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RELATIONSHIP MARKETING STAGE OF DEVELOPMENT IN ROMANIAN BANKING INDUSTRY

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Abstract

The paper emphasizes the relationship marketing stage of development within the banking industry in Romania, by identifying the extent to which business objectives and marketing strategies of companies are customer oriented. In order to achieve this aim a qualitative marketing research was conducted, by applying in-depth semi-structured interviews. The target group of the research consisted of nine banking companies, selected according to the market share, while the research participants were employees responsible for marketing, sales and customer relationship management activities. Due to respondents' expertise, during the interviews could be applied mixed research methods in the process of data collection and subsequently, in data analysis. According to research objectives and results, although there is an increase in the importance of customer orientation within banking policies, the integration of relationship marketing optics at the institutional management level is facing a number of deficiencies, especially with regard to the concerns about employees' satisfaction and loyalty or to the development of relationships with other stakeholders. The degree of satisfaction with the adoption of customer relationship management technology is relatively high among banks, being appreciated mainly those banking performance achieved in terms of retention rate, cross-selling and customer satisfaction. Most banks use the gross customer retention index as the main indicator of customer portfolio stability, although retention objectives tend to be set differently depending on customer value. Internal marketing strategies are developed around staff training processes, while performance evaluation criteria are rather specific to a transactional marketing approach. Results of the research provide clues on the relationship marketing processes and activities that need to be improved, in order to strengthen the current customer base and the competitive position in the banking industry.

Keywords: relationship marketing, customer relationship management, internal marketing, banking industry, customer orientation, customer retention

JEL Classification: M31

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Introduction

Complexity and intangibility, contractual nature and continuous delivery of services are factors favouring customer relationship development in the banking sector. Furthermore, increased competition caused by market penetration of global financial companies and other non-banking competitors, rapid technological developments in distribution and communication, and also legislative changes, all have been requiring the development of a strategic thinking, focusing on maintaining and developing customer relationships as main corporate value. According to similar studies conducted by other researchers in different European markets, one of the major problems faced by bank managers in the actual competitive environment is the decrease in customer retention rates, taking into account that retail customers have the opportunity of inexpensively switching behaviour. This is the argument that, in many cases, explains bank manager decisions to develop relationship marketing strategies and customer relationship management (CRM) technological solutions.

The present study aims to determine the current state of marketing development among banking companies and to identify the transactional or relational approaches that dominates the business orientation in the Romanian banking industry. The research process focuses on finding out which are the main marketing objectives and activities of banking organizations and the extent to which they are directed towards customer retention. The starting point in authors' decision to select the banking context for conducting the study took into consideration the specific characteristics of business relationships in this field and high dynamics of the international banking industry, which resulted in a series of changes in legislative, technological and competitive environment.

The paper is structured in more sections. It begins with a brief literature review regarding the concepts of relationship marketing, customer relationship management and internal marketing. Following sections present the methodology of the marketing study conducted in the Romanian banking industry, research findings and their usefulness from a managerial perspective, and finally, research contributions and conclusions are highlighted.

1. Literature review

According to current trends in marketing science evolution, relationship marketing is a new marketing approach that, in broad sense, is oriented "to form and sustain profitable, mutually beneficial relationships by bringing together the necessary parties and resources to deliver the best possible value proposition for the customer" (Peck *et al.*, 1999, p. 28). The aim of relationship marketing consists of shifting managerial emphasis from new customer acquisition to customer retention strategies (Sheth, 2002), by taking into account the favourable consequences of long-term customer relationships over business profitability.

A widely accepted definition of the concept belongs to Grönroos (1990), who states that: "relationship marketing is to identify and establish, maintain, and enhance relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met"; and "that this is done by a mutual exchange and fulfilment of promises" (cited in Grönroos, 1996, p. 7). Thus, for gaining customer loyalty, relationship marketing philosophy focuses on delivering a set of unique customer experiences, by developing tailored market policies according to consumers' specific profile and by involving in appropriate partnerships with internal and external stakeholders.

Relationship marketing is operationalized through customer relationship management tools and software, which use individual customer knowledge in order to customize marketing processes (Ang and Buttle, 2005). In other words, CRM involves the use of specialized technology that creates an information system aimed to deliver valuable customer data, which underpin marketing planning. Iriana and Buttle (2007) distinguish between strategic, operational and analytical CRM. Strategic CRM aims to enhance customer lifetime value, increase customer satisfaction and retention rates. Operational CRM uses software to automate customer-interface processes, leading to improved efficiency and effectiveness, while analytical CRM applies specific technologies aiming to gather, distribute and exploit customer information in order to optimize business relationships. According to Erickson (2009), CRM technologies are divided into three categories: collaborative (facilitate company-customer interactions at the level of marketing channels), operational (support ordering and delivering activities) and analytical (analyse data bases in order to identify customer behavioural patterns). By implementing CRM solutions, a company aims to achieve “the optimum balance between corporate investments and the satisfaction of customer needs to generate the maximum profit” (Ozgener and Iraz, 2006, p. 1357). It focuses on the life time value of a satisfied client, rather than on the profit achieved after a specific transaction (Zineldin, 2006).

Payne and Frow (2005) identified five processes that must be performed by companies for properly CRM implementation: strategy development, value creation, multichannel integration, information management, and performance assessment. Taking a customer perspective in the analysis of CRM implementation, Cheng and Yang (2013) divided CRM processes in five stages: customer knowledge acquisition phase, customer interaction phase, customer perception evaluation phase, customer satisfaction monitoring phase and customer value analysis phase.

Concerning banking services, researches conducted by Vella and Caruana identified perceived usefulness and perceived ease of use as key determinants that are of critical importance in encouraging banking managers to adopt CRM systems (2012). Regarding analytical CRM, Bhambri concluded that data mining techniques can be very helpful to banking companies in order to: better targeting and acquiring new customers; detecting frauds in real time; providing tailored services for different customer segments; analysing customer purchase patterns, over time, for achieving retention performances and business relationship stability; identifying emerging industry trends for designing proactive market strategies (2011, p. 202).

An efficient management of customer relationships is also based on adopting an internal marketing approach, given that employee attitude and behaviour are major determinants of customer satisfaction in various industries (Keller, 2002, Ballantyne, 2003, Herington, Johnson and Scott, 2006). According to Rafiq and Ahmed (2000, p. 454) “internal marketing is a planned effort using a marketing-like approach to overcome organizational resistance to change and to align, motivate and interfunctionally co-ordinate and integrate employees towards the effective implementation of corporate and functional strategies in order to deliver customer satisfaction”. Greene, Walls and Schrest (1994) view internal marketing as a way to promote the organizational values and strategies to own employees. The authors also consider that internal marketing is oriented to employees viewed as internal customers, while jobs are viewed as internal products, the organization being interested to design these products as to meet better internal customers’ needs. From a

broader perspective, Ballantyne (2000) defines the purpose of internal relationship marketing as knowledge renewal, which is achieved by using two actions: knowledge generation (use external market intelligence to discover new knowledge to use within the organization) and knowledge circulation (diffusion of knowledge to internal customers in order to create some benefits to external ones).

In retail banking, adopting an internal marketing philosophy increases the commitment and citizenship behaviours of bank employees, and becomes a prerequisite of customer orientation (Awwad and Agti, 2011). According to Kelemen and Papasolomou (2007), there are several major strategic aspects underpinning internal marketing success: establishing internal customer satisfaction targets as a premise for external customer satisfaction performances, creating career development programs aimed to educate and train employees to become customer focused, set internal performance standards aimed to ensure a certain level of service quality, manage reward systems by focusing on rewarding the employees based on the quality of services delivered and the customer orientation that they exhibit.

2. Research methodology

In order to study relationship marketing stage of development in Romanian banking industry, a qualitative marketing research was conducted by using the semi-structured in-depth interview. The purpose of this research was to identify the importance of relationship marketing, customer relationship management and internal marketing principles in guiding the market activity of banking organizations in Romania. Research objectives were set based on previous researches conducted by Dibb and Meadows (2001), Lindgreen and Antiocho (2005), Caruana and Calleya (1998), Ennew, Banerjee and Li (2000), Krasnikov, Jayachandran and Kumar (2009), Ang and Buttle (2005) and Morgan, Anderson and Mittal (2005).

In this context, the present study relate primarily to the following dimensions of the problem investigated: to understand which are the objectives underlying the banking market strategy and which is their importance in the global marketing policy of banking companies; to determine the stage of adoption of CRM technological solutions in the Romanian banking industry; to find out which is the level of satisfaction expressed by bank managers on the effects of implementing CRM solutions; to identify the existence of customer retention plans that are included in banking policies; to understand the specific ways in which retention objectives are established in the planning process and the indicators use for measuring retention rates; to find out to what extent banks allocate budgets and designate employees in order to be responsible for customer retention activities; to determine bank management attitude towards own employees; to identify the activities that are carried out within the marketing function and their specific importance.

Information requirements described above indicate that the domain that was intended to be investigated has been relatively unknown, the study being exploratory in nature. Authors chose the in-depth interviews as research method, due to the specialized profile of research participants, which included representatives of banking institutions operating on the Romanian market. According to Hill and Alexander (2000), in business to business markets are noticed the frequent use of in-depth interviews (one to one interviews) and less of focus groups. Because of information confidentiality, business representatives are rarely persuaded to give information about their activity in the presence of representatives of rival companies, and this behaviour is more visible in intensely competitive industries such as

the banking sector. Another motivation for the choice of in-depth interview was the need to arrive at a more detailed knowledge regarding the degree of integration of both customer and employee orientation in banks' market strategy.

The target group of the research consisted of nine companies out of a total of 37 commercial banks with market activity in Romania. In defining the structure of the target group of research, authors selected five banks which, according to Romanian official sources, record high market share and are positioned in top 10 within the national banking industry. The other four companies are found in top 20 and have market positions close to the average in the sector. Researchers' preference for large and medium size companies was due, on the one hand, to the high degree of concentration of Romanian banking activity inside a relatively small number of major banks and, on the other hand, to the complexity of the problem investigated and increased likelihood of getting relevant information from large and medium banks, compared to small ones. Within the target group including those banking companies covered by the present research, in-depth interviews were conducted with employees responsible for marketing, sales and customer relationship management activities.

Interviews were conducted at the headquarters of banking institutions, given the coordinates of place, date and time established by each participant in the research. Each interview lasted about an hour and a half, and the answers were written down by the researchers. For reasons of confidentiality and strategic importance of the issues investigated, researchers have not obtained permission to record the open discussions with banks' representatives, by using a recorder. However, this situation is common in researches conducted in business to business markets compared to business to consumer markets, in the first case managers being worried about a possible "disclosure of information considered confidential" (Hill and Alexander, 2000, p. 72). Interviews were conducted on different days, and immediately after their deployment, the information written down during the discussion was supplemented with answers that have attracted the attention of researchers and were, therefore, memorized.

Recruitment of respondents was made by using a short selection questionnaire, serving to choose research participants, according to the previously defined structure for the group investigated. The questionnaire was, essentially, aimed to ensure that the following conditions are met by individuals selected for interviews: to be banks' employees and to have certain experience in banking, and also marketing, sales or customer relationship management areas, so that relevant information to be obtained for each dimension of the subject investigated. Also, according to the rules that need to be followed in conducting qualitative marketing researches, people who participated in qualitative research in the last 12 months were not selected for interviews, because of the risk that recent experience to influence their opinions and responses to different questions.

The process of information collection was made possible by using an interview guide that was structured on sections, arranged in logical sequence from general to particular, containing specific questions according to the research objectives. Each section has been assigned an approximate duration to ensure good time management. The introductory part was meant to create an open atmosphere, favouring communication.

Information collected through in-depth interviews were subject to content analysis, which involved identifying the topics, variables, attributes and keywords specified by bank representatives, as research participants. By codifying these elements and determining the frequency of occurrence was possible to highlight the results, conclusions and usefulness of the study. In some cases, it was also necessary to conduct a series of quantitative

evaluation, by using semantic differential or Likert types of scales, in order to achieve better structuring of the respondents' answers or to identify the importance given by participants to various criteria, objectives, techniques or activities that give specificity to the marketing and customer retention policies adopted by banking companies in Romania.

According to marketing research trends, a growing number of authors use mixed methods of data collections and analysis within interviews, agreeing that "collecting quantitative data during the qualitative interview process enhances interpretations by helping researchers better contextualize qualitative findings" (Frels and Onwuegbuzie, 2013). Therefore, the informational output of qualitative researches can achieve greater relevance by applying descriptive statistics (i.e., measures of central tendency, by using average values). Taking into account the context of the present study, the authors identified a set of opportunities for applying mixed research methods in data collection and interpretation, synthesised by the specialized profile of research participants. Given the banking experience and expertise in marketing, sales and CRM areas, respondents achieved without difficulty, quantitative evaluations on various aspects of the relationship marketing orientation in the banking industry in Romania.

3. Results and discussion

Research results are presented in close connection with the objectives defined in the methodology and the questions in the interview guide.

The first research goal was to understand which are the objectives underlying the banking market strategy and which is their importance in the global marketing policy of banking companies. Bank representatives were asked to indicate both the company's marketing objectives and their relative priority for next time. Based on respondents' familiarity with the scoring system used in the Romanian education sector, it was considered appropriate to give notes on a scale from 1 to 10, where the value 1 represents an objective not at all important, while the value 10 represents a very important aim in the global marketing policy of the banking institution. Although not entirely specific to in-depth interviews, such a quantitative evaluation was considered very useful for identifying priorities and main development directions of the banking activity in the next period, and at the same time providing clues about the business orientation of the companies investigated.

The market objectives indicated by the participants in the interviews were structured according to the similarities between received responses, resulting in a total of 14 distinct types. Then, taking into account both the answer frequency within target group and the level of importance stated by respondents, objectives underlying banks' marketing policy could be ranked by calculating average individual scores, as shown in table no. 1.

According to the ranking based on banking representatives' claims, relationship marketing objectives tend to achieve growing importance, which is justified if we consider the recent economic crisis and banking market developments lately. Given the less optimistic estimates on the market size for years to come, ensuring the stability of customer portfolio and, consequently, the focus on customer service become priority aims for banking institutions. Useful to note is that the representatives of large banks, companies that are positioned in the top of the banking sector based on the market share indicator, unanimously granted the utmost importance to the objective of providing "excellent customer service".

Table no. 1: Importance of the objectives underlying the banking market strategy

Objective	Average
Provide excellent customer service	9.22
Maintain customer portfolio	8.88
Attract a significant number of new customers, focusing on sales activities	8.77
Increase profitability of existing customers by cross-selling activities/sale of additional products or services	8.77
Increase long-term profits	8.55
Achieve larger market share	8.33
Develop close relationships with current customers through interactive communication activities and customized services	8.33
Increase satisfaction indexes and customer loyalty	8.22
Make additional investments/ongoing concerns for the launch of innovative products and services	8
Make additional investments/ongoing concerns for the development of modern technologies in the processes of banking services communication and delivery	6.77
Gain the confidence and develop lasting relationships with various stakeholders (among the stakeholders mentioned by respondents were included: shareholders, investors, suppliers, media, civil society)	6.66
Increase short-term profits	6.33
Show concern for employee satisfaction and loyalty	5.55
Expand the physical distribution network (agencies, branches, ATMs)	4.11

According to research participants, in the category of relationship marketing objectives that record high level of importance are also included: “increasing the value of current customers by cross-selling initiatives”, “long-term earnings growth”, “development of customized relationships”, “increase satisfaction indices” and “gain customer loyalty”. There are, also, relationship marketing objectives that record low level of importance in respondents’ opinions, such as: “improving management care for employee satisfaction”, “awareness of the importance of employees retention and loyalty” or “ensuring long-term relationships with bank stakeholders”. Therefore, research results prove that, although banking management made efforts towards customer orientation, the integration of a relationship marketing coherent approach within banking decisional processes is not yet in an advanced stage. Modest values or average scores were also recorded for the objectives of making additional investments in order to “develop modern communication technologies”, “provide technological support in the process of banking services delivery” or even to “launch innovative banking products”. The situation is however an expected one, if we consider, on the one hand the less favourable developments of the banking sector in the context of economic crisis, and on the other hand, the already advanced level of technological developments and the relatively high diversity of banks’ product portfolios.

According to respondents’ statements, within the category of transactional marketing objectives stand out in importance the goals of “new customer acquisition by focusing on sales techniques” and “increasing the market share in terms of volume of assets”. “Getting high profits in the short term” and “physical distribution network expansion” seem to be less important objectives for the next time. The lower level of importance given by several banks to “short-term profitability” compared to other objectives, it is moreover confirmed

by their results achieved in terms of net profits in the last years. Thus, within the target group of the research, several banks recorded losses in some of the previous years according to Romanian Accounting Standards, while others were in the top 10 for profits. For banks that do not have a strong market position, “expansion of the distribution network” is a goal pursued in a lesser extent due to the costs involved, while companies with a longer history of activity and high market shares have been achieved, until now, a high degree of territorial coverage on the Romanian market, and therefore, the priorities for the coming years are taking other strategic directions.

Next important goal of the research aimed to determine the stage of adoption of CRM technological solutions in the Romanian banking industry. According to information provided by participants, a CRM system (technological solutions for customer relationship management) had been implemented in eight of the nine banking companies that form the target group of the research. These systems have a lifetime history between 1 and 15 years, but it was noted that, on an average, most banks operating on the Romanian market have four or five years of experience in the use of CRM technological solutions, without a visible correlation with the company size. The only respondent who said “they are not using, nor yet implementing a CRM system” in the banking institution where he is engaged, motivated this situation by “high costs that would be required in the implementation process of CRM solutions”.

Regarding the companies that have implemented CRM systems, research results show that these technological solutions are used to streamline the processes and activities within one or more departments of the banking organizational structure. Therefore, in four of the eight banks, CRM solutions are used simultaneously in the departments of “marketing”, “sales” and “contact centre”. One of the companies in the target group uses CRM technology in “sales” and “call centre” departments, while another institution applies CRM tools exclusively in the “marketing” department. Representatives of the other two banks mentioned the functioning of CRM systems in order to standardize and automate “contact centre” activities, particularly for achieving “effective management of customer complaints”.

Another research objective, which was in close correlation with the previous, consisted in finding out satisfaction levels expressed by bank managers on the effects of implementing CRM solutions. In this context, it was first determined the global level of bank management satisfaction on the overall effects of CRM adoption. To this end, respondents were asked to mention the satisfaction level that they consider relevant on a five-step scale, ranging from “very high” to “very low”. However, responses of the participants in research focused on only two levels of the semantic differential applied, so that representatives of five banking companies indicated a high level of satisfaction, while employees of the other three banks stated the middle or neutral step of the scale. Then, numerical values were assigned to each level of the five-step scale, starting from value +1 for the “very low” level of satisfaction, up to value +5 for the “very high” level of satisfaction. By applying the principle of weighted arithmetic average, we obtain an average value of 3.625, which highlights the assessments within the target group and proves a relatively high global satisfaction on CRM adoption. Further, if we analyse participants’ opinions in correlation with demographic profile of the banking companies inside the research group, it appears that four of the five institutions, for which the results prove a high degree of satisfaction on the overall effects of CRM implementation, are placed in top 10 companies in the banking

industry based on the market share indicator, while the fifth company is the most experienced in the use of CRM technology, the latter having already implemented such a system for more than 15 years. In the category of those companies where a middle level of satisfaction was recorded, there are two medium-sized banks and a third institution that was relatively recently extended on the Romanian market.

Similarly, respondents were asked to express a certain level of satisfaction on various individual aspects or specific effects of CRM implementation, influencing the global satisfaction of bank management. The assessment was made by bank representatives by indicating the adequate level of satisfaction within a semantic differential scale with five steps, ranging from “very satisfied” to “very dissatisfied”. Based on participants’ feedback and taking into account similarities between received responses, the effects of using CRM were structured in 9 different categories. Similar to the method of analysis adopted before, and taking into account both the answer frequency within target group and the level of satisfaction stated by respondents, it was then possible to calculate average satisfaction values for each category, which are shown in figure no. 1, in descending order of satisfaction scores.

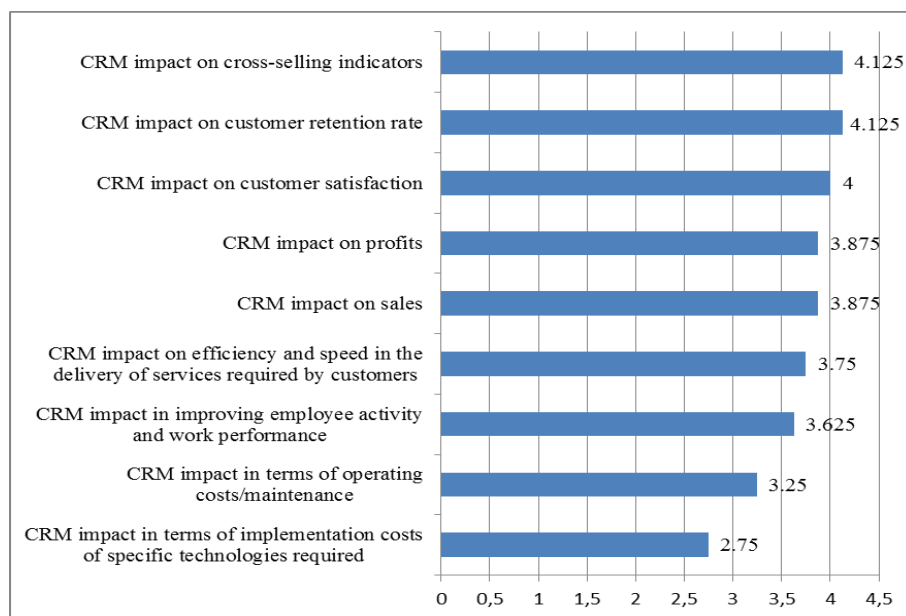


Figure no. 1: Satisfaction level on various aspects of CRM implementation

As shown above, satisfaction level varies when analyzing the impact of CRM adoption on business performance. The level of satisfaction is high for the market results recorded by banking companies with respect to “customer retention rate”, “cross-selling value and volume” and “customer satisfaction global index”, which favourably affect sales and profits in the medium and long term. The lowest level of management satisfaction is towards the “costs of implementing CRM technologies”, given the long time and significant investment required for this purpose.

Next important objective of the research was to identify the existence of customer retention plans that are included in the banking policies. In this respect, the nine banking companies surveyed fall into two categories: the first group includes a number of five institutions that have developed an explicit plan of customer retention, while the second segment includes the other four banks that have not designed so far a formal plan, but which are carrying out a series of actions geared towards customer retention.

The delimitation of the second segment of banks based on the research results, may suggest that relationship marketing objectives which were mentioned by bank representatives as being important for the global marketing policy of their companies, are not entirely feasible, because there are no clear indications about the strategies used to operationalize these goals or about effective plans for their implementation.

Regarding the aim of understanding the specific ways in which retention objectives are established in the planning process and the indicators use for measuring retention rates, research results show that retention targets are set differently on customer segments, based on the criteria of “customer profitability” or “customer value”. This situation is found in eight of the nine banking companies within the research group. In the same time, one respondent noted that additional to “profitability” criteria, “the bank is considering setting different retention targets, depending on demographic and behavioural profile of its customers”. However, in the target group of the research there is also a banking company that owns a relatively modest position in the sector, for which, according to the statement of its representative, “retention goals are set with no specific distinction to all customers, without considering the profile differences between them”. In this latter case, the explanation may lie, according to previous statements of the same respondent, in the absence of a CRM system functioning in that bank, being also correlated with the lack of a formal plan for customer retention.

For measuring retention rate, most banks use the “gross customer retention indicator”, a situation that is found in six of the nine companies in the research group. One of these banks, actually having a strong position in the Romanian banking market, resort to the use of multiple indicators for measuring retention. Thus, its representative stated the use of “sales adjusted customer retention indicator” and “profits adjusted customer retention indicator”, additional to “gross customer retention indicator”. Within the target group of the research there is also a respondent mentioning the use of “sales adjusted customer retention indicator”, and another participant indicating “profits adjusted customer retention indicator” as key measures of customer portfolio stability in the banking companies they are working in.

In the last three cases described above, research results show the existence of explicit plans for customer retention, and also the adoption of CRM systems for a longer period of time compared to the situation of banks that exclusively use the “gross customer retention indicator”. Surprisingly perhaps, considering the intense competition in the banking industry is the case of a banking institution that, according to the statement of its representative, “does not use specific indicators to measure customer retention”. Therefore, the company faces the risk of a negative gap position against other competitors and will, most likely, be unable to timely identify environmental threats affecting its current customer base.

Another research objective was to find out to what extent banks allocate budgets and designate employees in order to be responsible for customer retention activities. Within the

target group of the research, seven of nine banking institutions allocate specific budgets for customer retention activities, and only two banks of the entire group “did not set a certain budget” to support such actions. Similarly, seven companies in the research group designated employees responsible for customer retention activities. According to the statements of banks’ representatives, the other two organizations have not assigned “explicit tasks or responsibilities of customer retention to bank employees”. Regarding the areas in which persons responsible for customer retention are employed, bank management is frequently considering the following organizational departments: customer service, sales and distribution, CRM, data centre/call centre, and marketing. Although less frequent in the research results, banking representatives also mention, in the category of employees responsible for retention activities, the staff working in credit and product departments or, in general, the employees working in front office.

Next important objective of the research aimed to determine bank management attitude towards own employees. In order to understand the extent to which banks operating on the Romanian market adopt internal marketing strategies, research participants were asked to think about the employee orientation within the banking company they are currently working in, and to express their level of agreement or disagreement in connection with a series of specific statements. Thus, each respondent indicated a certain level on a five-step Likert scale (“strongly agree”, “agree”, “indifferent”, “disagree”, “strongly disagree”) in relation to each statement regarding the dimensions of internal marketing. Subsequently, for information processing, numerical values were assigned to each level of the five-step scale, starting from value +2 for the “strongly agree” level, and decreasing down to value -2 for the “strongly disagree” step. For the only one negative sentence, the order of numerical values was reversed. Then, for each statement we determined the score that reflects the global view of the research group by calculating weighted arithmetic averages, as follows: Bank employees are trained to become customer oriented (+1.44); Organizational values are communicated to bank employees and understood by them (+1); Bank management focuses on personnel training/ongoing development of employees’ knowledge and skills (+0.66); Performance measurement system and reward scheme encourages employees to work in teams (+0.22); There are constant concerns for measuring employee satisfaction at work (+0.11); There are switching barriers perceived by employees in looking for another job outside the company (0); Employees remain in the company because of their feelings of satisfaction and loyalty (-0.22).

Therefore, within the banks included in the target group of the research, the concerns for internal marketing focus especially on employee training processes, with the purpose of “communicating organizational values” and “developing knowledge and competences, useful in serving customers and managing business relationships”. However, there are also a number of weaknesses in the internal marketing approach of bank management, if one takes into account that employee retention is not significantly determined by “satisfaction at work” and “loyalty to the bank”, depending on other factors that are not always of positive nature, which include a number of “migration barriers” perceived by bank personnel “in searching for another employer”. Moreover, other strategic aspects that may require improvements relate to “the assessment of employee satisfaction at work” or even to “the system developed by bank for performance measurement and staff rewarding” so as to “encourage team work”.

For a thorough understanding of banking institutions attitude towards their employees, the present research has also sought to identify the criteria underlying the establishment of financial rewards for employees working at customer contact points, and their relative importance. Reward criteria mentioned by respondents were structured according to the similarity of the answers, resulting in a total of 6 different types of criteria, which were assessed by giving marks on a scale from 1 to 5, where 1 = unused criterion/not at all important, and 5 = very important criterion. Then, taking into account both the answer frequency within target group and the level of importance stated by respondents, criteria underlying the establishment of financial rewards for employees working at customer contact points are ranked, in figure no. 2, by calculating average individual scores.

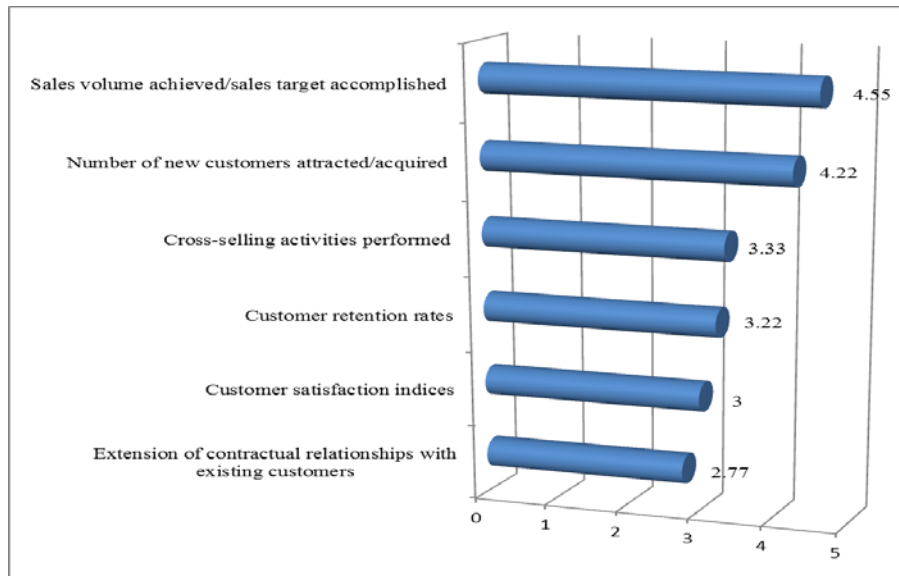


Figure no. 2: Importance of criteria underlying the establishment of financial rewards for employees working at customer contact points

Analysing previous research results, it is observed that banking companies are mainly using employee performance evaluation criteria focused on “sales target” and “acquisition of new customers”, both indicators reflecting rather a transactional marketing approach. Within banking institutions in the research group, relational motivation criteria are not omitted, although the latter shows a lower level of importance than transactional criteria. Relationship marketing criteria are even more numerous and rewards employees based on “cross-selling activities implemented”, “customer retention performance”, “customer satisfaction index” and “renegotiation of contractual arrangements with current customers”. However, for the accomplishment of objectives underlying market strategy and global marketing policy, banks should pay increased emphasis and to focus on relational reward criteria in order to strengthen customer portfolio.

A final objective of the research pursued to identify the activities that are carried out within the marketing function and their specific importance. Based on research participants’ feedback and taking into account similarities between received responses, research authors identified a total of 20 marketing activities undertaken by banks. For determining the

importance of each activity, respondents were asked to give grades on a scale from 1 to 10, where the value 1 represents an activity not at all important, while the value 10 represents a very important activity in the banking institution's marketing tools. Although it is not always used in in-depth interviews, such a quantitative evaluation was considered required in order to identify not only marketing actions and techniques that are used by companies in the Romanian banking sector, but also the extent to which these tools can contribute to the achievement of the global objectives, which were previously stated by banking representatives.

Taking into account both the answer frequency within target group and the level of importance stated by respondents, the activities that are carried out within the marketing function are ranked, in table no. 2, by calculating average individual scores.

Table no. 2: Importance of activities that are carried out within the marketing function

Activities that are carried out within the marketing function	Average
Development of market objectives and strategy (bank position to market dynamics, structure of demand, and level of competition)	8.44
Analysis of competitiveness and product portfolio efficiency	8.44
Development of innovations in the range of products and services	8.33
Establishment of interest levels	8.33
Establishment of fees levels	8.33
Market segmentation and customer portfolio analysis	8.22
Determining the stages in products' life cycle	8.22
Development of price strategies	8.22
Development of product strategies and establishment of the size range	8.11
Development of communication/promotion strategies	8
Planning communication actions (advertising, direct marketing, public relations activities, referral programs, etc.)	8
Decisions about Internet banking/Home banking services	7.88
Selecting consumer communication media/channels (TV, press, radio, Internet, contact centre, call centre, bank staff)	7.88
Business environment analysis and SWOT analysis	7.77
Acceptability testing of new products and/or services	7.77
Decisions about the nature and level of discounts	7.77
Analysis of marketing actions and strategies of competitors	7.66
Research on consumer behaviour and attitude (requirements, preferences, perceptions, decision making process, satisfaction etc.)	7.44
Development of loyalty programs	7.33
Development of distribution strategies/decisions on the number and structure of ATMs, Self Bank locations, bank subsidiaries and branches	6.55

Above results prove that banking institutions in the research group give high importance to "market strategy development" and "product strategy design", followed by "price decisions" (especially related to "interest and fees"), "market segmentation planning" and "customer communication" activities. However, research activities seem to have only average importance within the marketing function, whether we consider "consumer behaviour research", "customer attitude/satisfaction studies", "competition analysis in

terms of bank marketing policy” or “overall business environment analysis”. A relatively modest importance is visible for “distribution strategies design” and “planning loyalty actions”. Therefore, it becomes useful for banks operating on the Romanian market to undertake additional efforts in these directions, thereby increasing the chances of achieving business objectives.

Conclusions

The paper emphasizes the relationship marketing stage of development within the banking industry in Romania and the need of focusing managerial efforts on customer retention objectives, in the context of the changes recorded in the business environment which lead to decreased migration barriers, customers identifying multiple possibilities of choice and being able to transfer their bank accounts to competing institutions. Information requirements have been met by applying a qualitative marketing research, which was mainly exploratory in nature. The main purpose of in-depth interviews was to achieve rich information, reflecting the extent to which banking companies operating in Romania adopts a customer-centric relational orientation, by capturing strategic issues of marketing policy, customer relationship management and internal marketing practiced in this industry. In some cases, it was also necessary to conduct a series of quantitative evaluations, during interviews being applied mixed research methods in the process of data collection and subsequently, in data analysis. This methodological approach was possible due to respondents’ experience and expertise in the field of the research, increasing findings value and research usefulness.

According to research results, the importance of relationship marketing objectives is increasing, maintaining customer portfolio and the focus on excellent customer service being declared as priority objectives in the Romanian banking industry, especially for large size companies. However, the stage of integration of relationship marketing optics at the management level of banking companies is modest, given the relatively small concern for employee satisfaction and loyalty, and also for developing lasting relationships with other banking stakeholders. Most banking institutions have implemented, up to the present time, CRM systems in order to streamline the processes and activities within one or more departments, especially in the areas of marketing, sales and contact centres. The degree of bank managers’ satisfaction on the overall effects of CRM implementation is relatively high, especially for top companies or for those who have more experience in using these technologies. The detailed analysis shows greater satisfaction on the performances in terms of retention rate, cross-selling and customer satisfaction, but lower satisfaction regarding the costs of implementing specific technologies, return on investments and the favourable effects on profitability involving medium and long periods.

There are some weaknesses in the industry in terms of customer retention planning process, taking into account the absence of formal plans for achieving relationship marketing objectives in almost half of the companies surveyed, fact which raises questions about goals feasibility. Likewise, most banks use the gross customer retention rate as the main indicator of customer portfolio stability, being recommended the focus on the value of existing customers rather than on their number. Employees responsible for customer retention activities are mainly employed in customer service, sales and distribution, CRM, data centre, call centre and marketing departments. Internal marketing strategies of banking

companies are developed around staff training processes, with some minuses regarding workplace satisfaction and employee motivation in becoming loyal to the bank, also because of the existence of certain migration barriers in searching for other employers. Besides, employee performance evaluation criteria are rather specific to a transactional marketing approach, by focusing on sales volume and the number of new customers gained. Although they seem to be quite numerous, relationship marketing criteria show less importance, which requires a change of priorities in the employee reward system, so as to provide better customer orientation among staff. Within the marketing function, banking companies pay more attention to market, product and price strategies development, and modest importance to research and customer loyalty activities. Given the importance of marketing research in the development of the marketing policy of any company, and also the role of loyalty programs in ensuring customer base stability, it becomes necessary to reconsider the importance of these processes. From a strategic perspective, findings of the present research provide clues on the extent to which banking companies in Romania adopt a customer orientation business perspective and also on the relationship marketing processes and activities that need to be improved, in order to strengthen customer portfolio and bank competitive position. Research limitations are those specific to exploratory studies, consisting in the lack of statistic representativeness at the level of the banking industry in Romania. However, the inclusion of large companies in the target group of the research is likely to increase the relevance of research conclusions.

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