

A Study on the Impact of Marketing Strategies on the Performance of Selected Kerala based Old Private Sector Banks Functioning in Bangalore City

Harshini C S^a, Umesh. U^b

^aSri Jagadguru Renukacharya College of Science, Arts and Commerce, Race Course Road, Bangalore, Karnataka, India

^bAssistant Professor, Department of Commerce & Management Studies, Amal College of Advanced Studies (Govt. Aided), Nilambur, Kerala-679329, India

Abstract

The purpose of the study was to analyze the impact of marketing strategies on the performance of selected Kerala based old Private Sector Banks functioning in Bangalore city. The study was done on how the marketing strategies are useful for banks performance. The study is based on the survey basis. The population of the study included the account holders of selected Kerala based old Private Sector Banks functioning in Bangalore city. Primary data were used for this study. Data were collected by the selected respondents through a questionnaire where it was personally administered. The two hypotheses were proved with the interpretation. The conclusion drawn from the study is that almost all the Indian banking efficiency studies conducted previously includes only cost, productivity and profitability performance (generating more profits), but they did not evaluate the marketability performance (Generating more market value) of bank to have better profitability efficiency, and also to have better marketability efficiency.

KEYWORDS: Marketing Strategies, Productivity and Profitability, Marketability.

INTRODUCTION

Marketing concept to banking sectors can be traced back to American Banking Association Conference of 1958. Banks marketing can be defined as the part of management activity, which seems to direct the flow of banking services profitability to the customers. The marketing concept basically requires that there should be thorough understanding of customer need and to learn about market it operates in. Further the market is segmented so as to understand the requirement of the customer at a profit to the banks.

STATEMENT OF THE PROBLEM

The Government of India started the process of liberalization and globalization of economy, especially in the financial sector with the setting up of the committee on the financial sector reforms headed by Mr. Narasimham. The policy initiates and reforms measure have compelled Indian banks to focus on market forces, customer services and aggressive marketing techniques and be prepared to meet any challenges for the existence and sustenance. Today, understanding the needs, desires, and problems of customers and redefining its business operations for satisfying customers' needs are the major challenges faced by the banks. Marketing has thus emerged as an important element in the activities of the banks.

The present study is an effort to examine what extend Indian banks has been successful in meeting the needs of customers by focusing marketing strategies.

OBJECTIVES OF THE STUDY

1. To examine diversified need of bank customers.
2. To study the marketing strategies followed by few old private banks functioning in Bangalore city for decades.
3. To review the effectiveness of marketing strategies adopted by old private banks for their success in Bangalore city.

SCOPE OF THE STUDY

The present study confines to selected Kerala based old Private Sector Banks namely South Indian bank (Headquarters at Thrissur City, Kerala), Federal Bank (Headquarters at Aluva City, Kochi, Kerala), Catholic Syrian Bank (Headquarters at Thrissur City, Kerala), and Dhanalakshmi Bank (Headquarters at Thrissur City, Kerala) functioning in Bangalore city.

The study was carried out during the month of December 2018.

HYPOTHESIS: There exists relationship between marketing strategies and the performance of selected Kerala based old Private Sector Banks functioning in Bangalore city.

SAMPLE DESIGN: The total population of the study is more than 1000 people out of which 8% of total (80 Account holders) were randomly selected from Kerala based old Private Sector Banks as sample size.

SOURCE OF DATA

The study consists of both primary and secondary data.

1. Primary data collected from questionnaire.
2. Secondary data was collected from books, journals, magazines and internet, etc.

RESEARCH METHODS

Statistical tools used in the present study are percentage analysis, chi square and scaling techniques.

LIMITATIONS OF THE STUDY

1. The study was conducted for a short period of time (1 month). So no extensive study was undertaken
2. The sample size is too small.
3. Respondents were Reluctant to spare time.
4. Responses given may not be accurate

REVIEW OF LITERATURE

A marketing strategy combines product development, promotion, distribution, pricing, relationship management and other elements identifies the firm's marketing goals, and explains how they will be achieved, ideally within a stated timeframe.

Shailashree Haridas (2011) in his Ph D research submitted at Karnataka University, "Marketing of Banking Services in Post Reforms Era" has analyzed a need to study the significance of this Sector with a view to find out Customer satisfaction in both sectors and problems faced by both private as well as public sector banks in marketing their services specifically the local Karnataka Bank and the giant SBI. And to evaluate

innovative, dynamic and competitive nature of banking services, particularly the difference between Private sector v/s Public sector banks.

Mr. Abhram Hawkes (2001) in Relationship Marketing in Financial Services Industry opines that through frustration with traditional marketing approaches, financial service providers to continue to look for new marketing approaches, new marketing models to enhance their competitive position. In his study, he has analyzed forty financial services to identify the extent to which such companies recognize the term relationship marketing and the perceived benefits. The findings do not undermine the inherent value of the relationship marketing concept, but they do suggest that the theory is much better understood than practice.

Gupta, and Mittal (2008), in their article "Comparative Study of Promotional Strategies of Public and Private Sectors Banks in India" stated that a well -designed promotional strategy is very important to promote banking services effectively .They studied that the promotional strategies of private and public sector banks are almost similar. Both types of banks take the help of almost all type of media to promote their services. The major difference in the promotional strategies adopted by banks is in the two techniques of the promotion and they are "Personal Selling" and "Direct Marketing". The difference is that public sector banks do not adopt the strategies of promotion as personal selling and direct marketing; on the other hand the same are adopted by private sector banks.

ANALYSIS AND INTERPRETATION

Table No: 1

Table showing Respondent's Gender wise classification

| SI. No. | Gender | Number of respondents | Percentage to total (%) |
|---------|--------|-----------------------|-------------------------|
| 1 | Male | 50 | 62.5 |
| 2 | Female | 30 | 37.5 |
| | Total | 80 | 100 |

Source: Primary data

Analysis and Interpretation: From the table No 1 it is observed that among the total number of 80 respondents, majority of them are male (63%) and remaining (37%) female. It is inferred that when compared to male respondents the banking transactions among females are low due to various reasons of inadequate securities and other formalities.

Table No: 2

Table showing Respondent's Age wise classification

| Sl. No. | Age | Number of respondents | Percentage to total (%) |
|---------|----------|-----------------------|-------------------------|
| 1. | Below 30 | 30 | 37.5 |
| 2. | 30 - 40 | 28 | 35 |
| 3. | 40 - 55 | 14 | 17.5 |
| 4. | Above 55 | 8 | 10 |
| | Total | 80 | 100 |

Source: Primary data

Analysis and Interpretation: From the table No 2 the study reveals that most of the respondents are below 30 years of age. Respondents, who possess bank account between 30-40 years of age, are 35% who use it as symbol of prestige or specific

needs. Respondents between 40-55 years old are 17.5% and only 10% respondents are above 55 years old.

Table No: 3
Table showing Distribution of Respondents based on their Education Qualification

| Sl. No. | Education qualification | Number of respondents | Percentage (%) |
|---------|-------------------------|-----------------------|----------------|
| 1. | SSLC and Below | 2 | 2.5 |
| 2. | PUC | 28 | 35 |
| 3. | Degree | 20 | 25 |
| 4. | Post-Graduation | 10 | 12.5 |
| 5. | Professional Degree | 20 | 25 |
| | Total | 80 | 100 |

Source: Primary data

Analysis and Interpretation: It is observed from Table no 3 that out of 80 respondents, 30 respondents have qualification below Degree and 50 respondents are graduates, post graduates and Professionals.

Table No: 4
Table showing Distribution of Respondents having different types of accounts

| Sl. No. | Type of account | Number of respondents | Percentage (%) |
|---------|-------------------|-----------------------|----------------|
| 1. | Saving A/c | 46 | 57.5 |
| 2. | Current A/c | 18 | 22.5 |
| 3. | Fixed deposit A/c | 4 | 5 |
| 4. | NRI A/c | 2 | 2.5 |
| 5. | Loan A/c | 10 | 12.5 |
| | Total | 80 | 100 |

Source: Primary data

Analysis and Interpretation: Here, the units are classified on the basis of types of account holding with respondents. The accounts like, saving account, current a/c, fixed a/c, NRI a/c Loan A/c are categorized in the study. It is observed from Table no 4 that 57.5% of the respondents have savings a/c, 22.5% current a/c and only 5% have fixed deposits.

Table No: 5
Table showing reasons for continued patronage with bank

| Sl. No. | Reasons | No of respondents | Rank |
|---------|---------------------------------|-------------------|------|
| 1. | Proximity | 68 | 1 |
| 2. | Quality service | 42 | 4 |
| 3. | Courteousness of bank staff | 52 | 3 |
| 4. | Minimization of procedure delay | 38 | 5 |
| 5. | ATM facility & Core banking | 56 | 2 |
| 6. | Influence of agents/ staff | 22 | 6 |

Source: Primary data

Analysis and Interpretation: It is observed from Table no 5 that the Sample Units are examined on the basis of reason for continued patronage according to their preference level.

68 respondents were of the opinion that Proximity is the reason for continued patronage with bank. 56 respondents were of the opinion that ATM facility and Core banking is the reason for continued patronage with bank. 52 respondents were of the opinion that courteousness of staff is the reason for continued patronage with bank, followed by quality service, quick response and last being staff influences.

Table No: 6
Table showing Satisfaction level of banking services among Gender

| Gender | Satisfied | Not satisfied | Neutral | Total |
|--------|-----------|---------------|---------|-------|
| Male | 16 | 26 | 18 | 60 |
| Female | 4 | 9 | 7 | 20 |
| Total | 20 | 35 | 25 | 80 |

Source: Primary data

Analysis and Interpretation: For calculating Satisfaction level of banking services among gender chi square is used to test the homogeneity of satisfaction level for data shown in Table no 6.

Null Hypothesis: The male and female are homogenous in their satisfaction level.

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

Calculated value: 0.27619

Degree of freedom @ 5% level is = 2

Interpretation: Here null hypothesis is accepted i.e., the Male and Female are homogenous in their satisfaction level.

Table No: 7
Table showing Aspects of marketing strategies that need improvements

| Sl. No. | Aspects need improvement | Number of respondents | Percentage (%) |
|---------|-----------------------------------|-----------------------|----------------|
| 1 | Promptness | 72 | 90 |
| 2 | Timeliness | 59 | 74 |
| 3 | Speed & efficiency | 25 | 31 |
| 4 | Advertisement & awareness program | 58 | 73 |
| 5 | Procedure | 25 | 31 |
| 6 | Complaint Redressal system | 60 | 75 |

Source: primary source

Analysis and Interpretation: The above table shows the information about the aspects which needs to be improved in marketing strategies. 90% of respondents agree that Promptness is the important aspects to be improved mainly. More than 70% of respondents agree with timeliness, advertisements and awareness programs and complaint redressal system aspects. Only 31% of the respondents agree to improve speed and efficiency and Procedure.

Table No: 8
Table showing Opinion of respondents about marketing strategies used in Banks

| Sl. No. | Opinion | Number of respondents | Percentage (%) |
|---------|---------|-----------------------|----------------|
| 1. | Best | 10 | 12 |
| 2. | Good | 42 | 53 |
| 3. | Average | 15 | 19 |
| 4. | Poor | 8 | 10 |

| | | | |
|----|-----------|----|-----|
| 5. | Very poor | 5 | 6 |
| 6. | Total | 80 | 100 |

Source: primary source

Analysis and Interpretation: Table no 8 shows that 53% of respondents have good opinion about marketing strategies used by the bank, 12 % respondents have best opinion and 19% of respondents are of the opinion that it is average. 10% respondents said poor and 6% respondents have very poor opinion about marketing strategies.

Table No: 9

Table showing Respondent’s Source of Knowledge about new products and services

| Sl. No. | Particulars | Number of respondents | Percentage (%) |
|---------|-----------------------|-----------------------|----------------|
| 1. | Bank manager | 5 | 6 |
| 2. | Bank staffs | 35 | 44 |
| 3. | Pamphlets/Fliers | 15 | 18 |
| 4. | Media | 5 | 6 |
| 5. | Friends and relatives | 20 | 26 |

Source: primary source

Analysis and Interpretation: Table no 9 reveals that 44 % of respondents are knowledgeable about new products and services from bank staff. 26% of respondents from friends and relatives, 18% respondents got information from the pamphlets whereas only 6% respondents agreed that they got knowledge about new products and services from managers and media.

Table No: 10

Table showing Reasons for choosing bank for loan/deposits

| Sl. No. | REASONS | MALE | FEMALE |
|---------|------------------|------|--------|
| 1. | Location | 12 | 5 |
| 2. | Interest rate | 25 | 9 |
| 3. | Personal contact | 22 | 7 |
| 4. | Less rigidity | 20 | 7 |
| 5. | Security norms | 41 | 26 |

Source: primary data

data

Null Hypothesis (H₀): There is no significant difference between reasons for selecting bank and between men and women

| $t = \frac{\bar{X}_1 - \bar{X}_2}{S.E}$ | Standard deviation $s = \sqrt{\frac{\sum d^2}{n} - \left(\frac{\sum d}{n}\right)^2}$ | S.E | t test value | Table value (1% of level of significance) |
|---|---|-------|--------------|---|
| $\frac{24 - 10.8}{6.125}$ | $s_1=9.53$ $s_2=7.7$ | 6.125 | 2.155 | 3.355 |

Analysis and Interpretation: t test value is 2.155 which is less than the Table value 3.355 at 1% level of significance and degree of freedom = 8. Therefore null

hypothesis (H_0) is accepted. So we can interpret that there is no significant differences in male and female for their reasons for selection of deposit/loan schemes.

FINDINGS

1. Proximity, Simplified procedure and flexibility are very important features of Marketing in Indian Banks. (Proximity being ranked one)
2. Most of the respondents are youngsters (less than 30 year of age), holders of accounts who use it as a prestige thing.
3. Male and female have same sense in their satisfaction level.
4. Attitude and educational qualification plays a very important role in marketing strategies (more than 50% have high educational qualification).
5. Help desk plays an important role in customer service and can be used more effectively with the help of latest technology, which is a very good tool of marketing strategies.
6. Selected Kerala based old Private Sector Banks functioning in Bangalore city is performing much worse in marketability activities than in operating activities.

SUGGESTIONS

1. The banks will have to use the concepts of innovative marketing strategies to gain global position.
2. The competitive scenario has made old private sector banks to learn many concepts of marketing strategies but still there is a lot of scope for innovation.
3. The concept of all financial services under one roof is very essential in today's business environment
4. Selected Kerala based old Private Sector Banks functioning in Bangalore city should employ finance and PROs for rendering efficient service.
5. Old private sector Bank's size may negatively impact bank profitability and marketability of banks, so branch banking concepts is good but must follow a long term view.

CONCLUSIONS

Almost all the Indian banking efficiency studies conducted previously were based on only cost, productivity and profitability performance (generating more profits), but they did not evaluate the marketability performance (Generating more market value) of bank to have better profitability efficiency, and also have better marketability efficiency. The target market and marketing mix are the two element of marketing mix strategy that determines the success of a product in market place and almost profitability and efficiency of a banking industry. Marketing strategies are analyzed by following tools like chi square, to find the homogeneity among their customers influences. Marketability efficiency was analyzed using information collected from customers and their opinion and influence of marketing strategies developed by banks for better performance. To give an insight about impact of marketing strategies, it should be followed by technology, product mix-core product, augmented products, etc. place mix-Branch banking, etc. Promotion mix- customer care services, advertisements, loan trade fairs.

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