

BANKING MARKET SEGMENTATION

*Abdlhakim Mahfud**

Abstract: *That the segmentation of overall market into segments and sectors is one of the basic signs of the application of modern marketing concept, where the management of the project can achieve its objectives most efficiently and effectively as possible.*

The concepts of banking market segmentation has emerged when increase the size of the customers resulting in increased trading volume, and now need to dealings on a large scale are essential and which cannot be overlooked.

Making it difficult to deal with this huge number of individuals or organizations.

And thus arose the need to the market segmentation into sub markets (sectors or segments). and meaning the slice or a market sector "a certain group of current and prospective clients who are engaged in general in the attribute or in a number of attributes influential " .

Proceeding from that presented this study because of its importance in the process life.

Keywords: ???

1. INTRODUCTION

Institutions adopted previously, including the banks on the overall marketing strategy, which is designed to meet the needs and wishes of all types of consumers in the market without any distinction between them, where it was seen as the market as a group of individuals who have needs and desires are similar can be met by using the marketing mix of one, but this belief proved it is not true at the present time, so that consumers do not have the desires of similar or homogeneous, also their response and affected by things around them vary from one individual to another or from one organization to another, and also with the development of the banking industry over time and increased competition among banking institutions and an increase in the degree of a typical banking service, and the concomitant evolution in the needs and desires of customers of banking services.

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Banking management realized that they need major activity into studying and meeting the needs of individual customers and institutions. and face growing competition in the banking market, including helping to achieve goals of the banking corporations in profitability and continue to market, so the idea of the banking market segmentation came as a natural result due to lack of homogeneity of the clients.

2. CONCEPT OF THE BANKING MARKET

There are many concepts for this market, and below I will discuss these concepts and the many aspects of it (Albisat, 2010)

1. A group of individuals have a specific need.
2. They have the ability (purchasing power) to purchase or obtain a specific product.
3. Have the desire to spend what they have to get this product.
4. Have the authority to buy this product.

Through these four conditions that are used in determining the market, the concept of 'the public' could be reached from the points made. The market definition of marketing is "as a set of existing customers and prospective debt, they have needs or desires that are saturated, and they have the ability and desire to purchase, and religion can serve them and keep them happy by established (Abdul Hamid, 2008).

American Marketing Association has concept of banking market as the planning and implementation in order to prepare and pricing, promotion, and distribution of an idea or a good or service for the purpose of completing the exchange of verification organization and individuals goals.

But it may not be matching the banking market in some cases. The need is contained in the concept that applies to the markets, without exception, no matter what the client is dealing with the banking system or with any other parties. It stems the need of the feelings of the individual and what led to the deal with banking services displayed (Kotler, 2001).

As for the ability to buy this product, it varies between my service, intangible phenomenon which is characterized by services make this a requirement anisotropic influence among commodity and service, the individual seeks to get the item for what is spent or offered by the represented financial ability of purchasing power of the individual, as the need for pay to buy the item, which may come in as important as associated

with important high is like, that the banking services do not come when many individuals is like a commodity, as demand seems mixed, and that the individual may resort banking service only in extreme cases, and this service qualities they are produced and consumed at one time, which means that the demand for them is the one who will determine the importance and quality of service required, which may progress from the bank without charge.

And on what terms of desire is the individual potentially tempted to deal with banking services by virtue of need rather than desire, and here to meet the desire and need in a single concept, it is rare that an individual needs are regarded as a desire over the need, but desire may appear to prefer the bank for another, for example, or to diversify services provided to the client (Ajarma, 2005).

The remaining question of validity, which raised controversy is well known that dealing with the banking services can not be achieved without the authority granted to the customer in the use of funds deposited. They must have an agreement with it, and is supposed to be done in his name and stand-alone or on behalf of, but the issue may take it beyond that and the existence of an account in the name of a particular individual, but may not be entitled to use the money or use it by virtue of not being fully eligible, such as opening an account of an non-adult individual or who has not completed his eligibility (like a child, for example).

2.1 The foundations of the banking market segmentation

Marketing managers are facing many of the principles and methods that can be on the basis of the overall market, and is divided into smaller segments, usually used more than a basis in practice (alsahn, 2009).

And when the division of banking service market, it notes the diversity of divisions and clearly, (market segmentation according to general characteristics, market segmentation by the special qualities of the goods or services).

2.2 Market Segmentation accordance to general characteristics

These foundations do not go out, in essence, for taking of each of the following variables:

Geographical variables

And is one of the most important variables that are introduced in the banking market. They include these variables breakdown by geographical areas, such as taking into consideration the cities and counties, any division

of the customers according to their geographical location in the provinces, regions or cities, so that the identification of customers distributed to spread the country's cities. Wahid is one of the important indicators in the market divisions, zones and their members are supposed to banks preparing to provide services to them as required.

As well as the introduction of the nature of the housing (urban, rural), and this index is very important, so that the time available for example, the farmer may not be compared with the time available for government employees, which means that dealing with the working class may require a certain specificity in terms of time, and knowledge of banking transactions, and the culture of the client and other considerations. In France and many European countries, there are private banks that carry the Agricultural Bank name which opens its doors even on weekends and in the morning for the purpose of providing banking services to the category of clients from agriculture or even working in the agriculture and non-agriculture who do not have the time and the opportunity to review only at the end of the week.

Also taken into account is the variable population density in the same city or region, and expressed that the number of individuals living in the same city, for example, whether the work requires the provision of banking services to them.

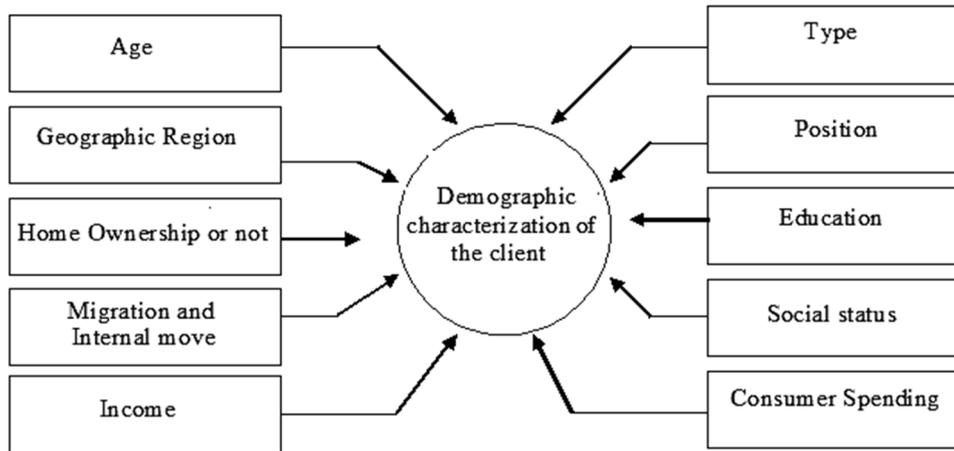
Demographic variables

One study in the field of trade-offs between to be used in the banking division of market variables that banks usually used demographic variables in the market division, because it is easy to identify the demographic characteristics and easily measured, and because they play an important role in influencing the needs and wishes of many consumers, where the bank select and study the influence of one or more of these properties to customers, although the relationship which may be weak consumer needs (Nagy, 2010).

These variables are considered multiple and diverse, they take a great degree of importance, sex, age, family size, the stage of a person's life, income, occupation, culture and nationality, all of the variables involved in this field when the study of banking services.

And the following figure no. (1) depicts description demographically integrated for customers (Khudhairi, 2010)

Figure 1. Description demographically integrated to customers.



Social variables

Included in this concept is the position of individuals from spending and savings in banks. According to the availability of their income, the individual may be tempted to save or spend according to what is available from the income he has. The individual has the opportunity to save it in the bank, but may not wish to do that although rising incomes, even in spending, it has been disinclined to it, while the other category tend to savings or use of the funds that have in the current accounts in spite of their limitations, and this is based primarily on the nature of the individuals or peoples in general, in terms of its tendency to deal with banks or not to handle or deal with certain limits.

Behavioral variables

This refers to the composition of the psychological characteristics of individuals, which is one of the most important factors affecting the behavior of individuals and the market segmentation, and is the most difficult to measure and can not be easily identified or observed, but can be identified by the apparent behavior and responses customer acts (Sumaidei, 2009).

The use of market divisions can be towards the following:

1. Unexpected behavior: It is without doubt the behavioral variables are subject to change and switch from one period to another as a result of a change in the circumstances of different variables in the environment.

2. Interaction with customers: the division of behavioral procedures allows the use of effective communication between clients and financial and banking organizations, using different means of communication available, or that the relationship is not clear through the use of available banking services to the customers (Darpy et al , 2003).
3. Expectations for the future needs of the market: This is getting information about the future of the market and what is to become of the client in the future, and also assumes a willingness to confront the actual and new needs in the market.
4. The appropriate application: This is what is done by the different models of customers. Services are can be designed and is in proportion to the changes in the needs and requests of customers (Ajarma, 2005).

2.3 MARKET SEGMENTATION BY THE SPECIAL QUALITIES OF THE GOODS OR SERVICES

Here are the expected benefits of market segmentation of the service and the possibility to use the service and loyalty to the service or the bank and the rate of use of the service.

Anticipated benefits of the service

Customers are constantly seeking to achieve the greatest possible benefits through the use of goods and services that they purchase, therefore market segmentation according to different benefits sought by consumers in the service has very important indivisible factors, so it requires a retail operation to identify the main benefits that are looking for beneficiaries of the service and to determine the benefit you're looking for in each category of beneficiary type.

There are a lot of marketing studies that indicate that the retail-based on the expected service benefits are always the best from the standpoint of marketing, because it is the planning and development of the product and for the campaigns and promotions to find new banking services and achieve the greatest possible benefits for members of the process.

Rate of use of the service

The marketing men usually face a number of alternatives, which forced them to market segmentation into categories in accordance to dealing with the banking service when formulating various policies of the bank (Abdul Hamid, 2008).

This standard refers to the size or the amount of handling by the user of a particular service, there are a lot of markets can be broken down into sectors by repeat purchase, can market segmentation by this standard to those who use the product and a lot of use it is of average and use it in a limited way and finally those who do not use it at all, here there is no discrimination between the four groups of customers, They are (Mercer, 2004):

1. Customers who do not use the service permanently.
2. Customers currently using the service.
3. Clients using competitive services.
4. Former clients.

If this kind of division of the bank can focus on a range of these groups and focused it's attention on the first slide and therefore the mixed marketing will be suited to their design.

It also does not have to neglect the rest of the slides but may choose more than one slide and deals with a mixed marketing strategy for each of them. Banks should study the last slide, which represents those who do not use the service now and see the possibility of the use of this segment of the service in the future and therefore work to get them and their conviction to use the service.

Loyalty to the service rate

Customers express their loyalty to the service or to the bank through a repeat purchase of the service or through the continuation of dealing with the bank (Sumaidaie, 2009), and to encourage friends and family to deal with this bank and as with all certain level customer loyalty to the bank that deals with him, the bank has segmented their markets based on the loyalty level who know him through studies that targeted loyalty among customers and measure and determine the factors affecting customer's loyalty to the bank and determine the criteria and composition of a client's loyalty.

3. DEFINITION OF THE TARGET MARKET STRATEGY

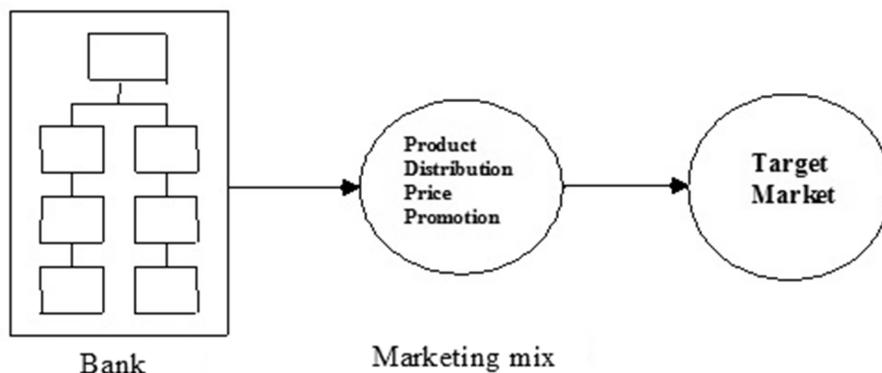
The determination to deal with the target market strategy can be to choose one of three strategies which are described as follows:

Generalized or unified marketing strategy

In general, the choice of this strategy is a way to find a balance between the costs involved and the interest earned (Lancaster et al, 2002).

Through this strategic situation in a mixed market and one similar addressed to all market segments as target markets, this strategy is used when all sectors are identical and consume the same product. In this situation, one is drawn to the market banking as a whole, as is evident from Figure (2), the strategy in this topic is based on the reduction of cost considerations and the assumption that the customer needs are similar, and are planning the marketing mix (services + price + promotion + distribution), which meets the needs of the banking market as a single unit made up of similar clients in terms of their needs, if you follow this strategy, the Foundation is the community as a market one and lose sight of the difference between the groups and sectors that Created(Havitz et al, 2007).

Figure 2. Generalized or unified marketing strategy



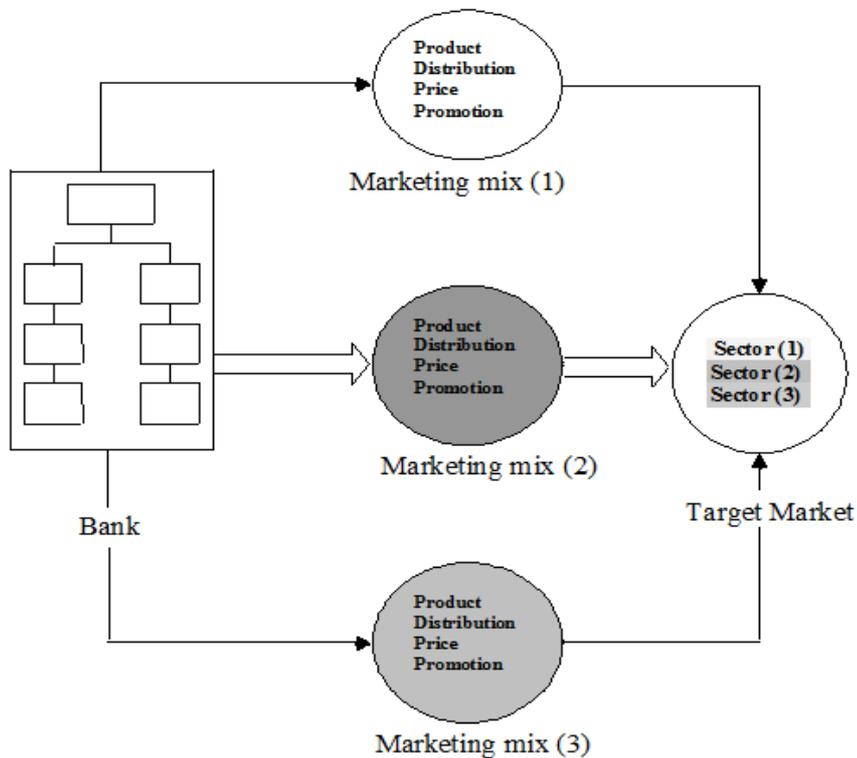
Source: Prepared by the author

Marketing strategy diverse or differential

According to this strategy, the bank will offer different products and banking services to suit different customer segments, and each segment of the different market segments is a market for the bank to target separately from other sectors, and the organization put prompt marketing strategies for each sector, in order to improve loyalty and ability of customers through a good knowledge of the needs of each individual, allowing help to provide an appropriate display of all customers individually, (Boyer et al, 2006), using this strategy when dealing in foundation banking with more than one service or one product, and that all a service product for a particular sector prompt it

to check out this strategy, with an increase in sales to the bank when compared to the previous strategy, but it's flaws include bearing higher bank costs for the diversification of services and carry high administrative and marketing costs. Figure (3) clarifies this strategy.

Figure 3. Marketing strategy diverse or differential



Source: Prepared by the author

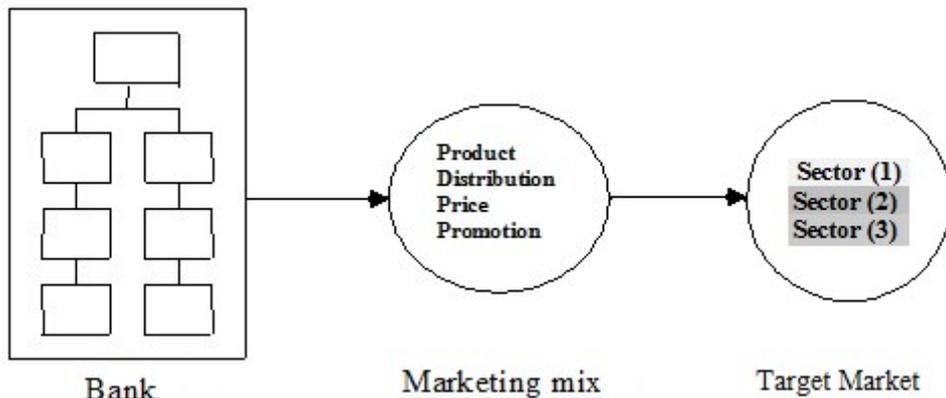
The marketing strategy focusing

The main justification for marketing focusing is mainly in the vocabulary that market is heterogeneous in make up the needs and preferences, even if these individuals are homogeneity to no longer need to target the market ab process.

According to this strategy, the bank discriminates between different banking sectors of the market, and choose a sector and then focus upon the provision of banking services that meet the needs and demands of clients in this sector of the market efficiently and effectively than the competition banks, and the bank is working ondesign appropriate marketing mix for this

sector of the market, and is characterized by this strategy as a check to the bank of high returns on investment, the focus on a small market sector strategy may be good policy to escape of the competition that could be taking place in key sectors in the overall market (Fenneteau, 2005), but carries a high level of risk due to its focus on one sector of the market and figure (4) illustrates this strategy.

Figure 4. The marketing strategy focusing



Source: Prepared by the author

4. CONCLUSION

This study shows that there is a common interest between the commercial banks and their clients, and the relationship is here to provide the best services and the highest level of quality to reach the maximum level of saturation to the needs and desires of the client, also to achieve a certain amount of profits, the success depends on follow these banks to policies and strategies based on valid scientific grounds which include banking market segmentation policy and what the impact of the application of this policy on the quality of banking services provided to customers.

It has become very difficult within the repercussions of the current environment that the bank targets all market no matter how different its characteristics of the same level of performance was for this reason an important role in the adoption of the banking market segmentation policy which is made according to the information that has been collected for the banking market by marketing information system that ensures the continuous flow of information for the environment.

Therefore the banking market segmentation will help the bank to choose the sectors that must be targeted and be able to serve more effectively than competitors and that means trying to get position in the market and the formation of a good image in the minds of customers.

And contributed the appearance of marketing in banks contributed to the changing its trends toward shaping the marketing mix to meet the needs of customers, whether individuals or institutions.

And the importance of this study is that it enables those in charge of marketing and those interested in segmenting the market in the banking sector of the knowledge gap between what should be and what is an object in the application of banking market segmentation policy.

Refrence not available

