

THE EFFECTS OF THE MARKETING CONCEPT ON OVERALL PERFORMANCE OF COMMERCIAL BANKS IN LENDING THE AGRIBUSINESS IN KOSOVO

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Abstract

The purpose of this article is to analyze and determine the effects that can be achieved on overall performance in implementing the marketing concept of the commercial banks in the agricultural sector of the Republic of Kosovo.

In conducting the analysis of the marketing activities of commercial banks are defined as factor - driver and achieved level of market and financial performance as a resulting factors. The research hypothesis is checked for authenticity is that the systematic execution of marketing activities, determine the level of market performance of commercial banks in the market segment "Loans and leasing for agribusiness". The systematic execution of marketing activities have a major impact on achieved market share of commercial banks in the market segment "Loans and leasing for agribusiness". Commercial banks with greater market share aspire to more systematically apply its marketing concept. These banks set aside and a bigger marketing budget for realization of their marketing concepts

Key words: market performance, marketing concept, agribusiness, marketing activities

Abstrakt

Der Zweck dieses Artikels ist es, die Auswirkungen zu analysieren und zu bestimmen, die bei der Umsetzung des Marketingkonzepts der Geschäftsbanken im Agrarsektor der Republik Kosovo auf die Gesamtleistung erzielt werden können.

Bei der Durchführung der Analyse der Marketingaktivitäten der Geschäftsbanken werden als Faktor - Treiber und erreichtes Niveau der Markt- und Finanzleistung als daraus resultierende Faktoren definiert. Die Forschungshypothese wird auf ihre Authentizität überprüft, dass die systematische Durchführung von Marketingaktivitäten das Niveau der Marktleistung von Geschäftsbanken im Marktsegment "Kredite und Leasing für das Agrargeschäft" bestimmt. Die systematische Durchführung von Marketingaktivitäten hat einen großen Einfluss auf den erreichten Marktanteil der Geschäftsbanken im Marktsegment "Kredite und Leasing für das Agrargeschäft". Geschäftsbanken mit größeren Marktanteilen streben eine systematischere Anwendung ihres Marketingkonzepts an. Diese Banken stellen ein größeres Marketingbudget für die Umsetzung ihrer Marketingkonzepte zur Verfügung.

Schlüsselwörter: Marktleistung, Marketingkonzept, Agrarwirtschaft, Marketingaktivitäten

Résumé

L'objectif de cet article est d'analyser et de déterminer les effets qui peuvent être obtenus sur les performances globales de la mise en œuvre du concept de commercialisation des banques commerciales dans le secteur agricole de la République du Kosovo.

Dans la conduite de l'analyse des activités de marketing des banques commerciales sont définis comme facteur - moteur et le niveau atteint de la performance du marché et financière comme un facteur résultant. L'hypothèse de recherche dont l'authenticité est vérifiée est que l'exécution systématique des activités de marketing, détermine le niveau de performance du marché des banques commerciales dans le segment de marché "Prêts et leasing pour l'agroalimentaire". L'exécution systématique d'activités de marketing a un impact majeur sur la part de marché atteinte par les banques commerciales dans le segment de marché "Prêts et leasing pour l'agrobusiness". Les banques commerciales ayant une plus grande part de marché aspirent à appliquer plus systématiquement son concept de marketing. Ces banques réservent un budget marketing plus important pour la réalisation de leurs concepts marketing

Mots clés: performance du marché, concept de marketing, agroalimentaire, activités de marketing

Introduction

Following certain marketing concept of economic organization is motivated by achieving specific effects. Like any business organization, commercial banks develop and follow a defined business concept, which aims to achieve beneficial effects in terms of better market and financial performance. Commercial banks are limited liability companies in which there is a clear distinction between ownership and management of financial capital (Stoeva and Marinov, 2015). Interest of the owners of capital he was quick to regain the form of dividends and managers to increase sales, thus optimizing revenue to achieve higher levels of profitability. Profitability of sales depends mainly on two factors, namely - (1) an increase in sales in a way that does not complicate management and (2) optimizing the cost of operations (Radev and Radeva, 2017). The first objective is achieved by pursuing market performance and development by crowding competition of the market segments, the object of attack. Attracting more "new" customers means an increase in market performance and potential for more sales of financial services and products in the future (Gashi, Behluli and Fejza, 2018). Therefore, when imposing marketing approach in the management of the bank is vitally important to measure what the market performance and how, through adequate marketing activities it be maintained and increased. This mean increase in market performance and potential for more sales of financial services and products in the future.

The purpose of this article is to analyze and determine the effects that can be achieved on market performance in implementing the marketing concept of the commercial banks in the agricultural sector of the Republic of Kosovo.

Given that the commercial bank develops its market performance in the limited requirements of the owners of capital, namely faster and increasing returns on invested capital in her measured after effect of applying marketing concepts - increasing market performance; enhancing the financial performance of the commercial bank; adequacy of the marketing concept in terms of the requirements of the target market.

Achieved the effect of applying marketing concepts to commercial banks in the market of products and services for agribusiness are measured using the method of the survey and the comparative analysis method. Measured effects in terms of achieving market performance, financial performance and customer satisfaction.

To assess the market performance of commercial banks in the segment "Loans and leasing for agribusiness" is used as indicator the market share (Bajrami, Hajdari and Qerimi, 2018). Financial performance is measured by indicators (1) marketing expenses; (2) Income from sale of financial products; (3) The contribution of sales of products in the segment "Loans and leasing for agribusiness," and (4) return on sales. Customer satisfaction is measured through the use of qualitative indicators set in advance developed and tested questionnaire.

In conducting the analysis of the marketing activities of commercial banks are defined as performance factor and achieved level of market performance as a resulting factor. The research hypothesis is checked for authenticity is that the systematic execution of marketing activities, determine the level of market performance of commercial banks in the market segment (see table 1).

To conduct the analysis, based on information from the inquiry among study subjects were formed statistical groupings of studied indicators.

Through the resulting frequency distributions, using chi-square method to reveal those factors that are not accidental (objective) connection to the indicator-score (level of market performance in the segment), deterministic implementation. It should be noted that besides studied factors on the score-score affects many other factors here were not tested due to the inability for them to be covered in just one study. Values of χ^2 empirical and theoretical χ^2 distribution are defined as assessments made at $\alpha = 0,05$.

In the survey was involved 31 managers of 10 commercial banks from Republic of Kosovo and 120 clients of those banks.

Results

The relationship between the marketing activities and achieved level of marketing performance.

The results of the statistical analysis showed that the systematic execution of 14 (15 total) marketing activities significantly affect the progress of market share in the research market segment. An analysis of the external environment does not significantly affect the market performance of banks in the segment, while banks invested substantial resources for this type of analysis. The credit expansion of banks in the research market segment is determined by the performance of 6 (out of 15) marketing activities and they are: (1) analyzing the business environment; (2) segmentation of the market; (3) development of specific marketing mix; (4) clear definition of marketing strategy; (5) the positioning of the marketing strategy of a certain competitive advantage and (6) the clear definition of marketing objectives.

Achieving a certain market share should not be only one-step action. It is important also the achieved market share to be controlled and to retrieve return on marketing costs. A major measure of that to how effective the selected marketing concept is indicative profitability of sales (financial services). Implementation only five (out of 15) activities in research segment determine the profitability of sales and these are: (1) the construction and use of marketing information system; (2) the development of specific marketing mix; (3) the clear definition of marketing strategy; (4) the use of competitive advantage in formulating marketing strategy and (5) the consistency of the marketing strategy with other functional strategies of commercial banks.

By performing statistical analysis proves research thesis that market performance is determined by the degree of implementation of marketing activities. Obviously, there are other factors which have a systemic impact on the market performance of commercial banks in the market segment. From the

conducted survey and analysis of data from interviews of managers of commercial banks can be assumed that factors in strengthening market position in the segment are: disposable credit resources, the style of leadership and the market situation in Kosovo.

Table 1. Relationship between the marketing activities and achieved level of market performance.

Source: Results from χ^2 analysis of data received from 31 managers of commercial banks, 2018

Marketing activities	Market share	Market growth	Return of sales of financial services
Do you have an information system for collecting, processing and analyzing of marketing information?	There is relationship	There is no relationship	There is relationship
Do you analyze the external environment?	There is no relationship	There is relationship	There is no relationship
Is it clearly defined the mission of your organization?	There is relationship	There is no relationship	There is no relationship
Does your employees know and share the mission of bank?	There is relationship	There is no relationship	There is no relationship
Does your company define markets segments?	There is relationship	There is relationship	There is no relationship
Does your company develop a profile of each target segment?	There is relationship	There is no relationship	There is no relationship
Does your company have a specific marketing mix for each target segment?	There is relationship	There is relationship	There is relationship
Marketing objectives have they quantify and put you in writing?	There is relationship	There is relationship	There is no relationship
Is your company develop a strategic plan?	There is relationship	There is no relationship	There is no relationship
Is there a clearly defined marketing strategy to achieve the marketing goals?	There is relationship	There is relationship	There is relationship
Does the chosen marketing strategy is based on a competitive advantage?	There is relationship	There is relationship	There is relationship
Is coherent marketing strategy with other functional strategies of the company?	There is relationship	There is no relationship	There is relationship
Are there resources to conduct the chosen marketing strategy?	There is relationship	There is no relationship	There is no relationship
Is it clear who is responsible for what, and practice implementation of the strategy?	There is relationship	There is no relationship	There is no relationship
Is there a system for monitoring the implementation of selected marketing strategy?	There is relationship	There is no relationship	There is no relationship

The relationship between marketing costs and achieved level of market performance. Marketing budget determines the financial framework of the chosen marketing concept. Therefore we believe that marketing budgeting foreordained before the achieved effects of the applied marketing concept. Through statistical method correlation between the two factors is sought link between marketing costs and the level of market performance (measured by the index of market share). The statistical hypothesis that rises to verify that the size of the marketing costs determines the level of market performance in segments "Lending and leasing of agribusiness."

The results of the analysis demonstrate that there is a strong relationship between the studied factor (see Multiple R = 0,95 in Table 2) and is therefore straight. In other words, as more commercial banks increased their spending on marketing, the better market performance they will have in market segment. With an increase in marketing expenses amounting to 1000 euro, market share has grown by 0,00000011%. Therefore increasing the marketing budget is appropriate if a commercial bank wants to improve its market position in the market segment.

Table 2. Results from regression analysis of correlation between the amount of marketing expenses and market share. Source: Results from R- analysis of data received from 31 managers of commercial banks, 2018

<i>Regression Statistics</i>	
Multiple R	0.952442307
R Square	0.907146348
Adjusted R Square	0.905394392
Standard Error	1.092731972
Observations	31

The increase in the marketing budget is not sufficient conditions for improved market penetration of commercial banks. It is necessary to draw up a structure of this budget, which allows the achievement of targeted marketing purposes.

Financial effects of the applied marketing concept. Each management concept should lead to improved financial result from operations, including marketing concept. In a study of the effects of the application of the marketing concept must comply with the following limiting factors: (1) in most studied commercial banks there is autonomous marketing information system to generate data about revenues from sales of financial products and services that come from different market segments. The philosophy of developing an information system for decision-making is to summarize information coming from critical and important elements of management. The surveyed banks do not believe at this stage that the monitoring of revenues by market segment "Lending and leasing of agribusiness" is important since most of them have subdued performance in this segment and do not consider him to become important in the future. (2) the lack of understanding by senior management team of the lack of data (or partial representation thereof) regarding sales of financial services market segments faced by marketing managers. These limiting factors impose financial effects of the application of the chosen marketing

concept to measure the level of income without differentiate these revenues for this market segment generates them.

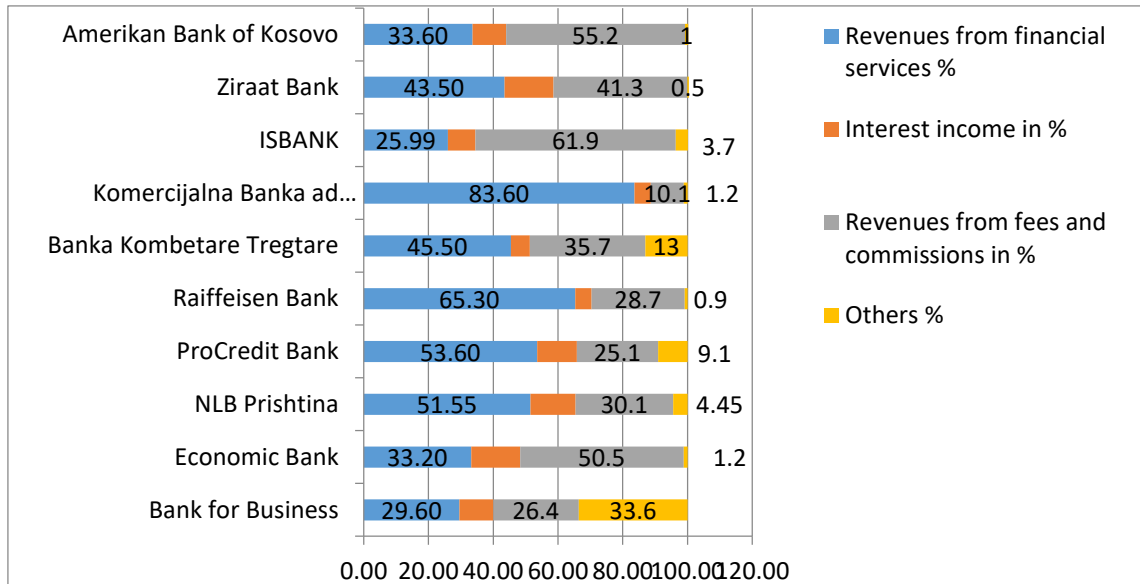


Figure 1. Income structure of commercial banks. Source: Results of data received from 31 managers of commercial banks, 2018

Revenue structure of commercial banks reveals that entrepreneurs mainly use financial services (credit and leasing) of the offered product range. These services form an average of 26% to 84% of the revenues of commercial banks. Along with using this service, entrepreneurs use banks to carry out banking transactions necessary for the operation of their business. The information given in Figure 1 can be interpreted in terms and otherwise. The main profit centers for commercial banks passages of financial services and income from fees and commissions

These revenue sources are critical in the formation of the income cash flow during operation of commercial banks in the market segment "Lending and leasing of agribusiness".

Figure 2 shows the contribution (in %) of revenues from financial products segment "Loans and leasing for agribusiness" in the formation of the income stream. In progress contribution can determine the importance of the market segment in the formation of financial results and to assess the impact of selected marketing concept on the financial result as a factor cause.

Applied marketing concepts in the research market segment for most commercial banks lead to increased revenue cash flow. When leaders RFB and PB reported an increase in the contribution of the segment in the formation of total revenue. At RFB contribution of 22.2% reached a level 26.3 percent in only one year. When PB is also an increase in the contribution of segments with about 2.6% (from 25.5% contribution increases to 28.1%). In these two banks formed almost ¼ of revenues originating from sales of services in the segments "Lending and leasing of agribusiness." In the remaining 8 studied commercial banks revenue from the segment have symbolic character. When EB and IAQ even noticeable decline in the realized contribution to the research market segment. Can be summarized that revenues from sales of services in the segments "Lending and leasing of agribusiness" increase for RFB and PB based increase in the number of clients served. This proves that applied marketing concepts in these two commercial banks lead to a positive outcome to the income cash flow.

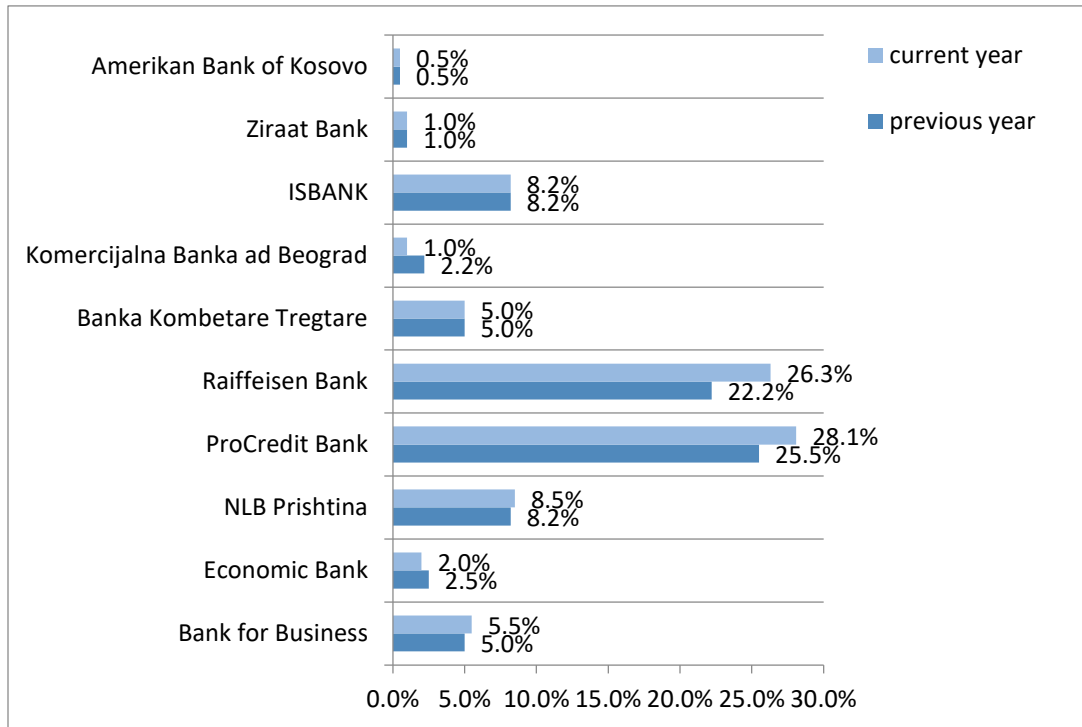


Figure 2. Contribution of revenues from the segment "Loans and leasing for agribusiness" in forming total income of commercial banks. Source: Data of the banks and own calculations.

Achieved effects of the applied marketing concept on the target market. The main measure of whether a successful marketing concept of choice is increase the number of satisfied customers. The adequacy of the marketing concept of customer requirements is a key factor in achieving good results in penetration and knowledge of a particular market segment. Customer satisfaction is a reliable indicator of quality performance marketing concept. In order to evaluate the effects of the applied concept in this part of the study show summary results from the responses of customers.

Figure 3 gives information about the level of customer satisfaction when they using the products offered by the bank. Users of banking services in the rmarket segment "Loans and leasing for agribusiness" feel satisfied - 70.1% of the total surveyed respondents gave a positive answer. Small part, however, of those surveyed customers said that more work can be done in terms of satisfaction, their requirements to the bank (24% respond "partly").

Only 15.5% of customers say they are not satisfied with the service and attitude towards them.

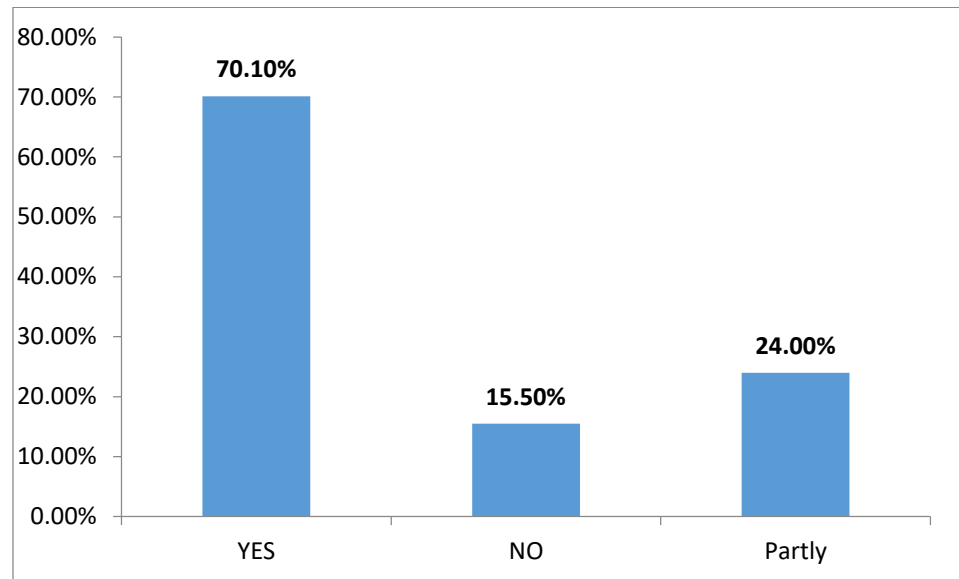


Figure 3. Degree of customer satisfaction. Source: Survey among 120 clients.

Satisfaction from use of certain banking product is strictly subjective value (for each client specific element of the product is important) setting to explore which items of applied marketing concept help to increase customer satisfaction.

Figure 4 are given the factors that determine the decision to use the products of commercial banks in the market segment "Loans and leasing for agribusiness". These factors can be identified as important elements of applied marketing concept that affect the target group. As the results shows that the most important factor in the purchasing decisions of financial products are offered lower interest rates on granted loans - 60.1% of total respondents indicated that is critical factor in process of deciding to purchase. Another important factor determining consumer choice is to build trust in the brand - 50.8% of the total surveyed customers indicated this factor. Lower fees and commissions are also a real motivator to purchase 50.55% of the total surveyed respondents indicated this factor as a determinant in their choice. The location of the bank is also a critical factor in the purchase of financial services offered in the market segment "Loans and leasing for agribusiness". The data shown in Figure 4 can be interpreted in a way showing which elements of applied marketing concept achieved positive effects on customer needs. Building and maintaining trust in the brand is an important element of the marketing concept in the research market segment. The pricing policy is also important for attracting and retaining customers. Another critical factor is the location of the bank, most customers say that this item is important to them in their service. The data shown in Figure 4 can be interpreted in a way showing which elements of applied marketing concept achieved positive effects on customer needs. Building and maintaining trust in the brand is an important element of the marketing concept in the research market segment. The pricing policy is also important for attracting and retaining customers. Another critical factor is the location of the bank, most customers say that this item is important to them in their service. The data shown in Figure 4 can be interpreted in a way showing which elements of applied marketing concept achieved positive effects on customer needs. Building and maintaining trust in the brand is an important element of the marketing concept in the research market segment. The pricing policy is also important for attracting and retaining customers.

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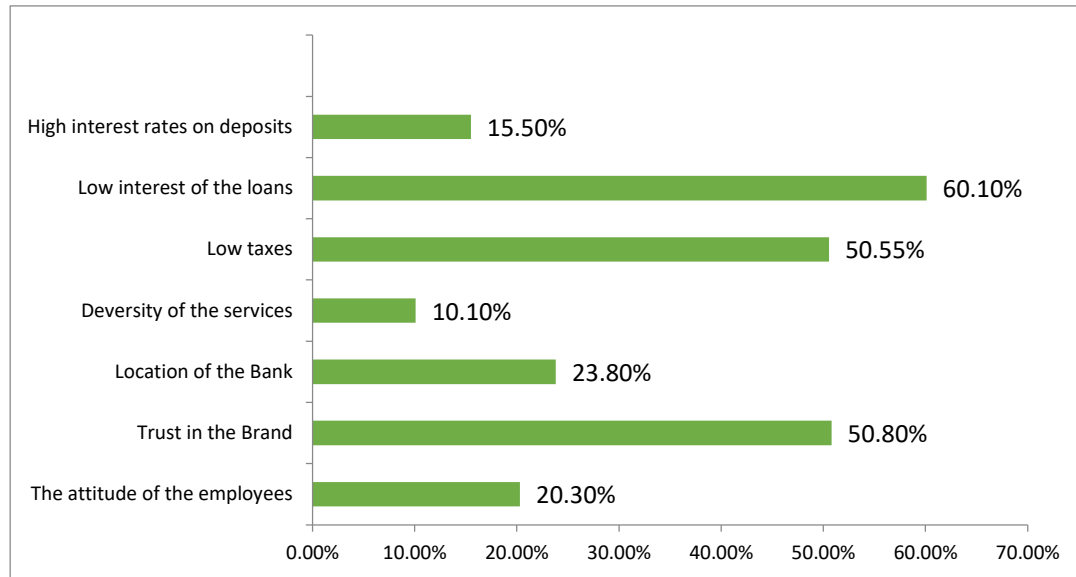


Figure 4. Factors determining the choice of customers when using financial services segment "Loans and leasing of agribusiness." Source: Survey among 120 clients.

Conclusions

- The systematic execution of marketing activities have a major impact on achieved market share of commercial banks in the market segment "Loans and leasing for agribusiness". Commercial banks with greater market share aspire to more systematically apply its marketing concept. These banks set aside and a bigger marketing budget for realization of their marketing concepts;
- The increase in marketing budget leads to improved market performance of banks in the market segment. In marketing budget banks dominate the means of television and radio advertising and internet advertising. These are the main means of communication with customers who develop entrepreneurial activity in the agricultural sector;
- Critical revenues items are from the sale of financial products and revenues from commissions and fees. These two revenue items are defined as profit centers. Banks that invest more money in the marketing budget form higher sales revenues compared with those who have smaller marketing budgets. In the majority of the surveyed banks, the contribution of revenues from the segment "Loans and leasing for agribusiness" is negligible except for market leaders - RFB and PB;
- Users of banking services in the research market segment ""Loans and leasing of agribusiness"" feel satisfied with the offered financial products. The main elements of marketing applied to banks that have value (meaning) to the customer are of interest rates when granting credit, the level of fees and commissions for the use of banking services and establish trust bank. These are the main factors determining the choice of buying a financial services the market segment;

- Customers have high confidence in the financial products of banks. Basically this trust is built based on the feeling of security and confidence to the banking system in Kosovo and in particular to the selected bank.

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