Banking Services – A Demographic Perspective

*Dr. Devaram Linga Reddy

*Associate Professor, Stanford P.G.College, Dept of Business Management, Hanumapur (V), Bhongir, Nalgonda district.

Introduction

Demography is the study of the vital and measurable statistics of a population (Schiff man and kanuk , 2004 t.8).demographic variables include age, gender, marital status, family size, family life cycle, income, occupation, education, religion, race, generation, nationality, social class (Kotler, 2003 pp 183-203).Demography are used to describe a population in terms of its size, destitution and structure. Size stands for number of individuals in a population, while structure describes the population in terms of age, income, occupation, and education. Distribution of the population describes the location of individuals in terms of geographical region and rural, urban or sub urban locations. Each of these factors influences the behavior of the consumer and contributes to the overall demand for various products and services (Howkans et al., 1995, p 78).Hence, a study of demographic variables of consumers is absolutely essential for marketers to formulate suitable strategies for marketing their products and services in the market effectively.

Conceptual frame work

Demographic information identifies potential for sales and consumption of product, although it does not identify why or by whom a particular brand is used. This information is relatively accessible and cost- effective to gather. Further, demographic variables reveal trends relevant to marketers such as shifts in age and income distributions, etc. they can help establish consumer profiles that may present attractive market opportunities. Hence, marketers, in growing numbers, are using demographic information for developing marketing strategies and programs.

On the other hand, demographic data do not consider the psychological or the social factor influencing consumers. They do not explain the decision process, which the consumers undergo while making a purchase. Most importantly, demographic do not delve in to the reasons as to why consumers make a particular decision. Demographics are descriptive in nature. Even so, the importance and implication of demographic variables in marketing are obvious. But here the researcher has taken both Demographic and psychological variables like Self-Concept, Decision Making and Personality level of the customers of Banks.

Objectives

- To analyze the factors that influences the customers in selection of a bank.
- To Study the impact of demographic profiles on bank services.
- To provide/offer suggestions on the enhanced strategies for the better performance of marketing of financial services by banks.

Statistical Tool:

Chi-Square Test was used to examine the association between the general profile of the respondents and customer's perception towards the marketing Strategies.

Limitations of the Study

Collection of data was the most difficult part of the research since the bank Customers response rate was very low. The study does not cover all the factors of banking services. The study deals with only Hyderabad city and so the findings of the study may not have macro level significance.

1. Chi- Square Test between Respondent Status in the Family and Bank Marketing Strategy

Hypothesis: There exists an association between the Respondents Status in the Family and Bank Marketing Strategy.

Table: 1

Chi-square Test Respondent Status in the Family and Bank Marketing Strategy

Respondent Status in the Family	BANK MARKETING STRATEGY			Total	Chi square value	Significance (P Value)
	Low	Medium	High			
Head of the family	54	58	87	199		
Wife	9	41	30	80		
Children	85	57	54	196	41.145*	**0.000**
Others	5	5	08	18		
Total	153	161	179	493		

It is found that the hypothesis is accepted and it is to conclude that the Respondents Status in the Family has the significant influence on the Marketing Strategy adopted by the Banks and the positive association exists between these two variables. Where the above statement seems to be true, when have an insight towards the following Barry 1986 claims that that group that as most significant influence on all over behavior including purchase behavior is our immediate family. Smith and Taylor 2002 note that there are often several individuals involved in anyone person's decision to purchase goods and services. Bradley 1985 states that husbands wives and children, all display varying degrees of influence in household purchases the family size also can yield different consumption pattern says that the children influence many buying decision in a family. Thus the family members have the direct relation with the marketing strategy adopted by banks and has an direct influence towards the selection of the Banks.

2. Chi- Square Test between Gender and Bank Marketing Strategy

Hypothesis: There exists an association between the Gender and Bank Marketing Strategy

Table: 2 Chi-square Test Gender and Bank Marketing Strategy

Gender	BANK MARKETING STRATEGY			Total	Chi square value	Significance (P Value)
	Low	Medium	High			
Male	108	101	137	346		
Female	43	60	44	147	7.023*	0.030
Total	151	161	181	493		

The hypothesis is true as there is a significant association between the Gender of the respondent and Overall Marketing Strategies adopted by Banks. The gender differentiation has been applied not in purchase of product but also for the services to be obtained in the service sector. Product/Service consumption can be related to a person's gender also. A men and women buy different products and have different needs. Tend to have different attitudinal and behavioral orientations based on partly on socialization practices. Gender differentiation has longer has long been applied in clothing, hair styling, cosmetics and magazine (Kotler 2003 pp.287-291). Gender too has been a long established segmentation variable. In marketing, there is an increasing amount of evidence to suggest that targeting needs to be either male or female in tone, style, and wording and design (statt 1997 pp 113-128).

3. Chi- Square Test between Age and Bank Marketing Strategy

Hypothesis: There exists an association between the Age and Bank Marketing Strategy

From the above it is very clear that their exist a significant association between the Age of the respondent and Bank marketing Strategy. Hypothesis is accepted. Product needs and interest often vary with consumer's age (schiffman and kanuk 2004 pp 55-63).age apex product consumption the age distribution of the consumer market is important in the marketing of some products. Soft drinks sales for instance, depend upon the youth market. An organization that markets its products to a specific age group must be alert to the changes in the group especially changes in size of the group, as this provides varied marketing opportunities. Statt 1997 notes that age is the most frequently used demographic variable in the market segmentation. One reason for this is that the life cycle has been divided by the society into easily recognizable and mutually exclusives age groups-infants, children, teenagers, young adults, and so on. So, marketers need to be aware of how the population is changing with respect to age.

Table: 3 Chi-square Test Age and Bank Marketing Strategy of Banks

Age	BANK MARKETING STRATEGY			Total	Chi square value	Significance (P Value)
	Low	Medium	High			
18-25	87	55	46	188		
26-36	19	51	72	142		
36-45	14	24	31	69	53.257*	0.000
46-60	26	24	20	70		
Above 60	5	7	12	24		
Total	151	161	181	493		

4. Chi- Square Test between Educational Level and Bank Marketing Strategy

Hypothesis: There exists an association between the Educational Level and Bank Marketing Strategy

Table: 4
Chi-square Test between Educational Level and Bank Marketing Strategy

Education level	BANK MARKETING STRATEGY			Total	Chi square value	Significance (P Value)
	Low	Medium	High			
Below 10th	7	12	5	24		
10th	9	11	6	26		
12th	14	19	14	47		
Graduate	36	50	60	146	26.005*	0.004
Post graduate & above	84	65	82	231		
Others	5	5	9	19		
Total	155	162	17	493		

Education has a powerful influence on consumer in response to the Marketing Strategy adopted by banks. There exists a significant association between the level of literacy. The level of literacy in specific areas and regions may provide marketers with opportunities to sell sophisticated products and services. Higher education gives entry to the professions social aspiration and consumer levels are raised. As the population of society gets more educated it become more sophisticated for customer's behavior. Marketers must adjust to that increasing level of consumer sophistication within an increasing number of people attaining higher levels of

4

education marketers can expect to see changes in product preference and buyer with higher income and more discriminating tastes (Stanton et al., 1994 pp 129-136).

5. Chi- Square Test between Occupation and Bank Marketing Strategy

Hypothesis: There exists an association between the Occupation and Bank Marketing Strategy

Table: 5
Chi-Square Test between Occupation and Bank Marketing Strategy

Occupation	BANK MARKETING STRATEGY			Total	Chi square value	Significance (P Value)
	Low	Medium	High			
Salaried	65	65	100	230	44.816*	0.000
Businessman/ Self Employed	15	32	31	78		
Student	65	37	34	136		
House wife	5	13	10	28		
Others	5	10	6	21		
Total	155	157	181	493		

Demographic factors like Occupation have a bearing on the types of the product which individuals want where they shop and how they evaluate possible purchases (Lancaster and Massingham 1998 pp 51-66). From the above table it is observed that there exists a significant association between the Occupation and Bank Marketing Strategy. High level occupations produce high income usually influenced by the marketing strategy adopted by Banks. Social class is a composite culture that influence the customers in their perception towards the strategies adopted (Lancaster and Massingham, 1998, pp. 51-66)

6. Chi- Square Test between Monthly Income and Bank Marketing Strategy

Hypothesis: There exists an association between the Monthly Income and Bank Marketing Strategy

Table: 6

Chi-square Test Monthly Income and Bank Marketing Strategy

Monthly Income	BANK MARKETING STRATEGY			Total	Chi square value	Significance (P Value)
	Low	Medium	High			
Less than 25,000	81	87	74	242		
26,000 - 50,000	19	25	39	83		
51,000 -75,000	3	9	9	21	31.728*	0.000
76,000 - 1,00,000	3	3	13	19		
Above 1,00,000	2	2	15	19		
Total	108	126	150	384		

There exists a significant association between Monthly Income of the respondent and Bank marketing Strategy. Propensity to save or consume depend upon the disposable or discretionary Income income in the hands of the customers. Marketers commonly segment market on the basis of income because they feel that it is a strong indicator of the ability to pay for a product or a specific model of the product. (Schiffmann and Kanuk 2004 pp 55-63).Marketers commonly segment market on the basis of income because they feel that it is a strong indicator of the ability to pay for a product or a specific model of the product. Measurements of ability to buy and Save include disposable or discretionary income as a measure of the ability to spend.   (Husted et al; 1989, pp124-170).Each social class may represent a distinct target market for a concern (Evans and Berman, 1984, pp. 78-104). Demographic information identifies potential for sales and consumption of product, Hence, marketers, in growing numbers, are using demographic information like Income for developing marketing strategies and programs.

7. Chi- Square Test between Marital Status and Bank Marketing Strategy

Hypothesis: There exists an association between the Marital Status and Bank Marketing Strategy

Table: 7
Chi-square Test Marital Status and Bank Marketing Strategy

Marital Status	BANK MARKETING STRATEGY			Total	Chi square value	Significance (P Value)
	Low	Medium	High			
Married	56	92	113	261		
Unmarried	95	69	68	232	22.920*	0.000
Total	151	161	181	493		

From the above table it is very clear that marital status of the respondent has the significant association with the Bank Marketing Strategy. Marketers are also interested in determining the demographic and media profiles of house hold decision makers to develop appropriate marketing strategies. Marketers have discovered the benefits of targeting specific marital status groupings such as singles, divorced individuals, single parents and dual income married couples, etc (schiffmann and kanuk 2004 pp 55-63).

Conclusion

As we all know that Indian banks are becoming more and more innovative and gradually dominating the market. They are capturing market share from their counterpart of the foreign bank by offering services by an innovative way. Nationalized banks are leading in the market. In the field of business, banks are achieving very high growth rate as compared to other sectors because of their new creativity and innovations in marketing strategies as well as the relationship exists between the demographic profile and banking services offered.

References

Customer Satisfaction is State Bank of Hyderabad", "Indian Economic Panorama", Vol-15, No.4, January 2006, p-29.Indian Economic Panorama, vol-16,no.3, October,p-68

"Depositor discipline, regulatory control, and a Banking crisis: A Study of Indian Urban Cooperative banks". Niranjan CHIPALKATTI,K RAMESHA, Meenakshi RISHI.

Annals of Public and Cooperative Economics.Oxford:Dec 2007.Vol.78, Iss.4, p.567

Adcock Dennis,Bradfield Ray Halbord Al and Ross Caroline (1998) Marketing Principles and Practice, 3 Editions Pitman Publishing USA.

Agarwal, N., Agarwal, R., Sharma, P. and Sherry, A. M. (2003), Ebanking for comprehensive EDemocracy: An Indian Discernment, Journal of Internet banking and Commerce, Vol.8, No.1, June.

Aish EMA, Ennew CT, McKechnie SA, et al., (2003), "A Cross-cultural perspective on the role of branding in financial services: The Small Business Market."Journal of Marketing Management; Vol.19,pp. 1021-1042

Al Ries and Jack Trout, "Positioning the battle for your mind", Warner books 1982.P.N0 8.

Alfred chandler.D, "Strategy and structure", MIT press, 1962. P.N0 32

Almossawi M. (2001), "Bank selection criteria employed by college students in Bahrain: An empirical analysis.International Journal of Bank Marketing; Vol.19, pp.115-125.
Alok Mittal, Jayant son walka and Akhilesh k.Mishra(2003) together presented an article on "An exploratory study of CRM orientation among bank employees'. Indian Journal of Training and Development, January-June 2003, PP 34-35.

Anjana Grewal, " Winning Strategies and process for effective CRM in Banking and Financial Services", in customer -relationship management: Emerging concepts, Tools and Applications, Jegadish n. Sheth, Atal Parvatiyar and G. Shainesh(Eds); Tata Mcgraw Hill, New Delhi, 2000.

Anonmymous. (2000). "finance and economics: The hollow promise of Internet Banking" Economist. 357(8196): 91-92.2000 Nov11.

Arasli Huseyin, Katricioglu Salih Turan and Smadi salime Mehtap (2005), "A comparison of Service Quality in the Banking Industry: Some Evidence from Turkish and Greek Speaking Ares in Cyprus", International journal of Bank Marketing Vol 23, Nos. 7, pp 508-526.

Aravind Brahme, "Customer complaints", Vinimaya, volume XXI, Number 2, 2000-2001, PP 13-21.

Aravind Singh (2004) in his article "CRM-New Horizons in banking" Journal of Banking, Volume `14, Issue 2, June 2004, Page 15.

Archana Mathur,"Customer Services in Public Sector Banks – A comparative study of SBBJ and SBI", Indian Journal of Marketing, April – June 1988, Volume XVIII, Page 3 - 10.

Ashok.Tamphy and T.R. Madam Mohan, "Segmented Service Quality Audit for Banks: An Empirical Analysis", Working Paper Number 105, IIM, Bangalore, December 1999, Page 2-9.

Asstbury, K., Oakley, T. cockerill. C and Brown,J. (2000). "The 20 sins of Internet banking: Euromney.com Internet awards 2000". Euromoney. (379): 72-96.2000 Nov

Athanassopoulus Antreas, Gounaris Spiros and Sathakopoulas Vlassis (2001), "Behavioral Responses to Customer Satisfaction: An Empirical Study", European journal of Marketing, Vol 35, Nos. 5and 6, pp 686-707.

Awamleh R, Evans J and Mahate A. (2003), Internet Banking in Emergency Markets The case of Jordon- A Note, Journal of Internet Banking and Commerce, Vol.8, No.1, June.

Aydin Sekran, Ozer Gokhan and Arasin Omer (2005), "Customer Loyalty and the Effect of switching Costs as moderator Variable: A Case in the Turkish Mobile Phone Market", Marketing Intelligence and Planning, Vol.23, No.1, pp.89-103.