

**A COMPARATIVE STUDY ON CONSUMERS PERSPECTIVE  
OF RELATIONSHIP MARKETING IN FINANCIAL  
SERVICES- SPECIAL REFERENCE TO STATE BANKS AND  
NON-STATE BANKS**

**By**

**VINO VETTIVEL**

**REGISTRATION NUMBER:-EU/IS/07/MS/12**

**INDEX NUMBER:-MS 832**



FCM1271

Project Report  
Library - EUSL

**A project report submitted to Faculty of Commerce and  
Management, Eastern University, Sri Lanka, as a partial  
fulfillment of requirement of the Bachelor of Business  
Administration (B.B.A) Degree**

**DEPARTMENT OF MANAGEMENT**

**FACULTY OF COMMERCE & MANAGEMENT**

**EASTERN UNIVERSITY, SRI LANKA**

**2013**

## ABSTRACT

Relationship marketing has emerged as one of the dominant drivers in business strategy circles. There are various relationship strategies and techniques used by marketer to increase marketing effectiveness. This study focuses on appraising the extent of influences of those relationship techniques in achieving required objective of banking services sector. This study is conducted in a comparative manner by taking into consideration of state banks and non-state banks in Kalmunai division.

The central concern is measuring the influence of customer side factors on relationship marketing success. To represent customer side, relational factors such as trust and communication, and relationship bonds such as financial bonds, social bonds, and structural bonds, and core service provision such as perceived service quality, and customer satisfaction were taken into consideration. The objective of this study therefore is to find out the differences in consumers' perspective on the level of influence and determine the most influencing factor on relationship marketing success.

The conducted study has shown the greater differences in influencing level of trust, communication, and financial bonds in state banks rather than non-state banks. Within those dimensions, when compared with non-state banks, the customers in state banks have perceived a high degree of influence on trust than the other dimensions. On the other hand, according to non-state banks, the customers have perceived a greater level of influences on perceived service quality, customer satisfaction, structural bonds, and social bonds.

The survey results revealed that there is difference in the level of influence of those factors between state banks as well as non-state banks. Moreover, there is higher degree of influence is incurred by perceived service quality in determining the success of relationship marketing in the context of Banking service sectors in Kalmunai division.

## Table of Contents

	Page No
CHAPTER 01 INTRODUCTION.....	01-11
1.1 Background of the Study.....	01
1.2 Problem Statement.....	04
1.3 Research Questions.....	06
1.4 Research Objectives.....	07
1.5 Significance of the Research.....	07
1.6 Scope of the Study.....	08
1.7 Assumptions of the Study.....	08
1.8 Limitations of the Study.....	09
1.9 Chapter Framework.....	10
1.10 Summary.....	11
CHAPTER 02 LITERATURE REVIEW.....	12-37
2.1 Introduction.....	12
2.2 Evolution of Relationship Marketing (RM).....	12
2.3 The Concept of Relationship Marketing.....	14
2.4 Nature of Relationship Marketing.....	16
2.5 Importance of Relationship Marketing.....	20
2.6 Benefits of Relationship Marketing.....	21
2.7 Strategies of Relationship Marketing.....	22
2.8 Financial Service Sector Relationship Marketing Strategies.....	23

2.9 Relationship Marketing in Banking Sector.....	24
2.10 Measure of Relationship Marketing Effectiveness.....	27
2.11 Factors Influencing Relationship Marketing: Customers Perspective..	28
2.11.1 Relational factors.....	28
2.11.1.1 Trust.....	29
2.11.1.2 Communication.....	30
2.11.2 Relationship Bonds.....	31
2.11.2.1 Financial Bonds.....	31
2.11.2.2 Social Bonds.....	32
2.11.2.3 Structural Bonds.....	32
2.11.3 Core Service Provision.....	33
2.11.3.1 Perceived Service Quality.....	33
2.11.3.2 Customer Satisfaction.....	36
2.12 Summary.....	37

## CHAPTER 03 CONCEPTUALIZATION AND

OPERATIONALIZATION.....	38-48
3.1 Introduction.....	38
3.2 Conceptualization.....	38
3.2.1 Conceptualization Framework.....	38
3.2.2 Definition of key concepts.....	39
3.2.2.1 Trust.....	39
3.2.2.2 Communication.....	40

3.2.2.3 Financial Bonds.....	42
3.2.2.4 Social Bonds.....	43
3.2.2.5 Structural Bonds.....	43
3.2.2.6 <i>Perceived Service Quality</i> .....	44
3.2.2.7 Customer Satisfaction.....	46
3.3 Operationalization.....	47
3.4 Summary.....	48
CHAPTER 04 METHODOLOGY.....	49-54
4.1 Introduction.....	49
4.2 Research design.....	49
4.2.1 Sample unit.....	49
4.3 Research Sample.....	49
4.4 Study setting .....	50
4.5 Sample size, sampling distribution and sampling methods.....	50
4.6 Data collection methods.....	51
4.6.1 Primary data .....	51
4.6.2 Secondary data .....	52
4.7 Structure of questionnaire .....	52
4.7.1 Personal information.....	52
4.7.2 Assessment of the influences of relational factors, Relationship bonds, and core service provision on the Success of Relationship Marketing.....	53
4.8 Data analysis and Evaluation.....	53

4.8.1 Data evaluation.....	54
4.9 Summary.....	54
CHAPTER 05 DATA PRESENTATION AND ANALYSIS.....	55-84
5.1 Introduction.....	55
5.2 Reliability Analysis.....	55
5.3 Personal Information.....	56
5.3.1 Age.....	56
5.3.2 Gender.....	57
5.3.3 Frequently Used Bank.....	57
5.3.4 Educational Qualification.....	58
5.3.5 The Time Period of Relationship with the Bank.....	59
5.3.6 The Average Transaction.....	59
5.4 Research Information.....	60
5.4.1 Overall Perception on Relationship Marketing.....	60
5.4.1.1 Descriptive Statistic of dimensions influencing on Relationship Marketing.....	60
5.4.2 Dimension wise Descriptive Analysis .....	62
5.4.2.1 Trust.....	62
5.4.2.2 Communication.....	65
5.4.2.3 Financial Bonds.....	67
5.4.2.4 Social Bonds.....	70
5.4.2.5 Structural Bonds.....	72

5.4.2.6 Perceived Service Quality.....	75
5.4.2.7 Customer Satisfaction.....	78
5.4.3 High influencing Factor on Relationship Marketing.....	81
5.4.4 Cross tabs Analysis.....	82
5.5 Summary.....	84
 CHAPTER 06 DISCUSSION AND FINDINGS.....	 85-89
6.1 Introduction.....	85
6.2 Discussion of Research information.....	85
6.2.1 Dimension vise Analysis.....	85
6.2.2.1 Trust.....	85
6.2.2.2 Communication.....	86
6.2.2.3 Financial Bonds.....	87
6.2.2.4 Social Bonds.....	87
6.2.2.5 Structural Bonds.....	87
6.2.2.6 Perceived Service Quality.....	88
6.2.2.7 Customer Satisfaction.....	88
6.3 Summary.....	89
 CHAPTER 07 CONCLUSION AND RECOMMENDATION.....	 90-94
7.1 Introduction.....	90
7.2 Conclusions.....	90