

## **A Study on Cooperative Banks in India with Special Reference to Marketing Strategies**

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### **Abstract**

This research looks at the marketing and operations practises of rural banks in India's When used in this context, "marketing strategy" refers to any set of actions taken with the intention of increasing demand for a certain product or service. In light of the increased competitiveness in the banking industry, the use of this term has become widespread. Banks, including rural banks, need to employ effective marketing strategies in their operations to please clients in a first-class way in today's fiercely competitive marketplace and rapidly evolving client desires and requirements within the business landscape. Consumers' shifting tastes and preferences in the modern economy have driven banks both small and large to adapt in order to stay competitive and retain their clientele. Inevitably, this will raise the bar for service across the sector, which in turn will stimulate growth in the economy. To stay ahead of the competition, banks need to develop and implement strategies that provide them a distinct advantage. Providing excellent customer service is a crucial component in maintaining a competitive edge. The study's overarching purpose was to learn more about the methods Rural Bank uses in its marketing efforts to win new clients and keep existing ones happy. The information used for the study comes from both primary and secondary sources related to rural banking.

### **Keywords**

Rural Bank, Strategic Marketing, Performance, Rural Marketing Environment , Digital Services

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## **Introduction**

When used in this context, "marketing strategy" refers to any set of actions taken with the intention of increasing demand for a certain product or service. In light of the increased competitiveness in the banking industry, the use of this term has become widespread. After the Industrial Revolution in England in the 18th and 19th centuries, the cooperative movement took root and developed into its current technological form. Cooperative banks may trace its roots back to a proposal by Hermann Schulze and Friedrich Wilhelm Raiffeisen during the Great Depression to make financing accessible to small enterprises and the poor.

When it comes to banking, a co-operative bank is owned and operated by its members, who are also its depositors and those who use its services. Common interests bring together members of a certain community or profession to form a network. For the purpose of helping those who are less fortunate in the financial department and shielding them from predatory lenders that charge exorbitant interest rates, this organisation was established. Cooperation, mutual aid, democratic decision making, and free and open membership are the guiding principles of the co-organizational operative's framework. Both the 'no profit, no loss' and 'one shareholder, one vote' tenets are upheld. Companies often make changes to their methods in order to become more efficient. In order to maximise productivity, it is essential that all operational divisions collaborate using enterprise resource planning. So that the product development teams may work closely with the communications team to craft effective messaging for the target audience.

## **Review of Literature**

To begin, let's review some of the key concepts in the field of bank marketing management. Information is provided on how to develop marketing strategies and plans, conduct an environmental analysis, establish a recognisable brand identity, and manage marketing communication tasks.

To establish and carry out goals that cater to the demands of the market, it is necessary to have a firm grasp of the marketing methods available, as stated by Wood (2003). The success of a company may be traced back to its marketing strategies and goals. Academics have contended that marketing strategies are approved as a multi-year framework, with a strategic motivation that spells out the actions to be accomplished in the present year. According to Woods (2003), a marketing strategy is "a written item that summarises what marketing experts see about the corporate environment and draws a blueprint" for doing so. According to Lehmann and Winer (2001), a marketing plan details the operational framework for the marketing initiatives and resource commitments throughout the planning period.

There is no way to avoid considering the external analysis while formulating a plan of action. It's safe to say that these factors have a major impact on a business's fortunes. A wide range of factors—from the economy and society to politics and technology, not to mention consumers and businesses—play a role (Fill, 2002). There is a significant lack of command over the vast bulk of troops. When we talk about rivals, their actions may affect the conventional wisdom and shift the balance of power in the market. A corporation may respond to these differences by adapting its

use of various forms of communication, including but not limited to advertisements, sales promotions, personal sales, and so on (Fill 2002). These contexts outside the company may inform the formulation of marketing strategies. Because of the lack of influence that businesses have over these variables, they must devise strategies for adapting to and working within them (Fill 2002).

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According to Keller (2009), a brand is simply the name for a certain product or set of items. One's brand is what sets their goods apart from the rest of the market. According to Keller (2009), a brand is a representation of the positive feelings that customers have toward a product or service over time.

There are two distinct roles that branding plays: one is related to the perspective of the client, and the other is related to the perspective of the channel partners. As seen through the eyes of the consumer, brands serve several purposes:

1. Erdem (1998) argues that successful brands provide a guaranteed minimum level of quality to ensure that satisfied customers would pick them again and again.
2. It's a helpful tool for making final purchases.
3. Third, according to Suri and Monroe (2003), brands decrease buyer apprehension and save money. The capacity of a brand to streamline the decision-making process and lessen the likelihood of negative outcomes is more important as consumers struggle to keep up with their increasingly hectic schedules.

According to Kotler (2009), "marketing communication" encompasses any and all efforts made by businesses to educate, influence, and remind consumers about the brands available to them. The company's voice and the brands it represents may be heard via this channel, allowing them to interact with and gain loyalty from their target audiences.

The marketing communication has been playing several functions for the customers. It's a means to show customers the ins and outs of a market product, such as who uses it, when, and where. Customers may learn about the firms that produce and provide the products and services in the market, and form an opinion on the firm's prestige. Each time you give it a try or put it to use, you'll get something out of it. Based on their research, Luo and Donthu (2006) argue that effective marketing communications allow businesses to better connect their products with consumers' minds, hearts, and wallets. Additionally, they may boost sales and impact shareholder value, all of which contribute to the overall value of the brand.

Increasing the quality of life and making positive changes to the manner of life of the people in question are stated as goals of rural development at the Moshi Conference (1969). Yet, anecdotal data suggests that many people who get Rural Bank credit are paid employees, whose ability to repay loans is presumed to be higher than that of the small-scale rural producer. In addition, there is some data to suggest that borrowers don't always utilise their financing for planned reasons. However, research on the Rural Banks of Ghana and how they benefit smallholder farmers in the country is still in its infancy. As a direct result of research into the difficulties rural residents, particularly farmers, had in obtaining credit from the commercial banks that were already in

operation and were concentrated in the major metropolitan areas, ruralbank was established to aid rural communities in their banking activities and development projects. Farmers had a hard time getting loans from commercial banks since doing so required them to establish a current account and pledge collateral security.

Clarke et al. (1998) claim that banks and other financial organisations see marketing decisions as part of a larger, more strategic whole.

Consequently, marketing is crucially involved in formulating business plans. Therefore, this highlights the significance of marketing, since strategic marketing choices are made at the business level. According to Kotler and Keller's 10th Edition of Marketing Concepts, "the key to attaining organisational objectives consists of identifying the demands and satisfaction more effectively and efficiently more than rivals." Effective For rural banks to increase their bottom line, strategic marketing is crucial since it helps them better understand and cater to their clients' individual investment preferences and needs via techniques like market segmentation (Jagersma, 2003). Aligning an organization's actions with its operating environment and its available resources is what we mean when we talk about strategy. Reference: (Johnson, Scholes, and Whittington, 2010).

Making ensuring that a company's strengths are well-suited to the realities of the competitive market in which it operates is the primary goal of any marketing plan, both now and in the future. Damgbe Rural Bank, like any other commercial enterprise, must make sure that its resources and competencies are commensurate with the demands of the market in which it operates. To be successful, a business's strategic plan must take into account not only the wants and needs of its target market (the context in which the plan will be executed), but also the organization's resources and strengths. The success of a strategy depends on its ability to anticipate and respond to client wants.

### **Objectives**

1. To investigate the current method of promoting India's cooperative banks
2. Examining the current scope and function of rural banking operations by state co-operative banks in India
3. To investigate the potential of marketing methods for improving the efficiency and effectiveness of rural banking by India's state co-operative banks

### **Research Methodology**

For the purposes of this investigation, Data collected from primary and secondary sources in the rural banking sector, as well as previous research in the literature.

### **Marketing Strategies of Rural Banking**

Traditional rural communities have had to rely primarily on local banks to provide all of their financial requirements. Even though rural banks are sometimes the only option for customers for miles, competition from larger banks is making it harder than ever for smaller banks in these regions to increase their deposit bases. To put this in perspective, the total deposits of banks with

\$1 billion or less in assets declined by 7.5% between 2017 and 2012, while the total deposits of institutions with above \$1 billion in assets surged by the trillions. What this information shows is that customers of smaller banks are leaving them in favour of larger, more well-known ones.

### **Advertising**

A number of academics have stated that advertising is effective because it reaches consumers in different locations. In a short amount of time, advertising may boost sales volumes significantly. There's no denying that TV commercials cost a fortune, especially in comparison to those in the newspaper and other media. According to Moorthy and Hawkins's (2005) hypothesis, the success of a product's sales may be affected by how extensively the product is advertised. As Vakratsas and Ambler (1999) point out, it is difficult to generalise about advertising due to the wide variety of its forms and applications. However, Ambler (1999) argues that only a small fraction of observations are really informative.

- Advertising is pervasive
- Advertising is expressive
- Advertising is impersonal

### **Offer Custom Retail Products**

Deposits may be boosted by catering to local tastes and preferences with tailor-made retail offerings. Customized rate bonuses, currency exchange awards, fee refunds, cash prizes, and even an in-depth examination of your business's financials are just a few examples. To attract more customers, rural banks may improve their services by adding innovative, tailor-made options like these. In other words, if you see a gap in the market, you should do everything you can to fill it. Customers that have that need will go elsewhere if you don't meet it.

### **Embrace Technology**

Adopting new technologies is another strategy that might help rural banks attract more deposits. True, people now know more about computers and finances than ever before. Smaller banks are at risk of falling behind their larger counterparts if they don't adopt cutting-edge technology solutions. Therefore, in today's data-driven world, it's crucial for these institutions to discover methods to stay ahead of the competition by using cutting-edge technology. Potential customers of modern banks expect them to provide services like mobile banking apps, social banking, and internet banking. Sixty-four percent of borrowers, according to a research by Accenture, do banking transactions through mobile devices. Customers have come to anticipate a fully digital banking experience. A solid online presence is essential for banks that want to recruit financially savvy millennials.

N26, a European online bank, is a great example of a financial institution that has fully embraced digital innovation. N26 employs cutting-edge technologies to make online banking easy and intuitive for its clientele. By using cutting-edge systems, they ensure their clients have complete command over their funds at all times, regardless of where they happen to be. It gets much worse, really. In addition to a superior product, they back it up with outstanding customer support. N26 also offers instructional materials to help its consumers and potential customers

learn about budgeting, investing, and other financial topics. N26's efforts to cultivate a strong online connection with its clientele have paid off by earning the company their confidence and loyalty. Banking as an institution has been transformed into a social norm.

1. **Direct marketing:** To increase customer retention and loyalty, we employ direct marketing to reach out to potential buyers and provide superior service to our current clientele. Direct Marketing does this through direct mail, email, online, and SMS, depending on the customer's request.
2. **Interactive marketing:** we use interactive marketing to hear what our consumers have to say, both in-person at our locations and online via a variety of mediums, including social media. Due to the increasingly complex nature of the banking industry, we make an effort to innovate in the field of online banking and to pay attention to the feedback of our customers through various digital and mobile channels as well as via our presence on social media.
3. **Word-of-mouth marketing:** we know that the banking business is going through some hard times. As the banking industry faces more mature and fierce competitive challenges, it is more important than ever to keep customers loyal. To accomplish this goal and strengthen our market and financial positions, we are focusing our efforts on expanding our clientele and enhancing the quality of our services. Banks in Ghana need to identify the dimensions of customer-perceived service quality and the service quality elements that are relevant to customers' selection processes in the current environment, which is characterised by fast change and smart clients. Once the many elements of service quality are established, service managers will be more equipped to influence and enhance the quality with which their clients see the service being provided.
4. **Personal selling:** Deregulation and increased competition in Ghana's banking business, together with the proliferation of complicated products and services and the rising significance of relationship banking, have pushed the need of good personal selling to the fore. Therefore, Odotobiri employs a sales staff that travels to meet with existing and potential clients face to face.

### **Reaching Out through Mobile-Banks and Agents/Representatives**

Banks in rural areas should have mobile banks and use bank agents and representatives to contact the community at large. These financial institutions may attract new clients, loans, and deposits by hiring field assistants/representatives to often visit rural areas. These representatives may be local traditional moneylenders, fertiliser shop owners, general store clerks, ignorant young adults, LIC agents, or UTI agents who are well-respected in their communities. Because most villages utilise the melas (mandis) on a weekly basis to buy and sell agricultural supplies and consumer goods, the mobile banks will operate on the same days as the melas to maximise convenience for the local population. Deposits, loans, and other banking services are the bread and butter of mobile banks.

### **Flexible Multi-Service Providers**

More weight should be given to deciding which agroindustries and crops should be prioritised over establishing district-wide targets, given the current environment of fluid operations. By taking this course of action, regional rural banks are given guidance based on social aims without having their autonomy as businesses be jeopardised. All the banks in a given area are at liberty to establish their own goals. Priority setting on the district level is more of a guideline and a way to increase banks' expertise than anything else, and they are under no obligation to implement it. The results of such an analysis may provide light on the direction of future growth, the government's top priorities, and the policy goals in general.

### **Conclusion**

Strategic Marketing Management Analysis of Rural Bank is the purpose of this paper. Banks, including rural banks, need to employ effective marketing strategies in their operations to please clients in a first-class way in today's fiercely competitive marketplace and rapidly evolving client desires and requirements within the business landscape. Consumers' shifting tastes and preferences in the modern economy have driven banks both small and large to adapt in order to stay competitive and retain their clientele. Inevitably, this will raise the bar for service across the sector, which in turn will stimulate growth in the economy. Financial institutions need to develop and implement strategies that provide them an advantage over their rivals. The key to success in today's market is a focus on, and dedication to, happy consumers. The study's overarching purpose was to learn more about the methods Rural Bank uses in its marketing efforts to win new clients and keep existing ones happy. For regional rural banks to remain competitive, they need to find new ways to generate revenue that do not compromise their commitment to serving underserved communities in rural areas and other economically depressed areas. With fewer branches, individual banks will be more profitable, and more rural areas will be within reach thanks to the establishment of mobile banks, bank agents, and bank representatives, as proposed in this article. Agents and sales representatives should be compensated primarily via commissions on new business. There are a variety of potential sources from which to recruit and train the agents.

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