

IMPORTANCE OF MARKETING IN BANKING STRATEGIES

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Abstract

This work is evolving in a search describing the situation of the marketing strategy in Tunisia banks. Specifically, it is to detect the importance of choice a marketing strategy in bank management and its impact on performance and the choice of strategies. Study adopted a descriptive research design. A survey of fourteen banks was conducted, hinging on the questionnaire method. The study found that marketing is a vector director of banking policy, and adopting a strategy is a stimulant of the turnover. Tunisia banks believe that marketing has an effect on the strategic choices and performance.

Keywords: Marketing, Strategy, Tunisia banks, Business Performance

INTRODUCTION

Credit institutions have in recent years profound changes. The increased competition in the financial services sector, technological change, the removal of borders between different financial professions and changing customer attitudes are all factors that have forced banks to new challenges and new constraints.

Banks are not mere financial intermediaries that offer loans and collect deposits. They are obliged to adopt new competitive strategies to improve performance, divide their risks and have a good reputation. These strategies have taken the form of a development partnership agreements and consolidation through reconciliation and merger transactions.

This situation pushes banking firms to improve the quality of their products and increase their competitiveness to achieve a performance level equal to that of foreign banks.

Specifically, the banking marketing which has the role of bringing the institutions of their customers is essential in an area located at the epicentre of change. Thus, the analysis of customer needs, product management and network, staff training and promotions to be undertaken in the heart of the adapter of a new strategy B to B.

Axiological position occupied by a strategy in the bank, recommended us to focus the impact of the adoption such strategy on the choices of strategic in the Tunisia banks.

To answer to our problem, we starts with the presentation of the specificities of the marketing strategy and the evolution of its determinants. Then we proceed to determine the research methodology, and analysis of data.

THEORETICAL FRAMEWORK

The banking industry was considered a highly protected area, displaying comfortable returns through regulation of rates (receivable and payable) and restrictions on entry into the banking market. With the upheavals and changes of the 80s, the industry ended up being deregulated and opened to national and foreign competition, which is significant facilitated by the entry of new domestic and foreign stakeholders.

However, Tunisia has adopted a gradual approach because the transition period lasts for twenty years. The transformation from a highly regulated by the state in a deregulated economy has performed gradually. The strategy's aim is to avoid the disastrous consequences for the entire financial system. However, the various reforms have brought their germs in the banking fragility factors.

Thus, some studies on indicators of bank profitability have shown that Tunisian banks emit an average level of profitability consistent with the average size of the Tunisian market. What to note this level of performance is lower than the international standard. What makes Tunisian banks unable to compete with their foreign counterparts.

For the banking productivity, it has improved in the 90s, following the various measures taken to strengthen the situation of the Tunisian bank to be more effective and have a performance compatible with its size. However, in recent years there has been a devaluation of some productivity ratios due to poor economic conditions and increased competition among banks for deposits and mixed banks. Which accentuates the different credit risks, solvency and liquidity.

Faced with fragility indicators of bank, credit institutions have reacted by adopting new ways of working and new competitive strategies. These strategies are intended to reach a

critical size allowing banks to conduct their business and adapt the new competitive in uncertain environment.

However, banks like other financial institutions, are at the center of technological and telematics mutations. The banker mainly based on the disclosure. Thus, adaptation of new structures, systems and mentalities does it seem essential to the exchangers, to satisfy more demanding customers.

This condition is necessary for the competitiveness of the bank and its ability to cope with a volatile and often hostile environment due to open borders and deregulation. To respond to these changes the focus will be on bank marketing¹.

This marketing is considered as the set of actions to satisfy customers. It seems to meet the different needs of the mutation. Alternatively, it is "closer enterprise environment." to do this, you need a good marketing strategy intended to target customer who is marketing B to B. This marketing is derived from B to C in terms of approaches.

The main idea of marketing is always reason to the customer to seduce and build loyalty. So to deal with any such specific products, these privileges and these satisfactions.

Subsequently, such a good destiny and well-adopted strategy allows having a number of clients over Deeper and more efficient, providing more turnover.

These principles led to adopt a specific policy based on four key:

- The product: it concerns the creation of new products and maintenance of existing products. Under the effect of competition, for example the Tunisian bank STB Company launched new products and services to enrich its range. They concern the auto loan, the National Electron visa card, credit computer package, the voice service, "STB is on line", the privilege account, savings plan comfort,
- Price: concerns the credit cost and pricing of banking services. Banks have not assigned a major role to this policy view that prices are sometimes set by monetary authorities or the level of the banking profession. The advent of technology, the elimination of intermediaries and increased transparency have made comparing the offers and their prices immediately by consumers.
- Communication: based on patronage, sponsorship, advertising, animation of the sales network, ...
- Distribution channels: agencies, call centers, TPE, Minitel, internet, credit cards, mobile, ...

From these theoretical developments and to answer all the questions of our problems, we outline the assumptions that are subject to the empirical study:

H1: Marketing has an importance in the banking policies.

H2: The choice of such a marketing strategy depends on the objective.

H3: The B to B aims at customer loyalty and increasing market share.

H4: The B to B strongly affects bank profitability.

H5: The strategies of diversification and specialization can increase market share and customer loyalty.

Our aim is to describe the situation of such marketing strategy within the bank. Specifically, it consists in detecting the importance of customer focus, within the bank as well as its impact on performance.

In particular, in order to support our methodological choices, turn our attention to the method of access to the real. It should present the different measurement scales used in this study and the data collection method.

METHODOLOGY

Research design

Our research is descriptive in nature. To ensure the representativeness and relevance of our problem, we used the questionnaire method. Choosing this type of method is explained by the fact that this tool to operationalize the measurement of variables through the measurement scales. It allows conditioning a statistical processing of collected data supporting the interpretation of results. We collected data from sixteen commercial banking units.

The measurement scales

The questionnaire mainly trying to identify the strategy of marketing in Tunisia banks and identify these implications. We used three types of questions:

- Closed questions: the answer was to make a choice between a limited numbers of predetermined answers. These questions can be as dichotomous (choice yes or no).
- Open questions: respondents have total freedom in its response.
- Open semi issues or cafeterias: have a combination between the open and closed questions.

In order to avoid dispersion of ideas, we reformulated our questionnaire to thirty issues:

- In Question 1 to Question 5: these questions reveal whether Tunisian banks have a marketing department and indicate its importance.
- In question 6 Question 11: definition of marketing in each bank (purpose, role, and marketing action).
- In question 12 to question 15: Customer Relationship Management (CRM).
- Question 16: Planning the strategy of marketing in the bank.
- Question 17 to Question 19: identification of the impact of marketing strategy on the bank profitability.

- Question 20 and 21: clarify the impact of marketing strategy on changing the strategic position.
- Question 22-28: The strategic development paths followed by the bank
- Questions 29 and 30: The views of officials on the marketing strategy in Tunisia.

The processing of data collected

After the drafting the questionnaire, we tested the questionnaire to check the level of understanding of the issues by the respondents and make further improvements. Once the final version of the questionnaire is developed, the last step is data coding. According Perrier, Cheron and Zins (1987), codification is the transformation of collected information in a form compatible with the computerized treatment. Each question is a single variable taking a separate code. We used the software "SPSS" for the entry and processing data.

ANALYSIS

For the analysis of our data, we used the method of simple sorting. It is to classify the responses and have absolute frequencies (equivalent to the number of responses) and the relative frequencies (percentages with respect to a chosen low), of the results obtained.

The importance of marketing in the banking sector

We recall that the population selected for Tunisian banks. 62.5% of these banks provide that the bank marketing has developed, and have a direction. While 12.5% are little developed and 25% think that it is developing. These results prove that Tunisian banks are investing more and more in terms of marketing and this area has not yet reached maturity.

For the importance of effective marketing officer, found that 75% of banks has a marketing department. While 25% assume that, it is only a break vector. The marketing is used a banking strategy, uneconomical and not ensuring competitiveness in the field. Hence the H1 is confirmed.

- The B to B tools in the bank

* Purpose of marketing:

	Very important Frequency (%)	Not important Frequency (%)
Increase market share	60	26.7
Loyalty curent Customer	33.3	20

From the results presented in the table above, we see that 60% of managers surveyed believe increased market share as a primary objective of the function of such a marketing strategy. This is objective, since the primary purpose of any business is the economic profitability. The second objective is retention of current customers. In competition increasingly fierce and multi banking, Tunisian banks seek to satisfy their customers to keep them.

***B to B shares:**

Marketing actions	Frequency (%)
Advertising on sale places: agency and office of your bank.	87.5
Sales force: contact staff	66.7
Sales promotion: financial benefits, gifts,	46.7
Direct marketing: mailing, telephone, direct mail .	46.7
Sponsorship and patronage: sporting events, artistic or social funded by your bank	31.3
PR: receptions, conferences, holidays,	25
Advertisement: press, TV, radio,	18.8

From the table above, Tunisian banks do not use the same marketing actions: 87.5% work advertising sales sites (66.7% and give great importance to the sales force (contact staff). These results confirm the importance of the agency as a means of distribution to the detriment of direct marketing actions that are not used for 46.7% of banks. The shares of B to B is not remove the role of the agency but, only help to retain existing customers.

***The marketing functions:**

For the various functions of bank marketing strategy, we proposed six functions to be classified according to their order of importance and we retained the following table:

	Frequency (%)
Research and study of customer (needs, motivations, ...)	80
Product Management (follow the existing products)	13.3
Network management (creation, extension, restructuring and network modernization)	13.3
Animation staff	6.7
Promotion	6.7
Financial control (cost analysis, monitoring of results of the actions)	0.0

Basic research and study of customer is as the most important function for the bank B to B (80%). For other functions, are only useful to retain customers in a competitive environment. Overall, the marketing within the bank based on customer strategy to customize the offer, increase the range of products and to retain.

- **Marketing planning:** information sources for planning are divided between internal sources within the agency or the bank and external sources (document of the APBT, BCT, chambers of commerce, observing the local environment,).

The source of information	Frequency (%)
The bank's overall marketing plan	50
The information available in the agency (file, customer profitability ...)	28.6
Market demand	14.3
Observational results on the local environment	0.0
The information available in APBT, BCT, chamber of commerce, ...	0.0

50% of surveyed banks expect t the general marketing plan of the bank. It is the most important criterion for marketing planning. Behind that is the information available to the agency, which reflects the quality of customer profitability and the behaviour of the bank's products and services. This source of information is considered very important for 28.6% of Tunisian banks. To market demand, it is ranked the third.

These results prove that many banks are still unaware of benefits, which can be derived observing the local surrounding or the information available in the APBT, BCT and chamber of commerce in marketing planning.

So a marketing planning needs to be more thorough and take into account all information from internal and external sources to achieve the objectives.

- **Remote contacts:** All banks are practically use other means of contact with the customer of other agency. Depending on the question banks on the classification of these contact methods according to their importance to the bank, the result was as follows:

Mailings, website, send SMS on mobile phone, E-mailing, internal controller, voice server, telephone calls, external PLC, TPE, Minitel.

Since all Tunisian banks today have websites, these sites are ranked second in 28.6% of the bank very important judge. It is noted that despite the emergence of the Internet, banks still use frequently mailings

In all, the concept of branchless banking is beginning to emerge in Tunisian banks but this does not remove the pivotal role of the Agency in achieving the transactions.

• **The impact of marketing on:**

1- Profitability:

	Frequency	Percent
Valide Strongly	11	68.8
Moderate	5	31.3
Total	16	100

Marketing strongly affects profitability for 68.8% of banks. Then for 31.3% of them, it affects moderately.

2 -The change in the strategic position:

The majority of the sample (92.9%) believe that the creation of a marketing department has modified their strategic position. Only a few banks reported their positions before and after the introduction of this direction:

- STB and BNA are always leaders.
- Amen Bank became challenger before being follower
- Attijari Bank became challenger when she was exploitive niche.
- BFT and BTS became follower before being exploitative niche.

From these results, we can deduce the position of banks improved the following introduction of the marketing department.

• **The importance of marketing:**

- 1- The bank strategic life:** most of the banks surveyed think that the marketing has an impact on the strategic choice of the bank. 60% have adopted a diversification strategy while 40% have used a strategy of specialization following the establishment of a marketing department. These results show that both strategies exist in Tunisian banks with very similar proportions 40% and 60%. These results provide confirmation H6. In particular, the bank marketing is a vector of banking strategy.

2- In the diversification:

Purpose of diversification	Frequency (%)
Division of risk	77.8
A very high volume of business	44.4
A good reputation	44.4
The mobility of the bank own resources (high liquidity)	33.3

The banks follow a marketing strategy have large sizes. These banks are aimed first place in the distribution of risk among several activities (77.8%), then they seek a very high volume of business and a good reputation (44.4%). Finally, they opt for the mobilization of own resources of the bank (33.3%). Note that risk diversification is highly sought after in a strategy because a bank is more profitable at her risk.

3- In the specialization of the client

	Frequency (%)
Valid On a class of customer	31.1
On a geographic area	6.3
Missing missing system	62.5

The strategy of specializing in one category of customers means the bank will choose vigilantly customers it can serve best. So, here bank is interested in specializing service to customers who generally share the same financial needs. In Tunisia, 83.3% of specialized banks consider that strategy of customer focus the most cost effective strategy. The strategy of specializing in a geographic area is to specialize in a city, region, and state or bank. One Tunisian bank has opted for this strategy. This is the BFT.

Banks adopt a strategy of specializing in a product category must acquire a recognized financial expertise. However, this distinctive competence is rarely presented in Tunisia, which is no bank used this strategy.

It is noted the strategy of focusing on a customer category is most appropriate in Tunisia. Concentration on a single class does not return the local structure.

4- Importance of reconciliation work:

There are six banks in Tunisia who uses a strategy of rapprochement: 33.3% were merged, acquired and 16.7% are 50% made a partnership operation.

Expected outcomes of a strategy of rapprochement	Frequency (%)
Achieve greater profitability	45.5
Integrate into the process of internationalization	36.4
Minimize costs	36.4
Combine the know-how	36.4
Strengthen the competitive advantages of the bank	36.4
Broadening the range of products offered	36.4
Expanding the customer base	27.3%
Have an optimal size	9.1%

The purpose of marketing strategy is to achievement the greater profitability (45.5%). This performance is realized by combining several objectives at once: minimize costs, combining know-how, expand the range of products. The size is not a factor in determining the health of a bank. In fact a bank of minority (9.1%) opt for the achievement of optimal size through a reconciliation operation.

Finally, the saturation of the Tunisian market emanates from the competition on the same customer segments, the introduction of foreign banks more competitive and more efficient, universal development banks ... This competition is conducive to a promising future for banking marketing (93.8%).

Briefly, the results of our investigation leaves appear as: marketing is a vector of the banking strategy. All the banks surveyed believe that marketing has an impact on the strategic choice. This effect is enhanced by the adapting of marketing policies. This policy is based on customer strategy to customize the offer, increase the range of products and loyalty customer. The exploitation of customer data to segment customers. However, this segmentation is not an important criterion for policy choices.

In total, the marketing strategies within the bank in Tunisia has not yet taken the place it deserves. It is developing. It requires further planning that is based on internal and external source.

CONCLUSION

Throughout this work, we tried to provide some answers to our main question of the role of the adoption of a marketing strategy in bank. We have seen that banks are still unaware of the importance of adopting a marketing strategy. There are banks not yet equipped with a marketing executive and another this employs direction is small sizes. Also marketing planning does not depend on the objectives. This can be explained by the flexibility of marketers is still limited by some such as:

- The influence of the provisions of the central bank that authorizes the opening of the agencies.
- Imitation of banking innovations because there is no protection in the form of patent or license.
- Governments can be the cause of some new financial products therefore dictate launch conditions and communication.

It follows then, that marketing is a vector director of banking strategy. All banks surveyed believe that marketing has an impact on the turnover realized. In addition, the strategic position of the banks has improved the following of adaptation of such strategy. But the results proved the choice of a strategy depends neither on the contents of client files or customer segmentation. This can be explained by the fact most banks set their strategies according to the annual results.

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