MARKETING STRATEGY AND CUSTOMER RELATIONSHIP MANAGEMENT IN BANKING INDUSTRY

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Abstract

Banking Industry is one of the most important service industries which touch the lives of millions of people. Its service is unique both in social and economic points of view of a nation. Earlier the attitude of banking service was that it was not professional to sell one's services and was unnecessary in the sense that traditional relationships and quality of products were sufficient to carry forward the tasks. Before the mid 1950's the banks had no understanding or regard for marketing. The bank building was created in the image of a Greek Temple to impress the public about the importance of a bank. The interior was austere and the teller rarely smiled. Bankers maintained austere dignity and they hardly maintained friendliness. Banking is a service that encapsulates all the characteristics of services, directed towards the customer's money and its management. A membership relationship is entailed in this industry due to its continuous nature. Banking is also high in credence qualities meaning that it cannot be evaluated confidently even immediately after receipt of the good due to customer ignorance or lack of knowledge. In addition, an extended period of time may be required in this industry for a fully informed evaluation. Hence, customer satisfaction in banking is both difficult to measure and ascertain. The present study focuses on Marketing strategies and customer relationship management in banking industry and study based on secondary sources of data.

Keywords: Service Industries, Quality of Products, Image of a Greek Temple, Austere Dignity, Hardly Maintained Friendliness and Customer Ignorance or Lack of Knowledge.

Introduction

The traditional role of the banks as money lender has been rapidly changed and assumed broader dimension. As result of heightened competition among various banks, the focus is now shift to services rather than products. The need of the hour is to identify and anticipate customer requirement and develop capabilities for servicing those needs, which has lead to realization of relationship banking. Relationship Banking, if implemented and integrated correctly, can help significantly in improving customer satisfaction levels. Relationship banking helps banks to analyze and measure customer transaction patterns and behavior. This can help a lot in improving service levels and finding new business opportunities. In the present banking scenario, the customer's expectations are boundless and they look for many factors like appropriateness and accuracy of accounting and reporting norms, speed of service, returns or yield on deposits, cost of processing, facilities, ambience of the environment, procedures and case of process security aspects

and relationship of the people. For fulfilling the ever-going expectations of the customers, the role of Relationship Banking becomes very important.

Objectives of the Study

To analyze the customers' level of importance for relationship banking. To determine the opportunities extended by relationship banking to the customers. To identify the challenges encountered by the customers due to relationship banking.

Methodology

This study is based on survey method. The data have been collected through a structured and non-disguised questionnaire. The researcher used both primary and secondary data for the study. Primary data are known as the data collected for the first time through survey. The researcher collected the primary data with a structured questionnaire. The Questionnaire was prepared by taking into consideration of the objectives of the study. The questionnaire consists of a number of questions printed in a definite order. Before using this method, the researcher conducted "Pilot study" for testing the questionnaire and the revised draft was prepared. Secondary data means data which have already been collected and analyzed by other researchers. The researcher has collected reviews from various journals, magazines, books, research theses and websites. The researcher has selected the retail customers of the banks in Madurai city as the sampling unit and adopted convenience sampling method for selecting the respondents. The total sample size was finalized as 150. In order to arrive at meaningful conclusion and to make generalization on the basis of the result of this sample study and to learn about the universe the following statistical tools have been applied at appropriate places Percentage Analysis and Weighted average method.

Results and Discussions

36 percent are considering the relationship banking as very important and 48 percent believe it as important. 1.33 percent considers it as highly unimportant. Out of the opportunities of relationship banking, cordial relationship is ranked as first by the respondents with a mean score of 4.23. It is clear that the respondents are ranking the strictness in adhering rules as their top most challenge and the remaining challenges such as overloaded information, Employees irresponsibility, Lack of feasibility, Biased information, Misleading information, Interruptive interaction, Poor complaint solving approach and lack of empathy, are ranked consequently.

Suggestions

Bankers may pay more attention for their customers perceived outcomes of relationship banking, they can have it as a guideline for designing the real outcomes of relationship banking. The perceived challenges encountered by customers due to relationship banking can be considered and can be optimized. Bankers may concrete in network building strategies, to ensure better rapport with their customers. The customers expect a high level of interaction from their banker and they also need wealth consultancy which will benefit both the counter parts. The marketers in banking industry may have individualized attention approach without any bias. The customers can be given top priority than the rigid formalities. The employees may be more empathetic in their approach towards their customers and can make them to feel at home. The banks may pay more attention in complaint monitoring system and they can develop a separate database for monitoring the complaints which will prevent customer dissatisfaction and also brand switching.

Conclusion

This study has depicted about the existing importance level for relationship banking among the banking customers. Based on this, the bankers can formulate strategies to make their customers to rightly recognize the importance of relationship banking. It has also exhibited about the perceived outcomes of relationship banking. Hence the bankers can be aware of the expectations of their customers. The bankers can maximize the opportunities of relationship banking and minimize the challenges of relationship banking.

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