Journal of Advances and Scholarly Researches in Allied Education
Vol. XV, Issue No. 6, August-2018, ISSN 2230-7540

Study on Concept of Marketing Strategy

Amandeep[1]* Dr. Amit Kumar Chakarborty[2]

[1] Research Scholar, Sunrise University, Alwar, Rajasthan

[2] Associate Professor, Sunrise University, Alwar, Rajasthan

Abstract* – *Banking system is characterized by internal and external competition. The upsurge of new banks created room for innovation and further market sharing. A proxy to determine the extent of competition is the intensity of marketing strategies adopted by these banks in recent times. The strategies utilized by Specialized and Deposit Money Banks have been a subject of inquiry on whether they are alike or not. This work against the identified gaps, therefore, compares the marketing strategies adopted by specialized and deposit money banks and as well examines the effect of service quality management on performance of these banks. Having analyzed the data, the study found out that there is an insignificant difference between the marketing strategies (promotion strategy, customer relationship management strategy and service quality) adopted by specialized and deposit money banks. Guided by the findings, the study recommended that new entrants going into banking and other financial institutions should stick to the various marketing strategies under the study with the most focus on service quality management

Keywords* – *Strategy, Concept, Marketing

---------------------------------x---------------------------------

INTRODUCTION

Economic liberalization, privatization and globalization have been sweeping every part of most of the world since 1980s and India from 1990 onward. This wave has also made a radical transformation in the banking scenario in terms of competition, technological advancement and innovation. Due to this competition, bankers have been compelled to innovate new products, new delivery techniques and convincingly attract customers in order to increase profitability as well as maintain their market share. In addition, they have to make concerted efforts to satisfy and retain their customers. To do this, they require sharp marketing skills. As a consequence, since the banking sector reforms in 1990s, the banks in India now offer a wide range of services such as merchant banking, letter of credit, factoring, forfeiting, leasing, hire purchasing, securitization, portfolio management, custodian services, any-time banking and so on. The marketing operations of the banks have also been streamlined in such a way as to get adjusted with the technological upswing in innovations, namely 'Core Banking System', 'Total Branch Automation', 'Automated Teller Machine', Electronic Fund Transfer', 'Anywhere Banking', 'Home Banking', 'Plastic Cards', 'Internet Banking', 'Mobile Banking', etc.

Moreover, the degree of competition among the banks had increased due to promotion of foreign banks and private sector banks in our economic structure Under the new economic policy of Indian Government, the banks were no more protected and they need to reinvent the marketing strategy for growth. Moreover, the geographical development of our country is not even throughout. There are full-fledged urban areas having metropolitan cities and other big cities. There are also underdeveloped rural and semi-urban areas too. For effective marketing of banks, different approaches for different areas are required.

In today's competitive, fast-paced and global economy, there is a growing demand especially for service driven firms for practical guidelines in developing a customer focus. Drucker (2015) observes that the key business purpose is to create a customer. He further argues that a firm's ability to remain in business is a function of its competitiveness and its ability to win customers from the competition. This position is further reinforced by Cook (2012) who gives more emphasis not only on customer attraction fronted by Drucker (2013) but additionally, a high level of customer retention. Cook advised that a firm's ability to attract and retain new customers is a function of both the product offering and the way it services its customers and the resultant reputation it creates within and across the industry. Business organizations have to contend with the dynamics of a changing competitive environment. The modern trend has shifted from external environmental analysis to more sophisticated internal organizational analysis. All forms of businesses, including those in the banking industry, regardless of their size or level of development have embraced strategies to survive (Greenstein, 2018). Due to stiff competition and changing consumer needs in the banking industry, organizations have to formulate and implement strategies that will enable them to minimize customer service breakdown thus attracting and retaining them (Porter,2016)

Strategy is the long-term direction, which organizations adopt to gain competitive edge in the dynamic business environment by using resources and core competencies to fulfill stakeholder expectations (Johnson Scholes and Whittington 2015). A company's strategy consists of the business approaches and initiatives it undertakes to attract customers and fulfill their expectations, to withstand competitive pressures and to strengthen its market position. These strategic responses provide opportunities for the organization to respond to the various challenges within its operating environment. Firms also develop strategies to enable them seize strategic initiatives and maintain a competitive edge in the market (porter, 2014). The competitive aim is to provide satisfactory customer service. The success of every organization is determined by its responsiveness to the customer needs. Any organization cannot operate without a strategy because "strategy formulation" is vital to the well-being of an organization (Yunggar, 2015). Strategic reactions to the external environment of the organization are crucial to the success of any company. Every successful business has a plan and knows where it is heading in the future. Taking the time on an ongoing basis to review the company's past performance, and predict its future performance, gives it a road map to follow.

Thompson (2013) mentioned that "the most important elements of development which would greatly influence the strategies, structure and performance of the future companies include: economic relations, business performance would be more and more a matter of strategic joint venture, which would be integrated into a world economy. Restructuring of business would be intensified and there will be more globalization. It would be important to have information and knowledge as strategic management of companies would be decisive for a competitive success. Intensive market orientation of companies would be a core advantage for achieving a competitive advantage over competitors". The competitive aim of any strategic organization is to do a significantly better job of providing what customers are looking for, thereby enabling the company to earn a competitive advantage and outsmart rivals in the market place. The core of a company's strategy consists of its internal initiatives to deliver satisfaction to customers but also includes offensive and defensive moves to counter the maneuvering of rivals, actions to shift resources around to improve the firm's long term competitive capabilities and market position, and tactical efforts to respond to prevailing market conditions. Assuming that there are a number of providers, customers will choose which offering to accept based on their perception of value-for-money (Akinboboye, 2017).

Concept of Marketing Strategy

McCharthy (2011) opines that a marketing strategy specifies a target market and a related marketing mix. It is a big picture of what a firm will do in some market. Two interrelated parts are needed: (1) a target market that is a fairly homogeneous (similar) group of customers to whom a company wishes to appeal; and (2) a marketing mix that is the controllable variables the company puts together to satisfy this target group. Cravens (2009) states that strategy consists of the analysis, strategy development, and implementation of activities in: developing vision about the markets of interest to organization, selecting market target strategies, setting objectives, and developing, implementing, and managing the marketing program positioning strategies designed to meet the value requirements of the customers in each market target. Kotler and Amstrong (2012) defines marketing strategy as the marketing logic by which the company hopes to create customer value and achieve profitability and customer relationship. Mooradian (2012) states that marketing strategy specifies the who, what, when, where, why, and how the business: (1) Who the firm will serve – the customers and segments the business will serve; (2) When the firm will serve the customers and those needs – that is, what "occasion" the firm will target; (3) Where the firm will do business – the geographic markets the firm will serve; (4) What needs the firm will meet; (5) How the firm will serve those customers and needs-the means (resources and distinctive competencies) the firm will bring to bear to serve those customers and their needs better than competition; and (6) Why the firm will do these things – the compelling business model that specifies how long term revenues will exceed costs by reasonable rate of return on the capital employed. Mooradian (2012) said that strategy formulation and implementation is: (1) segmenting, targeting, positioning (STP); (2) marketing mix; and (3) customer relationship management (CRM).

Performance

Performance defined using the 3E: efficiency, efficacy and economies, as forms of manifestation. MihaiRistea (2002) thinks that the following three concepts can be associated with performance: efficiency, economies and efficacy. It can be noticed that an entity is successful when it is efficient, effective and economical. Therefore, to be successful means combining all three variables, the combination of which reflects the performance level of an entity. Efficiency consists in either using a quantity given by resources, aimed at the highest level of the achieved results, or reducing the quantity of the used resources with the aim of achieving a predetermined result. Economies consist in providing the means, the necessary resources to performing an activity at the minimum cost. Efficacy is determined by achieving or exceeding the predetermined results to the actual results made throughout the development of the activity. This represents the ability of the enterprise to meet and even exceed the expectations of users of the accounting information (shareholders/associates, clients, suppliers, employees, government) at the same time with reaching the predetermined organizational objectives. An entity reaches efficacy when it manages to improve the way of using all sources which are available and necessary to the development of the activity, performing as well as possible the needs and the requirements of the external partners of the organization.

Balance Sheet Operations of Scheduled Commercial Banks

The level of performance in total asset/liabilities and loans and advances decreased in 2012-13 against the FY12. The total deposits in 2012-13 climbed to `.74,295/- from `.64,535/- and the percentage increase in investment was 17%. The overall balance sheet operations of schedule commercial banks showed a moderate nature.

Credit-Deposit (C-D) ratio

The percentage credit-deposit (C-D) ratio for all SCBs, was 78.6 in the FY12 but it increased to 79.1 in FY13.

Non-Performing Assets Regarding the asset quality, gross NPAs came out to be `. 1,940 billion. This increased the gross NPA ratio from 3.1 percent in FY12 to 3.6 per cent at end March 2013 (Table No. 2.15). The worsening in asset quality was due to high level of NPA for the SBI Group of 5 per cent at end-March 2013. Thus, NPA remained a pressure point for the Indian banking sectors.

Sectorial Deployment of Bank Credit

The year 2012-13 was indicated by a reduction of credit to all priority sectors, viz., agricultural sectors, industrial sectors and service sectors except the personal loans. The decrease was the sharpest for agriculture and allied activities (5.6% from the previous year). Even in the industrial sector also there was significant percentage variation of 5.4% during 2011-12 and 2012-13. Similar case was for service sector also.

OBJECTIVES OF THE STUDY

1. To study Sectorial Deployment of Bank Credit

2. To study on Concept of Marketing Strategy

RESEARCH METHODOLOGY

The research methods adopted for the current are based on analytical and normative survey approaches. Honest efforts are made to focus on the objectives under taken through collection of both primary and secondary data. Primary data are collected mainly to get factual response from the top level, middle level managers as well as marketing personnel of the banks under study. It helps to have in depth analysis of the problem. Secondary data are collected from SBI lead bank office, head office, branch offices, administrative office of IUCB and its branch offices, libraries, magazines, newspapers, earlier related studies, personal interview of retired employees etc. Various reports published by RBI, NABARD, NAFSCOB related to banking had been considered for understanding the problems of marketing of services by the bank. To meet the Objective 1 of the study; secondary data collected from the above mentioned sources has been critically examined analytically. For the remaining objectives of the study, normative survey approach under descriptive research has been adopted.

Tools and Procedure for Data Collection

Considering the objectives of the study, the researcher framed two separate schedules of the bank customers and bank personnel. Data were collected in two separate interview schedules designed for the study after a pretest. The schedule initially developed for the study with a view to collect data from bank customers were pretested among 30 customers selected from rural, urban and semi-urban areas. Similarly, informal personal interview and thorough discussion were conducted with at least two bank personnel from each branch of SBI and IUCB after a pretest of 5 bank personnel. Necessary secondary data were collected from the Lead Bank office and main branch office of SBI, and head office of IUCB.

DATA ANALYSIS

SURVEY RESEARCH FINDING ON PRODUCT

Mathematically,

H0: $\mu=k$ (Claim)

Ha: $\mu\neq k$ (Alternative) at $p\leq0.05$

Table No. 1

Loan Sanctioned under Agriculture Sector

Year (as on 30th June)	SBI (Amt. in ₹. Lakh)	IUCB (Amt. in ₹. Lakh)	t-value	Calculated p-value
2006	955.22	19.20	3.128	0.007
2007	2577.44	15.23		
2008	3012	16.64		
2009	3903	12.37		
2010	734.17	14.16		
2011	1559.49	31.66		
2012	863.54	26.34		
2013	2364.75	20.65		
Mean	**1996.20**	**19.53**		
σ	**1152.10**	**6.57**		

Amandeep[1]* Dr. Amit Kumar Chakarborty[2]

Interpretation: The difference between SBI (mean=1996.20, σ=1152.10) and IUCB (mean=19.53, σ=6.57) on demand raised under priority sector of agricultural advances is found to be statistically significant (t-value=3.128, calculated p-value=0.007) at p≤0.05 level.

Thus, the hypothesis that "there is no significant difference in the amount of loan sanctioned under agriculture sector at the different banks under study" is rejected and the alternate hypothesis that "there is significant difference in the amount of loan sanctioned under agriculture sector at the different banks under study" is accepted. Again, from table no. 5.1, it is cleared that the State Bank of India sanctioned an average amount of `. 1,996.20 lakhs in agriculture sector since 2006 to 2013. But in this tenure of eight years, IUCB released an average sum of `.19.53 lakhs only. This shows that the marketing strategy SBI is more focused on rural areas of the state.

Table No. 2

New Loan sanctioned under Agricultural Sector

Year (as on 30th June)	SBI (Amt. in ₹. Lakh)	IUCB (Amt. in ₹. Lakh)	t-value	calculated p-value
2006	878.05	0.00	**2.656**	**0.018**
2007	821.74	0.00		
2008	295.00	10.30		
2009	852.64	18.23		
2010	196.97	1.80		
2011	48.12	33.80		
2012	59.28	9.10		
2013	261.00	0.00		
Mean	**426.60**	**9.15**		
σ	**361.96**	**11.93**		

Interpretation: The above table no. 2 shows that IUCB did not sanctioned any new loan under agriculture in the year 2006, 2007 and 2013. On the other hand, SBI gave highest advances in agriculture sector in the year 2006 (`. 878.05 Lakhs). T-test is conducted on the data of new loan sanctioned under agriculture sector by the two banks. Accordingly, it is found that the difference between SBI (mean=426.60, σ=361.96) and IUCB (mean=9.15, σ=11.93) on new loan sanctioned under agriculture sector to be statistically significant (tvalue=2.656, calculated p-value=0.018) at p≤0.05 level.

Thus, the hypothesis that "there is no significant difference in the amount of new loan sanctioned under agricultural sector by the different banks under study" is rejected and the alternate hypothesis that "there is significant difference in the amount of new loan sanctioned under agricultural sector by the different banks under study" is accepted.

Table 3

Loan Sanctioned under Industry Sector

Year (as on 30th June)	SBI (Amt. in ₹. Lakh)	IUCB (Amt. in ₹. Lakh)	t-value	calculated p-value
2006	349.25	167.27	**4.228**	**0.001**
2007	327.64	219.73		
2008	652.93	1818.93		
2009	614.57	296.71		
2010	203.89	197.65		
2011	195.79	241.1		
2012	278.35	290.77		
2013	546.08	384.17		
Mean	**396.06**	**452.04**		
σ	**182.83**	**556.44**		

Interpretation: The above table no. 5.3 depicts that the average amount of loan sanctioned under industry sector by IUCB (`. 452.04 Lakhs) is higher than that of SBI (`. 396.04 lakhs) in the last eight years starting from 2006 to 2013. Again, the difference between SBI (mean=396.06, σ=182.83) and IUCB (mean=452.04, σ=556.44) on loan sanctioned under priority sector of industrial advances is found to be statistically significant (t-value=4.228, calculated p value=0.001) at p≤0.05 level.

Thus, the hypothesis that "there is no significant difference in the amount of loan sanctioned under industry sector at the different banks under study" is rejected and the alternate hypothesis that "there is significant difference in the amount of loan sanctioned under industry sector at the different banks under study" is accepted.

Table 4

New Loan sanctioned under Industry sector

Year (as on 30th June)	SBI (Amt. in ₹. Lakh)	IUCB (Amt. in ₹. Lakh)	t-value	Calculated p-value
2006	34.01	19.60	**3.415**	**0.004**
2007	63.00	27.00		
2008	605.59	407.42		
2009	215.44	61.96		
2010	179.96	72.00		
2011	41.45	24.00		
2012	177.49	89.50		
2013	109.99	60.00		
Mean	**178.37**	**95.19**		
σ	**185.73**	**128.64**		

Interpretation: The difference between SBI (mean=178.37, σ=185.73) and IUCB (mean=95.19, σ=128.64) on new loan sanctioned under priority sector of industry advances is found to be statistically significant (t-value=3.415, calculated p-value=0.004) at p≤0.05 level.

Thus, the hypothesis that "there is no significant difference in the amount of new loan sanctioned under industry sector by SBI and IUCB" is rejected and the alternate hypothesis that "there is significant difference in the amount of new loan sanctioned under industry sector by SBI and IUCB" is accepted.

CONCLUSION

Banks are adopting different marketing strategies to achieve their objectives and goals and also to develop competitive strategy in the market place. The strategies adopted by public sector banks and cooperative banks have some similarities and also differences in many dimensions. Some of the activities the banks have taken up as their marketing strategies are depicted below. The product length of SBI was much more than those of IUCB. Again we found that there were significant differences in the amount of loan sanctioned under agriculture, industry, housing finance, service etc. by the two banks under study. Service mix strategy of SBI was much more than that of IUCB. Moreover, customers of SBI perceived adequacy of products and services whereas customers of IUCB expressed dissatisfaction on the range of products and services offered by their bank. Comparatively, interest rate on domestic term deposits of IUCB was higher than that of SBI. At the same time IUCB charged less interest rate on some loans and advances namely personal finance, two wheeler loans, advances against the pledge of gold, advances against the government security certificate etc.

REFERENCES

1. Akinboboye, O.D. (2017), Factors influencing the internationalization of Nigerian Banks. Lagos: Lifeline Prints

2. Anyanfo, M. (2016). Team Work in Modern Organizations: Implications for Technological behavior, and motivation. Journal of Consumer Research, 29, 280–285.

3. Cook, S. (2012). Customer Care Excellence: How to Create an Effective Customer Focus. London, UK.: Kogan Page Limited.

4. Cravens, S. (2017). Bypassing the will: Toward demystifying the nonconscious control of Education. International Journal of Technology and Design Education 9: pp. 85-101

5. Dan Levy and Grewal (2016). Marketing. 6th Edition.

6. McGraw-Hill Drucker P. (2016) Imperative of Strategies to Manufacturing firms: an empirical analysis", International Journal of Business and Management Science. 21(2), pp. 160-171

7. Greenstein, W., (2018). Marketing Behavior and Executive Action: A Functionalist Approach New York, NY: Oxford University Press.

8. Johnson, S., and Whittington, M. N. (2015), "Critical success factors in business performance. Management Research 1(3), pp. 14–34.

9. Kotler, P. (2014). Marketing Management (10th ed.). New Delhi: Prentice Hall of India Pvt. Ltd., p. 428

10. Kotler, P. (2012). Marketing Management. New Delhi: Prentice Hall of India Pvt. Ltd., p. 77

11. Kuddus, K. A., & Hussain, A. Z. (2014). Co-operative Credit and Banking. Chennai: Limra Publications, p-17

12. Levitt, T. (2014). The Marketing Mode. New York: McGraw Hill. p. 2.

Corresponding Author

Amandeep*

Research Scholar, Sunrise University, Alwar, Rajasthan