

# IMPACT OF INTERACTIVE MARKETING STRATEGIES OF YES BANK AND INDUSIND BANK ON CUSTOMER SATISFACTION

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**Abstract :** Interactive marketing is a process of identifying consumer dreams and needs and satisfying them. The contemporary banking industry is progressively investing in interactive marketing strategies. It supports more personalized messaging and also educates consumers effectively. Thus interactive marketing is a customer-centric strategy that involves retorting to their actions and endeavoring to meet the expectations and demands of the consumers. Based on the above cogitation, the paper aims to compare the effect of employee responsiveness on customer satisfaction of Yes Bank and IndusInd Bank. Customer service is the differentiating factor in the banking industry and employees play a vital role in consumer interaction in developing countries like India. They can help the bank to increase the market share by cross-selling various financial services. The researchers have done a review of literature and found that in spite of the fact that operational efficiencies of mid-size banks are becoming better than large-sized established banks. Very few studies are conducted on consumer satisfaction of the mid-size bank. The study is conducted with the help of questionnaire-based on employee Responsiveness. The data was collected from 836 valid respondents from a population of four metro cities in India using purposive sampling. To compare the effect Mann-Whitney U test was used. The results in this study indicate that there is a significant effect of employee responsiveness on consumer satisfaction due to interactive marketing. The study suggests practical implications to the marketers of the selected banks for effective consumer interactive strategies.

**Index Terms - Interactive Marketing Strategies, SERVQUAL Model, Employee Responsiveness, Customer Satisfaction.**

## 1. Introduction

Interactive marketing is also known as trigger-based marketing. It is reacting to what the customers are doing and try to improve marketing effectiveness. It is also called as one to one marketing process that changes and reacts to the individual needs of the customers. Thus, is more effective as compared to traditional marketing which lacks the necessary adjustments and responses, in real-time, to the customer's actions.

Banking services, in this hyper-connected digital world, specifically shall be less about product innovation and more about innovation on the customer experience and service. Hence, interactive marketing plays a vital role in providing enriched customer experiences. It not only helps the banks to customize consumer services but also manages to find out about their inclinations and interests by recalling their history altogether. Consequently, the clients love to reimburse them with the input and more learning about how to keep their faithfulness.

Service quality is all about determining and fulfilling customers' needs and requirements (Berry et al. 1988). Service quality specifically in banking is measuring the customer's expectations to the delivered services. This makes it one of the important inputs to customer satisfaction. In a pioneering work by Parasuraman ( 1985) determined ten determinants of service quality which includes courtesy , tangibles, credibility, understanding the customer's needs, responsiveness, competence, communication, access and security, Parasuraman (1988, 1991) further studied other determinants in detail and developed an instrument to measure quality of services which is called as SERVQUAL model.

Employees play a foremost role in interacting with the customers and directly affect their satisfaction levels. Employee Responsiveness is defined as the willingness of employees to provide prompt service and help the consumer to have more satisfaction from the services availed. It helps to increase customers trust and thus converts them to bank envoys. On the other hand, a sluggish attitude of the employee affects consumer satisfaction which includes keeping consumers waiting in long queues with no good reason. The consumer creates negative feelings about that brand. (Parasuraman, Zeithaml and Berry (1988) state in crisis employee prompt responsiveness and professional attitude can create positive perceptions of quality among consumers. Based on this cogitation the objective of the study are to compare the effect of employee responsiveness on customer satisfaction of Yes Bank and IndusInd Bank.

## 2. Review of Literature

### 2.1 Interactive marketing:

T.Kendrick, K.Fletcher (1999) defined Interactive marketing as an amalgamation of conventional marketing's planning and many ways of managing technology as well as consumers which help in developing mutual interactive relations which further helps in the attraction of new consumers. A. Bezjian, B. Caldery and D. Iacobucci (1998) defined Interactive marketing as a continuing process where consumer's needs want and dreams are identified and then satisfied.Ch. Gronroos (1995) Interactive marketing is defined as managing the interaction between consumer and supplier of service. Dighton (1991) coined the term interactive marketing and defined it as an exchange of information on a mutual basis. In the process of interaction various consumer needs, interests, wants and possibilities are identified. The company tries to gather consumer database which helps them in acting in a favorable way towards consumers.

### 2.2 Studies conducted on the performance of different Indian banks

Mistry (2015) conducted a study on 21 private sector banks in Indian on the basis of various parameters which includes asset management, bank's size, (ROS) return on assets operational efficiency, and interest income in the period of 2011-2013 and it was observed in the study overall performance of six banks are satisfactory which includes three large size banks HDFC, ICICI, AXIS, and three mid-sized banks IndusInd, YES and Kotak Mahindra has been satisfactory (up to the mark) out of the sample selected for the study on the basis profitability, assets, and deposits.

Uppal.R.K.(2008) The author concludes that average productivity & profitability new age private sector banks are more than large public sector banks in spite of the fact public sector banks have made many changes still lagging behind Indian private sector banks.

### 2.3 Studies conducted in the banking Industry using SERVQUAL Model

Several studies are conducted in the banking industry using SERVQUAL Model in different parts of the world. Ravichandran (2010) study conducted in India found that customers of the banking industry are generally satisfied with the quality of their respective banks but responsiveness is the most important dimension which affects the overall satisfaction of consumers.Lopez (2007) study conducted in the USA (consumers of banking industry)and found that two dimensions affect overall satisfaction which is responsiveness & reliability. Jabnoun& Al-Tamimi (2003) study conducted in UAE used Factor analysis and reduced seven factors to three: employee responsiveness, tangibles, and empathy. It concluded employee responsiveness is the most important parameter affecting consumer satisfaction followed by tangibles and empathy being equally important. Angur(1999) study conducted in India found used confirmatory and exploratory factor analysis. It was found that reliability &employee responsiveness were the most important factors affecting consumer satisfaction. Others elements of SERVQUAL model were not that important in the Indian banking industry.

### 2.4 Research Gap

Review of literature found that numerous studies have been conducted on Indian banking industry which tries to explore various dimensions affecting customer satisfaction in the Indian, banking industry. However, very fewer studies were conducted which compared two mid-sized private sector banks in spite of the fact that their profitability and productivity is higher than many public sector banks. Furthermore, studies conducted on consumer satisfaction using SERVQUAL identified that reliability & responsiveness are two satisfying dimensions in USA banking industry whereas employee responsiveness is the most important dimension affecting consumer satisfaction in the Indian context.

### 2.5 Research Objectives

The objective formulated for the research paper is based on the review of literature and is follows:

- To compare the effect of employee responsiveness on customer satisfaction of Yes Bank and IndusInd Bank.

## 3. Research Methodology

### 3.1 Hypotheses

On the basis of the review of literature following hypotheses is formulated for the study.

H<sub>0</sub>: There is no significant difference between the customer satisfaction of IndusInd Bank and Yes Bank on the basis of Employees responsiveness.

H<sub>1</sub>: There is a significant difference between the customer satisfaction of IndusInd Bank and Yes Bank on the basis of Employees responsiveness.

To attain the research objectives, responses were gathered from customers of mid-size banks, Yes, and IndusInd Bank. The operational efficiencies of mid-size banks are becoming better than large-sized established banks. Moreover, it was found that very few studies have been conducted on consumer satisfaction of the mid-size bank. Thus, the Yes Bank and IndusInd Bank were selected to meet the purpose of the study, as both the banks are comparable on the basis of deposits, credits, assets, profitability and customer base.

### 3.2 Research Instrument

The study is based on primary and secondary data. A well-structured questionnaire was used to compare the two banks in terms of customer satisfaction. The questionnaire comprised of two segments; the initial segment is related to demographic details of respondents. The other part includes questionnaire items related to employee responsiveness, derived from the review of literature and modified as per the objectives of the study. subjective assessment is done for all the measurements by the respondents. A five-point Likert-type scale is used to record consumer responses ( 1 as highly-dissatisfied and 5 as highly-satisfied ).

### 3.3 Sample Size

The sample of 836 customers, (420 customers of IndusInd Bank and 416 customers of Yes Bank) were selected principally by using a purposive sampling technique. The questionnaire was floated online in four metro cities in India i.e. Mumbai, Delhi, Kolkata, and Chennai, that can be used to represent country India.

### 3.4 Test to analyse data

Mann–Whitney U test is used to compare the consumer satisfaction of two banks in this study. It was found that data gathered in non-parametric in nature (normality test were used to find out this Kolmogorov-Smirnov and Shapiro-Wilk.) and hence t-test is not suitable for the study. The Mann-Whitney U is considered to be more accurate (95%) as t-test for parametric data. It is used when non-parametric, two independent-samples are collected from the population but it measures differences in the overall distribution across the two groups rather than for differences in the mean of the two samples taken for the study. The U test uses assign ranks to the collective observations

In this research study, hypothesis testing is done using an independent groups design. Researchers have chosen the Mann–Whitney U test to understand the difference between the two samples collected for the study. The Mann–analyzes the difference(separation) between the two sample scores collected from Yes bank and IndusInd bank which allows the researcher to decide(determine) the probability of getting the obtained separation or even greater separation only if both the set of sample scores are random samples in nature from identical populations. For a 2-tailed test, ranks that are assigned can be from the upper score to lower or to the lower score to the uppermost values. Further to understand the data distribution is parametric or non-parametric normality test is applied. Once the Normality of data is observed test is decided and it can found that data distribution is non-parametric and hence Mann–Whitney U test is applied to test the hypotheses as it is a powerful tool and has practical implication.

### 3.5 Reliability Analysis and Normality

Reliability analysis is done on the data obtained and it revealed Cronbach's  $\alpha$  value for the questionnaire is 0.883 which shows excellent internal consistency of the data. The normality tests were done using Kolmogorov-Smirnov and Shapiro-Wilk. The significant results are shown as follows(TABLE I).

TABLE I:Employee responsiveness of IndusInd Bank and Yes Bank

	Bank	Kolmogorov-Smirnov(K-M)			Shapiro-Wilk(S-W)		
		Statistic	df	Sig.	Statistic	df	Sig.
Employee Responsiveness	IndusInd Bank	.166	420	.000	.922	420	.000
	Yes bank	.167	416	.000	.918	416	.000

### 3.6 The Mann–Whitney U test

The U test uses the rank of collective observations. For a 2-tailed test, ranks can be from uppermost to lowest or lowest to uppermost.

#### Ranks Table

The below-mentioned ranks table is the primary table that endows with information on the subject of the output of the definite Mann-Whitney U test. It mentions the mean rank and also the sum of ranks for the two groups tested.

TABLE 2: Ranks means of Employee Responsiveness of IndusInd Bank and Yes Bank

Ranks				
	Bank	N	Mean Rank	Sum of Ranks
Employee Responsiveness	IndusInd Bank	420	337.74	141850.00
	Yes bank	416	500.04	208016.00
	Total	836		

The table above indicates which bank can be considered for providing better Service Quality and customer satisfaction with the highest mean rank. The Mann Whitney test works by firstly constructing a ranked list of the observations labeled in two banks. It then works from the lowest observation ranked as 1 and the next ranked as 2 and so on right up to the largest observation. The test works by comparing the sum of the ranks in the two groups. The statistics required for the test are constructed from the ranks and shown in the table.

For EMPLOYEE RESPONSIVENESS category, IndusInd bank has 420 observations whose total sum of ranks is 141850.00. This results in a mean rank of 337.74. By contrast for EMPLOYEE RESPONSIVENESS category, Yes bank has 416 observations whose total sum of ranks is 208016.00. This results in a mean rank of 500.04. So in EMPLOYEE RESPONSIVENESS category Yes bank has a larger mean rank than IndusInd bank and thus tends to take larger values.

#### Test Statistics Table

The Mann Whitney test now decides on whether this difference in mean ranks for Service Quality and customer satisfaction is significant or not as is illustrated in the second table. Specifically, the Test Statistics table provides the test statistic, U statistic, as well as the asymptotic significance (2-tailed) p-value for the study.

TABLE 3: Mann –U Whitney Test

Test Statistics		
	Mann-Whitney U	P value
Employee Responsiveness	53440.000	.000

*Interpretation:* It can be observed from the above table that the p-value for Employee Responsiveness is less than 0.05. We, therefore, have significant evidence to reject the null hypothesis that for the above-mentioned parameter, Employee Responsiveness and customer satisfaction is the same in the two selected banks i.e. IndusInd Bank and Yes Bank. Thus, our alternate hypothesis stating that **there is a significant difference between the customer satisfaction of IndusInd Bank and Yes Bank on the basis of Employees responsiveness** is not rejected.

#### 4. Research Findings

Majority of consumers of Yes bank feels employee that employees are more polite, educated, trained, patient and punctual. They feel that staff members help them in learning new platforms like mobile banking and internet banking. It is found that overall consumer's satisfaction due to employee's responsiveness was higher in Yes bank when compared to IndusInd Bank.

#### 5. Discussion and conclusion

Interactive marketing is trigger based marketing technique that is based on the actions of individual customers. Moreover, employee responsiveness plays a key role in the determination of customer satisfaction. If the employees don't respond to the customers in real time, the customers will be dissatisfied. As in the case of Yes Bank in this study, the promptness of employees directly affects customer satisfaction.

To conclude, this study theoretically subsidizes towards understanding employee responsiveness as a crucial factor of interactive marketing affecting the customer satisfaction of IndusInd Bank and Yes Bank. Compared to previous studies, this study more manifestly addresses the factor and its relationships with customer satisfaction of mid-sized banks. Thus, the findings of the study may be very useful for the decision makers of Indian private sector mid-sized banks to concentrate on interactive marketing activities through employees and thereby increase their customer satisfaction. Because the personalization associated with interactive marketing results in more conversions and directly affects the bottom line.

## 6. Recommendations

- The IndusInd bank should focus on employee training which should include behavioral and cognitive aspects related to their job profiles. The IndusInd bank should encourage employees to help consumers to use new platforms like mobile banking and internet banking as it is contributing to creating consumer satisfaction which might help IndusInd bank in increasing their consumer base.
- Other mid-sized and large size bank should also focus on increasing employee responsiveness with the help of training and encouraging employees to provide better services as it helps in increasing consumer satisfaction which in turn might help banks in cross-selling various products.

## 7. Limitations

This research was based on primary data collected with the help of questionnaire from consumers of two banks so there may be an element of bias. Purposive sampling was used to collect the data which might subject some level of non-sampling bias in the study. Other than that, the sample data are collected only from the four metro cities and it may not be a true representation of the Indian population.

## 8. Direction for future research

Future research should focus on the other dimensions of SERVQUAL model which is affecting consumer satisfaction in the Indian banking industry. Demographic factors influencing customer satisfaction can be studied in these two banks. In addition to this, employee responsiveness can be studied on other mid-sized and large size banks.

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