



A Study of Consumer Behaviour towards Permission based E-mail Marketing in Selected Indian Banks

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INTRODUCTION

Marketing communications will not provide desired results if they are not targeted to the right customers at the right time. Also it will enable the customer to blow whistle for the issue of privacy. Today everyone is concerned with privacy issues as they influence all human activities. There are several key stakeholders involved in the management of consumer privacy. The most important are the consumer, marketer and the government. Out of all, consumers are the most fundamental stakeholder. Government around the world plays useful and active role acting as a regulator, where government legally enforces the use of laws of privacy and restricts its misuse. The onus of making privacy viable for consumers is not only to be handled by the government alone but onus is also on professionals practicing in this field to inform marketers about the economic benefits that privacy practices can create for an organization. Many governments around the world have become so concerned about unsolicited commercial message activities that they have attempted to regulate them. For example, in the United States (US), The Privacy Act, 1974 regulates privacy of people. It is becoming mandatory under legislative framework that any marketer who performs advertising by emails must have the recipient's prior consent, so that the privacy of the consumer is not breached. This had led to the origination of terms like "Permission Marketing" and "Invitational Marketing"

Historically, in 1993, Milne and Gordon discussed the role of customer permission and its importance in marketing. This acted as a foundation point of evolution of permission marketing as a new mantra of ethical marketing. Godin (1999) coined the term "Permission Marketing" in his book. Permission Marketing is based on the premise of customer centricity, in which consumers gives their consent to receive marketing information of their choice. Permission marketing as name suggests offers the consumer an opportunity to volunteer to be marketed to. It is therefore anticipated, personal, and relevant. This early definition has three major components: (i) it is about building relationship with customers (ii) It focuses on establishing privacy rights rather than to enhance targeting and (iii) It examines both positive and negative activities involved in permission marketing. Permission Marketing gained attention

of media in early 2000. Various studies had been undertaken, since then. Sterne and Priore (2000) said that permission marketing consists of knowing customer interests and information needs. This definition incorporates much of the traditional components of marketing but focuses upon the privacy of an individual. Nath and Gupta (2006) defined permission marketing a strategy, which utilizes e-mail and mobile technology, for providing information to recipients who had given their permission to a marketer. Therefore Permission marketing is new and unconventional method of marketing. Further, Permission marketing is considered superior to interruption marketing and therefore permission marketing should look at minimizing harm of providing information, not necessarily eliminating it.

Permission marketing integrates broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising. Nevertheless, defining permission marketing is not a simple task. The terminology used in this area has varied. It includes Permission Marketing, Co-Creation Marketing and Customer Centric Marketing. In fact, permission marketing is a kind of marketing focused on the condition of maintaining consumer privacy. So, it teaches us to manage the marketing process for satisfying the needs, wants and demands of customers and society in a both profitable and ethical manner.



JUSTIFICATION OF THE PRESENT STUDY

Telecom Regulatory Authority of India (TRAI) had issued Telecom Unsolicited Commercial Communications Regulations in 2007. The regulation was enacted in order to develop a mechanism for curbing the unsolicited telemarketing calls. The primary objective of the National Do Not Call Registry was to curb unsolicited commercial communication. This was considered as a major step taken to curb unsolicited commercial communication using mobile phone, however with reference to e-mail based unsolicited commercial communication there is no concrete regulation prevalent in Indian context. Marketers generally seek permission of consumers indirectly and thereby refer it as permitted communication. However on other side consumers crib when they receive unsolicited commercial communication as they perceive. It is therefore the need of the hour especially in our country is to conduct in-depth studies to assess how far the ideas and concern for Permission Marketing exist both among organizations and the ultimate consumers of the products and services. Paradoxically, there exist dearth of research by the researchers and practice by the providers of the products and services. In the above backdrop, present study is a modest attempt to investigate the status of permission marketing in India and the extent to which it is being accepted by banking consumers of different types of banks and accepted and practiced by Indian banks

Statement of the problem

The study seeks to answer the following general questions:

1. What is the general awareness of Indian consumer about permission marketing and the acceptance of such practices especially involving e-mails?
2. What is the level of awareness of permission marketing among marketing officials in selected Indian Banks?
3. What are the major areas where permission marketing is being practiced by selected Indian banks under study?
4. How far the selected Indian banks are similar or dissimilar in terms of their permission marketing practices?

5. Have the selected Indian banks made any efforts in communicating the message of permission marketing practices to their consumers.

In the light of the problem stated above, the topic of the study can be justified as:

“A Study of Consumer Behavior towards Permission based E-Mail Marketing in Selected Indian Banks”



RESEARCH METHODOLOGY

Sample

It was neither feasible nor desirable to cover all banking consumers and banks for the purpose of study. For the present study, 200 consumers were selected out of 2334 colonies of Delhi through systematic sampling in order to assess whether they exist differences in opinion with respect to permission marketing being practiced by the banks under study. The respondents consisted of service class people, business class people, housewives and professionals like doctors, engineers and students. All age groups having competence to answer the questions related to study were included in the study.

Further, out of several types of banks, purposively three types of bank viz. Public, Private and foreign were chosen for the study. Further, in every bank group, there were large numbers of banks. For the present study, from each group, five banks were randomly selected. Accordingly, there were fifteen banks, which constituted the sample for the study. For collecting data from the industry, the respondents consisted of Assistant Vice President, Regional Head, Marketing Managers, Cluster Head, Assistant General Manager and Senior Manager.

Questionnaires / Schedules

Keeping in mind the objectives of the study, two Questionnaires / Schedules were developed by the researcher. While one set was for consumers of banking services the other set was for the bank officials.

Hypothesis

Taking care of the objectives of the study, appropriate hypotheses were formulated and tested using statistical techniques such as Chi Square test of independence, Kruskal Wallis H test, and other tests using SPSS version 19 on windows platform.

Findings

Following were the major findings of the study:

1. E-mail emerged as an important means of communication. This fact was well accepted by the respondents (65%) in which they considered it superior to other forms of communication.
2. The main source of awareness regarding permission marketing was media. Overall, general awareness of permission marketing was found to be good. The consumers who were unaware did not consider the concept of permission marketing significant.
3. Hypothesis testing revealed that there is a relation between demographic variables viz. gender and educational qualification with awareness of permission marketing.
4. The respondents viewed that getting updated information of choice is the most important reason for giving permission to the marketer for sending permission based e-mails. This was followed by choice of selecting marketer and expectation of availing discounts and offers from the marketer to whom permission had been granted.
5. Loss of privacy was a common concern among respondents of private organizations (banks in this case), while permitting the marketer.
6. Perceived benefit, trustworthiness and ease of differentiation were found to be important factors considered by customers while giving permission to marketers for sending permission based e-mails.
7. Acceptability of giving permission to banks for sending e-mails has been found to be good. People are ready to give permission because of the advantages associated with these permitted e-mails.
8. Consumers of the private banks and foreign banks receive more e-mails as compared to consumers of public banks on weekly basis. This shows that private banks and foreign banks actively practice permission marketing.
9. Bank customers agreed to the fact that they become more updated and informed by giving permission to banks for sending e-mails.
10. Bank customers had shown concern for the information given by banks through permitted e-mails provided they are relevant and useful.
11. Personalization of subject lines and/or of message was found to be an important stimulus for clicking permitted e-mails by banks.
12. Hassle free updations of information, trustworthiness and usefulness of information were considered important while permitting banks for sending e-mails.
13. Banks operating in India perform marketing function primarily with in-house marketing department. Some banks were found to be engaged in outsourcing specific marketing activities like e-mail marketing and tele marketing.
14. Advertisement in print media (newspapers, magazines) and e-mail marketing have emerged as the top ranking methods for marketing of banking products/services. The combination of two got wider

acceptance due to better brand visibility and reach when used together.

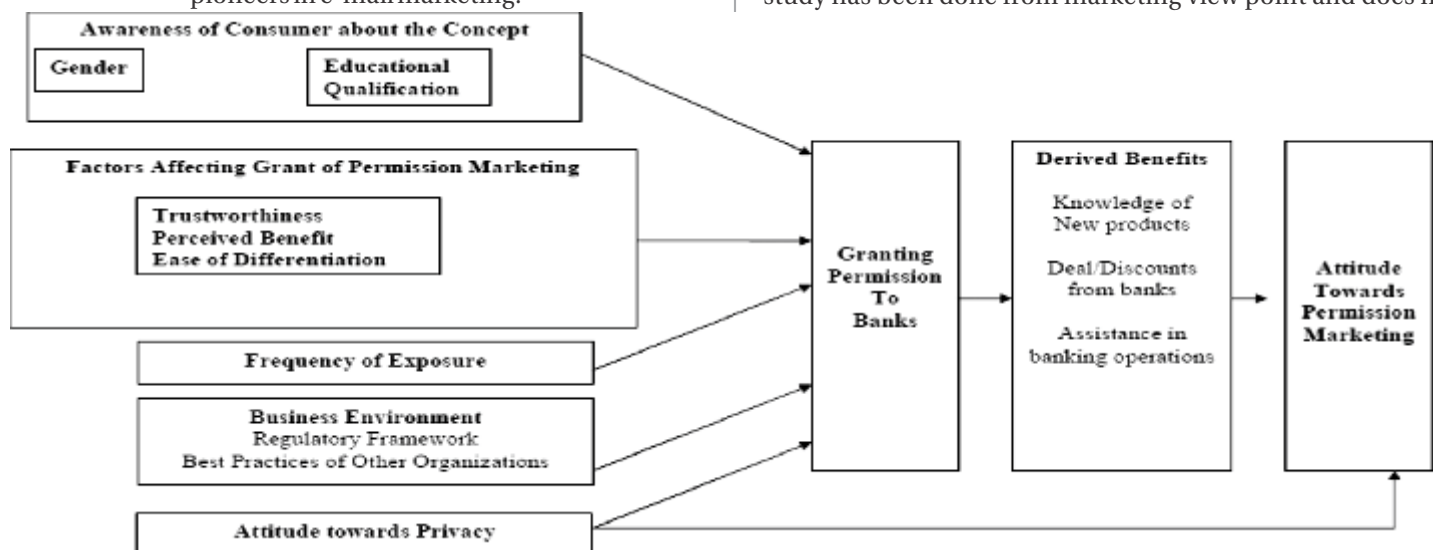
15. The selected banks agreed to the fact that they use e-mails in marketing of product/services because e-mails give flexibility in accessing information as and when required.
16. Majority of the banks studied were of the opinion that they seek permission from the consumer for sending e-mails in an indirect manner.
17. Generally banks send six to eight permitted e-mails to their customers every month; however the frequency increased in case of private banks.
18. Personalization of e-mails was considered vital for better accessibility by the selected banks. Catchy subject lines emerged to be the selective practice, being practiced by only few banks.
19. Targeting customers for banking products and services emerged to be the most important reason for using e-mail based permission marketing by the banks studied.
20. Information about bank accounts and various schemes/benefits was generally the content of permitted e-mails sent by selected banks under study.
21. Majority of the bank officials studied were of the opinion that they don't send spam e-mails but differed in opinion about ethicality in sending permitted e-mails.

On this basis of findings, the following model has been proposed as shown in figure 1



IMPLICATIONS OF THE STUDY

1. This study would provide an insight to those banks that believe in innovation and want to grab the opportunity by being the pioneers in e-mail marketing.



2. Practically the study will be of much importance to marketing officials who are planning /or have planned the activities related to permission marketing for seeking Customer's permission. The study will also be beneficial for consumers as they can realize the positive features of permission marketing.
3. The results of study will enable the managers of banks in particular and other industries in general to focus their concern on various internal and external factors influencing permission marketing.
4. It will help them to formulate a more realistic managerial policy regarding permission marketing by investing in permitted e-mails.
5. It will help banks to cut down their marketing expenses and expect better return on marketing investment.
6. It will lead to better and profitable management of the banking Customers.
7. It will promote research and development in the Indian banking industry to develop permission based e-marketing.
8. The study may provide relevant insight to the managers to develop procedures for systematic implementation of permission based e-marketing techniques.



IMITATIONS

It will be plausible to note conditions of this study that limit the extent of legitimate generalizations. The shortcomings may be stated as follows:

The study is totally based on practices being followed by banks and has been viewed from marketing view point only

Notwithstanding its comprehensive coverage, the present study has been done from marketing view point and does not

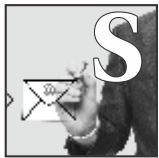
do analysis of the type the psychologists or anthropologists have often conducted. The study has not been analyzed by using any psychometric test or econometric test. Permission based e-mails take many aspects of information technology which have not been dealt in this study. The study is totally based on the practices being followed by the banks and has been viewed from marketing point of view only.

Permission Marketing is an Incessant Process

Permission Marketing has been described as a chase without any termination point of time. Because definitive answers to questions of permission are not always available and absolute permission led marketing is a difficult realistic goal to achieve, it is best to view permission marketing practices as a string of marginal steps on learning curve. This study too is a petite step in this course and should be treated as a modest contribution to the existing body of knowledge.

Accuracy and Dependability of Interpretative Material used as Plausible Reasons

Most of the interpretative material used as plausible reasons for research findings of the present study consisted of opinions of bank officials and general masses from different banks and localities. Explicitly, this study must be viewed with circumspection and appropriate regard for human frailties. Banks officials were hesitant in disclosing their privacy management policy. Banks pretend that they take care of the details of the consumers but fail to tell anything concrete.



SUGGESTIONS

1. Banks should encourage the use of e-mails for correspondence with customers and also motivates them to use e-mails in case of feedbacks, query or any suggestions. It will also be taken from the point of view of going green as a need of the day.
2. Banks should undertake a special drive from time to time to educate their customers regarding importance and relevance of e-mail marketing in general and e-mail based permission marketing in particular.

3. Banks should emphasize more on sending e-mails which have personalized and attractive subject lines as well as message content.
4. Banks should avoid sending the same message to all customers through bulk e-mail as it does not have better acceptability and is viewed as a junk e-mail.
5. Banks need to give training to their employees in order to make them conversant with latest marketing techniques and practices so that they can serve their customers better.
6. Banks are supposed to be very cautious while outsourcing their marketing activities as these outside parties generally indulges in unethical marketing practices which lead to bad image of bank in the mind of consumers.
7. While opening up of new accounts of the customers, separate form seeking permission for marketing of banking product and services should be provided by banks.
8. Banks must inform customers from time to time about how banks manage privacy of customer's details. This will create an environment of trust and will also bring in transparency.
9. Government and regulatory bodies can think of creating a code of conduct for implementing permission marketing successfully across banking and non banking institutions involving financial transactions
10. National Informatics Centre (NIC) can create a portal where people who intend to receive safe and secured e-mail communication can grant permission by submitting an online consent form.
11. Government and regulatory bodies must strive for making privacy laws stringent where in a separate clause for seeking permission can be created.
12. Government and regulatory bodies should encourage permission marketing and discourage interruptive marketing by regularizing promotional e-mail messages.

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