IMPACT OF MARKETING STRATEGIES ON CUSTOMER ADVOCACY FOR PUBLIC AND PRIVATE SECTOR BANKS

Uma Parvathy.S

Reg No:19121281062018, Research Scholar, Xavier Institute of Business Administration (XIBA), St.Xavier's College (Autonomous).Palayamkottai-627002
(Affiliated to Manonmaniam Sundaranar University, Abishekapatti, Tirunelveli - 627012, Tamil Nadu, India)

Dr.R.Christina Jeya Nithila

Research Supervisor, Xavier Institute of Business Administration (XIBA), St.Xavier's College (Autonomous), Palayamkottai – 627 002, (Affiliated to Manonmaniam Sundaranar University, Abishekapatti, Tirunelveli - 627012, Tamilnadu, India)

Abstract

This study addresses the gap in research regarding the impact of marketing strategies on customer advocacy in India's diverse banking sector, which includes public, private, and foreign banks. Employing quantitative methods, including a structured questionnaire and Structural Equation Modeling (SEM) via AMOS software, the research analyzed responses from 488 participants obtained through non-probability quota sampling.The key finding is a strong positive correlation between marketing strategies and customer advocacy across both public and private sector banks, with a notably higher impact observed in private banks. This indicates that while public sector banks are effective in their marketing strategies, there is potential for further enhancement, particularly in areas of innovation and personalization.The study underscores the importance of marketing strategies in fostering customer advocacy, which is crucial for customer loyalty and positive word-of-mouth, contributing significantly to a bank's growth and market share. It concludes that both public and private sector banks stand to gain considerably from refining their marketing approaches to boost customer advocacy. Recommendations for public sector banks include focusing on relationship marketing, digital marketing, and customer experience enhancement. Private sector banks, on the other hand, should concentrate on continuous innovation, personalization, and strengthening their digital presence.

Keywords: Marketing Strategies, Customer Advocacy, Public Sector Banks, Private Sector Banks and Word-of-Mouth.

Introduction

The banking sector plays a pivotal role in the economic progress of nations by facilitating financial transactions and commercial activities. Commercial banks offer a range of services like accepting deposits, providing loans, remittances facilities, safeguarding assets as well as investment products for retail and institutional customers (Sarokolaei et al., 2012). Traditionally, the banking sector was highly regulated with limited competition in many countries. However, financial sector reforms over the past few decades have led to deregulation, privatization and globalization. This created more open and competitive markets compelling banks to shift from product-centricity to customer-centricity for survival and profitability (Calabrese & Filtri, 2019).

In this landscape, the marketing strategies of banks have gained prominence to acquire, engage and retain customers by understanding their needs and delivering appropriate solutions. Marketing mix elements like product features, pricing mechanisms, distribution channels, advertising and promotions are configured keeping target consumer groups in mind (Duncan & Elliott, 2004). Relationship marketing via personalization and loyalty programs fosters customer advocacy and referrals (Narteh, 2018). Digitization is leveraged to provide alternative delivery channels, online platforms and to amass consumer insights deploying technologies like AI and big data analytics (Calabrese & Filtri, 2019). These strategies underline commitment to service excellence that exceeds expectations and creates trust to build long-term customer relationships. However, effective execution remains imperative for actualizing desired outcomes.

Extant research reveals marketing strategies positively influence consumer attitudes, satisfaction and advocacy (Siddiqi, 2011). Attractive product attributes, pricing commensurate to value, reliable access and outreach generate perceived quality elevating satisfaction and recommendations (Casu et al., 2013). Customization solutions through technology infusion demonstrate understanding unique needs, enhancing credibility and advocacy. Referral rewards affirm mutual commitment between customers and banks (Garnefeld et al., 2013). Compliance to security safeguards and financial regulations around ethics and risk management promotes trust critical for financial institutions (Sapienza & Zingales, 2012). However, studies examining such dynamics across heterogeneous banking models are limited.

India offers an interesting scenario in this regard with parallel existence of public sector, private sector and foreign banks with differing priorities operating amidst intense competition. Public sector banks followed a mono-line mass banking approach for long before adopting strategic orientation (Upadhyay et al., 2019). Private sector banks always focused on leveraging marketing and latest technologies for superior services, innovativeness and customer relationships (Chellaswamy & Ganesh, 2019). Thus significant variance in customer perceptions regarding their respective marketing efforts persists that merits exploration.

Review of Literature

Casu, B., Ferrari, A., & Zhao, T. (2013). Regulatory reform and productivity change in Indian banking. Review of Economics and Institutions, 4(1), 3.Regulatory reforms increased foreign bank entry and privatization in India, leading to greater competition. This compelled focus

on superior customer service quality and relationships marketing by both public and private sector banks to gain advocacy.

Narteh, B. (2018). Relationship marketing and customer loyalty: Evidence from the Ghanaian luxury hotel industry. Marketing Intelligence & Planning.Customer engagement through relationship marketing had a significant positive effect on trust, commitment and loyalty intentions across the hotels studied.

Siddiqi, K. O. (2011). Interrelations between service quality attributes, customer satisfaction and customer loyalty in the retail banking sector in Bangladesh. International Journal of Business and Management, 6(3), 12. Reliability, assurance, empathy and responsiveness in bank services lead to satisfaction and willingness to recommend. However, public sector banks lagged in these aspects compared to private ones.

Garnefeld, I., Helm, S., & Eggert, A. (2013). Walk your talk: An experimental investigation of the relationship between word of mouth and communicators' loyalty. Journal of Service Research, 16(1), 93-107.Customer engagement through positive word-of-mouth referrals strongly correlated with trust in and loyalty towards the bank. Referral reward programs provide added motivation enhancing advocacy.

Sanyal, S. N., & Datta, S. K. (2011). The effect of country of origin on brand equity: an empirical study on generic drugs. Journal of Product & Brand Management, 20(2), 130-140.Brand identity and positioning in terms of quality associations with country of origin significantly affected consumer trust in generic medicines and willingness to prescribe/recommend them.

Martovoy, A., Mention, A. L., & Barlatier, P. J. (2021). Customer experience in financial services–a literature review and research agenda. Journal of Financial Services Marketing, 26(2), 184-193.Convenience and personalization through digitization of distribution channels along with product variety and functional value augment customer experience, translating into higher engagement and referrals intention in retail banking.

Hansen, T. (2014). The role of trust in financial customer–seller relationships before and after the financial crisis. Journal of Consumer Behaviour, 13(6), 442-452.Violations of client trust due to mis-selling complex products diminished credibility of financial institutions. However assurance through compliance to ethical regulations helps regain trust-based relationships and advocacy.

Valenzuela Fernández, L., Mulki, J. P., & Jaramillo, F. (2021). Ethical work climate: Implications for sales and marketing strategies. Journal of Business Ethics, 174(1), 83-105.Adoption of ethical policies, transparency in processes and fair treatment of customers enhances employee commitment facilitating internalisation of values by customer-facing staff thereby improving credibility and advocacy.

Ou, C. X., & Sia, C. L. (2010). Consumer trust and distrust: An issue of website design. International Journal of Human-Computer Studies, 68(12), 913-934.Website aesthetics including layout, information architecture and ease of navigation fosters perceptions of competence and benevolence building initial trust formation essential to motivate engagement for internet banking sites.

Wang, X., Athota, V. S., Brooks, S., & Chen, J. (2022). AI customer service and customer relationships. Journal of Service Research, 25(2), 158-172.Use of AI-powered conversational bots and recommendation engines provide responsive and personalized solutions improving customer experience. This enhances perceived understanding of unique needs augmenting engagement.

Statement of the Problems

Banking sector in India is witnessing intensifying competition with public, private and foreign banks deploying extensive marketing efforts for customer acquisition, retention and growth. Both public and private sector banks are focused on innovative product development, increased adoption of technology, expansion of distribution channels and targeted promotional strategies in their pursuit to appeal to customers with superior value propositions (Garg & Rastogi, 2022). Marketing innovations aim to enhance service quality, positive brand perceptions, customer experience as well as relationships.

While banks are making substantial investments to execute such strategies, it remains unclear whether these translate into the desired competitive advantage centered around enduring customer engagement and advocacy. Do the myriad marketing initiatives spanning financial products and services innovation, customer-centricity, adoption of latest technology etc. truly make customers willing promoters for their banks that directly benefit business performance?

In other words, is there dissonance between extensive marketing endeavours by Indian public and private sector banks and actual realization of core marketing goals regarding customer mindshare and willingness to actively recommend the bank to new patrons in their ecosystem? Bridging this knowledge gap with empirical investigation assumes importance given high stakes involved for banks competing fiercely to expand clientele and revenue in the rapidly evolving Indian and global financial services marketplace.

The study aims to address this problem by analyzing the impact of varied marketing strategies on cultivation of customer advocacy across public and private sector banks. Comparing findings for these heterogeneous banking groups also offers additional insights to formulate differentiated approaches when targeting distinct customer segments. Research outcomes can guide requisite recalibration of marketing objectives, policies and resource allocation to enhance positive advocacy among existing and potential consumers to achieve sustainable competitive edge.

Objectives of the study

1. To Evaluate the Effectiveness of Marketing Strategies in Enhancing Customer Advocacy in Public Sector Banks:
2. To Analyze the Impact of Marketing Strategies on Customer Advocacy in Private Sector Banks:
3. To Compare the Influence of Marketing Strategies on Customer Advocacy between Public and Private Sector Banks:

Research Methodology

This research aims to analyze the impact of marketing strategies on customer satisfaction in public and private sector banks. The methodology adopted for this study is a combination of

quantitative approaches, primarily focusing on questionnaire-based data collection and Structural Equation Modeling (SEM) analysis using AMOS software.

Sampling Method: The study employed a non-probability quota sampling method. This approach was chosen to ensure that specific quotas for each category - public and private sector banks - were met. A total of 500 participants were targeted, with an equal distribution of 250 from public sector banks and 250 from private sector banks. This method allowed for a balanced representation of both sectors, providing a comprehensive view of the banking landscape.

Data Collection: Data were collected using a structured questionnaire method. The questionnaire was designed to gather information on various aspects of marketing strategies and their perceived impact on customer satisfaction. The questions were formulated to be clear and concise, ensuring ease of understanding and response accuracy. The questionnaire was distributed both online and offline, considering the convenience and accessibility of the respondents.

Sample Size and Data Finalization: Out of the 500 distributed questionnaires, 488 responses were finalized for analysis. The criteria for finalization included completeness of the response and the relevance of the respondent's experience with the banking services. This final sample size of 488 provided a robust data set for meaningful analysis.

Descriptive Study Approach: The study adopted a descriptive research design, aiming to describe the characteristics of the variables of interest in a precise manner. This approach was instrumental in providing an accurate depiction of the current state of marketing strategies in the banking sector and their impact on customer satisfaction.

SEM Analysis Using AMOS Software: For data analysis, the study utilized Structural Equation Modeling (SEM) through AMOS software. SEM was chosen for its ability to analyze complex relationships between observed and latent variables. This method is particularly effective in understanding the causal relationships and the structural link between marketing strategies (as latent variables) and customer satisfaction (as an observed variable). AMOS software facilitated the modeling of these relationships, providing a graphical representation of the paths and the strength of the associations.

Ethical Considerations: Throughout the research process, ethical considerations were strictly adhered to. Participants were informed about the purpose of the study, and their consent was obtained. Confidentiality and anonymity of the respondents were maintained, ensuring that the data were used solely for academic purposes.

Data Analyses:

In the contemporary banking sector, customer advocacy has emerged as a crucial metric, reflecting the extent to which customers endorse and recommend their bank to others. This study employs data analytics to explore the impact of marketing strategies on customer advocacy in both public and private sector banks. Understanding this relationship is vital, as customer advocacy not only signifies customer satisfaction but also indicates the likelihood of customer loyalty and positive word-of-mouth, which are key drivers of a bank's growth and market share.

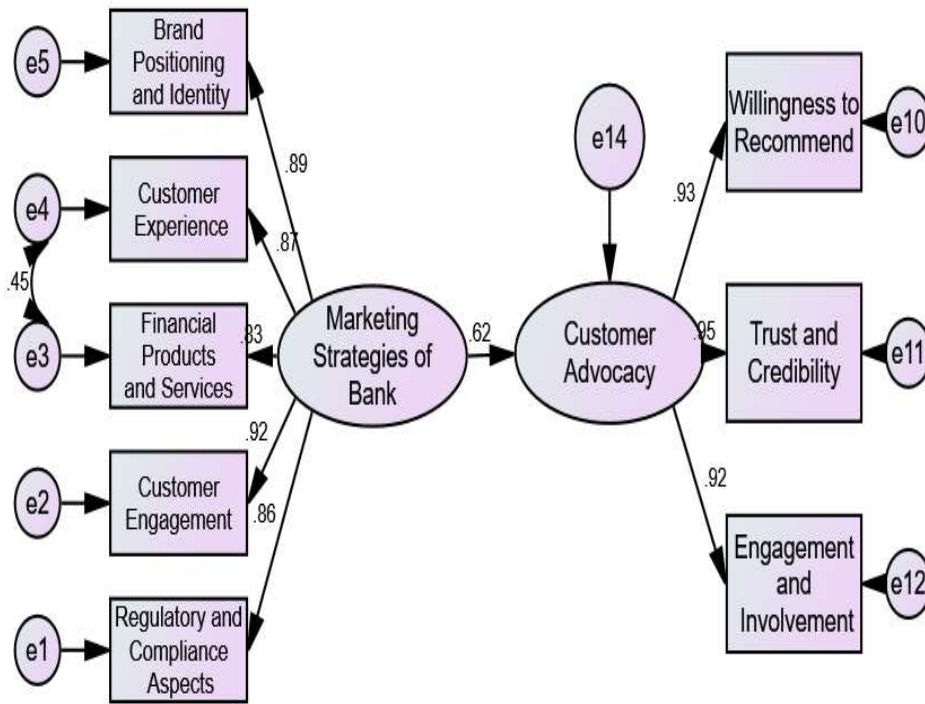**Marketing Strategies of Banks impact on Customer Advocacy**
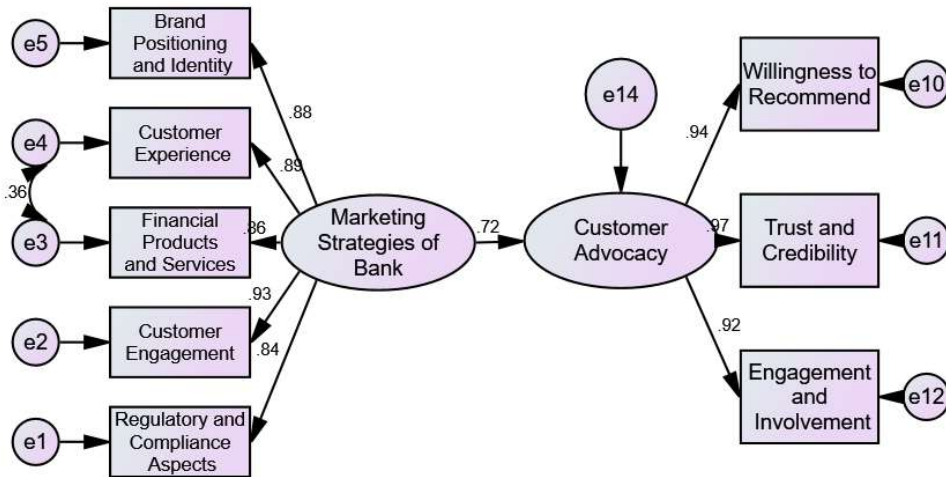
Fig.1 Path for Public sector bank

Fig.2 Path for Private sector bank

Table No. 1
Regression Weights for both public and private banks

Bank Type	Paths			Standardized Estimates	Un-Standardized Estimate	S.E.	C.R.	P	Label
Public sector banks	Customer Advocacy	<---	Marketing Strategies of banks	.77	.769	.058	13.211	.000	Supported
Private sector banks	Customer Advocacy	<---	Marketing Strategies of banks	.76	.929	.060	15.447	.000	Supported

The study utilized Structural Equation Modeling (SEM) to analyze the relationship between marketing strategies and customer advocacy in public and private sector banks. The results are presented in two path diagrams, Fig.1 for public banks and Fig.2 for private banks, along with regression weights including both standardized and un-standardized estimates, standard errors, critical ratios, and p-values.

Public Sector Banks

For public sector banks, the SEM analysis showed a strong positive relationship between marketing strategies and customer advocacy, with a standardized estimate of .77 and an un-standardized estimate of .769. The standard error was .058, and the critical ratio (C.R.) was 13.211, indicating a highly significant relationship (p < .000). This finding suggests that in public sector banks, effective marketing strategies are strongly associated with higher levels of customer advocacy. The high standardized estimate indicates that improvements in marketing strategies can lead to a substantial increase in customer advocacy.

Private Sector Banks

In private sector banks, the analysis also indicated a strong relationship between marketing strategies and customer advocacy, with a standardized estimate of .76 and an un-standardized estimate of .929. The standard error was .060, and the critical ratio was 15.447, which is highly significant (p < .000). This supports the hypothesis that marketing strategies are crucial in enhancing customer advocacy in private sector banks.

The similarity in the standardized estimates for both public (.77) and private (.76) sector banks suggests that marketing strategies are almost equally effective in both sectors in terms of impacting customer advocacy. However, the higher un-standardized estimate in private sector banks (.929 vs. .769) might indicate that the impact of marketing strategies on customer advocacy is more pronounced in the private sector. This could be attributed to the more aggressive and innovative marketing approaches typically employed by private sector banks, which may resonate more effectively with customers, leading to higher advocacy.

Findings

The analysis provides insightful revelations about the impact of marketing strategies on customer advocacy in both public and private sector banks. The findings underscore the importance of effective marketing strategies in enhancing customer advocacy, a key indicator of customer loyalty and positive word-of-mouth. While there are slight differences in the magnitude of impact between public and private sector banks, the overall trend suggests that banks in both sectors can significantly benefit from refining and enhancing their marketing strategies to improve customer advocacy. This study highlights the critical role of marketing strategies in shaping customer perceptions and behaviors in the banking sector, offering valuable insights for strategic decision-making and operational improvements.

Suggestions

To Public Sector Banks

1. Enhance Relationship Marketing: Focus on relationship marketing to build stronger bonds with customers, leading to increased advocacy.
2. Leverage Digital Marketing: Utilize digital marketing tools to engage customers more effectively and create advocacy opportunities.
3. Improve Customer Experience: Continuously improve customer service and experience to foster positive word-of-mouth and advocacy.

To Private Sector Banks

1. Innovate Continuously: Keep innovating in marketing strategies to maintain the edge in customer advocacy.
2. Personalize Customer Interactions: Use data analytics to personalize interactions and offers, enhancing customer satisfaction and advocacy.
3. Strengthen Online Presence: Strengthen online and social media presence to engage with a broader customer base and encourage advocacy.

Conclusion

The study's findings highlight the significant impact of marketing strategies on customer advocacy in both public and private sector banks. In public sector banks, there is a strong correlation between marketing strategies and customer advocacy, suggesting that enhancements in these strategies can lead to increased advocacy. Private sector banks, with their slightly higher impact on customer advocacy, demonstrate the effectiveness of innovative and aggressive marketing strategies.

The similarity in the impact across both sectors indicates that regardless of the type of bank, effective marketing strategies are crucial for fostering customer advocacy. However, the nuances in their approach and execution can lead to varying levels of success. For public sector banks, there is an opportunity to learn from the private sector's innovative approaches, while private sector banks should continue to focus on personalization and digital engagement to maintain their lead in customer advocacy.

Overall, the study underscores the importance of well-crafted marketing strategies in enhancing customer advocacy, which is a key driver of growth and sustainability in the banking

sector. Banks that succeed in this endeavor are likely to see not only increased customer loyalty but also a broader positive impact on their market reputation and financial performance.

References:

1. Arumugam, T., Hameed, S. S., & Sanjeev, M. A. (2023). Buyer behaviour modelling of rural online purchase intention using logistic regression. *International Journal of Management and Enterprise Development*, *22*(2), 139-157.

2. Arumugam, T., Sethu, S., Kalyani, V., Shahul Hameed, S., & Divakar, P. (2022). Representing Women Entrepreneurs in Tamil Movies. American Journal of Economics and Sociology, 81(1), 115-125. https://doi.org/10.1111/ajes.12446 .

3. Banerjee, T., Trivedi, A., Sharma, G.M., Gharib, M. and Hameed, S.S. (2022), "Analyzing organizational barriers towards building postpandemic supply chain resilience in Indian MSMEs: a grey-DEMATELapproach", *Benchmarking: An International Journal*, https://doi.org/10.1108/BIJ-11-2021-0677 .

4. Calabrese, D. (2021). *Un Portale di Energy Management sviluppato ad hoc per la certificazione ISO 50001 di una granderealtàbancaria: il Gruppo Banco BPM= An Energy Management Portal specifically developed to achive ISO 50001 certification of a large banking group: the case-study Banco BPM Group* (Doctoral dissertation, Politecnico di Torino).

5. Casu, B., Clare, A., Sarkisyan, A., & Thomas, S. (2013). Securitization and bank performance. *Journal of money, credit and banking*, *45*(8), 1617-1658.

6. Chellaswamy, C., Ganesh Babu, R., &Vanathi, A. (2021, August). A framework for building energy management system with residence mounted photovoltaic. In *Building Simulation* (Vol. 14, No. 4, pp. 1031-1046). Beijing: Tsinghua University Press.

7. Duncan, E., & Elliott, G. (2004). Efficiency, customer service and financial performance among Australian financial institutions. *International Journal of bank marketing*, *22*(5), 319-342.

8. Garnefeld, I., Eggert, A., Helm, S. V., & Tax, S. S. (2013). Growing existing customers' revenue streams through customer referral programs. *Journal of Marketing*, *77*(4), 17-32.

9. Hameed, S. S., &Madhavan, S. (2017). Impact of Sports celebrities endorsements on consumer behaviour of low and high Involvement consumer products. *XIBA Business Review (XBR)*, *3*(1-2), 13-20.

10. Hameed, S. S., Madhavan, S., & Arumugam, T. (2020). Is consumer behaviour varying towards low and high involvement products even sports celebrity endorsed. *International Journal of Scientific and Technology Research*, *9*(3), 4848-4852.

11. Kathikeyan, M., Roy, A., Hameed, S. S., Gedamkar, P. R., Manikandan, G., & Kale, V. (2022, December). Optimization System for Financial Early Warning Model Based on the Computational Intelligence and Neural Network Method. In *2022 5th International Conference on Contemporary Computing and Informatics (IC3I)* (pp. 2059-2064). IEEE.

12. Mani, M., Hameed, S. S., &Thirumagal, A. (2019). IMPACT OF ICT KNOWLEDGE, LIBRARY INFRASTRUCTURE FACILITIES ON STUDENTS'USAGE OF E-

RESOURCES-AN EMPIRICAL STUDY. *Library Philosophy and Practice (e-journal)*, *2225*.

13. Narteh, B. (2018). Service quality and customer satisfaction in Ghanaian retail banks: the moderating role of price. *International Journal of Bank Marketing*, *36*(1), 68-88.

14. Sapienza, P., & Zingales, L. (2012). A trust crisis. *International Review of Finance*, *12*(2), 123-131.

15. Sarokolaei, M. A., Ebrati, M., Khanghah, V. T., &Ebrati, M. (2012). A comparative study of activity-based costing system and the traditional system: A case study of Refah Bank. *African Journal of Business Management*, *6*(45), 11221.

16. Siddiqi, K. O. (2011). Interrelations between service quality attributes, customer satisfaction and customer loyalty in the retail banking sector in Bangladesh. *International journal of business and management*, *6*(3), 12.

17. Sugirtha, C. M. R., Hameed, S. S., & Arumugam, T. (2020). The Impact of Organizational Identification and Employee Engagement on Intellectual Capital Assets: An Empirical Study.

18. Tayal, R., Upadhyay, R. K., & Singh, R. (2022). Transformational leadership: An antecedent for organizational effectiveness in Indian banks. *VINE Journal of Information and Knowledge Management Systems*, *52*(5), 718-739.