

## **Study on the Marketing Strategies of NCB in Saudi Arabia**

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### **Abstract**

This study aims at measuring the competitiveness of National Commerce Bank (NCB) of Saudi Arabia, and its role in adapting to competition by concentrating on its marketing strategies.

In Saudi Arabia, the banking business is not far too much from global development in terms of its traditional funding and the conduct of banking operations; however, it becomes a kind of scientific banks that has always received international reputation and prizes. It has been identified that NCB with its e-banking is the largest bank with the greatest share of the market in the kingdom of Saudi Arabia.

**Keywords:** marketing strategies, market shares, e-banking, banking services.

### **1. Introduction**

Service banking is considered as a field of modern marketing knowledge resulting from high standardization of its core services, so top management must search for different methods to compete and gain the best results. The standardization of banking's core services makes it difficult to consider what are the competitive advantages, or relative advantages, so that the quality of banking services and the way of introducing it must be unique to compete with local and international banks. This study focuses on the bank National Commercial Bank (NCB) of Saudi Arabia.

### **2. Literature Review**

The literature in literature review is too little. Actually the literature about marketing strategies is much. You should do complements so that you can understand fully about what you have studied. There are no previous studies done on the marketing of Saudi banks, and this serves as the only study of banking marketing in Saudi Arabia. This is

something that makes me proud to undertake a study in a field that has not been ventured into before in the kingdom of Saudi Arabia, and to help them better understand their prospects for the future. There have been some studies conducted in the Arab world and foreign countries as well; they can be listed as follows: Study (Tamimi and Salah, 2002), titled, "Banks Electronic Future that has Become a Reality." The purpose of this study is to shed light on the services, and electronic banking provided by the Jordanian banks to their customers. Also, the extent to cope with such services to banking services online that have sprung up recently in developed countries. It has researchers reviewing the e-banking work patterns, and factors and reasons that push the banks to work e-banking.

### **3. Problem**

The opening of the Saudi banking market to global markets is inevitable. This will open up our banks in the face of unprecedented larger institutions with more experience, and the ability to put endless options of financial services before their customers and its suppliers. They can develop sound marketing strategies to meet the challenge of competition imposed on the National Commercial Bank to focus on increasing their competitiveness through the reorganization of its products, channels and response to the market characterized.

Increasing competition among all Saudi banks is a result of multiple factors, including traditional factors, stems from the nature of the business. The traditional competition between banks in the light of market economies, including the most recent is as a result of globalization, and the tremendous progress in the field of bank marketing, makes many people look at global markets as one market. The Saudi banks are the most affected national companies by these changes. What is needed for the banks to differentiate itself in the local market to ensure its survival and growth is for Arab banks to know that creativity and innovation are important factors for success. Because of its importance, the ability for renewal and the provision of innovative products are necessary. Due to that fact, researchers have found that this topic is worth studying in the context of marketing strategies.

### **4. Difficulties**

The difficulty that I have had is that there was no research on commercial bank marketing in the Kingdom of Saudi Arabia. Furthermore, there exist a few references, books and articles about marketing in the Saudi Arabia banks. However, I plan to conduct an interview with the Director of Marketing at NCB. In addition, I decided to design and perform a questionnaire.

### **5. Objectives of the Study**

The purpose of this study is to find the vital role played by the National Commercial Bank in marketing strategies, e-banking on the support level entity bank, and the survival and continuity that has emerged as a result of that data. There were other

considerations such as: service, and how to deal with the public, after-sales service, and criteria important to customers in the selection of the bank. The standard costs of these methods are expected to be returned to cover costs in the long term and achieve a return on investment

To achieve this studies main goal and objectives, this study will go through many steps. The Importance of this study can be concluded as the followings:

- Find out appropriate means of the production services to benefit Saudi banks.
- Work to strengthen the positive patterns and to solve the negative marketing behaviors in Saudi banks.
- Explicating (Describing and analyzing) the role of marketing research in the formulation of marketing strategies for banks in Saudi Arabia.

Therefore, the main goal of this study is to illustrate the contents of marketing strategies, the advantages and disadvantages of marketing strategies. Questionnaires will be distributed and interviews with the banks employees will be conduct. Then all the data will be collected and analyzed so that a useful scientific conclusion could be stated. Further, recommendations will be giving for further studies.

## **6. Questionnaire and Statistical Analyses**

Is aimed to verify the effectiveness of the system of marketing strategies that can be adopted by the NCB to influence the behavior of consumers, and provide great marketing services both in domestic markets, or in the future in world markets. Also, it is useful here to answer questions about the study after testing the hypotheses that have been put to the test through various statistical methods.

### **6.1 Questionnaire design**

The following questions represent the core contents of the two-part questionnaire of this research:

1. What is the relationship between electronic services provided by the bank to its customers via electronic plastic cards and bank profitability (increase the return on investment)?
2. What is the relationship between the different electronic services provided by the bank to its customers via the Internet and reducing transaction costs, and increasing the number of customers with the bank?
3. What is the relationship between the electronic services provided by the bank via the phone; and other methods of services used?

For more about the two-part questionnaire refer to appendix A & B.

### **6.2 Questionnaire Roadmap**

Knowledge of the evolution of marketing methods and the importance of marketing can be vital in such as that all banks and the importance of the methods used in light of technological development and information at the moment. (Such as e-marketing, Digital T.V., Electronic –Newspapers E-Mail). The "Independency Theory" will be used for this study. The importance of this theory reflects "To How" people depend on the "New Media" such as the "e-marketing" through the e-mail. Today now, most

Saudi Arabian Banks as a "Sender" depend on sending their messages marketing "Message" through the e-marketing "Channel" to their customers "Receivers". As a result, we should deal with the "In Independency Theory", which explains that people depend on the mass media such as the "e-marketing", T.V., Radio and Newspapers.

As stated in the above chapter, the main contents of this research are to illustrate marketing strategies, the advantages and the disadvantages of the marketing strategies as well as the analysis of the result concerning the problem under consideration.

In this way, the work will be focused on the empirical application, using the gravity model to assess normal levels of the marketing strategies in the Saudi Arabian banks. To show the main results from the estimations and the calculations of trade potential for marketing, several different types of methodology will be used. The importance of this study can be outlined as follows:

1. Try to find out appropriate means for production services to benefit the Saudi Arabian banks.
2. Make suggestion to change negative patterns of marketing behavior in the Saudi Arabian banks.
3. Provide a clearer picture for NCB in terms of customer services.
4. Describing and analyzing the role of marketing research in the formulation of marketing strategies for banks in Saudi Arabia.

In order to collect the data for this study, questionnaires and interviews have been conducted by the researcher. The questionnaire was distributed to all employees in the strategic marketing department at the NCB, Saudi Arabia. Further, another questionnaire is distributed individually to all customers in the bank. In addition, the researcher has conducted an interview with the general manager of strategic marketing department at NCB. Finally, the data was analyzed, important conclusion as well as recommendations were drawn.

Thus, the two parts of questionnaire enable focusing on its major impact in the banks of Saudi Arabia, examining the benefits and problems associated with marketing. After I will be able to analyze the influence of marketing strategies for banks in Saudi Arabia, the impact on the financial market and economy in the Kingdom of Saudi Arabia.

The study population consists of the National Commercial Bank in the kingdom of Saudi Arabia. It has been identified as the largest bank with the greatest share of the market in the kingdom of Saudi Arabia.

The researcher designed a questionnaire to solicit the views of the banks staff, and of the customers in electronic banking services. They provided products through standard distribution (50) questionnaires to the staff, and the identification of (50) customers of the bank, and also conducted an interview with some experts in economics and the Director of Marketing at National Commercial Bank.

### **6.3 Sample size**

We can apply simple random sample

$$n = \frac{z^2 * p(1 - p)}{pe^2}$$

Since

Z= standard value from standard normal tables at 95% confidence level

P =the proportion in the population

Pe= proportion of allowed error

$$n = \frac{1.96^2 * 0.5(1 - 0.5)}{0.098^2} = 100$$

and the researcher use the Stratified Sample with equal distribution as:

bank staff=50 units and customer service =50 units

## 6.4 Statistical Analysis as per Bank Staff Questionnaire

### Reliability Statistics

Alpha reliability should be regarded as a measure of internal consistency of the mean of the items at the time of administration of the questionnaire

All values in reliability statistics are greater than 0.50 so that we can say we have a consistent items in the staff questionnaire.

## 7. Conclusions

To conclude up this thesis, I have circulated a questionnaire on customers and staff. We have a consistent items in the staff and customers questionnaire and noted that:

As per Bank Staff Questionnaire:

1. There is a significant positive relation between bank marketing and developing bank marketing services with bank.
2. There is significant positive relations between bank marketing and customer satisfaction with bank staff.
3. There is a significant positive relation between bank marketing and the training of personnel with bank staff.

As per Customer Service Questionnaire:

1. That there is a significant positive relation between the increase in the banks competitiveness and ATM services with customer service.
2. There is a significant positive relation between the increase in the banks competitiveness and online e-services with customer service.
3. There is a significant positive relation between the increase in the banks competitiveness and phone e-services with

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