

# THE IMPACT OF CUSTOMER RELATIONSHIP MANAGEMENT PRACTICE ON CUSTOMER LOYALTY (SPECIFIC REFERENCE TO LOCAL COMMERCIAL BANKING SECTOR IN JAFFNA DISTRICT)

Natkunarajah Umakanth

## Abstract

Managing effective Relationship Marketing Practices are increasingly important in the banking industry. Since the length in years of customer relationships are one of the most important factors that contribute to the profitability. As a result Customer Satisfaction may be one important driver of Customer Retention

The goal of this research project is identify and assess impact relationship marketing practice on loyalty in local commercial banking sector in Jaffna.

The research was mainly based on data, collected from customers in Jaffna commercial banks. Quantitative methodology has been applied and questionnaire was used to collect data, descriptive statistics as well as inferential statistical analysis using SPSS. 17.0 household customers have been selected from 34 licensed commercial banks that comprised of public and private bank. Multiple regression has been used for the analysis .The results of the statistical analysis showed that is a strong positive impact of relationship marketing practices on customer on Loyalty. Therefore these findings will help the banks to establish a customer oriented strategy to retain their customers in future.

**Keywords:** *Relationship marketing, Customer Loyalty, Banking Sector, Sri Lanka*

## 1. INTRODUCTION

Globalization and technology improvements have forced companies into tough competition. In this new era organizations are focusing on managing customer relationships, particularly customer satisfaction, in order to efficiently maximize revenues (Constantinos, 2003). Today marketing is not just developing, delivering and selling, it is moving towards

developing and maintaining mutually long term relationships with customers ( Buttle, 1996). This new business philosophy is called relationship marketing (RM), which has attracted considerable interest both from marketing academics and practitioners (Grönroos, 1994). In practice, however, the 'customer markets', with the latest relational concept customer relationship management, CRM, remain the primary focus and, as