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Case Study of Raiffeisen Bank. Application of the Banking Marketing Mix

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Abstract: *This case study explores the application of the banking marketing mix at Raiffeisen Bank, a major financial institution operating in Romania. The study examines the bank's history, mission, and strategic approach to customer retention. A SWOT analysis is conducted to identify key strengths, weaknesses, opportunities, and threats. Furthermore, the research analyses customer behaviour through a market study, providing insights into demographic trends and service preferences. The study also highlights Raiffeisen Bank's innovative marketing strategies, such as digital transformation, referral programs, and targeted promotional campaigns. The findings offer a comprehensive overview of how Raiffeisen Bank adapts to the dynamic financial market and enhances customer experience.*

Keywords: *Raiffeisen Bank; banking marketing mix; customer retention; market research; SWOT analysis; digital banking; referral programmes; strategic marketing.*

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1. History of the Financial-Banking Institution RAIFFEISEN BANK

Raiffeisen Bank Romania is a subsidiary of the Austrian group Raiffeisen Bank and began its operations in Romania in 1994 under the name Raiffeisenbank. In 1998, it started offering services and products to corporations, and in 2002, it became Raiffeisen Bank Romania following the merger between Raiffeisenbank and Banca Agricolă Raiffeisen S.A. Specifically, Raiffeisen acquired the state-owned Banca Agricolă in 2001. (Raiffeisen Bank Romania, 2022)

Who Founded This Austrian Bank?

In 1847, Friedrich Wilhelm Raiffeisen founded this bank in response to the agricultural crisis of the 19th century. He helped farmers support each other, save money, and lend among themselves. This experience inspired Friedrich Wilhelm Raiffeisen to create a credit cooperative, which he named Raiffeisen. He was deeply moved by people's hardships and concluded that access to credit was essential for improving their lives.

As a tribute to his innovative work for society, many villages and towns in Austria bear the name of Raiffeisen Bank’s founder.

Currently, the mission of this institution is to support community development, understand customer needs to help them reach their full potential, and provide easy-to-use financial services alongside quality consultancy.

The bank is guided by four core values:

- Collaboration
- Responsibility
- Learning
- Proactivity

Raiffeisen Bank Romania serves over two million customers and employs more than five thousand people across three hundred branches throughout the country.

In the current decade, a bank's image plays a crucial role in its marketing strategy, as it reflects its commitment and professionalism towards clients. A bank with an unappealing aesthetic may give the impression that it is solely focused on profit, leading customers to believe it cannot provide the desired services at a competitive price. For this reason, Raiffeisen Bank has adopted a modern design across all its branches, contributing to an increase in the number of clients.

2. S.W.O.T. Analysis

The SWOT analysis was developed at Stanford in 1970 and is currently used by numerous companies and institutions for strategic planning in relation to external factors. SWOT is an acronym formed from the following components:

- S – Strengths
- W – Weaknesses
- O – Opportunities
- T – Threats

The primary objective of this technique is to reduce threats by improving weaknesses and leveraging strengths and opportunities to achieve strategic success.

As a result of this SWOT analysis, the following conclusions were drawn:

- The company is profitable
- It generates consistent profit
- It has a modern management system
- It utilises modern banking IT technology
- It is optimally structured

3. Market Research for Individual Customers. Developing a Marketing Strategy

This subchapter presents research on a specific customer segment, namely existing clients, with the aim of improving the financial institution's products and services. The bank follows a clearly defined strategy focused on retaining existing customers for economic reasons. (Porter, 1980)

The most valuable "weapon" for a marketer is the questionnaire. Through it, they can understand the behaviour of existing or potential customers by conducting market research. Therefore, this chapter presents the questionnaire used by Raiffeisen Bank to analyse current customer behaviour, identify their needs, and develop a suitable marketing strategy aimed at customer retention.

Raiffeisen Bank believes that retaining an existing customer is more efficient than acquiring a new one, given the institution's large existing customer portfolio.

The questionnaire was sent via email to current clients, former clients, and those subscribed to the bank's newsletter, in full compliance with GDPR regulations.

The questionnaire is divided into six sections, namely:

1. Screening Question
2. Demographic Data
3. Data on Physical Interaction with the Client
4. Data on Internet Banking Services
5. Current Accounts and Loans
6. Raiffeisen Bank’s Online Presence

Each question from the questionnaire was answered/completed by 100 respondents. From the beginning the questionnaire serves to differentiate existing Raiffeisen Bank clients from those of other financial institutions. 89% of respondents answered that they are clients of Raiffeisen Bank, allowing them to complete the rest of the questionnaire. 66.3% of respondents are female, proving that women are more interested in banking services than men.

The need for banking services varies by age group. The majority of users fall within the 25-35 age range, likely due to having a stable job. Those in the 18-25 age group use banking services less frequently, possibly because many are students benefiting from the bank’s "Student Card" package.

It is also important to note that the elderly represent the smallest client segment. They primarily use banking services to receive their pension payments, but only a small percentage are comfortable using debit cards. Additionally, accessing loans is more challenging for them.

The majority of clients are employed. However, 12.4% are unemployed, mainly consisting of pensioners, students, or job seekers. The level of education helps us determine the optimal marketing language, ensuring that the message is understood by all customer categories. These demographic data will assist in targeted promotions, using language tailored to each specific group and offering services adapted to their needs.

Next, the questionnaire continues with questions regarding physical interaction with the customer. These insights will help us understand customer behaviour within Raiffeisen Bank branches, where financial products are directly offered. In this part, the question aimed to assess the atmosphere when a customer enters the bank's branches. A 97.8% positive response rate is a significant and beneficial result for the bank’s marketing strategy. However, it is important to understand what dissatisfied the remaining percentage of customers. Various factors could contribute to this, such as staff behaviour, branch layout, other customers, etc. In general, working with people is very difficult, but a 95.5% result is extremely satisfying. However, the slight difference is due to the customer's opinion, indicating that some of those who stated that the staff is polite were not entirely satisfied with the actual service provided.

The employee's level of training in presenting services and products, but it may also indicate the customer's level of understanding of them. Delays in completing certain requests are either due to staff performance or procedural complexity. The bank is aware of this and is working to optimise request processing.

The customer needs to feel comfortable and not overwhelmed. The bank has successfully implemented an optimal and functional layout that benefits both clients and staff, enhancing the service delivery experience.

The questionnaire goes further with questions about sold products, like Internet Banking. The answers were used to know if new objectives should be introduced in the marketing strategy, or to discover the main competitors of this product.

Another important aspect of the questionnaire was to establish the utility of the distribution channel. Aspects like territorial units (branches, agencies, etc.), ATMs, call-centres, self-banking units are of paramount importance when one wants to set marketing strategies.

4. Developing a Marketing Strategy Using Market Research

Based on the market research conducted, the financial-banking institution has adopted the following marketing strategy:

- The strategy remains focused on retaining existing customers, as maintaining them is more cost-effective than acquiring new ones.
- Since female customers are the predominant segment, it has been decided that they will receive special offers on specific occasions (such as March 1st).
- However, due to the attack on Ukraine by Russia this year, the bank decided to shift its marketing campaigns towards donation initiatives to support those affected. This decision was highly appreciated by existing customers.
- Offers for "Young" Customers

Since 89.9% of clients are between 18 and 50 years old, Raiffeisen Bank took advantage of the fact that 2020 was a pandemic year. In 2021, in partnership with the Neversea Festival, the bank prepared special prizes for its customers and launched an email marketing campaign.

Marketers observed that Revolut's referral strategy, which rewarded both the referrer and the newly enrolled friend with cash, was highly effective. In response, Raiffeisen Bank adopted a similar referral campaign with great success, notifying all customers through an SMS marketing campaign.

Unlike Revolut, Raiffeisen Bank chose to offer 50 lei per referral, up to a maximum of 500 lei, making the campaign distinct from its competitor's.

One marketing strategy that sparked mixed reactions was the elimination of in-branch cashier services. While this decision led to significant economic growth, it was not well-received by customers less familiar with digital banking tools.

To address concerns, Raiffeisen Bank provided technical support both by phone and in-person at its branches. The bank primarily announced this change online, through press articles published in financial outlets such as *Ziarul Financiar*. (Ziarul Financiar, 2022)

Development of a Mobile Banking Application was necessary as most banks were transitioning towards digital banking solutions. As a result, Raiffeisen Bank developed a mobile application with a wide range of features, including:

- Card blocking
- Fast payments
- Direct debit contracts
- Deposits
- ATM locator
- Currency exchange rates
- Interest rates
- Western Union transfers
- Investment funds
- Mobile phone top-ups
- Quick account creation
- New card ordering
- Banking services
- Loans

According to the questionnaire, customers had specific requests regarding personal loans. However, due to economic constraints, not all requests could be implemented immediately. As a response, Raiffeisen Bank launched the Flexicredit loan calculator, which also provides bonuses for customers who receive their salary through the bank.

Customers can optimise their loan instalment as they wish. If they find the offer suitable, they receive a unique offer code. However, this code does not lock in the offer due to the risk of inflation, but it can be used to simulate a new loan based on current market conditions and the customer's preferences.

Since grandparents are an important part of our lives and have contributed to raising us, Raiffeisen Bank has dedicated a specific segment of its marketing strategy to pensioners as a gesture of appreciation for their lifetime contributions.

The *Zero Simplu* package has certain eligibility criteria, but pensioners are exempt from these conditions if they choose to receive their pension in a Raiffeisen Bank account.

Family is a key priority for pensioners. Recognising their desire to leave a financial legacy, Raiffeisen Bank offers a special savings deposit with a higher interest rate compared to standard options, exclusively for pensioners.

Although these offers are published on the bank's website, many pensioners struggle with technology and frequently visit bank branches. As a result, employees have been trained to explain these offers clearly, slowly, and with great patience, ensuring that pensioners fully understand the benefits available to them.

5. Conclusion

Raiffeisen Bank has successfully implemented a well-structured marketing strategy to enhance its position in the Romanian banking sector. Through targeted promotions, customer retention programs, and digital innovation, the bank has strengthened its market presence. (Kotler, 2003) The SWOT analysis revealed that Raiffeisen Bank is a profitable institution with modern management and IT infrastructure. However, challenges such as competition and digital adaptation among older customers remain significant.

Market research findings confirmed the importance of personalised banking services tailored to different demographic groups. The institution's emphasis on retaining existing customers, along with specialised offers for young customers and pensioners, has proven effective in increasing customer loyalty. Strategies such as referral programmes, email marketing, and SMS promotions have further contributed to the bank's growth.

As the banking industry continues to evolve, Raiffeisen Bank must maintain its focus on innovation, customer satisfaction, and market adaptation. Future developments should include further enhancements in digital banking solutions and expanding financial education initiatives to ensure accessibility for all customer segments.

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