Research Methodology

This chapter elucidates research methodology and its application in seeking answers to the research questions. In this chapter, particular attempt will be made to define the research problem, nature of research problem, profiling of the population (i.e. banking consumers included for the study and the banks operating in India) and the sample taken from the specified population for this study. Questionnaires as a data collection technique, procedure of data collection and statistical techniques used to analyze the data have also been discussed.

3.1 The Problem

Previous two chapters were a deliberate attempt to provide an inclusive backdrop of the study, so that research problem can be seen in that backdrop. This section has mainly been devoted to the statement of the problem. Both general as well as specific problem issues, along with objectives stating and indicating the significance of the problem in theoretical as well as practical curiosity has been covered. The chapter also unfolds the delimitation of the methodology.

3.2 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*"

3.3 Objectives and Purpose of the Study

The present study seeks to determine the status of Permission Marketing in India and the extent to which it is being accepted by banking consumers of different types of banks. It also tries to explore the acceptance & practicing of concept by Indian banks. It further determines the extent to which Permission Marketing practices vary across different types of banks, viz, public, private and foreign.

3.4 Significance of the Study

The study is of atmost significance for the following theoretical and practical concerns:

3.4.1 Theoretical Concern

The study is of theoretical importance for the following reasons:

1. Theoretically, the present study seeks to explore the extent to which the permission based e-mail practices in selected Indian banks are in synchronization with other foreign banks. Moreover it also helps in understanding how much concern for customers is being shown by Indian banks.

2. The findings of the study reveal some new techniques and/or practices to seek consumer permission by various Indian banks under study

3. Since not much research has been done in the field of Permission Marketing in India, this would be a significant contribution to the existing body of knowledge.

4. The findings of the study reveal a distinct pattern of relationship between different demographic variables and thus, help in finding hidden fact related to Permission Marketing.

5. It will be helpful to the future managers and researchers who plan to undertake in depth research studies and practices in different dimensions of Permission Marketing.

3.4.2   Practical Concern

The study is of practical importance for the following reasons:

1. 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.

2. 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.

3. It will help them to formulate a more realistic managerial policy regarding Permission Marketing.

4. It will help banks to cut down their marketing expenses and expect better return on marketing investment.

5. It will lead to better and profitable management of the banking customers.

6. It will promote research and development in the Indian banking industry to develop permission based e-marketing.

7. The study may provide relevant insight to the managers to develop procedures for systematic implementation of permission based e-marketing techniques.

8. The findings of the study may help them understand the merits and demerits, if any, of the Permission Marketing concepts.

9. The results of the study may help banks to improve their ongoing Permission Marketing practices.

10. The results of the study are likely to provide them adequate insight into Permission Marketing practices and to use permission based e-mail marketing as a significant marketing tool.

11. Lastly, the evaluation of Permission Marketing practices may help the managers to improve their marketing skills in the light of emerging marketing trends such as this.

3.5 Delimitation of the Methodology

Not withstanding its above significance, the methodology has the following major delimitations:

1. It is based on selected sample of banks, randomly selected from Public, Private and Foreign Banks. Therefore the generalization of results of the study to all the banks is limited as defined by the size of selected sample and findings to other industries are unwarranted.

2. The present study is largely exploratory in nature. Thus, notwithstanding its richness of data, it lacks control of variables by experimental i.e. no experiments have been conducted during the study.

3. The study is based on two methods of data collection: questionnaire and analysis of records. Thus, the extent of reliability and validity of the findings of this study depends on the reliability and validity of the methods of data collection.

3.6   The Population

This section involves description of population of consumers of banking services of different types of banks that have been selected for the purpose of the study. It also describes the population from which the sample of banks has been derived.

3.6.1   Population of Consumers

The research also aims at pronouncement of the general awareness of Permission Marketing among the consumers of public banks, private banks and foreign banks operating in India. Delhi attracts people from different parts of India and hence forms a perfect population mix for deriving sample

The share of population of Delhi has consistently increased in comparison to other regions in Delhi NCR. This has mainly happened because of better infrastructure development and more employment opportunities created in Delhi as compared to other parts of NCR. The population of Delhi was 13782976 (84.41%) as shown in figure 3.1 which shows population of Delhi.
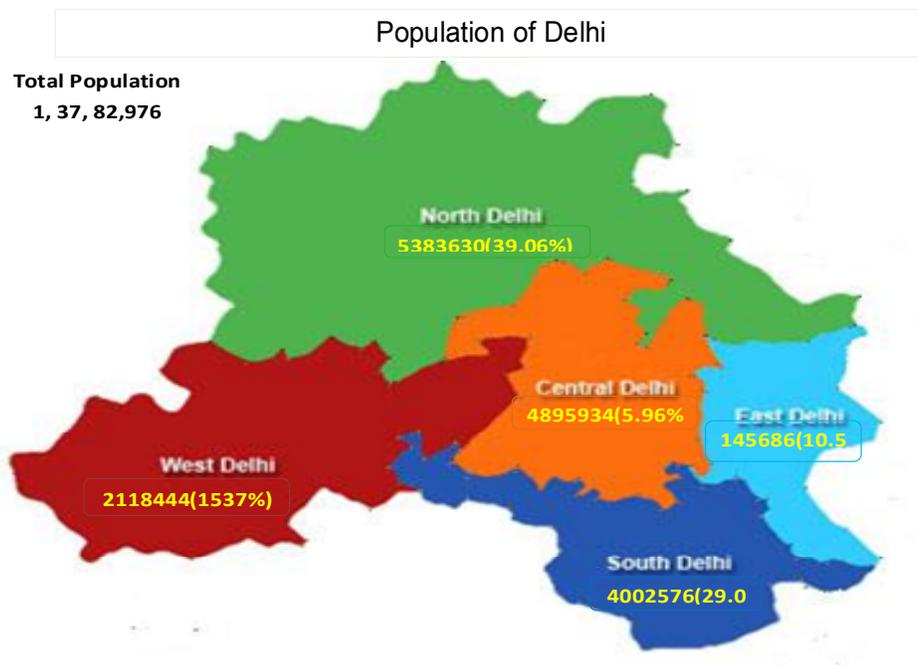

Figure 3.1: Population of Delhi

(Source: http://delhiplanning.nic.in/Economic%20Survey/Ecosur2001-02/PDF)

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Delhi is classified into various zones, zones are further classified into various wards and with in each ward there are number of colonies. Table 3.1 reveals the information pertaining to the zonal structure of Delhi.

Delhi	Zones	Wards	Colonies
	12	274	2334

Table 3.1: Delhi Zonal Structure
(Source:http://www.mcdonline.gov.in/zonelist.php)

3.6.2   Population of Banks

It will be apt to discuss the scenario of banking system prevalent in India at present. The present section has been primarily devoted for this purpose.

3.6.2.1 Indian Banking System

Without a sound and effective banking system in India it cannot have a healthy economy. The banking system in India is significantly different from that of other asian nations because of the country's unique geographic, social, and economic characteristics. In India the banks have been segregated in different groups. In India the banking sector is segregated as public banks, private sector banks, cooperative banks and regional rural banks and foreign banks. In India, generally more emphasis is being given to public sector banks, private sector banks and foreign banks especially in urban context. About 92 percent of the country's banking segment is under state control while the balance comprises private sector and foreign banks. The Reserve Bank of India is the central banking system of India, and is banker to banks. The Reserve Bank of India was established on April 1, 1935 in accordance with the provisions of the Reserve Bank of India Act, 1934. RBI in India prescribes broad parameters of banking operations within which the country's banking and financial system functions as well as maintain public confidence in the system, protect depositors' interest and provide cost-effective banking services to the public. The growth in the Indian Banking

Industry has been more qualitative than quantitative and it is expected to remain the same in the coming years. Based on the projections made in the "India Vision 2020" prepared by the Planning Commission and the "Draft 10th Plan", the report forecasts that the pace of expansion in the balance-sheets of banks is likely to decelerate. The total assets of all scheduled commercial banks by end-March 2010 are estimated at Rs 40, 90, 000 crores. That will comprise about 65 per cent of GDP at current market prices as compared to 67 per cent in 2002-03. Bank assets are expected to grow at an annual composite rate of 13.4 per cent during the rest of the decade as against the growth rate of 16.7 per cent that existed between 1994-95 and 2002-03. It is expected that there will be large additions to the capital base and reserves on the liability side. The Indian Banking Industry can be categorized into non-scheduled banks and scheduled banks. Scheduled banks constitute of commercial banks and co-operative banks as shown in figure 3.2
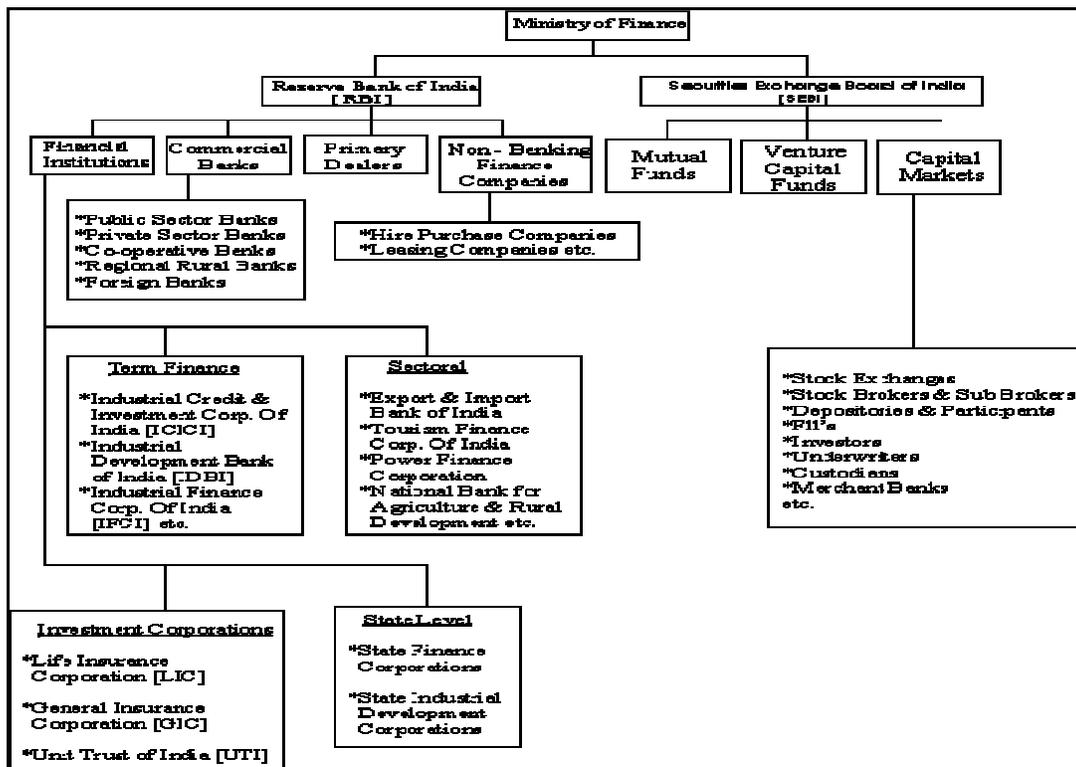

Figure 3.2: Indian Banking System
(Source:http://www.finmin.nic.in)

3.6.2.1.1 Public Banks in India

Public sector banks are banks in which government has a major holding. In India public sector banks are classified as State Bank of India and its associate, and other nationalized banks like Punjab National Bank, Andhra Bank etc. The State Bank of India, earlier Imperial Bank, holds the dominant market position among all Indian banks. It is the world's largest commercial bank in terms of branch network with 13,000 branches in India and abroad. It is the country's largest bank with more than 100 million accounts. The state bank of India has various subsidiaries. Nationalized banks also holds significant market share in Indian banking system. The nationalized banks basically operates in rural and semi urban areas, although with due changes in world economics, they are front runners in banking business. Table 3.2 provides the list of public sector banks operating in India:

S.No	Public Sector Banks	S.No	Public Sector Banks
1	Allahabad Bank	12	Indian Overseas Bank
2	Andhra Bank	13	Oriental Bank of Commerce
3	Bank of Baroda	14	Punjab & Sind Bank
4	Bank of India	15	Punjab National Bank
5	Bank of Maharashtra	16	State Bank of India & Associates
6	Canara Bank	17	Syndicate Bank
7	Central Bank of India	18	UCO Bank
8	Corporation Bank	19	Union Bank of India
9	Dena Bank	20	United Bank of India
10	IDBI Bank Limited	21	Vijaya Bank
11	Indian Bank		

Table 3.2: Public Sector Banks

(Source:http://www.iba.org.in/kbp/publicsectorbanks)

3.6.2.1.2 Private Banks in India

After nationalization of banks and on recommendation of Narasimha Committee, various private sector banks obtained the license of operating banking business in India in the year 1993. The private sector banks, with more technological advancements and aggressive marketing are able to attract more customers. Various big corporate houses were behind the formation of private banks in India like Housing Development Financial Corporation Ltd (HDFC Ltd), Industrial Credit and Investment Corporation of India (ICICI) etc. Table 3.3 provides the list of private sector banks.

S.No	Private Sector Banks	S.No	Private Sector Banks
1	AXIS Bank Limited.	14	The Bank of Rajasthan Limited.
2	City Union Bank Limited.	15	The Catholic Syrian Bank Ltd
3	Coastal Local Area Bank Limited.	16	The Dhanalakshmi Bank Limited.
4	Capital Local Area Bank Limited.	17	The Federal Bank Limited.
5	Development Credit Bank Limited.	18	The HDFC Bank Limited.
6	ICICI Bank Limited.	19	The Jammu & Kashmir Bank Limited.
7	IndusInd Bank Limited.	20	The Karur Vysya Bank Limited.
8	ING Vysya Bank Limited.	21	The Lakshmi Vilas Bank Limited.
9	Karnataka Bank Limited.	22	The Nainital Bank Limited.
10	Kotak Mahindra Bank Limited.	23	The Ratnakar Bank Limited.

11	Krishna Bhima Samruddhi	24	The South Indian Bank Limited.
12	SBI Commercial and International	25	Yes Bank Limited
13	Tamilnad Mercantile Bank Limited.		

3.6.2.1.3 Foreign Banks in India

In India prior to 2001, foreign banks were allowed to operate only through branches however with due passage of time foreign banks were allowed to set up subsidiaries in India. Foreign banks had been successful in wooing Indian customers because of better services and customer satisfaction. Table 3.4 provides the list of foreign banks in India:

S.No	Foreign Sector Banks	S.No	Foreign Sector Banks
1	AB Bank Limited	15	Mashreqbank Bank
2	Abu Dhabi Commercial Bank	16	Mizuho Corporate Bank Limited.
3	American Express	17	Oman International Bank
4	Bank of America	18	Societe Generale
5	Bank of Bahrain & Kuwait BSC	19	Sonali Bank Limited.
6	Barclays Bank Plc	20	Standard Chartered Bank
7	BNP PARIBAS	21	State Bank of Mauritius Limited.
8	Citibank	22	The Bank of Nova Scotia
9	Credit Agricole Corporate Bank	23	The Bank of Tokyo-Mitsubishi
10	Deutsche Bank AG	24	The Development Bank of Singapore

11	J P Morgan Bank	25	The Hongkong & Shanghai Bank
12	Japan Bank	26	The Royal Bank of Scotland
13	JSC VTB Bank	27	UBS AG
14	Krung Thai Bank Public Company	28	United Overseas Bank Limited.

Table 3.4: Foreign Sector Banks

(Source:http://www.iba.org.in/kbp/foreignsectorbanks)

3.7 Sample

In Delhi, there are lakhs customers of public sector banks, private sector banks and foreign banks. Similarly there are various banks which are operating through large number of branches. Therefore it is neither feasible nor desirable to cover all banking consumers and banks for the purpose of study. Therefore, samples of banking consumers and banks were drawn for the purpose of study.

3.7.1 Sample of Banking Consumers

The sample of consumers has been drawn on the basis of three consecutive stages. In the first and second stage; probability sampling was applied and in the third stage convenience sampling was done deliberately because literate banking consumers from each colony were to be selected. So, the researcher ended up with "systematic sampling".

Delhi city is divided into 274 wards, which was further divided into colonies. List of the same was obtained from Municipal Corporation of Delhi, Delhi from their official website (www.mcdonline.gov.in). From the list a cumulative totaling of the colonies was done and the total of the colonies was found to be 2334.

In the first stage, simple random sampling was used in which random number 27 was selected as the first unit. In the second stage, a sequence was generated with the help of 'n' and remaining items were selected at fixed intervals using equation 3.1.

Total number of colonies: 2334

Total number of colonies selected: 100

$$\text{Interval } n' = \frac{\text{Total number of colonies (2334)}}{\text{Total number of colonies selected (100)}}$$

This number came to be a real number given by n = 23.34.

Thus rounded figure was 23. Since the selected random number was 27 following areas were selected as per the sequential sampling:

S.No.	Ward	Ward. No.	Colony	Zone
1	Nizzamudin	154	Pragati Maidan	City
2	Ballimaran	86	Haveli Haiderkuli	City
3	Chandani Chowk	80	Katra Mashroo	City
4	Sewa Nagar	85	Kotla Mubarakpur	Central

and so on.

In the third stage of sampling, convenience sampling was done wherein two consumers (one each for public sector bank and private sector bank/ foreign bank) were selected from each selected colony.

The above mentioned methodology of selection of sample not only covered the whole population under study but also provided the researcher sufficient flexibility to collect data keeping all demographic variables in mind along with the nature of the bank in which respondent was having their account i.e. Public, Private or Foreign Banks. The profile of the consumers covered for Banks (Public, Private and Foreign) have been shown in Table 3.5.

Gender	Frequency
Male	134
Female	66
Age Group	**Frequency**
18-25	99
26-40	73
40-60	24
60 & Above	4
Educational Qualification	**Frequency**
Undergraduate	12
Graduate	61
Post Graduate	95
Higher	32
Occupation	**Frequency**
Businessman	16
Salaried	72
Self employed	36
Housewife	13
Student	63
Income Level	**Frequency**
Upto Rs. 20,000	82
Rs. 20,001-40,000	57
Rs. 40,001-60,000	41
Above 60,001	20
Account in Bank	**Frequency**
Public	96
Private	84
Foreign	20

Table 3.5: Profile of the Respondents (Banks Consumers)

3.7.2 Sample of Banks

For the purpose of data collection, details had been taken from the website of Indian Banks Association. A sample of 15 banks were selected, 5 public sector banks, 5 private sector banks and 5 foreign banks. These were selected from the population for the study with the help of simple random sampling. For collecting data from the banks, the respondent consisted of Assistant General Manager, Marketing Manager, Senior Manager, Cluster Head, Retail Banking Head and Regional Head. The profile of the respondent banks has been shown in table 3.6.

Public Sector Banks			
S.NO	Name of Bank	Year of Operation	Profile of Respondent
1	Dena Bank	1938	Marketing Manager
2	Bank of Baroda	1908	General Manager
3	Punjab National Bank	1894	Assistant General Manager
4	State Bank of India	1806	Senior Manager
5	Vijaya Bank	1931	Senior Manager
Private Sector Banks			
S.NO	Name of Bank	Year of Operation	Profile of Respondent
1	AXIS Bank	1994	Head, Retail
2	ING Vysya Bank	1930	Assistant Vice President
3	HDFC Bank	1994	Regional Head
4	The South Indian Bank	1929	General Manager
5	Yes Bank Limited	2004	Marketing Manager
Foreign Banks			
S.NO	Name of Bank	Year of Operation	Profile of Respondent
1	American Express	1921	Marketing Manager

	Bank		
2	BNP PARIBAS	1860	Marketing Manager
3	Deutsche Bank	1980	Retail Banking Manager
4	The Development Bank of Singapore	1994	Customer Service Manager
5	The Royal Bank of Scotland	2002	Head, North Cluster

Table 3.6: Profile of the Respondent (Bank Officials)

3.8 Collection of Data

The data for the present study had to be collected from customers of the banks operating in India and also bank officials.

For collecting data from different banks, mutual convenience of researcher and bank official to be interviewed was taken into consideration. However some times it was not possible to meet the official due to their uncertain official commitments. After several repeated visits to these banks, it became possible to interview them and collect relevant data. Since the study is based on Permission Marketing, therefore pre-permission of the officials had been ensured. Similarly, data from consumers were also collected by fixing a prior appointment with them.

3.9 The schedule/ Questionnaire

For collection of primary data, schedule/questionnaire was an essential tool that was developed for reliable and first hand data collection. The researcher used structured schedule/questionnaire for this purpose as shown in appendix A and B.

3.9.1 Design

The schedule/ questionnaire were designed in a manner that made it capable of translating the research objectives into precise questions. At the same time, it was also taken care that the designed schedule/ questionnaire enables the researcher to acquire the required data. The questionnaires were designed as shown in appendix A and appendix B, which were related to

customers of banks and banks operating in India respectively. In order to achieve the research rationale, each question was worded so as to bring forth an answer, which precisely and completely reflected the status of Permission Marketing practices, adopted by the banks and how consumers think about permission based communication and their behavior pattern.

Each questionnaire was divided into various sub parts. Questionnaire related to the consumers of banking services was divided into four parts. The first part gathered information regarding profile of consumers like age, education, gender, occupation and income level. The second part was designed to study the general information related to usage of e-mails by the banking respondents. In the third part questions were designed to elicit information about permission based e-mails, the awareness of Permission Marketing and various parameters related to it. The fourth part was designed to study the attitude of banking respondents regarding permission based e-mails by the banks and the possible associations with it (if any). In this part, pairs were also formed for developing perceptual mapping. This schedule/questionnaire has been given Appendix A.

Questionnaire related to banks was divided into two parts in which first part gathered general information related to banks, their nature, years of operation and so on. Second part was entirely dedicated to enquire and gather information related to Permission Marketing and its awareness. This part was specially designed to enquire the e-mail based Permission Marketing practices. The questionnaire is given in Appendix B.

3.9.2 Pre-Testing

The respective schedule/questionnaire was then pre-tested on a group of twenty consumers of banks (seven from public sector, seven from private sector, and six from foreign bank) and six banking officials (two from public sector, two from private sector and two from foreign bank).

This pre-testing enabled the researcher to establish whether it had accomplished the research objectives and met the criteria of respondent's point of reference in absolute aspect. As an outcome of this pre-testing, several alterations were made in the original schedule/questionnaire to settle it for use in the present study.

3.9.3   Reliability of Instrument

The reliability of the questionnaire(s) for the banking consumers as well as for Bank officials was tested using Cronbach Alpha IBM-SPSS Version 19 software. It was found to be above 0.60, which is acceptable (De Vellis, 1991; Nunnally and Bernstein, 1994 and Spector, 1992).

3.9.4   Validity of Instrument

The content validity was taken care of by taking expert opinion of supervisor(s) from time to time. The construct validity of the questionnaire was tested by testing appropriate hypothesis as discussed in chapter 4.

3.10   Techniques of Data Analysis

After collection of the data, it was subjected to editing, coding, calculation of scores, development of pie chart, bar diagram, hypothesis testing and statistical analysis to derive meaningful information.

3.10.1 Editing

Prior to coding and tabulation, every schedule/ questionnaire was edited to determine its completeness, consistency, uniformity and legibility. The researcher edited the data collected during interview and removed the discrepancies before leaving the respondent. The discrepancies were removed by clarifying the doubts, if any, with the respondent.

3.10.2 Coding

The response to the open ended items were analyzed and coded into categories, considered appropriate by the researcher. All content categories were obtained from careful inspection of data. Nothing has been done to change the response except for combining some categories that were similar

or essentially the same. The coding of the closed ended questions was done in numeric form to feed data in IBM-SPSS Version 19 software to perform appropriate statistical analysis and hypothesis testing.

3.10.3 Calculation of Scores

The sores were added and lower scores were associated with higher preferences. The statements where opinions were considered; the scoring was done in the following manner:

Opinion	Scores
Strongly Agree	5
Agree	4
Neutral	3
Disagree	2
Strongly Disagree	1

Appropriate precautions were taken while coding for Likert Scale.

3.10.4 Pie-Chart

Pie-charts have been used to show frequency as well as percentile breakdown wherever required.

3.10.5 Bar Diagrams

The bar diagrams were used to show the responses of the respondents wherever required.

3.10.6 Histograms

The histograms were used to show the responses of the respondents wherever required. Also cone diagram was used wherever required.

3.10.7 Hypotheses Testing and Statistical Analysis

Various hypotheses were formulated to test the difference between two sample means using various test statistics like Kruskal Wallis H test, Chi-Square test for independence of variables. In order to reduce data complexity and extract meaningful factors, factor analysis was used. For perceptual mapping Multi Dimensional Scaling (MDS) was used.