

Direct Marketing Of Banks And Its Effects In Corporate Clients

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Abstract: Banks use direct marketing as a tactic to attract and retain profitable business relationships with its customers. Direct marketing in this sense comprises a broad variety of customized communication tactics, such as one-on-one interactions, specific offers, and a wide range of monetary goods and services. The importance of direct marketing by banks to corporate customers is highlighted in this study as it is investigated over a wide spectrum.

This abstract presents a summary of the most important components of direct marketing in corporate banking based on a survey of the relevant literature. It highlights the importance of direct marketing in attracting new business and maintaining relationships with current customers. It also discusses the benefits and drawbacks of digital transformation, with special emphasis on data protection, ethical issues, and the evaluation of campaigns' success.

Keywords: Bank, Corporate Clients, Communication, Direct Marketing

1. Introduction

Direct marketing is a powerful strategy for creating long-lasting connections with corporate clients as banks continue to adapt to changing consumer expectations and technology improvements. In-depth discussion of direct marketing's techniques, effects, and potential future developments in the context of the business world follows this abstract.

Banks' direct marketing efforts play a crucial role in developing connections with their corporate clients in the ever-changing world of financial services. The synergy between direct marketing methods and the detailed demands of corporate customers is a vital aspect in building enduring relationships and driving company success. This research aspires to decipher the data and provide useful ideas related to direct marketing strategies developed specifically for banks and the far-reaching consequences they have on the domain of corporate customers. Understanding the subtle dynamics of direct marketing is becoming more important as financial institutions negotiate the complexities of contemporary business in order to recruit and maintain corporate partners. Let's take a closer look at the methods of customer connection and direct marketing tactics that support corporate banking's most effective direct marketing campaigns.

Direct marketing to corporate customers is a typical method used by banks to gain and keep business customers, provide financial goods and services, and create long-term relationships. Direct marketing may also be used to promote specific products and services to corporate customers. This strategy entails making contact with prospective as well as current business customers using a variety of mediums, including e-mails, phone calls, direct mail, seminars, and internet advertising, among others.

2. Literature Review

Advertising is a company's overt attempt to communicate with its target demographic. Advertising, sales promotion, personal selling, public relations, and direct marketing are all part of the promotion mix that helps achieve this goal (Czinkota & Ronkainen, 2004). The need to improve the marketing management of financial services is rising in tandem with the sector's increasing significance. The financial services industry has an

outsized effect on the rest of the economy since it has continued to expand in terms of revenue and profits notwithstanding previous downturns. There is a rising interest in using marketing strategies and methods in the financial services industry as a result (Meidan, 1996). There are signs that banks have not yet completely adopted the marketing strategy or reached levels of execution that are consistent with pleased consumers, despite significant shifts in the financial services sector.

As the percentage of dissatisfied customers in the banking industry rises, institutions are finding that traditional methods of advertising are no longer effective. Recent study suggests that banks should seek to identify and service microsegments (Dawes & Brown, 2000), rather than trying to reach out to the whole population. Marketing's modern function is the maintenance of an ongoing conversation with each individual consumer, which includes the building of a learning relationship. Because of this, a bank's employees are among its most valuable assets. In financial services, individuals are mostly anxious about security of their cash and default risks. Since 1969, when banks began to be nationalized, bank deposits have surged by a factor of 80+. Cox (2007) argues that since financial service providers are not seen as trustworthy, it may be difficult for them to market risky goods. The campaign to boost banking activity is a serious endeavor.

Management of direct sales strategies is a field that requires frequent relocation and places premium on personal connections. While direct sales have the potential to save money for the organization, they also carry some degree of unpredictability. Most consumers are skeptical of this tactic because of its potential for abuse, and they worry that they may fall victim to fraud if they employ it. According to a study (Yen et al., 2008),

Euromonitor (2012) found that the cheap prices supplied by these sellers were a major draw for women, leading many of them to establish their own direct selling businesses. Products are often exhibited at the seller's apartment and purchased on an installment plan during "open days." Many of these dealers' female customers were drawn to them because of the cheap pricing they provided. Products are often exhibited in the seller's flat on open sale days, and payments may be made in instalments.

According to Brayfield (2007), a direct sales company's brand promise has to be strengthened. In order to be successful in direct sales, associates must be familiar with their target market and know how to engage them.

3. Research Gap

To direct future research initiatives, it is vital to identify research gaps in the area of direct marketing of banks and the consequences of this marketing strategy on corporate customers. Although the current literature gives useful insights, there are still some topics that have not been well investigated or that provide chances for additional research. As more banking services get digitalized, there is a growing need to investigate how financial institutions may successfully exploit digital channels for direct marketing to corporate customers. This is necessary because of the rising digitization of banking services. The use of innovative technologies such as artificial intelligence, chatbots, and blockchain in direct marketing techniques, as well as the effect these technologies have on the engagement of corporate clients, might be the subject of research.

By identifying and resolving these research gaps, it will be possible to contribute to a more thorough knowledge of the dynamics of direct marketing in the corporate banking sector and its impacts on corporate customers, which will assist banks in optimizing their strategies and improving client engagement.

4. Objectives Of The Study

1. To determine the facets of Direct marketing of Banks
2. To analyse the factors behind effects on Corporate Clients

5. Hypothesis Of The Study

Null Hypothesis: There is no significant relationship among Facets of Direct Marketing of Banks

6. Research Problem

Research may look at how banks handle the challenges when conducting direct marketing campaigns to corporate customers, which is something that is particularly relevant in light of the rising concerns about data privacy and ethical considerations in marketing. This involves determining how data protection legislation, such

as the General Data Protection Regulation (GDPR), may affect marketing strategies and the way corporations interact with their customers.

7. Research Methodology

The study has examined the direct marketing of banks and its effects in corporate clients. Empirical research was conducted for the analysis. The study is primarily related to Nationalised Banks in Tamil Nadu, India as the target population. The questionnaire was framed with a five-point Likert' scale. The level of agreement is from Strongly Agree (5) to Strongly Disagree (1). Secondary data is sourced from various reliable sources like books, newspapers, journals, and through access to various websites.

Sample Size

300 questionnaires were distributed to the corporate clients of Banks in Tamil Nadu. 267 (89 %) questionnaires were completed and returned. 16 (5.33 %) questionnaires were incomplete and 17 (5.67 %) were not returned. So, the researchers have used the 267 completed questionnaires for the study. The study follows simple random sampling method.

Tools and Techniques

Statistical tools like Descriptive Analysis, Correlation, KMO and Bartlett's Test and Factor Analysis are employed for the study.

8. Data Analysis

Table 1: Demographic background of Corporate Clients

Demographic Characteristics		n (Total=267)	% of n
EDUCATION OF RESPONDENTS	Post Graduation	49	18.4
	Graduation	163	61.0
	Diploma	25	9.4
	Professional	30	11.2
GENDER OF RESPONDENTS	Male	181	67.8
	Female	86	32.2
POSITION OF RESPONDENTS	Head- HR	60	22.5
	Head- Administration	19	7.1
	Manager	98	36.7
	Assistant Manager	70	26.2
	Team Leader	20	7.5

Source: Primary data

n - Number of respondents

It is clear from looking at table 1 that the respondents had a wide range of educational experiences. It was discovered that responders with postgraduate degrees make up 18.4% of the total, while graduates make up 61.0% of the whole. It is plain to see that only 9.4% of the population has a diploma, although 11.2% are professionals.

There are 67.8 percent of male respondents in the sample, while 32.2 percent of respondents are female. When it comes to the respondents' positions, 22.5% of them hold the position of Head of Human Resources, 7.1% hold the position of Head of Administration, 36.7% hold the position of Manager, 26.2% hold the position of Assistant Manager, and 7.5% are Team Leaders.

HYPOTHESIS I

Null Hypothesis: There is no significant relationship among Facets of Direct Marketing of Banks

Table 2: Inter Correlation Matrix on Facets of Direct Marketing of Banks

Facets of Direct Marketing of Banks		CA	PS	RB	CR
CA	Pearson Correlation	1	0.931**	0.815**	0.920**
	Sig. (2-tailed)		0.000	0.010	0.000
PS	Pearson Correlation		1	0.828*	0.854**
	Sig. (2-tailed)			0.037	0.007
RB	Pearson Correlation			1	0.904**
	Sig. (2-tailed)				0.009
CR	Pearson Correlation				1
	Sig. (2-tailed)				

Source: Statistically Analysed Data

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Note: CA refers to Customer Acquisition, PS refers to Product & Service Promotion, RB refers to Relationship Building, CR refers to Customer Retention

Table 2. proves that the correlation coefficient between Customer Acquisition and Product & Service Promotion is 0.931 which in turn indicates 93 per cent high positive relation on Customer Acquisition and Product & Service Promotion. Also, the relation is significant at 1 percent and the null hypothesis is rejected. The correlation coefficient between Customer Acquisition and Relationship Building is 0.815 which in turn indicates 82 per cent high positive relation on Customer Acquisition and Relationship Building. Also, the relation is significant at 1 percent and the null hypothesis is rejected. The correlation coefficient between Customer Acquisition and Customer Retention is 0.920 which in turn indicates 92 per cent high positive relation on Customer Acquisition and Customer Retention. Also, the relation is significant at 1 percent and the null hypothesis is rejected.

The correlation coefficient between Product & Service Promotion and Relationship Building is 0.828 which in turn indicates 83 per cent high positive relation on Product & Service Promotion and Relationship Building. Also, the relation is significant at 1 percent and the null hypothesis is rejected. The correlation coefficient between Product & Service Promotion and Customer Retention is 0.854 which in turn indicates 85 per cent high positive relation on Product & Service Promotion and Customer Retention. Also, the relation is significant at 5 percent and the null hypothesis is rejected.

The correlation coefficient between Relationship Building and Customer Retention is 0.904 which in turn indicates 90 per cent high positive relation on Relationship Building and Customer Retention. Also, the relation is significant at 5 percent and the null hypothesis is rejected.

Table 3: KMO and Bartlett's Test for Factors behind effects on Corporate Clients

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.889
Bartlett's Test of Sphericity	Approx. Chi-Square	1119.591
	df	66
	Sig.	0.000**
		Significant

Source: Statistically analysed data

The **Kaiser-Meyer-Olkin Measure of Sampling Adequacy** indicates the proportion of variance in the variables of 'Factors behind effects on Corporate Clients' that might be caused by underlying factors. High values of KMO (0.889) indicates that factor analysis is a perfect fit.

Bartlett's test of sphericity tests that the variables are unrelated. Since P value is less than 0.01 of the significance level indicate that the factor analysis is fit and significant at 1% significance level.

Table 4: Total Variance for Factors behind effects on Corporate Clients

Component	Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %
1	3.104	25.863	25.863
2	1.837	15.310	41.172
3	1.834	15.281	56.453
4	1.298	10.820	67.273
5			
6			
7			
8			
9			
10			
11			
12			

Extraction Method: Principal Component Analysis

Principal Component Factor Analysis with Varimax rotation revealed a four-factor structure. The Total Variance of Factors behind effects on Corporate Clients (table:4) shows that all the components have an eigen value above 1 and components 1,2, 3, and 4 altogether explains the total of **67.273** % of the variance. That is 33 % is eliminated from the total twelve items of the instrument.

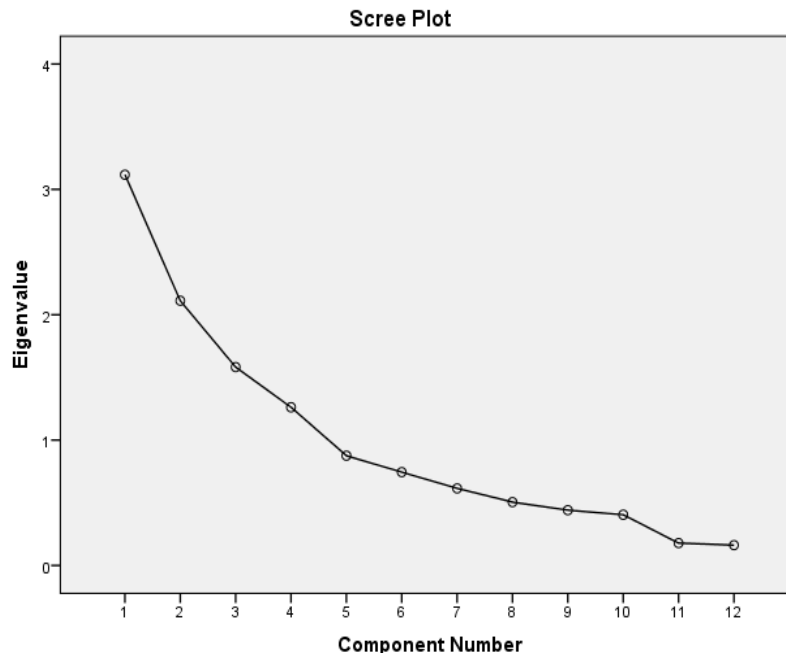


Fig 1: Scree Plot for Factors behind effects on Corporate Clients

The figure:1. represents the scree plot for Factors behind effects on Corporate Clients. The component above the initial break is most likely to be extracted. A smaller break appears for extraction of the component 4 and 5.

Table 5: Principal Component Analysis of Factors behind effects on Corporate Clients

Factors behind effects on Corporate Clients	Component			
	1	2	3	4
Long-term relationship	0.845			
Global perspective	0.784			
Sustainability	0.754			
Cost saving	0.704			
Returns on investment	0.700			
Ethical concern		0.822		
Customization		0.749		
Access to expertise		0.659		
Cross cultural effect			0.828	
Improved financial management			0.675	
Data privacy				0.881
Convenience				0.541

Extraction Method: Principal Component Analysis

a. Rotation converged in 6 iterations

Removal of weak and cross loadings is seen in the Table:5 provided with four factor solution. The above table:5 proposes a total of twelve items on the different components five items on component 1, three items on component 2, two items on component 3 and two items on component 4. The loadings on the items within the different components are strong and fit.

Factor one is a combination of ‘Long-term relationship, Global perspective, Sustainability, Cost saving, and Returns on investment’. Factor two is a combination of ‘Ethical concern, Customization, and Access to expertise’. Factor three is a combination of ‘Cross cultural effect, and Improved financial management’. Factor four is a combination of ‘Data privacy, and Convenience’. In the four factors, all the variables are positive factor loadings behind Factors behind effects on Corporate Clients.

9. Findings And Suggestions

There is a wide range of variety in the requirements and preferences of corporations. It is easier to create marketing campaigns when corporate customers are segmented according to their industry, size, and financial health, among other pertinent characteristics. Customers who work for corporates desire communications that are individualized. Personalize the marketing messages, offers, and services you provide to each individual customer so that they cater to their unique requirements and difficulties.

Create customized banking product packages that are geared at meeting the specific financial needs of various sectors of the economy. This might include industry-specific financial advice, specialist loan options, and cash management services.

Maintain a prompt and individualized approach to serving customers. Corporate customers often want urgent help, and a customer care team's responsiveness may have a big influence on the customer's level of pleasure as well as their loyalty.

The objective is to create and maintain good relationships with corporate customers by showing an awareness of the particular difficulties faced by those companies and delivering solutions that are suited to those challenges. It is also essential, for long-term success, to routinely reevaluate and alter your tactics depending on the feedback you get and the changes in the market.

10. Conclusion

Direct marketing is a multidimensional technique that plays a crucial part in the process of gaining, keeping, and cultivating commercial connections. This method is used by banks to promote directly to their corporate customers. This strategy is distinguished by its emphasis on providing a comprehensive range of financial goods and services, as well as by its use of focused outreach and individualized communication. Following a comprehensive analysis of the relevant literature and the gaps in existing research, we have arrived

at a number of important insights about the direct marketing practices of banks and their consequences on corporate customers.

Banks that want to meet the varying demands of their corporate customers in today's changing financial climate must keep direct marketing at the forefront of their strategies. To succeed, banks will need to be flexible in the face of rapidly evolving technological possibilities, regulatory frameworks, and customer expectations. Banks may improve their direct marketing strategies and provide more value to their corporate customers in the future if they fill up knowledge gaps and pay attention to new developments in the industry.

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