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Customer-Driven Marketing Strategies in the Banking Sector: An Analytical Study on Customer Demographics and Perceptions

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***Abstract*— Marketing strategies based on customers are an important concept in contemporary marketing that allows banks to retain customers and create a long-term loyalty. Organizations around the world acknowledge that there is no option better than customer-focused approaches of communicating with consumers and inspiring them to take up products or services. Customer-driven marketing in the banking industry focuses on defining unique demographic and financial profiles of the customers (age, occupation, marital status, education level, and loan or balance status) and matching marketing campaigns to them. The better a firm is informed of its customers and their needs the easier it becomes to develop customer based marketing strategies that develop value, minimize wasted efforts, and focus on the appropriate segments.**

This is the aim of this study to analyze customer-based marketing strategies within the banking industry based on customer demographics, financial profiles, and reactions to marketing campaigns. The data sample contains variables like age, occupation, matrimony, education, loan, home, and election results. To gauge customer perception and the effect of these characteristics on the response to marketing strategies, statistical analysis has been used to measure customer perceptions.

This research shows that the attitudes of customers to the marketing processes differ significantly between demographic and financial categories, which means that the need to use individual approaches to banking. The results indicate that as much as banks use diverse customer-driven marketing actions; their success lies with how they provide an excellent fit to the customers needs and profiles. The study is also keen to point out that well thought-out strategies can make a positive contribution to customer satisfaction, perceived value, and loyalty that will reinforce the competitive position of the bank and its brand image.

***Keywords*— Customer perceptions, demographics, Target market, customer loyalty, market share, banking campaigns.**

I. INTRODUCTION

This has now become the call of the day in the contemporary competitive and rapidly developing financial sector that demands banks adopt customer driven marketing practices [1]. The reason behind this trend is that the existing consumer is given the options of various banking channels which serve as alternatives.

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Consumer satisfaction of the banking services depends on both the intangible and tangible aspects of the service, access and the cost of the bank as well as the trust building, convenience, and the general customer experience [1]. Introduction of data analytics and information technology has led the banking sector to analyse data on consumers so that it can market and segment it to the different groups [4], [7]. The significance of customer-driven marketing is that it focuses on providing the demographics and financial needs of the customers basing on their age, occupation, their level of education and loan payments [2].
Customer-driven marketing in the banking business is used in two capacities. The acquisition and retention of customers are some of their purposes. Customer acquisition is very costly compared to keeping the customers. That is why it is significant to retain the customers [1]. According to the current research, customer-based marketing designs improve customer engagement, value and loyalty to the banking [1], [5].
The research paper seeks to examine the promotional activities that are made by customers within the banking sector based on the demographics of the clientele, their financial information and the feedback that customers provide to the promotional programs. The patterns exhibited by the customers will then be determined by the researcher in order to reach the desired information.

A. Products Offered by Commercial Banks

TABLE I

Deposit Products	Consumer Loans	SME Banking
➢ Savings Account ➢ Current Deposit Account ➢ Fixed Deposit Receipt (FDR)	➢ Personal Loan ➢ Car/Vehicle Loan ➢ Home/Flat Purchase Loan	➢ Small Business Loan ➢ Entrepreneur Loan ➢ Startup/ Innovation Loan

II. OBJECTIVES OF THE STUDY

Specifically, the aim of this study is to analyze and determine particular customer-focused marketing techniques that can be the most relevant in the banking industry.

- ➢ The specific objectives are:
- ➢ To examine, identify and evaluate customer-based marketing strategies as a customer perspective. • To test the impact of demographics, financial parameters, and campaign variables (i.e. age, employment, marital, education, balance, loan amount, deposits) on perceptions and behaviors.

III. METHODOLOGY OF THE STUDY

A. Approach to Research

In this case, this research will thus take a quantitative research approach with an interpretative touch. To begin with, an exploratory analysis was undertaken to know the form and nature of this data.

B. Data Sources

Primary Data: The Bank Marketing Dataset of Kaggle will be used as the study data. The data includes demographic data, financial data and campaign data of the bank customers including age, occupation, marital status, education, loan data, account balance, type of contact, length of the campaign and term deposit subscription [3].

Secondary Data
This will include academic journals, textbooks, research papers and industry reports on the strategies in marketing and banking analytics as secondary data [1], [2], [6].

C. Population and Sampling

Population: Reflected customers of a commercial bank that are captured under this dataset.
Sampling Method: As the data is a secondary one, the sample is fixed and it is quite a heterogeneous customer base.

D. Tools and Techniques

Software Tools Python, Excel, SPSS The statistical tests that would be used are descriptive statistics, correlation analysis and comparative analysis. Visualization: It has been presented in terms of bar charts, pie charts, and box plots to clearly present the findings.

IV. Theoretical Framework of the Study

A. Marketing Strategy

Marketing strategy is any way of generating customer value and also forming profitable relationships by the organizations. The marketing strategy can be viewed as the market segmentation, market targeting and positioning of the markets with the aim of serving the targeted customer segments in the most appropriate way. The banking segmentation is usually based on the demographic and financial characteristics and thus it allows effective disposal of resources by the banks and it increases customer loyalty [1], [2].

B. Customer-Driven Marketing

Customer-driven marketing is the experience on what the customers desire and the capacity to align the products and communication strategies to the customer needs. The approach is centered on customer feedbacks, personalizing, and long term relationships unlike the conventional mass marketing. Close to date, there are also data-driven personalization and analytics in the implementation of efficient customer-led approaches in the banking sector, such as customer segmentation and behavioural profiling [4], [7]. The theory of planned behavior also espouses the theory that customer attitude, subjective norms, and perceived behavioral control play a crucial role in decision making in the banking services [5].

C. Promotional Mix in Banking

The promotional mix is advertising, direct marketing, sales promotion, publicity/ public relations, personal selling, and interactive /digital marketing. Online and mobile channel has gained increased importance in achieving this although two-way communication and personal interaction with customers can also be achieved through online and mobile channel. The digital marketing tools have been combined to help the banks tailor their communication and enhance the effectiveness of the campaign according to the customer demographic and preferences [3], [4].

V. Analysis and Findings

A. Basic Demography Analysis on the following areas:

- Age: 21–30 years ,31–40 years, More than 40 years
- Employment: Blue-collar, Technician, Services Admin, Management, Self-employed, Entrepreneur, Retired, Student, Unemployed, Unknown, Housemaid
- Marital Status: Married, Single, Divorced
- Educational Background: Primary, Secondary, Tertiary, Unknown
- Financial Variables: Default, Balance, Housing Loan, Personal Loan
- Conatct Type & Communication: Cellular, Telephone, Unknown
- Campaign & Duration: Campaign, Duration

Analysis1: The sample size was 11121. Among them, 44.7 % were above 40 years, 37.7% were between 31–40 years, a nd 17.7% were between 21–30 years. The largest proportion of respondents were in the 'More than 40 years' category, fo llowed by those in the '31–40 years' category. The youngest group (21–30 years) represented the smallest share of the sa mple. This indicates that the study mainly reflects the opinio ns of older individuals.

TABLE II. THE DISTRIBUTION OF RESPONDENTS BY AGE GROUP

Age Group	Frequency	Total
21-30	1966	17.6
31-40	4188	37.5
More than 40 years	4967	44.9
Total	11121	100

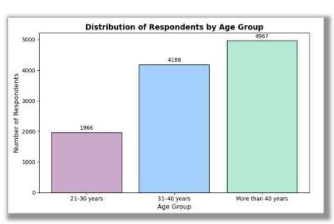

Figure 1: Bar graph showing the ratio of respondents by Age Group

Analysis2: Financial variable analysis shows that a majority of the respondents (98.49) had no credit default which shows that the financial variables were acted on responsibly in the dataset. It was found that approximately 47.31% were with housing loans, which had high mortgage or property related liabilities. On the other hand, personal loans are not as prevalent as they are 13.08%.

TABLE III. FINANCIAL VARIABLES – FREQUENCY AND PERCENTAGE

Variable	Category	Frequency	Percentage
Default	Yes	10994	98.49
	No	168	1.51
House Loan	Yes	5881	52.69
	No	5281	47.31
Personal Loan	Yes	9702	86.92
	No	1460	13.08

Figure 2: Density and Spread of Call Duration

Analysis7: There was a range of contacts of respondents with the campaign that was between 1 and 63 with an average of about 2.5 contacts. The majority of the participants received no more than 1 to 3 follow-ups, which suggests a lack of follow-ups when conducting campaigns. The length of the final contact was normalized and it is possible to note that the majority of calls were rather short (median: 0.065) but there were few calls that were virtually equal to the possible maximum 1.0. This underscores the fact that bank interactions were not very long.

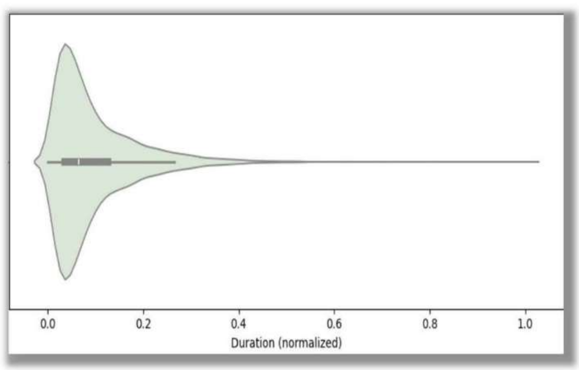

Fig 3. Investigating the Role of Age in Term Deposit Subscription Rates

B. Introduction

Building on the demographic analysis in Section 5.1, this section explores the relationship between customer age and the likelihood of subscribing to a term deposit during the bank's marketing campaign. Identifying age groups with higher subscription rates can help optimize targeting strategies for future campaigns.

- Subscription = "Yes" to a term deposit offer
- It means the customer agreed to open or invest in a term deposit account after being contacted by the bank (usually by phone).
- In your dataset , this is shown in deposit column:
  - "yes" → The customer subscribed
  - "no" → The customer did not subscribe

C. Methodology

The sample was divided into three age categories:

- 21–30 years
- 31–40 years
- Above 40 years

For each group, the subscription rate was calculated as:
Subscription Rate = (Number of customer subscribed/ Total customers in age group) * 100%

VI. Results

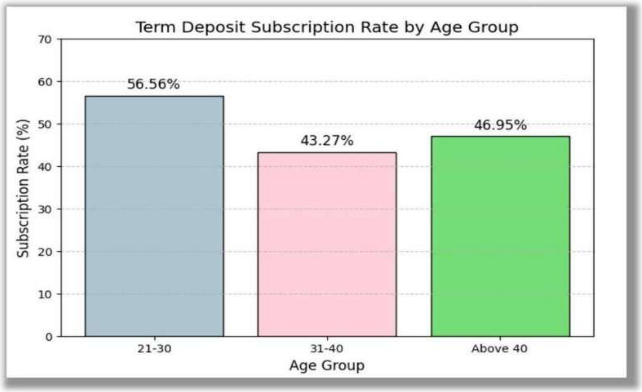

Fig 4

TABLE IV

Age Group	Total Customers	Subscribed	Subscription rate (%)
21-30	1966	1112	56.56
31-40	4188	1812	43.26
40+	4967	2332	46.94

The data indicates that customers above 40 years old have the highest subcription rates, followed by the 31–40 years group, with the 21–30 years group having the lowest subscription rates.

A. Interpretation

- The high subscription rate in the 21–30 age group probably indicates that the proportion of young customers in the subscription for term deposit schemes is increasing, reflecting a growing trend of financial literacy and a search for a less risky investment alternative among this age group.
- The relatively lower rates in the groups 31–40 and above 40 may reflect a difference in financial priorities, such as house investment, education, or other forms of investment.
- Perhaps this age category of 31–40 reflects a life stage where financial burdens, such as mortgage repayments or even child-rearing expenses, impinge on disposable income.

B. Future Implications for Banking Campaigns

- Targeted Marketing: Banks should develop targeted marketing campaigns by capitalizing on the high levels of receptivity among young customers. Even more specific promotional messages, reminding that term deposits are a tangible means of creating wealth and financial safety could raise subscription levels to an even higher point.
- Segment-Specific Orders: Banks might develop customized-term deposit products both in the 3140 and above 40 age groups keeping in view to their financial requirements and limitations, including flexible withdrawal conditions or combined investment products.
- Financial Education Programs: On-going financial education programs, particularly to the population brackets of 3140 years are likely to result into heightened awareness and interest into the term deposit products.
- Digital-Engagement: The younger customers, who are usually inclined towards digital channels, should be targeted by the banks through mobile and online as the means of marketing and subscribing to term deposits. This way, ease of access and convenience would be present.

VI. CONCLUSION

The analysis of data concerning the subscription rate at the term deposit services by age groups provides some interesting data. However, contrary to the widely held idea that the old age categories form the most important segment of the subscription of the conservative financial services, such as term deposit services, the study revealed that the highest subscription rate was at the age of 21-30 years at 56.56. This may portray a new trend in the manner in which individuals handle finances as the new generation may be awakening to the importance of investing in the term deposits. The somewhat low subscription levels evident in the above 40 and 31-40 years are owed to the difference in investment priorities in terms of life stages which may address family issues, taking a home loan and other investments alternatives available to it. The opportunity presented to the banks to gain a more insight into the financial needs and limitations of such a group could serve as the reason behind the slightly lower rate of engagement in the 31-40 age group. Generally, the findings have underscored the necessity to abandon the broad age-related group assumption of financial marketing. Banks have an opportunity to use the findings to sell their products based on the requirements of the age groups. Specifically, the large participation of the young population group offers a segment of the market that banks can no longer afford to ignore. With the implementation of the process of customer segmentation based on data and the use of individualized communication patterns, the financial institutions will be able to improve the management of its resources, customer satisfaction, and increase the rate of subscription. Moreover, the integration of digital-first engagement tools will be highly instrumental in the successful engagement of young people who portrayDigital Engagement: receptiveness of term deposits. In fact, this paper validates the positive influence of the age variable as the determinant in the term deposits subscription contrary to the popular misconception of term deposits being a product aimed at elderly consumers. According to the results, the bank may come up with new strategies in its marketing campaign with the ability to establish stronger and more profitable relationships with customers of various ages.

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