



## Navigating the Evolution: Transitioning from Transactional to Relationship Marketing: A Case of Banking Institution in Kalyani Town in Nadia District

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The concept of the Marketing Continuum, initially introduced by Grönroos (1994, 1996), signifies a fundamental shift in marketing paradigms. Positioned at opposite ends of this continuum are two distinct orientations: transaction marketing and relationship marketing. At the leftmost point, transaction marketing emphasizes the maximization of economic gains within the exchange between seller and buyer. This approach prioritizes the individual transaction, competition, and firm-centric value, where the buyer is perceived as passive, the firm is viewed as the central authority, and interactions are short-term and independent, with a clear delineation of boundaries.

Conversely, relationship marketing, positioned at the continuum's right end, advocates for a more collaborative and cooperative approach. Here, the focus is on long-term partnerships, with both firms and buyers seen as active participants in a dynamic, interdependent process. The firm's role becomes integral to the process, and boundaries are blurred, fostering a networked environment. Relationship marketing emphasizes a long-term commitment, interdependence, and customer-centric strategies, such as database marketing, interaction marketing, and network marketing.

In this context, the present study will examine various facets of relationship marketing, seeking to explore its practical application within the marketing field. Additionally, the research will gather feedback from customers within selected regions of West Bengal, specifically focusing on the banking sector, to assess the real-world impact of relationship marketing practices.

**Keywords:** globalization, transactional interactions, social interaction, relational marketing, commercial banking

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## **1. Introduction**

In this fast-paced world of commerce, the dynamic forces of globalization and evolving market economies are reshaping the marketing landscape. Transactions nowadays can happen with the click of a button. This shift is particularly prominent in the banking sector. This forced the banking businesses to find themselves at a crossroads- should they prioritize immediate sales or invest in developing long-term relationships with their customers.

Rather than solely emphasizing the immediate benefits for customers, there is a growing recognition of the value of cultivating continuing relationships. Institutions are adapting their marketing strategies to prioritize the establishment, nurturing, and enrichment of long-term connections with customers. Through this strategic focus on fostering lasting relationships, banking institutions aim to not only achieve their economic objectives but also to cultivate loyalty and trust that go above transactional interactions.

Transactional marketing is used to emphasize the concepts of the 4Ps (product, price, place, and promotion) that focus only on attracting businesses, but not so much on customer retention. Literature in relationship marketing shows that it has been well-acknowledged and well-recognized that retaining banks' existing customers is more profitable than attracting new ones.

The commercial banking business has come a long way since the country began its economic and financial reform program a decade ago. The number of financial institutions has risen quickly, a significant number of foreign banks have opened offices and consumers have begun to develop confidence in the commercial banking system. In the increasingly competitive global financial world, relationship marketing has been advocated as an excellent way for banks to establish a unique long-term relationship with their customers. Most of the core products/services in commercial banking are fairly generic, and it is difficult for most banks to compete purely on this core service. Thus, recognition of the importance of relationship marketing has grown in recent years. To gain a competitive advantage right in the local market, there is a need for the commercial banking sector to keep improving the system as a whole and the quality of services specifically.

Customers are more demanding, they not only expect excellent high-quality goods, but they also expect a high level of service available to them. Commercial banks are finding that they need to focus on service to keep up with rising customer expectations and to compete effectively.

It is no surprise that much of the work and understanding of relationship or relational marketing to date focuses on the West Bengal perspective, as hardly any work has been done in the Kalyani Town of West Bengal. The current literature on relationship marketing in the Asian financial sector is relatively under-researched, and hence this dissertation aims to find out the application of relationship marketing in the banking sector through the understanding of its major constructs.

## **2. Literature Review**

Asish K. Sen (2001) point out that new private sector bank has done significant technological up-gradation, thus getting ahead in competition primarily in customer service, a concept that was almost forgotten by the giant Public Sector Banking Sector, which enjoyed monopoly in the banking industry of our country. The New Public Sector Bank (NPSBs) have computerized themselves right from Day 1; not merely back-office computerization to improve housekeeping-but full branch automation, complete with Automated Teller Machines offering any time banking services (24 hours in a day), making bank holidays irrelevant. The concept of 'Anywhere Banking' makes a person a customer of a whole bank not merely of a particular branch, facilitating instantaneous online remittance of funds, collection of instruments and enabling him to literally carry his Account along, wherever he goes across the country. He also observes that the Public Sector Banks are putting their acts together recognizing and restructuring themselves- all with an eye on customer service and customer convenience and competition is indeed the key.

Gerstner (2003) carried out extensive re-engineering for the technology giant IBM. Most of the work centers on eleven areas. The first six, called the Core Initiative, means those parts of the business, that deal more with the outside world: hardware development, software development, fulfillment, integrated supply chain, customer relationship management, and services.

The rest focus on internal processes called enabling initiatives: human resources, procurement, finance, real estate, and information technology.

The work of John Howard and Jagadish Sheth (1969) in their model of customer behavior laid an important foundation for the process model of satisfaction, which was developed parallel with their work on customers' pre-purchase and post-purchase reconciliation of information and feedback. Satisfaction was a variable included in their earlier model.

Chalan G. V. (2002) has studied the growth and trend of IT applications in the banking sector and assessed its impact on banks' performance. He considered the perception of customers on the quality and expectation from such IT-enabled services and the employees' views on such an environment. According to him, the primary function of the bank can be defined as the creation and delivery of customer needs to their satisfaction. To assess customer service the bank should consider the demand and expectations from banks, quality and job knowledge of bank personnel, attitude and motivation of bank employees, backup system, and procedure. The major cause of customer dissatisfaction may lie in too much observance of rules and procedures, delayed and ineffective services, complicated documents and cumbersome procedures, etc. But there are few awakenings in the bank to improve the services with a new sense of urgency. Technology is rapidly evolving in the banking industry in areas such as conveyance in service delivery and assessment, increased productivity and performance, designing the type of service, adopting the customer needs to market, and access to the customer market.

Chalan inferred from his study that the qualitative improvement in customer service, and internal housekeeping due to the computerization of the bank was truly reflected in qualitative terms of increase in deposit, advance, and financial performance of the bank branch. His analysis of these items during the computerization period also shows that the growth percentage was more attractive during the post-computerization period. He also concluded that a majority of the customers were satisfied with the improved service being offered by the computerized bank branch as well the staffs who are working in that branch and who are also quite happy to attend there in the new work environment.

Peeru Mohamed, H. (2005) observes that the structural as well as operational mechanism of banking in India has undergone a second change given the entry of private banks and non-banking financial companies and the introduction of several innovative products. According to him, this scenario made the Indian bankers to have re-looked at their business practices. Bankers are necessarily customer-centric to survive and succeed and sustain the success. To meet this end, bankers have to come out with market-friendly strategies and tactics for achieving marketing productivity that in turn will be rewarding to all stakeholders concerned. He also mentions that CRM is emerging as a brand-new approach to enhancing marketing productivity. He carried out a study with six banks (HDFC, ICICI, IOB, SBI, Standard Chartered, and City Bank) from Chennai City to examine CRM in the banking industry and to analyze the perception of the customers on such practices.

Using multiple regression analysis, he developed a functional relationship between the variables that determined the bank-customer relationship. He finally made suggestions that banks should give more attention to communication with the customers and for such the bank official should be trained suitably so that any personal equity should result in opening an account and thereby having a long-standing relationship; the bank should improve customer customers' relationship and their satisfaction level to attract and retain customer. To improve total customer satisfaction the bank should focus on emotional as well as economic means thereby creating an everlasting profitable bondage with the customers.

### 3. Objectives of the Study

The basic objective of the study is to shed light on the journey of marketing practices from their transactional orientation to relationship orientation. It has tried to focus on different aspects of relationship marketing. The study tried to get the customers' feedback in this particular aspect in some selected regions of the state of West Bengal for banking services. Very specifically the study deals with the following issues:

- 1) Assess the awareness of the Services offered by the Commercial Bank in Kalyani Town.
- 2) Study the benefits of Relationship marketing from the viewpoint of both the customers and the bank.

- 3) Examine why Relationship Marketing is becoming a more important marketing strategy than Transactional Marketing in the banking sector.
- 4) Study the retention strategies and tactics used by the Bank to build relationships and make the customers loyal to the bank.
- 5) Basics of building a good relationship strategy in the banking sector in Kalyani Town.

## 4. Research Methodology

To attain the objective, the study has taken the help of past literature as well as secondary data and primary data. To get a picture of the present relationship marketing practices of different banks the help of different websites has been taken. The study has tried to explore the customers' insight into the matter of present marketing practices with its relationship orientation. For this primary data has been collected from 80 respondents of Kalyani town of Nadia district of the state of West Bengal. A questionnaire has been framed which consists of some close-ended questions. The questions have been framed to know the competence of the contact person, suitability of the skill of the employee with their job profile, satisfaction level with service, etc. Based on the responses to the questions analysis has been done to conclude this movement of marketing practices.

### Customer Feedback about the Relationship Aspects of Present Marketing Practices in the Indian Banking Sector: A Case of Kalyani Town:

It has already been mentioned that first-hand data has been collected from the account holders of different banks to gauge the difference between the customers' expectation and their perception of the real field practices of customer relationship management of different banks. A survey of some 80 account holders explored the following scenario.

**Table 1:** Income and Occupation of the Respondents

Monthly Income (I) of the Respondent (In Rs.)			Occupation of the Respondent		
INCOME LEVEL	NO. OF RESPONDENTS	PERCENTAGE (%)	OCCUPATION	NO. OF RESPONDENTS	PERCENTAGE (%)
Nil	20	25	Business	4	5
I < 5,000	26	32.5	Employee	22	27.5
5,000 < I < 10000	6	7.5	Student	38	47.5
10,000 < I < 25,000	12	15	Other	16	20
25,000 < I	16	20	TOTAL	80	100
TOTAL	80	100			

**Interpretation:** As the data collected there are different individuals from different income group, viz. students, employee, retired employee, businessman, and their incomes are different. On the other hand, the occupations are also different. On the basis of income and occupation the people go to the bank, one time, 1 to 5 times and more than that.

Cooperative bank	Nationalized Bank	Private Bank
2	72	6

**Interpretation:** Most people prefer nationalized as well as commercial banks in compare with other banks like cooperative and private banks. Here it is found that 90% of the people prefer the nationalized banks.

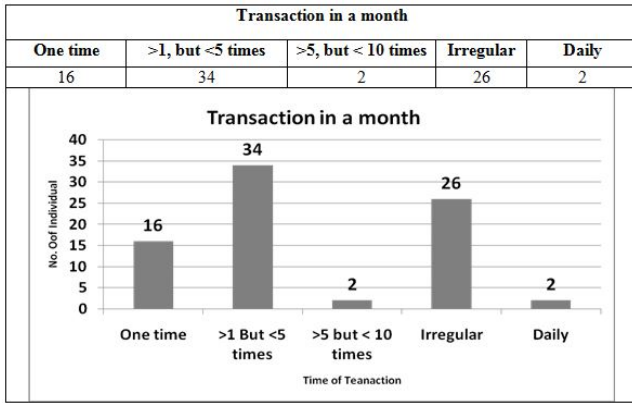
Awareness of the Scheme		Communication from Banks when Facing Problems	
Yes	No	Yes	No
34	46	34	46

**Interpretation:** From the answers of the respondents it can be concluded that the percentage of awareness about the different services offered by the commercial banks is very poor. 58% of all the respondents are not aware and on the other hand, 42% are aware of the different services. In most cases, the businessman is aware of the major services. It was also found that 58% of the respondents responded that the bank does not contact their customers when they face problems with banking activities and only 42% are satisfied with the contact and help of the Bank as well as the staff.

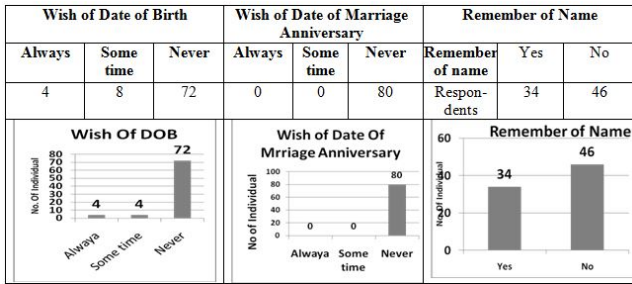
Information	Name	Resident	DOB	DOM	Ph. No.
Respondent	80	80	80	2	80

**Interpretation:** At the time of opening an account, the bank takes the above information for their personal needs. The bank does not give different messages relating to the customers, the bank does not practice that but the customer wants that practice and based on this practice the relationship can be established.

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**Interpretation:** 34 of the respondents go to the bank more than one time but less than 5 times, it is proved that the majority of customers go to the bank more than one time.

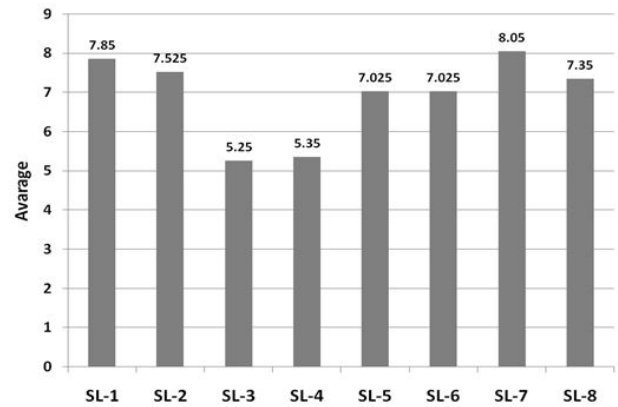


**Interpretation:** 72 individuals responded that the bank never wishes for their birthday and 80 individuals responded that the bank never wishes for their date of marriage anniversary out of 80 respondents but the bank takes different information about the individuals. However, the relationship may be established through these attributes.

## 5. Service Achievement Label

Different Parameter	SL-1	SL-2	SL-3	SL-4	SL-5	SL-6	SL-7	SL-8
Average	7.85	7.525	5.25	5.35	7.025	7.025	8.05	7.35
SL-1: Are you feeling the bank is helpful at the time of opening Account?								
SL-2: Bank is helpful in other services like balance enquiry, updating pass book and other information other than Deposit								
SL-3: How much bank is co-operative in providing loan?								
SL-4: Do you aware about the various schemes of the bank?								
SL-5: Are manager and other staff co-operative to you?								
SL-6: Are you getting better services than previous years?								
SL-7: Are you getting better services after computerizing of The Bank?								
SL-8: Are you getting better services after the introduction of CBS?								

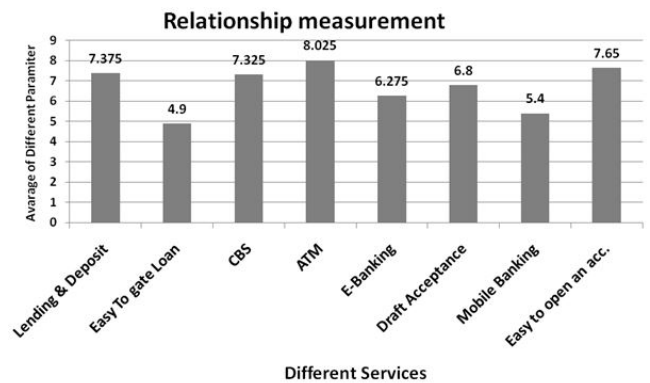
Service Achievement Label



**Interpretation:** The bank is helpful at the time of opening account, the bank only provided better updating services but the bank does not provide better services for gating loan. The customers fill better than the future due to computerization in banking system and CBS facility.

## Relationship Measurement

Different Parameter	Lending & Deposit	Easy To get Loan	CBS	ATM	E-Banking	Draft Acceptance	Mobile Banking	Easy to open an A/c
Average	7.375	4.9	7.325	8.025	6.275	6.8	5.4	7.65



**Interpretation:** Only the loan and mobile banking facilities are very poor and on the other hand, the other services are average and moderate. But if the bank provided better services, then, depending on that the bank make good relationships as well as relationship marketing.

## 6. Conclusion

The customers are not very aware of the services offered by the different commercial banks. After the introduction of computers in the banking sector and e-banking facilities, ATMs, and other time-saving services, the customers and the banks have benefited.

Customers need not to wait too much for getting services, not wait in a queue, and on the other hand from the viewpoint of the bank not meet huge customers. It is found that relationship marketing is a better strategy in comparison with Transactional Marketing strategy because the customers give value to the after getting the products or services, they feel better comfort than past time. The bank in Kalyani Town tries to retain customers and practices different strategies that relate to giving better services to the customers before and after giving the products or services. Through e-banking, mobile banking, message sending, ATM facilities, behavior with the customers, giving different loan schemes, the bank tries to satisfy as well as retain the customers.

But in the 21st century, there are not we are not receiving too much better services due to some internet problems, technical faults, and also the level of education.

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