



Marketing Strategies of Commercial Bank of
Nepal with Reference to Civil Bank and Sanima
Bank Ltd.

Basudew Karn

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Basudew Lal Karn
Ph.D Scholar
Lalit Narayan Mithila University
Email:karn.basu@gmail.com

ABSTRACT

Marketing is a total system of business activities designed to plan, price, promote and distribute wanted and satisfying products to target markets to achieve organizational objectives. Marketing strategies of banking sector revealed that banks can base their marketing strategies on various parameters which are broadly in terms of 7Ps of marketing viz., Product, Place, Price, Promotion, People, Physical Evidence and Processes. Marketing strategy is the firm's product-market choice which is guided by the environmental necessities and firm's objectives and capabilities. The present paper focuses on the 'Marketing Strategies' of CIVIL and SANIMA Bank for mobilization of deposits and advancing loans to the customers. The study reveals that success of any financial institution is mainly quality based than simply its number of branches or its size capital investment, although on the national basis, Nepal government has recently asked the banks to emphasize in its service quality than on opening new branches, the respondents of the study area, have highly appreciated the marketing strategies of the banks functioning in Birgunj.

(Keywords Marketing Strategy, Commercial Banks, Product-market, Government)

INTRODUCTION

Marketing and its Strategies can be defined in a simple manner as the activities done by the company to take the product from the place of production to the place of consumption. Similarly, it means the transfer of ownership of a product or service in exchange of same value. Thus, the essence of marketing is a transaction or exchange. In this broad sense, marketing consists of activities designed to generate and facilitate exchanges intended to satisfy human needs or wants. Marketing is often dynamic, challenging and rewarding. It can be frustrating even disappointing. But it is never dull. It is changing and interesting.

American Marketing Association defines marketing as "The performance of business activities that direct the flow of goods and services from the producer to consumer or user." This definition merely stresses marketing function involved in the movement of goods and services from the plant door to the buyer. Later on AMA defines marketing in some broad concept as "Marketing is the process of planning & executing the conception, pricing, promotion & distribution of ideas, goods & services to create exchanges that satisfy individual and organizational objectives.

The term strategy originally applied to the art of military generalship. In business, a strategy is a broad plan of action by which an organization intends to reach its objectives. The marketing strategy is the game plan for achieving the broad corporate objectives and specific SBU goals. It is based on the marketing goals and is formulated by the marketing department. The strategy formulation involves designing strategies related to product – market scope, product positioning, and product or customer specific marketing mix. The marketing department must specify the financial, social and human resource costs and risk involved in the implementation of strategy.

REVIEW OF LITERATURE

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According to Philip Kotler “Marketing is a social process by which individuals & groups obtain what they need and want through creating offering and freely exchanging products & services of value with others.”

Cundiff and Still defines marketing as the business process by which products are matched with markets through which transfers of ownership are affected.

According to E. J. McCarthy “Marketing functions are all those business activities which have to be carried out as part of the process of marketing, e.g. buying, selling, storage, transportation, pricing, financing and informing.”

Marketing function is specialized activities performed in marketing. A marketing function is necessary to take the goods and services from the place of origin to place of consumption. Thus it is an act, or operation or services in order to link the original producer and ultimate consumer. The marketing functions are built around the process of marketing involving concentration, equalization and dispersion.

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Marketing strategy is both unique and commonplace. That might sound like a contradiction of terms but it is no. The term “Strategy” is widely used to describe

a seemingly endless number of marketing activities. Today, everything in marketing seems to be “Strategic”. There is strategic pricing, strategic market entry, strategic advertising and may be even strategic strategy. The glut, of competition has focused more attention on performing traditional marketing actions strategically with an eye towards beating the completion. In that sense, marketing strategy is commonplace. In recent years it seems to have been appended to nearly every marketing action.

Marketing strategy is also unique. There is not one unified definition upon which marketers agree. Marketing strategy is a commonly used term, but no one is really sure what it means. “A strategic sector is one in which you can obtain a competitive advantage and exploit strategic sectors are the key to strategy because each sector’s frame of reference is competition. The largest competitor in an industry can be unprofitable if the individual strategic sectors are dominated by smaller competitors.” Boyd and Larreche (1978) had found in the history of marketing strategy that tremendous confusion over just what strategy is. The term “Strategy” as used in marketing, has been applied to at least three types of issues, each at a different level of aggregation.

Pathak, Krishna Prasad, in 1998 conducted the study on “Coffee Marketing System in Nepal” found that Nepalese farmers are motivated to plant coffee for better yields and they technical support and training for professional farming skills. There is no support to farmers input, supply and sales security were varying weak. Recently emerging community activities show better

symptoms in this respect. Pricing to support farmers was effective due to increased competition. Market promotion is weak and packing is the first place to start promotional campaign. Now, push sales is the only measure and no promotions are done. Distribution system components are assembly transportation, processing and other processing. Through Nepalese domestic production covers only 22.9% of domestic market. Nepalese coffee is worth exporting and Nepalese consumers prefer instant coffee mainly imported from India. It shows that Nepal can develop coffee, as an important cash crop to generate exports which should help in economic growth, employment generation and mitigating the ever-increasing unfavorable balance of trade, for this professional and institutional approach, is warranted for.

The study has recommended that select better seeds appropriate for Nepalese landscape and climate should be conducted. Interest Rate 17% is not appropriate for farming and is very high. Enterprising farmers should be trained so as to make them the bridge between the ordinary farmers and technical exports. Wet pulping should be introduced and farmers should be facilitated to pulp, hull and grade the beans and green beans should be introduced in trade. There should be improved in packing of roasted coffee. Demonstration farms should be developed as the catalysts to incorporate rural people in modern business ethics. Professionalism should be encouraged in coffee marketing.

Adhikari, Krishna Prasad in 2002 conducted a study on “Impact of Sales Promotion Tools on Sales of Cold

Drinks: A Case Study of Cold Drinks Market in Chitwan”⁶²

The study has recommended that an improvement in the test and quality and fixing reasonable. Price can be helpful measure to increase the volume of sales in the market. The company should increase the incentive to the wholesalers/distributors so as to motivate and encourage them to focus their transactions cold drinks. The company should diversify its market by penetrating into potential rural areas. It should establish efficient distribution networks and provide reasonable amount of commission at each level.

Although Mr. Hari Lamichhane had conducted a similar study in the same study area, this study has been more focused on studying the consumer’s perspective in their consumption behavior of cold drinks. This study has also integrated the retailer level survey in order to examine the distribution system of cold drinks in the study area and find out what the channel members; particularly the retailers give priority in selling cold drinks.

RESEARCH METHODOLOGY

Simply research means to search again. We study the social problems again and again to find out something more about the phenomena. The first look may not always be adequate. It may be prone to error. Therefore we look into the phenomenon again and again and study the problem differently and thoroughly each time. This process of searching again and again is known as research as the word ‘research’ itself means ‘re-search’.

Research is a systematic and organized effort to investigate a specific problem that needs a solution. This process of investigation involves a series of well thought out activities of gathering, recording, analyzing and interpreting the data with the purpose of finding answers to the problem. Thus, the entire process by which we attempt to solve problems or search the answer to questions is called research.

The data have been collected through a self-administrated questionnaire survey at respondents place at mutually convenient time. The respondents were supported by oral explanation at the point where they got confused or unable to understand content of the questionnaire. The descriptive method is used for the interpretation of data from the questionnaire.

ANALYSIS OF DATA

The data and information collected from the customers have been presented, analyzed and interpreted for attaining the stated objectives of the study.

Banking Product Useful for Customers

Product	No. of Respondents	
	CIVIL	SaBL
Deposit	40	30
Loan	25	15
Agency Function	5	10
General Utility	15	20
All/Other	15	25
Total	100	100

Customers

This survey shows that the utilization or usefulness of Banking Products to its customers. 40% customers use the banking products in the form of Deposit in CIVIL and 30% in SaBL, 25% customer uses the product loan in CIVIL and 15% in SaBL, 5% & 10% as agency function, 15% & 20% uses general utility and 15% & 25% of the customers enjoy all the facilities in CIVIL and SaBL respectively.

Media From Which We Came to Know About The Product

Media	No. of Respondents	
	CIVIL	SaBL
Newspaper	40	40
Poster/ Hoarding	10	5
Television	5	10
Radio	0	5
Other	45	40
Total	100	100

This survey shows that 40% customer come to know about both of the sample banks and its products by means of newspaper, 10% by poster/hoarding in CIVIL and in 5% in SaBL, 5% by television in CIVIL and 10% in SaBL, there is no response to radio in CIVIL but 5% in CIVIL, whereas maximum 45% in CIVIL and 40% in SaBL customer come to know by other media like personal relation, friends, personal sales, publicity & so on.

Advertisement Help Bank to Attract

Product	No. of	Percentage
Yes	90	90
No	10	10
Total	100	100

With the help of above table, we came to know that 90% respondent believes that advertisement really help the banks to attract customers, where as 10% believe that there is no effect of advertisement.

Customers Belief about Advertisement of Bank is enough

Product	No. of Respondents	
	CIVIL	SaBL
Yes	35	30
No	15	20
Satisfactory	50	50
Total	100	100

The result of customer belief toward their satisfaction over sample Banks advertisement. 35% of CIVIL customers are satisfied with the advertisement campaign, 15% thinks more can be done to make the advertisement better and 50% thinks the advertisement by the Bank is satisfactory. On the contrary 30% of SaBL customers thinks the advertisement of the Bank is good, 20% are not happy with its advertisement campaign and 50% are satisfied customers.

Categorization of Marketing Strategy of Banks

Media	No. of Respondents	
	CIVIL	SaBL
Quite good	40	30
Attractive	15	10
Satisfactory	45	60
Boring	0	0
Total	100	100

The customers view regarding the sample Banks marketing Strategy, majority of respondents of CIVIL & SaBL thinks that promotional strategy of banks is satisfactory i.e. 45% & 60%, 40% & 30% of the customers are satisfied by the Banks promotion strategy its products and 15% & 10% believe that the strategy is attractive.

TV as the Medium for Advertisement

Medium	No. of Respondents	Percentage
Strongly Agree	40	40
Agree	60	60
Disagree	0	0
Strongly Disagree	0	0
Total	100	100

The above table shows that 40% people are Strongly agree and 60% are agreed that Television is the best medium for the

advertising any product. So, the survey shows that 100% people recognize that Television is the most popular medium for advertisement.

Advertisement Help in Recalling Brand

Response	No. of Respondents	Percentage
Yes	85	85
No	15	15
Total	100	100

According to the table, Large Majority of the people believes that advertisement helps in recalling brand i.e. 85% people agree where as only 15% people disagree.

Major Findings:

The major findings going through the report are as follows:

- It was found that deposit is the main banking products which are used more by its customers. 40% customers use the banking products in the form of Deposit in CIVIL and 30% in SaBL respectively.
- Overwhelming majority of the respondents 45% in JBNL & 60% in SaBL has expressed satisfaction confirming suitability of the marketing strategy adopted by the local banks.
- Because of the lack of education (55% & 50%) and lack of alertness (30% & 35%) are the main causes due to which Banks are neglecting the rural customers.
- The main reason of the Banks not approaching rural customers is found Insecurity by both reference Banks.
- Both Sample commercials banks where found adopting Product as well

as Marketing Strategy to remain competitive & alive in the market.

- f) During the study it is found that all the commercial banks are functioning well in Birgunj area but not highly interested in its promotion.

CONCLUSION

The banking business in Nepal is becoming very competitive and would be further more competitive after the year 2011 A.D. Customer satisfaction would be the key to lead and retain in the market. The bank with very effective service mechanism will survive in the market and can face growing competition and challenges.

Marketing strategy is the first and foremost tool to develop a financial institution. It includes a series of well-conceived policy, suitable and sufficient staffing, and development of conducive infrastructure and generation of felt-need based product and services, client friendly approaches.

The success of any financial institution is mainly quality based than simply its number of branches or its size capital investment, although on the national basis, Nepal government has recently asked the banks to emphasize in its service quality than on opening new branches, the respondents of the study area, have highly appreciated the marketing strategies of the banks functioning in Birgunj.

Most probably it is the specialty of the promotional strategies framed and adhered to by the newly established commercial banks like CIVIL and SaBL that has earned the distinguished name in

commercial market trying and working hard to reach to the customers.

After the detail analysis and interpretation of the data and information related to marketing strategy adopted by CIVIL and SaBL the following recommendation can be done.

1. Bank should focus on developing new products of its own and make a suitable market strategy in the matters concerned.
2. Well suited Training and Orientation programs should be prepared and launched specially to increase rural customers, preferably a trainers group should be recruited by each bank.
3. Pre-marketing survey should be done to identify the felt needs of the rural and urban customers separately and accordingly well suited promotional activities should be developed, be allotted to the field branches.
4. Optimal Promotional budget should be allocated.

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