**DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA**

**MINISTRY OF HIGHER EDUCATION AND SCIENTIFIC RESEARCH**

**Ecole Supérieure de Commerce**

A Dissertation Submitted in Partial Fulfillment for the Requirements of Master’s Degree in Commercial Sciences, Specialty: Marketing and communication

THE PROFITABILITY OF MARKETING: MEASURING THE PERFORMANCE OF MARKETING PRACTICES WITHIN A BANK

 **Case study :**Banque de Développement Local BDL

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**Period of training: 01/03/2022 to 06/06/2022**

**2021/2022**

# DEDICATIONS

 *To my mother, who gave me and she is still giving all the love and strength, the one who was there at worst and best moments of my life, the one who gave me the power to become the woman I am today.*

 *To my grand-parents, BABA and MAMI, the ones who raised me, and have always loved me, I will never forget your support and care.*

 *To my beautiful and gorgeous sisters who I love: RYMA, MERIEM and ZINEB.*

*To my beloved uncle Nabil who I respect and consider as a brother.*

 *To my favorite girls: ROFAIDA, NESRINE and ZAKATTE. Thank you for being always there for me especially on our funniest moments, I will always be there for you as well.*

 *To my sisters from another mother: LYNA, WISSAM, CELINA, MAY and HADIL. You were always been my girls, my sisters and best friends, I will always love you no matter what, thank you everything.*

 *To my cutest firiends: RANIA, SOPHIA, KAHINA, IMENE, NIHED, DOUNIA and IMENE ATM, I love you so much and I appreciate our friendship, I am so thankful for having you in my life.*

 *To the seventh group: MARKETING & COMMUNICATION SQUAD, you guys were the best for real.*

 *To the old members of ELITE ASSOCIATION, I consider you as a family.*

 *This work is dedicated to my dear FATHER; I hope you are proud of your daughter Kahloucha.*

 *May this thesis be the best ending of my career as a student. Thank you everyone for sharing all the sweet souvenirs with me.*

# THANKS

 *First of all, I thank ALLAH the Almighty for giving me all the patience, the strength and courage and allowing me to realize such work.*

 *Secondly, I would love to thank Mr. Abderraouf Chaouche, the Director of the DMC at the BDL, and my internship supervisor, for giving me the chance to join his team, for guiding me and giving me all the information needed for a better professional life.*

 *My deepest thanks go to Dr Yahia Boukerch, my supervisor, for his interest in my work, for his advice and information throughout my 3 years master’s program.*

 *I would like to thank also all the Marketing and Communication Department: Souad Mezemate, Hanaa Kerkar, Khaled Melit, Hamoud Laggoune, Hadjer Neggar, Badia Arab, Houd Azira, Ilyes Haddad, Hichem Saidi, Salim Benmessoud, Mounia Abeztout and Soumia Lezzar for all the amazing professional and great experience that I had with them during all my internship. May we meet again one day in better circumstances.*

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# List of abbreviations

|  |  |
| --- | --- |
| **Abbreviation** | **Significations** |
| **ATM** | Automatic Teller Machines |
| **BDL** | Banque De Développement Local |
| **CIB** | International Bank Card |
| **CLV** | Customer Lifetime Value |
| **CPA** | Cost Per Acquisition |
| **DMC** | Marketing and Communication Department |
| **EBITDA** | Earnings Before Interest, Taxes, Depreciation, and Amortization |
| **EVA** | Economic Value Added |
| **GDP** | Gross Domestic Product |
| **GRP** | Gross Rating Points |
| **IRR** | Internal Rate of Return |
| **ISO** | International Organization for Standardization |
| **ISS** | Information System Security |
| **KPI** | Key Performance Indicator |
| **MPM** | Marketing Performance Measurement |
| **MROI** | Marketing Return on Investment Revenue |
| **MSDS** | Material Safety Data Sheet |
| **MVA** | Market Value Added |
| **NPV** | Net Present Value |
| **ROI** | Return On Investment |
| **ROP** | Return On Promotion |
| **ROS** | Return On Sales |
| **SEO** | Search Engine Optimization |
| **SME** | Small/ Medium Enterprises |
| **SMI**  | Small/ Medium Industries |
| **TPE** | Electronic Payment Terminal |
| **TRP** | Target Rating Points |
| **VSE** | Very Small Enterprises |

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#

# Abstract

The main objective for each firm and company is to generate the maximum of profit, which leads the marketer to look for the best strategies and actions to achieve and reach better performance. When it comes to banks, therefore, he will opt for measuring the marketing performance which is a generic concept using the combination of both qualitative and quantitative indicators called KPIs.

This modest work has elaborated two main disciplines: The first was banks marketing, which focused mainly on the banks marketing plan and several tools used to increase the bank’s image. The second discipline was marketing performance measurement, in which various KPIs were detected and analyzed that made it possible to reach into some solutions for further researches.

Moreover, we have applied all the theoretical approach given through the two previous disciplines to the case of an Algerian public bank “La Banque de Développement Local”

**Key words:** Banks Marketing, Marketing Performance, KPIs, Marketing Profitability, Performance Measurement.

**Résumé**

L'objectif principal pour chaque entreprise est de générer le maximum de profit, ce qui conduit le marketeur à rechercher les meilleures stratégies et actions pour atteindre de meilleures performances. Quand il s’agit des banques, il optera donc pour la mesure de la performance marketing qui est un concept générique en utilisant la combinaison d'indicateurs à la fois qualitatifs et quantitatifs appelés KPI.

Ce modeste travail a élaboré deux disciplines principales : La première était le marketing des banques, qui s'est concentré principalement sur le plan marketing des banques et les différents outils utilisés pour renforcer l'image de la banque. La deuxième discipline était la mesure des performances marketing, dans laquelle, divers KPI ont été détectés et analysés, ce qui a permis de trouver des solutions pour des recherches ultérieures.

De plus, nous avons appliqué toute l'approche théorique donnée à travers les deux disciplines précédentes au cas d'une banque publique algérienne "La Banque de Développement Local"

**Mots clés :** Marketing bancaire, Performance marketing, KPIs, Rentabilité marketing, Mesure de la performance.

**ملخص**

الهدف الرئيسي لكل شركة هو تحقيق أقصى ربح ، مما يؤدي بالمسوق إلى البحث عن أفضل الاستراتيجيات والإجراءات لتحقيق أداء أفضل. عندما يتعلق الأمر بالبنوك، فإنه سيختار قياس أداء التسويق الذي يعتبر مفهوم عام باستخدام مجموعة من المؤشرات النوعية والكمية تسمى مؤشرات الأداء الرئيسية.

وضع هذا العمل المتواضع تخصصين رئيسيين: الأول هو التسويق البنكي ، والذي ركز بشكل أساسي على خطة التسويق للبنوك والأدوات المختلفة المستخدمة لتحسين صورة البنك. كان الانضباط الثاني هو قياس أداء التسويق ، حيث تم اكتشاف وتحليل مؤشرات أداء رئيسية مختلفة ، مما أدى إلى إيجاد حلول لمزيد من البحوث.

بالإضافة إلى ذلك، قمنا بتطبيق جميع المقاربات النظرية التي تم تقديمها من خلال التخصصين السابقين على حالة أحد البنوك الجزائرية العامة "بنك التنمية المحلي".

**الكلمات المفتاحية**: التسويق البنكي ، أداء التسويق ، مؤشرات الأداء الرئيسية ، ربحية التسويق ، قياس الأداء.

# GENERAL INTRODUCTION

More than 2.1 trillion dollars were spent in 2020 to measure the performance of marketing within the companies in the whole world. With this huge amount of money spent, firms nowadays, consider marketing as the major and the main element of their strategy.

To maintain brand equity and continue to win the competition, marketing drives today's sales funnel and sales pipeline, but without measurable units and disciplined behavior, this claim cannot be substantiated. Therefore, over the years, various KPIs have been developed to help analyze whether marketing activities are actually creating tangible value.

A good banking system must be made up of profitable banks, given their contribution to the stability of the entire economy, the analysis and monitoring of the profitability of banks is in great demand, which will allow them to guarantee their sustainability and to appreciate their quality of management.

 In a bank, performance measures the relationship between the strategic objectives initially defined and the results actually achieved. Performance is a criterion for evaluating the company's strategy. Each bank aims to optimize the results of the means it uses, this is called marketing performance.

 Several factors can affect marketing performance, however the components having a direct influence on marketing performance, it is a diagnosis of performance, monitoring and taking corrective measures, analyzing performance means looking for the causes, it is that is to say all the factors that influence this performance (deadline, cost, or quality...) of this activity, called: performance indicators which depends on the orientations of the bank.

 Measuring the performance of banks requires the existence of tools, specifying the direction of research of the indicator through relevant and reliable sources of information, investment in monitoring analysis and synthesis is necessary. However, misuse of these metrics can lead to inappropriate decisions and have a negative impact on the bank's overall performance.

The success or failure of a bank largely depends on financial decisions, because they determine its ability to grow and develop. They are an effective means in the hands of the leaders of marketing and communication departments at the bank, allowing them to act on their activity at any time and to direct it in the direction of the defined objectives.

From this perspective, our work is supposed to contribute to the debate around measuring the marketing performance practices of a bank and to do this we had to deal with the case of "La Banque de Développement Local".

**Main research question**

 Marketing practitioners are facing increasing pressure to prove their contribution to company performance. It is generally believed that the contribution of unexplainable marketing has weakened its position in the company. To reply to the present pressure, marketers are investing in the development of performance measurement abilities, but so far, there has been no empirical study on the ability to measure marketing performance to have any actual impact on company performance or marketing stature and especially in banks. This is why our research will be looking for answers for our main question which will be: **“How are marketing performance practices being measured within a public bank?”**

**Sub questions:**

* **Sub Question 1:** What are the different indicators and KPIs that influence the marketing performance within the bank?
* **Sub Question 2:** What is the impact of the marketing budget on the marketing profitability in the bank?
* **Sub Question 3:** How does the customer satisfaction contribute in the MPM of the bank?

**Hypotheses**

* **Hypothesis1:** The indicators of measuring marketing performance within the bank are net banking income, customer satisfaction and financial key ratios
* **Hypothesis2:** The marketing budget influences positively the marketing profitability in the bank.
* **Hypothesis3:** Customer satisfaction is measured by the evolution of the number of customer accounts, the collection of customer resources and customer commitments.

**Objectives of the research**

 The study reported in this paper explores the measurement of marketing performance across different business sectors. It concerns the measures collected, their relative importance and whether business characteristics (e.g. firm size, sector) differentiate such practices. The extent to which firms are satisfied with their current marketing measurement systems and the improvements sought also provide insights into how measurement is being used to enhance performance.

 Consistent with previous findings, customer and competitor orientation are positively associated with business performance, with customer orientation being the more important. Further, firm orientation influences how marketing is assessed in practice, e.g. customer oriented firms tend to utilize customer based information more than firms less so oriented. Although the assessment of marketing performance requires consideration of the change of the main marketing asset, few firms formally assess brand equity for this purpose.

 So we can say that the first objective of our research is to show the importance of measuring marketing performance within a firm and to determine its indicators. The second objective will be to demonstrate to what extent marketing contributes to the firm’s profitability. Last but not least, the main objectives of the study is to answer our sub questions and indicate the different tools that we should apply while studying the measurement of marketing practices.

**Importance of the research**

 Performance marketing is not a new concept, but recent events have made it more important than ever. COVID-19 has caused losses to many industries. Although companies all over the world are starting to find ways to recover in the post-pandemic world, many companies are still cautious. According to data from the World Federation of Advertisers (WFA), the global advertising budget has fallen by 36% in the first half of 2020 and is expected to fall by 31% for the next two years. With a low budget, they want to make sure that every cent counts. Performance marketing enables them to understand exactly how each advertising fee is used to ensure that it does its best to make a difference. This means more efficient activities and less money wasted.

 Performance marketing allows marketers to determine the required action and pay the digital advertising platform after the action is completed. These operations can be clicks, subscriptions, sales, or downloads. There are different types of performance marketing, such as native ads that appear on media sites, and imitate the tone and style of editorial content usually hosted on these platforms. The other type is sponsored advertising, which is more subtle and takes the form of promotional articles rather than native ads. Some performance marketing is even more deeply integrated into articles on editorial websites.

 There are many benefits to adding performance marketing to the growth of a company and online marketing mix. In addition to the obvious benefits of building a brand through third-party partners who have their own audience, budget, and coverage, industries can also reduce risk, expand market coverage, and reduce budget, while increasing their brand and revenue sources. In addition, performance marketing is fully traceable, measurable and transparent. In fact, brands can now see the entire click-to-consumption path of each buyer and determine where to invest more, which partners, and which channels to produce better results. Since performance marketing is paid after the required actions have taken place, the risk is low, the CPA (cost per acquisition) is usually low, and the return on investment is high. This leaves more budget space for the expansion and testing of other marketing strategies so that companies can grow and compete.

**Reasons of choosing the topic**

**Subjective reasons**

 I am very interested in marketing and its contributions in all areas especially that this research topic has been very little studied by students, that is why I have decided to work on something new and very trending in marketing but very unpopular also. I will give the chance to other students to work more and search more about the measurement of the performance of marketing and explore all its sides, to believe also that banks apply marketing. I think that this subject will allow us to discover more about the hidden parts in marketing and all the small details that we did not know about or even knew about.

**Objective reasons**

 Since my empirical research will be realized whether in a Public Algerian Bank, so the main objectives are:

1. To identify the relative importance of the marketing management activities and their performance in the bank and increase its awareness.
2. To improve customer structure and reduce marketing costs per customer.
3. To increase return on sales and achieve market share and additional contribution margin.
4. To improve customer loyalty and to measure his satisfaction, also, to prompt repeat purchases.
5. To introduce a banking product and define its certain sales figures and achieve a certain amount of web visitors.

**Research methodology**

 Our research methodology will be based on an exploratory research to define our problem more precisely and to identify also relevant cause and gain additional insights before an approach can be developed. As well as a descriptive, analytical and quantitative approaches will be put forward. Internal financial measures are, overall, regarded as more important measures of marketing performance than those from the market. We will be also using factor analysis to determine the indicators that really affect the marketing performance. We can apply a conclusive research to test our hypotheses if we will be having large representative samples.

**Research structure**

Our research proposal will be having three chapters, which are:

**Chapter 1: Banks marketing**

**Section 1:** Evolution, definition and specificities of banks marketing

**Section 2:** Banking marketing tools

**Section 3:** The bank’s marketing plan

**Conclusion of the first chapter**

**Chapter 2: Marketing performance**

**Section 1:** Performance in the firm

**Section 2:** Marketing performance

**Section 3:** Marketing performance measurement

**Conclusion of the second chapter**

**Chapter3: Marketing performance within the BDL**

**Section 1:** General presentation of the BDL

**Section 2:** Research methodology

**Section 3:** Data analysis and hypotheses test

**Conclusion of the third chapter**

**General conclusion**

#

#

# CHAPTER 1: BANKS MARKETING

# Introduction of the first chapter

 Banks are multi-product firms, and their products have distinct characteristics: they are offered directly to customers, they are intangible (service provision), they can be differentiated and, finally, they are conditioned by a legal and regulatory framework.

 In Algeria and for many years, banks have remained distant from any strategic dynamics, this absence of strategic behavior finds its explanation in the nature of the Algerian banking system, which has, for a long time, been a highly regulated market and comes under the the essence of public power, both in terms of capital holding and in terms of setting the rules for the operation of the market, particularly with regard to debit and credit rates, the prices of banking services, the quantities of credits distributed, the choice of customers..Etc.

  These conditions made it possible to ensure significant income for banking players. The conditions of competition are gradually leading to the emergence of new banking customers, to deal with this situation; banks are using banking marketing techniques. This is reflected in our daily lives by the successive appearance of new service offers and facilitating access to banking. Thus, this new method of dialogue makes us forget this perception that the citizens had of the bank; an institution reserved for the privileged and the wealthy, and which conveyed arrogant image vis-à-vis low- and middle-income earners. Today, banks go to this clientele and deploy all their means to increase their market share.

# Section 1: Evolution of banking marketing

## Banking concepts

Before we start o talk about banks marketing, we will see first some banking concepts.

### Definition of the bank:

 An economic definition could be: “The bank is the intermediary between the suppliers and the seekers of capital based on two distinct processes: by inserting its balance sheet between the suppliers and the seekers of capital (banking intermediation), by in direct relationship with suppliers and seekers of capital on a capital market (financial market, money market, etc.). This is the phenomenon of disintermediation[[1]](#footnote-2)”. (Garsault & Priamt, La banque : fonctionnement et stratégie, 1995, p. 8)

 The bank, like all companies and firms, seeks to manufacture and produce goods and services to satisfy the needs of its customers. It seeks a quality service which becomes a key factor in the purchase decision although there is a narrow space between the quality of the offer, customer satisfaction and profitability.

### Bank customers

 There are three categories of bank customers (Pupion, Économie et gestion bancaires., 1999, p. 106):

#### The individuals:

They are the individuals who have an income that they use for consumption and savings.

#### Businesses/ companies/ firms:

 These are customers who may be natural persons (individuals) whose activity consists of:

* Buy products and sell them as they are, so-called retailers or retail traders;
* To sell products after transformation (craftsmen, industrialists, etc.);
* To resell services such as insurance companies and travel agencies.

#### Local authorities:

 Regions and municipalities that increasingly manage their finances like businesses.

### Reasons for choosing banks

 The act of opening a bank account in a bank is a need that differs from one person to another, this need can be(Pupion, Économie et gestion bancaires., 1999, p. 106):

* **The search for security:** This is the case for an individual who wishes to secure his money by transforming fiduciary money into scriptural money[[2]](#footnote-3);
* **The search for self-esteem**: In fact, opening  a bank account and being a holder of a bank card presents a little more people’s perception, especially for those who own a VISA Card or MasterCard;
* **A necessity:** It is a need that emanates from an individual and social stimulus. In fact, opening a bank account has become a necessity for city dwellers with and, increasingly, also without income. This need can also appear within the future purchaser of a home, car or simple consumer credit in search of financing;
* **A requirement:** For companies and businesses, it is a requirement to have a current account, for the proper conduct of commercial transactions and operations and the financing of the activity. Opening an account may also be a requirement for individuals; this is the case for mobile phone subscriptions where the bank account is considered as a guarantee.
* **An investment:** This is the case of customers or companies, who wish to grow their liquid capital by depositing it in blocked accounts (savings or term deposits) in exchange for interest after a fixed period of time.

## The banking marketing

### Definition of bank marketing

      GOLVAN Yves defines banking marketing as: “The application of marketing approach and techniques to the banking business” (Yves, 1988).

 He also describes it as: “Banking marketing is the conception, implementation and realization by a bank of all the means and resources allowing it to set and profitably achieve consistent development objectives according to the needs and wishes of previously determining market segments” (Yves, 1988).

   Another definition was given to bank marketing that says that it is a set of actions undertaken by banks to adapt their offer to the needs of their customers. However, banking marketing is above all a marketing of services, even if it presents well established specificities and borrows a good amount of tools and analysis schemes of a more general scope.

### The evolution of banking marketing

       This discipline has appeared in the USA, from the 1970 years of the creation of the American Banking Marketing Association “The Bank Marketing Association”. It is limited only to stimulating the exchange of information ideas among those responsible for banking advertising.

        In the majority of cases, the crisis of 1929 had adverse effects on the economy until 1933. During this period several American banks went bankrupt and disappeared (Thiveaud, 1997). The time of WWII was not conducive to developing the spirit of embracing marketing. It was only after this war that the return to expansion would allow the banks to discover marketing by conquering new markets, that of individuals (banks then only granted importance to companies).

       According to (P.Komer, 1977), bank marketing has gone through five successive steps or stages:

* Advertisement;
* Friendliness= smile;
* Innovation;
* Positioning;
* Analysis, planning, control.

       In Europe, banking marketing appeared in the 1960s. The banks then had to face increased competition in terms of savings, marketing measures were adapted: the distribution of bonuses or gifts by promotion experts and advertising agents was the first marketing action for new customers.

       This step was firm, because it was not sufficient, they had to broaden their marketing concept to please customers, hence the need to introduce a warmer atmosphere into the banks through the motivation and the training of bankers, in order to provide an additional margin.

       This was the second stage which was canceled due to the proliferation of similar actions by the competition, it was now necessary to think of the customers in terms of need on demand. Banks offered new services to meet demand; this was the third step (Tournois, 1989).

       In some cases, it happens that several banks often innovate and advertise at the same time.

       This was the generating situation of the fourth stage: positioning. To differentiate, banks must choose by positioning themselves on the market.

       In reality, this conception of marketing positioning goes beyond that of creating just an image. It is in this regard, it is necessary that the image is often shaped from a logo.

       Despite the logo being rich in meaning, the clientele does not always make the fundamental difference between establishments; although the positioning can be considered as information allowing a more judicious choice on the part of the customer according to his needs. The establishment of a planning and control analysis system is the last step and stage in the development of bank marketing.

    The bank then is set up of a real marketing department made up of several entities:

* A research and forecasting service: its function, carrying out the necessary studies for the implementation of marketing action plans.
* A planning service: It has the tasks of centralizing the proposals of the general direction, then of developing and re-implementing the marketing plan at the unit or the head office level.
* An external communication service: it is responsible for developing institutional advertising campaigns, and finally of market and product managers whose activities correspond to the different customer segments.

       These managers are, for the sectors of activity that concern analysis, planning, assistance and communication.

### Specificities of banks marketing

 Banking activity belongs to the service sector; therefore specificities of the marketing of the banking offer is part of a perspective of marketing services marked by intangibility, inseparability, heterogeneity and perishability; to these four common major components, specificities can be added (Monique & Lamarque, Marketing et stratégie de la banque, 2008, p. 26):

* **A highly individualized marketing system:** the personalization of the relationship with customers is very important in many cases, both for professional  customers and for consumers (individuals) ;
* **The absence of specific identity:** the differentiation of brands is particularly difficult to perceive for consumers;
* **The geographical dispersion of the activity:** which leads to cover international, national and local needs;
* **The trade-off between growth and risk:** the sale of financial services translates into the purchase of risk, the bank must find a balance between expansion, sale and caution;
* **The fluctuation of demand:** which is an advantage, subject to variations in general economic activity than in any other sector;
* **Fiduciary responsibility:** which is a guarantee of respect for the interests of consumers at the macroeconomic level;
* **Labor intensity in the process:** traditionally high, which has a particular impact on operating costs and makes the trade-off between standardization and personalization of service and technological choices (implementation of automatons, etc.) more intensive.

## Banking products

### Definition of banking products

     Banks are multi-product companies; they offer to their customers a very wide range of products. Banking products, from a marketing perspective, are defined in the broad sense and concern the entire banking offer to its customers. It is important, however, to identify each product, to specify its main characteristics and to link it to a specific category of needs.

  The basket of banking services mainly comprises two types or classes of services, pure services and mixed ones (De Coussergues S. , Gestion de la banque : du diagnostic à la stratégie., 2005, p. 208):

* **Pure services:** are essentially derived from work, following the example of consulting activities and financial engineering;
* **Mixed services**: they result from the combination of labor and capital goods. These services often include complex technological components. These include cash withdrawals from ATMs.

### Characteristics of banking products

Services markets are booming markets, in the case of banks, the characteristics of their products can explain this expansion. Three main characteristics can be noted :

#### Banking products are intangible

  This however can lead to several consequences:

* They are not subject to wear and relatively little to obsolescence, their aging is slow;
* They cannot be stored, their supply is limited by existing production capacities;
* They are not or cannot be protected by patents and are therefore imitable;
* They are uniform from one establishment to another, and their differentiation is a necessity.

#### Banking products are highly conditioned

 Banking products are highly conditioned, by banking or tax regulatory institutions. These guarantee the security of public savings and reinforce the uniform nature of the products concerned.

#### Banking products are offered directly to customers

Thus, the distribution does not take place through wholesalers, resellers, etc. Therefore, the establishment of a personalized relationship with the customer is important, because the customer assimilates, regardless of the distribution channel used, his interlocutor to his bank.

## The demand of the banking product

On the customer side, several data deserve to be underlined. It is heterogeneous, atomic, stable and sometimes irrational.

### Heterogeneity of the demand

  The particularity of banking services is the diversity of the demand. Indeed, the heterogeneity of customers, the simple individual to the imposing multinational, rubs off on the demand for banking products. Thus, the bank must create a personalized relationship with its customers (De Coussergues S. , Gestion de la banque : du diagnostic à la stratégie., 2005, p. 216).

### Atomicity of the demand

 This situation is more accentuated in the case of a retail bank which is particularly interested in individuals. Indeed, in this case, the dispersed clientele does not have real bargaining power and pressure. The situation is different when it comes to an investment bank, for example (De Coussergues & Bordeaux, 2005, p. 236).

### Demand stability

 The stability of the demand finds its main explanation in the reciprocal work that bankers and clients have to maintain long-term relationships. For all credit-type products, setting up a stable relationship between borrowers and their bankers allows bankers to accumulate information on the solvency of borrowers over the course of the relationship: have they always respected their commitments? What particular skills do they hold that ensure the success of investment projects? For their part, borrowers benefit from the long-term relationship when, in the event of difficulty, the banker agrees to come to the aid of his client because of the trust accumulated between the two parties.

 For deposit-type products, the advantages of the long-term relationship are found. Knowing the payment or savings habits of its depositors, the bank can offer the most suitable products and deal in a personalized way with anomalies (insufficient funds, for example) in the operation of the accounts (De Coussergues & Bordeaux, 2005, p. 237).

    The stability of demand is reinforced by other factors such as the multiplicity of product offers which encourages a customer, for reasons of convenience (one stop shopping), to have only one banker or even, more simply, by observing that a borrower is a customer of his bank as long as he has not repaid it, which justifies this basic observation: the best customers of a bank are its own customers.

### An irrational demand

 The field of activity of the bank, Money, sometimes provokes the most irrational behavior among economic agents. Thus, motivational surveys often highlight a gap between the rational analysis of needs and motivations and the irrationality of monetary and financial behavior.

# Section 2: Banking marketing tools

 This section represents all the marketing tools that the bank must activate in a coherent way to promote a product or service, before deploying a marketing strategy based on the 4Ps (marketing-mix).

      The development of the marketing mix aims to harmonize all the decisions and efforts on the marketing and commercial plan that the bank must implement to achieve the objectives and reach the targeted targets.

      The main components of the marketing mix are generally actions relating to product policies, pricing (price), distribution, sales, communication, monitoring and quality.

      Since the development of the Internet, some marketing departments of banks have integrated this tool into the various policies resulting from the marketing mix (creation of services emanating from the Internet, proposal of virtual distribution channels, assistance to the sales force and direct sales, communication …) (Badoc M. , 2004, p. 206)

      The marketing manager has the task of achieving the best dosage or “mixing” of each of these components in order to obtain maximum efficiency from the whole.

## The product/service policy

 In the product/customer or product/market approach, the outcome of the different needs of the same customer segment is also taken into account; assemblies are then created focusing on a single product, several characteristics allowing the satisfaction of several needs.

### Definition of the product/service policy

 The origin of the banking activity is the specific conception of the product policy which has remained very traditional and governed by the strong state and inter-professional regulations to which money is subject as well as the imminent risk and to which is added:

* The supremacy of the technical perspective over the commercial in the design of new products and services;
* The importance of public authorities in the creation and disappearance of products and this, through their influence, defines, controls and modifies;
* The participation of customers in the realization of servuction services.

     The role of the product policy consists in achieving a maximum adequacy of the banking production to the needs expressed by the targeted consumers, for this reason the product policy is a very important element of the marketing policy: it concerns the creation of new products and the maintenance of existing products.

### Creation of new products

  The creation of new banking products is necessary to satisfy them; new products are likely to attract new customers to the bank. The development of new banking products uses two paths which are not mutually exclusive. It is well conditioned by the state of technology.

#### The concept of need:

 The analysis of the needs of the customers in the monetary and financial field leads to distinguish needs of different nature and it is then a question of designing the products which will best satisfy these needs, among these needs, there are:

* The need for transactions, hence products such as cheques, direct debit notice, etc.
* Precautionary needs, i.e. the need to build up savings such as passbook accounts, etc.
* Need for short-term, medium-term and long-term financing, hence the different types of credit.
* Need for securities management.
* Need for advice and assistance.

 This approach generally takes into account the psychological motivations of customers: search for security, anonymity, profitability.

#### The customer concept:

 Customer segmentation highlights relatively homogeneous banking behavior for each segment. Depending on the target clientele, the bank offers products adapted to these specific needs: hence the product/customer or product/market couple which is at the heart of any banking product policy.

       On another side, the creation of a new banking product is justified by the changing needs of customers, which implies financial innovation to meet their aspirations. We distinguish:

* **Product innovations:** it involves making changes to the intrinsic characteristics of each banking product, which are numerous (amount, return or cost, maturity, security, taxation, availability, etc.).
* **Process innovations:** they arise from new technologies which give rise to new products. Advances in computing and telematics have encouraged the creation of many products: bank cards with magnetic stripes and then with chips, home banking, ATMs, etc. (De Coussergues S. , Gestion de la banque : du diagnostic à la stratégie., 2005, p. 208).

### Technology

 Technology is a determinant that conditions consumers need. Technological innovation in fact gives rise to new products, particularly when it develops in the field of telecommunications. Let us cite a few examples of banking products whose creation is linked to the development of technology: ATMs, bank cards, tele compensation, etc. (Banque Stratégie, 1998).

The impact of technology is made in several ways (Audigier, 2005, p. 13):

* Distribution of products directly by virtual means;
* Automation of administrative tasks and therefore spending more time with customers;
* Knowing the customer in the best ways thanks to the recording and the analysis of data that concerns him, this information then will make it possible to personalize the offer.

From this, it is possible to say that a new product corresponds to:

* A well-defined need in time and space,
* A targeted clientele (segmentation of banking clients),
* The state of technology (development and technological level).

### Maintenance of existing products

 The maintenance and survival of a banking product is an essential aspect of the banking product/service policy. Products generally age very slowly, hence the need to dress or re-dress after a certain period of time.

  Banking products are not subject to material wear and very little to obsolescence. This phenomenon has already been pointed out, in terms of the life cycle used for the marketing of industrial and commercial enterprises must be adapted to this characteristic. Instead of distinguishing the usual four phases in the life of a product – launch, growth, maturity, and decline – we will distinguish three phases in the life of a banking product. (De Coussergues & Bordeaux, 2005, p. 236).

#### Launch phase:

 This phase will be relatively short in time. The new product is introduced to the market. If the product was created on the initiative of the public authorities, it is introduced by the entire profession and will therefore benefit from wide distribution. If the product was created on the initiative of a bank, then it will quickly be imitated by the principles to competitors. (De Coussergues & Bordeaux, 2005, p. 237).

#### Maturity phase:

 This phase is quite long in time. The product has gained sufficient notoriety. Its utilization rate stabilizes or increases slightly in stages depending on the advertising stimulus campaigns undertaken. Each bank maintains its market share because the demand is much less intense. (De Coussergues & Bordeaux, 2005, p. 238).

#### Decline phase:

 This phase is the longest of all and extends over decades. Obsolescence gradually spreads to the product due to the emergence of a new product, but it does not lead to its elimination, because customers accustomed to the product resist change. (De Coussergues S. , 2005, p. 258).

 In conclusion, the life expectancy of a banking product is very long and the causes of its disappearance are linked to the initiative to be created by the public authorities or, a modification of the legislation or regulations may decide to abolish it. Of the product or alter its characteristics..

## Pricing policy

### Definition of pricing policy

Traditionally, the marketing mix of any company is presented in its four main components: product, price, distribution and communication.

  In the case of the bank, these four variables have long played roles of unequal importance.

   A consumer does not only choose a product because of its design, its qualities, its trademark; the consumer also has an attitude towards the price of the product and the pricing policy, as part of a commercial development strategy, and an aspect of the marketing action of a firm. The pricing policy is made complex by several factors (Badoc M, 2013, p. 66):

* The psychology of customers, which sometimes considers institutions as public services;
* Regulation, which requires compliance with certain prudential rules;
* The tendency to cut prices and make certain services free, which emanates from internet companies and online brokers. Currently, a large number of banking services are free (Berrrahi, 2014, p. 88) (cash service, check payment, transfer, etc.), otherwise billed at a fixed commission unrelated to the cost price of the service (transaction on securities, advice).

  In addition to design, quality and trademark criteria, the consumer also takes the price variable as a more important determinant in his choice of a banking product.

### Pricing of banking services

 This follows delicate procedures which are mainly part of the commissions, namely (De Coussergues S. , 2005, p. 239):

#### The pricing base

  Its objective is to choose who will pay the commission, the initiator of the operation or the two parties concerned (initiator and recipient).

 This can be billed:

* To the client initiating the transaction;
* Or to the two parties concerned (initiator and recipient).

#### The pricing method

  Should pricing be calculated on a flat-rate basis or be based on the number of services rendered? However, given the heterogeneity of the clientele, each client will be a heavy burden for the bank (Garsault & Primat, p. 248).

   On the one hand, there is a flat rate, which is calculated on the basis of the services rendered, which is considered an acceptable solution, on the other hand, payment systems managed by banks are a less standardized service request.

### Objectives of bank pricing

 The bank aims to improve its profit margin and create a good image vis-à-vis its customers.

#### The cost of credits

 Banks set the debit interest rates charged to customers subject to not exceeding the usage ceiling set by law. The flight of interest rates to give birth to the subsidization of credits in order to develop a commercial strategy, for this, the banks establish their conditions, according to the requests of the customers (fixed rates, variable rate, etc.) bank conditions must be in force (De Coussergues S. , 2005, p. 244).

#### Days of value

 The value day is the date used for the calculation of interest, (debit or credit). It does not necessarily coincide with the operation date. It is important to know this when you have a tight budget to avoid incidents and overdrafts.

  The day of value is among the conditions of banks, it is related to the operation of accounts and credit operations; it is negotiated between bank and customer.

    According to the previous developments, it appears that in the bank / customer relationship, the price aspect takes on more importance: simplification of the scales, transparency, competitive rates and commissions are adequate means to retain the future customers.

   However, the severe State or inter-professional regulations in force condemn financial institutions to sell at a fixed price processed raw materials that they have procured at variable prices (De Coussergues S. , 2005, p. 244).

## Distribution policy

### The concept of distribution policy

According to BADOC Michel “The distribution policy is considered by most experts as a trump card of marketing success for service companies” (Badoc M. , 2004, p. 223)

 The distribution policy is based on:

* **Optimization of point of sale/population ratio:** this distribution strategy is qualified as extensive because it increases the number of counters.
* **Optimization of customer/point of sale relationship:** the optimization of this relationship corresponds to an intensive strategy in terms of distribution; it is in fact a question of stopping the watering at a point of sale to bring in an increased number of clients to agencies.
* **Optimization of resources/customers ratio:** in order to optimize this ratio, an intensive marketing policy in the agencies must complete the equally intensive distribution strategy; it is no longer a question of developing the number of customers but of increasing the resources that these customers bring.

     However, distribution methods are tending to change, current techniques have become closer to computerized management advice, and therefore it is affected by the diversification of new technologies:

* The proliferation of forms of direct banking[[3]](#footnote-4);
* The reduction in the linear counter favors the seated relationship;
* Multiplication of the means of direct sale;
* Prescription network creation.

 The development of the personnel closest to the customers is not only an important element of the distribution policy, but also a report oo the communication policy.

    In addition to the generalization of modern means of communication, new distribution channels, known as outsourced, are being established: the Internet, telephone platforms, and e-commerce.

  These new means multiply the opportunities for contact with customers who, for their part, are increasingly looking for proximity and ease of use. However, the difficulty for banks lies not in the development of these technologies, but rather in the integration of these channels, particularly vis-à-vis traditional channels.

### Distribution channels

 In the banking sector, the distribution variable has long been marked by the traditional exclusivity of the circuit constituted by the branch network of each establishment. This development is however called into question by the new forms of distribution and above all by the incursion of new non-bank competitors (Monique & Lamarque, p. 132).

 The choice of distribution channels has long occupied a marginal place in the marketing strategy of banks as a whole focused on the design of new products and then communication.

#### Agencies

   Agencies represent the traditional bank. The branch network is essential for retail banking. It must maintain a dense and geographically well-distributed branch network, in order to strengthen its notoriety and reflect an image of proximity with its customers. In short, the branch is at the heart of retail banking distribution (De Coussergues S. , Gestion de la Banque, 1992, p. 258).

#### Remote banking

 Remote banking owes its emergence to two main objectives:

* The demand for the production of tailor-made banking services linked to the computerization of the means of access to these services;
* The search for better profitability based both on the financial advantages of this new method of distributing services and on the addition of an activity whose marginal cost will be limited in the long term.

#### Internet

  “The Internet challenges competitive positions: some companies will benefit from it, others will disappear”, this assertion by KOTLER & DUBOIS (2003) shows that the Internet has become an essential channel for companies.

 The internet will be the future financial market and to take advantage of it, banks must prepare their strategy today and now. The advent of e-commerce is characterized by a change in purchasing behavior and even in the use of products and services by customers.

 The Internet seems to be a more efficient channel; it has revolutionized the customer/bank relationship. Thus, internet banking destroys the pillars of traditional banking, which are the geographical proximity and the direct contact with customers (counter, spontaneous or provoked meetings).

  In addition to the generalization of modern means of communication, new distribution channels, known as outsourced, are being set up: Internet, Minitel[[4]](#footnote-5), telephone platforms, e-commerce, e-banking and others (Lendervie, 1992, p. 58).

#### Bank cards

 They are one of the current forms of scriptural money (money that circulates by writing games), the other currencies of this type are: the bank check and the bank transfer.

 Bank cards are differentiated from each other by three main criteria which are: the function, the issuing body and finally the technical characteristics.

      Depending on their function, we distinguish (Bernet-Rollande, 2002, p. 52):

* **The withdrawal card:** It allows the customer to withdraw money from Automatic Teller Machines (ATMs). Depending on the characteristics, some cards can only be used in the ATMs of the organization holding the account, while others allow withdrawals from all the ATMs; that is in the country or abroad. Withdrawal cards are most often free where the invoicing (billing) is limited to negligible costs (Bernet-Rollande, 2002).
* **The payment card:** The national payment card which not only allows the withdrawal of money from ATMs and makes payment with immediate or deferred debit (the debit is most often monthly) in the country of origin. The international payment card (VISA or MASTERCARD) will allow withdrawals and payments within the country and abroad. This can be combined with assistance and insurance services (Bernet-Rollande, 2002, p. 52).
* **The credit card:** This makes it possible to obtain cash advances. These advances cannot exceed the ceiling of the overdraft line negotiated beforehand with the bank. Generally, payment cards allow access to a personal credit system linked to the possession of this card. In fact, these cards only provide credit for the time that exists between the purchase and the debit from the holder's account. In addition, there are so-called credit cards, which are only credit cards that can be used within the group of stores that issued them.

## Communication policy

### Concept of communication policy

 Communication in a bank occupies a dominating place. Its objectives are to:

* **Make known (cognitive):** inform the public of the existence of the product or its characteristics.
* **Make people like (affective):** modify or reinforce the image of the product by acting on attitudes or opinions.
* **Make act (conative):** modify behavior by provoking the purchase, trial, and request for information...

 The communication policy is defined by: “All the actions of a firm in order to make itself known and appreciated as a company and to make its products known and appreciated” (Garsault & Stéphane, la banque: fonctionnement et stratégie, 1997, p. 443).

 The content of a communication policy is therefore to make known the company, its know-how in a global way in order to give it an image that reflects its identity. To do this, the company acts simultaneously on two dimensions.

 Namely, a dimension bringing together an external communication to the various audiences of the company and internal communication geared towards the staff.

####  Internal communication

 Its primary aim is to ensure the proper circulation of information within the bank. Internal communication must inform all members of the bank of the objectives adopted by the general management, the means implemented to achieve these objectives, the strong points and the weak points of the company.

 However, it is not enough to inform, rather it is necessary to make the staff adhere to the objectives set and to develop the feeling of belonging to the group and to decide between the same values.

####  External communication

  It deals with the bank's relations with its environment, which is made up of a whole set of groups, each with very different behaviors, needs and expectations:

* Customers/ Suppliers/ Shareholders;
* Other capital providers;
* Public authorities/ Associations.

 Therefore, it is necessary to avoid the bursting of the institutional image of the bank and to have a single and coherent image of the entire environment.

   According to Brochant Lendrevie, there are two levels of communication; corporate communication, i.e. the company communicates about itself, its values, its people and its know-how.

    The second level is commercial communication, which the company communicates about its activities (products and services) (Lendrevie B. , 1992, p. 58).

### Means of communication

 There are several communication tools; it all depends on the specific sector of activity of each company.

#### The concept of brand image:

 The image is a component of the company's development strategy. Thanks to its communication policy, the bank tries to forge an image that reflects its own identity in relation to what it produces.

      This action is called institutional communication or marketing. The main difficulty in conveying a global picture lies in its complexity. It is the combination of:

* Internal image (values ​​and corporate culture);
* Brand image which includes, notoriety, positive/negative perception of the environment, position in relation to the competition;
* Social image, i.e. the role of the bank in society.

      If the bank manages to create a strong image, this will permeate all its products; will impose itself on public opinion, and will serve as a shield in the event of a crisis.

#### Notoriety advertising:

      It aims to make the name of the bank known to the public. The objective is to seek an immediate association in the public between a name and a company name in its existence in the banking sector.

#### Brand image advertising:

      It supplements notoriety advertising. The objective is not only to get to know each other, but also to forge links with it. And it depends on the variety of products offered, distribution channels, customers, advertising, etc. all these factors give a brand image to the bank.

#### Product advertising:

 Its main objective is to publicize the bank's products by emphasizing their qualities. It is done during the product launch phase (i.e. during the maintenance of existing products) (De Coussergues & Bordeaux, p. 264).

#### Communication at point of sale

  It is particularly appropriate to the internal structure of the bank, due to the fact that it has a network of counters, in the form of leaflets or brochures installed on displays, posters placed in the branches, and must be harmonized with the collective campaign conducted on the products. Communication at the point of sale reaches the customer during his visit, where he is available to request additional information about the product or to become a user (De Coussergues S. , p. 250).

#### Direct marketing

 The objective of any company is to get closer to its customers by several communication techniques (through personalized mailings or telephone calls). The customer is thus directly contacted and questioned about his financial situation, his needs, his projects, etc.

   Direct marketing uses either the bank's own customer file, or prospect files that specialized companies (data banks) can provide on request (De Coussergues S. , p. 251).

#### Public relations

     It is all the relations and communications of a company towards its various audiences which are the customers, the suppliers, the employees and the society of which the company is part.

       Like all institutional communication, public relations, the objective is to create a favorable climate, a current of sympathy both inside the company (internal public: the workers, etc.), and with the different audiences (customers, public authorities, etc.).

    For the purpose of carrying out its mission and disseminating information on the company, its activities, its products, with the aim of provoking in public opinion relations favorable to the activity of the company, public relations call upon in various ways such as; Relations with the press, through press releases, press conferences, telephone interviews. Also company visits and participation in commercial events such as sans and fairs..., let's add to this editorial advertising (paid article on the company / new products it is informative), and end gifts of the year (Chirouze, 2003, p. 541).

#### The sales force

  Y.LEGOLVAN defines the sales force as follows: “The sales force is all the operational members of the company whose mission is to find customers for these products and services. Commercial attachés, customer operators, commercial counter clerks, assistants and branch managers, auxiliaries to general agents and general agents, constitute the sales force of a bank” (Legolvan, 1988).

       The sales force plays an essential role in the commercial activity of the company, which leads the latter to implement a good management of the sales force, respecting its different aspects or components by relying on the aspect staff training, its organization, its evaluation, in addition to the motivation and salary aspect, for more control and stability in the working relationship.

#### Sales promotion

 The most frequent objective is to make people try the product to convince; it is therefore the product itself that becomes an object of communication, an object of persuasion. The main forms of promotion are (De Coussergues S. , p. 252):

* Free trial/ Samtple;
* Price reduction (couponing, promotions, etc);
* Quantity discounts (two for the price of one);
* Giveaways, gifts and contests.

## The 7-P or Extended Marketing Mix Model

  This Booms and Bitner model is a marketing strategy tool that increases the number of controllable variables from four in the initial marketing mix model to seven:

### Using the Extended Marketing Mix Model:

 The traditional Marketing Mix model was mostly directed and useful for real products. The 7-P model is most useful in the tertiary sector but also, although more debatably, in environments whose activity is strongly based on knowledge.

### 3 additional Ps:

   Booms and Bitner have added the following additional 3 picoseconds to Marketing Original mix:

* **People:** All people that are directly or indirectly in the consumption of a service play an important part of the Extended Marketing Mix. Knowledge workers, employees, management and consumers often add significant value to whatever product or service they offer.
* **Process:** The procedures, mechanisms and workflows through which services are consumed (customer management process) are an essential element of the Marketing strategy.
* **Physical Evidence:** The capacity and environment in which the service is provided. The two tangible commodities that help communicate and provide service, and the intangible experience of existing customers and the activity's ability to relay that customer satisfaction to potential customers.

 The first two additional P's are explicit (People, Process) while the third (Physical Evidence) is an implicit factor.

# Section 3: The bank’s marketing plan

 Making a marketing plan is simply about making choices in advance, in a conscious and explicit way. Planning is necessary because, like a sailboat, a bank is subject to certain inertia and to the direction of the wind.

        It cannot stop, back up, turn around, and go where she wants, without foreseeing and without taking into account the internal and external events to which she is subject.

 In this section, we will discuss the bank’s marketing plan, its usefulness, and its role. We will also present how to develop a marketing plan for a bank and the importance of this plan in the banking marketing process.

## The concept of the marketing plan

      The marketing plan is defined as being: “a document which leads the company to pose the problems in their entirety in order to help the decision maker to analyze the various consequences of his choices and to allow the coordination of his activities” (Michel, 1986, p. 78).

  The marketing plan serves first of all for strategic purposes, because it obliges the structure to periodically analyze the situation of a product on the market and to foresee and predict its evolution, as well as to anticipate the actions of competitors.

 A marketing plan is developed for the launch of a new product or the marketing of existing products in new markets. Its effectiveness lies in the coherence and the interdependence that it confers on the various marketing decisions that the company is called upon to take and which are formulated from a policy constituting the tools of banking marketing (Pupion, p. 102).

### The interest of marketing planning for the bank

 Many are the interests that a marketing plan provides for companies and banks in particular. For our part, we will retain six of them (Michel, 1986, p. 79):

* Orient the institution towards action.
* Prepare the company for the future.
* Link decisions to means.
* Know where you want to go and let it be known.
* Enable better coordination of efforts.
* Provide basis for internal control and audit.

### The advantages of a marketing plan

 A marketing plan has countless advantages, mainly (Michel, 1986, p. 103):

* The preparation of a plan begins with an analysis of the environment in which the company evolves and becomes aware of new data, such as the demand of these customers and their expectations, therefore, it will have to adapt if it wants to survive;
* Planning allows the company to use its resources (capital, human, materials) in the areas of activity that offer the greatest possibilities for development;
* The plan promotes the choice and the common pursuit of objectives defined by all those who participate in the commercial management of the company as it makes it possible to avoid errors and by concentrating the offers on the precise goals determined beforehand;
* The plan makes it possible to evaluate the management by comparison with the established objectives, compared to the previous results, it is the active and dynamic instrument of management of the bank;
* The plan provides management with a framework that facilitates decision-making and obliges managers to organize themselves and act together in order to deal with any inconveniences that may arise.

### The effectiveness of a marketing plan

To ensure its effectiveness, the marketing plan must be (Zohra, 2000):

* Be sufficiently standardized;
* Provide alternative solutions based on the non-realization of the assumptions retained and the necessary corrective actions;

      However, and before continuing with the points that allow us to achieve an effective marketing plan, it is good to know that:

* The marketing plan is a logical process; it does not claim to solve all the problems, nor to be the guarantor of success; however, it obliges those responsible to gather all the information, so they will be able to isolate it and measure in advance the possible consequences of this omission;
* The establishment of a marketing plan should not be confused with the establishment of annual budgets, sales forecasts or commercial programs;
* The marketing plan covers markets, products, medium-term objectives and means of communication;
* The marketing plan is neither rigid nor static, it should be regularly adapted to the circumstances (results obtained, deviations / forecast and information collected on the market, etc.) it is developed over 5 years;
* It favors coordination and communication within the company;
* It determines the delegations of authority and responsibilities within a planned framework;
* Prepares and anticipates the actions and decisions of the centers of responsibility;
* Is built on measurable variables such as sales forecasts and market trends.

## The content of the marketing plan

 The marketing plan generally includes (De Coussergues S. , p. 226):

### External data analysis

 The main objective is to know the market and deduce its needs. It includes a summary of information on which the main decisions will be based. This information helps to shed light on the problem and develop the company's prognosis. This information generally concerns the environment, the market, the competition and the external diagnosis of the bank. Marketing has a whole series of means of information that can be used concurrently.

### The customer file

 A customer file is a list of all the bank's customers and a certain amount of information relating to each customer. This information is exclusively oriented towards commercial action. We can say that:

* A customer file is a list of all the bank's customers and a certain amount of information relating to each customer. This information is exclusively oriented towards commercial action;
* The customer file makes it easier for customers to know the characteristics of their behaviors. It is thus possible to offer products, send documentation using information from the file on the rate of use of the products or on the income of the customers;
* The file of the customers leads to the systematic analysis of the customers, a file allows a kind of permanent market study and an adequate treatment indicates the category of customers using such product, makes it possible to draw up profits of customers, according to criteria appropriate (age, income) and therefore the basis for action, such as customer segmentation or the constitution of the panel;
* The customer file makes it possible to assess the impact of the marketing policy with a periodic update; one can follow the evolution of the penetration of the products and thus control the effectiveness of the marketing action.

### Segmentation

#### The concept of segmentation

 “Customer segmentation is a technique that makes it possible to group together all the elements of a population into homogeneous categories with respect to a given criterion, with the aim of revealing within the population under consideration different significant one category to another, differences which will make it possible to apply a specific commercial policy” (De Coussergues S. , p. 228).

#### Segmentation criteria

 To determine the segmentation criteria, the bank uses different large sets of criteria:

* **Socio-demographic:** This is a criterion of simple variables which are; age, income, socio-professional category, for individual customers; size, sector of activity for companies.
* **Socio-cultural and lifestyle:** the objective of this segmentation is to link an individual's consumption behavior to personal, social and cultural conditioning factors, referred to as lifestyle (lifestyle is carried out from surveys carried out on a sample of thousands of people). And for companies, especially small and medium-sized companies, segmentation according to the lifestyle of their leaders is also a fact.
* **Behavioral segmentation:** makes it possible to build homogeneous customer segments based on observed behavior: ownership and recurrence of use of financial products, financial flows, etc.

### Determination of objectives and target

  In this step of the marketing plan, the bank selects the target customers and formulates the commercial objectives.

### Choice of target customers

 Once the segmentation has been carried out, it is necessary to target the segment that the company wishes to attack. Several factors enter into the choice of the target such as the size and potential of the targeted clientele, the bank's resources, the targeted profitability and the intensity of competition.

### Formulation of commercial objectives

For this, 2 types of objectives must be set: financial objectives and marketing objectives:

* **Financial objectives:** they are most often expressed in terms of medium-term rate of return, cash flow and annual revenue.
* **Marketing objectives:** they are based on the financial objectives, translate the latter in terms of net income, market share.

### The choice of the strategy

 This phase consists in defining the means of marketing policy taking into account the objectives set, the environment of the bank and its own means.

### The control of the execution of the plan

 The control process involves one or more objectives, a feedback system that compares achievements to objectives, and a system that allows activities to be readjusted to make them consistent with objectives.

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# Conclusion of the first chapter

 After seeing the importance of marketing in commercial enterprises, the application of marketing is also important in the banking field, today banking institutions need twice to integrate marketing in their activities, due to their position doubly oriented towards two different markets, the market for capital resources and the market for jobs for individuals and companies.

          With the strong competition; the appearance of new public or private banks, and the development of customer needs, the purpose of bank marketing is to promote the bank's market share and to determine its competitive position. So the integration of marketing in banks has become a priority.

Algeria is facing an increased competitive environment, especially with the opening of the market and the arrival of foreign firms, hence the need to adapt to changes in the market, but also to be constantly listening to it, in order to anticipate threats and opportunities, which will enable it to strengthen its position.

        The range of banking products is constantly evolving. Indeed, banks compete in ingenuity by creating and offering more and more personalized products, tailor-made for customers. Thus, with the development of new financial instruments, the offer of banking products is no longer intended to be a mass offer, but also an offer that is adapted to the needs of each customer segment.

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# CHAPTER 2: MARKETING PERFORMANCE

# Introduction of the second chapter

 Nowadays, many companies are faced with many challenges – such as intense competition, market globalization, turbulence in the economic environment to which their performance is very sensitive. The performance of the company is a polysemic concept, complex and difficult to define as the approaches are multiple. Its complexity emanates not only from the diversity of its conceptualizations but also from its multidimensional character.

 That is why marketing teams are under a lot of pressure when it comes to job performance, not only that they have to drive revenue, but they must prove it. Without the right metrics, proving the direct (and indirect) impact on new leads and sales can be very difficult and can lead to a real struggle. Effectively measuring marketing performance can ultimately monitor success and attribute revenue to marketing campaigns.

 The purpose of this chapter is to present the notion of the performance and its measurement in general and the marketing performance measurement in particular. The chapter is composed of three sections, the first chapter will include the history and interrelationships of performance, the second chapter will involve marketing domains and directions. We will conclude the chapter with the third section which will be the indicators of marketing performance.

# Section 1: The performance in the firm

 The concept of performance has been operationalized in many ways by management researchers. For a long time, this concept was reduced to a simple dimension centered on the financial dimension alone (A. Bourguignon, 1998), everything was centered around money, (the one-dimensional criterion of performance), it is always the cases, but other criteria have emerged, namely the social criterion as a performance indicator; recently, the environmental criterion. The economic, social and environmental dimensions are the new form of measuring business performance.

## The performance concept

 Etymologically, performance comes from the old French performer, which meant "to accomplish, to execute" in the 13th century (Petit Robert). The English verb to perform appears in the 15th century with a broader meaning.

 Performance is a concept commonly used in the field of business life. However, it remains difficult to give a simple definition because of its multiple dimensions. It is generally apprehended through the concepts of effectiveness and efficiency of the organization.

### Definition of performance

 Performance has always been an ambiguous notion, rarely defined explicitly; it is only used in management control by transposition of its English meaning. And as this concept is at the center of the expectations of the organization's stakeholders, it should therefore be clearly defined:

 Khemakheme, explained the performance as follows: "performance is a word that does not exist in classical French like all neologisms, it causes a lot of confusion. The root of this word is Latin, but it is English that gave it its meaning, the words closest to performance are: “performare” in Latin “to perform” and “performance” in English” (A.KHEMAKEM, 1977, p. 310).

* **Performance:** means, given full form to something.
* **To perform**: means, to accomplish a task with regularity, method and application, to execute it and to lead it to its accomplishment in a more suitable way.

 Therefore the performance expresses the degree of accomplishment of a work of an act or a work, and the way in which an organism reacts, in order to achieve the objectives pursued.

 As according to LORINO .P: “performance in the company is all that is only what contributes to improving the value-cost couple (on the contrary, performance is not necessarily what contributes to reducing the cost or increasing the value in isolation) it is also everything that is only that which contributes to the achievement of strategic objectives(LORINONO.P, 1988, p. 18)”.

 On the other hand, given the importance and polysemy of the concept of performance, it is not easy to specify its definition. The use of theory has allowed us to identify some explanations that manifest themselves on three levels of analysis:

* **It is translated into a result:** Performance is therefore the result of coordinated actions, consistent with each other, which have mobilized resources (staff, investment), which assumes that the organization has a potential for achievement (staff skills, technology, organization, etc.).
* **It is appreciated by a comparison:** The achievement is compared to the objectives, thanks to a set of indicators, quantified or not. The comparison supposes a form of competition, doing better than during the previous period, achieving or exceeding the objectives. It gives rise to interpretation, value judgment which may differ depending on the actors’ concerns (shareholders, managers, trade unionists).
* **The comparison reflects the success of the action:** The notion of performance being positive, performance is therefore a relative notion (the result of a comparison), multiple (diversity of objectives) and subjective (depending on the actor who evaluates it).

### Performance criteria

 The concept of performance refers not only to a judgment on a result, but also to the way in which this result is achieved, taking into account the conditions and the objectives of achieving. It therefore covers two distinct aspects, in this case, effectiveness and efficiency; distinct aspects, because it is possible to be effective without being efficient and vice versa.

Figure 1 : The criteria of performance

 **Objectives**

 Relevance measurement Effectiveness measurement

 **Means Achievement/ Realization**

 Efficiency measurement

Source: BESCOS P.L., DOBLER P., MENDOZA C., NAULLAU G., GIRAUD F., LEVRILLE ANGER V, Contrôle de Gestion et Management , Monchréstien, 4ème édition, Paris, 1997, p.42.

#### The concept of effectiveness

In common management parlance, effectiveness describes the ability of a person, group, or system to achieve its goals, relating results to objectives. However, a bank is said to be efficient when it achieves the objectives set by management at the start of the action, this is the essential concern of the managers, it means that the actions carried out have made it possible to meet “the main strategic constituent” (Barbare & Meller, 2006, p. 3), To be effective would therefore be to produce expected results and achieve the objectives and goals pursued, (maximum effectiveness when all the objectives targeted have been achieved).

#### The concept of efficiency

 Efficiency, on the other hand, “maximizes the amount obtained from a given amount of resources or minimizes the amount of resources consumed for a given output” (Malo & Mathe, 2000, p. 106). We then mean by efficiency, the measure of absence of waste in the use of resources (human, technical, financial and others) while being effective.

 It encompasses, according to STERN and AL-ANSARI, three concepts:

* **The productivity:** it is the optimization of the physical resources implemented; it represents the relationship between production and a volume of factors consumed, with:

$$Productivity=^{Quantity of outgoing}/\_{Quantity of incoming}$$

* **The profitability:** It is the ratio of a profit to the costs associated with it.

$$Profitabilty= ^{Operating profit}/\_{Operating cost}$$

 The profitability, on the other hand, is the optimization of the financial resources implemented. It is the ratio of a profit to the capital invested to obtain its distributable profit / equity. It is calculated:

$$Profitabilty= ^{Profit}/\_{Invested capital}$$

 The notion of performance encompasses both effectiveness and efficiency, however these two notions necessarily implying. In short, if effectiveness is the measurement of the achievement of objectives, efficiency is the best way to achieve them. To resume it:

Figure 2 : The notion of performance, effectiveness and efficiency

Performance

Efficiency

Effectiveness

Results/means

Meausres prodcutivity

Results/objectives

Mesures reliability

Source: BESCOS P.L ET AL, « *contrôle de gestion et management* », Montchrestien, 4ème éd, paris, 1997, p42.

#### The concept of relevance

 It is the articulation between objectives and means; it consists in implementing means of production in accordance with the objectives set. The relevance of an organization is determined mainly in the design phase of the production system because it is a question, on the one hand, of guaranteeing the feasibility of the project by ensuring the means to carry it out and, on the other hand, by avoiding costly swell.

 It relates the objectives or the means to the constraints of the environment. Relevance makes it possible to evaluate performance in the strategic field, i.e. competitive advantage based on an assessment between the adequacy of the elements of the offer (creators of value) and market expectations (Salgado, p. 4) .

 The “formula” proposed by Calori and Atamer (2003) makes it possible to summarize the three main sources of performance presented above:

$$E=PS×R×MoeR$$

 Here, efficiency (E) is the product of the strategic position (PS), the Resources that the company can mobilize (R) and the quality of their implementation (MoeR). From this perspective, performance will be all the stronger and more solid over time.

Figure 3 : The performance of H. Boquin (2004)

Source : H. Bouquin, comptabilité de gestion, Economica, 2004

 And according to H.Bouquin, the criteria of performance are articulated around the notion of economy which consists in obtaining resources at a lower cost; and the notion of efficiency, which is the fact of maximizing the quantity obtained from product to service from a quantity.

### Performance typologies

 The performance of the organization is assessed differently depending on the actors; client, employees, shareholders, managers and fund lenders since they have different objectives to achieve (internal and external performance actors). We thus distinguish:

#### Commercial performance

 Commercial performance can be considered as the ability of an organization to meet the needs of its customers by offering products and services that meet consumer expectations. In this context, the objective of the organization is to satisfy the needs of its customers in order to take into account the strategies of competitors and by ensuring the preservation and development of a better market share. The measurement of this type of performance uses several indicators such as:

* Market share;
* Customer loyalty;
* Customer satisfaction;
* Profitability by customer, by product, by market, etc.

#### External performance

 It is generally intended for actors in a contractual relationship with the organization. Mainly it concerns shareholders and financial organizations. It relates to the present or future result and requires the production and communication of financial information. In addition to that, it generates the financial analysis of the major balances and gives rise to a start between the different stakeholders.

#### Internal performance

 Internal performance is the ability of the organization to achieve the objectives set by management. It concerns all of the organization's staff and all of the organization's activities (supply, production, marketing, administration, etc.). Internal performance measurement presupposes the setting of a large number of objectives and the implementation of a set of procedures and tools that make it possible to measure the results obtained and compare them with the objectives.

Table 1 : Comparison between internal and external performance

|  |  |
| --- | --- |
| **External performance** | **Internal performance** |
| It is mainly oriented towards shareholders and financial organizations. | It is geared toward managers. |
| Focuses on present and future results. | Focuses on the process of building the result from the resources of the organization. |
| Requires producing and communicating financial information. | Requires providing the information necessary for decision-making  |
| Generate the financial analysis of the major balances. | Reach and arrive at the definition of action variables. |
| Gives rise to a debate between the stakeholders. | Requires a unique vision of performance in order to coordinate everyone’s actions towards the same goal. |

Source: DORATH Brigitte, GOUJET Christian, « gestion prévisionnelle et mesure de la performance », DUNOD, Paris, p173.

 There are also other types of performance, including:

#### Organizational performance

(Michel K. , 1988, p. 340) defined organizational performance as being “measures relating directly to the organizational structure and not to its possible consequences of a social or economic nature”. Within this framework, the author explained organizational effectiveness using four factors: Respect for the formal structure; the relationships between services; the quality of the circulation of information and the flexibility of the structure.

#### Managerial performance

 According to FRIOUI.M (2001) managerial performance can be defined through the ability of the manager to distribute his time and to coordinate the three main elements, namely the spirit of conception, the ability to execute and the conciliation and management contradictions. The evaluation of managerial performance requires the presence of five criteria such as: the direction of subordinates (development, help, authority, etc.); entrepreneurship (efficiency, effectiveness, etc.); leadership (reasoning logic, self-confidence, communication, etc.); human resource management (process and group management) and other skills (self-control, relative objectivity, energy and adaptability.).

#### Economic performance

 It refers to that generated performance by reducing its costs through maximizing turnover, profit, profitability of investors and its net product. This type of performance is measured according to two components: a short-term component assessed on the basis of immediate results indicators chosen specifically to report on the company's activity and a medium- and long-term component corresponding to performance objectives.

#### Social performance

According to BAYED.M (1992), social performance is defined as the level of satisfaction achieved by the individual participating in the life of the organization. Indeed, social performance is the reduction of dysfunctions that affect living conditions at work taken in the broad sense. The level of social performance was assessed based on the salary assessment. Social performance depends on the working conditions of employees and the actions implemented by the organization to transform them. The criteria used to measure social performance is: the nature of social relations and the quality of collective decision-making; the level of employee satisfaction measured by opinion polls and surveys; the degree of importance of conflicts and social crises: strikes, absenteeism, work accidents, etc.

#### Technical performance

 It refers to the way in which the organization makes efficient use of the available resources, the degree of innovation in the management system, the production process and finally the products and services produced by it. Indeed, this type of performance is measured according to several criteria: technological watch and periodic reviews of innovations introduced in information and training courses on innovations and in projects; periodic adjustments of the organization and procedures according to the development of the company and its projects.

#### Financial performance

 Traditionally, financial performance is measured using ROI (Return On Investment) and ROE (Return On Equity) indicators; among the financial indicators used today, we can cite the EVA indicator (Economic Added Value). On the other hand, this performance is measured by quantitative indicators such as the profitability of investments and sales, profitability, productivity, return on assets, efficiency, etc. This financial aspect of performance has long remained the benchmark for business performance and valuation. Even if it facilitates a simple reading of the management of the company, this financial dimension alone no longer ensures the competitiveness of the company (Bocco, p. 114).

## The objectives of performance

 A good performance objective meets six specific characteristics:

* **Limited:** a reasonable completion date a priori, when calling a deadline;
* **Measurable:** the objective is expressed according to a unit of measurement, it is quantified. It is then possible to estimate the distance remaining to be covered before reaching it;
* **Accessible:** the resources are available, the constraints can be overcome and the estimated risks of failure are limited and manageable;
* **Realistic:** it is anchored in the concrete, unequivocal and well targeted;
* **Unifying:** the vast majority of all those responsible for following the objective adhere to it without reservation. They are also in complete agreement with the choice of method used to access it;
* **Constructive:** it is a tactical objective; it serves the interests of the selected strategy.

 In a firm, the objective must be:

* Consistent with the purpose of the company;
* Predefined and measurable;
* Followed by the expected result;
* The objective is not necessarily quantified, but the result must be measurable.

 So the measurement of business performance indeed targets a multitude of goals and objectives, it allows to:

* Develop innovative products;
* Improve manufacturing processes and the working atmosphere;
* Reduce manufacturing costs;
* Anticipate customer needs while building loyalty;
* Develop market share and improve profitability;
* Penetration of new markets;
* Improve the handling of complaints;
* Identify and assess key skills;
* Invest in human capital: staff training, consolidating and developing know-how, rewarding individual performance, developing their creativity;
* Performance measurement makes it possible to reduce dead time and is a source of improvement and productivity gains on which the sustainability of companies depends.

## The links between performance, strategy and management control

### The links between performance and strategy

* **Definition of strategy (Bouquin, p. 94):** it is the art of making the organization evolve in a given environment to make it as efficient as possible in the accomplishment of its missions. In a company, performance measures the adequacy between the strategic objectives initially defined and the results actually achieved:
* Performance is a criterion for evaluating the company's strategy;
* It takes into account the resources mobilized to achieve the strategic objectives;
* Performance goals precede strategy, but strategy can sometimes precede performance goals.

### The links between performance and management control

* **Definition of management control:** According to H. Bouquin: “We agree to call management control the devices and processes that guarantee consistency between the strategy and the concrete and daily actions” (Bouquin, p. 94).
* **Management control at the service of performance:** To control performance, it is essential to emphasize the close relationship between management control and the various departments of the company such as the strategy function, the marketing function and the GRH function. We can generalize the nature of this relationship by emphasizing that management control:
* Uses the services or data produced by the various functions of the company;
* Helps operational personnel from all backgrounds and managers by carrying out certain financial simulations on their behalf;
* Develops specific indicators to each function in order to clarify the various aspects of performance and its management. These relationships show that management control is a transversal support function.

# Section 2: The marketing performance

 Any company aims to optimize its results with regard to the means it invests, this is called marketing performance, the company must sell and therefore be commercially efficient; marketing performance is very positively linked to the research and development of products according to the different types of customers, to commercial management, particularly with regard to customer follow-up.

## The marketing performance concept

 Before being able to measure performance in the marketing sense, it is necessary to recall what marketing is and what its implications are in the business world: according to the AFM (Association Française du Marketing): "the concept of marketing performance is a specific vision of exchanges. These must be fair and involve the creation of value for each of the stakeholders (individuals, organizations, institutions) (Nagard, 2016). This, then results in a marketing management which "brings together the marketing practices implemented by the organizations, in a coordinated way, to achieve the objectives. These practices include the study of different audiences, their needs, uses, desires and aspirations; the creation of offers of products, services and experiences and ultimately the dissemination of these offers through a market or non-market perspective.

### Definition of marketing performance

 Performance marketing brings together all the marketing techniques that give the possibility of remunerating the service provider or medium used according to the results of the campaign. Marketing performance is essentially made up of internet marketing techniques (affiliation, commercial links, paid-per-click advertising, etc.), because these make it possible to precisely measure the results of campaigns and therefore to reward the support or service provider according to the results obtained (ACADEMIE DE VERSAILLE, Centre de Ressources en Economie-Gestion).

 The performance marketing was also defined as the act of conducting an advertising campaign, according to specific objectives defined by the client, whether it is an agency or an advertiser. These objectives are determined according to quantitative criteria, whether financial (profitability), media (traffic) or commercial (conversion, registration, purchase). In a purely ROI approach, advertisers, in their advertising investments, prioritize their acquisition costs.

 The marketing performance is a part of the commercial performance, it can be defined also by the capacity of a company to offer a product/service adapted to the needs of consumers, while deploying an organization and optimal processes. Indicators (turnover, number of sales, margins, market share, etc.) make it possible to measure marketing performance.

### The purpose of marketing performance

* Make the sales force adhere to the strategy;
* Valuing the performance of employees;
* Mobilize teams around an objective;
* Strengthen the win-win relationship with partners;
* Client faithfulness;
* Manage performance for the brand and develop sales;
* Transform customers into prescribers.

### Components of marketing performance

 The notion of marketing performance emphasizes the notions of effectiveness and efficiency, marketing effectiveness and marketing efficiency:

#### Marketing effectiveness

 Marketing effectiveness is a concept with variable geometry depending on the existing and the history of a company. But it is above all a function of the strategy of its leaders. Being effective already means understanding the cycle of variables related to the sales process and their impact. For that, it is important to:

* Understand what the concept of marketing effectiveness covers;
* Identify issues related to marketing effectiveness for customers and company employees;
* Determine the variables related to marketing effectiveness;
* Define measurement points, measure and compare;
* Analyze the impact of each marketing effectiveness lever on customer value;
* Think about ways to improve marketing effectiveness;
* Detect the most effective practices in pioneering companies.

#### Marketing efficiency

 Marketing efficiency is selling with more results for the same work or less work for the same result. The reasoning of commercial efficiency is divided into 4 phases:

* **Compliance:** Satisfaction of the requirement (achieving what is requested);
* **Effectiveness:** Extent to which planned activities are carried out and expected results obtained (achieving objectives);
* **Efficiency:** Relationship between the result obtained and the resources used (for the same work more result; for the same result less work);
* **Excellence:** Continuous improvement (capitalization on best practices).

 Therefore, it is a question of adopting the right commercial actions to develop the company or to maintain it at a good level of activity.

## The marketing action

 A marketing action is a commercial technique, vis-à-vis customers and non-customers, intended to make them come for the first time, to interest them, and if necessary succeed in convincing them to buy.

 It is essential to arouse their interest and curiosity sufficiently; there are several trading techniques that can be used independently or cumulatively from each other.

### Prospecting actions

 Prospecting actions aim to attract new customers. They consist in offering services or products directly to customers likely to be interested. The prospecting techniques that can be used include:

* Door-to-door;
* Telephone contact;
* Contact by email;
* Distribution of flyers, etc.

 Contacts will be more effective if they are followed up, for example a telephone contact followed by a letter or the reverse. Similarly, contacts at regular intervals will help to remain present in the mind of the interlocutor.

### Promotional actions

 A promotional action, or promotional action, amounts to highlighting a product or service, by offering it at an attractive price, or by offering an additional service offered, or both at the same time.

 Promotional actions can take the form of an event day, an open day, a commercial week or fortnight, attendance at a specialized trade fair with so-called "Special Trade Fair" prices, etc. Promotional actions may be welcome during the creation or business start-up phase, in order to make the company known more quickly.
 Depending on the activity, be concerned by sales periods, i.e. a sales period intended to sell off your stocks. These periods (one in summer and one in winter) are legally regulated.

### Advertising actions

 Advertising actions consist of highlighting the company, the products, the services, and this on so-called advertising media, such as a newspaper, a poster, prospectuses, leaflets, inserts in specialized magazines, etc. These actions advertising can be fund actions to maintain the notoriety of the company's activity, or welcome actions, to raise awareness during the start-up phase of the activity.

 The marketing value chain is used to sum up all the marketing actions.

Figure 4: The marketing value chain

Financial results

Market results

Behavioural customer results

Mental consumer results

Marketing actions

\*

Source: Grønholdt, L., & Martensen, A. (2006). Key marketing performance measures. *The Marketing Review*, *6*(3), 243-252.

## Determinants of marketing performance and levers of sales performance

### Determinants of marketing performance

 Several factors can contribute to marketing performance. However, the components that have a direct influence on it are the following (Badiang, 2000, p. 35):

#### Quality of service

 The quality of the service or the product is one of the essential elements of the attractiveness of an offer. It encompasses all the characteristics of a product or service that affect its ability to satisfy expressed or implicit needs (Kotler P, 2000, p. 736). There is therefore a very close link between the quality of service and customer satisfaction and customer loyalty, which is why managers need special attention regarding this determinant.

* + - * 1. **Customer satisfaction:**

 Perhaps recent business performance metrics haven't gotten as much attention as customer satisfaction. With substantial ongoing academic research and significant industry adoption (Marketing News Customer Satisfaction Research, 1997), customer satisfaction measurement has become an important benchmark in many industries. The traditional customer satisfaction disconfirmation paradigm assumes that customers have pre-purchase expectations about the product they buy and are happier (unproven) based on the extent to which the consumer experience exceeds those expectations. A happy customer base is considered an important marketing asset as it increases loyalty, which in turn has a corresponding impact on sales and reduces marketing costs.

* + - * 1. **Customer loyalty:**

Partly in response to the issue of customer satisfaction metrics, customer retention efforts are gaining traction as a measure of good marketing. Proponents of loyalty point out that financial performance ultimately reflects whether customers will buy from a company again over time, regardless of satisfaction. A loyal customer base should increase revenue per customer, as satisfied customers buy larger quantities, a wider range of products, and pay a premium for the company's products. It should also reduce marketing costs; existing customers have lower retention costs, and word-of-mouth from existing customers should make it easier to attract new customers. A common financial metric to measure the value of a loyal customer base is to calculate the "lifetime value" of that group of customers.

#### The financial capacity of resellers

 This is the set of financial resources available to resellers of a product or service to ensure the proper functioning of their activities. It has an influence on almost all marketing performance indicators. This includes sales revenue, cash flow, profit, etc.

#### Production capacity

 This is the quantity of product offered by the company to satisfy a demand during a given period. A significant increase in inventories is considered to represent production not offset by current consumption, while a chronic decrease in inventories reflects a surplus of consumption over current production. So shortages, as well as an excess stock of a product, handicap the marketing performance of a distribution network.

#### The diversity of the offer

 The product diversification policy was implemented in order to meet the needs of the company's various market segments. The multiplicity of ranges of products or services available to the consumer has a direct impact on customer satisfaction and therefore on sales volume.

#### The extent of the distribution network

 Product availability is a key element in customer satisfaction, and also has an undeniable influence on marketing performance. So the more the network is extended, the more the company has more chances to reach the maximum of consumers, who will be able to judge the quality of the product according to their needs and their expectations. The number of resellers also has a direct impact on overall network sales. Finally, to give the right impetus to boost the company's marketing performance.

### The levers of marketing performance

 In order to develop and improve marketing performance, here are some levers that have been recommended (Lamia & Kahina, 2013):

#### To know and to understand the market

Purchasing practices in the business, the competitive environment, the strategic functions of the company...etc. It is a question of knowing and understanding the factors that influence the results of the company, and above all, of having exploited this knowledge to produce more value in the future. This step is vital for the company because it makes it possible to specify the assumptions on which the established strategy will be based and "a strategy is good or bad only the assumptions on which it is based".

#### To differentiate from the competition:

 Apply a differentiation strategy to attract more customers and also to retain them. It will allow the company to be more attractive and therefore make more profits. (Identify the differences that make the specialty of the company, identify the internal strengths to maintain and the weaknesses to fight to make the company more attractive, etc.

#### To evaluate the commercial/business activity:

Measurement is the essential fuel for the proper functioning of any business system. There can be no objectives without means of measurement, nor performance without evaluation. The company must know how to measure the effectiveness of the marketing activity and monitor all the key aspects of its marketing performance (evaluate the customer heritage, measure the performance of the marketing action, etc.). The company must have a measurement system that is simple, reliable, and relevant and above all, quickly providing the data requested.

#### Identify sources of growth:

Segmentation and analysis of the company's customer wealth are important sources of information that should be considered in conjunction with market data. They make it possible to identify sources of growth for the company. (Fix the priority areas of development of the levers that promote customer loyalty, etc.).

#### Guide marketing action:

The Company’s marketing policy is closely linked to strategic thinking. It is the operational translation of the corporate strategy. (Set the business objectives of the company, identify the targets to be approached or developed, etc.). By quantifying and quantifying things, the company clarifies its ambition, makes its choices, gives meaning to the action and focuses energies on priorities.

#### Determine the individual contribution:

The management system is everything that contributes to defining, motivating, monitoring and evaluating the individual work of salespeople. It is the engine of the marketing activity (making the management system the engine of the marketing activity, setting and monitoring the objectives of the salespeople, etc.). For the company to be efficient in marketing; it is not enough to set the objectives and give the direction of the action. It is also necessary to create energy, movement to make things happen and this is the vocation of the sales force management system.

#### Strengthen the influence of salespeople:

The power of influence of a salesperson depends on his competence (his knowledge) and his motivation (his power). The key skills of a different salesperson depending on the type of sale, the type of products sold, and the level of interlocutors encountered, the work environment, etc. It is important for the company to know how to identify and develop the key skills of its salespeople to increase their power of influence on the market.

#### Manage sales force:

Managerial habit is measured by the manager's ability to use all the sources of power at his disposal to manage his team. He must learn to articulate them and create them in order to increase his power of influence on his team and focus energies on the priorities of the company. (Identification of motivation drivers, improving interpersonal communication to mobilize people equipped to work, etc.).

#### Build a team dynamic:

A team dynamic reinforces the motivation, the energy deployed, the intelligence and the strength of each of the team members (development of sales teams, making lasting changes in the behavior of salespeople, etc.). A team dynamic is created through a series of steps and the manager must lead this development to bring the team to maturity.

Table 2 : Suggested measures of marketing performance

|  |  |
| --- | --- |
| **Measurement area** | **Sample measures** |
| Sales and profitability analysis | Unit salesValue salesProfit/contribution |
| Health of brand or company reputation (Keller, 1998) | AwarenessStrength of imageFavourability of imageUniqueness of image |
| Health of customer Base | Size, growth, profitabilityRelative customer satisfactionRetention rateFrequency, recency, amount and type of purchasesPenetration of target market |
| Quality of marketing inputs | Strategic activities specific to firm, employee surveys regarding market orientation (Farley, 1998), % of sales from new products. |

Source: Bruce H. Clark, A summary of thinking on measuring the value of marketing, 5 Feb 2000

## Marketing productivity analysis

 Historically, many companies (and some still do) did not evaluate marketing individually at all. As companies and researchers move past this stage, they are most concerned with trying to assess the financial impact of marketing campaigns - "How much money do we make from marketing?" These methods tend to be quantitative and closely related to the accounting and financial literature. It is based on financial key figures such as return on sales, return on investment and spend as a percentage of sales. Work in this area is often referred to as marketing productivity analysis because it attempts to show how efficiently marketing resources are being used.

### Market share

 Perhaps the most influential measure advocated at the time was market share per unit. Businesses are working tirelessly to achieve high unit market share, which will lead to economies of scale and long-term profitability. In retrospect, the emphasis on market share as a measure of performance has proven problematic. While the industry's economies of scale support this argument, more rigorous research has called into question the general relationship between market share and long-term profitability. Furthermore, market share measurements assume that the company has identified the right group of competitors, which is a daunting task. Therefore, from a business perspective, market share per unit is a rough measure and should be used with caution. It is best used for viewing sales growth numbers.

### Innovative capability

 A more promising non-financial output is examining the health of a company's ability to innovate. As the business environment changes, companies must be able to change with them. The role of marketing in developing customer knowledge and new product concepts makes the marketing process in this field crucial. Therefore, the ability to adapt or innovate is considered one of the cornerstones of a marketing strategy. Companies that measure in this space have highlighted metrics such as the percentage of sales from new products and the number of successful new product launches in a given period.

### Marketing audits

 The earliest approach to input assessment,extending back to the 1950s,was the marketing audit movement (Roth, 1997, p. 16). Analogous to an accounting audit, theidea behind this approach was to assess the health of the marketing activitieswithin the firm. A well-cited outline inthis area suggests that a good marketingaudit assesses the following areas (Kotler, The marketing audit comes of age, 1977, p. 43):

* Marketing environment.
* Marketing strategy.
* Marketing organization.
* Marketing systems.
* Marketing productivity.
* Marketing functions.

### Market orientation

 Market orientation is not only the result of corporate culture, but also the result of corporate behavior. Therefore, cultivating this orientation is a long-term endeavor of most organizations. It mainly covers three specific marketing inputs that the multipliers of this concept consider to be particularly important: the generation of information about customers and competitors, the dissemination of that information within the company, and the organization's response to that information. Evidence for a direct link between market orientation and business performance is mixed, in part likely due to this implicit time lag.

### Marketing assets

 While audit and market orientation look at activities, a third measure of input examines so-called marketing assets. From this perspective, marketing campaigns not only help generate sales and profits, but also build long-term assets that can be leveraged over time, such as: B. Loyal customer base or strong sales capabilities. The power of branding is of particular interest in this area. From an accounting standpoint, assets are of course balance sheet items, while most marketing activities traditionally appear on the income statement. The best way to measure an asset is to measure the state of the asset over time. For example, changes in brand awareness and brand attitudes in target markets can be important indicators of future marketing threats or opportunities.

Marketing assets were translated by the following equation (Sorina-Diana Mone, 2013, pp. 126-146):

$$CLV=\sum\_{t=0}^{T}\frac{\left(pt-cr\right)rt}{(1+i)^{t}}-AC$$

* Pt = price paid by the customer at moment „t”;
* Ct = cost of serving the customer at moment „t”;
* i = cost of capital (discount rate$ $);
* rt = probability that the customer purchases at moment „t”;
* AC = cost of customer acquisition;
* T = time horizon for estimating CLV.

### Brand equity

 Many researchers and executives believe that a strong brand (one with high "equity") is one of the greatest marketing assets a company can have. The first reason is that it allows companies to charge a premium for unbranded or branded products. Second, it can be used to expand the company's business into other products, and finally, it reduces the perceived risk for customers and even investors. Brand equity appears to be a strong measure of performance, but it is also difficult as a measure of managers' short-term performance. Creating a strong brand can take years and huge marketing expenditures; conversely, even with reduced marketing support, the benefits can take a long time to dissipate.

Figure 5: Marketing productivity chain

**Marketing actions The firm**

**Firm value :** capitalization etc.

**Financial position :** profits, cash flow etc.

**Market position :** market share.

**Strategies:** promotion, distribution etc.

**Marketing assets:** brand, clients.

**Imapct on firm value:** MVA etc.

**Financial impact :** ROI, EVA etc.

**Impact on the market:** competitive position, sales etc.

**Impact on the customers:** attitude, satisfaction etc.

**Tactical actions** : advertising, product improvements etc.

Source : (Rust et al., 2004a, p. 77)

# Section 3: Measurement of marketing performance

 Performance measurement is linked to a context (temporal, geographical, community, cultural). It is the materialization of the action effect that we are going to compare to one or more benchmarks (a forecast, a standard, historical data, data from other entities, etc.).

 To measure performance, we use a criterion or an index, which is used to express both the objectives and the results of the company. This criterion is a quantifiable expression of objectives and results. Thus, it fulfills several functions among others:

* It serves as a starting point for planning and forecasting in the company;
* It helps in the formulation of strategies, methods and management practices, with a view to achieving the objectives for which the company was created;
* It provides a basis for evaluating the performance (result, yield, etc.) of the company and for making an objective judgment on the efficiency and effectiveness with which the company accomplishes its tasks;
* It allows and checks the merits of decisions taken at company level;
* With regard to long-term decisions, sometimes it even makes it possible to question the company's project, in other words its strategic choices;
* It constitutes a regulator of the supply of the company: the higher the degree of achievement of the performance index, the higher will be the bonuses distributed to the staff and the higher will be the possibility for the company to obtain more of means. The level of performance is reflected in the amount of development funds for the company;
* It thus constitutes a basis for the system of motivation and stimulation of the company's personnel.

## Performance indicator concept

 “A performance measurement system valued by companies thanks to its simplicity of implementation is the key performance indicator (KPI)” (Voyer, 2009).

 In its simplest definition, an indicator is an element or a set of elements of significant information, a representative index, a static targeted and contextualized according to a measurement concern, resulting from the collection of data on a state, on the manifestation observable of a phenomenon or an element linked to the functioning of an organization. It can be:

* A quantity;
* A quality (good, average, bad, etc);
* An amount;
* A time (duration, delay, frequency, etc);
* A report of previous measurements;
* A sign of confirmation.

## Marketing performance indicator concept

 Marketing performance indicators are measures that represent the progress and weaknesses of a company, so it is essential to directly choose the indicators that will make it possible to correct the present situation and plan for the future.

 To properly assess the success of an organization, you need to determine which metrics really matter and rank them in order of importance. Use of inappropriate measurements may provide an incomplete or inappropriate representation of the company.

 Worse still, choosing the wrong performance indicators risks giving an unwarranted sense of confidence in the correctness of the irritation chosen by the company. According to Anne Macque; these indicators must fulfill four conditions which are:

* Present certain elasticity or a margin of progress: those for which no improvement is to be achieved. They cannot contribute to financial results;
* Is under the direct control of management who will bring them improvements if necessary;
* Be correlated to financial results to create permanent progress ;
* Finally, they must present moderate correlations between them to avoid that progress on one criterion can only be made at the cost of setbacks on all the others.

 The indicators constitute the bases of comparison making it possible to assess the quality of a result. This can be a goal or the results of competing companies.

 There are two types of marketing performance indicators: quantitative indicators and qualitative indicators:

### Quantitative indicators

 These indicators provide figures on the achievements of intermediaries. There are: indicators related to sales, profitability indicators and indicators of overall performance.

#### Sales indicators

 We distinguish two types: volume indicators in quantity (sales volume) and in value (CA).

* + - * 1. **Sales volume:**

 It is the quantity of products sold at a given price, during a given period. Indeed, the marketing performance is evaluated in this case through the difference between the forecasts and the achievements. If the forecasts are greater than the actual, the company has not achieved its objectives. Otherwise, we will speak of an evolution of sales and therefore of a good marketing performance .

$$Performance(P)=Realization-Forecast$$

P = 0 or P < 0, implies that it is a bad performance.

P > 0, implies good performance;

* + - * 1. **Turnover**

 Turnover is the amount made by the company with third parties in the exercise of its normal and current professional activity. More specifically, it is the amount of factors established during a financial year, sent to customers and corresponding to works, supplies or services actually completed or in the process of being delivered at the end of the financial year and provided that they result from the normal professional activity of the company. Turnover is shown excluding tax in the income statement under operating income (Raimbault.G, 1994, p. 171).

 This definition is characterized by its accounting aspect. A. BURLAND, J.Y. EGIEM, P. MYKITA propose a marketing definition. Turnover is the sum of sales of goods (commercial activity) and output sold (production of goods and services). This is the main indicator of business activity. It conditions overall performance (Eglem, 1995, p. 84).

 The turnover represents the commercial success of the company. Unlike the quantities sold, the impact of prices is remarkable in the calculation of turnover. So its evolution is linked to two components: the quantities sold and the prices charged by the company.

$$Performance \left(P\right)=Forecast turnover-Turnover achieved$$

With:

$$Turnover \left(CA\right)=Quantity sold×Price$$

This performance is always measured through the comparison between forecast

turnover and actual turnover.

Table 3 : Turnover indicators

|  |
| --- |
| * + Total turnover and growth rate, turnover by department, family reference;
 |
| * + Turnover/ number of customers, orders, per salesperson;
 |
| * + Evolution in percentage of sales of products by type of customer;
 |
| * + Average turnover per customer, by type of customer;
 |
| * + Average basket and percentage change;
 |
| * + Turnover/m2 of sales area, turnover/linear meters developed.
 |

Source**:** Nadia BENITO, Micheline COMBES, Marie-Georges FILLEAU, “customer relationship management”, Edition DUNOD, P 148

* + - * 1. **The commercial margin**

 The commercial margin is an indicator of profitability for all activities. This intermediate balance sheet data makes it possible to position a company in relation to its competitors.

 The principle for calculating the commercial margin is:

$$Comemrcial margin=Sale of goods-Cost of goods sold$$

With the following link:

$$Purchase cost of goods sold=Purchases of goods+initial stock-stock$$

* + - * 1. **Market share**

 A market share represents the percentage of sales made by a company for a given product or service compared to all competitors (Deboislandelle, p. 313)**.**

J. LENDEVIE and D. LINDON define market share as the percentage represented by the sales of a product, a brand, a company in the market as a whole. Market share is expressed in volume and value (Lindon, p. 217).

$$MS=^{Unit sale}/\_{Total sale of present units}$$

**MS:** Market share

**Unit:** Product

* + - * 1. **The number of customer**

 All customers have a life cycle, they are born, live and die, in order to compensate for lost customers (competition, bankruptcy, retirement) with new customers, to acquire these the company must carry out prospecting, salespeople must, in the interest of the company, have the ambition to enrich the customer file with new customers, they must diversify the customer base so that the turnover is less exposed to economic fluctuations or ruptures with such and such a client. To do prospecting, companies must have a quality of organization, rigor, professionalism and contact.

#### Profitability indicators

 They include profit and return on invested capital indicators:

* + - * 1. **Profit**

 It is the difference between the total income and the total expenditure generated for the realization of the income, during a given period.

$$Profit \left(PR\right)=Total revenue-Total expenses$$

PR= 0, PR < 0: poor performance.

PR > 0: good performance.

* + - * 1. **Return on invested capital**

 To sell a good or a service, the company must make certain investments in storage, transport, production and others. The capital invested for these achievements must be profitable if not, we cannot speak of performance (Savall & Zardet, 1989, p. 343).

### Qualitative indicators

 In addition to the quantitative indicators that have just been written, it is also important to have qualitative indicators that are frequently obtained through the use of statistical processing (quantitative in nature) generally having as its features satisfaction and the attitudes of customers towards the company or its products (the image of the company).

#### The company’s image

 The image is a set of representations, affective and rational, subjective and objective, associated with the name of a company, a profession, a brand, and a product which connotes it in the mind of a person or group of persons” (Mounlinier, 1998, p. 158).

 The image of a company is built from multiple sources: personalities and style of behavior of the leaders, external staff (salespeople) because the salesperson is an ambassador of the company, he occupies a privileged place of contact with the customers, and then the seller contributes to shaping the image of the company. The image of the company is evolving. It is influenced by the experience of sellers, advertising, sales promotions, etc.

#### The adaptation

 It is about the innovative capacity of intermediaries to cope with changes in the environment.

#### Customer satisfaction

* + - * 1. **Customer satisfaction concept**

 Satisfaction expresses “the pleasure that results from the accomplishment of what one expects, desire, or simply of a desirable thing” (Deboislandelle, gestion des ressources humaine dans la PME, 1998, p. 401). Satisfaction is the conformity of customer needs with the products offered for those customers. Thus satisfaction would be a function of a difference.

 A demanding customer is a source of progress for the company, measuring their satisfaction (To be assessed by survey) is an action to maintain a strong and lasting bond. For better customer satisfaction, the company must carry out a set of procedures:

* Implementation of a commercial quality plan, including customer satisfaction surveys will be systematically exploited;
* Immediate processing of any complaint;
* Reinforcement of the rhythm of the relationship with the most important customers, by more numerous visits or phone calls or with a greater number of interlocutors;
* Development, thanks to information, of the processing of information relating to each customer and their exploitation by the company;
* Follow-up, by correspondence or by telephone, with customers who have not ordered for months;
* Retaliatory operations with the best customers of the most offensive competitors.
	+ - * 1. **Characteristics of customer satisfaction**

 The way a customer evaluates a product and/or service is based on a set of criteria: subjectivity, relativity and scalability (Daniel, 2001, p. 24).

Figure 6 : Characteristics of customer satisfaction

 **Expected quality**

**Scalable (varies over time)**

**Relative (depends on expectations)**

**Subjective (customer perception)**

Source : Daniel Ray : « Mesurer et développer la satisfaction clients », édition d’organisation, Paris 2001, P 24

* **Satisfaction is subjective**: customer satisfaction depends on their perception of products and services and not on reality, that is, people's perception is different.
* **Satisfaction is relative**: in other words, it is directly dependent on the customer's perception and therefore inherently subjective; satisfaction also varies according to the level of expectation.
* **Satisfaction is scalable**: satisfaction evolves over time at two different levels depending on both expectations and standards and the product's use cycle.

 It is not enough to know globally if the perceived quality is good or bad and if the consumer is satisfied or not. It is important to determine the factors on which these assessments are based.

 Satisfaction researchers have long noted that the causes of satisfaction and dissatisfaction are not necessarily the same. This observation was made for the first time in the study of employee satisfaction. This finding is similar to customer satisfaction (Lendrevie, 2003, p. 914).

 The fulfillment of certain expectations is not a reason for satisfaction because it is considered normal by the client. Conversely, failure to do so can lead to great dissatisfaction. Conversely, receiving an unexpected service (surprise effect) can lead to increased satisfaction, whereas non-performance would not lead to dissatisfaction.

 Finally, during this section we have learned about marketing performance evaluation indicators and their meaning. This evaluation can help the manager in his decision-making.

Table 4 : Marketing Mix KPIs

|  |  |  |
| --- | --- | --- |
| **Marketing mix dimension** | **Performance indicators** | **Comments/ cautions** |
| Advertising | $ cost per thousand# Gross rating points# Frequency of exposure | Allocating advertising budget.Analyzing campaign results and separating them from other marketing mix elements. |
| Online and direct marketing | # Page views# Visits% Conversion rate | The ease of monitoring in all stages (prospecting, purchase, re-purchase). |
| Public relations | $ Cost per event# Exposure per event# Positive media exposures | PR techniques differ from advertising, but objectives are similar. |
| Loyalty programs | % Participation rate# Purchase frequency | Differentiate based on client categories. |
| CRM and customer service | # Customer engagement% Customer satisfaction level | Synergy between people and technology. |
| Sales promotion | $ Cost per promotion% Coupon conversion# Samples | Difficulty to create loyalty and long term relations. |
| New product development | % Revenue from new products | Difficulty to evaluate innovation from a quantitative perspective. |

Source: (Ambler, 2003)

Table 5 : Marketing Mix KPIs examples

|  |  |
| --- | --- |
| **Marketing mix element** | **Performance indicators examples** |
| Product and portfolio management  | Year on year increase; Trial; Cannibalization; Repeat sales; Frequency of purchase. |
| Price analysis and profitability | Margin per unit; Average price per unit; Variable costs; Marketing expenses from sales. |
| Pricing strategy | Price premium; Good value; Price sensitivity. |
| Distribution channels management | Numerical distribution; Out of stocks; On time delivery; Value of discounts |
| Sales force | Potential sales; Sales force effectiveness; Prospects in pipeline. |
| Sales promotion | Coupon conversion; Sales with coupons; Campaign profitability. |
| Advertising and online marketing | Gross rating points (GRP); Target rating points (TRP); Cost per thousand; Click through; Cost per order; Cart abandon rate. |

Source: (Reibstein O. , 2006).

## Marketing performance and consumer behavior

### Measuring the impact of marketing activities on consumer behavior

 Series of dimensions have been discussed to measure the impact of marketing activities on consumer behavior and attitudes (Ambler et al., 2004).

* **Awareness**: The ease for consumers to identify the company and its different products and services;
* **Associations**: Strengths, benefits, and uniqueness of the company and the brand attributes;
* **Attitudes**: Global assessment and evaluation of companies and brands in terms of quality and satisfaction;
* **Commitment**: It is about loyalty to companies and brands;
* **Experience**: The extent to which consumers use the product, talk about it, search for information or promotions, etc.

 Rebstein et al. (2006) introduced the "Awareness-Attitude-Consumption" chain as a hierarchy for the impact of marketing activities on customers:

Figure 7: Awareness – Attitudes – Consumption: Hierarchy of Effects

**Awareness (Knowledge): Have you heard about brand X?** Consumers must be aware of the existence of the product, then…

**Attitudes (Beliefs and intentions): Is brand X suitable?** Develop attitudes related to the product and finally …

**Consumption (Purchase habits and loyalty): Have you used brand X?** Purchase and consume the product.

Source: Reibstein, et al… 2006

### Consumer behavior performance indicators

 Gupta and Zeithaml (2006) analyzed consumer behavioral performance indicators and divided them into two categories: Observable and non-observable indicators.

#### Observable indicators

 These indicators measure visible purchase and consumption behavior (such as new clients acquired, client retention, frequency of purchase etc.);

* **Customer acquisition**: When a customer (even a lost customer) buys a product from the company for the first time;
* **Customer retention**: related to the profitability of retaining customers and continuing to purchase products from the company;
* **Cross-selling**: When a company tries to sell complementary products to existing customers.
* **Customer loyalty**: It is defined as the percentage of customers with a certain frequency of purchases. Loyalty means a firm commitment to continue buying a preferred product despite environmental factors and pressure from competitors (Oliver, 1999). The presence of loyalty is indicated by a range of behaviors that indicate motivation for the relationship with the company, including a high percentage of wallets, repeat purchases, and referrals (Zeithaml et al.,, 2006).

#### Non-observable indicators

 These indicators measure perceptions (e.g. quality of service), attitudes (e.g. customer satisfaction) or intentions (e.g. purchase intentions). Usually, these types of indicators are measured by means of surveys.

* **Customer satisfaction**: One of the most popular marketing performance metrics is customer satisfaction. Satisfaction is easily understood by customers and easily communicated to managers. Generally speaking, customer satisfaction measures the customer's perception of how well a product meets their expectations (Zeithaml, 2006). Recently, a new metric called Net Promoter Score (NPS) has been promoted as a simple and effective measure of customer satisfaction. Rebstein et al. (2006) called this metric “recommendation intention” because it aims to measure the willingness and liking of customers to recommend a product or company to a friend.

Figure 8 : Links between consumer behavior indicators and financial performance

Behavioral (observable) indicators

Perception (non-observable) indicators

Marketing actions

Financial performance (profit, firm value)

What firms do

What consumers think

What consumers do

What firms obtain

Source: Gupta and Zeithaml, 2006

**Conclusion of the second chapter**

This chapter has taught us that performance has many dimensions. In this sense there is no single definition of the concept because each dimension has a specific notion.

Good performance lies in the right balance between results and business capabilities, or the right balance between effectiveness and efficiency.

The successful company does the best the right things, in the best way to meet the needs and expectations of the customers; it always improves its performance and its satisfaction of its customers.

Marketing performance occupies a prominent place in the activities of the company and can be measured in several ways and on the basis of several indicators.

It is subjective, because it is the product of an operation by subjective nature which consists in bringing a reality closer to a wish and in noting the degree of success of an intention.

And to better understand the evaluation of the marketing performance of the company, we will try to study its evaluation in the next chapter through a practical case and try to measure the marketing performance within “La Banque de Développement Local”.

#

# CHAPTER 3: MARKETING PERFORMANCE WITHIN THE BDL

# Introduction of the third chapter

 Currently, the Algerian financial system appears to be one of the most efficient sectors in the southern Mediterranean region, it allows monetary transactions necessary for economic exchanges to be carried out, as it allows economic agents with financing capacity to issue capital and other means of financing available to other economic agents in need of financing. Most banks in Algeria are based on the initiation of foreign methods and techniques, that is to say that the entities only imitate the means and methods used by Western countries, including “marketing banking”.

 After presenting our theoretical case in which we discussed the evolution of banking marketing, its tools, and its marketing plan. Thus, emphasize the notion of business performance and more particularly marketing performance. We are going to try to implement our theoretical knowledge in the field by carrying out a survey within the marketing and communication department in a public Algerian bank: “La Banque de Développement Local”.

# Section 1: General Presentation of the BDL

        The Local Development Bank carries out all the activities of a deposit bank, in particular, it provides financial services to professional groups and companies. It handles all banking, foreign exchange and credit transactions within the framework of banking legislation and regulations.

## Presentation of the BDL

### Bank data sheet (MSDS)

* **Company’s name:** Banque de Développement Local - by abbreviation BDL.
* **Creation:** Decree No. 85/85 of April 30, 1985 in the form of a National Banking Company intended for financing and local development. The BDL became autonomous and transformed into a joint-stock company-SPA on February 20, 1989.
* **Legal form:** Joint-stock company – EPE / SPA.
* **Share capital:** 36.8 billion DZD
* **Shareholders:** the state represented by the Ministry of Finance
* **Head office:** 05, rue GACI Amar, Staouèli- Algiers
* **Purpose:** Universal bank paid mainly in the financing of SMEs/SMIs, individuals and the liberal professions. The BDL is the only local bank to carry out the pawn broking activity in Algeria.
* **Bank of Algeria approval:** Decision Bank of Algeria No. 2002/03 of September 23, 2002.
* **BDL’s visual identity:**

Table 6 : Visual identity of the BDL

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Logo** | **Slogan**  | **Signification** | **Website** | **Social media followers** |
| téléchargement.png | “Ensemble pour l’excellence” which means “Together for the excellence”. The slogan reflects the brand image, the logo and the colors used by the brand, a very simple, meaningful and attractive slogan. | The logo is a combination of the two colors yellow and purple. The yellow color reflects optimism, dynamism and light as well as life, and purple represents the sense of elegance and spirituality. So, the BDL logo reflects the values ​​of the bank. | [www.bdl.dz](http://www.bdl.dz)Modern, programmed in French and Arabic using the graphic charter of the logo. | Facebook : Banque de Développement Local-BDL : 499 278LinkedIn : 3 887Instagram : 5 155YouTube : 4 006Twitter : 6 913 |

Source: Internal documents of the BDL-DMC

### Vocation of the bank

 The youngest of the public banks, founded in 1985, its first mission was to support and finance local public companies in their local and regional development.

 The BDL exercises the traditional activities of a universal bank through the collection of savings from the public and households, the provision and management by means of payment, as well as the granting of loans.[[5]](#footnote-6)

Its client portfolio consists of:

* Large companies;
* SMEs/SMIs (including VSEs/ PEs);
* Professionals;
* Households and individuals.

 It is also distinguished by a specific activity which is “pawnbroking[[6]](#footnote-7)”.

 The BDL aims, in the coming years, to consolidate its position on these markets by offering its customers innovative financial services by mobilizing all its forces and resources in order to:

* Remain attentive to its customers by offering a range of products that meet their needs;
* Satisfy the shareholder by optimizing financial profitability;
* Provide partners with reliable and relevant information.

 In an inclusive approach, the Local Development Bank also aims to provide the best possible support for micro-enterprises resulting from assisted schemes, called to become Start-ups, because they are young innovative companies with high development potential requiring support to be able to finance their economic growth.

### The bank’s commercial strategy

#### The commercial network

 The Local Development Bank deploys its activities through a large national network.

 The sustained consolidation of the market share, induced by unbridled competition and an effective local service, inevitably involves the development and modernization of the operating network supported by a framework and a qualitative reconfiguration, targeting the improvement of working conditions. Work in favor of employees, reception and entry into relationships with customers.

 Thus, the opening of new branches obeys technical requirements and the regulatory framework enacted by the Bank of Algeria. In doing so, the Bank's branch network has undergone a remarkable expansion, through the opening of new branches, it now has:

* 163 commercial agencies and 02 annexes supervised by 34 commercial poles and supported by 16 operational poles;
* 06 agencies dedicated to pawnbroking.

Figure 9 : Commercial Network of the Local Development Bank



 Source: Internal documents of the BDL-DMC

#### The new commercial policy

 The objective is to be close to the agencies. In other words, a single level of intermediary between the bank and BDL’s agencies spread over the 58 states, for this purpose the bank has implemented a business project oriented towards taking care of the needs of its customers. And this can lead to the personalization of the bank-customer relationship.

 This approach made it possible in the first place to position the customer at the center of the bank's strategic objectives, as well as the involvement of each commercial manager within each branch in the promotion of the bank's new products and services with the aim of attracting more resources. It is important for the bank to be easily accessible by its customers through the implementation of innovative and modern products, so as to be more efficient, more productive, and really more relevant in terms of offers, and listening to customers.

 In addition and for a better proximity, the latter has adopted a new concept called “the concept of a seated, transparent bank”. Customers have a dedicated customer advisor. Thus, each customer adviser has his own customer portfolio. Therefore, the client will only have to deal with a single interlocutor at the level of the agency who takes care of all the aspects, both commercial and domestic in the sense of the individual. In the same vein, promoters or sales advisers are called upon to manage client portfolios, but also to attract and win over new clients who will be assigned directly to them, and, thanks to the bank's information system, assign each salesperson his client, then assign each one of them an objective to achieve according to potential and region.

 Social networks spearhead the commercial campaign, one of the means used to carry out the commercial campaign. It is important to know that the bank relies heavily on social networks in order to reach customers as well as bank staff (human capital) that the bank must preserve and enhance.

 The bank wants to access digitalization in the management of complaints. Achieve a goal of zero complaints within BDL branches, all complaints from BDL customers are taken care of and processed within extremely short deadlines until the customer is satisfied.

#### Strengths of the BDL

* An extensive operating network covering the entire national territory, with a significant presence in the southern part of the country. In addition, the BDL aims to have an increased presence on Algerian territory by creating new branches in regions experiencing a resurgence of economic activity.
* A professional consideration not altered by the subjective stereotypes that wrongly accompany the beneficiaries of the creation aid schemes put in place by the State: For the BDL, young entrepreneurs are part of a "Companies" segment towards which it deploys appropriate financial products and services.

### Economic power of the BDL

#### Values of the BDL

* **Modernity, evolution and maturity:** in order to respond to the environment on the subject of modernization of Algerian banks; to counter the perception of an aging image that Algerian banks give off; to be part of a continuous evolution and to highlight the level of mastery, adaptation and maturity of the BDL.
* **Attractiveness and seduction:** In order to arouse interest, attract and mark the spirits with a new brand as well as to seduce the general public and the environment.
* **Dynamism, youth and energy:** For highlighting the young spirit of the bank, the energy of its teams and the dynamism of the bank.
* **High-tech, digital and security:** Base communication on the Bank's strengths in terms of technology and the digitalization strategy implemented by the BDL. Thus to highlight high levels of security of BDL operations
* **Ecology and environment:** To register the BDL in a register of environmental protection, sustainable development and ecology.
* **Compliance:** In order to promote the reliability of the bank, its regulatory rigor as well as its compliance.

#### Objectives of the BDL

* **Source of employment and GDP growth:** The development of the financial system contributes to economic growth. Financial development creates conditions conducive to growth, either through a supply driver (financial development drives growth) or through demand tracking. It is this industry that works continuously to ensure financial stability, facilitate international trade and promote employment.
* **Coverage against risks:** whether it is a natural calamity or a man-made disaster, the BDL alleviates the after effects of the destruction by providing financial support to the victims to get up and lead a peaceful life again.
* **Diversified services:** The BDL offers a multitude of services from individuals to professionals and companies (SMEs, SMIs and VSEs).
* **Connect people:** With the advent of new age technological advancements, The BDL has made life easier for the common man. People can make their transactions in real time in many places.
* **Move from the simple role of savings and credit facilitator:** BDL's top priorities are regulatory compliance, improving asset quality, strengthening customer centricity, focusing on digital convergence, and fighting competition from non-banks. The BDL is therefore making commercial and technological investments to change their business models.

## The environment of the BDL

 The components of the environment are therefore economic and political, socio-cultural, technological, ecological and legal:[[7]](#footnote-8)

### Political aspect

* Fiscal, political and governmental stability;
* The opening of the capital of public banks through the stock exchange;
* Involvement of public authorities;
* Financial market and financial reform;
* Increase the bank’s capital;
* Examine the economic and monetary financial situation at the national and international levels;
* Reduce the reserve requirement ratio;
* Freeing up additional liquidity margin;
* Strengthen the financing capacities of banks;
* National economic recovery and diversification policy of the national economy;
* Banking modernization and improvement of existing banking services;
* An attractive rate policy followed by an aggressive policy of offering innovative banking products and services;
* A permanent upgrade of the human resources and its qualification;
* A more marked aptitude for new banking professions.

### Economic aspect

* The Islamic finance and “El Badil” formula launched by the BDL through 9 products certified by the national Sharia authority;
* Inauguration of the first window dedicated to Islamic Finance;
* The inflation rate, the growth rate and the exchange rate as variables that influence the BDL’s activity;
* The national currency fluctuation;
* The competitiveness and attractiveness of the banking sector;
* A powerful and efficient banking system at the service of growth;
* The fluidity of transactions via forecasts of an acquisition of TPEs;
* The money supply of economic agents outside the banking circuit;
* Household spending and income as one of the main economic aspects.

### Socio-cultural aspect

* 42.34 M Inhabitants including 27 M elderly people aged 16-64 and 2.6 M people aged over 65;
* 49.5% of the population are women against 50.5% men;
* 73% of the population is urban;
* 62% of the population is under 35 years old;
* A young and living population mainly in urban areas;
* Algerian society is mostly young, urban and digitally oriented;
* 58% of the global population is connected to the Internet;
* The cultural diversity of BDL's clients to use the websites and applications on a daily basis;
* A strong social commitment on the part of the BDL, it is a real contact between the customers and the bank, the target is a permanently connected clientele with diverse interests and therefore the clients feel they belong to a network.

### Technological aspect

* The high technology used by BDL to strengthen its relationships with clients, improve the products and services it offers, improve its activities and modernize its computer systems;
* The BDL's information system constitutes an important advantage in terms of competitive differentiation;
* The BDL has 170 ATMs at the national level;
* The circulation of 9,500 interbank withdrawal cards (CIB) for the benefit of BDL customers at the end of 2021;
* The "digit-banque" mobile application offered by the bank, which allows several operations to be carried out, including consulting customer accounts and making transfers;
* The BDL has implemented an information systems security policy (ISS).

### Ecological aspect

* The BDL is very active in the environmental field by joining forces with organizations that work to raise awareness of the environment (clubs, associations, etc.) and participation, for example, in forestation campaigns;
* E-commerce allows customers to limit travel with the bank's new application and website (limitation of consumer greenhouse gas emissions).

### Legal aspect

* The BDL must respect a strict and controlled regulatory framework, legal care and internal rules;
* Algerian banks obey regulations under the authority of the Bank of Algeria;
* Protection of consumers and their confidential data;
* The BDL aims to obtain ISO certification in order to formalize the standardization of the governance and operation of the BDL to international standards;
* Compliance with and respect for regulations and international standards are essential elements in BDL's communication.

## General organization of the BDL

The new organization was put in place in 2017 to meet the bank's strategic objectives.[[8]](#footnote-9)

### Organization chart of the Local Development Bank

Figure 10 : Organization chart of “La Banque de Développement Local”

GENERAL DIRECTOR

General Management Office

Inspection and Audit Division –DIA-

Human Capital Department –DCH-

Internal Audit Department –DAI-

General Inspection Department –DIG-

Project Management Unit–CMP-

Quality Mangement Department –DMQ-

DGA/ Support Information System- DGA/SSI

DGA/ Back-Office and Operations- DGA/BOP

DGA/ Commercial-DGA/COM

DGA/ Risk, Control and Compliance-DGA/RCC

Financial Risk Department –DRF-

Organization Procedures Department –DOP-

Treasury and Markets Department –DTM-

Classic Bank Department –DBC-

Legal and Litigation Department –DJC-

Information System Department –DSI-

Payment Services Department –DSP-

Electronic Digital Banking Department -DMBD-

Accounting Department -DCC-

Credit Analysis and Monitoring Department –DASC-

Permanent Control Department –DCP-

Regulations Department –DR-

Operational Division Supervision Department - DSPO-

Marketing Communication Department –DMC-

Compliance Department–DCF-

Mangement Control Department –DCG-

Material Means Department –DMM-

Institutional Guarantees and Insurance Department –DGIA-

Electronic Payments Development Department –DDPE-

Information Systems Security Structure –SSSI-

Network Development Department –DDR-

Debt Collection Department –DRC-

Operational Risk Department –DRO-

Security and Archives Department –DSA-

Pawnbroking Department –DPG-

Investment Managment Department–DGP-

Charaic Compliance Department Islamic Products –DCCPI-

Support and Maintenace Department –DSM-

Islamic Finance Department –DFI-

Markets Management Department –DGM-

Large Companies Department –DGE-

Islamic Products Permanent Control Departrment –DCPPI-

Headquarters Administration Department –DAS-

Accounts Remediation Unit –CAC-

### Source: Internal documents of the BDL-DMC

### Presentation of the reception structure[[9]](#footnote-10)

 With reference to CEO Decision No. 566/2016 of November 13, 2016 on the macro and micro structure organization of the “Marketing and Communication” Function within the Local Development Bank, the main missions as well as the hierarchical structure of all the activities of the Marketing and Communication Department through its designated positions.

#### Main missions and attributions

* Contribute to the definition of the marketing and communication strategy of the bank;
* Ensure the process of monitoring, reflection and strategic proposals;
* Design and implement the bank's product and service offering as well as its pricing;
* Promote the offer of products and services of the bank;
* Ensure advertising and institutional communication, operational marketing as well as the promotion and preservation of the image of the bank in general;
* Ensure the consistency of marketing communication with that of internal and institutional communication;
* Ensure that all structures of the bank respect the use of the graphic charter and visual identity and their maintenance ;
* Define and implement multi-channel communication campaigns (internets, press, advertising, direct approach, etc.);
* Define the strategic axes of development, launch of new and existing products;
* Supervise and coordinate marketing studies;
* Implement and promote a CSR (social and environmental responsibility) approach within the bank;
* Manage the budget for marketing and communication.

#### Macro structure of the marketing and communication department

* Administrative secretariat;
* Strategic Marketing Department;
* Operational Marketing Department;
* Communication Department;
* Digital Marketing Department.

#### Organization chart of the marketing and communication department

Figure 11 : Organization chart of the Marketing and Communication Department[[10]](#footnote-11)

Source: Abderraouf Chacouche, Director of the Marketing and Communication Department at the BDL

* + - 1. **“Strategic Marketing” Sub-function established as a department: main missions and responsibilities[[11]](#footnote-12)**
* Analyze banking and financial market trends and establish a diagnosis;
* Monitor the marketing of the bank's products, as well as design and place new products.

**The micro structures composing the Strategic Marketing Department are:**

* “Studies and Researches” Service;
* “Analytics and Data Mining” Service;
* “New Product Development” Service.
	+ - 1. **“Operational marketing” Sub-Function established as a department: main missions and objectives**
* Define direct marketing and advertising plans, particularly in terms of objectives, means and targets;
* Develop and update the sales pitch;
* Manage the budget for operational marketing.

**The micro structures composing the Operational Marketing Department are:**

* “Events and fairs” Service;
* “Direct Marketing and Advertising” Service;
* “Visual identity and charter” Service.
	+ - 1. **“Communication” Sub-Function established as a department: main missions and responsibilities[[12]](#footnote-13)**
* Define, implement and evaluate the communication strategy and ensure its consistency with the bank's overall strategy;
* Contribute to the definition of marketing and communication plans, particularly in terms of objectives, means and targets;
* Define, implement and evaluate the CSR approach and ensure its consistency with the bank's overall strategy;
* Ensure consistency between all internal and external communication actions (commercial campaigns, public relations, patronage, sponsorship, etc.);¬
* Facilitate, coordinate and promote the various actions that contribute to the development of the bank's image and reputation, relying on all techniques and all means of communication: press relations, public relations, events, social media etc ;
* Organize conferences and press briefings as well as public relations events on behalf of the general management;
* Ensure the bank's institutional communication and provide responses to all requests and requests for information from public authorities, monetary authorities or other external institutions.

**The micro structures composing the Communication Department are:**

* “Communication and Public Relations” Service;
* “Social and Environmental Responsibility” Service.
	+ - 1. **“Digital Marketing” Sub-Function established as a department: main missions and responsibilities[[13]](#footnote-14)**
* Implement the Bank's digital strategy;
* The definition of brand socialization objectives;
* The definition of the charter of use;
* Develop the brand image of the company on the internet through the animation of communities (Facebook, Twitter, etc.);
* Contribute to the establishment of exchange spaces such as Facebook pages, blogs, etc.);
* Monitor the web for everything that is said about the company and its products and services and respond with compelling content;
* Listening and making an inventory of the e-reputation (online notoriety) of the company and implements solutions when there are unfavorable opinions (critics, crisis, etc.);
* Produce content likely to create debate or the sharing of experiences, practices between Internet users and/or consumers;
* Ensure compliance with the ethical rules of the community through a moderation action on the content produced by Internet users;
* Design or participate in the architectural design of the site;
* Set up or participate in the development of the graphic charter;
* Take care of the management and editorial content of the site;
* Manage and constantly improve the SEO of the site.

**The micro structures composing the Digital Marketing Department are:**

* “Social Media Management” Service;
* “Webmaster” Service.

# Section 2: Research methodology

The main objective of an empirical research is to give some answers to our main research question, through, answering our sub questions. Before that, we have suggested for each sub question, the hypothesis that is compatible with it:

**Main research question:**

**“How are marketing performance practices being measured within a public bank?”**

**Sub questions:**

* **SQ1:** What are the different indicators and KPIs that influence the marketing performance within the bank?
* **SQ2:** What is the impact of the marketing budget on the marketing profitability in the bank?
* **SQ3:** How does the customer satisfaction contribute in the MPM of the bank?

**Hypotheses**

* **Hypothesis1:** The indicators of measuring marketing performance within the bank are net banking income, customer satisfaction and financial key ratios
* **Hypothesis2:** The marketing budget influences positively the marketing profitability in the bank.
* **Hypothesis3:** Customer satisfaction is measured by the evolution of the number of customer accounts, the collection of customer resources and customer commitments.

To reach our objectives, we will try to apply the theoretical approach that we have seen over the two last chapters in this section. Our analysis of performance will be based on marketing metrics. We will try to measure the marketing performance of the BDL through different steps.

We will first see the different products and services offered by the BDL and the value of each one; we will then evaluate the impact of the net banking income on the marketing budget. We will calculate the different KPIs that represent the financial ratios and the key figure that measure the profitability of the bank.

Marketing performance can be measured in several ways, it can be qualitative by the action plan of the BDL that works on developing the image of the bank, and it can be quantified thanks to the financial resources.

## Products and services of the BDL

### Individuals

* Checking account;
* International VISA Card;
* International MasterCard Card;
* Real Estate Credit;
* Consumer Credit;
* Pawnbroking;
* El Amane account;
* CIB International Card;
* Money Gram (Receive money from abroad).

### Professionals/ Companies

* Current account;
* E-banking of SMEs / Companies / PL (operation and investments);
* Risk coverage of loans granted by VSEs;
* Financing of Real Estate Promotion;
* Financing of Tourism Promotion;
* Interbank Card - CIB Corporate;
* Electronic Payment Terminal - TPE.

### Account, deposit and investments

#### Deposits and investments

* Savings account without remuneration El Badil;
* Savings account with remuneration El Badil;
* Cash voucher;
* A term deposit;

### Account Operations

* Intelligent Transfer Scooping / Clipping (Individual);
* Permanent transfer.

Table 7 : Income statement 2016, 2017, 2018, 2019, 2020

Unit: Millions DZD

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Indicator** | **2016** | **2017** | **2018** | **2019** | **2020** |
| **Banking products** | 50 126 | 52 658 | 60 911 | 49 150 | 48 783 |
| **Bank charges** | 10 550 | 12 294 | 13 472 | 13 775 | 15 484 |
| **Net banking income** | 39 576 | 40 365 | 47 439 | 35 376 | 33 299 |
| **General expenses** | 11 361 | 11 898 | 13 233 | 12 947 | 12 947 |
| **Gross operating income** | 27 542 | 27 589 | 33 070 | 18 872 | 18 872 |
| **The result of the fiscal year** | 16 751 | 13 802 | 16 310 | 1 668 | 2 569 |

Source: Activity reports 2016, 2017, 2018, 2019, 2020

## Performance indicators within the BDL

### The BDL’s action plan

 BDL's marketing action plan represents a set of fixed objectives and strategic orientations, mainly centered on the following qualitative and priority actions:

* The increase in customer resources, through the adoption of an innovative and competitive commercial strategy;
* Support for the Bank's customers, through its various segments (individuals, professionals, SMEs-SMIs and VSEs-PEs) in the financing of their projects;
* The deployment of Islamic finance at the level of the operating network, through the various financing and investment products;
* The increase in the rate of customer equipment, through the marketing of different ranges of products offered by the Bank;
* The development of the digital bank through the “Digit-Banque” application and the modernization of the website;
* Improving the efficiency of debt collection processes;
* The development of the commercial network of the Bank, and the layout of the operating premises which reflects the standards symbolizing the identity of the BDL;
* The modernization and optimization of operating methods with a view to improving operational efficiency, in particular through the implementation of new information and management systems (management of credit applications, risk management, human resources, etc. );
* Improving the governance framework of the information systems and computer security management system;
* Raising the level of prudential and management ratios;
* Career management and permanent upgrading of employees, through an appropriate training program.

### The KPIs of the BDL

 The KPIs of the BDL are the key figures that measure the profitability and overall the performance of the bank.

#### Financial KPIs

Table 8 : Key financial profitability, liquidity, leverage, activity ratios calculations and interpretations.

|  |  |  |
| --- | --- | --- |
| **Profitability ratios** | **Calculations** | **Interpretations** |
| * Gross profit margin
 | $$\frac{Sales-Cost of goods sold}{Sales}$$ | Shows the percentage of revenue available to cover operating expenses and yield a profit. Higher is better and the trend should be upward. |
| * Operating profit margin (return on sales)
 | $$\frac{Sales-Operating expenses}{Sales}$$Or$$\frac{Operating income}{Sales}$$ | Shows the profitability of current operations without regard to interest changes and income taxes. Higher is better and the trend should be upward. |
| * Net profit margin (or net return on sales)
 | $$\frac{Profit after taxes}{Sales}$$ | Shows after-tax profits per dinar of sales. Higher is better and the trend should be upward. |
| * Total return on assets
 | $$\frac{Profit after taxes+Interest}{Total assets}$$ | A measure of the return on total monetary investment in the firm. Interest is added to after-tax profits to form the numerator since total assets are financed by creditors as well as by stockholders. Higher is better and the trend should be upward. |
| * Net return on total assets ROA
 | $$\frac{Profit after taxes}{Total assets}$$ | A measure of the return earned by stockholders on the firm’s total assets. Higher is better, and the trend should be upward. |
| * Return on stockholder’s equity ROE
 | $$\frac{Profit after taxes}{ Total stockholders^{'}equiy}$$ | Shows the return stockholders are earning on their capital investment in the firm. A return in the 12-15% range is “average”, and the trend should be upward. |
| * Return on invested capital ROIC (sometimes referred to as return on capital employed ROCE)
 | $$\frac{Profit after taxes}{\begin{array}{c}Longterm debt\\+\\Total stockholdes^{'}equity\end{array}}$$ | A measure of the return shareholders are earning on the long-term monetary capital invested in the firm. A higher return reflects greater bottom-line effectiveness in the use of long-term capital, and the trend should be upward. |
| * Earnings per share EPS
 | $$\frac{Profit after taxes}{\begin{array}{c}Number of shares of common\\stock oustanding\end{array}}$$ | Shows the earnings for each share of common stock outstanding. The trend should be upward, and the bigger the annual percentage gains, the better. |
| **Liquidity ratios** | **Calculations** | **Interpretations** |
| * Current ratio
 | $$\frac{Current asstes}{Current liabilities}$$ | Shows a firm’s ability to pay current liabilities using assets that can be converted into cash in the near term. Ratio should definitely be higher than 1.0; ratios of 2 or higher are better still. |
| * Working capital
 | $$Current assets$$$$-$$$$Cuurent liabilities$$ | Bigger amounts are better because the company has more internal funds available to (1) pay its current liabilities on a timely basis and (2) finance inventory expansion, additional accounts receivable, and a larger base of operations without resorting to borrowing or raising more equity capital. |
| **Leverage ratios** | **Calculations** | **Interpretations** |
| * Total debt-to-assets ratio
 | $$\frac{Total debt}{Total assets}$$ | Measures the extent to which borrowed funds have been used to finance the firm’s operations. Low fractions or ratios are better – High fractions indicate overuse of debt and greater risk of bankruptcy. |
| * Long-term-debt-to-capital ratio
 | $$\frac{Long term debt}{\begin{array}{c}Long term debt \\+ Total stockholders^{'}equity\end{array}}$$ | An important measure of creditworthiness and balance sheet strength. Indicates the percentage of capital investment that has been financed by creditors and bondholders. Fractions or ratios below 25% are usually quite satisfactory since monies invested by stockholders account for 75% or more of the company’s total capital. The lower the ratio, the greater the capacity to borrow additional funds. Debt-to-capital ratios above 50% and certainly above 75% indicate a heavy and perhaps excessive reliance on debt, lower creditworthiness, and weak balance sheet strength. |
| * Debt-to-equity ratio
 | $$\frac{Total debt}{Total stockholders^{'}equity}$$ | Should usually be less than 1.0. Higher ratios (especially above1.0) signal excessive debt, lower creditworthiness, and weaker balance sheet strength. |
| * Long-term debt-to-equity ratio
 | $$\frac{Long term debt}{Total stockholders^{'}equity}$$ | Shows the balance between debt and equity in the firm’s long-term capital structure. Low ratios indicate greater capacity to borrow additional funds if needed. |
| * Times-interest-earned (or coverage) ratio
 | $$\frac{Operating income}{Interest expenses}$$ | Measures the ability to pay annual interest charges Lenders usually insist on a minimum ratio of 2.0, but ratios above 3.0, signal better creditworthiness. |
| **Activity ratios** | **Calculations** | **Interpretations** |
| * Days of inventory
 | $$\frac{Inventory}{Cost of goods sold÷365}$$ | Measures inventory management efficiency. Fewer days of inventory are usually better. |
| * Inventory turnover
 | $$\frac{Cost of goods sold}{Inventory}$$ | Measures the number of inventory turns per year. Higher is better. |
| * Average collection period
 | $$\frac{Accounts receivable}{Total sales revenues ÷365}$$Or $$\frac{Accounts receivable}{Average daily sales}$$ | Indicates the average length of time the firm must wait after making a sale to receive cash payment. A shorter collection time is better. |
| **Other financial measures** | **Calculations** | **Interpretations** |
| * Dividend yield on common stock
 | $$\frac{Annual dividens per share}{Current market price per share}$$ | A measure of the return that shareholders receive in the form of dividends. A “typical” dividend yield is 2-3%. The dividend yield for fast-growth companies is often below 1% (maybe even 0); the dividend yield for slow-growth companies can run 4-5%. |
| * Price-earnings ratio
 | $$\frac{Current marketprice per share}{Earnings per share}$$ | P-E ratios above 20 indicate strong investor confidence in a firm’s outlook and earnings growth; firms whose future earnings are at risk or likely to grow slowly typically have ratios below 12. |
| * Dividend payout ratio
 | $$\frac{Annual dividens per share}{Earnings per share}$$ | Indicates the percentage of after-tax profits paid out as dividends. |
| * Internal cash flow
 |  $Aftertax profits$$$+$$$$Depreciation$$ | A quick and rough estimate of the cash the business is generating after payment of operating expenses, interest, and taxes. Such amounts can be used for dividend payments or funding capital expenditures. |
| * Free cash flow
 |  $Aftertax profits$$$+$$$$Depreciation$$$$-$$$$Capital expenditures$$$$-$$$$Dividends$$ | A quick and rough estimate of the cash a company’s business is generating after payment of operating expenses, interest, taxes, dividends, and desirable reinvestments in the business. The larger a company’s free cash flow, the greater is its ability to internally fund new strategic initiatives, repay debt, make new acquisitions, repurchase shares of stock, or increase dividend payments. |

Source: Key financial ratios: How to calculate them and what do they mean? Guide to Case Analysis.

#### Marketing KPIs

Table 9 : Marketing metrics for MPM of the firm.

|  |  |  |  |
| --- | --- | --- | --- |
| **Metric** | **Construction** | **Consideration** | **Purpose** |
| **Net Profit** | Sales revenue less total costs. | Revenue and costs can be defined in a number of ways leading to confusion in profit calculations. | The basic profit equation. |
| **Return On Sales ROS** | Net profit as a percentage of sales revenue. | Acceptable level of return varies between industries and business models. Many models can be described as high volume/low return or vice versa. | Gives the percentage of revenue that is being captured in profits. |
| **Earnings Before Interest, Taxes, Depreciation, and Amortization EBITDA** | Earnings Before Interest, Taxes, Depreciation, and Amortization. | Strips out the effect of accounting and financing polices from profits. Ignores important factors, such as depreciation of assets. | Rough measure of operating cash flow. |
| **Return on Investment ROI** | Net profits over the investment needed to generate the profits | Variations such as return on assets and return on investment capital analyze profits in respect of different inputs. | A metric that describes how well assets are being used. |
| **Economic Profit (aka EVA, Economic Value Added)** | Net operating profit after tax (NOPAT) less the cost of capital. | Requires a cost of capital to be provided/ calculated. | Gives a clearer distinction between the sizes of return than does a percentage calculation. |
| **Payback** | The length of time taken to return the initial investment. | Will favor projects with quick return more than long-term success. | Simple return calculation. |
| **Net Present Value NPV** | The value of a stream of future cash flows after accounting for the time value of money. | The discount rate used is the vital consideration and should account for the risk of the investment too. | To summarize the value of cash flows over multiple periods. |
| **Internal Rate of Return IRR** | The discount rate which NPV on an investment is zero. | IRR does not describe the magnitude of return; $1 in $10 is the same as $1 million on $10 million. | An IRR will be compared to a firm’s hurdle rate. If IRR is higher than hurdle rate, invests; if lower, pass. |
| **Marketing Return on Investment; Revenue MROI or ROMI** | Incremental financial impact attributable to marketing divided by the marketing spending. | Marketers need to establish an accurate baseline to be able to meaningfully estimate incremental financial effects of marketing. | Evaluates productivity if various marketing efforts.  |

Source: Internal documents of the BDL-DMC, different marketing metrics to measure performance.

#### Other KPIs

Table 10 : Other KPIs of the BDL.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Indicators** | **2017** | **2018** | **2019** | **2020** |
| **Number of CIB cardholders** | 135 460 | 163 204 | 209 750 | 227 830 |
| **Number of withdrawal and payment transactions** | 262 504 | 594 435 | 809 602 | 845 132 |
| **Number of subscribers to the e-Banking service** | 43 442 | 65 817 | 81 031 | 88 879 |
| **The TPE park** | 2 745 | 4 500 | 6 506 | 6 508 |
| **Number of payment transactions carried out on TPE** | 27 450 | 32 084 | 108 763 | 172 177 |
| **Overall number of ATMs**  | 155 | 160 | 170 | 170 |
| **Number of transactions carried out on the BDL automaton** | 500 490 | 603 000 | 820 000 | 883 414 |

Source: Activity reports 2017, 2018, 2019, and 2020

## Marketing KPIs of the BDL

### The evolution of customer satisfaction

Table 11 : The evaluation of customer evolution

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Indicator** | **2016** | **2017** | **2018** | **2019** | **2020** | **Percentage** |
| **Number of customer accounts** | 1 108 852 | 1 173 604 | 1 252 685 | 1 448 725 | 1 537 328 | 31,13% |
| **Collection of customer resources** | 697 990 | 715 994 | 874 079 | 805 116 | 893 679 | 39,18% |
| **Customer commitments**  | 774 334 | 850 377 | 969 484 | 1 071 555 | 1 189 893 | 40,71% |
| **Evolution of customer loans** | 648 460 | 752 151 | 826 604 | 943 203 | 980 678 | 38,94% |

Source: Activity reports 2016, 2017, 2018, 2019, 2020

#### The evolution of customer accounts

 As we can deduct in the table above, the number of customer accounts at BDL has increased by a percentage of 5.52% during the period 2016, 2017. The number of customer accounts has increased also in the year 2018 compared to 2017 with a percentage of 6.31%. Thus, for the year 2019, we notice a rise of 13.53%. And finally, for the year 2020, there is a growth of 5.77% in the number of customer accounts.

 This could be evidence on how customers are loyal to the BDL’s bank, especially when the number of customer accounts is increasing each year. In addition, the BDL has launched several campaigns to measure the satisfaction of its customers. For example, the BDL has carried out some requests and questionnaires so that it can know the opinions of customers towards this bank, in particular:

* The report of the satisfaction survey launched as part of the “reconstruction and configuration of the commercial network” project in 2012;
* The MasterCard customer survey in 2018;
* The Corporate Card opinion poll in 2019;
* The opinion poll “new pawnbroking procedure” in 2019;
* The student card survey in 2019.

#### The evolution of customer resources

 From the table above, the customer resources have increased with a percentage of 2, 52% in the period 2016-2017. This activity has experienced relative growth due to the economic situation of the country which has been directly impacted by the drop in oil revenues, which by its durability has burdened the country's income and consequently, bank liquidity has dwindled.

 During 2018, the "collection of customer resources" activity experienced strong growth compared to 2017 with a percentage of 18, 09%.

 Resource collection compared to the previous fiscal year has decreased by 8.57%. Despite the exceptional economic context experienced by the country, the bank was able to maintain the same level of resources by rallying potential new relationships in order to redress the delicate liquidity situation. Also, this effort could be concretized by the following actions:

* The search for more stable resources (more than two years) through the upward revision of creditor rates (flexible and negotiable rates), to meet cash needs and more adequate backing of resources for loans granted.
* The renewal of matured investments by offering preferential rates;
* Investments in DAT of companies and administrations with high potential in terms of resources;
* The growth of savings accounts (remunerated/El Badil) in particular savings plus which aims to capture the savings of individuals through more attractive rates of remuneration.

 In 2020, the bank was able to catch up thanks to its action plan to re-increase its customer resources by a percentage of 10%, mainly due to the increase in term resources for the public sector, which represent 70% of this growth.

#### The evolution of customer commitments

 The customer commitments in 2017 have increased by 8, 94% compared to 2016. The years 2018, 2019 and 2020 those have experienced also a growth of 31, 77%. These customer commitments include gross direct customer loans and customer signature loans.

### The marketing expenses within the BDL

 The marketing budget within the BDL is allocated in four forms:

#### Commercial advertising:

 The banks’ main objective is to publicize its different products and services. It always tries to convince that is better than the competitors and encourage the customers to deal with it. That’s why the BDL opts for the commercial advertising in order to launch large advertising campaigns. And the highest marketing budget goes to the commercial advertising because of the high expenses such as radio spots, urban displays, the redesign of visuals, the choice of the graphic charter applied to attract the attention of customers, graphic design, media planning, banners, and all that to carry out a successful advertising campaign in order to put focus on the image of the bank and increase its notoriety.

#### Fairs and exhibitions:

 The BDL participates in various economic festivities such as: fairs, events, forums, conferences, etc. Therefore, the BDL will have great opportunities to develop new market strategies and establish contact with potential customers. The BDL participates each year in the 3 major events of the year:

* **BATIMATEC:** The International Exhibition of Buildings and Buildings Materials and Public Works.
* **FIA:** Algiers International Fair.
* **EXPO FINANCE:** National Production Fair.

#### Sponsorship:

 The BDL sponsor different clubs and associations in order to increase its visibility, improve its image, develop its notoriety, develop proximity with customers, and communicate internally and finally to do public relations. The sponsorship in the BDL has become a major axis of communication; it sponsors several types of events: economic, sportive, cultural and institutional.

#### Ads and inserts:

 This generates the bank's advertising costs, the costs incurred by publication in a newspaper or the costs of renting an advertising space. The costs of creating an advertising spot are also in this account.

Table 12 : The marketing budget of the DMC over the years 2017, 2018, 2019, 2020

 Unit: DZD

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Indicator** | **Budget 2017** | **Budget 2018** | **Budget 2019** | **Budget 2020** | **Budget 2021** |
| **Commercial advertising** | 70 000 000,00 | 152 000 000,00 | 150 000 000,00 | 96 562 000,00 | 110 000 000,00 |
| **Fairs and exhibitions** | 8 000 000,00 | 12 000 000,00 | 15 000 000,00 | 10 000 000,00 | 10 550 000,00 |
| **Sponsorship** | 17 550 000,00  | 30 000 000,00 | 45000000,00 | 15 000 000,00 | 7 000 000,00  |
| **Ads and inserts** | 5 500 000,00 | 5 000 000,00 | 4 500 000,00 | 4 000 000,00 | 3 500 000,00 |

Source: Internal documents at the BDL-DMC

# Section 3: Data analyses and hypotheses test

 In this section we will be calculating the different marketing metrics and interpret each key financial ratio. We will determine as well the influence of the marketing budget variables on the banking net income using a simple linear regression. Therefore, we will be able to valid our test hypotheses.

## The first hypothesis test

 The first hypothesis that we are going to test is the indicators that contribute in measuring the marketing performance within the BDL. The BDL has got its own KPIs calculated within the activity reports. The data is uncompleted when it comes to measuring all the key financial measures mentioned in section 2. Therefore, specific key financial ratios will be representing the MPM in the BDL in the following table:

Table 13 : The calculated KPIs of the BDL

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Indicators** | **2016** | **2017** | **2018** | **2019** | **2020** |
| **Share capital** | 36 800 000 | 36 800 000 | 36 800 000 | 36 800 000 | 36 800 000 |
| **Number of customer accounts/ Currency accounts** | 1 541 951 | 1 173 604 | 1 252 685 | 1 448 725 | 1 537 328 |
| **Number of agencies** | 152 | 153 | 153 | 158 | 159 |
| **Solvency coefficient** | 14,26% | 12,77% | 12,10% | 10,53% | 10,46% |
| **Tier 1 capital ratio** | 11,39% | 10,19% | 10,20% | 8,19% | 8,33% |
| **Liquidity coefficient** | 98% | 60% | 86% | 51% | 90% |
| **Equity/ permanent resources ratio** | 64% | 61% | 67% | 58% | 62% |
| **Operating coefficient** | 64% | 29,48% | 27,87% | 38,6% | 58,55% |
| **Economic profitability: net income/ total assets ROA** | 1,9% | 1,53% | 1,6% | 0,2% | 1,43% |
| **Return on equity (net income/ equity) ROE** | 17, 9% | 14,16% | 15% | 1,6% | 13% |
| **GNP per bank agent (in dinars)** | 10 687 421 | 10 443 638 | 11 982 524 | 8 670 588 | 11 998 657 |
| **Average turnover per bank agent (in dinars)** | 13 536 470 | 13 624 373 | 15 385 356 | 12 046 569 | 14 098 567 |
| **Evolution of customer resources** | 697 990 | 715 994 | 874 079 | 805 116 | 893 680 |
| **Workforce** | 4 145 | 4327 | 4.424 | 4 540 | 4 536 |
| **Training cost** | 2,49% | 3,22% | 4,2% | 3,5% | 3,8% |

Source: Activity reports within the BDL 2016, 2017, 2018, 2019, 2020, 2021.

### Interpretation of the results

#### The social capital

The BDL’s share capital designates all the resources in cash and in kind definitively contributed to a public limited company by its shareholders at the time of its creation (or of a capital increase). In return, the latter receives certain social rights. The BDL owns a very important social capital; it will allow it to relie\ve its cash flow and to cope with initial fluctuations. It must play the role of stabilizer and insurance.

#### Prudential ratios

Prudential ratios are ratios which a bank presents a risk of insolvency. These ratios are measured by comparing the level of a bank's commitment (the amount it lends) to the amount of its equity (capital contributed by shareholders and the bank's profit). They include the solvency coefficient which is superior than 0,9% during the 5 last years. This means that it exceeds to the regulatory standard of the Bank of Algeria. Moreover, the prudential ratio also includes the tier 1 capital ratio. In the table, the tier 1 capital ratio is superior then the standard value (7%) from 2016 to 2020. It measures mainly the ratio of loans to equity.

The liquidity coefficient is also part of the prudential ratios with a standard value of 100%. As we can see, the liquidity coefficient is inferior than 100% during all the last 6 years, it almost reached the 100% in 2016 and 2020 but that will not be enough also. In the new Algerian Financial Law, the required rate is at least 60%, and that is because of pandemic of the Covid-19. The liquidity ratio represents the difference between current assets and current liabilities. It indicates your company's ability to meet its short-term obligations.

And finally, we find the Equity/ permanent resources ratio. Its balanced value should be at least superior to 60%, and as it is mentioned in the table, all the values calculated during the 5 years are close and stable at 60%. This ratio is the maintenance of a certain balance between their long uses and resources in national currency of the bank.

#### Management ratios

They represent mainly the banking operating coefficient. It is an important management indicator, corresponding to the ratio between operating expenses and GNP. This ratio makes it possible to measure the bank's ability to cover its operating expenses and shows a very appreciable level of around 28%. Productivity is top of the bank. It includes Economic Profitability: Net income/Total assets - ROA, Return on Equity (Net income/Equity) - ROE, Average turnover per banking agent and finally NBI per banking agent. All the four operating ratios are considered as variables or KPIs to measure the profitability of the BDL.

### Interpretation of the results

After calculating the different ratios of the BDL, the prudential ratios and the managerial ones, it can be observed that the variables that contribute directly to measure the profitability of marketing are mainly: Solvency coefficient, the tier 1 capital ratio, the liquidity coefficient and the equity/ permanent resources ratio as prudential ratios. And for the operating ratios, we can find: Economic profitability: the net income/ total assets ROA, the return on equity (net income/ equity) ROE, the GNP per bank agent (in dinars) and the average turnover per bank agent (in dinars).

## The second hypothesis test

To test our second hypothesis that says that the marketing budget influences positively the marketing profitability in the bank. We have used the simple linear regression to test the effect of the marketing expenses (Promotion) as independent variables on the Net banking income as a dependant variable.

### Interpretation of the results

|  |
| --- |
| **Model Summaryb** |
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .733a | .537 | .486 | 4573785550.237 |
| a. Predictors: (Constant), Promotion |
| b. Dependent Variable: Net\_Income |

Source: Personal effort using SPSS version 26.

The R-value represents the correlation between the net banking income and the promotion action that include four variables: Commercial advertising, sponsorship, fairs and exhibitions, ads and prints. In this case the R Square is superior than 0.4 (0.537), which means that it exists a strong correlation between the dependent and independent variables.

The R Square explains the total variation in the dependent variable that could be explained by the independent variables. We observe that the R Square = 0.537 > 0.5 which means that the model is effective enough to determine the relationship between the net banking income and promotion.

We observe as well that the adjusted R Square = 0.486 which is almost close to R Square value, we can say that the model is good so far.

The values are satisfied so far, so we will see the ANOVA table to determine whether the model is significant enough to determine the outcome.

|  |
| --- |
| **ANOVAa** |
| Model | Sum of Squares | Df | Mean Square | F | Sig. |
| 1 | Regression | 218487887982323700000.000 | 1 | 218487887982323700000.000 | 10.444 | .010b |
| Residual | 188275628335981530000.000 | 9 | 20919514259553500000.000 |  |  |
| Total | 406763516318305200000.000 | 10 |  |  |  |
| a. Dependent Variable: Net\_Income |
| b. Predictors: (Constant), Promotion |

Source: Personal effort using SPPS version 26

The model is slightly significant because the P-value/ Sig value = 0.10 which means that is > 0.05, there is no big difference so we can say that the model is significant.

Concerning the F ratio, it is greater than 1, then, the model is good. The F-ratio represents an improvement in the prediction of the variable.

The results above, estimate that the P-value/ Si value of the ANOVA table is almost below the tolerable significance level, therefore, we reject the null hypothesis in further analysis.

|  |
| --- |
| **Coefficientsa** |
| Model | Unstandardized Coefficients | Standardized Coefficients | t | Sig. |
| B | Std. Error | Beta |
| 1 | (Constant) | -3574535832.834 | 3286772807.776 |  | -1.088 | .305 |
| Promotion | 90.438 | 27.984 | .733 | 3.232 | .010 |
| a. Dependent Variable: Net\_Income |

Source: Personal effort using SPSS version 26.

The coefficients table proves the strength of the relationship and the significance of the independent variable in the model (Promotion) that impacts the dependent variable (the net banking income).

We observe that the variable Promotion is significant; therefore, the null hypothesis is rejected, which leads to the existence of an effect and an impact.



Source: Personal effort using SPSS version 26.



Source: Personal effort using SPSS version 26.

### Interpretation of the results

Using the coefficients table, the histogram and the P-Plot of regression, we can deduct that the analysis that the independent variable promotion (marketing budget and expenses in general) that include commercial advertising, sponsorship, events and fairs, prints and ads, has a significant positive relationship with the net banking income. So, our hypothesis is verified.

##  The third hypothesis test

The third hypothesis is based on customer satisfaction since it is considered as one of the KPIs. It is measured by the evolution of the number of customer accounts, the collection of customer resources and customer commitments.

We have used the different evolution of customer resources from 2016 to 2020, to try to measure its impact on MPM. Indeed, it has increased by the years, but so far, we could not find a specific way to measure it. The BDL created several opinion polls to attract the intention of its customers only, not to look for new customers.

A customer when asking about information on the bank does not mean that is satisfied, a customer who checks the website or the social media accounts of the BDL does not necessarily mean that is the real customer of the banks, he can be a competitor who is looking for new opportunities to attack the brand’s image by the negative comments on the post, etc.

Indeed, every year the net banking income is increasing, as well as the loans and the different products and services offered by the bank, but there is no variable or indicator that can determine the MPM if customer satisfaction in the BDL.

# Conclusion of the third chapter

Throughout this chapter, we have tried to answer part of our main research question, by answering our sub questions and verifying our hypotheses. We have illustrated the bank, we have found from the different data and resources that BDL customers can be satisfied as they can be unsatisfied or even non-customers.

The bank must look after its customers to try to achieve a quality of service by launching from time to time satisfaction questionnaires, opinion polls or even special campaigns for this fact.

The use of marketing performance evaluation indicators is an effective tool for measuring marketing performance. Except that the bank owns specific and limited indicators data. We proceeded to the analysis of the indicators of the data collected within the bank, thus, we noted that the BDL and in particular the DMC does not manage to achieve all its objectives, therefore it must adapt new policies, in particular those related to commercial actions, in order not to lose its leading position and face the arrival of new competitors.

# GENERAL CONCLUSION

At the end of the analysis carried out throughout this research work, it is essential to recall certain facts and recapitulate a few remarks.

This research focuses on the measurement of marketing performance within a public bank. So after having stated the different tools and characteristics of banking marketing, as well as its specificities, we have found that marketing can be applied in the banking sector like any other company. Indeed, marketing occupies an important place in the design and development of the bank's growth strategy, but, until today, bank marketing and marketing is not as developed as product marketing given the specifics and characteristics of a service. And it may be because of the lack of marketing performance measurement within the bank.

The bank must be more interested in customers and give more importance to the marketing function so that it can remain on the market as leader and thus ensure its sustainability in order to strengthen its image and of course increase its turnover.

However, the performance of a bank contains a notion that is difficult to define because of the multiplicity of its aspects. It is both effective, efficient; it can be financial or non-financial. Therefore, an in-depth analysis using different tools, techniques and performance indicators must be implemented.

In this context, the follow-up of the Algerian bank depends on its capacity to adapt to the new environment with all its rules and to adapt to the requirements of this one; the bank must undertake a certain number of actions which aim:

* Educate staff on the quality of their merchant.
* Improvement and modernization of bank products and services.
* A more dynamic policy regarding the collection of savings and their national use.

Given the complexity of marketing, the intervention of specialists in the field is necessary to meet customer needs. The effectiveness of a marketing policy first requires the development of a realistic plan based on a clear definition of the vocation and the institution, as well as its orientations for the future, then a perfect knowledge of the customers and implement a communication and information policy for a better knowledge of the bank and its products. But it should be noted that Algerian banks will only be able to have their independence with the privatization of the banking sector and that any bank must be different from another.

Through our study based on to the topic of measuring the marketing performance practices within a public bank, we have asked the following main research question: **“How are marketing performance practices being measured within a public bank?”**

This problematic has been divided into three sub questions which are:

* **Sub Question 1:** What are the different indicators and KPIs that influence the marketing performance within the bank?
* **Sub Question 2:** What is the impact of the marketing budget on the marketing profitability in the bank?
* **Sub Question 3:** How does the customer satisfaction contribute in the MPM of the bank?

To answer our sub questions, we have suggested three hypotheses:

* **Hypothesis 1:** The indicators of measuring marketing performance within the bank are net banking income, customer satisfaction and financial key ratios
* **Hypothesis 2:** The marketing budget influences positively the marketing profitability in the bank.
* **Hypothesis 3:** Customer satisfaction is measured by the evolution of the number of customer accounts, the collection of customer resources and customer commitments.

Our research was divided into two parts, theoretical and empirical. The first part was devoted to the theoretical approach, it included two chapters. The first chapter is about the banks marketing, and the second one elaborated the marketing performance measurement.

The second part of our research was about the empirical research, in order to analyze the data and interpret the results.

The first chapter was structured as the following:

In the first section section, we defined some banking concepts, then we have seen the banking marketing, its evolutions and its specificities. In the second section, we have elaborated the banking marketing tools. We have seen several tools such as the product/service policy, the pricing policy, the distribution policy and finally the communication policy. We have defined each policy and saw its specific characteristics. To conclude the second section we talked about the Extended Marketing Mix Model. For the third section, we have talked mainly about the bank’s marketing plan, its advantages, its effectiveness in the performance of the bank and finally its content. We have reached to the point that each bank must apply the marketing culture, because, nowadays, it is considered of one of the major successful steps to achieve objectives.

The second chapter was structured as the following:

In the first section, we have defined the global performance concept. We have seen its criteria, its typologies and its objectives. We have also elaborated the links and relationships between performance, strategy and control.

In the second section, we have talked about the marketing performance. Since it is our main research topic, we have made the deepest research on it. We have talked about its components and purpose. As we have seen also the different marketing actions that contribute in the perofmance marketing. We have elaborated the different dterminanats and levers of marketing performance. And we concluded the section with a marketing productivity analysis.

In the third section we have seen the MPM (Marketing Performance Measurement) where we have talked about the several performance indicators i.e. KPI that can be either quantitative or qualitative. We concluded the section with the impact of the marketing performance on the consumer behavior.

The second part of our research focued on the empirical part, where we tried to apply all the theoretical approach seen in the previous part.

In the first section, we gave a general presentation to the bank “Banque de Déveloopement Local”. We have talked about every detail in the bank, especially in the Marketing and Communcation Department DMC, where we have acheieved our results through a practical internship.

In the second section, we have tried to illustrate first the marketing performance within the bank, we tried to collect all the necessary data to test our hypotheses and verify our answers. We have proposed three sub questions to solve our main question and we have suggested three hypotheses for each sub question. The variables contribute directly to measure the profitability of marketing are mainly: Solvency coefficient, the tier 1 capital ratio, the liquidity coefficient and the equity/ permanent resources ratio as prudential ratios. And for the operating ratios, we can find: Economic profitability: the net income/ total assets ROA, the return on equity (net income/ equity) ROE, the GNP per bank agent (in dinars) and the average turnover per bank agent (in dinars). So the first hypothesis is accepted.

For the second hypothesis, we have seen the BDL’s marketing budget that englobe the four variables: commercial advertising, sponsorship, ads and inserts, fairs and exhibitions influence positively the growth of the net banking income, which means that our second hypothesis is correct.

For the last hypothesis, which is that customer satisfaction is measured by the evolution of the number of customer accounts, the collection of customer resources and customer commitments. We have reached through the different calculations to that customer satisfaction is hardly measured within the BDL. They use the different indicators such as the evolution of the number of customer accounts, the collection of customer resources and customer commitments to evaluate the evolution of the turnover. The third hypothesis is correct, but it will always be something missing when it comes to measure the customer satisfaction in a perfect way in the BDL.

 This research proved at the first place that is is necessary to apply marketing concepts within the bank. The sustainability of the company can be ensured by achieving a good marketing performance from which its evaluation is essential because it allows the company to direct its actions and especially to reactivate the process in the event of a problem.

Performance indicators are measures used to represent and identify the bank's progress and weaknesses. It is therefore essential to correctly choose the indicators that will make it possible to correct the present situation and plan for the future.

To properly assess a bank's success, it is a must to identify the measures that really matter and rank them in order of importance, because the use of inappropriate measures risks providing an incomplete representation, more serious still, choose to bad key indicator risks giving an unjustified feeling of confidence in the correctness of the orientation chosen by the company.

To conclude, any bank wishes to obtain a minimum of results guaranteeing its survival and gaining market share, and while satisfying its customers must continually evaluate its marketing performance, and as we have seen throughout of this work, evaluation indicators can be an effective tool for measuring marketing performance.

**Propositions for the research**

This research was the opportunity to measure the marketing performance of the bank. The topic is very limited, that is why we have elaborated the banks marketing and the global performance concept. Therefore, we can recommend to banks that:

* Each bank must apply the marketing strategies and concepts within its structure;
* Each bank must organize its resources so they can be allocated effectively;
* The BDL is efficient in terms of profit making, commercial margin, so we have found that it is a leader in its sector activity at the national level;
* Broaden the scope of the target, it is desirable to measure customer satisfaction because the data are limited;
* Look for other marketing implications to better convince stakeholders in the banking sector;
* Propose other indicators and practical tools to make the bank more efficient and developed.

**Recommendations**

* The first recommendation that we can propose is that to teach leaders in the banking sector the marketing culture, as well as the practices and tools of the banking marketing approach;
* In order to better understand the needs of customers, it is desirable to implement a special platform so that we can measure their degree of commitment, satisfaction and even the non-satisfaction;
* It is also necessary to further develop the different approaches within the DMC and not to remain stuck in the tactics and strategies of traditional marketing;
* It is also necessary to increase the marketing budget and this to create more creative and innovative commercial advertisements and to get out of the circle of basic;
* The BDL must improve its policy when is comes to mailing, the DMC must create its own data base to keep the archives that can allow in the future to access easily to data;
* The DMC has never measured its marketing performance before, that is why this is the right time to start looking for te right solutions to measure its profitability;
* To conclude, the DMC must have its own KPIs rather than global ones to measures it performance.

**Limitations**

Due to lack of time this thesis has several main limitations:

* The most important limit resides above all when the fact of this topic is very limited especially when it comes to measuring the marketing performance in the bank;
* The second limit is that the data is very limitated at the DMC, we could not calculate all the marketing ratios;
* The third limit, is that the marketing’s budget within the BDL is very low comapring to the the global budget that is why we had diffciulties to deduct its significance;
* The fourth limit, is that most of the employees at the BDL could not understand the real meaning of the marketing performance;
* The fifth and last limit is the limited time to collect information and finish our thesis.

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# ANNEXES

**Annex 1 : 2017, 2018, 2019 Activity reports**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Indicateurs** | **Année** **2017** | **Année** **2018** | **Année** **2019** | **Évolution 2019/2018****en Valeur** | **Évolution****2019/2018****en %** |
| **ACTIVITE** |
| **Capital Social** | **36 800** | **36 800** | **36 800** | **-** | **-** |
| Total bilan | 902 282 | 1 048 882 | 1 112 152 | 63 271 | 6% |
| Fonds propres réglementaires «prudentiels» | 96 481 | 102 606 | 104 960 | 2 354 | 2% |
| Dépôts clientèle en Dinars  | 676 637 | 815 954 | 805 116 | -10 837 | -1,3% |
| Dépôts clientèle en Devises | 40 966 | 58 335 | 46 254 | -12 082 | -21% |
| **Total dépôts clientèle dinars/devises**  | **717 603** | **874 079** | **851 370** | **-22 919** | **-2,6%** |
| Crédits à la clientèle (crédits directs bruts) | 752 151 | 826 604 | 943 204 | 116 600 | 14,1% |
| Dont crédits directs | 657 601 | 695 204 | 756 251 | 61 046 | 8,7% |
| Total des engagements par signature donnés  | 251 999 | 348 868 | 349 509 | 641 | 0,2% |
| **Taux de couverture des emplois (Ressources / Emplois)** | **90%** | **98,3%** | **85,4%** | **-13,2** | **-** |
| **COMPTES DE RESULTATS** |
| **Produits bancaires** | **52 658** | **60 911** | **49 150** | **-11 760** | **-19%** |
| Charges bancaires  | 12 294 | 13 472 | 13 775 | 303 | 2% |
| **Produit Net Bancaire** | **40 365** | **47 439** | **35 376** | **-12 063** | **-25%** |
| **Frais généraux** *(hors dotations aux amortissements)* | **11 898** | **13 223** | **13 665** | **442** | **3,3%** |
| *Dont frais de personnel*  | *6 143* | *6 681* | *6 533* | -148 | -2,2% |
| *Dont frais de formation* | 204 | 291 | *238* | -53 | -18% |
| **Résultat brut d'exploitation** *(net dotations aux amortissements)* | **27 587** | **33 070** | **20 400** | **-12 670** | **-38%** |
| **Résultat de l’exercice**  | **13 802** | **16 310** | **1 668** | **-14 642** | **-90%** |
| **AUTRES INDICATEURS** |
| **Nombre de clients** | **1 163 795** | **1 252 685** | **1 361 143** | **108 458** | **9%** |
| **Nombre de comptes client (\*)** | **1 206 434** | **1 323 458** | **1 448 725** | **125 267** | **9,5%** |
| Dont Comptes devises | 387 803 | 428 574 | 463 839 | 35265 | 8,2% |
| **Total effectif** | **4 327** | **4 424** | **4 540** | **116** | **2,6%** |
| Dont agents CDI | 4 261 | 4 336 | 4 422 | 86 | 2,0% |
| Dont agents CDD | 66 | 88 | 118 | 30 | 34,1% |
| Dont agents bancaires | 3 865 | 3 959 | 4 080 | 121 | 3,1% |
| Dont agents Para bancaires | 462 | 465 | 460 | -5 | -1,1% |
| **Total agences** | **153** | **153** | **158** | **5** | **3,3%** |
| Dont Agences bancaires | 147 | 147 | 152 | 5 | 3,4% |
| Dont agence P.S.G. | 6 | 6 | 6 | 0 | 0,0% |
| Agences Annexes (postes avancés) | 2 | 2 | 2 | 0 | 0,0% |

|  |  |  |  |
| --- | --- | --- | --- |
| **Ratios Prudentiels** | **Année****2017** | **Année****2018** | **Année****2019** |
| Coefficient de solvabilité (norme : ≥ à 9,5% *à partir de l’année 2014*) | 12,56% | 11,59% | 10,53% |
| Coefficient fonds propres de base (norme : ≥ à 9,5% *à partir de l’année 2014*) | 10,00% | 9,24% | 8,19% |
| Coefficient de Liquidité (norme : ≥ à 100%) | 60% | 71% | 51% |
| Coefficient fonds propres/ressources permanentes (≥60%) | 61% | 67% | 58% |
| Fonds propres réglementaires « prudentiels »  | 96 481 | 102 606 | 104 960 |
| Fonds propres de base | 76 804 | 81 832 | 83 124 |
| Ratios de Gestion | Année 2017 | Année 2018 | Année 2019 |
| Coefficient d'exploitation  | 29,48% | 27,87% | 38,6% |
| Taux de réemplois (Ressources clientèle / Emplois clientèle) | 90% | 98,7% | 85,3% |
| Rentabilité Économique : Résultat net /Total actif (ROA) | 1,5% | 1,6% | 0,2% |
| Rendement des Fonds Propres (Résultat net /Fonds propres) (ROE) | 14,3% | 15% | 1,6% |
| Chiffre d’affaires moyen par Agent bancaire (en dinars) | 13 624 373 | 15 385 356 | 12 046 569  |
| PNB par Agent bancaire (en dinars) | 10 443 638 | 11 982 524 | 8 670 588  |
| Frais formation/Frais de personnels y compris frais de formation | 3,2% | 4,2% | 3,5% |

#

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Engagements clientèle par nature** | **Encours au 31/12/2017** | **Encours au 31/12/2018** | **Encours au 31/12/2019** | **Évolution 2019/2018** |
| **En valeur** | **En %** |
| Crédits directs bruts à la clientèle | **752 151** | **826 604** | **943 203** | **116 599** | **14%** |
| Crédits par signature clientèle | **98 226** | **142 880** | **128 352** | **-14 528** | **-10%** |
| **Total engagements clientèle** | **850 377** | **969 484** | **1 071 555** | **102 072** | **11%** |
| P/mémoire «total engagements par signature donnés» | 251 999 | 348 871 | 349 509 | 641 | 0,2% |

1. We call disintermediation any possibility of carrying out transactions outside the banking circuit. [↑](#footnote-ref-2)
2. Fiduciary money, or currency, refers to banknotes and coins in circulation in the economy.  [↑](#footnote-ref-3)
3. A direct bank is a retail bank that does not have a physical branch network in a given territory. These are generally banks that offer a wide choice of transactions that can be performed online. [↑](#footnote-ref-4)
4. Small database consultation terminal. [↑](#footnote-ref-5)
5. Internal documents by Mr Abderraouf Chaouche, The Director of Marketing and Communication et the BDL [↑](#footnote-ref-6)
6. One who lends money in exchange for personal property that can be sold if the loan is not repaid by a certain time. [↑](#footnote-ref-7)
7. Internal data of the BDL-DMC [↑](#footnote-ref-8)
8. Human Capital Department –DCH- of the BDL [↑](#footnote-ref-9)
9. Internal documents from the Marketing and Communication Department –DMC- of the BDL [↑](#footnote-ref-10)
10. Internal documents of the BDL, Marketing and Communication Department [↑](#footnote-ref-11)
11. Internal documents by Khaled MELLIT, Head of Strategic Marketing Department at the DMC-BDL [↑](#footnote-ref-12)
12. Internal documents at the BDL by Mourad ABBACHA, Head of Communication Department at the DMC-BDL [↑](#footnote-ref-13)
13. Internal documents by Badia ARAB, Head of Digital Marketing Department at the DMC-BDL [↑](#footnote-ref-14)