

## Designing, Evaluating and Prioritizing Sepah Bank's Marketing Strategies in the Banking Industry

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**Abstract.** Increasing competition is one of the characteristics for the market environment in the last few decades. As competition intensifies, decision making and policy making become more complicated for survival or victory in the market, and managers are noticing that short-term plans and incoherent efforts is not enough to solve complex organizational issues. Nowadays, the organizational space, working methods, individual's relationships, communication-information systems and the adapting unpredictable requirements of the future years must be considered for programming. In this research, 30 Sepah Bank's marketing strategies explained by experts were evaluated by customers and staff with two separated questionnaires in two stages. The results show that the views of customers and employees are different on the prioritization of strategies.

**Keywords:** Marketing Strategy; Banking Industry; Customers

## 1. Introduction

One of the important changes in banking affairs, is the dramatic changes in the technology. Futurists believe that banking technologies are increasingly expanding over the various dimensions of human societies. Accordingly, technology will greatly affect the future of banking and now it has become one of the key issues for futurists. Technology for the future study of each field is indispensable, and every individual and organization, including banks, must identify and analyze their future strategies and determine their path in different dimensions. Therefore, considering the above mentioned issues, achieving a competitive position in the banking industry without designing, prioritizing and evaluating marketing strategies is not possible, as a result, the focus and review of marketing strategies is an essential requirement and the present study seeks to achieve this objective. The lack of a strategic marketing plan at all levels and layers of the organization leads to irreparable harms to macro objectives of the bank. Considering the above issues, the objective of the researcher is to evaluate and prioritize Sepah Bank's marketing strategies based on the macro objectives of the company, the marketing mix, the views of the customers and the employees. Regarding the research purpose, the main question that the researcher is seeking to answer is which strategies of marketing and priorities should be used by the Bank Sepah to accomplish its perspective and future mission that could guarantee the future of the bank in the competitive market?

## 2. Literature review

Marketing strategy development steps are: identifying decision-making criteria for marketing strategy, identifying relationships between marketing resources and weighing resources with the fuzzy ANP tactic, making decision matrix and ranking marketing strategies (Wu, Lin, & Lee, 2010). Given the increasing competition in the banking industry, marketing has been identified as a major element. Marketing strategies need to be fully implemented to lead to success, for example, if a bank engages in advertising activities without knowledge of the market, the objective of marketing will not be achieved (Oke, 2012). Marketing strategies are essential not only for survival, but also for improving the

productivity and creating loyal customers (Bhatt & Gor, 2012). Kalaiganam, Kushwaha and Varadarajan (2008) show opportunities for marketing in the field of interaction, personalization and access to the Internet (Kalaiganam, Kushwaha, & Varadarajan, 2008). Proença, Silva and Fernandez (2010) studied the role of Internet banking in strengthening the relationship between Banks and their customers for improving customer satisfaction, creating customer trust and obtaining the trustworthy customers (Ho & Lin, 2010). Measuring the effectiveness of marketing activities in the banking sector should be the first priority for each country. Ahmad, Razol and Rahman (2010) studied the effectiveness of marketing activities in terms of quality, and the success of banks in obtaining customer satisfaction (Ahmed, Rezaul, & Rahman, 2010). In the current highly competitive environment and a market with various products, the marketing objective is to maintain existing customers with the satisfaction of their individual needs, especially in banks (Schiffman & Kanuk, 2000). Yurasova and Ivashko (2014) recommend a digital marketing plan to improve the efficiency of the banking sector (Yurasova & Ivashko, 2014). Sychrová (2013) emphasizes that, in addition to traditional indicators, other criteria related to marketing management, which are a part of a marketing strategy, have a great importance. Improving marketing not only helps companies for prioritizing their efforts, but also improves the quality and accuracy of marketing resources from the power of the sales force (Milichovsky & Simberova, 2015). The use of the multi-standards' methods is appropriate for this analysis (Ginevičius, Podvezko, & Ginevičius, 2013). Despite the current poor marketing position, a number of organizations have understated this management element. In other companies, subjective evaluation of individuals is carried out often without any information, analysis, or measurable indicators, and these companies consider often marketing decisions (Ginevičius et al., 2013). Identifying the appropriate key criteria could help the marketing evaluation (Milichovsky & Simberova, 2015). Barwise and Farley (2004) found that the majority of companies use consistently one or more of the six marketing criteria (Barwise & Farley, 2004). As Al-Alek (2014) shows for marketing activities related to customers, bank customers do not feel that establishing a close relationship with the bank will have a

positive impact on quality (Al-Alak, 2014). Padmavathy, Balaji and Sivakumar (2012) believe that the retail banks can improve their operation by implementing effective management for relationship of customer (Roy, Padmavathy, Balaji, & Sivakumar, 2012). Mahtab and Abdullah (2016) conducted some research to find out how bank transactions in the Bangladesh banking sector occurred and understand the work, authorities and responsibilities of the bank's employees (Mahtab & Abdullah, 2016). The competitive environment in the global economy persuades banks to use different tools and methods to develop their qualitative and quantitative markets. Banks need to find ways to adopt a specific strategy to provide customer service (Hill, Jones, & Schilling, 2014). A modern and transparent marketing strategy is important for any organization, including banks. Nevertheless, most importantly, the bank should be able to use an appropriate and efficient strategy based on current market conditions, competitors' status, and its weaknesses that is able to secure their position on the market and can strengthen the relative share of the bank's market in the long time. These objectives require the formulated planning and marketing strategy for each of the potential and real markets of the bank with regard to the service and life cycle associated with it. In this research, we intend to answer the following question: What are the appropriate marketing strategies in the Bank Sepah based on effective factors on the competitive advantage?

### **3. Method**

David's model has been used to compile marketing strategy. Fig. (1) shows the theoretical framework of the research. The first phase of this research includes analysis of the strengths and weaknesses of the internal environment and the analysis of the opportunities and threats of the external environment with a descriptive-survey research and the used techniques are SWOT and IE (internal factors). It should be noted that in this research, different techniques were used to determine priorities and weights, such as Shannon entropy for statistical techniques. The second phase of this research is descriptive because the investigator did not interfere with the information and the results are objectively taken from the situation without any mental inference.

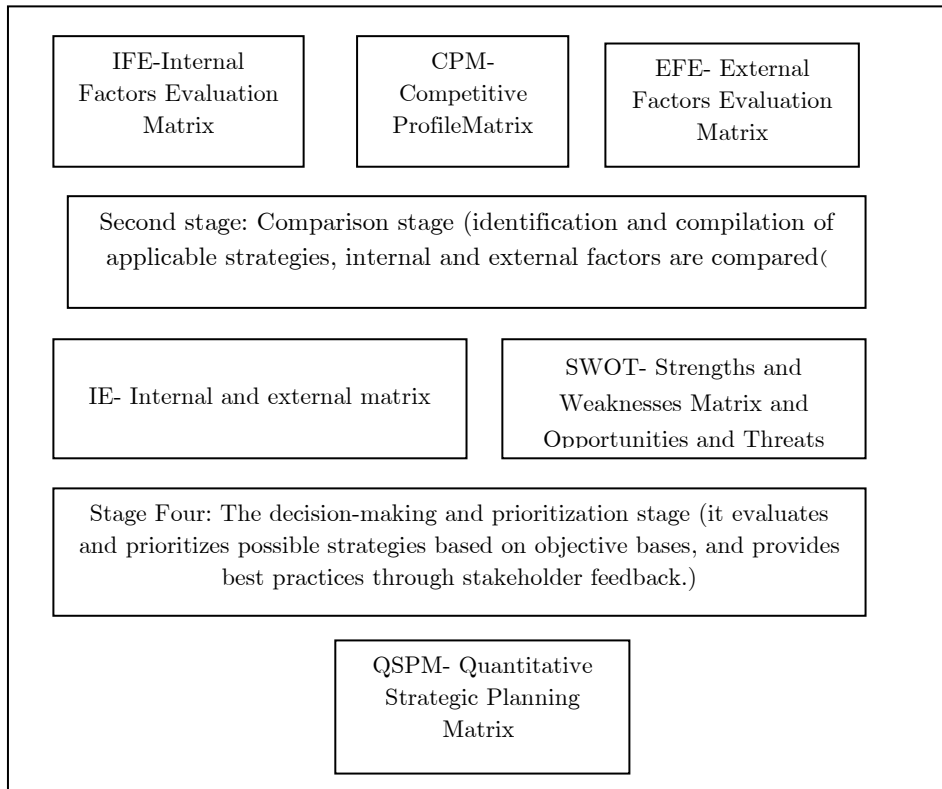


Fig. 1. David's model

Equation modeling, the study found. The convergent validity of the criteria AVE (average variance extracted) was used. The criteria for the acceptance AVE, 0.5 is (Hulland, 1999). Findings indicated, all amounts AVE related structures of more than 0.5 and this shows the acceptable concurrent validity of the questionnaire. The divergent validity,

The Friedman rank test was used regarding the non-normality of the variables, and Cronbach's alpha coefficient for the reliability of the questionnaire in SPSS 19 software.

#### 4. Findings

As show in Table (1), strategy 22 with a score of 1.001 has the highest score and Strategy 30 with a score of 0.120 has the lowest score.

**Table 1.** Prioritizing applicable strategies

Row	Strategy	Strategy name	Grade	Score
1	S22	R & D unit Activation of the product to design, support and training new products for customers,	First	1.001
2	S14	Customizing products, completing the value chain and providing products and advice for different groups of customers with respect to legal, humanitarian and economic responsibilities,	Second	0.684
3	S4	Designing a system for evaluating the experience and ability of employees,	Third	0.584
4	S1	Improving the bank brand as a governmental bank and its ancientness,	Fourth	0.427
5	S15	Software and hardware development, according to modern systems in line with the history and oldness of the bank,	Fifth	0.432
6	S24	Customer Valuation and designing the proposed special package of customer,	Sixth	0.421
7	S6	Operational efficiency due to increasing the commission service of the bank,	Seventh	0.392
8	S2	Development of non-personal gateways and varied currency service based on the contribution and growth of the monetary market,	Eighth	0.388
9	S30	Operational planning for queue units, according to the suitability of the branches and employees,	Ninth	0.332
10	S16	Proper distribution of manpower in queue units in order to quickly and accurately deliver service and increasing customer satisfaction,	Tenth	0.316
11	S28	A program to activate and attract valuable customers and valuing them in order to secure a profit margin,	Eleventh	0.308
12	S17	The use of the skill and capability of employees to reduce the demands and observance of the rules of usury-free banking,	Twelfth	0.272
13	S27	Deep and effective communication with customers by improving brand bank and customers reverence,	Thirteenth	0.268

Row	Strategy	Strategy name	Grade	Score
14	S25	Implementation of corporate governance principles and bank risk monitoring by designing and creating the database,	Fourteenth	0.260
15	S19	Monitoring banking risks and analyzing strengths and weaknesses in order to realize marketing strategies,	Fifteenth	0.258
16	S5	Review the description of the tasks of the organizational units in order to realize the marketing strategies,	Sixteenth	0.236
17	S9	Establishment of a centralized banking system to enhance organizational agility,	Seventeenth	S9
18	S10	Designing and establishing the occupational satisfaction system, suitability and meritocracy in the selection and appointment of managers, according to employee knowledge and reduction of violations,	Eighteenth	S10
19	S8	Development of non-personal gateways by designing products and service for specific groups,	Nineteenth	0.208
20	S3	Designing programs to customers reverence based on their mental image of the bank,	Twentieth	0.188
21	S23	Improvement of the notification and advertising processes for effective and prompt notification,	Twenty First	0.188
22	S11	Diversifying income channels to increase common and uncommon incomes,	Twenty Second	0.168
23	S26	Designing and deploying the applicable payment and appointment of the managers' system,	Twenty Third	0.164
24	S7	Improving the security of service delivery channels according to enter the new business arena,	Twenty Fourth	0.156
25	S20	Paying Attention to meritocracy in order to motivate employees to respond,	Twenty Fifth	0.156
26	S29	Improving performance and development of various gate ways' service along with the channel's security,	Twenty Sixth	0.156
27	S13	Establishment of wear system of the employees in line with the ethical charter observance and increasing employee participation,	Twenty Seventh	0.148

Row	Strategy	Strategy name	Grade	Score
28	S18	Increasing employee productivity, according to the establishment of encouragement management system,	Twenty Eighth	0.144
29	S12	Improving customer relationship management process and evaluating satisfaction in line with transparency of information,	Twenty Ninth	0.140
30	S21	Expanding research and development issues within the country and paying attention to update the international employees' knowledge,	Thirtieth	0.120

**Table 2.** Prioritizing strategies based on customer comments

Marketing Mix	Row	Item No.	Item	Strategy	Weight
Personal	1	Q5	Personal accountability	S26	0.0097
	2	Q2	Speed and accuracy in service	S16	0.0127
	3	Q3	Bosses and deputies Experiences	S17	0.0135
	4	Q4	Expert knowledge of the branches authorities	S10	0.0375
	5	Q1	Skill and ability of banking Personal branches	S4	0.0514
Service	1	Q20	New product design for customers	S14	0.0514
	2	Q32	Valuation of Customers for Receiving Types of commissions	S24	0.0134
	3	Q10	Quality of non-personal service	S29	0.0189
	4	Q24	Number and time of disconnection of communication lines in branches	S29	0.0189
	5	Q25	Continuity of service provision in the non-personal gateways	S29	0.0189
	6	Q8	Security of service channels	S7	0.0306
	7	Q12	Variety of Rials service	S9	0.0354



Marketing Mix	Row	Item No.	Item	Strategy	Weight
Distribution	1	Q9	Ways of the non-personal gateways' development	S2	0.0337
	2	Q13	Variety of currency service	S8	0.0391
Promotion & Advertisements	1	Q17	Reverence of the customer programs	S3	0.0078
	2	Q14	People's recognition about brand of the bank	S1	0.0121
	3	Q19	Staff communication skills in personal service	S12	0.0296
	4	Q15	A deep relationship in environmental advertising	S27	0.0325
	5	Q16	Advertisements effectiveness	S23	0.0332
	6	Q18	Notification ways	S23	0.0332
Process	1	Q11	Non-personal service quality	S5	0.0168
	2	Q21	Training how to use new products	S22	0.0195
	3	Q22	Eliminating service weaknesses	S19	0.0263
Productivity	1	Q7	Providing new electronic service' way	S15	0.0181
	2	Q23	Software Quality of service	S15	0.0181
	3	Q26	Quality of the ATM, POS & kiosk etc.	S15	0.0181
Assets	1	Q31	Employees' wear	S13	0.0095
	2	Q27	Adornment of Branches	S30	0.0263
	3	Q28	Branches decorations	S30	0.0263
	30	Q29	Branches diffusion	S30	0.0263
	31	Q30	Number of branches	S30	0.0263
Pricing	32	Q34	Efficiency of bank operations due to its price	S6	0.0158
	33	Q33	Price's variety of banking commissions service	S11	0.0182
	34	Q6	Variety of service and products and required advices	S28	0.196

**Table 3.** Prioritization of strategies based on assessing employees' comments

Marketing Mix	Row	Item No.	Item	Strategy	Weight
Personal	1	Q1	How to assess the experience and the ability of employees based on task descriptions,	S4	0.0095
	2	Q4	How to pay rewards, and appointment of specialized and managerial positions,	S26	0.0295
	3	Q7	How to increase employee knowledge,	S21	0.0332
	4	Q3	Using the productivity of the employees based on their skills, abilities in the relevant occupational position,	S17	0.0338
	5	Q5	How to evaluate employees in terms of occupational satisfaction and meritocracy,	S10	0.0366
	6	Q2	How to determine the human resources chart in queue units and compliance,	S16	0.0055
Service	1	Q10	Centralized Banking and its Implementation Stages,	S9	0.0055
	2	Q16	Designing products and service for specific groups of customers (age, gender, occupation, etc.),	S24	0.0246
		Q39	Designing a package for attracting customers with value added,	S24	0.0246
	3	Q8	Existence of customized products and the completion of the customer value chain,	S14	0.0328
		Q38	How to apply a discount for commission based on the amount of customer transactions,	S14	0.0328

Marketing Mix	Row	Item No.	Item	Strategy	Weight
	4	Q11	Security of service channels (Telephone Bank, Mobile Bank, Internet Bank, etc.),	S7	0.0361
	5	Q31	The amount of communication lines disconnection in the branches,	S29	0.0376
		Q32	Continuity of service provision at personal gateways,	S29	0.0376
		Q12	How to operate and develop various gateways,	S29	0.0376
		Q14	Variety of foreign currency products,	S29	0.0376
Distribution	1	Q17	Variety of Rials' products,	S8	0.0174
	2	Q15	A deep relationship in environmental advertising	S2	0.0404
			Development and diversification of non-personal gateways		
Promotion and Advertisement	1	Q22	How to inform and advertise,	S23	0.0144
		Q23	Effective advertisements for new products and service,	S23	0.0144
	2	Q18	Position of the bank brand in the minds of customers,	S3	0.0298
	3	Q19	How to use the format of the bank brand in various tools and sections of the bank (letterhead, signboard, ATM cards, etc.),	S1	0.346
	4	Q20	Plans to reverence of customers,	S27	0.036
	5	Q21	Standards of relationship management with customers,	S12	0.0526

Marketing Mix	Row	Item No.	Item	Strategy	Weight
Processes	1	Q24	Existence of the Product R & D unit with the aim of updating the products of the bank,	S22	0.0139
		Q25	How to learn the use of the new service,	S22	0.0139
	2	Q26	Implementing principles of the corporate governance,	S25	0.0149
	3	Q29	Realization of marketing strategies based on the review of the organizational task description,	S5	0.0286
	4	Q27	Identifying types of banking risks and planning to reduce them,	S19	0.044
		Q28	Identification and analysis the strengths and weaknesses of implementing in the realization of marketing strategies,	S19	0.044
Productivity	1	Q6	How to motivate employees in order to achieve the objectives,	S18, S20	0.0305
	2	Q13	The amount of the speed and variety of systems used (Unix, core currency, Rials, centralized banking, etc.),	S15	0.0306
		Q30	The quality of the software and designed applications,	S15	0.0306
		Q33	The quality and quantity of hardware used (computer, printer, barcode reader, scanner, etc.),	S15	0.0306
Physical assets	1	Q36	Adornment of the employees based on the appropriate uniform,	S13	0.0094
	2	Q34	Beautiful and eye-catching bank buildings,	S30	0.0296

Marketing Mix	Row	Item No.	Item	Strategy	Weight
		Q35	Decoration of the branches,	S30	0.0296
Pricing	1		Designing the proposed and valuable packages based on customers' groups,	S28	0.0287
	2		Variety of the commission income,	S6	0.0362
			The effective applications for a correct method about receiving commission service,	S6	0.0362
	3		Diversification of income channels,	S11	0.0364

## 5. Conclusion

In this research, 30 Sepah Bank's marketing strategies explained by experts were evaluated by **customers** and staff with two separated questionnaires in two stages. And in the first questionnaire, 34 items of the developed strategies were extracted and categorized based on marketing mix (Lovelock p8), and afterwards these questionnaires distributed among 385 customers. After collecting data, analysis was carried out based on Shannon's entropy and the items were ranked and strategies prioritized based on ranking. In the next step, 41 items were extracted from the developed strategies and were classified based on marketing mix (Lovelock p8) and the second questionnaire were distributed among 385 of the employees and then, as the first step, the banks' strategies are classified based on the views of the employees. The results of the research show that the views of customers and employees are different on the prioritization of strategies, therefore, it is suggested that based on customers and employees' opinions as the most important element of banking, the elementary priorities of the both groups are simultaneously considered by the Bank.

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