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Evaluation of quantitative indicators of marketing activities in the banking sector☆

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ABSTRACT

This study assesses the efficiency of marketing activities in a selected enterprise from the banking sector and proposes measurements that contribute to overall organizational performance. The Balanced Scorecard determines the goals for the enterprise's achievement of business strategy in terms of positive future developments and improved realization of individual marketing activities. Several criteria determine the choice of the enterprise: the enterprise must have a functioning marketing department that receives special attention with the company reserving funds for marketing expenditure. Main indexes from indicators serve to measure the efficiency of marketing activities and to benchmark against competition. Findings show the lagging growth rate of loans of the company compared with the overall market growth rate and the negative growth in customer profitability. Individual proposals present a strategic map, focusing on customers' perspective of performance evaluation in the company.

1. Introduction

The global banking industry passed through several significant changes in the last century, beginning with restructuring through the modernization and automation of banking operations, to bank mergers and the creation of large banking holdings with a strong marketing orientation. However, due to different social and political developments, the state of the sector in the Slovak market has stagnated since the 20th century (Korauš, 2011). Arising from these changes, banks are increasingly competing operators who realize the need to differentiate themselves from competition by offering specialized skills and better quality in order to overcome the struggle to attract customers.

The work of banking institutions is diverse. A bank product should primarily meet the needs of its clients. The bank's adopted development strategy with the aim to increase client base, rendering qualitative services, earning profit, cost saving etc. governs its development and implementation (Novenkova, Shakirzyanov, & Gilmanova, 2015).

The fundamental problem of marketing today is low productivity and lack of accountability. Sheth and Sisodia (2002) suggest methods to improve marketing productivity. Hooley, Greenley, Cadogan, and Fahy (2005) explore how marketing resources may contribute to the creation of competitive advantages and subsequently firm performance. Findings of their research indicate that marketing resources affect financial performance indirectly by creating customer satisfaction and loyalty and building superior market performance. Rust, Ambler, Carpenter, Kumar, and Srivastava (2004) indicate how marketing expenditures add to shareholder value.

The main contribution of this study is to highlight the importance of innovation and the adaptation of traditional marketing management approaches to turbulent developments and increasing global competition. This study considers sustainable marketing management across three dimensions — economic, social, and environmental. From the economic perspective the main subject of the study is the pursuit of efficient marketing management with the aim of making the banking institution achieve a stable position in the market.

The research problem of interest concerns the decline in the performance of commercial banks in the Slovak market, where market share in retail banking influences the problem. This study aims to evaluate the efficiency of marketing activities using quantitative indicators to enhance the bank's position in the market and to improve client perception of the bank's value.

The organization of the rest of this contribution is as follows: Section 2 reviews various theoretical frameworks concerning marketing and measuring the efficiency of marketing in the banking sector. Section 3 outlines the data and methodology and lists four main categories of indicators. The findings are in Section 4 followed by a discussion of the study's implications and limitations in Section 5.

2. Literature review

2.1. Present state of problem solving

2.1.1. Marketing in the banking sector

Bank marketing begins with market research on the needs and desires of clients (McIver & Naylor, 1986). Results of market research

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combined with the macro- and micro-environment evaluation of the banks form the basis of evaluating the bank's position in the market and provides evidence of the bank's mission and concrete, operative goals. Consequently, marketers use these results to derive marketing goals and develop marketing strategies resulting in the implementation of marketing tools. A combination of such tools allows marketers to achieve the optimal marketing mix, enabling a synergistic effect for the bank (Saludin et al., 2007). If a financial institution has decided on a strategy of market position, the financial institution can begin outlining the details of the marketing mix, which would enable the institution to achieve a combination of short- and long-term goals. The efficiency of such instruments varies according to the extent and speed of their use; proper timing and balance is important (Kotler & Keller, 2012). Solomon (2009) defines marketing mix as a set of controllable marketing variables that the bank or insurance company combines to a certain unit to produce a desired response in the target market.

Marketing mix includes all activities by which the bank can influence the demand for its products. Greater customer satisfaction and gaining of advantage in a competitive environment is achieved through an appropriate 7Ps marketing mix (Ginevičius, Podvezko, & Givevičius, 2013).

Under the influence of Information Technology development, ever-increasing competition, globalization, and growing interdependence of different parts of the world, the perception of marketing and its activities has also been changing in the banking environment, especially since the beginning of the third millennium. In the 20th century, the marketing managers strove for mass market, constantly trying to expand their markets and their customer base. In the current, highly competitive environment with the different products market, the aim of marketing, especially in banks, is to retain existing customers by satisfying their individual needs (Schiffman & Kanuk, 2004).

Muala, Majali, and Alkhawaldeh (2013) provide additional indexes that influence bank competitiveness. Lymperopoulos, Chaniotakis, and Soureli (2012) also investigate this area and present exploratory research findings as a basis for developing a model of bank marketing. Regarding the quality of banking services, Lumanaj, Guri, Aliu, and Lubonja (2013) observe the existence of multiple levels when banks use aggressive marketing strategies in order to be successful and to remain competitive and highlight that good quality customer service generates better income. Ateba, Maredza, Ohei, Deka, and Schutte (2015) indicate that marketing mix is an essential tool in satisfying and retaining banking customers.

Efficient marketing offers the smooth coordination and effective control of communication in a dynamic business environment (Ivan, 2012). Chahal and Kaur (2014) provide bank managers with a deeper understanding of how to increase marketing efficiency and Shimaj (2015) applies these findings to the banking system of a country.

Investment and reliance on e-banking also affects the efficiency of marketing activities (Lymperopoulos & Chaniotakis, 2005). Yurasova and Ivashko (2014) recommend a digital marketing plan to improve the efficiency of the banking sector. Kalaignanam, Kushwaha, and Varadarajan (2008) highlight opportunities for achieving marketing efficiency in the context of interactivity, personalization, and Internet access.

Ahmed, Rezaul, and Rahman (2010) study the efficiency of marketing activities in terms of quality, examining whether banks have successfully achieved customer satisfaction. In this area, Proença, Silva, and Fernandes (2010) examine the role of Internet banking in strengthening the relationships between banks and their customers with the aim of improving customer satisfaction, building customer trust, and creating loyal customers (Ho & Lin, 2010). Gensler, Leeflang, and Skiera (2013) discuss the effect of Internet banking on product usage and the importance of effective marketing activity controls.

2.1.2. *Measuring the efficiency of marketing activities in the banking sector*

Measuring the efficiency of marketing activities should be a top priority for any society. Sychrová (2013) stresses that besides traditional indicators, other metrics, related to marketing management that are integral to the marketing strategy are importantly tracking.

Marketing efficiency is a very relevant subject in the current highly competitive environment. An improved visibility of marketing efficiency not only helps companies to better prioritize their efforts, but also improves the quality and precision of the marketing resources from the sales force (Milichovský & Šimberová, 2015).

Enterprise marketing is a complex phenomenon with several multi-dimensional aspects that have opposing criteria directions. Adoption of multi-criteria evaluation methods is appropriate for such analysis (Ginevičius et al., 2013). In addition, Chahal and Kaur (2014) find that marketing capabilities are of multi-dimensional scale. Despite the present irreplaceable status of marketing, a number of organizations underestimate this element of management. In other companies, subjective evaluation by individuals, without any data, analysis, or measurable indexes, often govern marketing decisions (Pajtinková-Bartaková & Gubiniová, 2012).

The relationship between marketing strategy and the measurement of marketing efficiency is a substantially under-researched topic (Lamberti & Noci, 2010). Identifying the appropriate key metrics should contribute to the evaluation of marketing efficiency (Milichovský & Šimberová, 2015). Barwise and Farley (2004) find that a majority of firms consistently adopt one or more of six marketing metrics.

As for the marketing activities involving clients, Al-Alak (2014) indicates that bank clients do not feel that establishing a close relationship with the bank will have a positive impact on quality. Padmavathy, Balaji, and Sivakumar (2012) develop measures of the efficiency of customer relationship management for retail banks; banks can improve their efficiency by implementing efficient customer relationship management (Gupta, Singh, & Kainth, 2014).

3. Data and methodology

In this study, marketing mix efficiency research is available from previous authors to the clients of the analyzed bank in 2013. Through online questionnaires, a survey was conducted to investigate the usefulness of the bank's marketing mix among retail banking clients. The most important findings (Antošová, Mihalčová, & Csikósová, 2014; Csikósová & Antošová, 2014; Mihalčová, Csikósová, & Antošová, 2014) are:

- Tatra banka is a retail bank, obtaining new retail banking clients in order to gain access to financial market leaders.
- Tatra banka should create suitable conditions for their clients, for example, by adapting products and services to individual client needs in order to prevent them from turning to the bank's competitors.

Observation as an empirical method aims to obtain relevant data directly through the bank. In order to obtain an adequate overview and to develop concrete ideas, the bank enables several visits due to consultations with the bank's management.

Existing research on efficiency measurement of marketing activities in the Slovakian banking sector identifies the following main groups of indicators (Pajtinková-Bartaková & Gubiniová, 2012):

a. measurement and evaluation of market rate and share from clients' perspective,
b. indexes of clients' profitability,
c. effective management of product portfolio, and
d. efficiency of individual pricing strategy tools.

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