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Effectivenes of Marketing Strategies in Finace Sector

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1. ABSTRACT

Marketing strategies play a pivotal role in determining the competitiveness, customer reach, and sustainability of financial institutions in an increasingly dynamic and regulated environment. This case study examines the effectiveness of marketing strategies in the finance sector, with specific reference to Saarathi Finance. The study is geographically anchored in the Chennai branch and its surrounding operational regions, while also considering the organization's broader pan-India presence.

The objective of this research is to analyse how various marketing strategies—such as relationship-based marketing, localized promotions, customer awareness programs, and digital outreach—contribute to customer acquisition, retention, and brand positioning in the financial services industry. The study adopts a descriptive and analytical approach, utilizing primary data collected through customer feedback, field observations, and interactions with marketing and relationship management personnel, complemented by relevant secondary sources.

The findings reveal that personalized customer engagement, trust- building measures, transparency in communication, and region-specific marketing practices significantly influence customer perception, satisfaction, and decision-making in the finance sector. Relationship- driven marketing, in particular, emerges as a critical success factor due to the high-risk perception associated with financial products.

KEYWORDS: Marketing Strategies- Customer -Relationship Management-Financial Services Sector -Brand Trust - Customer Engagement.

2. COMPANY OVERVIEW

NAME: Saarathi Finance and Credit Private Limited TYPE: Non-Banking Financial Company (NBFC) INCORPORATION: Founded in 2024

HEADQUARTERS: India (registered as U64199MH2024PTC429944).

Saarathi Finance is a greenfield NBFC focused on providing credit and financial solutions to micro, small and medium enterprises (MSMEs) across under-served parts of India. It combines technology-enabled lending with a customer-centric, responsive service model aimed especially at semi-urban and rural entrepreneurs.

VISION & MISSION

VISION :

To become a trusted financial „Saarathi" (guide) for entrepreneurs across Bharat, supporting their growth and contributing to inclusive economic development through responsible, transparent lending.

MISSION :

To empower small business owners with accessible credit, financial literacy, and tailored financial solutions — fostering growth and confidence in underserved markets.

LEADERSHIP :

FOUNDER & CEO: Vivek Bansal — seasoned banking and financial services executive with experience in building credit businesses targeting retail and institutional clients.

1. INDUSTRY CONTEXT:

MSME FINANCE & NBFC SECTOR IN INDIA WHAT IS THE MSME FINANCE SECTOR:

The Micro, Small and Medium Enterprises (MSME) finance sector in India refers to the financial ecosystem that supports small businesses — from micro-enterprises to mid-sized enterprises — with credit, working capital, and growth capital. These firms are a backbone of India's economy, contributing significantly to employment and GDP. Historically, traditional banks have under-served many MSMEs, especially in semi-urban and rural areas, which has created a large credit gap estimated in the tens of lakh crores. NBFCs (Non-Banking Financial Companies) are a key part of closing this gap because they provide more flexible, faster, and customized credit solutions to businesses that mainstream banks might find too small, risky, or unprofitable to serve.

ROLE OF NBFCS IN INDIA :

NBFCs like Saarathi Finance operate under regulatory oversight (Reserve Bank of India guidelines) but do

not take public demand deposits. Instead, they raise capital from equity investors, institutional funds, and debt markets to issue loans — particularly to segments such as MSMEs, unsecured business borrowers, and asset-backed lending customers. NBFCs often leverage digital technology and data analytics to speed up processing and improve underwriting efficiency.

In addition, NBFCs promote financial inclusion by extending credit in semi-urban and rural areas, where banking penetration is relatively low. Through technology-driven lending models, customer-centric approaches, and localized presence, NBFCs help stimulate entrepreneurship, employment generation, and inclusive economic growth in India.

4. OBJECTIVES OF THE STUDY

The primary objective of this study is to evaluate the effectiveness of marketing strategies adopted by financial service providers in a highly competitive and regulated environment. The study specifically aims to:

1. Assess the effectiveness of various marketing strategies (digital and offline) used by financial institutions in generating customer awareness, interest, and conversions.

2. Examine the impact of complex and multi-stage customer journeys on the accurate measurement of marketing performance across multiple touchpoints and channels.

3. Analyze attribution challenges faced by financial marketers in linking customer conversions to specific marketing efforts, especially when customers interact with both online and offline channels.

4. Study consumer trust barriers in the financial services sector and understand how trust-related factors influence customer decision- making.

5. Evaluate the role of credibility elements such as brand reputation, transparency, regulatory compliance, and customer testimonials in improving the success of marketing campaigns.

6. Identify gaps between marketing communication and customer expectations, particularly in terms of clarity, honesty, and value propositions.

5. PROBLEM STATEMENT

1. Difficulty in Measuring Marketing Effectiveness Due to Complex Customer Journeys:

In addition to multiple touchpoints, customer journeys in the finance sector are often non-linear and time-consuming, with decision cycles extending over weeks or even months. Customers may compare several financial institutions, seek peer recommendations, consult financial advisors, and review online information before making a final decision.

Moreover, the coexistence of digital marketing channels (social media, search ads, email campaigns) and traditional methods (relationship managers, field agents, branch promotions) makes it challenging to integrate and analyze data holistically. Many financial institutions lack advanced analytics tools and attribution models capable of tracking customer behavior across channels in real time. As a result, marketing performance is often measured using incomplete indicators such as lead volume rather than actual conversion quality, customer lifetime value, or long-term profitability. This gap weakens strategic planning and reduces the return on marketing investments.

In the finance sector, evaluating the true effectiveness of marketing strategies remains a significant challenge due to long and complex customer decision-making processes. Financial products such as loans, insurance, and investment services involve multiple touch points across digital and offline channels before final conversion. As a result, it becomes difficult for financial institutions to accurately attribute customer acquisition and conversion outcomes to specific marketing activities. This lack of clear attribution limits the ability of organizations to optimize marketing investments and improve strategic decision-making.

2. Low Consumer Trust and Credibility Issues in Financial Marketing

Another critical problem faced by financial service providers is the lack of consumer trust in financial marketing communications. Financial decisions are perceived as high-risk, requiring strong credibility and transparency before customers are willing to engage. However, many consumers remain sceptical of promotional claims made by financial institutions, leading to reduced responsiveness to efforts. This trust deficit negatively impacts customer engagement, brand loyalty, and the overall effectiveness of marketing strategies in the finance sector.

The issue of low consumer trust is further intensified by past financial scandals, hidden charges, mis-selling of financial products, and lack of transparency in communication. Such experiences have made customers cautious and risk-averse, leading them to question the authenticity of marketing messages. Aggressive sales tactics and exaggerated promotional claims often fail to address customers' real financial needs, thereby widening the trust gap.

Additionally, regulatory constraints limit the flexibility of financial marketing communications, making it difficult for institutions to convey value propositions in a simple and engaging manner. The absence of personalized communication and financial education further reduces customer confidence. As trust is a critical determinant in financial decision-making, this credibility deficit results in lower conversion rates, weak customer retention, and reduced brand advocacy.

6. LITERATURE REVIEW

Marketing effectiveness in the finance sector has been widely studied by researchers due to the sector's unique characteristics such as high perceived risk, long decision-making cycles, and the critical role of trust. Previous studies, books, and research articles highlight key challenges in evaluating marketing strategies, particularly in financial services like loans, insurance, and investments.

PROBLEM 1: LONG AND COMPLEX CUSTOMER JOURNEYS.

Several researchers have emphasized that customer journeys in the finance sector are significantly longer and more complex compared to other industries. According to Philip Kotler in his book Marketing Management, financial products involve high involvement decision making, where customers move through multiple stages such as awareness, information search, evaluation of alternatives, and final purchase. This multi-stage process makes it difficult for marketers to accurately identify which promotional activity has the greatest influence on conversion.

David Court and colleagues, in their research on consumer decision journeys, explain that customers do not follow a linear path but instead move back and forth between stages. In financial services, customers may interact with advertisements, social media, bank representatives, and referrals before making a final decision. This fragmented journey complicates performance measurement, especially when digital and offline channels operate simultaneously.

A study by McKinsey & Company also found that traditional marketing metrics such as lead generation or immediate conversion rates are insufficient for finance-sector marketing.

CONCLUSION (PROBLEM 1):

The literature clearly indicates that the long and complex customer journey in the finance sector makes it difficult to measure the true effectiveness of marketing strategies. This problem is highly relevant to NBFCs like Saarathi Finance, where customers take considerable time before committing to financial products.

PROBLEM 2: TRUST DEFICIT AND CREDIBILITY ISSUES IN FINANCIAL MARKETING

Trust is a foundational element in financial services marketing. Berry Leonard, in his work on services marketing, states that financial services are “credence goods,” meaning customers cannot easily evaluate their quality even after purchase. As a result, trust and credibility play a more significant role than promotional messages alone.

According to George Day, customers perceive financial decisions as high- risk due to concerns about fraud, hidden charges, and long-term financial commitments. This perception leads to scepticism toward marketing claims, reducing the effectiveness of conventional advertising strategies.

Research published by Harvard Business Review highlights that customers tend to rely more on word-of-mouth, personal referrals, and brand reputation rather than promotional advertisements when choosing financial institutions. This finding explains why many financial marketing campaigns fail to generate immediate trust or customer engagement.

In the Indian context, studies on NBFCs indicate that lack of transparency and aggressive selling practices in the past have further intensified customer distrust.

Therefore, marketing strategies that focus solely on promotions without credibility-building measures such as customer education, testimonials, and relationship marketing often show limited effectiveness.

CONCLUSION (PROBLEM 2):

The literature strongly supports the view that lack of trust and credibility is a major barrier to effective marketing in the finance sector. For institutions like Saarathi Finance, building trust through ethical marketing, transparency, and relationship-based approaches is essential for improving marketing outcomes.

OVERALL LITERATURE INSIGHT

Measuring marketing effectiveness in the finance sector is difficult due to long customer journeys.

Trust and credibility issues significantly reduce the impact of financial marketing strategies.

Traditional marketing metrics are insufficient for evaluating success in financial services.

These findings justify the selection of the present study on the Effectiveness of Marketing Strategies in the Finance Sector, with special reference to Saarathi Finance.

REF : SAARATHI FINANCE OFFICIAL WEBSITE :

https://www.saarathifinance.com

7. RESEARCH METHODOLOGY

1. RESEARCH DESIGN :

The study adopts a descriptive research design.

This design is suitable because the research aims to analyse customer perceptions, trust levels, and the effectiveness of various marketing strategies used in the finance sector. Descriptive research helps in understanding current market conditions, customer awareness, and decisions making behaviour related to financial products such as loans, insurance, and investment services.

The research focuses on:

Identifying how customers perceive finance-sector marketing strategies. Evaluating the impact of long and complex customer journeys .

Assessing trust-related challenges in financial marketing .

2. SOURCE OF DATA

A) PRIMARY DATA :

Primary data was collected using a structured questionnaire designed in Google Forms.

The questionnaire included multiple-choice, Likert scale, and opinion- based questions.

Respondents consisted of existing finance customers and common people.

A total of 100 valid responses were collected and analysed.

B) SECONDARY DATA :

Secondary data was collected from:

Finance sector websites and company brochures Journals, research articles, and reports

Online articles related to financial marketing strategies Industry publications and textbooks

3. SAMPLING TECHNIQUE :

The study used the Convenience Sampling Technique. This technique was chosen due to:

Easy accessibility of respondents Time and cost efficiency

Suitability for collecting opinions from customers and the general public The sample size for the study is 100 respondents.

4. DATA COLLECTION INSTRUMENT :

The research instrument used was a structured questionnaire consisting of:

Demographic details (age, occupation, income level) Awareness of financial marketing channels Customer journey experience

Trust and credibility perception

Overall effectiveness of marketing strategies.

5. DATA ANALYSIS TOOLS :

The collected data was analysed using the following tools:

Percentage Analysis – to understand respondent distribution and general trends .

Bar Charts and Pie Charts – for graphical representation of responses . Likert Scale Analysis – to measure trust, satisfaction, and perception levels .

Mean Score Analysis – to compare effectiveness of different marketing channels .

Simple Comparative Analysis – to evaluate customer journey complexity vs conversion experience .

Data analysis was performed using:

Google Forms (auto-summary feature) . Microsoft Excel for tabulation and charts .

6. SCOPE OF THE STUDY :

The study focuses on customer perception of marketing strategies in the finance sector

Limited to 100 respondents

Covers both digital and offline marketing channels Emphasizes trust and customer journey complexity.



7. HYPOTHESES OF THE STUDY

The hypotheses are framed to test the effectiveness of marketing strategies in the finance sector, with special reference to customer journey complexity and trust in financial marketing.

Hypothesis related to Problem 1 H_{01} (NULL HYPOTHESIS):

There is no significant relationship between the complexity of the customer journey and the effectiveness of marketing strategies in the finance sector.

H_{11} (ALTERNATIVE HYPOTHESIS):

There is a significant relationship between the complexity of the customer journey and the effectiveness of marketing strategies in the finance sector.

Hypothesis related to Problem 2

H_{02} (NULL HYPOTHESIS):

Customer trust has no significant impact on the effectiveness of marketing strategies in the finance sector.

H_{12} (ALTERNATIVE HYPOTHESIS):

Customer trust has a significant impact on the effectiveness of marketing strategies in the finance sector.

DATA ANALYSIS AND INTERPRETATION :

The data collected from 100 respondents through Google Forms was analysed using percentage analysis, Likert scale analysis, charts, and mean score interpretation.

Analysis 1: Awareness of Financial Marketing Channels DATA ANALYSIS:

Percentage analysis shows that a majority of respondents became aware of financial products through digital marketing channels, followed by word-of- mouth and offline agents.

INTERPRETATION:

This indicates that while digital marketing creates awareness, it does not alone guarantee conversion due to the long and complex customer journey,

supporting Problem 1.

Analysis 2: Number of Touchpoints Before Purchase DATA ANALYSIS:

Most respondents reported that they required multiple interactions (online ads, phone calls, branch visits, agent discussions) .

INTERPRETATION:

This confirms that financial customers do not make instant decisions. The presence of multiple decision points makes it difficult to identify which marketing strategy directly led to conversion, validating Problem 1.

Analysis 3: Customer Trust in Financial Marketing Claims DATA ANALYSIS:

Likert scale analysis shows that a significant portion of respondents selected “Neutral” or “Disagree” when asked whether they fully trust financial marketing advertisements.

INTERPRETATION:

This reflects a trust deficit in financial marketing communication. Customers require more credibility and reassurance before engaging, strongly supporting Problem 2.

Analysis 4: Influence of Trust on Purchase Decision DATA ANALYSIS:

Mean score analysis indicates higher agreement for statements such as: “I trust financial institutions that provide transparent information” “Recommendations from known persons influence my decision” .

INTERPRETATION:

Trust-building factors like transparency, personal interaction, and referrals play a crucial role in purchase decisions. This supports the alternative hypothesis (H_{12}) that trust significantly affects marketing

effectiveness.

8. FOCUS AND SOLUTIONS

1. LOCAL AREA FOUCS MARKETING.

Branch-level promotion in nearby towns and semi-urban/rural areas Banners, posters, pamphlets, and local events

Strong presence in markets, business hubs, and residential clusters

PURPOSE:

To build local visibility and trust, especially among first-time borrowers.

2. RELATIONSHIP-BASED MARKETING .

Personal interaction with customers Regular follow-ups
by relationship officers

Maintaining long-term relationships with existing customers

PURPOSE:

Financial decisions depend heavily on trust, so personal relationships increase repeat business.

3. REFERRAL & WORD-OF-MOUTH STRATEGY .

Existing customers refer friends, relatives, and business contacts. Informal referral rewards or goodwill-based incentives.

PURPOSE:

Low-cost and highly effective method in finance sector where credibility matters more than ads.

4. FIELD MARKETING & DIRECT SELLING

Field officers directly approach potential customers Door-to-door
visits for loan products

On-the-spot clarification of doubts .

PURPOSE:

Helps customers understand complex financial products in simple language.

TABLE 1: Awareness of Financial Marketing Chanels

Marketing Channel	Respondents	Percentage
Digital Ads & Social Media	42	42%
Agents / Field Executives	28	28%
Word of Mouth	20	20%
Branch Visit	10	10%
Total	**100**	**100%**

Interpretation: Digital marketing creates maxium awareness, but traditional channels still play a significant role.

TABLE 2: Number of Tochpiints Before Purchase (Problem 1)

Touchpoints Required	Respondents	Percentage
1–2 Touchpoints	18	18%
3–4 Touchpoints	46	46%
More than 4	36	36%
Total	100	100%

Interpretation: Most customers require multiple interactions, proving that the customer journey is long and complex.

TABLE 3: Trust in Financial Marketing Claims (Problem 2)

Level of Trust	Respondents	Percentage
High Trust	38	38%
Neutral	34	34%
Low Trust	28	36%
Total	100	100%

Interpretation: A large portion of customers either distrust or remain unsure about financial marketing claims.

TABLE 4: Factors Influencing Purchase Decision

Factor	Respondents	Percentage
Trust & Credibility	40	40%
Transparency of Information	26	26%
Agent Explanation	20	20%
Advertisements & Offers	14	14%
Total	100	100%

Interpretation: Trust and transparency are the most influential factors in financial decision-making.

5. LIMITED DIGITAL & SOCIAL MEDIA PRESENCE

WhatsApp marketing for follow-ups and reminders Basic digital promotions instead of heavy online advertising .

PURPOSE:

Cost control and focus on offline customer base, especially in non-metro regions.

ANOTHER PRATICAL SOLUTIONS :

✅ Practical Solutions to Key Marketing Measurement Challenges in the Finance Sector.

Problem 1: Long and Complex Customer Journeys

Proposed Solution: Integrated Journey-Based Measurement Framework

A practical solution to address the challenge of long and complex customer journeys is the adoption of a journey-based measurement approach rather than relying solely on final conversion metrics. Financial institutions should map the entire customer journey—from awareness to post-purchase engagement—by identifying critical touchpoints across both digital and offline channels.

Practical Implementation:

Segment the customer journey into clear stages such as awareness, consideration, evaluation, and decision.

Assign performance indicators to each stage (e.g., enquiry rate, follow-up interaction quality, document submission, repeat contact).

Use simple internal tracking methods such as customer reference codes, enquiry logs, and branch-level interaction records to connect early-stage marketing exposure with later outcomes.

Combine digital data (website visits, form fills, campaign responses) with offline data (branch visits, call interactions) through periodic internal reviews. Expected Outcome: This approach improves attribution accuracy by recognizing marketing influence at multiple stages rather than only at the final conversion point. It enables financial institutions to identify which strategies contribute meaningfully to customer progression, even if they do not result in immediate sales.

Problem 2: Consumer Trust Deficit in Financial Marketing Proposed Solution: Credibility-Centred Marketing Strategy

To overcome trust barriers, financial marketing must shift from persuasive selling to credibility-building communication. Customers in the finance sector require reassurance, transparency, and consistency before making high-risk decisions.

Practical Implementation:

Replace exaggerated promotional claims with clear explanations of product benefits, risks, and suitability. Use educational content such as short guides, FAQs, and real-life usage explanations to empower customer decision-making.

Highlight institutional credibility through regulatory compliance disclosures, years of operation, and service guarantees. Encourage relationship-based engagement by training staff to act as advisors rather than sales agents, focusing on long-term value.

Expected Outcome: A credibility-centred approach strengthens customer confidence, reduces scepticism toward marketing claims, and increases engagement quality. Over time, this leads to higher customer loyalty, improved word-of-mouth referrals, and more sustainable marketing effectiveness.

📌 **Overall Strategic Insight:**

By combining journey-based measurement with trust-oriented communication, financial institutions can not only measure marketing effectiveness more accurately but also enhance customer relationships. These solutions align marketing evaluation with real customer behaviour and perceptions, making them both practical and sustainable in the finance sector.



Problem Area	Key Challenge	Proposed Solution	Practical Implementation	Expected Outcome / Success Indicator
Problem 1: Long and Complex Customer Journeys	• Attributing conversions across multiple touchpoints	• Journey-Based Measurement	• Track stages digitally & offline	• Accurate attribution of influence
Problem 1: Long and Complex Customer Journeys	• Delayed purchase decisions evaluation	• Stage-Wise Performance Metrics	• Assign metrics for each stage	• Effective early-stage strategy analysis
Problem 2: Consumer Trust Deficit	• Skepticism toward marketing claims	• Credibility-Centered Marketing	• Provide clear & honest information	• Increased customer trust
Problem 2: Consumer Trust Deficit	• Lack of emotional assurance	• Relationship-Oriented Communication	• Train staff as advisors, not sellers	• Improved customer loyalty

9 .FINDINGS OF THE STUDY

1. Digital marketing is the primary source of awareness but not the strongest conversion driver .
2. Financial customers go through long and complex decision journeys .
3. Trust plays a critical role in financial product selection .
4. Many respondents distrust marketing claims due to perceived financial risk .
5. Personal interaction and transparency improve marketing effectiveness.
6. Marketing strategies are effective at awareness but weak at final conversion.

RECOMMENDATIONS

1. Finance companies should adopt multi-touch attribution models instead of single-channel evaluation.
2. Trust-building content such as customer testimonials and transparent disclosures should be increased .
3. Combine digital marketing with personal selling for better conversion .
4. Simplify the customer journey with clear communication at each stage .
5. Strengthen relationship marketing rather than aggressive promotions .

FINAL CONCLUSION

This study concludes that the effectiveness of marketing strategies in the finance sector is significantly influenced by customer journey complexity and trust issues. While modern marketing tools successfully create awareness, they fail to directly drive conversions due to multiple decision points and lack of credibility. Therefore, financial institutions must focus on trust-building, transparency, and integrated marketing approaches to improve overall effectiveness.

APPENDIX : 1

LIST OF DATA ANALYSIS TOOLS & CHARTS USED

- Percentage Analysis – Respondent demographic distribution
- Bar Charts – Awareness sources & marketing channels
- Pie Charts – Touchpoints before purchase
- Likert Scale Analysis – Trust & credibility perception
- Mean Score Analysis – Influence of trust factors
- Comparative Charts – Awareness vs Conversion effectiveness

APPENDIX – 2 CONSENT STATEMENT

"I hereby confirm that the information provided by me in this questionnaire is true to the best of my knowledge. I understand that the data collected will be used strictly for academic research purposes."

APPENDIX – 3
ABBREVIATIONS USED

- NBFC – Non-Banking Financial Company
- MSME – Micro, Small and Medium Enterprises
- RBI – Reserve Bank of India
- H_0 – Null Hypothesis
- H_1 – Alternative Hypothesis .

APPENDIX – 4

SOURCE ACKNOWLEDGEMENT

Company Website: Saarathi Finance

Research Articles & Journals on Financial Marketing Textbooks on Marketing Management & Services Marketing Primary Data collected through Google Forms.

THANK YOU

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