

The impact of E-Marketing in the Positioning of Kosovo Banks

Shpresa Mehmeti, Mentor Mjekiqi

Abstract

The following thesis will present the results of a study on the impact of electronic marketing in bank positioning in Kosovo. As a case study we have selected ProCredit Bank and Raiffeisen Bank which are operating in Kosovo for several years now.

Development of information technology has brought changes in every day work, offering various opportunities to the clients and its activities, in particular to financial institutions.

In this study we have surveyed customers of the banks that operate in Kosovo. For data collection an electronic questionnaire has been used, which was sent to clients of both banks which are subject of study.

The purpose of this paper is to reveal how these banks apply electronic systems for the provision of services and how this service has impact on their position in the banking market in Kosovo.

Findings from this study have enabled us to understand that the banking sector still suffers deficiencies regarding Internet usage by customers to perform banking transactions.

Key Words: Electronic Marketing, Electronic Banking Services, the Bank Marketing, Electronic Marketing Strategies.

Dr.sc. Shpresa MEHMETI, M.Sc. Mentor MJEKIQI

1. Introduction

Technology is supposed to be one of the most prominent leaders in creating a competitive advantage (Michael, 1985).

For a few years Internet has managed to become not only a tool which changed the way of communication but also the way of doing business. The Internet as a medium of communication indeed, for billions of people is the main source of information (Nguyen, 2013). In the US more than 50% of Internet users are known as advanced users of smartphones, social networking and other modern tools (Kim and Ko, 2012). It highlights changes in how consumers use new information technology. Commercial banks react to these changes in consumer behaviour by offering more sophisticated online services to take advantage of these contemporary clients (Konus, Verhoef, and Neslin, 2008).

The newest type of banking service is e-banking. Electronic banking service can be defined by several ways of providing service through which bank customers can request information and perform various transactions via computer or mobile phone TV (Mols, 1998; Daniel, 1999; and Sathye, 1999).

In recent years, the development of information technology has influenced the evolution of the use of e-banking in the banking industry. The evolution of electronic banking service has radically transformed the traditional way of doing business and how customers perform their banking activities (Eriksson et al., 2008; Sayar and Wolfe, 2007).

Today banking service has experienced tremendous growth and is one of the main ways that banks use for providing products and services (Amato-McCoy, 2005).

The use of Internet for providing bank services is changing entirely the traditional way of functioning, while in the past any banking service like withdrawal, deposit, or printing the bank statement, could be offered only by being present in one of the branches. Today, thanks to the new information technology, all these services can be performed via the Internet from home, office or even through mobile phone, saving time and avoiding the long queues at bank branches.

All these reasons have transformed the online banking more than a "need" to have (Vyas, 2012).

Offering banking services through the internet, banking institutions will better fulfil customer needs and requirements and at the same time create competitive advantage in the banking market in Kosovo.

2. The main hypotheses

The purpose of this study was to find answers of how and how much influence do the electronic banking services have in the positioning of the banks in the financial market in Kosovo, and also to assess the characteristics and possibilities of this form of marketing by the clients of ProCredit and Raiffeisen bank in Kosovo (Mjekiqi, 2014)

To achieve the objective of this study, the following main hypotheses are presented:

H1: Electronic services influence the growth of customer satisfaction;

H2: Electronic services increase the value of the bank;

H3: Safety of using electronic services is satisfactorily, assessed by clients.

3. Literature Review

The Internet usage is continuously growing by consumers as well as by various businesses where the latter perceive this as an opportunity to increase penetration in markets where they operate also as access into new markets.

Nowadays, we are more and more facing new words such as: electronic marketing (e-marketing), electronic sales (e-commerce), mobile marketing (m-marketing), electronic learning (e-learning) etc.

All this makes us realize that almost all industries whether be manufacturing, services, educational institutions, financial, etc. see their future activity towards the use of new information technology or using the Internet.

The increasing trend of Internet use by consumers gives enough reasons that marketers should assess customers' requirements for online services and respond to meet this need.

The aim of marketing is to identify, anticipate and satisfy customer requirements by making profit. The Internet facilitates companies in receiving and sending information to customers, suppliers, and business

partners. Internet use by customers of the company provides valuable information that can be used in e-marketing strategy.

3.1. Strategic positioning of the Bank

No bank can provide all the products and attain leadership position in the market. They are forced to develop a differentiation strategy to be distinguished from the competition. The main way to create a sustainable competitive position is through differentiation of products and services for creating in the eyes and minds of the consumer a clear image of the bank and the products or services it offers.

Bank can attain a strong competitive position through:

- achieving customer satisfaction through the provision of products and services that meet customer needs and desires;
- hiring and training the most talented staff that are able to treat the customer with respect and with the highest ethical standards;
- using high technology to provide products / services as tools for building up broader and deeper relationships as knowing the importance of keeping and gaining new customers.

Positioning is an attempt to distinguish the bank from its competitors in order to be the most preferred bank for a certain segment of the market. It is an attempt to have a unique position in the market (Zineldin, 1996).

According to Philip Kotler, in a competitive market, a "position" reflects how customers perceive your product / service or performance of the organization in specific attributes compared with those of the competition.

The key to success in achieving a favourable competitive position in the market is offered value to current and future customers based on satisfying their needs and desires.

3.2. E-marketing strategies in banks

Two main objectives for each new service provided by banks are keeping current customers and gaining new customers. This means the provision of banking services through the Internet for keeping beneficial customers for bank through this service which is definitely an added value for the bank as well as a relief for its clients.

Author (Carner, 2011) in the scientific article presents meaning of "Six C of Internet use" including their impact on the evolution of banking services.

Six C's and their meaning are shown below:

- *Choice*: With banking services through the Internet, the consumer today carries obligations wherever he is. Banks should more and more pay particular attention to the management of relationships with customers and provide with what makes them remain loyal to the bank wherever they are. So the customer's opportunity to choose the bank is one of the six C's mentioned above;
- *Customization*: Providing products and services to suit in a more specific way to the customer needs and desires. No doubt that the Internet represents suitability to the clients
- *Cost*: In the case of banks in Kosovo, we have found that during the commission of any payment at the counter of any of the local banks, prices are different depending on the bank, while the use of electronic service they are lower;
- *Convenience*: Convenience can be mentioned the fact that, each banking work can be performed conveniently from home or office.
- *Control*: Any time access provided to the consumer through electronic banking, gives him the opportunity for a better control over the performed transactions and the balance of his personal account;
- *Communication*: Communication as a factor explained by (Carner, 2011) according to which the banks via the Internet should be able to provide all services as physical presence in the branches of the bank, he mentioned the online conversation (Live chat) as a way of communication with bank customers.

4. Electronic services in ProCredit (PCB) and Raiffeisen Bank Kosovo (RBKO)

The two banks in the survey offer a wide range of electronic services through which they meet the requirements of customers and simultaneously create a competitive position in the Kosovo financial markets. Some of these services obtained from official websites of the two banks will be cited in the following:

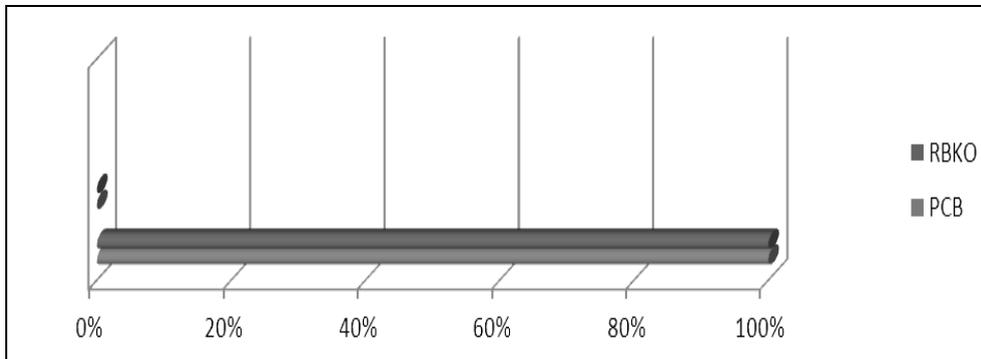
- E-Banking;
- M-banking, individual and for businesses;
- Service through SMS;
- Services in ATM.

5. Results and analyses

In this chapter we have presented the results obtained from the survey of 188 customers of banks operating in Kosovo.

Results are processed and presented graphically, and accompanied with the comments according to responses received from surveyed customers (Mjekiqi, 2014).

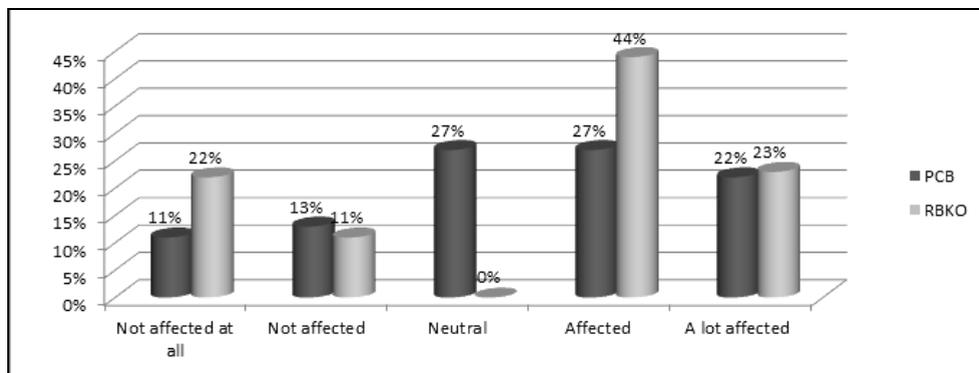
Table 1: Question on the level of usage of electronic banking services by consumers



Source: Mjekiqi, 2014

Regarding the use of electronic services based on the results presented above all respondents have given a positive response from which result we realize that the all of the surveyed customers are using at least one of the electronic services provided by ProCredit and Raiffeisen in Kosovo.

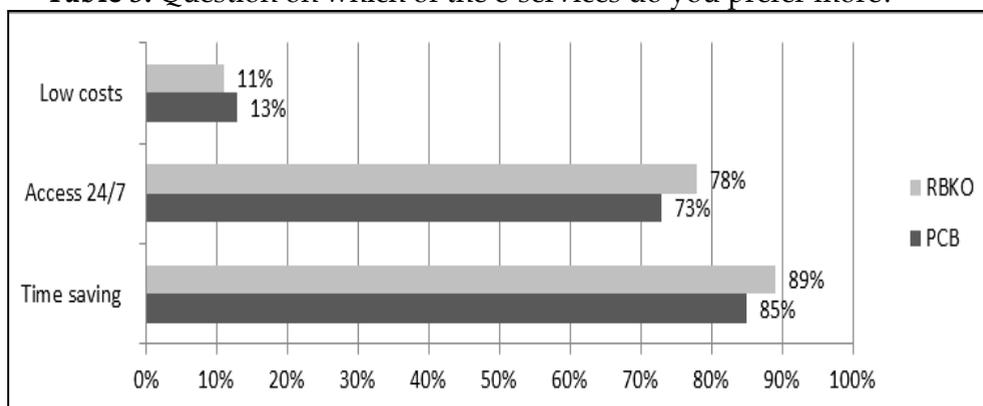
Table 2: Question on how much customers have been influenced by electronic services in the choice of their bank



Source: Mjekiqi, 2014

From the responses to the question no.2 we tried to gather information whether electronic services have influenced in the selection of the bank, the answers given by the clients of both banks are approximately the same. Through the results presented above we see that out of 75 surveyed customers of PCB bank, 37 of them or 49% have agreed that electronic services have influenced the selection of the bank, while for 38 clients, or 51% including those who are neutral, these services have not affected in the bank's selection. While from the surveyed customers of RBKO we have 50 clients or 67% of them who agree that e-services have influenced the selection of bank, and the rest 25 customers or 33% of them have disagreed.

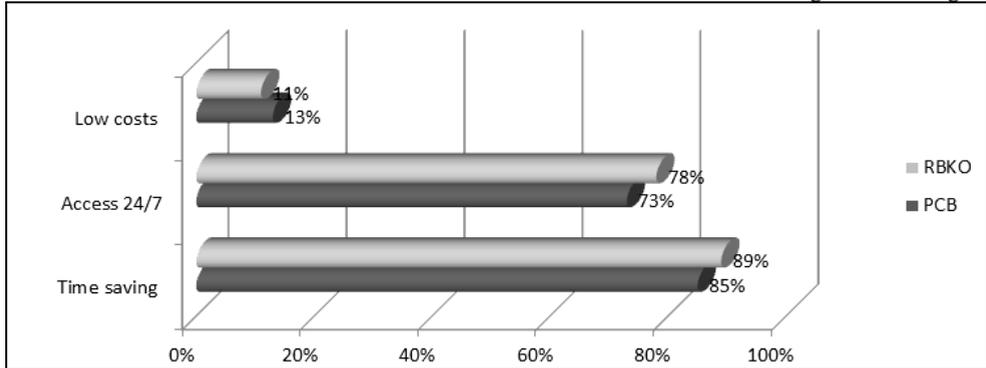
Table 3: Question on which of the e-services do you prefer more?



Source: Mjekiqi, 2014

From the data obtained it is clear that most of the clients use ATMs and e-banking while remains a small percentage of clients who use SMS service and M-banking.

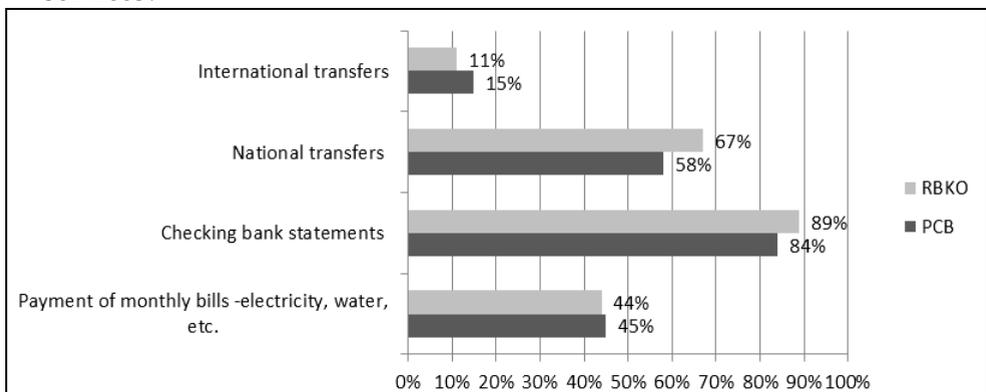
Table 4: Question on what are some of the reasons for using e-banking?



Source: Mjekiqi, 2014

The results obtained from the question above of this research we can see some of the reasons for the use of electronic services by clients of both banks RBKO and PCB, according to the percentage presented above for most of the respondents as the primary reason for the use of these services is time saving, then is ranked access 24/7. As for the cost according to respondents it is not one of the main reasons for using these services.

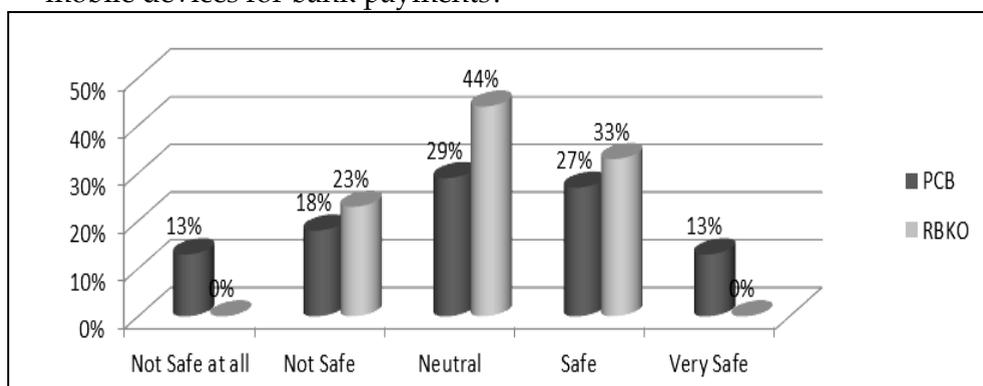
Table 5: Question on for what purposes customers mostly use e-services?



Source: Mjekiqi, 2014

From the data obtained it can be concluded that the clients of both banks use electronic services for various purposes, more than 85% of respondents from both banks are using e-services for checking the bank statement, more than 55% are using for national transfers, according to the results presented above we have a small number of clients less than 15% who use electronic services for conducting international transfers, and almost similar results are obtained by the respondents of two banks, less than 50% are using these services for the payment of monthly bills such as electricity, water, etc.

Table 6: Question on how do you assess the safety regarding the use of mobile devices for bank payments?



Source: Mjekiqi, 2014

The result obtained by two groups of respondents estimate the safety of using the mobile devices for performing bank payments as not in adequate level.

6. Conclusions

The purpose of this study was to find out how much the electronic services that ProCredit banks and Raiffeisen in Kosovo provide, have influenced in their positioning in the financial market. The study was conducted through electronic questionnaire in which 188 respondents participated, among whom 150 are clients of both banks. The questionnaire aimed the collection of data for establishing initial hypotheses that were set at the beginning of this study. Almost all of the questions set in the questionnaire research support key assumptions of this paper, but we

choose only some of the results/outcomes obtained from the analysis of the previous chapter that we think prove the best the assumptions as accurate, or inaccurate.

H1- The first hypothesis of this study has been "*Electronic Services influence in increasing customer satisfaction.*" The responses of the questions that will be presented in the following support laid down hypothesis:

- Q2: *How much have influenced electronic services in the choice of your bank?* The obtained result is from the respondents are 49% positive responses from the PCB and 67% from RBKO, where eventually the total of all respondents give us a percentage of 58% who believe that this service has affected the selection of the bank;
- Q4: *What are some of the reasons for using e-banking?* The obtained results gives us that 87% of respondents of both banks use this service because of time saving and 76% in total use this service because of 24/7 access.

Results obtained from the above questions makes us realize that the very fact that these services have influenced on the choice of the bank, and that these services are used because the client saves time and 24/7 access, it can be concluded that electronic services impact on increasing customer satisfaction which is an important factor for creating a better position in the financial market and we can ultimately conclude that the first hypothesis is proved correct (Mjekiqi, 2014).

H2- The second hypothesis of this study was "Electronic services increase the value of the bank". The second set out hypothesis is also supported by the questionnaire used in this study and the results obtained will be presented in the following:

- Q1: *Do you use electronic services?* The obtained result from the respondents of both banks RBKO and PCB is 100%;
- Q3: *Which of the electronic services do you prefer more?* The leading services we use are ATM lead with 87% from the PCB, and 100% from the RBKO, then comes the e-banking 67% from the PCB, and 56% from the RBKO, services used by less than 50% of respondents are m-banking and SMS banking.

In total can be estimated that all respondents use at least one of these services. Based on the results presented above which support the set out hypothesis, we can conclude that this hypothesis is correct. And the

increased value of a bank is a very important factor for its position in the financial market (Mjekiqi, 2014).

H3- The third laid down hypothesis was "*Safety of using electronic services is assessed in sufficient level by the customers*". To prove this hypothesis, we will select three questions that we think will best support the hypothesis:

- Q5: *For what purposes you use electronic services?* The results obtained from this question are: For payment of bills e-services are used 45% from the PCB and 44% from the RBKO, 58% are used for the transfer of funds from the PCB respondents and 67% RBKO, while there is a low percentage of use of international transfers where we have 15% of clients from the PCB and 11% of those in RBKO;
- Q6: *How do you assess the safety regarding the use of mobile devices for bank payments?* Two groups of respondents, estimate the safety regarding the use of mobile devices as not in adequate level. As insecure including those staying neutral, estimate 60% of respondents of the PCB and 66% from the respondents RBKO.

From the results obtained from Q5, for what purposes are used the electronic services, average of use gives us the percentage of 40% of respondents from the two banks in the study, and Q5 gives us an average of 37% of respondents with positive ratings. Finally based on above analysed results, it can be concluded that the third hypothesis is not correct and we will give more extensive recommendations in the next chapter. Hypothesis that are laid down are supported by almost all the questions in the questionnaire but for an accurate prove we chose just some of the results obtained in the analysis. As conclusion the findings of this study demonstrate that e-marketing has an impact on more favourable positioning of banks in the financial market of Kosovo, which gives value and manages to create long-term relationships with customers by fulfilling their needs and desires (Mjekiqi, 2014).

7. Recommendations

Based on analysis of this study made in previous chapters we realize how important is e-marketing in creating a favourable position in the financial market. No bank could provide all the products and gain market leadership position. They are forced to develop a differentiation strategy to be distinguished from the competition. The main way to create a

sustainable competitive position is through differentiation of products and services for creating a clear image of the bank and the products or services it offers in the eyes and mind of the consumer. From the secondary data obtained from official websites of ProCredit banks and Raiffeisen we can see that both banks offer almost similar electronic services and if we compare banks located in the region or even beyond we can evaluate that they stand quite well in providing these services. Both banks are among the first to have begun operating in Kosovo and continue to be leaders in the financial market in Kosovo, undoubtedly in creation of this position has affected also the capital these two banks have. Banks in the study represent a challenge and as such are an example to local banks as well as those with foreign capital operating in Kosovo. According to the results obtained from the analysis of this study, the result in generally were high, but we encountered also lower ratings by respondents considering third hypothesis which it turned out to be incorrect.

For deficiencies that we have managed to identify we will give the following recommendations: Amongst the electronic services provided by these two banks, SMS banking service, we came across a very low usage by respondents. As a reason for the low usage of this service, it is estimated to be the fact that all respondents are individual customer with the monthly salary, who does not see the SMS service so reasonable to have, taking into account the fact that each received message is paid by customer. However, we recommend that the product in question to be offered by banks to a certain segment of customers for whom it is important to be informed of performed transactions and also to consider the price that the customer pays for each message received. Another service which has given poor results use is M-Banking (banking through mobile devices). Today, mobile devices have ever more large use this is also proved by secondary data obtained from the STIKK (STIKK, 2013) survey wherein about 58.48% of Internet users that have access to Internet through their mobile phones. Given these statistics, we realize that there is a great potential for the usage of these devices for carrying out bank obligations. In this case we recommend that banks take aggressive promotional campaigns, especially in relation to the safety of carrying out bank obligations through these devices, where the research has given us low results regarding safety use assessment of these devices for bank obligations. Amongst objectives of the use of electronic services, the results indicate a low percentage of usage of e-services for performing invoice payments. The reason may be uncertainty

and the possibility of errors during the payment. We recommend that banks shall have in mind that during promotional campaigns to give more attention to the security and minimization of the errors possibility during the execution of payment. Based on the data obtained by the websites we found out that among the other services that the customer can perform at the ATM is also to deposit money at the same time offering the security conditions for this service. According to data, we did not find that Raiffeisen Bank offers the same opportunity and we recommend that it shall take into consideration the provision of this service by creating also the security conditions during the performance of this service. During the analysis we have found that most respondents use more than one electronic service, banks would have to be able to offer new services always following the technological developments but also taking into account the needs and customer desires. What Kosovo customer lacks now is execution of payments through mobile devices using smart phones, a service which is supported by phones that have installed the application for close communication NFC (Near-Field Communication), such mode of payments has already started to be used in different countries of the world (Mjekiqi, 2014).

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