

Impact of Marketing Orientation on Financial Performance of Banks in India

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Abstract

Marketing orientation has become an important ingredient of the strategic management of banks in India due to the changed competitive landscape of the industry. However marketing expenses in banks can be risky as it is difficult to establish a direct relationship between marketing strategy and financial performance.

This paper studies the impact of marketing orientation on the financial performance of banks in India. The marketing orientation can be understood by marketing strategy classification to which the banks belong. The study has been conducted on a total of 56 public, private, and foreign banks for the period 2004 to 2012.

The paper has identified that certain financial parameters vary significantly among banks classified based on marketing orientation. However, marketing strategy classification has only a subdued impact on the profitability of the banks. The paper concludes with appropriate implications for banks on usage of marketing orientation in strategy.

Keyword: Marketing Strategy, Financial Performance

Introduction

India's financial sector has seen rapid growth in the last two decades. The country has emerged as a predominant banking economy and banks currently account for 60% of its financial assets. The emergence of private and foreign players in India has led to improved performance

by banks. The Herfindahl-Hirschman Index for India stood at 536 indicating a 'loosely concentrated' banking sector. Cross country comparisons of the indices show that while India's position is comparable with advanced economies, it has lower concentration when compared to other developing economies (Reserve Bank of India, 2009). The lower concentration level combined with low penetration levels makes the Indian banking industry set for high growth levels (Sinha, 2012).

The role of marketing orientation has become ever so important in the Indian context as banks look to differentiate from competitors and create a sustainable advantage for themselves in the market. Banks are spending more and more amount of time and money on their marketing efforts. By being able to pursue the right strategy, banks are attempting to connect with their target customers. The right usage of marketing strategy tools can possibly help banks to achieve superior performance in the future.

Literature Review

In this section a review of the research related to the area of marketing orientation and its impact on financial performance has been done with the objective of highlighting the work that has been done and the gaps that exist in research. Also, research in the area of bank marketing and its relationship to financial performance has been specially highlighted.

Heiens & Pleshko (2011) studied the relationship between marketing orientation and profitability. Contrary to management perception, the study found that less

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aggressive and less costly approaches to market orientation and marketing strategy, actually pay off in terms of objectively measured ROA. The study found an inverse relationship between aggressive market orientation and profitability. Similarly, Rodríguez & Berrio (2011) attempted to study the impact of marketing orientation on financial performance in MSME's. The MARKOR construct which finds the level of use of marketing concept as a business philosophy was related to various financial performance measures in firms in Bogota. The study did not find any statistically significant impact of marketing orientation on financial performance.

With specific reference to the banking sector, considerable research has focussed on the marketing strategies of banks. Uppal (2010) studied the marketing developments regarding products and services in various bank groups and suggested strategies for improvement of bank marketing amongst public, private and foreign banks. The research studied the growth of deposits, advances, interest income, other income, and operating profit. The study showed that private and foreign banks are more effective in their marketing strategies compared to the public sector banks. Kumar & Prasad (2012) studied the branding strategies adopted by the new private banks in India. The authors identified that strong customer services and the ability to build own brand positioning in customer's minds as the key requirements to success in branding. These aspects combined with the right marketing mix and clear marketing message can ensure the success of branding. Manisha (2012) evaluated and compared the effectiveness of marketing communication strategies in public and private sector banks by studying advertising, sales promotion, personal selling, publicity and public relations. Using parameters like information provided, awareness creating, attitude change, brand image creation and brand loyalty, the author concluded that there are no significant differences in the marketing communication strategies being adopted by public and private sector banks in India. Gupta & Mittal (2008) analysed the customer's perception of promotional strategies of banks and found that the promotional strategies of public as well as private sector banks were similar. However, customers perceive that advertisement and promotional efforts of private sector banks are more effective than the public sector banks. While private sector banks prefer adopting a push strategy to capture customers, public sector banks leverage on their reliability.

Studies have attempted to understand the performance of banks in relation to their strategies. Amoako & Dartey-Baah (2012) examined the influence strategic marketing on profitability of banks in Ghana. Strategic marketing enables management and staff to take part in decision making. The performance of banks was studied in the context of reliability, responsiveness, assurance, empathy and tangibles. The research revealed that strategic marketing has an impact on profitability.

Aliata *et al.* (2012) examined the nature and influence of a bank's promotional strategies on its performance. In order to ascertain the nature of relationship between promotional strategies and performance the factors studied with regards to promotional strategies were advertising, personal selling, sales promotion, publicity, direct marketing and viral marketing, while the factors studied for performance were sales and profits. The study states that there exist a positive relationship between promotional strategies and performance. The study further says that the relationship between an individual promotional strategy and performance was not very strong. However, when all the promotional strategies are improved the performance too improves.

Bansal & Behal (2012) examined the relationship between bank performance and presence in rural areas of scheduled commercial banks in India. By studying profitability, credit deposit ratio and non-performing assets over the years 2007 and 2011 on public sector, private sector and foreign bank, the study revealed that the existence of rural branches does not have a negative effect on the performance of banks.

The review of the above literature reveals that a detailed study of the impact of marketing orientation and strategy of Indian banks on financial performance is yet forthcoming. The focus of this paper is to address this gap in research.

Methodology of the Study

This section elaborates the methodology adopted for the current study.

Objective of the Study

Banks are taking up marketing initiatives both at local and national level to face competition. However, marketing spends can be a risky as it is tough to establish a direct

relationship between a bank's marketing strategy and its financial performance. Based on the research gap identified in the literature review, the objective of the study is:

To understand the impact of marketing strategy classification on the financial performance of banks in India.

Hypotheses

Two hypotheses were developed for the study. While in general, research has shown no significant impact of marketing orientation on financial performance (Rodríguez & Berrio, 2011), Amoako & Dartey-Baah (2012) have shown that in the international context, there indeed is a positive relationship between marketing orientation and profitability of banks. To appreciate whether a similar relationship exists even in the Indian context, the following first hypothesis was developed:

Hypothesis 1: There is no impact of marketing orientation on the profitability of banks in India.

Further, Aliata *et al.* (2012) have alluded that banks adopt different promotional and marketing strategies leading to varied levels of growth. Different levels of growth may lead to banks having different financial performance parameters based on their marketing orientation. To study these differences, the second hypothesis has been developed as follows:

Hypothesis 2: There are no differences among banks in India with different marketing orientations on selected financial performance parameters.

Sampling Procedure

All scheduled commercial banks with branches in India during the period 2004 to 2012 have been selected for the purpose of this study. These include 26 public sector, 17 private sector, and 13 foreign banks totalling to 56 banks. Annexure gives the list of banks selected for the study. The data required for the study have been collected from *Capitaline databases*.

Methodology of classification of banks based on marketing orientation

The marketing orientation of a firm can be understood from its marketing strategy. Marketing Strategy is

defined by Aaker (2008) as a process that can allow an organisation to concentrate its resources on the optimal opportunities with the goals of increasing sales and achieving a sustainable competitive advantage. Firms can be classified as market leaders, market challengers, market followers, and market niche players based on their marketing orientations (Trout & Ries, 1986).

Market leaders: Most industries have acknowledged market leaders. The leaders have the largest market share and usually lead the other firms in price changes, new product introductions, distribution coverage, and promotion spending.

Market challengers: Firms that are in the second tier and which are quite large are known as market challengers. A market challenger must first define which competitors to challenge and its strategic objective. These firms can then adopt one of two competitive strategies: They can challenge the leader and others in an aggressive bid for more market share, or they can play along with competitors.

Market followers: Firms which decide not to challenge the leader are known as market followers. Not all runners up companies can effectively challenge the market leader. This is because in many cases, if challengers try to increase market share through lower prices, improved service, or additional product features, the leader can quickly match these to defuse the challenge. Thus, many firms prefer to follow rather than challenge the leader.

Market niche players: Almost every industry includes firms that specialize in serving market niches. Instead of pursuing the whole market, or even large segments, these firms target sub segments to achieve profitability.

To understand their marketing orientation, the selected banks were classified into market leaders, market challengers, market followers, and market niche players. Due to their unique business model, foreign banks operating in India were classified as market niche players. Using the aggregate value and percentage growth of savings deposits, term deposits and term loans, the remaining banks were ranked in each of the years of study separately. The resultant rank scores were summed up to a total score. The top 20% of the banks based on total score were designated as market leaders, the next 25% banks were to be classified as market challengers and the balance as market followers.

Statistical Techniques Used for Analysis

The following statistical analysis techniques were used in the study. While two regression models were used to test hypothesis 1, t-test and ANOVA two were used for testing hypothesis 2. These are explained below:

Regression Using the Market Strategy Dummy: A separate dummy variable was assigned to the banks belonging to each of the four categories based on marketing orientation. This variable was then integrated with other financial parameters into a regression model as follows:

$$NPG = \alpha + \beta_1 IEXPG + \beta_2 INVG + \beta_3 ADVG + \beta_4 DEPG + \beta_5 IERNG + \beta_6 APRIG + \beta_7 APUBG + \beta_8 IINVG + \beta_9 IDEPG + \beta_{10} SDEPG + \beta_{11} TDEPG + \beta_{12} TLOANG + \beta_{13} MSS + \varepsilon$$

where,

NPG refers to growth in Net Profits

IEXPG refers to growth in Interest Expenditure

INVG refers to growth in in Investments

ADVG refers to growth in in Total Advances

DEPG refers to growth in in Total Deposits

IERNG refers to growth in in Interest Earned

APRIG refers to growth in in Advances to Priority Sector

APUBG refers to growth in in Advertisement & Publicity Expenditure

IINVG refers to growth in in Income from Investment

IDEPG refers to growth in in Interest on Deposits

SDEPG refers to growth in in Savings Deposits

TDEPG refers to growth in Term Deposits

TLOANG refers to growth in Term Loans

MSS refers to Marketing Strategy Dummy

α , β_1 to β_{13} and ε represent regression coefficients

Regression Using the Marketing Strategy Score: Similar to the previous regression model, another model was created integrating the same variables with the exception

of substituting the marketing strategy dummy variable with the total rank score used for classification termed in this model as the marketing strategy score as follows:

$$NPG = \alpha + \beta_1 IEXPG + \beta_2 INVG + \beta_3 ADVG + \beta_4 DEPG + \beta_5 IERNG + \beta_6 APRIG + \beta_7 APUBG + \beta_8 IINVG + \beta_9 IDEPG + \beta_{10} SDEPG + \beta_{11} TDEPG + \beta_{12} TLOANG + \beta_{13} MSS + \varepsilon$$

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NPG refers to growth in Net Profits

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TDEPG refers to growth in Term Deposits

TLOANG refers to growth in Term Loans

MSS refers to Marketing Strategy Score

α , β_1 to β_{13} and ε represent regression coefficients

t-test: t-test was carried out to study the differences between the financial performance of banks in different marketing strategy categories. The financial variables studied were growth in net profit, interest expenditure, interest earned, advances to priority sector and income from investment. Banks from two marketing categories were paired and subjected to t-test at a time. Therefore a total of 6 paired combinations were possible for the study of each of the variables as follows: market leaders vs. market challengers, market leaders vs. market followers, market leaders vs. market niche players, market challengers vs. market followers, market challengers vs. market niche players, and market followers vs. market niche players.

Analysis of variance (ANOVA): The growth rates of net profit, interest expenditure, interest earned, advances to priority sector, advertisement and publicity expenditure, and income from investment of the selected banks belonging to all the four marketing orientation categories were studied together using the ANOVA technique.

Presentation of Results

In this section the results of the study has been presented. Tables 1 to 4 present the results of the regression analysis which incorporated a dummy variable of the marketing strategy.

Table 1: Results of Regression Analysis Incorporating Market Leader Dummy Variable

Variable	Coefficient values								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Interest expenditure	-0.04	0.01	0.00	-0.01	-0.01	0.04	3.02	0.03	-3.74
Investments	0.04	0.31	-0.45	0.11	0.09	-0.16	-3.23	0.38*	0.22
Advances	-0.28	0.04	0.68*	0.00	0.35	0.04	2.58	-0.55*	3.41*
Total Deposits	-0.11	0.34*	-0.06	0.70*	0.01	-0.07	19.45*	0.82*	8.89*
Interest Earned	-0.10	-0.94*	1.40*	0.13	0.25	-0.09	-3.48	-0.61*	3.72
Advances to Priority Sector	0.08	-0.08	-0.02	0.14	0.45*	0.09	0.04	-0.09	-0.56
Advertisement & Publicity	0.08*	0.01	0.03	0.01	-0.01	0.04	-0.07	0.03*	-0.07
Income from Investment	0.46*	0.59*	0.12	0.14	0.86*	0.43*	3.00	0.19*	-1.77*
Interest on Deposits	-0.36*	0.00	-0.32	-0.06	-0.10	0.28	-3.59	0.03	1.18
Savings Deposit	0.13*	0.13	-0.05	-0.03	-0.21	0.03	-9.17*	0.18*	-1.31
Term Deposits	0.22	0.41*	0.09	-0.27	-0.24	0.45	-1.36	0.39	-3.54
Term Loans	-0.03*	-0.10	-0.05	0.11	-0.04	-0.30	-0.05	0.00	-2.43*
Market leader strategy dummy	0.10	0.03	-0.19*	-0.02	-0.14	0.03	-1.51	0.01	0.12

* denotes value is significant at 95% significance level

Table 2: Results of Regression Analysis Incorporating Market Challenger Dummy Variable

Variable	Coefficient values								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Interest expenditure	-0.04	0.01	0.00	-0.01	-0.02	0.07	1.68	0.03	-3.56
Investments	0.05	0.71	-0.26	0.12	0.13	0.04	-3.23	0.35*	0.13
Advances	-0.26	0.18	0.47	0.00	0.26	-0.15	1.64	-0.56*	3.26*
Total Deposits	-0.10	0.38*	-0.03	0.70*	0.01	0.06	18.24*	0.84*	8.89*
Interest Earned	-0.01	-1.14*	0.82	0.13	0.15	-0.24	-3.13	-0.57*	3.59
Advances to Priority Sector	0.08	-0.15*	0.00	0.14	0.43*	-0.15	-0.13	-0.11	-0.51
Advertisement & Publicity	0.09*	0.00	0.04	0.01	-0.02	0.10	0.01	0.03*	-0.06
Income from Investment	0.40	0.59*	0.14*	0.15	0.93*	0.03	1.98	0.20*	-1.73*
Interest on Deposits	-0.36*	-0.05	-0.17	-0.08	-0.20	0.44*	-1.30	0.04	1.04
Savings Deposit	0.13*	0.12	0.02	-0.03	-0.16	0.05	-8.83*	0.17*	-1.41
Term Deposits	0.24	0.37*	0.08	-0.26	-0.21	0.56	-1.16	0.39	-3.32
Term Loans	-0.04*	-0.09	-0.05	0.11	-0.04	-0.28	-0.11	0.01	-2.38*
Market challenger strategy dummy	-0.05	-0.16*	0.16	0.00	-0.06	0.06	0.44	-0.05	0.11

* denotes value is significant at 95% significance level

Table 3: Results of Regression Analysis Incorporating Market Follower Dummy Variable

Variable	Coefficient values								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Interest expenditure	-0.04	0.01	0.00	-0.01	-0.01	0.04	1.27	0.03	-3.38
Investments	0.03	0.32	-0.36	0.13	0.01	-0.13	-2.30	0.36*	0.08
Advances	-0.30	0.04	0.69*	0.00	0.44	0.08	2.14	-0.54*	3.18*
Deposits	-0.09	0.35*	-0.05	0.71*	0.01	-0.06	18.97*	0.80*	8.96*
Interest Earned	-0.02	-0.94*	1.01	0.13	0.21	-0.10	-3.12	-0.62*	3.50
Advances to Priority Sector	0.09	-0.08	-0.02	0.14	0.49*	0.05	-0.04	-0.09	-0.53
Advertisement & Publicity	0.09*	0.01	0.04	0.01	-0.02	0.04	0.00	0.03*	-0.02
Income from Investment	0.43*	0.61*	0.17*	0.15	0.90*	0.39*	1.88	0.21*	-1.80*
Interest on Deposits	-0.37*	-0.01	-0.17	-0.08	-0.14	0.27	-2.05	0.04	0.92
Savings Deposit	0.13*	0.13	-0.02	-0.03	-0.22	0.01	-8.63*	0.17*	-1.40
Term Deposits	0.24	0.42*	0.10	-0.26	-0.25	0.47	-1.44	0.40	-3.28
Term Loans	-0.04*	-0.10	-0.08	0.11	-0.05	-0.34*	-0.06	0.01	-2.39*
Market follower strategy dummy	-0.03	0.00	0.06	0.00	0.10	-0.07*	0.83	0.02	-0.14

* denotes value is significant at 95% significance level

Table 4: Results of Regression Analysis Incorporating Market Niche Player Dummy Variable

Variable	Coefficient values								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Interest expenditure	-0.03	0.01	0.00	-0.01	-0.02	0.04	0.72	0.03	-3.74
Investments	0.06	0.36	-0.27	0.17	0.28	-0.06	-1.33	0.37*	0.21
Advances	-0.25	0.16	0.60	0.00	0.11	0.06	1.23	-0.58*	3.33*
Deposits	-0.10	0.31*	-0.04	0.74*	0.01	0.07	16.86*	0.79*	8.73*
Interest Earned	-0.12	-0.93*	0.69	0.10	0.16	-0.13	-4.66	-0.56*	3.69
Advances to Priority Sector	0.07	-0.08	-0.02	0.15	0.35*	0.10	-0.39	-0.09	-0.51
Advertisement & Publicity	0.09*	0.00	0.06	0.00	-0.01	0.04	0.13	0.03*	-0.08
Income from Investment	0.44	0.53*	0.20*	0.14	0.88*	0.42*	0.71	0.16	-1.77*
Interest on Deposits	-0.37*	-0.02	-0.05	-0.08	-0.23	0.23	-0.75	0.03	1.14
Savings Deposit	0.13*	0.14	0.02	-0.04	-0.11	0.02	-7.96*	0.18*	-1.28
Term Deposits	0.24	0.49*	0.11	-0.28	-0.16	0.37	0.14	0.46	-3.27
Term Loans	-0.03	-0.12	-0.15	0.11	-0.02	-0.32*	-0.43	0.00	-2.45*
Market niche player strategy dummy	-0.02	0.10	-0.18	0.03	0.14	0.04	-2.20	0.03	0.02

* denotes value is significant at 95% significance level

Table 5 presents the results regression analysis incorporating marketing strategy score.

Table 5: Results of Regression Analysis Incorporating Market Strategy Score

Variable	Coefficient values									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Interest expenditure	0.08*	0.05	-0.01	-0.02	-0.06	0.16*	0.89	0.02	-5.41	
Investments	1.21*	1.34*	0.30*	0.79*	0.72	1.03*	0.42	0.24	-1.90	
Advances	-0.50	-0.51	-0.06	-0.32	-0.66	-0.80*	-0.99	-0.28	4.14	
Deposits	-0.03	0.21	-0.02	0.88*	0.01*	0.33	-2.14	0.63	13.87	
Interest Earned	-0.27	-2.60*	-0.40	0.01	0.27	-0.86	0.58	-0.37	3.10	
Advances to Priority Sector	0.09	-0.03	-0.04	-0.23	0.07	0.11	0.05	-0.01	-0.45	
Advertisement & Publicity	0.02	0.01	0.01	-0.02	0.01	0.04	-0.02	0.03	0.04	
Income from Investment	0.16	1.42*	0.81*	-0.04	0.39	0.29*	-0.90	0.16	1.08	
Interest on Deposits	-0.95*	-0.65	-0.04	-0.62*	-0.85*	-0.04	-1.35	0.03	2.41	
Savings Deposit	0.19	0.15	0.34*	0.16	0.25	0.47	0.91	0.15*	-2.00	
Term Deposits	0.73*	0.80*	0.12	0.21	0.90*	0.25	2.54	0.46	-7.07	
Term Loans	-0.07	0.17	0.01	-0.01	0.07	-0.07	-0.60	-0.22	-3.10	
Market strategy score	0.01	0.01	0.01	0.01	0.00*	0.01	0.00*	0.01	0.01	

* denotes value is significant at 95% significance level

Tables 6 to 10 present the results of the t-tests performed to compare selected financial performance parameters among the different banks classified on the basis of marketing strategy on a paired comparison basis.

Table 6: Results of t-test Comparing Net Profits

Comparison	p-values of the t-test									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Challenger vs. Follower	0.33	0.76	0.01*	0.42	0.03*	0.01*	0.11	0.38	0.54	
Challenger vs. Leader	0.03*	0.22	0.15	0.88	0.03*	0.35	0.54	0.15	0.21	
Challenger vs. Niche player	0.10	0.53	0.11	0.75	0.04*	0.55	0.22	0.20	0.27	
Follower vs. Leader	0.11	0.61	0.58	0.51	0.42	0.16	0.28	0.74	0.34	
Follower vs. Niche player	0.11	0.52	0.73	0.94	0.13	0.68	0.08	0.02*	0.57	
Leader vs. Niche player	0.74	0.07	0.98	0.81	0.17	0.83	0.29	0.10	0.18	

* denotes value is significant at 95% significance level

Table 7: Results of t-test Comparing Interest Expenditure

Comparison	p-values of the t-test									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Challenger vs. Follower	0.95	0.40	0.15	0.55	0.92	0.73	0.99	0.37	0.20	
Challenger vs. Leader	0.19	0.14	0.47	0.69	0.51	0.60	0.77	0.85	0.90	
Challenger vs. Niche player	0.95	0.15	0.59	0.67	0.44	0.63	0.01*	0.78	0.38	
Follower vs. Leader	0.26	0.35	0.55	1.00	0.33	0.91	0.66	0.44	0.32	
Follower vs. Niche player	0.98	0.98	0.05*	0.24	0.23	0.39	0.00*	0.71	0.86	
Leader vs. Niche player	0.50	0.11	0.30	0.48	0.55	0.60	0.02*	0.82	0.48	

* denotes value is significant at 95% significance level

Table 8: Results of t-test Comparing Interest Income

Comparison	p-values of the t-test								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Challenger vs. Follower	0.02*	0.79	1.69	0.11	0.33	0.82	0.39	0.94	0.49
Challenger vs. Leader	0.19	0.92	1.75	0.28	0.02*	0.82	0.72	0.95	0.79
Challenger vs. Niche player	0.00*	0.01*	0.34	0.7	0.45	0.73	0.00*	0.21	0.26
Follower vs. Leader	0.53	0.83	0.00*	0.35	0.1	0.92	0.72	0.89	0.72
Follower vs. Niche player	0.00*	0.34	0.05*	0.51	0.32	0.53	0.00*	0.07	0.31
Leader vs. Niche player	0.00*	0.01*	0.83	0.95	0.75	0.71	0.01*	0.25	0.39

* denotes value is significant at 95% significance level

Table 9: Results of t-Test Comparing Advances to Priority Sector

Comparison	p-values of the t-test								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Challenger vs. Follower	0.03*	0.52	0.12	0.91	0.34	0.11	0.08	0.32	0.98
Challenger vs. Leader	0.03*	0.04*	0.40	0.39	0.10	0.39	0.35	0.14	0.11
Challenger vs. Niche player	0.01*	0.01*	0.22	0.63	0.36	0.59	0.13	0.56	0.66
Follower vs. Leader	0.16	0.66	0.08	0.41	0.02*	0.01*	0.82	0.68	0.48
Follower vs. Niche player	0.03*	0.36	0.01*	0.46	0.14	0.74	0.01*	0.83	0.67
Leader vs. Niche player	0.04*	0.00*	0.02*	0.79	0.43	0.36	0.09	0.97	0.79

* denotes value is significant at 95% significance level

Table 10: Results of t-test Comparing Income from Investment

Comparison	p-values of the t-test								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Challenger vs. Follower	0.86	0.72	0.01	0.09	0.13	0.43	0.70	0.85	0.93
Challenger vs. Leader	0.69	0.76	0.18	0.17	0.02	0.92	0.51	0.93	0.67
Challenger vs. Niche player	0.45	0.22	0.62	0.33	0.32	0.75	0.20	0.95	0.92
Follower vs. Leader	0.85	0.80	0.28	0.42	0.30	0.26	0.17	0.91	0.64
Follower vs. Niche player	0.51	0.47	0.29	0.64	0.49	0.31	0.09	0.84	0.84
Leader vs. Niche player	0.69	0.13	0.65	0.79	0.97	0.80	0.10	0.94	0.76

* denotes value is significant at 95% significance level

Table 11 presents the results of the ANOVA test in which selected financial performance variables were compared for all the categories of banks simultaneously.

Table 11: Results of ANOVA

Variable	p-values of the ANOVA								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net Profit	0.11	0.69	0.02*	0.93	0.04*	0.54	0.13	0.04*	0.49
Interest Expenditure	0.82	0.55	0.18	0.62	0.49	0.75	0.00*	0.83	0.59
Interest Earned	0.00*	0.72	0.14	0.60	0.60	0.89	0.00*	0.14	0.48
Advances to Priority Sector	0.00*	0.68	0.19	0.83	0.29	0.31	0.09	0.84	0.87
Income From Investment	0.86	0.85	0.08	0.42	0.49	0.74	0.12	0.96	0.98

* denotes value is significant at 95% significance level

Analysis of the results

The following points of analysis can be understood from the results presented in the previous section:

Analysis of Results in Relation to Hypothesis 1: Tables 1 to 4 presented the results of regression analysis using marketing strategy dummy, while Table 5 presented the results of regression analysis using marketing strategy score. An analysis of these tables show that the values were significant in just 2 years in relation to marketing strategy score, just 1 year in relation to market leader, market challenger and market follower dummy variables and none of the years in relation to market niche player strategy. These cumulatively represent significant impact of marketing strategy classification on profitability of banks in only around 11% of the analysis cases. When compared to the significant impact of variables like growth in income from investment (58%) and total deposits (49%) the impact of marketing strategy classification on profitability is very much subdued. This analysis thus shows that the first hypothesis that there is no impact between banks' marketing strategy classification and profitability needs to be accepted.

Analysis of Results in Relation to Hypothesis 2: Tables 6 to 10 presented the results of the t-tests comparing selected financial parameters on a paired comparison basis and Table 11 presented the results of ANOVA which compared the selected financial parameters in a combined basis. Growth in net profit, interest income, and advances to priority sector are significantly different in at least one among the paired comparisons in a majority of the years under study. Similarly the net profit growth among all the banks is significantly different in 3 of the 9 years of study (representing 33%). This shows that important financial parameters do vary among different banks categorised based on marketing strategy. Therefore the second hypothesis that there are no differences among selected financial performance parameters of banks belonging to different marketing strategy classifications cannot be accepted completely.

The above results are consistent with existing studies like Heiens & Pleshko (2011) and Rodríguez & Berrio (2011) which have only shown a subdued impact of marketing orientation on financial performance.

Conclusions and Implications of the Study

The objective of this paper was to study the impact of marketing orientation of banks on their financial performance. Two hypotheses to study the impact were created. The analysis of the results of the study shows the following:

- There is no significant impact of marketing strategy classification of banks on their profitability. India being an emerging economy provides enormous opportunities for banks for earning profits. Such profits can accrue to banks through various avenues like effective management of interest income and expenditure and proper asset-liability management. Therefore marketing strategy classification may not be a major factor impacting the profitability of banks in India.
- Even though marketing strategy classification has a muted impact on bank profitability, it does not mean that it is a totally insignificant factor. As the analysis in this paper shows, there are important financial performance parameters which differ among banks which belong to different marketing strategy classifications.

The implications of this study are:

- As important financial performance parameters vary significantly among banks classified based marketing strategy, banks must indeed plan and execute their marketing strategy effectively so as to improve various financial parameters.
- However, banks must understand that marketing strategy has only a subdued impact on their profitability. Therefore indiscriminate reliance on marketing strategy alone would not be an effective approach for banks in India.

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Annexure

Table A1: List of banks analysed in the study

<i>Allahabad Bank</i>	<i>HDFC Bank</i>	<i>Punjab and Sind Bank</i>	<i>Yes Bank</i>
Andhra Bank	ICICI Bank	Punjab National Bank	Abu Dhabi commercial Bank
Axis Bank	IDBI Bank	South Indian Bank	American express
Bank of Baroda	Indian Bank	State Bank of Bikaner and Jaipur	Bank of America
Bank of India	Indian Overseas Bank	State Bank of Hyderabad	Bank of Bahrain and Kuwait
Bank of Maharashtra	IndusInd Bank	State Bank of India	Bank of Ceylon
Canara bank	ING Vysya Bank	State Bank of Mysore	Bank of Nova Scotia
Catholic Syrian Bank	Jammu and Kashmir Bank	State Bank of Patiala	Barclays Bank
Central Bank	Karnataka Bank	State Bank of Travancore	BNP Paribas
CitiUnion Bank	Karur Vysya Bank	Syndicate Bank	Deutsche Bank
Corporation Bank	Kotak Mahindra Bank	UCO Bank	HSBC
Dena Bank	Lakshmi Vilas Bank	Union Bank of India	Societe Generale
Dhanalakshmi Bank	Nainital Bank	United Bank	Standard Chartered Bank
Federal Bank	Oriental Bank of Commerce	Vijaya Bank	State Bank of Mauritius