help of mobile messages, emails and phone calls.

4.3.2 Descriptive Analysis

The descriptive analysis of benefits of relationship marketing are shown below in table indicates that the statement “Relationship Marketing objective is to develop customer data base” is having the highest mean.

Table 4.36: Descriptive Analysis of Relationship Benefits

Benefits	Mean	Standard Deviation	Skewness	Kurtosis
RM helps in reducing the marketing cost	3.64	1.133	-0.581	-0.37
RM creates customer awareness about different services offered by bank	3.62	1.186	-0.585	-0.474
RM objective is to increase bank-customer relationship	3.65	1.157	-0.597	-0.465
RM objective is to develop customer data base	3.71	1.114	-0.469	-0.667
RM benefits in retention of	3.63	1.193	-0.446	-0.91

Benefits	Mean	Standard Deviation	Skewness	Kurtosis
customers				
RM attracts new customers	3.53	1.116	-0.294	-0.863
RM helps in building customer loyalty	3.38	1.088	-0.268	-0.597
RM benefits banks performance and productivity	3.44	1.145	-0.391	-0.475
RM is time saving (functional benefit)	3.42	1.118	-0.338	-0.485
RM creates all round friendly environment benefits	3.6	1.063	-0.352	-0.565

Source: Compiled by the researcher

This indicates that the customer database management helps us in making the relationships with customers. The lowest mean is found in case of statement “Relationship Marketing is time saving.” The response obtained in the study is found to have negatively skewed which indicates that the average responses received lies in positive side. This indicates that most of the respondents are agreed with the statement. The kurtosis of all statements is found to be platy kurtosis indicating that perceptions of the employees have significant variations.

The measures in the descriptive analysis indicate that most of the statements of perceived benefits of the relationship marketing strategies adopted by the banks are having the higher mean score. The different statements indicating the benefits of relationship marketing strategies are found to have negative skewed. The presence of negative skewness represents the concentration of responses of the bank employees towards the right hand side of the distribution. It is observed from the responses that most of the banks employees are agree with the mentioned benefits of Relationship Marketing strategies adopted by their banks. The negative values indicate that kurtosis of the distribution of the responses are of platy kurtosis in nature, for the different set of statements. This indicates that most of the bank employees have a clear view about the

benefits of Relationship Marketing strategies (leptokurtic distribution). The result of descriptive analysis also indicates that ***Relationship Marketing objective is to develop customer data base*** is having the highest mean score, i.e. 3.71 by the bank employees. Customer database helps in maintaining the relations with the existing customers and helps in communicating with customers and creating emotional bonding with the customers.

The statements that ***Relationship Marketing objective increases bank-customer relationship*** is found to have the second highest mean (3.65) because these strategies help in creating the emotional bonding with the customer. This is followed by the statement that ***RM helps in reducing the marketing cost*** which is found to have the mean score of 3.64. First twenty percent customers help in creating 80% profitability of the bank and by word of mouth they also help in attracting new customers. The results also indicates that the statements with least mean score (3.38) is ***RM helps in building customer loyalty***. The second lowest mean score is 3.42 in case of the statement ***RM is time saving (functional benefit)***. This is due to the fact that loyal customer brings so many customers with them. Loyal customers also qualify the new customers

The mean score of the different benefits of the relationship marketing strategies adopted by the banks is also shown in figure about the products.

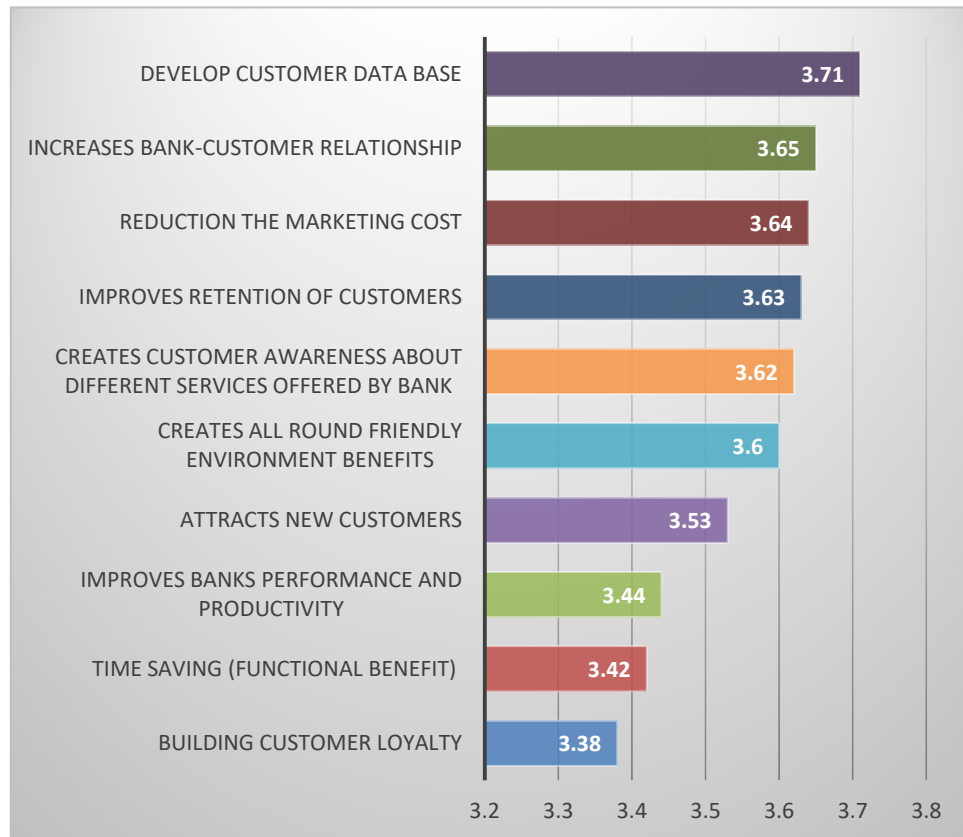


Figure 4.5: Benefits of Relationship Marketing

4.3.3 Construct Analysis

Relationship marketing offers so many benefits to the banks. Once banks decide on the concept of relationship marketing, they are able to create the database of loyal customers.

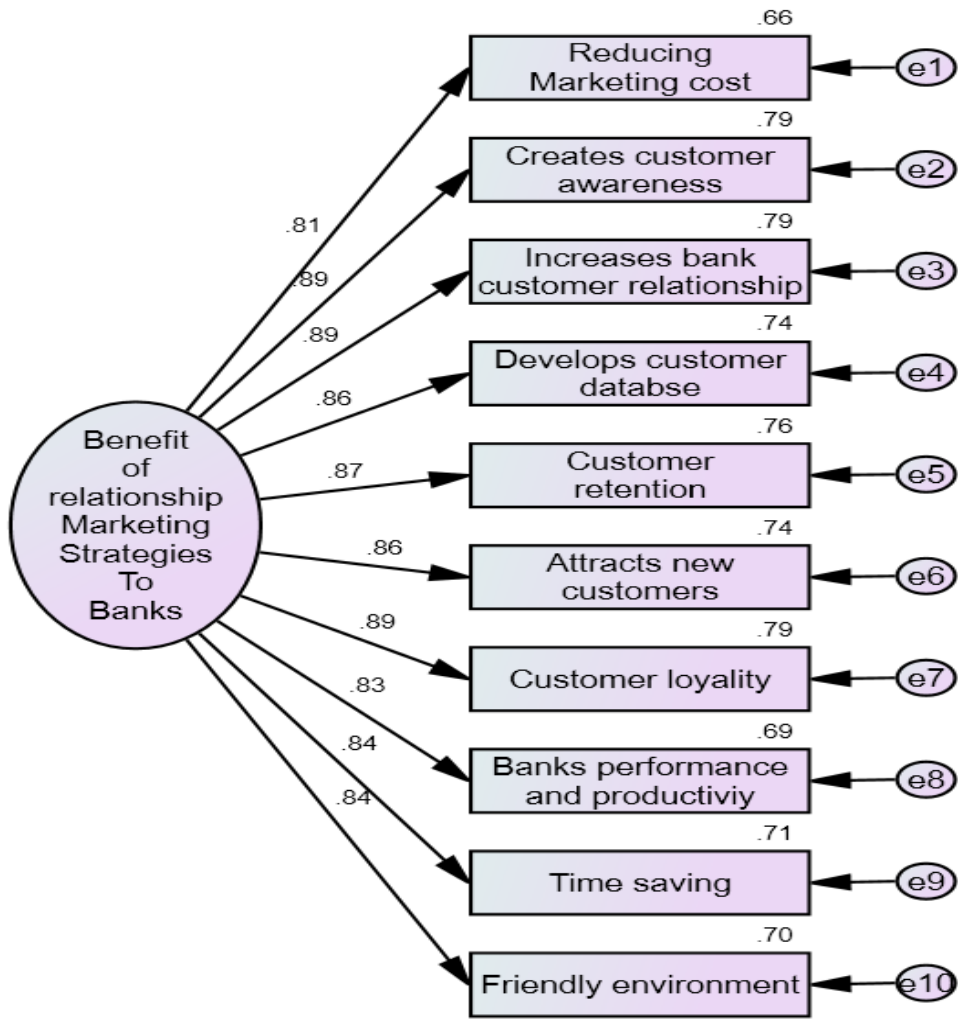


Figure 4.6: Benefits of Relationship Marketing to the Banks

Table 4.37: Construct Analysis- Benefits of relationship marketing strategies to banks

Benefits to banks			Construct Loadings (standardized regression weights)	Unstandardized regression weights	Critical Ratio	Probability Value	Squared Multiple Correlation
RM helps in reducing the marketing cost	<---	Benefit of relationship marketing strategies to banks	.813	1.000			.661
RM creates customer awareness about different services offered by bank	<---		.890	1.145	16.009	***	.792
RM objective is to increase bank-customer relationship	<---		.886	1.113	15.907	***	.786
RM objective is to develop customer data base	<---		.862	1.041	15.216	***	.743
RM benefits in retention of customers	<---		.874	1.132	15.558	***	.764

Benefits to banks			Construct Loadings (standardized regression weights)	Unstandardized regression weights	Critical Ratio	Probability Value	Squared Multiple Correlation
RM attracts new customers	<---		.863	1.045	15.234	***	.744
RM helps in building customer loyalty	<---		.889	1.051	15.995	***	.791
RM benefits banks performance and productivity	<---		.832	1.033	14.409	***	.692
RM is time saving (functional benefit)	<---		.841	1.020	14.661	***	.708
RM creates all round friendly environment	<---		.839	.968	14.611	***	.704

Source: Compiled by the researcher

Table 4.38: Measure of statistic Fitness of Measurement Model

Measure of Statistical Fitness of the measurement Model				
Index	CMIN/df	GFI	CFI	RMSEA
Value	4.509	.880	.949	0.13

Source: Compiled by the researcher

4.3.4 Impact of Relationship Marketing Strategies on the Perceived Benefits using Structural Equation Modeling

Due to increase in level of competition in banking sector most of the banks are now focusing on improving the relationships with their customers. The banks are using the latest technology in order to maintain the database of all the customers as well as in communicating with their customers. The relationship marketing helps the banks in many senses. It reduces the marketing cost. As 80:20 principle says that eighty percent of business comes from the first 20% important customers only. So developing relations with these 20% customers not only helps in increasing the profits but also help in attracting new customers because word of mouth in reference group of these customers, is attracting new customers. This way, they are able to reduce the marketing cost. It is time saving also. Dealing with the new customer is time taking activity.

In this research study, the primary data has been collected from the bank employees to study the various relationship marketing strategies and practices adopted by the banks and their impact on perceived benefits for the banks. The data has been collected by survey method using the self-designed questionnaire for the purpose. The different practice of relationship marketing is measured with the help of first order construct. Similarly the perceived benefit of the relationship marketing is also measured with the help of first order construct. In order to analyze the impact of RM practices on the perceived benefits for the banks, the SEM method is used. In SEM the RM practices is considered as exogenous construct and the perceived benefits construct is considered as endogenous construct. The SEM diagram is shown below in figure. The following null hypothesis is taken in the SEM

Null Hypothesis: “There is no significant impact of RM practices on the perceived benefits from employees’ perspective”

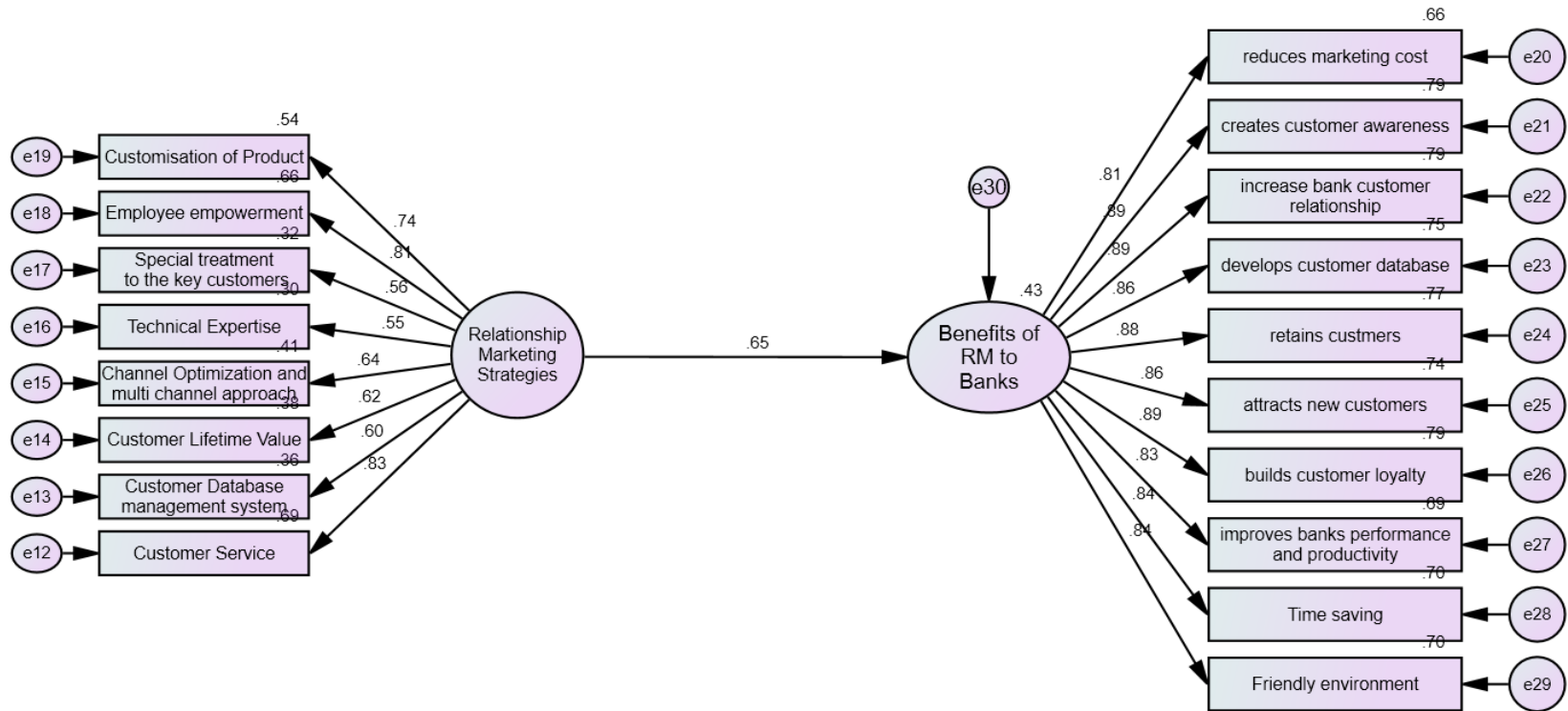


Figure 4.7: Impact of Relationship Marketing Strategies on benefits of Relationship Marketing

The results of the SEM analysis are shown below in table

Table 4.39: SEM analysis

Endogenous Construct		Exogenous Construct	Standardized regression estimate	Unstandardized regression estimate	C.R.	P Value	R Square
Benefit of relationship Marketing Strategies To Banks	<---	Relationship Marketing Strategies	.653	.814	8.821	** *	42.6%

Source: Compiled by the researcher

The results in the table show that the p value of the critical ratio is less than 5% level of significance. So, 95% level of confidence, it is concluded that the null hypothesis assumed for the analysis of no significant impact of RM practices on the perceived benefits for the banks from employees' perspective cannot be accepted. Therefore, it can be concluded from the analysis that from employees' perspective the different RM practices adopted by the different banks have results into significant benefits. Now a day, banks need to focus on the key customers. Eighty percent of the business comes from the first twenty percent customers having high value.

The model fitness of the SEM is also estimated and shown below:

Table 4.40: Measure of Statistical Fitness of the measurement Model

Index	CMIN/df	GFI	CFI	RMSEA
Value	3.324	0.800	0.909	0.106

Source: Compiled by the researcher

The results indicates that the CMIN/Df is found to be less than 5, GFI equal to 0.8, CFI greater than .9 and RMSEA near to 0.1. Thus it can be assumed that the SEM model is statistical fit and the results of SEM can be generalized.

The above mentioned SEM is estimated with the help of computed scores of the different aspects of RM strategies and practices.

4.4 CHALLENGES OF RELATIONSHIP MARKETING FROM PERSPECTIVE OF EMPLOYEES

The banks face challenges in the implementation of relationship marketing concept. This objective studies the challenges from the employee perspective.

4.4.1 Reliability Analysis

Reliability is found through Cronbach's alpha. In case of these statements, Cronbach's alpha is found to be 0.909. It shows the internal consistency of responses.

Table 4.41: Reliability Analysis of Challenges of RM

Items	Cronbach's Alpha	No. of Items
It is difficult to find loyal customers	.909	11
It is difficult to segment the customers.		
It is difficult to rely on quality and reliability of customer data.		
It is difficult to find lost customers.		
It is difficult to calculate customer life time value.		
It is difficult to align people and process.		
It is difficult to find skilled people required for relationship marketing.		

Items	Cronbach's Alpha	No. of Items
It is difficult to find the right time for customer needs.		
It is difficult to find the right technology.		
It is a challenge to use customer data more intelligently.		
It is challenge to have 360 degree view of customer.		

Source: Compiled by the researcher

4.4.2 Descriptive Analysis

Highest mean 2.68 was found in case of the statement “It is difficult to align people and process.” Second highest mean is 2.60 in the case of the statement “It is difficult to find skilled people for the relationship marketing.” The lowest mean score is 2.15 which is for the statement “It is difficult to segment the customers”.

Table 4.42: Descriptive Analysis of Challenges of Relationship Marketing

Statements	Mean	Standard Deviation	Skewness	Kurtosis
It is difficult to find loyal customers	2.26	1.104	.633	-.319
It is difficult to segment the customers.	2.15	.979	.695	.079
It is difficult to rely on quality and reliability of customer data.	2.22	.941	.714	.151
It is difficult to find lost customers.	2.26	1.059	.500	-.570
It is difficult to calculate customer life time value.	2.21	.985	1.189	1.500
It is difficult to align people and process.	2.68	1.166	.246	-.750

Statements	Mean	Standard Deviation	Skewness	Kurtosis
It is difficult to find the skilled people required to implement the concept of relationship marketing.	2.60	1.040	.066	-.915
It is difficult to find the right time for customer needs.	2.36	1.031	.353	-.694
It is difficult to find the right technology.	2.34	.939	.235	-.652
It is a challenge to use customer data more intelligently.	2.25	.869	.436	.246
It is challenge to have 360 degree view of customer.	2.25	.926	.356	-.514

Source: Compiled by the researcher

The response obtained in the study is found to have positively skewed which indicates that the average responses received lies in negative side. This indicates that most of the respondents are not agreed with the statement. The kurtosis of most of the statements is found to be platy kurtosis indicating that perceptions of the customers have significant variations regarding seven statements.

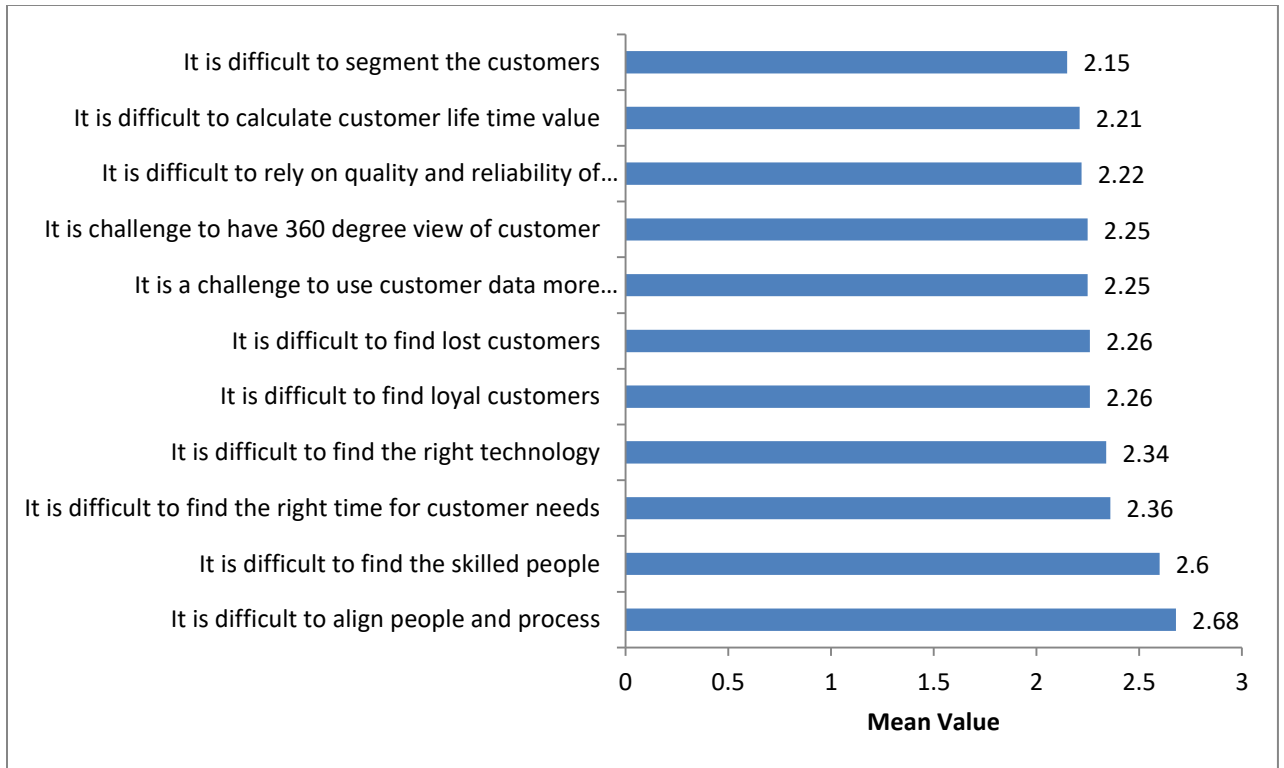


Figure 4.8: Challenges of Relationship Marketing

CHAPTER 5 DATA ANALYSIS AND INTERPRETION: PART II (CUSTOMERS' PERSPECTIVE)

This chapter discusses the analysis done on the collected data and interpretations drawn from the analysis. It analyzes the data collected from the customers.

Section 5.1 describes the exploratory factor analysis applied on the 21 statements asked from the customers regarding relationship marketing strategies.

Section 5.2 describes the confirmatory factor analysis (CFA) applied on the factors extracted in the section 5.1.

Section 5.3 studies the impact of relationship marketing strategies on the customer satisfaction which is the second objective of the study.

5.1 EXPLORATORY FACTOR ANALYSIS

In order to identify the different latent factors of relationship marketing in banks 21 statements are included in the questionnaire and exploratory factor analysis is applied on the collected responses. EFA method is used to analyze the correlation among the variables. IN EFA method, correlation between all variables is estimated and according to this correlated factors are reduced into factors. These factors represent a group of correlated variables. Factor analysis assumes that sample is adequate and there are significant correlations between the variables. The KMO and Bartlett's test of Sphericity test is used to check the adequacy of sample and correlations between the variables. The table shows the results of KMO and Bartlett test

Table 5.1: Results of sampling adequacy

KMO Test for sampling adequacy		Bartlett's Test	
Test Statistics	Chi- Square	Degree of freedom	P-Value
.902	6515.081	210	.000

Source: Compiled by the researcher

The result of sampling adequacy as tested with the help of KMO test indicates that the test statistic is found to be 0.902. This higher value of KMO statistics indicate that the sample size is adequate and required variance exists in the variables. Adequacy of sample size and required variance are the necessary condition for applying exploratory factor analysis. Bartlett's test of Sphericity checks that there is significant correlation between the variables under study. The Bartlett test of Sphericity tests the null hypothesis that the correlation matrix (correlation between all pair of variables) is an identity matrix. The results in the table show that p value of Chi-square is less than (0.05) five percent level of significance. Hence null hypothesis of identity matrix cannot be accepted and it can be concluded that significant correlation between some pair of variables exists.

The variation of the variables as explained by the reduced factors is an important factor to be considered in the study. Table 4.36 as shown below represents the initial and extracted communalities of the variables under study. It is assumed that the communality is one but what is result that is dependent on the variance described by the reduced factor of the variable selected. While applying the EFA, it is required to analyze the variance structure of the variables.

Table 5.2: Initial communalities and extracted communalities of variables being studied

Communalities	Initial	Extraction
Bank has the software and hardware (electronic payment system, plastic money, ATM) to serve you in	1	0.782

Communalities	Initial	Extraction
better way.		
Bank offers you mobile applications for faster service.	1	0.848
Bank has techniques like core banking system that allows you to access your account from any location.	1	0.845
Bank makes an effort to serve the VIP customers.	1	0.807
Bank provides the customized products to the VIP customers.	1	0.794
Bank delights the VIP customers by the surprises.	1	0.819
Bank wishes the VIP customers on the important occasions (Diwali, birthdays).	1	0.782
Bank provides a variety of channels for your convenience. (Phone banking, internet banking, and mobile banking).	1	0.767
Bank knows the channel which is preferred by you customer.	1	0.781
Banks contact with you very frequently.	1	0.79
Bank manages the record of communications with you.	1	0.729
Bank delivers you the service as promised.	1	0.767
Bank provides you services in quality and constantly works on improving the relations with you.	1	0.754
Bank sells the other related products.	1	0.732
Bank has good complaint handling system, which has system of written and verbal complaints, and also informs you about status of the complaint.	1	0.708
Employees of the bank respond you quickly.	1	0.769
Bank maintains the information about you continuously	1	0.767
Bank ensures the confidentiality and privacy of data collected from you.	1	0.752

Communalities	Initial	Extraction
Your information is available at each and every point where customer can be contacted.	1	0.686
Bank maintains good customer database.	1	0.655
You are able to trust bank while providing the information.	1	0.776
Extraction Method: Principal Component Analysis.		

Source: Compiled by the researcher

The result of the variance analysis as represented by initial and extracted communalities of each variable, it has been observed that the extracted communalities of the variables are greater than 0.6. This represents that factor analysis has significant goodness of fit. Goodness increases if extracted communalities are higher. The EFA method uses the principle component analysis method in order to estimate Eigen value of extracted principle components. The estimated Eigen values of the components are arranged in decreasing order. In order to finalize the extracted components/factors the condition of Eigen value more than one is followed.

The results of PCA indicate that the twenty one statements included for the analysis can be transformed into reduced five principle components satisfying the criteria of Eigen values more than one. These five reduced factors are found to explain 76.7 percent of the variance of the included statements in the analysis, which is considered sufficient for the study. The variance table has been shown in appendix IV. The extracted latent factors are studied further with the help of applying orthogonal rotation (varimax) in the process. The scree plot is a graphical representation of the estimated Eigen values of the extracted components. The Scree plot diagram of extracted components is shown below in figure 5.1

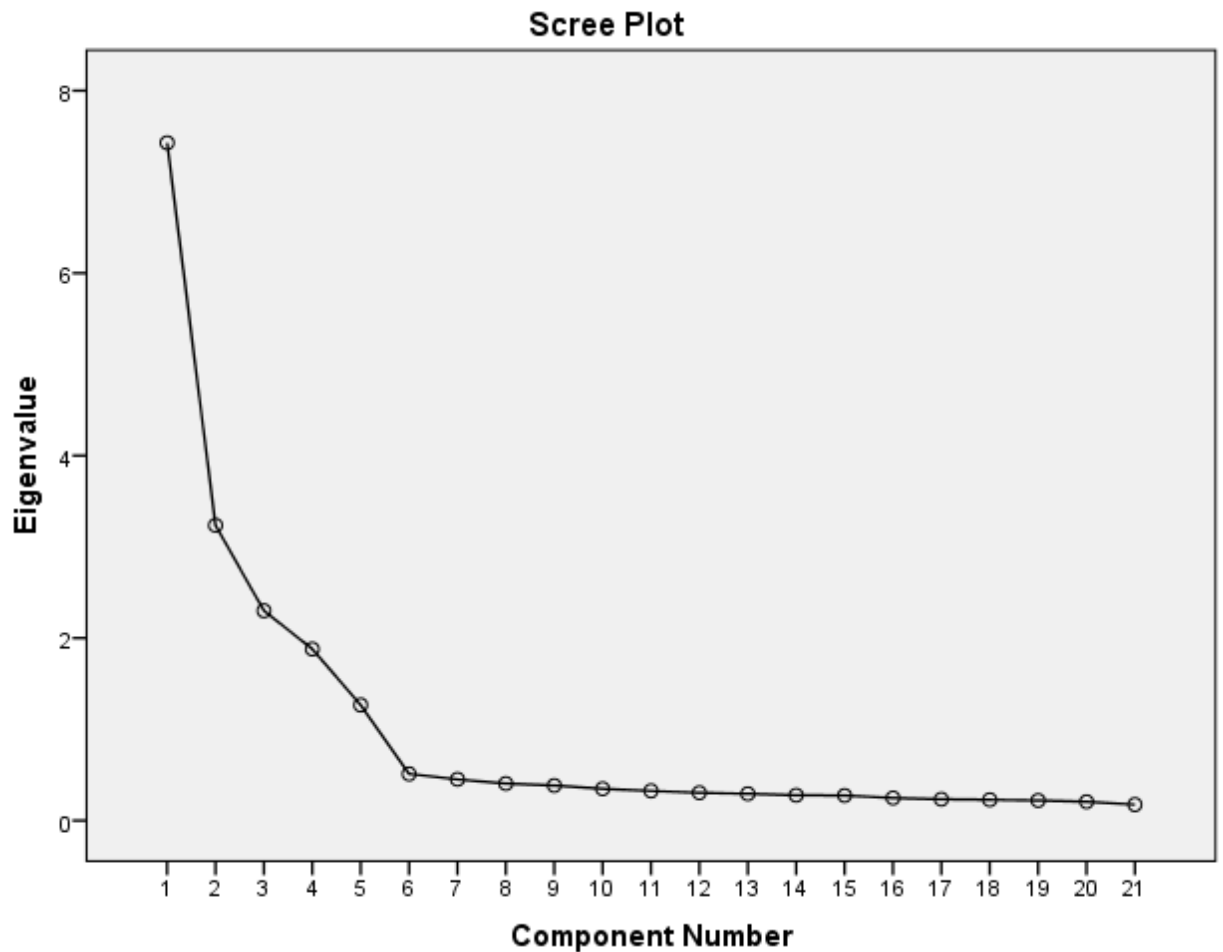


Figure 5.1: Scree Plot

The method of orthogonal rotation is used to transform the reduced components different from each other i.e. the correlation between the reduced components becomes zero. In the analysis, orthogonal rotation known as “*Varimax*” is applied. The rotated component matrix explains the factor loading of each statement. The factor loadings are the mathematical estimation of the correlation between the component and the variables included in the study in customers ‘questionnaire. It is condition that each statement of customer’s questionnaire should be having the significant factor loading with respect to a component and low factor loading to all other extracted components. The estimated results of the orthogonal rotation applied in PCA are shown below in table.

Table 5.3: Rotated Component Matrix

	Principal Components				
	1	2	3	4	5
Bank delivers you the service as promised.	0.863	0.028	0.112	0.003	0.097
Employees of the bank respond you quickly.	0.862	0.069	0.013	0.104	0.102
Bank provides you services in quality and constantly works on improving the relations with you.	0.861	0.016	0.055	0.086	0.045
Bank sells the other related products.	0.845	0.076	0.061	0.089	0.031
Bank has good complaint handling system, which has system of written and verbal complaints, and also informs you about status of the complaint.	0.823	0.079	0.067	0.081	0.118
You are able to trust bank while providing the information.	0.048	0.858	0.1	0.139	0.094
Bank ensures the confidentiality and privacy of data collected from you.	0.028	0.846	0.083	0.07	0.155
Bank maintains and monitors information about you continuously	0.061	0.842	0.116	0.177	0.093
Your information is available at each and every point where customer can be contacted.	0.09	0.793	0.144	0.13	0.102
Bank maintains good customer database.	0.053	0.766	0.211	0.056	0.132

	Principal Components				
	1	2	3	4	5
Bank makes an effort to serve the VIP customers.	0.057	0.191	0.852	0.176	0.103
Bank delights the VIP customers by the surprises.	0.079	0.17	0.837	0.217	0.19
Bank wishes the VIP customers on the important occasions (Diwali, birthdays).	0.091	0.129	0.831	0.068	0.251
Banks provide the customized products to the VIP customers.	0.093	0.168	0.806	0.245	0.216
Banks contact with you very frequently.	0.098	0.14	0.124	0.854	0.079
Bank provides a variety of channels for your convenience. (Phone banking, internet banking, and mobile banking).	0.064	0.12	0.202	0.842	0.145
Bank knows the channel which is preferred by you customer.	0.077	0.15	0.17	0.839	0.078
Bank manages the record of communications with you.	0.116	0.119	0.138	0.799	0.212
Bank has techniques like core banking system.	0.109	0.2	0.214	0.148	0.854
Bank offers you mobile applications.	0.178	0.18	0.233	0.224	0.822
Bank has the software and hardware (electronic payment system, plastic money, ATM) to serve you in better way.	0.118	0.186	0.294	0.158	0.789

Source: Compiled by the researcher

The result of orthogonal rotation in PCA indicates that the twenty one statements can be reduced to five factors. It is also observed in the results that all the statements of customer questionnaire are having higher factor loadings with one factor and low factor loadings to other extracted factors. In addition to this the each high factor loadings is found to be higher than 0.7. This represents that the structure of statements and factors are clear and the requirement of convergent as well as discriminant validity is ensured. Analyzing the statements having significant factor loadings to different factors, the five factors can be named as following:

1. Customer Service
2. Database Management
3. Bonding with VIP Customers
4. Communication with customers
5. Technical aspect

(a) Customer Service

This factor of relationship marketing includes five variables. The descriptive analysis and reliability analysis for this factor has been done.

Descriptive Analysis

The customer expects good services from the bank. Promises that have been done should be fulfilled. Customers expect the prompt response from the employees. Whatever query they do or whatever complaint they have from the bank that should be resolved quickly. Complaint can be resolved orally or in written as the customer expects. The descriptive analysis of the statements in the factor customer service have been shown below in table indicates that the statement “Bank sells the other related products.” is found to have highest mean score. Variable “Bank provides you services in quality and constantly works on improving the relations with you” and “Bank has good complaint handling system, which has system of written and verbal complaints, and also informs you about status of the complaint “are also on the same footage almost having mean of 3.28. The lowest mean is found in case of statement “Employees of the bank respond you quickly.” The response obtained in the study is found to have negatively skewed which indicates

that the average responses received lies in positive side. This indicates that most of the respondents are agreed with the statement. The kurtosis of all statements is found to be platy kurtosis indicating that perceptions of the customers have significant variations.

Table 5.4: Descriptive Analysis of Customer Service

Construct	Variables	Mean	Standard Deviation	Skewness	Kurtosis
Customer Service	Bank delivers you the service as promised.	3.24	1.178	-.186	-.892
	Bank provides you services in quality and constantly works on improving the relations with you.	3.28	1.188	-.092	-.932
	Bank sells the other related products.	3.29	1.264	-.235	-.982
	Bank has good complaint handling system, which has system of written and verbal complaints, and also informs you about status of the complaint.	3.28	1.230	-.134	-.991
	Employees of the bank respond you quickly.	3.17	1.251	-.084	-1.058

Source: Compiled by the researcher

Reliability Analysis

As it has been discussed in the analysis of employees’ perception, Customer service is the important parameter to maintain the relationship with customers. For this study the variable “Bank delivers you the service as promised.” is having the factor loading of

0.863. This is found to be important factor. The variable “Employees of the bank respond you quickly” is having the factor loading of 0.862. This is the second area being stressed. The variable “Bank provides you services in quality and constantly works on improving the relations with you” is having the factor loading of 0.861. This is the third area being stressed. The variable “Bank sells the other related products” is having the factor loading of 0.845.

Table 5.5: Reliability Analysis of Customer Service

Construct	Variables	Factor Loading	Internal Consistency reliability
Customer Service	Bank delivers you the service as promised.	0.863	0.913
	Employees of the bank respond you quickly.	0.862	
	Bank provides you services in quality and constantly works on improving the relations with you.	0.861	
	Bank sells the other related products.	0.845	
	Bank has good complaint handling system, which has system of written and verbal complaints, and also informs you about status of the complaint.	0.823	

Source: Compiled by the researcher

This is the fourth area being stressed. The variable “Bank has good complaint handling system, which has system of written and verbal complaints, and also informs you about status of the complaint” is having the factor loading of 0.823. This is the fifth area to be

stressed which is last but not the least. The Cronbach's alpha is which shows that there is reliability of internal consistency in the responses of the customers for the statements of the questionnaire.

(b) Database Management:

This factor of relationship marketing includes five variables. The descriptive analysis and reliability analysis for this factor has been done.

Descriptive Analysis

To maintain the relationship with customers, the bank manages the data of customer. The customers expect that privacy of data taken should be maintained. Customer's information is available at the every point where customer can be contacted. Bank consistently maintains the information of the customer.

The descriptive analysis of the statements in the factor are shown below in table indicates that the statement "You are able to trust bank while providing the information." is found to have highest mean score. The lowest mean is found in case of statement "Your information is available at each and every point where customer can be contacted." The response obtained in the study is found to have negatively skewed which indicates that the average responses received lies in positive side. This indicates that most of the respondents are agreed with the statement. The kurtosis of all statements is found to be platy kurtosis indicating that perceptions of the customers have significant variations.

Table 5.6: Descriptive Analysis of Database Management

Construct	Variables	Mean	Standard Deviation	Skewness	Kurtosis
Database Management	Bank maintains and monitors information about you continuously	3.28	1.218	-.194	-.886
	Bank ensures the	3.27	1.241	-.222	-.917

Construct	Variables	Mean	Standard Deviation	Skewness	Kurtosis
	confidentiality and privacy of data collected from you.				
	Your information is available at each and every point where customer can be contacted.	3.18	1.197	-.133	-.896
	Bank maintains good customer database.	3.30	1.154	-.088	-.840
	You are able to trust bank while providing the information.	3.32	1.259	-.246	-.960

Source: Compiled by the researcher

Reliability Analysis

Database management helps banks in understanding the customers in the better way. For this study, the variable “You are able to trust bank while providing the information.” is factor loading of 0.858. As per rotated component matrix, this is the most important factor.

Table 5.7: Reliability Analysis of Database Management

Construct	Variables	Factor Loading	Internal Consistency reliability
Database Management	You are able to trust bank while providing the information.	0.858	
	Bank ensures the confidentiality and privacy of data collected from you.	0.846	

Construct	Variables	Factor Loading	Internal Consistency reliability
	Bank maintains and monitors information about you continuously	0.842	0.904
	Your information is available at each and every point where customer can be contacted.	0.793	
	Bank maintains good customer database.	0.766	

Source: Compiled by the researcher

The variable “Bank ensures the confidentiality and privacy of data collected from you is having the factor loading of 0.846. This is the second area being stressed a. The variable “Bank maintains and monitors information about you continuously” is having the factor loading of 0.842. This is the third area being stressed. The variable “Your information is available at each and every point where customer can be contacted” is having the factor loading of 0.793. This is the fourth area being stressed. The variable “Bank maintains good customer database” is having the factor loading of 0.766. This is the fifth area being stressed which s last but not the least. The Cronbach’s alpha is 0.904 which shows that there is reliability of internal consistency in the responses of the customers for the statements of the questionnaire.

(c) Bonding with VIP Customer

This factor of relationship marketing includes four variables. The descriptive analysis and reliability analysis for this factor has been done.

Descriptive Analysis

Banks give the special treatment to the VIP customers. They also create personal touch with customer by wishing them on special occasions. The personal relationships help in

increasing the business. Even they also design the products according to the needs of the special customers.

Table 5.8: Descriptive Analysis of Bonding with VIP Customers

Construct	Variables	Mean	Standard Deviation	Skewness	Kurtosis
Bonding with VIP customers	Bank makes an effort to serve the VIP customers.	3.03	1.113	.051	-.732
	Bank provides the customized products to the VIP customers.	3.18	1.013	-.069	-.418
	Bank delights the VIP customers by the surprises.	3.03	.992	.089	-.354
	Bank wishes the VIP customers on the important occasions (Diwali, birthdays).	3.01	1.123	-.008	-.733

Source: Compiled by the researcher

The descriptive analysis of the statements in the factor are shown below in table indicates that the statement “Bank provides the customized products to the VIP customers.” is found to have highest mean score. The lowest mean is found in case of statement “Bank wishes the VIP customers on the important occasions (Diwali, birthdays).” The results indicate that the level of Skewness is almost negligible. The kurtosis of all statements is

found to be platy kurtosis indicating that perceptions of the customers have significant variations.

Reliability Analysis

Banks create the emotional bonding with their VIP customer by wishing them on the important occasions. This makes their relations strong. For this study, the variable “Bank makes an effort to serve the VIP customers” is having the factor loading of 0.852. As per rotated component matrix, this is the most important factor.

Table 5.9: Reliability Analysis of Bonding with VIP customers

Construct	Variables	Factor Loading	Internal Consistency reliability
Bonding with VIP customers	Bank makes an effort to serve the VIP customers.	0.852	0.912
	Bank delights the VIP customers by the surprises.	0.837	
	Bank wishes the VIP customers on the important occasions (Diwali, birthdays).	0.831	
	Banks provide the customized products to the VIP customers.	0.806	

Source: Compiled by the researcher

The variable “Bank delights the VIP customers by the surprises” is having the factor loading of 0.837. This is the second area being stressed as per rotated component matrix. The variable “Bank wishes the VIP customers on the important occasions (Diwali, birthdays)” is having the factor loading of 0.831. This is the third area being stressed. The variable “Banks provide the customized products to the VIP customers” is having the factor loading of 0.806. This is the fourth area being stressed. The Cronbach’s alpha is

0.912 which shows that there is reliability of internal consistency in the responses of the customers for the statements of the questionnaire.

(d) Communication with customer:

This factor of relationship marketing includes four variables. The descriptive analysis and reliability analysis for this factor has been done.

Descriptive Analysis

Communication is having important role in relationship marketing. If the communication is good and strong, then chances of success increase. Banks offers a number of channels to interact with customers.

Table 5.10: Descriptive Analysis of Communication with customers

Construct	Variables	Mean	Standard Deviation	Skewness	Kurtosis
Communi cation with customers	Bank provides a variety of channels for your convenience. (Phone banking, internet banking, and mobile banking).	3.04	1.284	-0.016	-1.014
	Bank knows the channel which is preferred by you customer.	3.06	1.191	0.031	-0.841
	Banks contact with you very frequently.	3.03	1.087	-0.119	-0.62
	Bank manages the	2.88	1.17	0.068	-0.796

Construct	Variables	Mean	Standard Deviation	Skewness	Kurtosis
	record of communications with you.				

Source: Compiled by the researcher

Banks also collect the information about the channel preferences by the customer. Customer is contacted according to the channel preference given by them. Record of each and every communication is maintained. Holistic approach is used in this case.

The descriptive analysis of the statements in the factor are shown below in table indicates that the statement “Bank knows the channel which is preferred by you customer.” have highest mean score. The lowest mean is found in case of statement “Bank manages the record of communication with you.” The response obtained in the study is found to have negatively skewed which indicates that the average responses received lies in positive side. This indicates that most of the respondents are agreed with the statement. The kurtosis of all statements is found to be platy kurtosis indicating that perceptions of the customers have significant variations.

Reliability Analysis

Communication play important role in making a relationship. Banks offers various channels according to the convenience of the customer. Optimum use of channel should be taken to manage the relationships with the customers. For this study, the variable “Banks contact with you very frequently.” is having the factor loading of the 0.854. As per rotated component matrix, this is the most important factor.

Table 5.11: Reliability Analysis of Communication with customers

Construct	Variables	Factor Loading	Internal Consistency reliability

Construct	Variables	Factor Loading	Internal Consistency reliability
Communication with customers	Banks contact with you very frequently.	0.854	0.895
	Bank provides a variety of channels for your convenience. (Phone banking, internet banking, and mobile banking).	0.842	
	Bank knows the channel which is preferred by you customer.	0.839	
	Bank manages the record of communications with you.	0.799	

Source: Compiled by the researcher

The variable “Bank provides a variety of channels for your convenience. (Phone banking, internet banking, and mobile banking)” is having the factor loading of 0.842. As per rotated component matrix, this is the second area being stressed. The variable “Bank knows the channel which is preferred by you customer” is having the factor loading of 0.839. This is the third area being stressed. The variable “Bank manages the record of communications with you” is having the factor loading of 0.799. This is the fourth area being stressed which is last but not the least. The Cronbach’s alpha is 0.895 which shows that there is reliability of internal consistency in the responses of the customers for the statements of the questionnaire.

(e) Technical aspect:

This factor of relationship marketing includes three variables. The descriptive analysis and reliability analysis for this factor has been done.

Descriptive Analysis

Technical aspect is the important aspect of relationship marketing. Technology plays an important role in creating the relationship with the customer. Banks offers so many mobile applications for the different types of the customers. Enough software packages and hardware are available in the banks to serve the needs of customers. Due to core banking system, customers can check the information about their banks from anywhere.

The descriptive analysis of the statements in the factor are shown below in table indicates that the statement “Bank has techniques like core banking system.” have highest mean score. The lowest mean is found in case of statement “Bank offers you mobile applications.” The response obtained in the study is found to have positively skewed which indicates that the average responses received lies in negative side. This indicates that most of the respondents are disagreed to the statement. The kurtosis of all statements is found to be platy kurtosis indicating that perceptions of the customers have significant variations.

Table 5.12: Descriptive Analysis of Technical Aspect

Construct	Variables	Mean	Standard Deviation	Skewness	Kurtosis
Technical Aspect	Bank has the software and hardware (electronic payment system, plastic money, ATM) to serve you in better way.	2.85	1.098	.140	-.825
	Bank offers you mobile applications.	2.84	1.042	.035	-.532
	Bank has techniques like	2.91	1.017	.294	-.381

Construct	Variables	Mean	Standard Deviation	Skewness	Kurtosis
	core banking system				

Source: Compiled by the researcher

Reliability Analysis

Table 5.13: Reliability Analysis of Technical Aspect

Construct	Variables	Factor Loading	Internal Consistency reliability
Technical Aspect	Bank has techniques like core banking system.	0.854	0.892
	Bank offers you mobile applications.	0.822	
	Bank has the software and hardware (electronic payment system, plastic money, ATM) to serve you in better way.	0.789	

Source: Compiled by the researcher

Technology is the key of relationship marketing. This is mandatory requirement also these days. For this study, the variable “Bank has techniques like core banking system.” is having the factor loading of 0.854. As per rotated component matrix, this is the most important factor.

The variable “Bank provides a variety of mobile applications for the convenience of customer” is having the factor loading of 0.822. This is the second area being stressed. The variable “Bank has the software and hardware (electronic payment system, plastic money, ATM) to serve you in better way” is having the factor loading of 0.789. This is the third area being stressed. The Cronbach’s alpha is 0.892 which shows that there is

reliability of internal consistency in the responses of the customers for the statements of the questionnaire.

5.2 VALIDITY ANALYSIS (CONFIRMATORY FACTOR ANALYSIS)

In the study in order to identify the latent factors of relationship banking strategies adopted by the banks for their customers, exploratory factor analysis method is applied. The results of exploratory factor analysis are discussed in earlier section. As a result of EFA, the twenty one statements can be reduced to five factors named as *customer service*, *database management*, *bonding with VIP customer*, *communication with customer* and *Technical aspect*. These five factors are represented with few statements having higher factor loadings with the factor. Although the validity of the factors can also be analyzed with the help of EFA only, but due to the availability of more robust method for testing the validity of the extracted factors, confirmatory factor analysis is applied on the extracted factors.

In the study five extracted factors are representing the major relationship marketing strategies adopted by the banks in the perception of bank customers. The data is collected from the customers in the rating scale against the different statements representing the different customer relationship strategies adopted by the banks for their customers. In order to test the validity of extracted factors as a scale of measuring the relationship marketing strategies, CFA is used. The validity of the extracted factors included two different types of validity. These are convergent validity and discriminant validity. The purpose of convergent validity is to test whether the statements of relationship marketing used in the questionnaire significantly represent the factors or not? However the objective to test the discriminant validity of the scale is to investigate whether the bank customers are able to differentiate the statements of relationship marketing related to different factors. In the discriminant validity, the cross correlations of the statements of the extracted factor are analyzed with the statements of other extracted factors emerges as a result of factor analysis. In order to analyze the presence of convergent validity of the extracted factors the CR (composite reliability) and AVE (average variance extracted)

measures are estimated. For the convergent validity of the extracted factors of relationship marketing strategies adopted by the banks for their customers, the condition is

1. CR should be > 0.7 .
2. AVE should be more than 0.5.
3. CR should be $> AVE$

Composite reliability of the extracted factors of relationship marketing strategies represents the reliability of internal consistency within the statements of the relationship marketing factors. The AVE measure of each factor of relationship marketing strategies describes the variance of the statements explained by the respective relationship marketing factor. For the discriminant validity, the condition is

AVE measure of each factor of relationship marketing strategies should be $>$ than average shared variance (ASV) and maximum shared variance (MSV) measure of each factor of relationship marketing strategies. The CFA is represented by the figure and its interpretation is explained in subsequent tables in the section.

In the CFA diagram, the factors of relationship marketing strategies are represented by the eclipses and the related statements of relationship marketing factor are represented with the help of rectangles. The rectangles are connected to the factors of relationship marketing strategies. The double sided arrows in the various pairs of factors of relationship marketing strategies represent the correlation between the factors of relationship marketing strategies. Error terms are connected to the statements to measure the factors of relationship marketing strategies. The CFA analysis assumes that the expected variance of covariance matrix is similar to the observed variance of covariance matrix between the variables. CFA diagram shows the standardized regression weights and the correlation between the constructs.

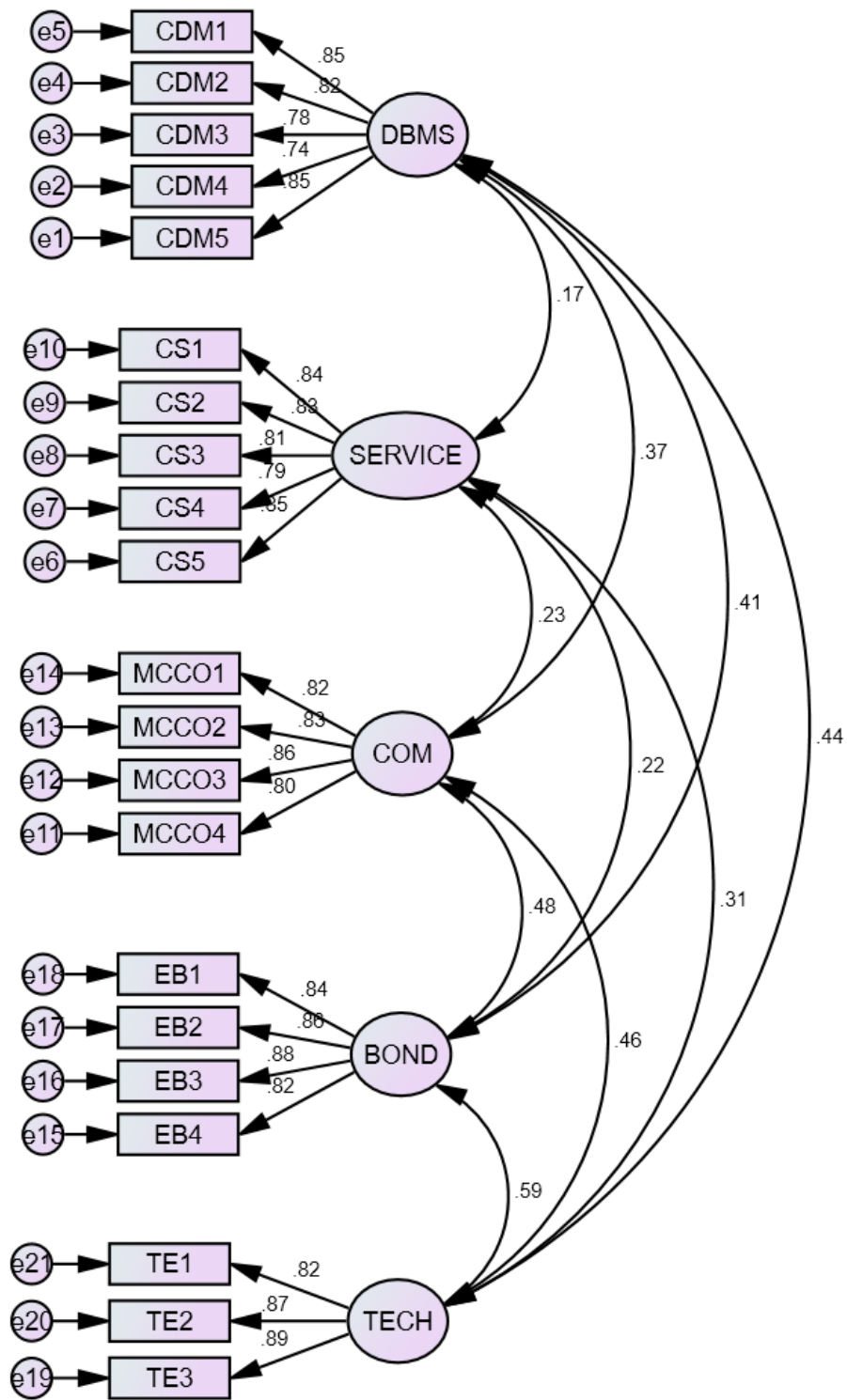


Figure 5.2: CFA Results

Table 5.14: List of Abbreviations used in Figure 5.2

Name	Variables
TE1	Availability of right Software and Hardware
TE2	CBS (Core Banking System)
TE3	Technical Staff
EB1	Effort to serve VIP customers
EB2	Customized products and services for key customers
EB3	Surprises and delights for the key customers
EB4	Creates the emotional bonding with key customers
MCCO1	Variety of channels
MCCO2	Knowledge of channel preferred by customer
MCCO3	Contact with customer is frequent
MCCO4	Record of communication with customers
CS1	Banks keep promises
CS2	monitors service quality and performance
CS3	Sells related products to customers
CS4	Formal complaint system
CS5	Employees respond quickly
CDM1	maintains and monitor information about customers
CDM2	maintains privacy of data
CDM3	Customer's information available at each and every point
CDM4	Dynamic Database
CDM5	Trust over bank while giving information
DBMS	Database Management
COM	Communication with customers
BOND	Bonding with VIP customers
TECH	Technical Expertise

Source: Compiled by the researcher

The results of the validity measures are shown below in table:

Table 5.15: Validity Measures

	CR	AVE	MSV	ASV
Bonding with VIP Customer	0.913	0.725	0.342	0.198
Database Management	0.904	0.654	0.190	0.131
Customer Service	0.913	0.678	0.097	0.057
Communication with customers	0.897	0.685	0.229	0.158
Technical Aspect	0.894	0.738	0.342	0.211

Source: Collected and Compiled by the researcher

The results of validity analysis of relationship marketing factors show that value of CR in case of all the factors extracted is greater than 0.7. The values of AVE in the case of five factors are more than 0.5. So it may be concluded that the five factors bonding with VIP customers, database management, Customer service, communication with customers and technical aspect are having the acceptable level of convergent validity. The results show that the discriminant validity is also present because MSV in case of each factor of RM is lower than AVE. The variance covariance matrix between the different pairs of relationship marketing factors is shown below:

Table 5.16: Variance Covariance Matrix

	Bonding	Database Management	Customer Service	Communication with customers	TECH
Bonding with VIP Customer	0.851				
Database	0.413	0.809			

	Bonding	Database Management	Customer Service	Communication with customers	TECH
Management					
Customer Service	0.220	0.170	0.823		
Communication with customers	0.479	0.366	0.234	0.828	
Technical Aspect	0.585	0.436	0.311	0.462	0.859

Source: Compiled by the researcher

5.3 IMPACT OF RELATIONSHIP MARKETING STRATEGIES ON CUSTOMER SATISFACTION

The banks in current scenario are adopting the latest strategies for relationship marketing in order to manage the customers. As explained in earlier section, the different statements representing the customer relationship strategies can be reduced into five significant factors named as *customer service*, *database management*, *bonding with VIP customer*, *communication with customer* and *Technical aspect*. In the study, the bank customers were asked to rate their satisfaction level with the banks in the scale of 1 to 5 where 1 means highly dissatisfied and 5 means highly satisfied. The factors scores of all the extracted relationship marketing factors are estimated in the study while applying principal component analysis in factor analysis. In order to analyze the impact of extracted factors representing the relationship marketing strategies adopted by the banks, from customer's point of view, the multiple regression analysis is applied in the study. The overall perception of customers about the satisfaction level is considered as a dependent variable, and the estimated factor scores are considered as independent variables. The multiple regression model applied in the study is estimated using **OLS method** assuming linear relationship between the dependent and independent variables. The regression model applied in the study is mathematically expressed as:

$$Y = \alpha + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5$$

X1= Customer Service

X2= Database Management

X3= Bonding with VIP Customers

X4= Communication with the Customers

X5= Technical Aspect

Y= Overall customer satisfaction

Where Y is the dependent variable and X_i represent the independent variables. The standardized beta of the independent variables in the regression model indicates the comparative impact of the estimated factor scores of relationship marketing on the overall rating of customer perception towards relationship marketing strategies. The null hypothesis assumed in the regression model is expressed below:

Null Hypothesis: *“There exists no significant impact of estimated relationship marketing factor scores on the overall satisfaction of customers towards the banks”*

The results of regression model are shown below in the table:

Table 5.17: Values of Regression Model

Dependent Variable	Independent Variable	Regression coefficient		t-Stats (p-Value)	F-stats (P-Value)	R ²
		Un-standardized	Standardized			
Overall Satisfaction Level	Constant	3.204		74.047	123.642 (.000)	58.2 %
	Customer Service	.312	.221	7.203		
	Database Management	.605	.428	13.957		
	Bonding with VIP Customer	.530	.375	12.234		

Dependent Variable	Independent Variable	Regression coefficient		t-Stats (p-Value)	F-stats (P-Value)	R ²
		Un-standardized	Standardized			
	Communication with customers	.435	.308	10.047		
	Technical Aspect	.476	.337	10.997		

Source: Compiled by the researcher

The results of the multiple regression analysis indicate that the probability value of t in case of all five factors of relationship marketing, is be less than 5% level of significance. So, at 95% level of confidence the null hypothesis that there is no significant impact of selected relationship marketing factors (estimated factor scores) on overall rating of customers satisfaction cannot be accepted. Hence it can be concluded that there exist significant impact of the different relationship marketing strategies adopted by the banks on the overall satisfaction of the customers. The standardized beta estimates of the relationship marketing factor scores as independent variables indicate their comparative influence on customer's satisfaction. The results of the regression analysis also indicate that the major influencing factor is *database management* followed by *bonding with VIP customers*, *Technical Aspect*, *Communication with customers*. The least but significant factor is found to be *Customer Service*. Database management if provided correctly by the customer then it helps in understanding the customer in a better way.

The F statistics which represents the statistical fitness of the regression model is found to be 123 with the p value of 0.000. This represents that the applied regression model is statistically fit and can be used for generalized interpretations. The R square of the regression model is found to be 58.2 percent. This gives the interpretation that five

extracted factors of relationship marketing explain the customer satisfaction by 58.2 percent. The regression equation can be expressed as:

$$Y = 3.204 + .312X1 + 0.605X2 + .530X3 + .435X4 + .476X5$$

X1= Customer Service

X2= Database Management

X3= Bonding with VIP Customers

X4= Communication with the Customers

X5= Technical Aspect

Y= Overall customer satisfaction

This indicates that unit change in “customer service” factor will bring 31.2% change in overall customer satisfaction. Unit change in “database management” will bring 60.5% change in overall customer satisfaction. Unit change in “bonding with VIP customers” factor will bring 53% change in overall customer satisfaction. Unit change in “communication with customer” factor will bring 43.5.2% change in overall customer satisfaction. Unit change in “technical expertise” factor will bring 47.6% change in overall customer satisfaction.

CHAPTER 6 FINDINGS AND CONCLUSION

This chapter discusses the findings and conclusion of the data analysis and interpretation in chapter 4 and 5. The primary data for the study has been collected from banks employees and customers with the help of questionnaire designed by the researcher. This chapter discusses the findings and conclusions according to the objectives of the study.

6.1 FINDINGS BASED ON RELATIONSHIP MARKETING STRATEGIES OF BANKS IN PUBLIC AND PRIVATE SECTOR FROM EMPLOYEES' PERSPECTIVE

- In the research study, the efforts have been done to analyse the perception of the employees regarding the relationship marketing strategies adopted by different banks in India. It has been found that thirty six variables can be reduced into eight major factors by applying EFA. Of these, the first factor explains the fourteen percent of the variance of the included variables in the factor analysis followed by second factor which explains thirteen percent of the variance of the variables. These factors have been named after analysing the variables having analysing factor loading of the variables with the factors. These eight factors are named as: Customer Service, Special Treatment to key customers, Technical Expertise, Customer database Management, Employee Empowerment, Customization of product, Customer Lifetime Value, Multi-Channel Approach and Channel Optimization. The results get support from the study of K. Das (2009), in which “technology based CRM” was found to be the construct of CRM.
- The factor **Special Treatment to key customers** corresponds to six variables. It was found that the “Bank provides customized services and products to their key customers” and “bank delights the key customers by surprises” have highest mean score (3.73) followed by the variable “banks strengthen the emotional bonding

with key customers by wishing them on important occasions” (3.72). It is observed that the banks in current scenario focuses on the key customers and provides the customized services to them. The banks also make the efforts to provide surprises to their customers and made them delighted. However, it is perceived that the banks commit less time and resources in managing customer’s relationships (having the lowest mean score of 3.61). It is observed that the banks strengthen the emotional bonds with them by wishing them on important occasions and exchange the information with their key customers frequently. The results are supported by the study of K. Das (2009), in which “key customer focus” was found to be the construct of CRM.

- The factor **employee empowerment** corresponds to five variables. It was found that front line employees are highly rewarded on the basis of customer satisfaction delivered and other metrics as per the perception of employees working with selected banks. This has the highest score of 3.85. This indicates that the banks reward the employees at front end. However, the banks provide relatively less focus on the employee training programs, designed to develop the skills required for acquiring and deepening customer relationships (score of 3.68).
- The factor **customer service** corresponds to five variables. It was found that the bank tracks the service quality and continuously works on improving the relations. It indicates that service quality is the most important parameter for the banks. It gets the support from the study by Monika Bedi (2010). She concluded in her study that service quality is important parameter of customer satisfaction. To maintain the relationship, customer satisfaction is must. Bank employees respond to the customer requests promptly. Banks offers the customers related products to increase customer value. It is perceived by the employees that formal complaint system which covers both written and oral complaints is not up to the mark (mean score of 3.74). “Banks do not make the false promises to the customers that cannot be delivered” has the lowest mean score of 3.74.

- The factor **technical expertise** corresponds to four variables. It was found that banks have mobile applications for the convenience of the customers has the highest mean score of 3.67. It indicates that in current scenario, customers value ‘ease’ or convenience. Mobile applications have made the work very easy. Customers don’t need to visit the branch to carry out day-to-day banking tasks. The results are supported the statement given by SBI chairperson in March 2016. As declared by her, use of mobile applications in SBI has increased the average transaction size more than five folds. The other three variables (having the mean of 3.63) proper software and hardware, core banking system and technical experts are not found to be up to the mark as compared to the mobile applications.
- The factor **customer life time value** corresponds to four variables. It was found that loyalty programs to promote the Lifetime Value of our customers and encouragement to employees to value the customer on the basis of lifetime values are found to have highest mean score (3.75). Banks, however, make relatively less use of this strategy to segment the customer using Customer Lifetime Value (CLV) (lowest mean score of 3.64).
- The factor **customer database management** corresponds to four variables. It was found that bank’s privacy policy to keep the customer’s data confidential is found to have highest mean score of 3.74. This indicates that to manage the relationship with customers, it is necessary to ensure confidentiality of data. The maintenance and monitoring of the customer information is not up to the mark (lowest mean score of 3.64).
- The factor **customization of products** corresponds to four variables. Knowledge Management system has been found to have highest mean score (3.5). It helps in improving the contact with the customer by providing the details of customer profiles, habits and contact preferences. It indicates that details about the customers help us in making the product. Bank has information that how much customers wants to spend on the various products and services. The variable

“Banks provide the customer knowledge about the products available and detailed information about the product” is having lowest mean score of 3.32.

- Finally, the factor **multi-channel approach and channel optimization** corresponds to four variables. Banks’ communication is consistent in nature and bank manages the record of communication with customers are found to be having highest mean (3.77). Banks consistently maintain the communication with customers and it is consistent across all marketing, sales and service channels. Banks also manage the record of customer communications. As perceived by the employees, variety of distribution channels provided by banks is having scope of improvement and bank should know that channel is preferred by the customer (mean score of 3.65 and 3.66).
- In the study, these eight extracted factors represent the major relationship marketing strategies adopted by the banks in the perception of bank employees. The data is collected from the employees of selected banks of public and private sector banks in the rating scale against the different statements representing the different relationship marketing strategies adopted by the banks for their customers. In order to test the validity of extracted factors as a scale of measuring the relationship marketing strategies, CFA is used. It was found from the results of CFA that the scale used in the analysis is valid with respect to convergent and discriminant validity.
- In the study, the comparison of public and private sector banks regarding Relationship Marketing Strategies has been tested. In the study of Nalin Abeysekera & Buddhika Hewawasam (2010), it was found that private banks are better than public sectors banks in aspect of relationship marketing. The same results have been found in NCR region in Indian Banking Sector. The results are supported by the study done by researcher Anuraag Mittal in 2008. He has concluded in his study that public sectors banks need to work hard in aspect of relationship marketing concept. In 1997, M. Malhotra, and S. Arora compared the

private and public sector banks regarding customer satisfaction. The level of satisfaction was much more in case of private banks as compared to public banks in Amritsar, Ludhiana and Chandigarh.

- In case of *Customer Service* in public and private sector banks, the level of customer service provided by the banks may be different from employees' perception. It was found that there exists significant difference in the perception of bank employees with respect to different services offered to the customers. It has also been found that the average response score of the employees working with private sector banks is higher than the average response score of the employees working with public sector banks. It was found that private sector employees perceive that the customer services offered by them are significantly better than public sector banks. This is due to many factors in private banks, including the good working environment. It was observed that in private banks, employees typically have higher educational qualification and superior communication skills.
- In case of *customer database management*, the level of customer database management actually provided by the banks may be different from employees' perception. It was found that there exists significant difference in the perception of bank employees with respect to database management in public sector banks and private sector banks. It has also been found that the average response of the employees working with private sector banks is higher than the average response of the employees working with public sector banks. It has also been observed that employees perceive that the customer database management system of private banks is significantly better than public sector banks.
- In the study the comparison of public and private sector banks regarding Relationship Marketing Strategies is tested. In case of *customization of products* in public and private sector banks, this aspect may be different from employees' perception. According to the t test. It was found that there exist significant

different in the perception of bank employees with respect to offering customized products to the customers. It has also been found that the average response of the employees working with private sector banks is higher than the average response of the employees working with public sector banks. It was found that private sector employees perceive that the customization offered by them are significantly better than public sector banks. This is due to many varying factors in public and private banks such as working environmental policies, employee's experience, age of the employee, customer database and technical knowledge etc.

- In case of *customer lifetime value* in public and private sector banks, this aspect is different from employees' perception. According to the t test, it was found that that there exist significant different in the perception of bank employees with respect to implement of concept of customer lifetime value in the banks. It has also been found that the average response of the employees working with private sector banks is higher than the average response of the employees working with public sector banks. It was also found that private sector employees perceive that the implementation of concept of customer lifetime value is significantly better than public sector banks. This is due to many factors in public and private banks such as working environmental policies, employee's experience, age of the employee, customer database and technical knowledge etc.

- In the study the comparison of public and private sector banks regarding Relationship Marketing Strategies has been tested. The level of using *multi-channel approach and channel optimization* by the banks is different from employees' perception. According to the t test, it was found that that there exist significant different in the perception of bank employees with respect to multi-channel approach and channel optimization offered in the banks. It has also been found that the average response of the employees working with private sector banks is higher than the average response of the employees working with public sector banks. It was found that private sector employees perceive that the multi-channel approach and channel optimization is significantly better than public

sector banks. This is due to many factors in public and private banks such as working environmental policies, employee's experience, age of the employee, customer database and technical knowledge etc.

- In the study the comparison of public and private sector banks regarding Relationship Marketing Strategies has been tested. There is much difference between public sector banks and private sector banks regarding *technical expertise*. It has also been found that the average response of the employees working with private sector banks is higher than the average response of the employees working with public sector banks. It was found that private sector employees perceive that the technical expertise is significantly better than public sector banks. This is due to many factors in public and private banks such as working environmental policies, employee's experience, age of the employee, customer database and technical knowledge etc.
- In the study the comparison of public and private sector banks regarding the strategy "*Special Treatment to the VIP customers*" has been tested. There is much difference between public sector banks and private sector banks regarding "*Special treatment to the customers*". It has also been found that the average response of the employees working with private sector banks is higher than the average response of the employees working with public sector banks. It was found that private sector employees give extra ordinary treatment to their key customers.
- In the study the comparison of public and private sector banks regarding the strategy "*Employee Empowerment*" has been tested. There is much difference between public sector banks and private sector banks regarding "*Employee Empowerment*". It has also been found that the average response of the employees working with private sector banks is higher than the average response of the employees working with public sector banks. It was found that private

sector banks provide training to their employees to update their knowledge. It has been observed that private sector banks tend to hire relatively younger staff. They are keen to learn and they are able to cope up with the challenges of market better.

- The different relationship strategies are adopted by the banks in current scenario in order to attract new customers and to retain the existing customers. These strategies not only ensure the customer satisfaction but also the profitability of the banks. In the study the RM strategies are categorized into eight strategies namely customer service, database management, customization of products, life time value, channel optimization, technical expertise, special treatment to the key customers, and employee empowerment. In the research study the first objective focuses on studying the employee perception about the various RM strategies adopted by the banks. In order to achieve the objective the opinion of the senior bank managers is analysed using the statistical method “Analytical hierarchical Process (AHP)”. On the basis of received responses from the selected senior bank managers the process of AHP is applied. It was found that customer service (41 %) is the most important RM strategy adopted by the banks in order to attract new customers and in retaining the existing customers followed by the customer database management (14 %) strategy adopted by banks because seniors bank managers feel that if good service is provided to the customers then relations are automatically improved. The database management helps in understanding the customer in better way. The least important RM strategies as rated by the senior bank managers as per AHP analysis includes *Special treatment to key customers, Technical Expertise, Customization of products and Multi- channel Approach and channel optimization.*

6.2 FINDINGS BASED ON BENEFITS OF RELATIONSHIP MARKETING STRATEGIES TO THE BANKS

- Adopting the concept of relationship marketing gives many benefits to the banks. The result of frequency distribution analysis indicates that in case of the benefit of

Relationship Marketing strategy in reducing the marketing cost maximum of the respondents 84 percent are found to be agreed. It is observed in the study that most of the bank employees believe that marketing costs is reduced significantly after adopting the Relationship Marketing strategies. These strategies help in increasing the satisfaction level of customers and less marketing is now required to retain them. In the research study, it has also been found that 83 percent bank employees agree with the statement that Relationship Marketing strategies adopted by their banks increases the customer awareness about different services offered by bank.

- In fact Relationship Marketing strategies also inform the customers about the new products and services offered by the banks with the help of mobile messages, emails and phone calls. The other benefits of Relationship Marketing strategies include the increase in bank-customer relationship. In this case the majority of the bank employees were found to agree with (83 %) because Relationship Marketing strategies intended to improve the relationships between the customers and the banks. The results also indicates that 86 percent of the bank employees agree with the statement that Relationship Marketing strategies adopted by their banks helps in developing the customer data base which can be utilized further in communicating with them. This not only improves the relationship of the banks with their customers but also helps in maintaining the reputation of the banks in their minds. The customer database helps the banks in personal communication with them, making them aware about the latest services and providing the necessary information to them. In fact the Relationship Marketing strategies also inform the customers about the new products and services offered by the banks with the help of mobile messages, emails and phone calls.
- The descriptive analysis of benefits of relationship marketing indicates that the statement “Relationship Marketing objective is to develop customer data base” has the highest mean score of 3.71. Customer database helps in maintaining the relations with the existing customers and helps in communicating with customers

and creating emotional bonding with the customers. The lowest mean score of 3.42 is found in case of statement “Relationship Marketing is time saving”.

- The presence of negative skewness represents the concentration of responses of the bank employees towards the right hand side of the distribution. It has been observed from the responses that most of the banks employees are agree with the mentioned benefits of Relationship Marketing strategies adopted by their banks. It was found that most of the bank employees have a clear view about the benefits of Relationship Marketing strategies (leptokurtic distribution).
- The concept relationship marketing gives many benefits to the banks. This concept is proved by the Structure Equation model. In model, it has been shown that factors extracted for relationship marketing are impacting the benefits of relationship marketing.

6.3 FINDINGS BASED ON CHALLENGES OF RELATIONSHIP MARKETING TO EMPLOYEES

Relationship Marketing has many challenges for the banks. Highest mean 2.68 was found in case of the statement “It is difficult to align people and process.” Second highest mean was 2.60 in the case of the statement “it is difficult to find the skilled people required to implement the concept of relationship marketing.” The mean score was lowest in the case if the statement “it is difficult to segment the customers” which was 2.15.

6.4 FINDINGS BASED ON PERCEPTION OF CUSTOMERS

- It was found that that the twenty one statements included for the analysis can be transformed into reduced five principle components:
 - Customer Service
 - Database Management
 - Bonding with VIP Customers

- Communication with customers
 - Technical aspect
- In the study, five extracted factors represent the major relationship marketing strategies adopted by the banks in the perception of customers of selected banks in public and private sector in the rating scale against the different statements representing the different customer relationship strategies adopted by the banks for their customers. In order to test the validity of extracted factors as a scale of measuring the relationship marketing strategies, CFA is used. It was found from the results of CFA that the scale used in the analysis is valid with respect to convergent and discriminant validity.
 - The factor **customer service** maps to four variables. “Bank sells the other related products.” is found to have highest mean score of 3.29. This database of existing customer is used. It saves time to attract new customer. Banks provides the customers services quality and constantly works on improving the relations with their and they also have good complaint handling system. It has system of written and verbal complaints. They also inform you about status of the complaint. The variable “employees respond quickly” has the lowest mean score of 3.17. According to the customers, employees don’t respond so quickly.
 - The factor **database management** corresponds to five variables. Customers are able to trust bank while providing the information.” is found to have highest mean score of 3.32. Customers perceive that “availability of information at all the points in bank where customer can be contacted” variable has lowest mean 3.18.
 - The factor **bonding with VIP customers** corresponds to four variables. The customers agree that banks provide the customized products to the VIP customers (highest mean score of 3.18). The lowest mean score of 3.01 is found in case of statement “Bank wishes the VIP customers on the important occasions (Diwali, birthdays).”

- The factor **technical expertise** maps to three variables. “Bank has techniques like core banking system.” have highest mean score (2.91). The mean score of 2.84 is found in case of statement “Bank offers you mobile applications” and 2.85 in the case of the variable “the bank has the proper software and hardware to serve the customers in the better way.”
- The factor **communication with customers** corresponds to four variables. “The banks know the channel preferred by you” has highest mean of 3.06. The lowest mean score of 2.88 is found is the case of variable “Bank manages the record of communication with the customer”.
- Considering the overall perception of customers about the satisfaction level is considered as a dependent variable, and the estimated factor scores are considered as independent variables. The regression model applied in the study is found to be:

$$Y = 3.204 + .312X1 + 0.605X2 + .530X3 + .435X4 + .476X5$$

X1= Customer Service

X2= Database Management

X3= Bonding with VIP Customers

X4= Communication with the Customers

X5= Technical Aspect

Y = Overall Satisfaction of customers

The results of the multiple regression analysis indicate that there exists the significant impact of the different relationship marketing strategies adopted by the banks on the overall satisfaction of the customers. The standardized beta estimates of the relationship marketing factor scores as independent variables indicate their comparative influence on customer’s satisfaction. Database management is found to be most influencing factor. Customer Service is found to be least influencing

factor. All the five factors of relationship marketing explain the 58% of overall customer satisfaction.

The findings are reinforced by the study of P. Hajizadeh, M. Rouholamini and A. Hajizadeh in 2011, which states that there is strong the relationship between banking and CRM practices.

6.5 CONCLUSION

This research investigated the perception of employees regarding relationship marketing strategies, benefits and challenges of relationship marketing. It also checked the impact of relationship marketing strategies on the customer satisfaction. Eight factors of relationship marketing named Customer Service, Special Treatment to key customers, Technical Expertise, Customer database Management, Employee Empowerment, Customization of product, Customer Lifetime Value, Multi-Channel Approach and Channel Optimization were extracted using EFA. These factors were further confirmed by the CFA. In comparison of public sector banks and private sector banks, private sector banks were found to be better in all these eight factors. AHP technique provided the opinion of senior managers. It was found that relationship marketing strategies have a positive impact on the customer satisfaction. A model has been developed which shows how relationship marketing factors impact the various relationship marketing benefits.

This study will help bank officials to frame the appropriate relationship marketing strategies for the banks. This will increase the profitability of the banks and decrease the marketing cost.

CHAPTER 7 SUGGESTIONS, LIMITATIONS, CONTRIBUTION AND SCOPE FOR FUTURE RESEARCH

The chapter discusses the suggestions, limitations, contribution and scope for future research.

7.1 SUGGESTIONS

The key suggestions based on the research in evaluating key relationship marketing strategies of selected public and private sector banks are as follows –

7.1.1 Based on Perception of Employees

- Banks should analyse the factors of relationship marketing that can provide long term benefits, considering key challenges to build each of them. Public sector banks should analyse the best strategies and practices of private sector to formulate their core relationship marketing strategies. These eight factors named as: Customer Service, Special Treatment to key customers, Technical Expertise, Customer database Management, Employee Empowerment, Customization of product, Customer Lifetime Value, Multi-Channel Approach and Channel Optimization may be considered while taking the decisions.
- On the basis of in depth analysis, is suggested that banks should invest more time and resources in managing relationships with the customers. Banks should make only the promises those could be fulfilled otherwise it makes the customer annoyed. Banks should also provide robust formal complaint system covering both written and oral complaints.
- Employees feel that the services like proper software and hardware, core banking system and availability of technical experts are not up to the mark. So, technical

teams and customer service leaders of the bank can make efforts to improve this aspect.

- For relationship marketing, it is important to segment the customers on the basis of customer lifetime value. Employees perceive that they somewhere lag behind in segmenting the customers on the basis of this. Banks should aim to leverage this methodology better to their advantage.
- Employees perceive that bank need improvement in maintaining and monitoring the customer information properly. If proper updating of data is done and data is maintained properly then this will also improve the shortcomings of the aspect ‘segmenting customer on basis customer lifetime value’.
- Banks should proper training to the employees for the proper implementation of relationship marketing concept. The different software packages are required for the implementation of relationship marketing. So, employees are required to be trained for using the software and related business processes.
- Banks should make the customers aware about their products properly. Lack of awareness sometimes creates hindrance in purchasing the products. Employees perceive that banks should use more channels to communicate with customers. The variety of mobile applications for the different customers may be used.
- While comparing the public sector banks with private sector banks regarding relationship marketing strategies from employees’ perspective, it was found that private sector banks are performing better than public sector banks. Public sector banks should work on all factor customer service, employee empowerment, and special treatment to the VIP customer, multi-channel approach and channel optimization, customer database management, technical expertise, customization of products and customer lifetime value. Good working environment should be provided in the public sector banks. Significant difference has also been found in

both categories of banks while analysing the factor of employee empowerment. Public sector banks need to work in this aspect and employees should be trained according to this requirement.

- Moreover, considering senior manager's feedback captured using analytical hierarchical approach, both public and private banks should also emphasize more on customer service.
- Some experts of CRM tools should be recruited in the banks so that concept of relationship marketing may be implemented successfully. They may also provide the training to the other employees in the banks regarding the CRM tools.

7.1.2 Based on perception of Customers

- Customers perceive that employees don't respond them quickly. In today's scenario when competition is so tough, employees need to respond the customers quickly. Customers perceive that information of customer is not available at every point. Banks may use software to integrate the data of customers. This will accelerate the process.
- The variety of mobile applications can be increased. It increases the transactions many times. Wishing the VIP customers on the special occasions, helps in creating the emotional bonding with the customers. This will help in maintaining the long term relation with the customer.
- Banks should maintain the record of communication with the customers. It helps in resolving the complaints of the customers and helps the understanding the customer in better way. This will also enable tracking feedback, progress and will help in improving the overall customer engagement process.

Based on customers' perception, banks should give more weightage to database management to provide a strong impact on customer satisfaction. Furthermore, ensuring security and privacy of data provided by the customer should be given utmost priority by the banks. Banks should integrate customer data with its internal software systems to provide best in class customer support and to align people with the processes. Skills required for the relationship marketing should be imparted to the employees so that relationship marketing may be implemented successfully. From Understanding the impact of relationship marketing strategies on customer satisfaction, banks need to analyse the factors to be focused to bring effective change to their relationship marketing strategies. Customers mandate that their data should be kept private. If the banks make the proper use of the data available, it helps a lot in making the relationship with customers. It also increases the profitability of banks. Strong relationship with VIP customers makes the employees feel special. As there are many ways to communicate with the customers, banks should use customized communication channels to communicate to different categories of customers. Use of technology for communication and for carrying out the customer analysis will make the whole process valuable and more productive. Providing good services to the customers will be helpful in forming good relationships.

7.2 CONCERNS OF THE RESEARCHER

During the research, there are few things that have been observed by the researcher they are not the result of the core research area. In public sector banks, the percentage of employees who are aged >50 years is more. The knowledge and experience of such employees is good but they generally lack in technological expertise with regards to the use of software. As technology is key component of relationship management, it is suggested that proper technical training should be given to public sector employees so that they could handle the work more effectively and efficiently.

7.3 LIMITATIONS

Even though study is extensive, innovative, pioneering and unique, it is expected to suffer from certain limitations:

- The study is confined to bank employees and customers associated with Delhi-NCR location only. The study can also be performed in the other segments of India.
- The study has the sample size of 210 bank employees and 450 customers, this sample size can be increased further.
- In the study, only Indian private and public sector banks have been taken. Foreign banks may also be included for the study.
- A comparison of public and private sector banks can also be done to further study the impact of relationship marketing on customer satisfaction.
- Responses of some employees may be biased. Sometimes, the banks employees are not willing to answer correctly because they have fear in mind that their opinion may be reported to the higher authorities. Though, reasonable efforts were done to explain that the study was conducted for academic research purposes only.

Regardless of above mentioned limitations, this study provides valuable and dependable information and brings about many worthwhile suggestions, which will be useful for future planning and successful implementation of the program.

7.4 CONTRIBUTIONS

This study is beneficial to banks and the banking industry as a whole, as it presents the key factors that impact relationship marketing. In this study, a model has been designed to analyze multiple aspects of relationship marketing that can benefit the banks.

This study also identifies the key challenges faced by public and public sector banks in improving their relationship marketing strategies. To increase customer satisfaction, this

study details highlights the key relationship strategies that can be implemented across banks. Best practices in identifying the key relationship marketing strategies can also be shared across private and public sector banks.

7.5 SCOPE FOR FURTHER RESEARCH

The present study has been done in National Capital Region. The study needs to be conducted in various other geographical areas of India. A comparison of public and private sector banks can also be done to study the impact of relationship marketing on customer satisfaction. Furthermore, foreign banks can also be included in the study. Another model can also be developed to study the relationships among Relationship Marketing, Customer Satisfaction and Customer Loyalty. In future, a similar study can, possibly, be developed in another service sector – maybe, covering the insurance sector.

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APPENDICES

APPENDIX-I QUESTIONNAIRE FOR EMPLOYEES

Dear Respondents

My name is Rupali Madan. I am pursuing PhD from Department of Management Studies, YMCA University of Science and Technology. My area of research is “Relationship Marketing in the Banking Sector”. Through this questionnaire, I am collecting valuable data that will help me in conducting my research. Please note that the information provided by you will remain confidential and will only be used for the academic purposes.

Part 1

Name of Employee (optional).....

Q1. Please select the bank you work for:

1. State Bank of India
2. Punjab National Bank
3. Bank of India
4. Syndicate Bank
5. ICICI bank
6. HDFC bank
7. Axis Bank
8. None of Above

Q2. Since how long have you been working with the particular bank?

- Less than two years 2-4 years 4-6 years More than six years

Part 2: Relationship Marketing strategies in the bank

Q3. Please give the scores to the below listed relationship marketing strategies.

Five-point likert scale will be used to give the score.

Disagree Somewhat disagree Somewhat agree Agree Strongly agree
 1 2 3 4 5

S. No.	Variables	1	2	3	4	5
1.	Bank does not make false promises to customers					
2.	Bank tracks the service quality and continuously works on improving the relations					
3.	Bank does cross selling of products / services to increase customer share.					
4.	Bank has formal complaint system (written and verbal). Customer can also check the status of complaint by giving reference number.					
5.	Customers can expect that my bank's employees are not too busy to respond to customer requests promptly.					
6.	My bank maintains and monitors the customer database continuously.					
7.	Bank has the proper privacy policy to keep the customer's data confidential					
8.	Information of customer is available at each and every point of contact.					
9.	Customer database is good and provided real information about the customers.					
10.	My bank tries to educate our customers regarding proper use of our products and services.					
11.	Bank provides the products according to the needs of the					

S. No.	Variables	1	2	3	4	5
	customers.					
12.	Knowledge Management system helps in improving the contact with the customer by providing the details of customer profiles, habits and contact preferences.					
13.	Bank has information that how much customers wants to spend on the various products and services.					
14.	Our bank does segmentation of customers on the basis of Customer Lifetime Value (CLV).					
15.	Bank generates and maintains Customer Life time Value data continuously.					
16.	Bank organizes loyalty programs to promote the Lifetime Value of the customers.					
17.	Bank motivates employees to look at customers on the basis of lifetime values.					
18.	For convenience of customers, bank provides a variety of distribution channels. (Phone banking, internet banking, and mobile banking).					
19.	Bank finds out the channel which is preferred by the customer and also finds out the frequency of using that channel.					
20.	Bank's communication with customers is consistent across all marketing, sales, and service channels.					
21.	Bank manages all customer communications so that they are consistently superior and relevant to the customer.					
22.	My bank has the right software and hardware (electronic payment system, plastic money, ATM, phone banking) to serve our customers.					
23.	My bank has techniques like core banking system					
24.	My bank has the right technical personnel to provide					

S. No.	Variables	1	2	3	4	5
	technical support for the utilization of computer technology (computerized branch, core banking system, internet banking) in building customer relationships.					
25.	Bank has mobile applications for the convenience of the customers.					
26.	My bank commits time and resources in managing customer relationships.					
27.	My bank provides customized services and products to our key customers.					
28.	My bank makes an effort to find out what our key customers need.					
29.	My bank exchanges information with our key customers frequently.					
30.	My bank strives to constantly surprise and delight our key customers.					
31.	Bank strengthens the emotional bonds with our customers by wishing them on important occasions.					
32.	Employee training programs are designed to develop the skills required for acquiring and deepening customer relationships					
33.	Banks tell the customer feedback to the employees and takes action basis of that feedback.					
34.	Bank measures and tracks employee satisfaction, loyalty, and commitment towards bank regularly.					
35.	My bank's employees are willing to help customers in a responsive manner					
36.	Front line employees are rewarded on the basis of customer satisfaction delivered and / or related metrics					

Part 3: Benefits of Relationship Marketing (RM)

Q4. Please give the scores to the below listed benefits of relationship marketing.

Five-point likert scale will be used to give the score.

Disagree Somewhat disagree somewhat agree Agree Strongly agree
1 2 3 4 5

S. No.	Statements	1	2	3	4	5
1.	RM helps in reducing the marketing cost					
2.	RM creates customer awareness about different services offered by bank					
3.	RM objective is to increase bank-customer relationship					
4.	RM objective is to develop customer data base					
5.	RM benefits in retention of customers					
6.	RM attracts new customers					
7.	RM helps in building customer loyalty					
8.	RM benefits banks performance and productivity					
9.	RM is time saving (functional benefit)					
10.	RM creates all round friendly environment benefits					

Challenges of Relationship Marketing

Q5. Please give the scores to the below listed challenges of relationship marketing.

Five-point likert scale will be used to give the score.

Strongly Disagree Disagree Somewhat disagree somewhat agree Agree
 1 2 3 4 5

S. No.	Statements	1	2	3	4	5
1	It is difficult to find loyal customers					
2	It is difficult to segment the customers.					
3	It is difficult to rely on quality and reliability of customer data.					
4	It is difficult to find lost customers.					
5	It is difficult to calculate customer life time value.					
6	It is difficult to align people and process.					
7	It is difficult to find the skilled people required to implement the concept of relationship marketing.					
8	It is difficult to find the right time for customer needs.					
9	It is difficult to find the right technology.					
10	It is a challenge to use customer data more intelligently.					
11	It is challenge to have 360 degree view of customer.					

APPENDIX-II QUESTIONNAIRE FOR CUSTOMERS

Dear Respondents

My name is Rupali Madan. I am pursuing PhD from Department of Management Studies, YMCA University of Science and Technology. My area of research is “Relationship Marketing in the Banking Sector”. Through this questionnaire, I am collecting valuable data that will help me in conducting my research. Please note that the information provided by you will remain confidential and will only be used for the academic purposes.

Part 1

Name of Customer (optional).....

Q1. Please select one bank you primarily deal with (In case of multiple bank, please fill separate forms for each bank)

1. State Bank of India
2. Punjab National Bank
3. Bank of India
4. Syndicate Bank
5. ICICI bank
6. HDFC bank
7. Axis Bank
8. None of Above

Q2. Since how long are you associated with the particular bank?

- Less than two years 2-4 years 4-6 years More than six years

Part 2

To judge the impact of relationship marketing on customer satisfaction

Q3. Please give the scores to the below listed relationship marketing strategies

Five-point likert scale will be used to give scores.

Strongly disagree Disagree Neutral Agree Strongly agree

1

2

3

4

5

S. No	Variables	1	2	3	4	5
1.	Bank wishes the VIP customers on the important occasions (Diwali, birthdays).					
2.	Bank provides you services in quality and constantly works on improving the relations with you.					
3.	Bank sells the other related products.					
4.	You are able to trust bank while providing the information.					
5.	Employees of the bank respond you quickly.					
6.	Bank maintains and monitors information about you continuously					
7.	Bank ensures the confidentiality and privacy of data collected from you.					
8.	Your information is available at each and every point where you may be contacted.					
9.	Bank provides the products according to the needs of the VIP customers.					
10.	Bank has good complaint handling system, which has system of written					

	and verbal complaints, and also informs you about status of the complaint.					
11.	Bank provides a variety of channels for your convenience. (Phone banking, internet banking, and mobile banking).					
12.	Bank knows the channel which is preferred by you customer.					
13.	Banks contact with you very frequently.					
14.	Bank maintains the record of communication with you.					
15.	Bank has the software and hardware (electronic payment system, plastic money, ATM) to serve you in better way.					
16.	Bank has techniques like core banking system that allows accessing your account from any location.					
17.	Bank offers you mobile applications.					
18.	Bank makes an effort to serve the VIP customers.					
19.	Bank maintains good customer database.					
20.	Bank delights the VIP customers by the surprises.					
21.	Bank delivers you the service as promised.					
22.	Your overall satisfaction level with the services provided by the bank					

APPENDIX-III STATEMENTS FROM LITERATURE CONSIDERED FOR PREPARING QUESTIONNAIRE

1. Bank does not make promises to customers that cannot be delivered. (Gronroos, 2006)
2. My bank has established clear business goals related to customer acquisition, development, retention and reactivation. (Parvatiyar and Sheth, 2001)
3. Board meetings give a high priority to non-financial success factors such as customer satisfaction, employee satisfaction, etc. (Parvatiyar and Sheth, 2001)
4. Our competitive advantage is based on building and maintaining long-term customer relationships. (Hiebeler *et al.*, 1998)
5. My bank is well organized and integrated internally to suit the needs of our customers. (Hiebeler *et al.*, 1998)
6. Bank systems are flexible enough to adapt to customers' changing needs and wants. (Hiebeler *et al.*, 1998)
7. My bank understands individual customer's character, needs and preferences and behaviors through past interactions with us. (Sin *et al.*, 2005)
8. My bank constantly tracks customer preferences across segments and how they change over time. (Hiebeler *et al.*, 1998)
9. Individual customer information is available at every point of contact. (Sin *et al.*, 2005)
10. Knowledge Management system provides customer insight, profiles, habits, contact preferences and understanding to improve contact with the customer. (Sin *et al.*, 2005)
11. Bank does customer segmentation using Customer Lifetime Value (CLV)/ related metrics. (Cokins, 2006)
12. My bank regularly assesses the lifetime value of each customer. (Daffy, 1999)
13. Bank continuously generates Relationship data (Customer Relationship Value data / Customer loyalty data, etc), Product data (Product sales), and Feedback data. (Parvatiyar and Sheth, 2001)
14. Bank has a Loyalty program to enhance the Lifetime Value of our Customers. (Cooper *et al.*, 2005)

15. Bank regularly tracks the investments in customers using metrics like Return on Relationship (RoR) /Return on Customer (RoC) (Peppers & Rogers, 1995); (Gummesson, 2004)
16. My bank continuously maintains and monitors our customer information. (Sin *et al.*, 2005)
17. Bank provides increased customer convenience using a variety of distribution channels. (Hiebeler *et al.*, 1998)
18. My bank provides channels (phone banking, internet banking) to enable ongoing, two-way communication with our key customers and us. (Hiebeler *et al.*, 1998)
19. Bank's communication strategy for customized marketing campaigns includes finding out the preferred media and frequency of communication. (Cooper *et al.*, 2005)
20. Bank has formal complaint systems, which cover both written and verbal complaints, and inform customers of the progress of the complaint. (Daffy, 1999)
21. Bank broadcasts to the employees the feedback given by our customers. (Sin *et al.*, 2005)
22. Bank measures and monitors relationship performance and satisfaction for both the bank and the customer to measure either party's propensity to continue or terminate the relationship. (Parvatiyar and Sheth, 2001)
23. Bank regularly measure and monitor employee satisfaction, loyalty, and commitment. (Daffy, 1999)
24. Bank regularly measure and monitor customer satisfaction, loyalty, and commitment. (Hiebeler *et al.*, 1998)
25. Customer and employee feedback is taken using a variety of direct and indirect measures. (Daffy, 1999)
26. Bank strengthens the emotional bonds with our customers by wishing them on important occasions. (Das, 2004)
27. Bank does cross selling of products / services to increase customer share. (Parvatiyar and Sheth, 2001)
28. My bank has the sales and marketing expertise and resources to succeed in CRM (Sin *et al.*, 2005)

29. My bank has the right software (electronic payment system, plastic money, ATM, phone banking) to serve our customers. (Sin *et al.*, 2005)
30. My bank has the technical expertise and resources to succeed in CRM. (Sin *et al.*, 2005)
31. My bank has the right technical personnel to provide technical support for the utilization of computer technology (computerized branch, Core banking system, internet banking) in building customer relationships. (Sin *et al.*, 2005)
32. My bank also knows how much customers are willing and likely to spend for our products and services. (Hiebeler *et al.*, 1998)
33. My banks try to educate our customers regarding proper use of our products and services. (Hiebeler *et al.*, 1998)
34. My bank commits time and resources in managing customer relationships. (Kale, 2004)
35. Customer-centric performance standards are established and monitored at all customer touch points. (Hiebeler *et al.*, 1998)
36. My bank provides customized services and products to our key customers. (Dyche', J., 2002)
37. My bank makes an effort to find out what our key customer needs. (Cokins, 2002)
38. My bank exchanges information with our key customers frequently. (Hiebeler *et al.*, 1998)
39. My bank strives to constantly surprise and delight our key customers. (Hiebeler *et al.*, 1998)
40. Any new knowledge about key customers would be well received and used to provide better offerings to customers. (Sin *et al.*, 2005)
41. Employee training programs are designed to develop the skills required for acquiring and deepening customer relationships. (Daffy, 1999)
42. My bank's employees are willing to help customers in a responsive manner. (Sin *et al.*, 2005)
43. Front line employees are rewarded on the basis of customer satisfaction delivered and/ or related metrics.
44. Management and staff are open to change. (Sin *et al.*, 2005)

45. All employees in my bank understand and share the common goal of building and maintaining customer relationships. (Sin *et al.*, 2005)
46. My bank has the right hardware to serve our customers. (Sin *et al.*, 2005)
47. Bank's monitor our service quality performance and constantly strive to improve the relations. (Sin *et al.*, 2005)
48. My bank treats all customer communications seriously and views them as important. (Sin *et al.*, 2005)
49. Bank has a well-developed privacy policy to ensure confidentiality of data collected from customers. (Sin *et al.*, 2005)
50. My bank makes concerted and coordinated efforts across functions to satisfy our customers. (Sin *et al.*, 2005)

APPENDIX-IV EXPLORATORY FACTOR ANALYSIS: SPSS RESULTS

Variance table For Relationship Marketing Strategies from employees’ perspective

Table: Total Variance Explained (83% covered in eight factors)

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	14.989	41.635	41.635	14.989	41.635	41.635	5.226	14.516	
2	4.076	11.322	52.957	4.076	11.322	52.957	4.099	11.385	25.902
3	3.114	8.649	61.606	3.114	8.649	61.606	4.029	11.192	37.094
4	2.060	5.723	67.329	2.060	5.723	67.329	3.364	9.344	46.438
5	1.787	4.965	72.293	1.787	4.965	72.293	3.347	9.297	55.736
6	1.598	4.440	76.733	1.598	4.440	76.733	3.330	9.251	64.986
7	1.336	3.711	80.444	1.336	3.711	80.444	3.319	9.220	74.207
8	1.073	2.982	83.426	1.073	2.982	83.426	3.319	9.219	83.426
9	.482	1.340	84.766						
10	.429	1.191	85.956						
11	.378	1.050	87.007						
12	.362	1.005	88.011						
13	.347	.963	88.974						
14	.336	.933	89.907						
15	.308	.855	90.762						
16	.288	.801	91.563						
17	.282	.784	92.347						
18	.262	.728	93.074						
19	.241	.669	93.743						
20	.226	.627	94.371						
21	.208	.579	94.950						

22	.196	.543	95.493						
23	.186	.517	96.010						
24	.169	.471	96.481						
25	.157	.436	96.917						
26	.149	.413	97.330						
27	.137	.380	97.710						
28	.129	.357	98.068						
29	.121	.335	98.403						
30	.110	.307	98.710						
31	.102	.282	98.992						
32	.093	.258	99.250						
33	.090	.249	99.499						
34	.074	.206	99.705						
35	.071	.199	99.904						
36	.035	.096	100.000						

Extraction Method: Principal Component Analysis.

Extraction Method: Principal Component Analysis.

Variance table For Relationship Marketing Strategies from customers' perspective

Table: Results of EFA using Principal Component Analysis (77% covered in five factors)

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.429	35.378	35.378	7.429	35.378	35.378	3.754	17.877	17.877
2	3.236	15.410	50.788	3.236	15.410	50.788	3.683	17.539	35.416
3	2.300	10.952	61.740	2.300	10.952	61.740	3.177	15.128	50.544
4	1.880	8.950	70.690	1.880	8.950	70.690	3.129	14.899	65.443
5	1.266	6.028	76.718	1.266	6.028	76.718	2.368	11.275	76.718
6	.512	2.437	79.154						
7	.452	2.151	81.305						
8	.405	1.931	83.236						
9	.384	1.831	85.067						
10	.348	1.656	86.723						
11	.325	1.549	88.272						
12	.305	1.452	89.724						
13	.293	1.396	91.120						
14	.278	1.324	92.444						
15	.275	1.311	93.756						
16	.248	1.180	94.936						
17	.233	1.111	96.047						
18	.228	1.084	97.132						
19	.221	1.052	98.184						
20	.207	.985	99.168						
21	.175	.832	100.000						
Extraction Method: Principal Component Analysis.									

BRIEF PROFILE OF THE RESEARCH SCHOLAR

Ms. Rupali Madan is working as Assistant Professor in Department of Management Studies, YMCA University of Science and Technology, Faridabad. She has successfully completed Bachelor of Technology (B.Tech.) in Electronics and Communications, Master of Business Administration (MBA), UGC NET (in Management) and Master of Philosophy (M.Phil.) in Management. She is currently a research scholar of YMCA University Faridabad and has a total teaching experience of 12 years, teaching multiple management subjects in various bachelor and master programs (MBA, B.Tech., M.Tech. and MCA) Her area of interest is marketing. The researcher has published six papers in various National and International Journals and has presented 14 papers in International and National Conferences.

LIST OF PUBLICATIONS OUT OF THESIS

S.No	Title of Paper	Name of Journal	ISSN No.	Volume and Issue	Year	Pages
1	Relationship Marketing Strategies in Banking Sector: A Review	International Journal of BRIC Business Research (IJBBR)	2201-4179	Volume 4, Number 4	2015	1-10
2	A Study of Relationship Marketing Strategies in Public and Private Banks with special reference to NCR	Asian Journal of Management (AJM)	ISSN: 2321-5763(Online), 0976-495X(Print)	Volume 8 Issue 3	2017	384-388
3	Relationship Marketing Strategies in Indian Banking Sector: A Review	International Journal of Business Economics & Management Research	2249-8826	Volume 4, Number6	2014	181-188
4	A Study of Comparison of Private and Public sector banks regarding various aspects of Relationship Marketing	International Journal of Customer Relations	ISSN: 2320-7515,	Volume 6, Number1	2018	65-71

LIST OF PAPER IN INTERNATIONAL CONFERENCE

S.No.	Title of Paper along with year	National/International	Name of Conference	Institute
1	Common Relationship Management Practices in Public Sector Banks (Case Study on State bank of India and Punjab national Bank), on 9-10th Apr 2015.	International	PSIMT (Paradigm Shift in Management and Technology)	YMCAUST Faridabad

RELATIONSHIP MARKETING IN BANKING SECTOR

SUMMARY

submitted in fulfilment of the requirement of the degree of

DOCTOR OF PHILOSOPHY

to

YMCA UNIVERSITY OF SCIENCE AND TECHNOLOGY

by

RUPALI MADAN

Registration No: **YMCAUST/Ph45/2011**

Under the supervision of

DR. RACHNA AGRAWAL
ASSOCIATE PROFESSOR
YMCAUST
FARIDABAD

DR. MITU G MATTA
EX. ASSOCIATE PROFESSOR
LINGAYA'S UNIVERSITY
FARIDABAD



Department of Management Studies
Faculty of Management Studies
YMCA University of Science & Technology
Sector-6, Mathura Road, Faridabad, Haryana, India

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ABSTRACT

Banking sector plays an important role in development of the Indian Economy. The concept of LPG (Liberalization, Privatization and Globalization) allowed the entry of private and foreign banks, and hence, changed the market structure and the consumer behavior significantly in India. Due to this, the competitive pressure also increased on the public banks. In this competitive market scenario, banks need to build and maintain strong customer loyalty via dedicated programs; otherwise they carry high risk of customer churn. Customer oriented relationship marketing programs help in smoothening the flow of information between the bank and customers and develop the positive impression in the minds of customers towards their bank. That way, customer satisfaction increases and long term relationship gets created. In this market scenario, all banks should implement the concept of relationship marketing to have the edge over the competitors. Relationship marketing is establishing, developing, and maintaining relationships with all stakeholders of business to achieve the ultimate goal of profitability and this activity benefits all the parties involved (Gronroos, 2006).

Relationship marketing now is a well-known practice followed by banks which results into increasing the profitability and market share of the banks. It also reduces the overall cost to the banks. Over time, retail bank customers tend to increase their holding of other products across the range of financial products / services available to them and hence, increase in value to the bank. It is also best to segment customers on the basis of customer lifetime value, since this segmentation helps in identifying the most high value customers and in maintaining long term mutually beneficial relations with them.

Existing high value customers are often more profitable than attracting new one (Kotler, 2001; Doyle, 2000; Piercy, 2002). Many studies support that it is costly to acquire a new customer than investing on the existing profitable customers. Literature review supported that the implementation of concept of relationship marketing was better in foreign countries than in India. In India, implementation of relationship marketing has been less of a focus area for banks. As time is passing, level of implementation of relationship

marketing concept is improving, though there is still significant scope for further improvement. So, the objective of this study is to explore the perception regarding different relationship marketing strategies and practices adopted by public and private sector banks with reference to National Capital Region (Delhi NCR). It also examines the perceived benefits and challenges of relationship marketing strategies and impact on customer satisfaction. In addition to the main objective, the research study also attempts to analyze the comparison of public and private sectors banks has been done regarding relationship marketing strategies from perspective of employees. A model has been designed using SEM that explains the impact of relationship marketing strategies on perceived benefits of relationship marketing.

Data has been collected from the bank employees and the bank customers. For the benefits and challenges of relationship marketing, data has been collected through employees. Exploratory factor analysis (EFA) was used to reduce relationship marketing strategies into factors. The extracted factors were further confirmed by CFA (Confirmatory Factor Analysis). The t test was used to compare the perception of employees of private sector banks and public sector banks. It was found that private sector banks are performing much better than public sector banks. Regression Analysis has been used to check the impact of relationship marketing strategies on customer satisfaction. It was found that factors customer service, bonding with VIP customers, database management, communication with the customers and technical aspect have significant impact on customers' overall satisfaction. A model designed by SEM (Structural Equation Modelling) shows how relationship marketing factors affect the perceived relationship benefits.

This study may benefit the banks and the banking industry as a whole as it presents the key factors that impacts relationship marketing. A model has been designed to analyze multiple aspects of relationship marketing that can benefit the banks. This study also identifies the key challenges faced by public and public sector banks in improving their relationship marketing strategies. .To increase customer satisfaction, this study details highlights the key relationship strategies that can be implemented across banks. Factors

extracted from relationship marketing strategies from employees and customers' perspective can be further used for the further research. Using the Structural Equation Modeling, a model has been developed. This model will help bank managers to take decisions regarding relationship marketing.

INTRODUCTION

Change is always must. Since many decades, 4 Ps in marketing mix have shown dominance. Concept has changed from traditional marketing to relationship marketing. Earlier it was era of mass marketing. Marketing mix was the pillar of marketing. Now a day, focus has been changed. Marketing transactions have shifted to the relationships with customers.

Relationship marketing is establishing, developing, and maintaining relationships with all stakeholders of business to achieve the ultimate goal of profitability and this activity benefits all the parties involved (Gronroos, 2006).

Banking sector plays important role in development of Indian Economy. In 1990, when concept of LPG (Liberalization, Privatization and Globalization) came, the entry of private banks and foreign banks was allowed. It changed the market structure and the consumer behavior. They have also increased the competitive pressure on the public banks. In this changed scenario, banks have priority of retaining the customers and creating confidence in customer rather than acquiring the new customers. Banks need to run loyalty programs otherwise there are chances of churn. Customer oriented relationship marketing programs smoothen the flow of information between the bank and customers and develops the positive feelings in minds of customers towards their bank. That way customer satisfaction increase and long term relationship is created. For this, banks should implement the concept of relationship marketing to have the edge over the competitors. Relationship marketing now is a well-known practice followed by banks which results into increasing the profitability of the banks and market share. It also reduces the cost to the banks. Over time, retail bank customers tend to increase their

holding of the other products from across the range of financial products / services available. With increased number of banks, products and services, there is practically nil switching costs- customers are easily switching banks whenever they find better services and products. Banks are finding it tough to get new customers, and more importantly, retain existing customers. So the focus has now moved to Relationship marketing which is necessary because of following reasons:-

1. Long-term customers do the promotion for the banks. As services are intangible in nature. Loyal customers are also physical evidence (seventh P of marketing mix).
2. The longer a relationship continues; the better a bank can understand the customer and his/her needs & preferences, and so greater the opportunity to tailor products and services and cross-sell the product / service range.
3. Customers in long-term relationships are more comfortable with the service, the organization, methods and procedures. This helps reduce operating cost and costs arising out of customer error.

According to a research by Reichheld and Sasser (1990) in the Harvard Business Review, 5% increase in customer retention can increase profitability by 35% in banking business. Therefore, banks are now stressing on retaining customers to increase market share.

As consumers' needs and preferences are different, banks need to understand their buying behavior. It is not possible to understand each and every customer. Customers are segmented on the basis of customer lifetime value. The segmentation helps into maintain the long term and mutually beneficial relations with the high value customers. Existing high value customers are more profitable than attracting new one (Kotler, 2001; Doyle, 2000; Piercy, 2002). Many studies support that it is costly to acquire a new customer than investing on the existing profitable customers. These statistics motivate banks to implement the concept of relationship marketing in their banks.

REVIEW OF LITERATURE

S. Dibb, & M. Meadow (2001) studied the application of Relationship Marketing in Retail Banking by different financial institutions. In depth literature review was done on this area. He compared past, present and future. He used four case studies for analysis in UK. It was found that some banks have already reached to the higher level of application of relationship marketing. A modified model of relationship marketing is proposed which may be applicable to some services.

M.G. Durkin, & B. Howcroft, (2003) has studied the perception of senior bankers in UK, Sweden and USA with respect to internet as a relationship marketing instrument. The researchers explained that in the competitive world, internet is low cost source to give competition. Using the phone and internet, interaction between customer and bank becomes more and more. Thus there is better understanding and relationship of bank with customer becomes strong. They have found out that there is an agreement that internet had key role in relationship management but some doubts are raised about rate of customer adoption and the extent to which it is influenced by bank strategies.

D. Martin-Consuegra, A. Molina, A. Esteban, (2006) researched on the relationship benefits from the customers' perspective. The research was carried out in various financial institutions. The authors further explained that market can be divided into types of customers according to the customer perception on the relationship benefits. The different types of relationship benefits are special treatment benefits, confidence benefits and social benefits. Results also suggested that these three dimensions are able to segment the market. Multivariate Techniques like factor analysis and cluster analysis were used.

A. Molina, D. Martín-Consuegra, and A. Esteban (2007) analyses, in the context of retail banking, the influence of relationship benefits on increasing the customer satisfaction. The researchers have found that these confidence benefits have a strong and positive impact on influencing the satisfaction of bank's customers. Nevertheless, social and special treatment benefits have no bearing on the satisfaction.

Hussain, M. Hussain, S. Hussain, and M. A. Sajid (2009) have carried out researched in few chosen banks of Pakistan. The strategic implementation of CRM practices in these banks of Pakistan was studied in detail, along with identifying the key factors of the CRM implementation and their benefits. The researchers study helps to develop a deeper understanding of the impact of CRM practices on the bank's competitiveness and provides a greater knowledge of good CRM practices. Their study deduced that, in Pakistan, CRM practices need to be more active and religiously followed.

K. Das, J. Parmar, V.K. Sadanand (2009) have analyzed the correlation between practices of CRM and customer loyalty. They divided the study into two parts - one part is called the CRM best practices survey and the other part involves customer loyalty survey. No strong correlation between deployment of CRM best practices and loyalty levels of retail customers, having high and medium relationship value, was found using the results of replication done by following pattern matching technique.

R.K. Uppal (2009) examined the customer service, focusing mainly on the time factor aspect, in all major kinds of banks – private, public and foreign - in Amritsar (Punjab). A significant difference among three kinds of banks was observed in researcher's study. He concluded, with respect to time factor, that E banks are most efficient among all. This factor was found to be most significant factor in shifting of e-bank's customers.Uppal

P. Padhy and B. Swar (2009) studied customer satisfaction and service gaps in different kinds of banks - private, public and foreign banks. Their study also examined the impact of technology in banking industry and its role in delivery of perceived quality of service.

N. Abeysekara and B. Hewawasam (2010) did a similar study to the above mentioned research in Sri Lanka. Their research concluded that long term marketing orientation and marketing strategy have positive correlation with customer's trust and commitment. They concluded that banks, in order to be successful in corporate sector, would need to invest in relationship marketing - 71% of customers, as per their study, have been with the same

relationship officer for two or more years. Moreover, they found private banks to give more value to relationship building than their counterparts (public state banks).

T.S Uma Rani and N. Panchantham, (2011) analyzed the importance of CRM and the role of technology in enhancing value for the customer, in the Indian Banking Sector. Their research concluded that integration of data, by leveraging information technology, helped in giving right information to the customer and at the right time.

S. Das (2012) studied the literature on the Customer Relationship Management benefits in the banking sector. The researcher made the comparison of customers' perception regarding the CRM practices of State Bank of India with the CRM practices of other public sector banks. It was observed by the researcher that although CRM practices followed by SBI and other nationalized banks are more or less the same, but their customer reach is quite distinct – mainly, due to difference in their CRM strategy and capability in reaching out to the customers. Hence, the researcher clearly established that CRM tools are inevitable for banks, considering the present context.

V.K. Nagu (2012) examined the impact of relationship management in online banking segment, specifically focusing on ICICI bank. The researcher's study concluded that ICICI bank's primary goal is to use multiple e-CRM tools for profiling customers, mass customization, time saving and self-service. Furthermore, the study found that bank considers operations such as mass market operation, personalization and one to one marketing, and order management as lower priority / secondary tasks.

R. Venkatesh (2013) studied the long term impact of present day relationship marketing by investigating multiple customer friendly initiatives and responses / reactions of the customer to these relationship building initiatives,. The researcher analyzed last six years of data. The research found that the firms would need to devise long term strategies to retain their customers for a long time. Otherwise, all the present day marketing schemes would remain transitory. The study also concluded that organizations who maintain long

term relations appear to be retaining great quality and catering to different generations of regular customers.

N. Kaur (2013) examined the notion of trust and its effect on customer relationship marketing in the Indian banking sector during the post-liberalization period. The research methodology used by the researchers is based on empirical data, which was collected from different kinds of banks – viz. private, public and foreign. Their study demonstrated the importance of trust in Foreign Sector Banks (FSB), which was developed due to constant delivery of top quality service. However, in the case of Private Sector Banks (PVTSB), their research observed that their quality of service is certainly improving, but, unfortunately, the cost of delivery is more in comparison to the actual service; and, in the case of Public Sector Banks (PBSB), there is no trust due to lack of quality service.

I. Brun, F. Durif and L. Rihard, (2014) investigated the e-relationship marketing and found out the elements that are critical to ensure success in the online world. The researchers surveyed three categories of respondents – online customers, academic experts and banking experts, and employed exploratory cognitive mapping technique. The researchers in their study found good amount of similarity in both traditional and e relationship marketing.

S.R. Sharmilee and T. Vijayakumar (2014) examined the extent of satisfaction towards CRM practices in Karur Vysya Bank (KVB) at Dindigul, Tamil Nadu. The researcher studied the level of satisfaction perceived by the customer on the multiple aspects of services provided by bank with regards to CRM practices followed in KVB. Correlation Co-efficient was used by the researchers to verify the effect of twelve factors identified by them.

M. Jasola and S. Kapoor (2014) emphasized the importance of Customer Relationship Management (CRM) practices in Indian banking industry. In today's competitive environment, CRM is proven to be a key function for any firm's business strategy. CRM

helps to find and target most valuable customers for the firm. In early 90's, the concept of relationship marketing was first introduced by services institutions (like finance) to reward their existing customer by introducing innovative loyalty programs – CRM was formally considered a product only in late nineties.

C.H. Yen, L.L. Liu, C.Y. Chen, and T.Y. Lee (2015) investigated the impact of relationship benefits on the relationship marketing outcomes. The study was done in the travel industry. It was observed that travel agencies are using electronic mean for business transactions. The reason is increasing popularity of TV shopping and internet. The said study has examined the impact of the relational benefits on customer satisfaction and customer loyalty. The focus is on three types of transactions being used in travel products i.e. internet transaction, TV shopping transaction and interpersonal transaction. It was concluded that confidence benefits and social benefits have positive impact on the customer satisfaction. But special treatment benefits are not having the positive effect on the customer satisfaction. All the three types of relational benefits have positive impact on the customer loyalty. The confidence benefits have strong impact on customer satisfaction and customer loyalty for the internet transaction than the other two transactions types. The social benefits have stronger impact on customer satisfaction and customer for TV shopping transaction than the other two transactions types.

C.T.Ennew, M.R.Binks and B. Chiplin (2015) analyzed customer satisfaction and customer retention programs in the UK, focusing on banks and small businesses, whose key strategy is to build and maintain loyal database. By using Discriminant Analysis, the researchers developed the preliminary model for their study.

A. Bilgihan and M. Bujisic (2015) created a theory-based model of hedonic and utilitarian website features, e-loyalty, customer commitment, and trust in the context of online hotel bookings. To test research hypotheses, the researchers used Structural Equation Modeling techniques. The results of their study emphasized the importance of creating customer loyalty by focusing on utilitarian and hedonic features – calculative

commitment is influenced by utilitarian features and affective commitment is driven by hedonic ones. Both of these critical commitment dimensions influence the trust of the customers towards the online service provider (vendor). The researchers concluded that for online relationship marketing, the web design features play a very important role.

V. Verma, D. Sharma, & J. Sheth, (2016) made the relationship marketing framework in the area of online retailing to identify relationship marketing strategies. Their study examined the relationship between the mediators—trust, commitment, relationship quality, relationship satisfaction and consequences. Similarity and seller expertise are having the strongest impact on relational mediators. The word of mouth is the most critical result of relationship marketing.

J. Gummerus, C. Von Koskull, & C. Kowal Kowski, (2017) has assessed the status of the relationship marketing. The comparison was done for past, present and future. Many papers were called. Leaders were also invited who have developed the theories of relationship marketing. The issues for the relationship marketing were also identified.

A.A.T. Hasan (2018) has studied the customer relationship management practices in Bangladesh from customer retention perspective. This study is case study on City bank. City bank is best banks amongst all private banks in Bangladesh. The objective of the study is to explore the CRM practices that City banks opts to enhance the customer retention. It is found by discussion with employees of banks that City bank is adopting the CRM practices from the 2003. City bank has set the benchmark for the other banks in Bangladesh. City Bank has introduced the practice of Electronic Queue Management by which customer can book the appointment in bank so that there is no need to wait in a queue in the City bank.

Research Gap

A great deal of research has been performed in the foreign countries regarding the concept of relationship marketing, but a less number of studies were done in Indian

Context. The concept of relationship marketing in the banking sector has been prevalent in India since many years but the literature focusing on its implementation of this aspect has been quite weak. In the past, the studies have been conducted in which it was found that there was no association or, to some extent, a weak association exists between customer loyalty and CRM practices. Moreover, the CRM practices were not found to be a profitability strategy. However the current scenario assumes that there should be a strong association between relationship marketing strategies and customer satisfaction. The objective of this study has been taken as to study the impact of relationship marketing strategies on customer satisfaction. The study also covers the benefits and challenges of relationship marketing from the perspective of employees. It also covers the comparative analysis of private and public sector banks regarding perception of employees for relationship marketing strategies and practices.

RESEARCH OBJECTIVES AND METHODOLOGY OF THE STUDY

OBJECTIVES OF STUDY

The main objective of the research study is *“To study the different relationship marketing practices and strategies adopted by the private and public sector banks with reference to National Capital Region (Delhi NCR) and to find out the perceived benefits and challenges of relationship marketing strategies and impact on customer satisfaction”* In addition to the main objective, the research study also attempts to analyze the different sub-objectives of the study stated below:

1. To compare public and private sectors banks regarding relationship marketing strategies from the perspective of employees.
2. To design a model using SEM that explains the impact of relationship marketing strategies on perceived benefits of relationship marketing.

The broad objectives of the study has been sub-divided and explored separately as mentioned below:

Objective 1: To study the employees' perception regarding relationship marketing strategies and practices adopted by banks in public and private sector.

In this objective, employee perception regarding relationship marketing strategies and practices has been explored using EFA (Exploratory Factor Analysis). Eight factors have been extracted from all the variables. Further these factors are confirmed using CFA (Confirmatory factor Analysis). Comparison of private and public sector banks have been done using independent t test.

Objective 2: To study the impact of relationship marketing on customer satisfaction.

In this objective, relationship marketing strategies have been explored from customer perspective using EFA (Exploratory Factor Analysis). Further factors have been confirmed by CFA (confirmatory Factor Analysis). Impact of relationship marketing has been checked with regression analysis.

Objective 3: To study the benefits of relationship marketing to the banks.

In this objective, the benefits of relationship marketing are studied from employees' perspective and further more a model have been developed how relationship marketing benefits the banks using Structure Equation Modeling (SEM).

Objective 4: To study the challenges of relationship building strategies in various banks.

In this objective, the challenges to build relationship strategies are studied from the employees' perspective.

HYPOTHESES OF STUDY

The following are null hypotheses.

HO₁: *“There is no significant impact of relationship marketing strategies on customer satisfaction.*

HO₂: *“There is no significant impact of relationship marketing strategies on the perceived benefits from employee perspective.”*

HO₃: *“There is no significant difference between public and private sector banks regarding different relationship marketing strategies adopted by the banks.*

RESEARCH DESIGN

This research study design is an *exploratory cum casual and descriptive* by nature as it focuses on studying the different relationship marketing practices and strategies adopted by the Indian banks in public and private sector for the purpose of better customer management. The study includes in-depth research to understand the different strategies and their purposes as used by selected banks in public and private sector. The study is also causal in nature as it also discusses the impact of relationship marketing practices and strategies adopted by the Indian banks in public and private sector on the different mentioned benefits as well as on the satisfaction level of customers. The research study discusses the perceived benefits of relationship marketing strategies and their impact on customer satisfaction. In the first step, a qualitative study has been conducted, that is, the existing literature has been studied in detail with the help of secondary data published in the form of research papers, reports and articles, etc. On the basis of the qualitative study, in the second step, the quantitative study has been done to quantify and statistically analyse the benefits and satisfaction level of customers.

SAMPLING FRAME

It is detailed plan that describes the population, population to be targeted, sampling method and sample. This is explained as below:

Population

The population of the study includes every bank employee and customers availing the services offered by the Indian banks in private or private sector.

The population of the study includes every bank employee and customers availing the services offered by the Indian banks in private or private sector. Since it is almost impossible to examine the whole universe, the target population of the study is the bank employee working with selected seven banks. The selected banks were State Bank of India, Bank of India, Punjab National Bank, Syndicate bank, ICICI bank, Axis bank and

HDFC bank located in the National Capital Region (NCR). The seven banks are amongst top thirteen leading private and public sector banks according to the market capitalization (as on June 2018). The seven banks were amongst top ten leading private and public sector banks according to the market capitalization (in 2013). There are 28 public sector banks and 21 private sector banks. Four banks from public sector and three banks from private sector have been chosen. While selecting the banks, the banks have been chosen who are implementing the relationship marketing strategies and practices. The data has also been collected from the bank customers who are availing the services offered from the chosen banks in the private or private sector.

Sampling method

The non-probability sampling method (Judgmental sampling) is used in the study. The selection of the respondent (bank employee and customer) is based on few well defined criteria.

- The respondent (employees and customers) should be preferably associated with the banks since more than 2 years.
- Bank employee selected should be preferably managers.

Sample size

The thumb rule has been used to define the sample size. The sample size is greater than five times the number of variables (Hatcher 1994). The data has been collected from sample size of 210 bank employees (approx. 30 employees from each bank) and 450 customers (approx. 64 customers from each bank). Due care has been taken that samples selected are representative of the entire population. Response rate is more than 75% in case of customers. To collect the responses 600 questionnaires were distributed and out of which 480 were duly filled and 450 were found to be usable questionnaires suitable for the study. The following formula also justifies the sample size in case of all the objectives.

$$\text{Necessary Sample Size} = \frac{(Z\text{-score})^2 * \text{Standard Deviation}^2}{(\text{margin of error})^2}$$

DATA COLLECTION

In the study the primary data has been collected from the bank employees as well as bank customers availing the services of selected banks. The primary data has been collected with the help of survey where the self-designed questionnaire was used as a data collection instrument. The questionnaire was designed in different stages. In first stage the required variables were identified with the help of literature review. The 50 statements were taken from the literature (shown in the appendix 3). The rough draft of the questionnaire was prepared initially and modified with the help of discussions with the industry experts. The questionnaire was finalized during the process of pilot survey where few duplicate statements were removed and few new statements were added. Some similar process was also opted by McMullan in 2005 and Sin et al. in 2005 in designing the questionnaire. The language of the statements was also modified at this stage.

DATA ANALYSIS AND METHODS

Data is collected from primary and secondary data. This raw information is further converted into relevant information, compiled, edited and coded. Then it is passed through analysis. Various statistic tools are used for hypothesis testing, making the interpretations and then concluding the study. Tests have been applied according to the objectives of the study. Details of statistical techniques used are as below.

Descriptive analysis

Descriptive Analysis is used in all the objectives. In descriptive analysis, mean, standard deviation, Skewness and kurtosis are used to justify the research. These tools are strong base of the study.

Exploratory Factor Analysis

EFA has been used in case of two objectives: objective one and objective two. Factors have been extracted from relationship marketing strategies variables. One time EFA has been done from employees' perspective and other time from customer perspective.

Confirmatory Factor Analysis

CFA has been used in case of two objectives: objective one and objective two. Factors are confirmed using CFA.

Independent t test

Independent t test have been used in objective one. Comparison of public and private sector has been done regarding relationship marketing strategies.

AHP (Analytical Hierarchical Process)

AHP technique is used to check the preferences of senior bank employees for the different relationship management strategies. The senior bank managers were asked to compare these different RM strategies. The listed RM strategies in the analysis are used for the AHP process where the bank managers as the respondents were asked for pairwise comparison available in the matrix form. The senior bank managers from the industry are asked for the pairwise comparison and provide the input which lies between 1 and 10. The designed matrix was shared with 10 bank managers in total where five of them belong to private sector banks and remaining five belongs to public sector banks.

Regression Analysis

The overall perception of customers about the satisfaction level is considered as a dependent variable, and the estimated factor scores are considered as independent variables. The multiple regression model applied in the study is estimated using **OLS method** assuming linear relationship between the dependent and independent variables. The regression model applied in the study is mathematically expressed as:

$$Y = \alpha + b_1X1 + b_2X2 + b_3X3 + b_4X4 + b_5X5$$

X1= Customer Service

X2= Database Management

X3= Bonding with VIP Customers

X4= Communication with the Customers

X5= Technical Aspect

Y. Overall customer satisfaction

Where Y is the dependent variable and X_i represent the independent variables. The standardized beta of the independent variables in the regression model indicates the comparative impact of the estimated factor scores of relationship marketing on the overall rating of customer perception towards relationship marketing strategies.

Structural Equation Modeling (SEM)

In order to analyze the impact of relationship marketing strategies and practices on the perceived benefits for the banks, the SEM method is used. In SEM, the relationship marketing strategies and practices has been considered as exogenous construct and the perceived benefits construct has been considered as endogenous construct.

Frequency distribution

Frequency Distribution has been used in third objective in studying the perception of employees regarding the benefits of relationship marketing. Frequency distribution table described the percentage of the employees who answered strongly agree, agree, neutral, disagree and strongly disagree.

SOFTWARE USED

For the data analysis, SPSS 21, AMOS 21 and Microsoft Excel have been used in this study.

FINDINGS AND CONCLUSION

As per the analysis, using the statistical software to arrive at the objectives of the study, the overall findings are presented below:

1. The relationship marketing strategies has been explored from the perspective of employees. The strategies have been reduced into eight factors from thirty six variables using exploratory factor analysis. These factors have been further confirmed using the CFA (confirmatory factor analysis). The eight factors are:
 - Customer Service
 - Special Treatment to key customers
 - Technical Expertise
 - Customer database Management
 - Employee Empowerment
 - Customization of product
 - Customer Lifetime Value
 - Multi-Channel Approach and Channel Optimization
2. The private sectors banks have been compared with public sector banks on the basis of relationship marketing strategies. A significant difference has been found between private sector banks and public sector banks in all the factors of relationship marketing extracted that have been taken for the comparison. The private sector banks are performing better than public sector banks. This aspect has been studied from employee perspective. This is consistent with the study of Nalin Abeysekera & Buddhika Hewawasam (2010), where it was found that private banks are better than public sectors banks in aspect of relationship marketing.

Table 1: Comparison of mean score of private and public sectors banks on eight factors

Factors	Private sector banks	Public Sector Banks
Customer Service	4.49	3.35
Customer Database Management	4.93	3.59
Customization of products	4.34	3.15
Customer Life Time Value	3.99	3.46
Multi- channel Approach and channel optimization	4.14	3.59
Technical Expertise	4.05	3.62
Special treatment to key customers	4.2	3.5
Employee Empowerment	4.35	3.09

3. Preferences of senior managers regarding various factors of relationship marketing strategies have been taken using AHP (analytical hierarchical process). Seniors managers believe that if the customer is served well, then the customer automatically becomes loyal. According to them, second important factor is the customer database management, which means that banks need to maintain the details of the customers. The details of the customers help in understanding of customers in better way. The third important Relationship Marketing (RM) strategy adopted by banks is customer life time value strategies because the basis of segmentation should be customer lifetime value. Banks divide the customers into various categories according to the lifetime value. The least important RM strategies as rated by the senior bank managers, as per Analytical Hierarchical Approach, includes Special treatment to key customers, Technical Expertise, Customization of products and Multi- channel Approach and channel optimization.
4. The relationship marketing strategies have been explored from the perspective of customers. The 21 relationship marketing strategies have been reduced into five

factors using exploratory factor analysis. These factors have been further confirmed using the CFA (confirmatory factor analysis). The five factors are:

- Customer Service
- Database Management
- Bonding with VIP Customers
- Communication with customers
- Technical aspect

This aspect has been studied from the customer perspective.

5. Regression equation model suggests that relationship marketing strategies do have impact on customer satisfaction. Database management is found to be on highest weight and customer service has been found to be having least weight.

The regression equation can be expressed as:

$$Y = 3.204 + .312X1 + 0.605X2 + .530X3 + .435X4 + .476X5$$

X1= Customer Service

X2= Database Management

X3= Bonding with VIP Customers

X4= Communication with the Customers

X5= Technical Aspect

It has been found that relationship marketing helps in developing customer database. Having a customer database, the relationship between banks and customers become strong. Furthermore, it also reduces the marketing cost for the banks.

6. The relationship marketing strategies offer following benefits. The descriptive and construct analyses have been shown in the following diagram:

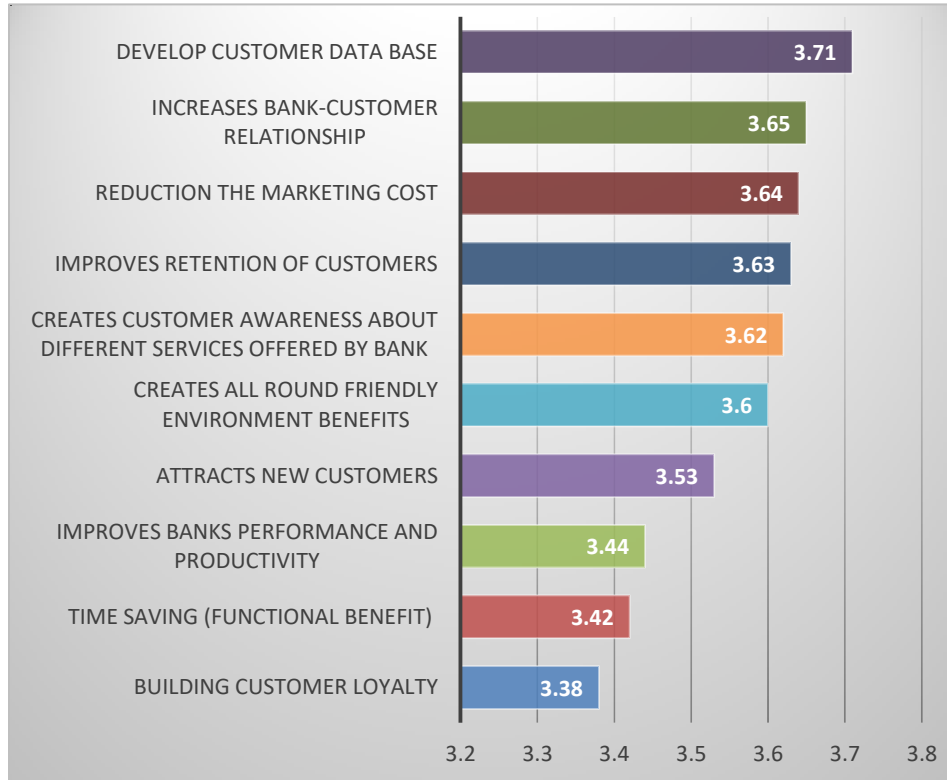


Figure 1: Descriptive Analysis

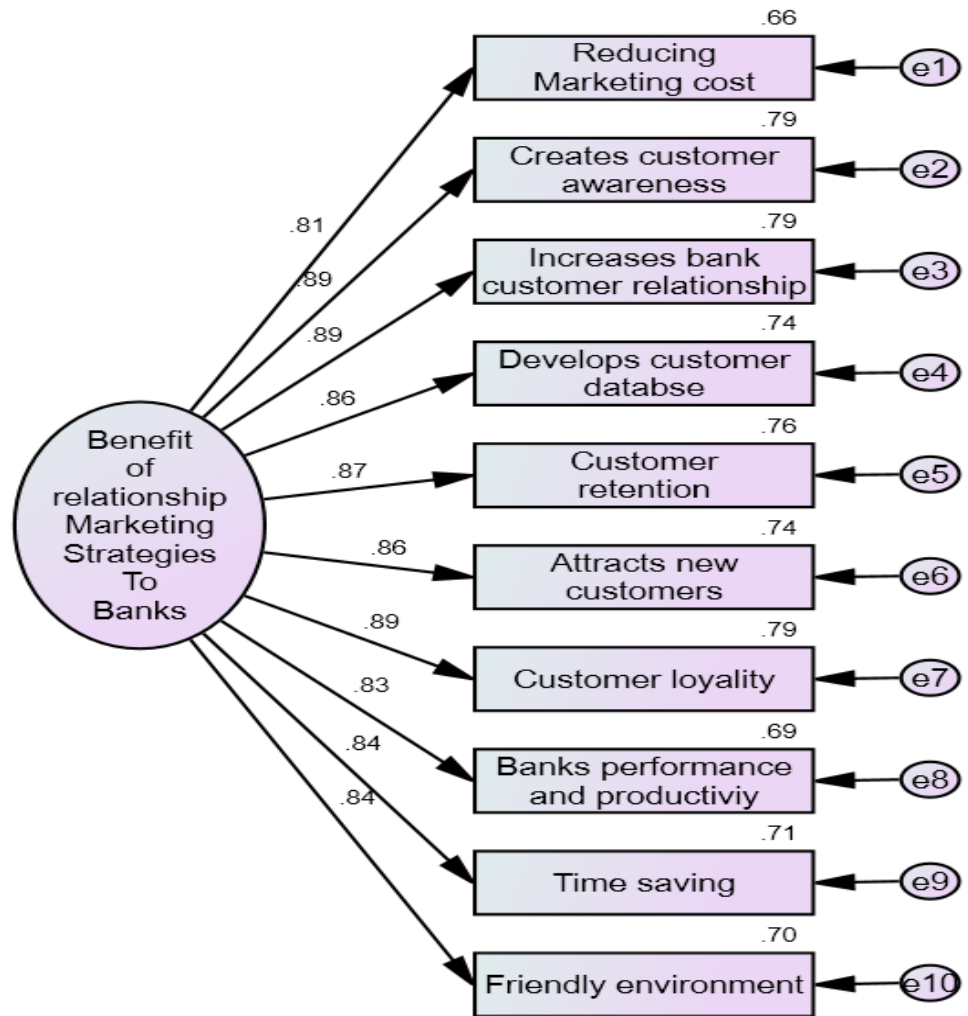


Figure 2: Construct Analysis

7. A model has been developed that highlights the relationship between relationship marketing strategies and their benefits. Structural Equation Modeling has been applied.

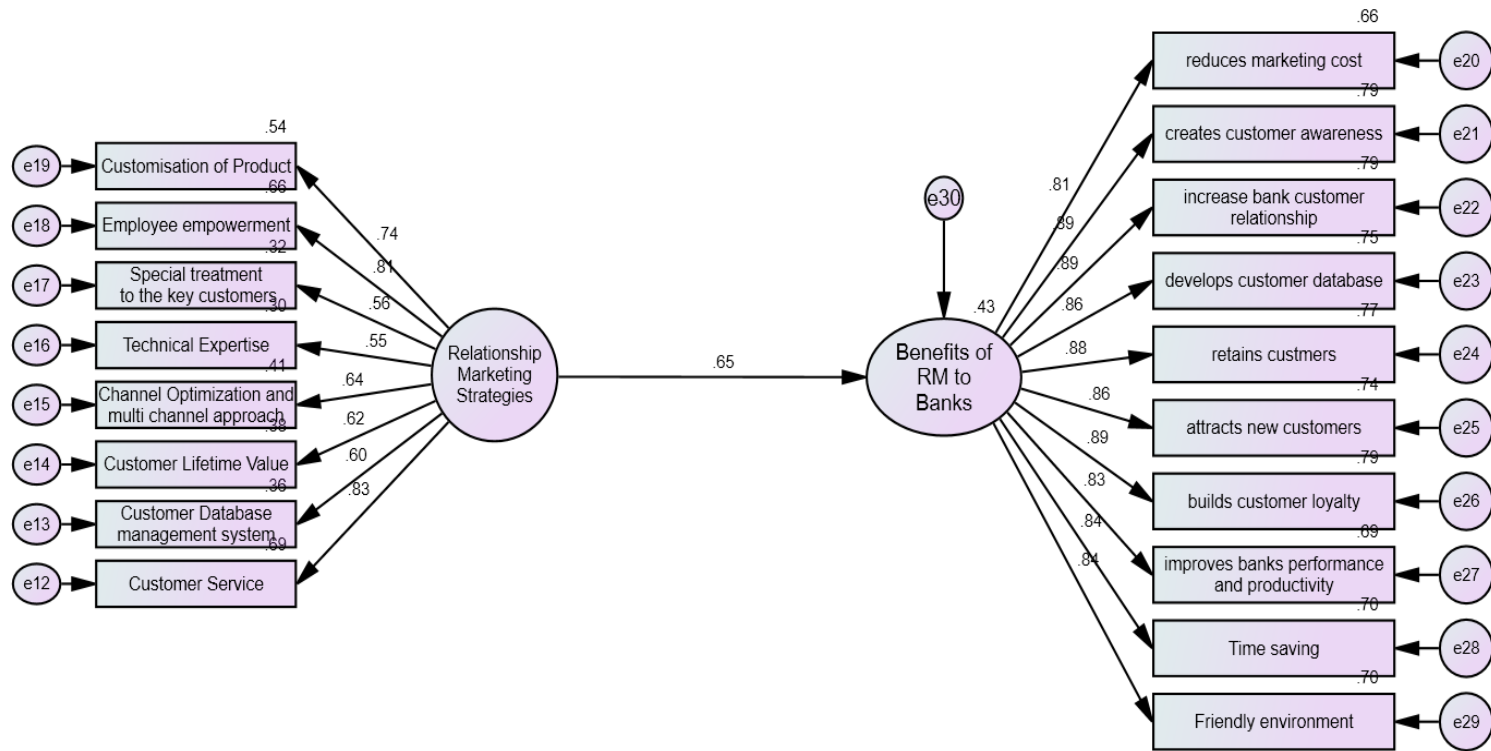


Figure 3: Structural Equation modeling showing the relationship between relationship marketing strategies and benefits of relationship marketing

BRM1 to BRM10 are benefits of relationship marketing stated in Fig 2. EE1 to EE5 are the variables of Employee Empowerment. STKC1 to STKC6 are variables of special treatment to the key customers. TE1 to TE4 are the variables of technical expertise. MC1 to MC4 are the variables of multichannel approach and channel optimization. CLV1 to CLV4 are variables of customer life time value. CP1 to CP4 are the variables of customization of products. DBM1 to DBM4 are the variables of database management.

8. Banks do face multiple challenges while implementing relationship marketing strategies – the key issue is how to align the people with the processes. The descriptive analysis has been shown in the figure:



Figure 4: Challenges of Relationship Marketing

The variable “it is difficult to segment the customers” have got the lowest mean.

SUGGESTIONS

The key suggestions based on the research in evaluating key relationship marketing strategies of selected public and private sector banks are as follows –

Based on the perception of employees

- Banks should analyze the factors of relationship marketing that can provide long term benefits, considering key challenges to build each of them. Public sector banks should analyze the best strategies and practices of private sector to formulate their core relationship marketing strategies. These eight factors named as: Customer Service, Special Treatment to key customers, Technical Expertise, Customer database Management, Employee Empowerment, Customization of product, Customer Lifetime Value, Multi-Channel Approach and Channel Optimization may be considered while taking the decisions.
- On the basis of in depth analysis, is suggested that banks should invest more time and resources in managing relationships with the customers. Banks should make only the promises those could be fulfilled otherwise it makes the customer annoyed. Banks should also provide robust formal complaint system covering both written and oral complaints.
- Employees feel that the services like proper software and hardware, core banking system and availability of technical experts are not up to the mark. So, technical teams and customer service leaders of the bank can make efforts to improve this aspect.
- For relationship marketing, it is important to segment the customers on the basis of customer lifetime value. Employees perceive that they somewhere lag behind in segmenting the customers on the basis of this. Banks should aim to leverage this methodology better to their advantage.

- Employees perceive that bank need improvement in maintaining and monitoring the customer information properly. If proper updating of data is done and data is maintained properly then this will also improve the shortcomings of the aspect ‘segmenting customer on basis customer lifetime value’.
- Banks should proper training to the employees for the proper implementation of relationship marketing concept. The different software packages are required for the implementation of relationship marketing. So, employees are required to be trained for using the software and related business processes.
- Banks should make the customers aware about their products properly. Lack of awareness sometimes creates hindrance in purchasing the products. Employees perceive that banks should use more channels to communicate with customers. The variety of mobile applications for the different customers may be used.
- While comparing the public sector banks with private sector banks regarding relationship marketing strategies from employees’ perspective, it was found that private sector banks are performing better than public sector banks. Public sector banks should work on all factor customer service, employee empowerment, and special treatment to the VIP customer, multi-channel approach and channel optimization, customer database management, technical expertise, customization of products and customer lifetime value. Good working environment should be provided in the public sector banks. Significant difference has also been found in both categories of banks while analysing the factor of employee empowerment. Public sector banks need to work in this aspect and employees should be trained according to this requirement.
- Moreover, considering senior manager’s feedback captured using analytical hierarchical approach, both public and private banks should also emphasize more on customer service.

- Some experts of CRM tools should be recruited in the banks so that concept of relationship marketing may be implemented successfully. They may also provide the training to the other employees in the banks regarding the CRM tools.

Based on perception of Customers

- Customers perceive that employees don't respond them quickly. In today's scenario when competition is so tough, employees need to respond the customers quickly. Customers perceive that information of customer is not available at every point. Banks may use different software packages to integrate the data of customers. This will accelerate the process.
- The variety of mobile applications can be increased. It increases the transactions many times. Wishing the VIP customers on the special occasions helps in creating the emotional bonding with the customers. This will help in maintaining the long term relation with the customer.
- Banks should maintain the record of communication with the customers. It helps in resolving the complaints of the customers and helps the understanding the customer in better way. This will also enable tracking feedback, progress and will help in improving the overall customer engagement process.

Based on customer's perception, banks should give more weightage to database management to provide a strong impact on customer satisfaction. Furthermore, ensuring security and privacy of data provided by the customer should be given utmost priority by the banks. Banks should integrate customer data with its internal software systems to provide best in class customer support and to align people with the processes. Skills required for the relationship marketing should be imparted to the employees so that relationship marketing may be implemented successfully. From Understanding the impact of relationship marketing strategies on customer satisfaction, banks need to analyze the factors to be focused to bring effective change to their relationship marketing strategies. Customers mandate that their data should be kept private. If the banks make the proper use of the data available, it helps a lot in

making the relationship with customers. It also increases the profitability of banks. Strong relationship with VIP customers makes the employees feel special. As there are many ways to communicate with the customers, banks should use customized communication channels to communicate to different categories of customers. Use of technology for communication and for carrying out the customer analysis will make the whole process valuable and more productive. Providing good services to the customers will be helpful in forming good relationships.

CONTRIBUTION OF STUDY

This study is beneficial to the banks and the banking industry as a whole as it presents the key factors that impacts relationship marketing. A model has been designed to analyze multiple aspects of relationship marketing that can benefit the banks.

This study also identifies the key challenges faced by public and public sector banks in improving their relationship marketing strategies. .To increase customer satisfaction, this study details highlights the key relationship strategies that can be implemented across banks.

Best practices in identifying the key relationship marketing strategies can also be shared across private and public sector banks.

LIMITATIONS OF THE STUDY

Even though study is extensive, innovative, pioneering and unique, it is expected to suffer from certain limitations:

- The study is confined to bank employees and customers associated with Delhi-NCR location only. The study can also be performed in the other segments of India.

- The study has the sample size of 210 bank employees and 450 customers, this sample size can be increased further.
- In the study, only Indian private and public sector banks have been taken. Foreign banks may also be included for the study.
- A comparison of public and private sector banks can also be done to further study the impact of relationship marketing on customer satisfaction.
- Responses of some employees may be biased. Sometimes, the banks employees are not willing to answer correctly because they have fear in mind that their opinion may be reported to the higher authorities. Though, reasonable efforts were done to explain that the study was conducted for academic research purposes only.

Regardless of above mentioned limitations, this study provides valuable and dependable information and brings about many worthwhile suggestions, which will be useful for future planning and successful implementation of the program.

SCOPE FOR FUTURE RESEARCH

The present study has been done in National Capital Region. The studies need to be conducted in various other geographical areas of India. A comparison of public and private sector banks can also be done to study the impact of relationship marketing on customer satisfaction. Furthermore, foreign banks can also be included in the study. A model can be developed to study the relationships among Relationship Marketing, Customer Satisfaction and Customer Loyalty. In future, a similar study can be developed in another service sector – maybe, covering the insurance sector.

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