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Original Research Article

A Study on CRM and Relationship Marketing Practices in Private Sector Banks in Vellore District.

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Name of Author:
S. KOTEESWARAN[1], Dr. R. MURUGAN[2]

Affiliation: *[1] Research scholar, St. Peter's Institute of Higher Education and Research, Chennai, Avadi*
[2] Professor, St. Peter's Institute of Higher Education and Research, Chennai, Avadi.

Corresponding Author:

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Abstract: Customer Relationship Management (CRM) and Relationship Marketing have become essential strategies for banks to build long-term relationships with customers, enhance satisfaction, and improve organizational performance. This study focuses on the performance analysis of Customer Relationship Management and Relationship Marketing practices in private sector banks in Vellore District. The main objective of the study is to examine how private sector banks implement CRM strategies, maintain customer relationships, and influence customer satisfaction and loyalty. The study also evaluates customers' perceptions regarding service quality, trust, communication, and the overall effectiveness of relationship marketing initiatives adopted by the banks. The research is based on primary data collected from customers of private sector banks through a structured questionnaire. Various factors such as customer service quality, responsiveness, personalized services, communication efficiency, and problem resolution are analyzed to understand their impact on customer relationship performance. The findings reveal that effective CRM practices and strong relationship marketing strategies significantly contribute to higher customer satisfaction, trust, and long-term loyalty. The study concludes that private sector banks in Vellore District need to continuously strengthen their CRM systems, improve customer interaction, and adopt innovative relationship marketing techniques to maintain competitive advantage and ensure sustainable customer relationships.

Keywords: Customer Relationship Management, Relationship Marketing, Customer Satisfaction, Private Sector Banks, Service Quality.

INTRODUCTION

The contemporary banking environment has witnessed a paradigm shift from traditional transaction-oriented operations to a customer-centric, technology-driven, and relationship-based service system. The rapid pace of globalization, technological advancements, regulatory reforms, and intensifying competition has redefined the functioning of banks in India, particularly within the private sector. Today's customers are informed, empowered, and technologically active, demanding high levels of convenience, transparency, security, personalization, and service responsiveness. Consequently, Customer Relationship Management (CRM) and Relationship Marketing (RM) have emerged as indispensable strategic frameworks that guide private sector banks in nurturing long-term customer engagement, trust, loyalty, and sustained profitability.

CRM integrates people, processes, and technology with the strategic goal of understanding customers more comprehensively and delivering value-added services tailored to individual needs. It enables banks to systematize customer data, predict behavioural patterns, enhance service responsiveness, and design highly customized offerings. These approaches shift the focus from short-term transactions to long-term relationships, thereby improving customer retention, satisfaction, and overall service experience.

The Indian banking industry—especially private sector institutions such as HDFC Bank, ICICI Bank, Axis Bank, and Kotak Mahindra Bank—has been at the forefront of CRM and RM adoption. Their credibility lies not only in providing diverse financial services but also in delivering superior customer experiences through digital channels, omnichannel support systems, automated service platforms, and data-driven decision-making. In this context, Vellore district represents a unique geographical setting for academic investigation. With its blend of urban growth, educational and

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healthcare prominence, entrepreneurial activity, and evolving customer preferences, the district provides an ideal environment for evaluating the performance and effectiveness of CRM and relationship marketing in private sector banks.

STATEMENT OF THE PROBLEM

Despite significant investments by private sector banks in advanced Customer Relationship Management (CRM) systems and structured Relationship Marketing (RM) programs, several practical challenges continue to affect the overall customer experience. Customers frequently report inconsistent service quality across different bank branches, indicating a lack of uniform CRM implementation. Personalized communication, which is a key objective of CRM, remains limited, reducing the effectiveness of relationship-building efforts. Delays in grievance redressal further weaken customer confidence and raise concerns regarding the responsiveness of CRM mechanisms. Additionally, many customers are unaware of existing loyalty and relationship programs, suggesting ineffective communication and poor customer engagement strategies. The role of relationship managers, which is crucial for fostering emotional bonds and long-term relationships, is often perceived as weak and transactional rather than relationship-oriented.

Moreover, occasional digital service failures—such as system downtimes, transaction errors, and technical glitches—negatively impact customer trust and satisfaction. These persistent gaps raise critical questions about whether CRM and RM strategies in private sector banks genuinely enhance customer satisfaction, trust, and loyalty. In this context, the present study seeks to evaluate the real-world effectiveness of CRM and relationship marketing practices in selected private sector banks operating in Vellore district.

OBJECTIVES OF THE STUDY

1. To examine the demographic and banking profile of customers of private sector banks in Vellore district.
2. To analyze the performance of customer relationship management in selected private sector banks.

SCOPE OF THE STUDY

The scope of the present study is confined to major private sector banks operating in Vellore district and focuses on examining the effectiveness of Customer Relationship Management (CRM) and Relationship Marketing (RM) practices from the customers' perspective. The study evaluates CRM performance across multiple dimensions, including service quality consistency, personalization, responsiveness, communication effectiveness, and technological support. The study contributes both academically and managerially through empirical evidence and actionable.

HYPOTHESIS

To evaluate the underlying research objectives scientifically, the following hypotheses have been formulated:

- $H0_1$: There is no significant difference in Customer Service Quality between groups.
- $H1_1$: There is a significant difference in Customer Service Quality between groups.

REVIEW OF LITERATURE

1. Dahlstrom et al. (2014) demonstrated that trust is a critical component of the banking industry since building relationships between banks and customers seemed to be a two-way street, with each party's appearance varying according to their degree of trust in the other.
2. In addition to supporting the idea that "it costs less to retain a customer than acquire a new one, "Misra and Vaithianathan (2015) emphasized the significance of boosting customer life-time value and cultivating customer loyalty as opposed to putting traditional, transaction-oriented marketing strategies into practice.
3. Since the nation's founding, the public and private banking sectors have come a long way. Core banking was established in the nation as a result of technological advancements, and it is currently prevalent everywhere. For both clients and bank staff, it has greatly simplified several tasks (Vetrivel 2016).
4. Research indicates that the CRM concept (Richards and Jones 2008, 121): Enhances the capacity to select lucrative clients; Integrates offers to clients via channels; Boosts sales effectiveness and efficiency; Customizes marketing messages; Customizes goods and services for clients; Enhances pricing policy
5. Employee dedication to organization is a key component of CRM concepts' effectiveness. Workers should possess the necessary skills and expertise to support customer relationship management. The CRM idea relies on the organization and its goal of assigning tasks and assisting staff in dealing with clients (Eriksson and Mattson 2002, 537).

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DATA ANALYSIS AND INTERPRETATION

The systematic analysis and interpretation of the primary data collected from 475 respondents to assess their perception, satisfaction and experience with banking services, particularly focusing on Customer Relationship Management (CRM) practices. The analysis aims to transform raw data into meaningful findings that reflect customer behaviour, satisfaction levels, and the effectiveness of CRM initiatives implemented by banks.

BANK'S CRM SYSTEM

Customer Relationship Management (CRM) plays a crucial role in enhancing service quality, strengthening customer engagement, and ensuring long-term loyalty in the banking sector.

TABLE – 1

OVERALL SATISFACTION WITH THE BANK'S CRM SYSTEM

Sl. No.	Overall satisfaction	No. of Respondents	Percentage
1.	Excellent	251	52.8
2.	Good	113	23.8
3.	Fair	61	12.8
4.	Poor	31	6.5
5.	Very Poor	19	4.0
Total		**475**	**100**

Sources: Primary data

The table shows the respondents' overall satisfaction with the bank's CRM system. More than half of the respondents (52.8%) rated the CRM system as **Excellent**, indicating a high level of satisfaction with the bank's customer relationship practices. Another 23.8% rated it as **Good**, showing that a significant proportion also perceives the CRM system positively. About 12.8% of respondents felt the CRM service was **Fair**, reflecting moderate satisfaction. Only a small percentage expressed dissatisfaction, with 6.5% rating it as **Poor** and 4.0% as **Very Poor**. Overall, the results highlight that the majority of customers are highly satisfied with the CRM systems of the banks, suggesting effective customer handling and service delivery.

TABLE – 2

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
Customer Service Quality	Equal variances assumed	94.926	.000	23.295	414	.000	1.039	.045	.951	1.127
	Equal variances not assumed			23.210	260.994	.000	1.039	.045	.951	1.127
Satisfaction	Equal variances assumed	49.410	.000	24.237	414	.000	1.161	.048	1.067	1.255
	Equal variances not assumed			24.189	351.173	.000	1.161	.048	1.067	1.255
Perception	Equal variances assumed	49.410	.000	24.237	414	.000	1.161	.048	1.067	1.255
	Equal variances not assumed			24.189	351.173	.000	1.161	.048	1.067	1.255

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types of bank	Equal variances assumed	.308	.579	-30.020	414	.000	-1.685	.056	-1.795	-1.575
	Equal variances not assumed			-29.982	384.698	.000	-1.685	.056	-1.795	-1.574

Sources: SPSS Data

The Independent Samples t-test was conducted to examine whether there are significant differences between the two groups across various dimensions such as Customer Service Quality, Satisfaction, Perception, and Types of Banks. The results indicate that **Levene's Test for Equality of Variances** is significant for Customer Service Quality, Satisfaction, and Perception (Sig. = .000), suggesting that variances between the groups are not equal. Therefore, the "Equal variances not assumed" row is more appropriate for interpretation in these cases. For Types of Banks, Levene's Test is not significant (Sig. = .579), indicating equal variances.

CONCLUSION

The findings reveal that CRM practices in private sector banks of Vellore district are well-structured, technology-supported, and customer-centric, particularly in complaint handling, responsiveness and overall service quality. CFA results strongly validate that convenience, service efficiency, employee proficiency and proactive grievance resolution significantly influence relationship strength and customer satisfaction. Banks like HDFC and ICICI lead in CRM performance, followed by Axis and Kotak, suggesting scope for improvement through enhanced digital communication, staff empowerment, and innovative loyalty initiatives.

Relationship marketing outcomes confirm that personalized services, loyalty programmes, fast communication and responsive complaint handling serve as major drivers of long-term customer retention and referral behaviour. The study concludes that continuous investment in CRM technology, analytics, human skill development and service innovation is vital for enriching customer experience and sustaining competitive advantage in private banking.

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