

Received-Makale Geliş Tarihi 16.11.2024
Published-Yayınlanma Tarihi 31.12.2024
Volume-Cilt (Issue-Sayı), ss/pp 11(114), 2743-2748

Research Article /Araştırma Makalesi
10.5281/zenodo.14579889

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Customer Loyalty and Relational Marketing Practices in The Banking Sector¹

Bankacılık Sektöründe Müşteri Sadakati ve İlişkisel Pazarlama Uygulamaları

ABSTRACT

The rapid advancements in technology and globalization have profoundly affected traditional marketing approaches, making it increasingly challenging for them to adapt to competitive conditions. Today, businesses are shifting away from traditional marketing strategies and adopting relational marketing to better meet customer expectations and gain a competitive advantage. Relational marketing embraces a customer-centric approach, aiming to build trust-based interpersonal relationships while prioritizing customers' needs, demands, and complaints. This approach seeks to enhance customer satisfaction and foster long-term loyalty by delivering value to customers. Relationships built on trust and loyalty, which are difficult for competitors to imitate, provide businesses with a strategic advantage. In this context, relational marketing not only enhances customer loyalty but also contributes to the improvement of products and services. By establishing long-term and sustainable relationships with their customers, businesses can strengthen brand loyalty and differentiate themselves in the market. This study examines the dynamic relationship between relational marketing and customer loyalty, exploring their interaction, mutual benefits, and significance for businesses.

The research focuses on how banks shape their relational marketing strategies, the values they offer to customers during this process, and the key factors they prioritize to increase customer loyalty. Furthermore, the study evaluates how and to what extent customer loyalty is influenced by relational marketing, drawing insights from the activities of banks. The primary data for the study were collected through in-depth interviews conducted with personal banking specialists in the banking sector. The responses obtained from the interviews and the subsequent analysis reveal the positive effects of relational marketing on customer loyalty through various factors.

Keywords: Relationship Marketing, Customer Loyalty, Customer Satisfaction, Customer Focus.

ÖZET

Teknoloji ve küreselleşmenin hızla gelişmesi, geleneksel pazarlama anlayışını derinden etkilemiş ve bu anlayışın rekabet koşullarına ayak uydurmasını zorlaştırmıştır. Günümüzde işletmeler, müşteri beklentilerini daha iyi karşılayabilmek ve rekabet avantajı elde edebilmek için geleneksel pazarlama yaklaşımından uzaklaşarak ilişkisel pazarlama anlayışına yönelmektedir. İlişkisel pazarlama, müşteri odaklı bir yaklaşımı benimseyerek bireyler arası güvene dayalı ilişkiler geliştirmeyi, müşterilerin istek, ihtiyaç ve şikâyetlerini ön planda tutmayı amaçlar. Bu yaklaşım, müşteriye değer vererek memnuniyeti artırmayı ve uzun vadeli bir bağlılık oluşturmayı hedefler. İnsan ilişkilerine dayalı ve güven ile sadakat üzerine inşa edilen bu tür ilişkiler, rakipler tarafından kolayca taklit edilemediği için işletmeler açısından stratejik bir avantaj sağlamaktadır. Bu bağlamda ilişkisel pazarlama, sadece müşteri sadakatini artırmakla kalmaz; aynı zamanda ürün ve hizmetlerin geliştirilmesine de katkı sağlar. İşletmeler, müşterileriyle uzun vadeli ve sürdürülebilir ilişkiler kurarak, müşterinin markaya olan bağlılığını güçlendirebilir ve piyasada farklılaşma sağlayabilir. Bu çalışma, ilişkisel pazarlama yaklaşımı ile müşteri sadakati kavramı arasındaki dinamik ilişkiyi incelemektedir. Aralarındaki etkileşim, birbirlerine sağladıkları avantajlar ve bu avantajların işletmeler için ne ifade ettiği derinlemesine ele alınmıştır.

Çalışmada, bankaların ilişkisel pazarlama stratejilerini nasıl şekillendirdiği, bu süreçte müşterilere hangi değerlerin sunulduğu ve müşteri sadakatini artırmak adına hangi unsurlara öncelik verildiği analiz edilmiştir. Ayrıca, müşteri sadakatinin bu yaklaşımdan nasıl ve ne ölçüde etkilendiği, bankaların faaliyetleri ışığında değerlendirilmiştir. Çalışmanın temel verileri, bankacılık sektöründeki bireysel bankacılık uzmanlarıyla yapılan derinlemesine mülakatlardan elde edilmiştir. Mülakat sorularına verilen yanıtlar ve analiz edilen bulgular, ilişkisel pazarlamanın müşteri sadakati üzerindeki olumlu etkilerini farklı faktörler üzerinden açıklamaya olanak tanımıştır.

Anahtar Kelimeler: İlişkisel Pazarlama, Müşteri Sadakati, Müşteri Memnuniyeti, Müşteri Odaklılık.

¹ This article is derived from the author's master's thesis titled "The Relationship Between Relational Marketing Approach and Customer Loyalty: An Application in the Banking Sector," which was approved by the Institute of Social Sciences at Uşak University in 2016.

1. INTRODUCTION

Advancements in technology and globalization have led to a significant transformation in marketing paradigms. Faced with increasing competition, businesses have shifted away from traditional marketing approaches, adopting customer-oriented strategies. With the advantages offered by technology, products have become easily replicable, prompting businesses to seek unique, inimitable features and to enhance customer relationships. Companies that create value for customers and provide them with exclusive benefits aim to build long-term relationships by gaining customer trust throughout the pre- and post-sale processes.

Today, businesses that adopt the relational marketing approach recognize the importance of customer loyalty and focus on fostering it. Loyal customers are the most valuable assets for any business. In the current highly competitive environment, ensuring customer satisfaction alone is no longer sufficient. Companies must also cultivate customer loyalty to retain their clients in the long term.

This study aims to examine the relationship between relational marketing and customer loyalty, exploring the advantages of this approach and its role in business operations. The transition from traditional marketing to relational marketing is discussed, and the concept of relational marketing is defined while investigating its connection with customer loyalty. The empirical part of the research evaluates theoretical data through interviews conducted with banks in the province of Manisa.

2. THEORETICAL FRAMEWORK

2.1. The Development, Objectives, and Strategic Benefits of Relational Marketing

Relational marketing has evolved from various marketing approaches over time, ultimately becoming a customer-focused strategy. During the 1950s, marketing was production-oriented, shifting to sales-oriented in the 1960s, market-oriented in the 1970s, and societal marketing-oriented in the 1980s (Tekin & Zerenler, 2012; Yükselen, 2007). This transformation has been shaped by technological advancements and shifts in societal values.

Initially, relational marketing was defined as an approach aimed at fostering customer loyalty and managing customer relationships. Over time, it has emphasized personalized services, customer trust, and the establishment of long-term relationships. According to Berry's early definitions in 1983, this marketing perspective primarily focuses on creating loyal customers (Berry, 1995). Similarly, Gummesson (1995) describes relational marketing as an approach that seeks to enhance customer loyalty through networks and interactions. The primary goal is for businesses to build long-term, positive relationships with customers, suppliers, and distributors, thereby achieving sustainable benefits (Kotler, 2000; Sheth & Parvatiyar, 1995).

The rapid development of relational marketing can be attributed to various environmental factors. Globalization, advancements in information technology, and the expansion of free-market economies have intensified competition, improved service quality, and provided customers with greater access to information (Arnett et al., 2006; Eşkinat, 1998). The heightened competition in global markets has compelled businesses to adopt customer-focused strategies, demonstrating that strong customer relationships provide a competitive edge (Elibol, 2005; Haşiloğlu, 2007). Additionally, as customers have become more informed, their demand for quality products and services has increased, pushing businesses to focus on customer satisfaction.

The primary objectives of relational marketing include enhancing customer satisfaction to build a loyal customer base, strengthening customer relationships, and improving service quality. Furthermore, it aims to reduce customer acquisition costs, increase efficiency, and improve long-term profitability (Armstrong & Kotler, 1999; Grönroos & Ravald, 1996). Relational marketing is particularly critical in highly competitive markets, as it helps businesses better understand customer needs, build trust, and foster long-term relationships, thereby reinforcing customer loyalty (Juttner & Wehtri, 1994). By offering high-quality products and exemplary customer service, businesses can develop a long-term vision. Customer loyalty and trust provide businesses with significant strategic advantages, offering a greater likelihood of success in global markets. Relational marketing also creates benefits for both customers and intermediaries. For customers, it delivers various social, psychological, economic, and recognition-related advantages. For intermediaries, it facilitates the development of trust-based long-term relationships, thereby enhancing customer retention and loyalty (Bitner et al., 1998; Silverman, 1995).

2.2. Customer Loyalty and Relational Marketing

Customer loyalty is a critical concept for businesses, particularly in today's highly competitive environment. Loyalty is defined as customers consistently demonstrating commitment to a business and its products, and it can manifest at various levels, ranging from emotional attachment to brand loyalty. True loyalty, which involves both emotional and rational ties to a business, is directly related to factors such as value creation, customer satisfaction, service quality, and effective handling of complaints (Evans, 1999; Gilbert & Surprenant, 1982). To enhance customer loyalty, businesses employ various strategic tools such as loyalty programs and reward systems, including point-based cards. These strategies, commonly used in banking, retail, and tourism sectors, not only strengthen customer relationships but also provide businesses with a competitive advantage (Beattie et al., 2000). Loyal customers who consistently choose the same brand offer benefits such as reduced costs, increased sales, and improved employee motivation (Ahmad & Buttle, 2001; Maharov, 2013).

The relational marketing approach is an effective strategy for enhancing customer loyalty. By establishing long-term, trust-based relationships with customers, this approach aims to strengthen customer loyalty through understanding their needs and expectations, addressing their complaints, and developing personalized relationships via customer databases. As a result, customer loyalty, which is built on elements such as trust, dialogue, and mutual understanding, is further reinforced through quality services, competitive pricing, and additional benefits beyond core services offered within the framework of relational marketing (İnal, 2001; Özer & Yücel, 2004; Payne, 1994).

3. RELATIONAL MARKETING AND CUSTOMER LOYALTY IN THE BANKING SECTOR: AN EMPIRICAL STUDY

3.1. Research Objectives, Scope, and Limitations

The primary objective of this study is to examine the relationship between the concepts of relational marketing and customer loyalty. Relational marketing is an approach where businesses prioritize long-term customer relationships over short-term sales. By delivering services that align with customers' expectations and maintaining quality, businesses can achieve a competitive advantage. This study aims to analyze the importance banks place on these two concepts, as well as their customer-oriented strategies and efforts to build loyal customer bases.

The scope of this research is limited to banks in Manisa that adopt relational marketing practices and customer loyalty strategies. The study includes six of Turkey's largest 12 banks. However, several limitations were encountered during the research process. Despite assurances of confidentiality, some participants provided superficial responses. Additionally, the intensive workload in banks occasionally disrupted the interviews. Constraints related to cost and time were also significant limitations of this research. The use of the interview method necessitated direct communication, which confined the study to Manisa. Scheduling suitable times with participants, conducting interviews, and recording data posed substantial time-related challenges during the research process.

3.2. Research Methodology

This study adopted a qualitative approach rather than a quantitative one, aiming to answer the "how" and "why" questions for a deeper understanding of the subject. Given the small target population, in-depth interviews were chosen over surveys as the primary data collection method. The interviews were conducted between December 1 and December 8, 2015, with personal banking sales specialists from banks experienced in relational marketing and customer loyalty. Each interview lasted approximately 45 minutes. The interview questionnaire was adapted from the master's thesis titled *"Relational Marketing in Creating Customer Loyalty from the Perspective of Changing Marketing Concepts and an Application"*, conducted by F. Bahar TERZİOĞLU under the supervision of Associate Professor Dr. Serdar PİRTİNİ at Marmara University's Institute of Social Sciences in 2008.

3.3. Research Findings

Bank "A" is one of Turkey's largest private banks. It defines loyal customers as those who consistently prefer the bank as their primary financial institution. Customer trust is considered the most crucial element, and the bank places significant emphasis on confidentiality policies. To shape its products and services, the bank uses surveys and technological tools to identify customer needs. Customer feedback and complaints are regularly archived and monitored. Post-sales services are given substantial importance by customer service teams. Loyal customers are offered special rates, campaigns, and opportunities. Relational

marketing at Bank “A” is built on quality communication and customer focus, with all employees trained according to this philosophy. Special visits and tailored solutions are implemented to win back lost customers, while strong relationships are maintained with clients switching from competitor banks. The bank provides 24/7 customer support and various communication channels to stay in constant contact with customers. By offering innovative products and campaigns, the bank strives to keep customer relationships dynamic. Alongside maintaining current customer satisfaction, acquiring new clients is also a priority.

Bank “B” is one of Turkey's oldest private banks and prioritizes customer loyalty. To cultivate loyalty, the bank employs strategies such as cross-selling and high-quality service, while regularly training its staff. To understand customer needs, face-to-face interviews, suggestion boxes, and surveys are utilized. Loyal customers are provided with benefits such as waived account fees, reward points for credit cards, and increased credit limits. Bank “B” adopts relational marketing as a strategy to sustain long-term, mutually beneficial relationships with customers. This approach aims to enhance the loyalty of existing customers while also attracting new ones. Communication with customers is maintained through various channels, including phone, email, and online banking. Additionally, the bank contacts former clients to offer competitive opportunities and solutions to win them back. By acting transparently and sincerely, Bank “B” earns customer trust and sends gifts and promotions on special occasions. Efforts to increase customer loyalty are supported by relational marketing, which is believed to positively contribute to the bank’s success.

Bank “C” is one of Turkey's largest banks, founded by a group of businessmen to provide financial support to producers. The bank defines customer loyalty as customers consistently using the bank as their primary financial institution. To foster loyalty, the bank focuses on solving each customer’s problems while engaging in cross-selling. It gathers feedback through direct interactions to understand customer needs and offers products accordingly. Customer opinions, complaints, and expectations are regularly archived and analyzed. The bank strives to ensure customer satisfaction through quick problem-solving and effective after-sales services. Loyal customers benefit from price advantages, increased credit limits, and fee waivers. Relational marketing at Bank “C” emphasizes not only acquiring customers but also providing quality service and fostering friendly customer relations. Employees are trained within this framework, with particular attention to the sales staff’s diction and interpersonal skills. Customer complaints are valued as critical feedback and resolved promptly. Efforts are made to win back lost customers by addressing their needs. By monitoring competitor banks, the bank aims to enhance customer loyalty with competitive interest rates and transparent services. Communication with customers is maintained through a 24/7 call center and Internet banking. Trust is built through a sincere approach, and relationships are kept dynamic with surprises for customers on special occasions. The bank develops its marketing plans to retain existing customers and attract new ones.

Bank “D” is a pioneer in participation banking, building customer loyalty on trust and spiritual values. The bank adopts a friendly, solution-oriented, and sincere approach to customer relations. Products are developed based on customer needs and demands, while complaints are swiftly resolved and archived. Loyal customers benefit from advantages such as exemptions from account maintenance fees. Relational marketing at Bank “D” focuses on creating warm, transparent, and close relationships with customers to expand its customer base. Employees are trained to be friendly, customer-focused, and transparent. Customer communication is conducted through branches, phone calls, SMS, and email. Complaints are taken seriously and resolved with a focus on solutions. The bank keeps track of competitor banks’ products and ensures customer relationships remain dynamic. While developing strategies to acquire new customers, the bank also prioritizes the satisfaction of its existing clientele. The relational marketing practices implemented at Bank “D” have been observed to enhance customer loyalty.

Bank “E” is a pioneer in Islamic banking and an early leader in participation banking in Turkey. The bank defines customer loyalty as being based on customers who actively use the bank’s services and conduct all their transactions exclusively through this bank. Loyal customers are offered special benefits, such as discounts on loan rates and foreign exchange transactions. The bank uses surveys and analyses to determine customer needs, quickly addresses complaints, and archives them for future reference. Relational marketing aims to enhance satisfaction by establishing sincere relationships with customers, and all staff adhere to this approach. Communication with customers is facilitated through various channels, and one-on-one meetings are conducted with lost customers to resolve issues. Rather than monitoring competitor banks’ customer behaviors, Bank “E” focuses on customer satisfaction, aiming to gain loyal customers. The bank keeps relationships vibrant with continuous innovations and campaigns, working to

retain existing customers while also acquiring new ones. Bank "E" believes that relational marketing increases customer loyalty and continues to implement various efforts in this regard.

Bank "F" is a large, established public bank with branches and representations in many countries around the world. The bank defines customer loyalty as customers who continuously and efficiently use its products and services. The bank works with a customer-focused approach, using segmentation to offer specialized products for each segment. Portfolio representatives are employed to address customer needs more quickly. Customer complaints are systematically archived, and quick resolutions are provided. Through relational marketing, the bank not only offers benefits to customers but also provides various services tailored to customer needs. Training and continuous feedback are provided to support staff. Communication with customers is carried out through phone calls, emails, and face-to-face meetings. Events and gifts tailored to customers are organized to maintain active relationships. The bank works to protect existing customers and attract new ones. It leverages all the relational marketing elements, including staff, to influence customer relationships effectively.

3.4. Analysis of Research Findings

The six banks participating in the study have developed both similar and distinct approaches to customer loyalty and relational marketing strategies. Banks typically define loyal customers as those who consistently use the bank's products, prefer the bank as their primary banking institution, prioritize customer satisfaction, and value interpersonal relationships. These banks emphasize the importance of customer loyalty, and employ strategies such as trust-building, service quality, and cross-selling to attract and retain loyal customers. All of the banks adopt a customer-centric approach. They utilize various data collection methods to understand customer needs and aim to use the collected data to resolve any issues they encounter. Loyal customers are provided with special advantages, such as price benefits, credit card limit increases, and fee-free transactions. Relational marketing plays a significant role in fostering customer loyalty, with banks offering active services based on values like sincerity, trust, and quality service. The banks are confident in their customer service and continuously monitor customer satisfaction through post-sale services. They also view customer complaints as valuable feedback and adopt a solution-oriented approach to addressing them. Some banks examine competitors' strategies to enhance their own service offerings, while others rely on their strong financial infrastructure to build trust with customers. Overall, the banks regularly conduct training sessions to embed a customer-centric mindset among their employees and ensure that relational marketing is effectively implemented. These institutions employ a variety of strategies to establish customer loyalty and use relational marketing efficiently to build long-term customer relationships.

4. CONCLUSION AND RECOMMENDATIONS

Marketing approaches have undergone significant changes over time. Traditional marketing focuses on acquiring new customers and making continuous sales, whereas relational marketing aims to build long-term relationships based on customer satisfaction, value, and loyalty. Today, businesses that adopt relational marketing recognize the importance of loyal customers and strive to deliver services that cater to their needs. Customer loyalty is one of the greatest challenges businesses face, and relational marketing plays a crucial role in addressing this challenge. The banks involved in the study aim to create customer loyalty and make their customers feel special by employing relational marketing strategies. However, the implementation of relational marketing requires time and financial investment. While banks employ various strategies to foster customer loyalty, some of these practices do not fully align with theoretical approaches. The study reveals that relational marketing is an effective tool in building customer loyalty, but there are some discrepancies in its application. Banks may exhibit different approaches when examining customer attitudes and analyzing competitors' strategies. In conclusion, it is predicted that relational marketing will be applied more widely in the future, and businesses will increasingly turn to this strategy to enhance customer loyalty. It is recommended that companies continue to refine their relational marketing practices, ensuring alignment with both customer needs and industry standards while being mindful of the challenges involved in its implementation.

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