Bank Marketing Strategies – A customer's Perspective

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Introduction

Banks play a positive role in economic development of a country as repositories of community's savings and as purveyors of credit. Indian Banking has aided the economic development during the last fifty years in an effective way. The banking sector has shown a remarkable responsiveness to the needs of planned economy. It has brought about a considerable progress in its efforts at deposit mobilization and has taken a number of measures in the recent past for accelerating the rate of growth of deposits. As recourse to this, the commercial banks opened branches in urban, semi-urban and rural areas and have introduced a number of attractive schemes to foster economic development.

Statement of the problem

For the past three decades India's banking system has several outstanding achievements to its credit. It is no longer confined to only metropolitans or cosmopolitans in India. In fact, Indian banking system has reached even to the remote corners of the country. This is one of the main reasons of India's growth process.

A number of studies have been conducted in India as well is in abroad over a period of time by Panchanatham (2011), Meenakshi Gandhi (2010), Vinh Sum Chau et al., (2010), Saritha. P. and Mohan Reddy. P. (2009), Sudha Dhawan (2009), Manrai and Manarai (2007), Koutouvalas and Siomkos (2006), Roig et al., (2006), Devlin J and Gerrard (2005), Aish et al., (2003), Collgate and Hedge (2001) to determine most preferred product, bank requirements, a comparative study between public and private sector banks, customers expectations and their satisfaction levels with their banks as regards the quality of the services rendered, marketing strategies adopted by banks, a study to evaluate the strategies on the basis of 7 P's.

The present study focuses on the Marketing Strategies adopted by Banks based on seven P's and dimensions of service quality that influence the customers and it is a gap filling attempt which aims at evaluating the bank marketing strategies adopted by selected commercial banks in Prakasam District, Andhra Pradesh.   providing services to customers.

Review of Literature

Philip Kotler (1997) defined strategic marketing as the process of analysis opportunities, choosing objectives, defining strategies, formulating plans and carrying out implementation and control. He commented that strategic marketing process is defined as taking place within the content of strategic management process and as being concerned with the development of marketing position and programs at the product and marketing levels.

Peter Kangis and Vassilis Voukelatos (1997) in their paper "Private and Public banks A companion of customer expectations and perceptions" reported the findings of a survey among customers of private and public sector banks in Greece the study showed that service quality perceptions and evaluation of services received were marginally higher in the private than in the public sector in most of the dimensions measured. The dimensions were the relative importance attached to each quality attributes. The perception of the profile of the services received was different between the two sectors Thus it suggested that they did deliver a different quality of service   They concluded that distinctiveness of the perceived service on offer was an essential ingredient to competitive positioning in financial services.

Ton Van der Wiele, Paul Boselie and Martijn Hesselink (2001) focused on the analysis of empirical data on customer satisfaction and the relationship with hard organizational performance data in the paper entitled "Empirical evidence for the relation between customer satisfaction and business performance?" The authors used a custome' satisfaction database from Start flex Company, one of major employment agencies in the Netherlands. Then it related the customer satisfaction data gathered in 1998 with data on business performance in 1998 and 1999. The customer satisfaction items used were the satisfaction, complaints, overall satisfaction and the information about other companies were collected. The measures of business performance were such as sales volume, sales margin number of hours spent per customer and number of placements per customer. The data on customer satisfaction have been analyzed through factor analysis in order to find the underlying concepts or dimensions of customer satisfaction. The results showed a positive relationship between customer satisfaction and organizational performance indicators but the relationship was not strong.

Richard N. Cardozo (1965) on "An experimental study of customer effort, expectation and satisfaction" reported results with the help of laboratory experiment, that customer satisfaction with a product is influenced by the effort expended to acquire the product and the expectation concerning the product The experiment suggested that satisfaction with the product might be higher when customers expend considerable effort to obtain the product than when they use only modest effort   This finding was opposed to usual notions of marketing efficiency and customer convenience The research also suggested that customer satisfaction is lower when the product does not come up to expectations than when does the product meets expectations.

Gilbert A. Churchill, Jr. and Carol Surprenent (1982) on " An investigation into the determinants of customer satisfaction" investigated on necessity for including disconfirmation as an intervening variable affecting satisfaction and also to find out whether the effect of disconfirmations is adequately captured by expectation and perceived performance. Their comparative experimental study has undertaken for the two products namely the durable product and the non-durable product This finally made them to conclude that the direct performance-satisfaction link accounts for most of the variation in satisfaction.

Objectives of the study

The main aim of this study is to analyse the customer perspective on various marketing strategies of banks.

To analyse the impact of demographic profile on bank marketing strategies

Research Methodology
Research Design
     The study is a **Descriptive Study** and conducted on basis of customer perspective on bank marketing Strategy adopted by the Private and Nationalized Banks in India. The important marketing strategies impacted by the banks were identified and refined as functional strategies, customer relationship management strategies, infrastructure strategies, value added services strategies and promotional strategies. To understand the performance of the banks, the initiatives of the banks relating to these marketing strategies were examined.

Sampling technique and sample size

     Convenient sampling was used to collect the data from the bank customers in Prakasam District, Andhra Pradesh. In total, 650 questionnaires were distributed however, the valid response turned out to be 493 due to incomplete responses, yielding a response rate of 76%.

Data Collection

     The study was done with the analysis based on both primary and secondary data. **primary data** pertaining to general information about the banks, marketing strategies adopted by banks like functional strategies, customer relationship management strategies, infrastructure strategies, value added services strategies and promotional strategies were collected through survey technique.

     Secondary data which helps to solve the problem partially was collected through various sources. Type of secondary data used is the external data which is generated from the following – newspapers and magazines, books on marketing of services, information downloaded from the net, banking sources, past researches, commercial sources and other miscellaneous sources.

Analytical tool

     Regression analysis was used to examine the association between the demographic profile of the respondents and bank marketing Strategies.

Analysis

Table 1

Impact of Demographic Profile on Bank Marketing Strategy

To predict the nature and closeness of relationship between Bank Marketing Strategy and Marital Status, Religion, Current Residence, Status of current Residence, Stay with the Family and Possessing a own house, regression test was applied

Note: $*p<0.05$, $**p<0.01$

Demographic profile	R value	R square value	F value	Const ant	Unstanda rdized coefficient	t value	Sig
Marital status	0.204	0.042	21.360	1.727	-0.125**	-4.622	0.000
Religion	0.067	0.005	2.244	1.143	0.043	1.498	0.135
Current Residence	0.115	0.013	6.604	1.997	-0.120*	-2.570	0.011
Status of current Residence	0.013	0.000	0.083	2.230	-0.015*	-1.288	0.043
Stay with the Family	0.047	0.002	1.094	1.102	0.020	1.046	0.296
Possessing a Own a House	0.020	0.000	0.202	1.375	0.012	0.450	0.653

The result found that there is significant relation between Bank Marketing Strategy and Marital Status, current Residence and Status of current Residence. The other demographic factors like Religion, Stay with the Family and Possessing a own House does not influence the Bank Marketing Strategy. R value indicates the relationship between independent variable and dependent variable, i.e. the correlation between Marital Status, Religion, Current Residence , Status of current Residence, Stay with the Family and respondent Possessing a own House and Bank Marketing Strategy. R Square value indicates that percentage of variation with Overall Bank Marketing Strategy. R Square value for Marital Status is 4.2 %, Religion is 0.5%, Current Residence is 1.3%, Stay with the Family is 0.2%.

Multiple regression equation Y = X (B value)

Y-----Dependent variable, Here Bank Marketing Strategy is the Dependent Variable

X------Independent variable, Here Demographic factors are Independent Variable.

For Marital Status, X= -0.125 Religion, X= .0043, Current Residence , X=-0.120 Status of current Residence, X = -0.015, Stay with the Family X=0.020 and Possessing a own House X=0.012. If p value is less than 0.01 or 0.05, then the significant relationship exist between independent variable and dependent variable. For Marital Status, p value is less than 0.01, Current Residence the p value is less than 0.05 and for the status of current residence the p value is less than 0.05. So the association exist between Bank Marketing Strategy and Marital Status, current Residence and status of current residence of the Respondent.

Table 2

Demographic profile influence on bank marketing strategies

S.No	Demographic profile	Chi Square observed value	P value	S/NS
01.	Status of Respondent	41.145**	.000	S
02.	Gender	7.023*	.030	S
03.	Age	53.257**	.000	S
04.	Educational Qualification	26.005**	.004	S
05.	Occupation	44.816**	.000	S
06.	Monthly Income	31.728**	.000	S
07.	Marital status	22.920**	.000	S
08.	Religion	4.444	.349	NS
09.	Current Residence	12.605*	.013	S
10	Status of current Residence	17.843**	.001	S
11	Stay with the Family	2.963	.227	NS
12	Possessing a Own a House	.502	.778	NS

*Note: *p<0.05, **p<0.01*

Chi square analysis was applied to find the association between bank marketing strategies and demographic profile. The result obtained in table 2 showed that, demographic factors like status of respondent, gender, age, educational qualification, occupation, monthly income, marital status, current residence, and status of current residence are associated with bank marketing strategies. Marketing strategies adopted by banks are influenced by demographic factors. Understanding the demographic factors lead to develop perfect marketing strategy. For developing loyalty, the companies have to use suitable marketing strategy.

Findings

Regression analysis was applied to predict the nature and closeness of relationship between bank marketing strategy and marital status, religion, current residence , status of current residence, stay with the family and possessing a own house. The result found is there is significant relation between bank marketing strategy and marital status, current residence. The other demographic factors like, religion, stay with the family and possessing an own house does not influence the bank marketing strategy. Chi square analysis was applied to find the association between bank marketing strategies and demographic profile. The result shows that, demographic factors like status of respondent, gender, age, educational qualification, occupation, monthly income, marital status, current residence, and status of current residence are associated with bank marketing strategies.

Implications

This makes it imperative that a detailed study is undertaken to find out the existing ways of doing business by banks, their present marketing strategy and to formulate enhanced strategies for the better performance of marketing strategies adopted by banks. The study results will be helpful in improving the effectiveness of marketing strategy and in forming future marketing strategy and also to find out whether customization or standardization will be suitable for the present scenario in banking sector.

Limitation

The study does not cover all the factors which affect Marketing Strategy. The study deals with only Prakasam District and so the findings of the study may not have macro level significance. Marketing strategy includes both quantitative and qualitative phenomenon which cannot be very accurately quantified or measured. Since it was not possible to administer to all banking sectors in India, the survey is limited to certain sectors.

Scope and Significance of the Study

Changing customer expectations, advances in technology and globalization of the economy are the new dimensions that have brought growing pressures on banks. The marketing strategies used by the banks will be revealed in this study.

The respondents' profiles will be of an implication to the banks to find out the characteristics of them. The financial services offered by the banks will be detailed in such a way to identify whether the services are adequate or not. A services marketing mix model with "7 P's" elements and the dimensions of service quality will be of great use not only to the banking sector but of different service providers irrespective of their type of services.

Conclusion

In the quest for competitive strategic advantage, the foremost concern of an organisation should be the likely response to the proposed strategy. In order to be successful, the strategy (whether driven by the functional, customer service, customer relationship Management, value added services and promotional strategies) has to be consistent with consumer demographic profile.

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