

MARKETING EFFECTIVENESS AND BUSINESS PERFORMANCE OF HOUSING FINANCE INSTITUTIONS

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Abstract

The housing market in this nation is driven entirely by market forces. Reduced mortgage rates, government fiscal incentives, anticipated rent savings, etc., have all contributed to lowering the cost of homeownership for the average person. However, those who live on the periphery of growth have no access to the same contemporary construction supplies and technologies that the middle class enjoys. A home with all the trimmings is out of reach for everyone save the wealthy. Even then, they need help from other sources to reach their goal, as it is always too high. Wanting to buy a home at a young age is another major driver of housing financing demand. Another issue is the shift in customer tastes and the widespread belief that

conventional production techniques and materials are vulnerable to failure. The study has been carried out with the following objectives to study the different market effectiveness the House Finance Institution and to analyze the effective marketing practices of the employees. The study is qualitative in nature conducted in Trichy district during the April-May 2022. The employees working in the Housing finance companies are selected using simple random technique. Total 150 sample respondents are selected. The Google Forms were used to collect the data from the respondents. The data have been analyzed using the SPSS software.

Keywords: Marketing effectiveness, Business performance and Housing Finance Institutions.

Introduction

Shelter is one of humanity's most fundamental needs, yet providing for one's own home might feel like an impossible puzzle to solve for countries still striving to improve their economies. The civilized world generally agrees with this. The present housing stock and the agencies' plans to build new homes are now widely professed as if they were a product. The dream of home ownership has a timeless allure for man. However, housing now has a new dimension thanks to the avarice of those who want to buy a home for financial reasons or to build riches through real estate. As a fundamental requirement and a reflection of the level of living enjoyed by a population, housing plays a pivotal role in fostering the conditions necessary for progress toward important goals in areas such as literacy, health, sanitation, and economic prosperity. Quality housing is essential to people's growth and happiness. People can't reach their full potential and live the life they want if they don't have access to adequate accommodation. The health of a society is reflected in the quality of its housing. Not having access to safe, affordable housing may disrupt family life and dampen economic growth. A healthy housing market is a driving force for economic expansion since it represents a significant opportunity for investment. It may connect to the past as well as the future. Housing has both forward and backward links, so even a modest initiative in this sector may have a significant impact on the economy by creating jobs and driving up demand. Home doubles as an office in many third-world countries, including India. For this reason, it stands to reason that more conducive living conditions will lead to more output. Proactive investment in housing encourages economic development, which in turn creates many job openings. A decent place to stay goes beyond just having a roof over one's head, and instead must meet standards for things like personal protection, privacy, layout, air flow, lighting, proximity to public transportation, and affordability. (Arunodayam and Thangavel 2007).

Housing Finance in India

Liberalization in India's financial sector began in 1992, and since then, the country's banking industry has expanded both in terms of depth and breadth of services. The banking and nonbanking financial sectors became characterized by growth and diversity. The rise of new

firms during this transition era has raised the level of competition. Firms that were already weak and inefficient had a hard time competing in this environment. Deregulation, cutting-edge IT, and globalized marketplaces are all threats to the financial services industry. The marketing of financial services became increasingly important in the face of rising competition and a more worldwide trading environment, as well as rising volatility in the markets and rising client demand for more sophisticated products and services. In order to maintain a presence in the current financial services sector, innovative approaches are necessary. The company needs to try fresh approaches to advertising. The increased competitiveness from both domestic and international firms necessitates this strategy so that they can seize the fewest possible chances while assuming the fewest possible risks. Since selling financial services involves interaction with real people, intangible factors like aptitude, attitude, and drive are more important than ever. In this field, quality and individual attention matter more. Personalization is at the heart of these monetary offerings. Therefore, the client should be revered above everything else. Customer service is a top priority because of the importance of this market. One subset of the Financial Services Sector is the Housing Finance Sector. Since housing is so crucial to human well-being, it has been designated as a Priority Industry. Major shifts have occurred in India's housing market in recent years. The housing market has benefited from the government's budgetary incentives, which have been gradually expanding. *Dick, A.S., Basu, K., (1994)*. The Five Year Plans have placed an emphasis on the need of developing home financing programs, especially for the impoverished and weaker sections of society. Interest rates have been on a steady decline as home prices have levelled out. Consumer spending and access to credit have both increased dramatically. Investment in the housing market increased as a result of these reasons. Population growth, rural-to-urban migration, the deterioration of the existing housing stock, and the dissolution of traditional joint households have all contributed to a sharp rise in housing demand in India. The fast expansion of knowledge-based companies and the information technology revolution of recent years have both exacerbated India's severe housing crisis, especially in the country's major cities. Since housing needs substantial investment, inadequate funding is a major barrier to housing growth. Commercial banks' increased involvement in home loaning over the past decade has contributed to the industry's unprecedented growth. Rapid expansion of bank lending to the housing industry is largely attributable to the rising demand for house finance. Banks' credit portfolios now include housing finance as a significant category. Its recent growth rate is alarmingly high, and it has prompted action from the regulator.. This sparked the growth of housing finance companies in the public and private sectors as well as commercial banks. These changes have sparked an interest rate war in the housing financing sector and fueled unexpected rivalry among the many participants. The consumer seeking a mortgage loan stands to gain the most from this intense rivalry. Tough competition has led to significant discounts for anyone looking for a mortgage from the market's many participants. Each player is vying to outdo the others by providing the best possible customer service in terms of value added and efficiency. The client practically controls the housing financing industry as a result of the

availability of several mortgage programs. In order to succeed in this cutthroat market, mortgage lenders need to demonstrate honesty, credibility, and punctuality.

Problems and Challenges of Housing Finance in India

India faces a challenging problem in providing appropriate housing to its billion-plus people, since it is the world's second most populous nation. The housing crisis has worsened as a result of factors such as the dissolution of the nuclear family, rapid urbanization, rising unemployment, a lack of suitable building sites, and rising material and labour costs. As a result, the housing crisis in India is complex and has several causes. The housing crisis is so large because of several factors, including regional socioeconomic variations, varying degrees of governmental engagement, and efforts by the public, private, and cooperative sectors. Various housing development programs are carried out by government, public, and private bodies nearly independently of one another. The informal sector, which includes homeowners as well as governmental and commercial builders that offer homes on a hire-purchase basis, invests heavily in the housing market. One of the main causes of India's housing shortage is the need for inexpensive mortgage loans. Total housing financing needs may be broken down into two categories: those associated with eradicating the housing deficit and those associated with keeping up with the natural depreciation of housing over time. The housing market and the economy are inextricably intertwined. Housing is a costly service that necessitates substantial initial investment, highlighting the importance of finance in this industry. In truth, home mortgages are mostly a financial service. Once again, folks without homes or who are living in substandard conditions may wish for but be unable to purchase newer, more luxurious dwellings. They devise elaborate schemes for building ever-more-expensive mansions. The housing sector's interconnectedness with other businesses has helped the economy once again. That's why the housing sector benefits from housing financing. To summarize, rising housing activity due to higher home demand creates a need for housing financing. Several organizations entered the house finance market to meet this growing need. They have created new kinds of mortgage loans to suit the varying needs of borrowers both current and potential. As a result, the public housing programs' financial aid is insufficient to meet their needs. As a result, there needs to be a practical shift in how public housing programs are structured. Considerations such as population density, literacy rate, per capita, availability of land, inflow of funds, and a compact rural-urban divide can be used to rank the relative importance of housing finance across the country's various states. With the help of the relevant criteria, this study aims to guarantee the efficiency and performance of the housing finance institution reaching out to the intended clients.

Need for the Study

The success of housing finance companies in India is instructive because it demonstrates that these industries can thrive in the face of adversity, including a lack of clear titles, a lack of reliable statistics on housing or consumer data, and a severe shortage of housing units. The home

financing industry emerged in spite of government and regulatory barriers rather than waiting for them to be removed. From the supply side, rising competition among lenders, an uptick in the number of new entrants to the housing finance market, and the introduction of a slew of new products by banks to meet the needs of a diverse range of customers have all contributed to steady growth in demand for mortgages. Commercial Banks are gaining market share at the expense of Housing Finance Companies. As the need for mortgages increased and household incomes rose, banks prioritized expanding their mortgage portfolios and eventually cornered 75% of the market. The expansion of this industry can be attributed to a number of causes. Constant demand, declining interest rates, increased disposable income, expanding competitiveness, and relaxed government rules are all factors. (Dholakia 2000).

Importance of the Study

Despite being in its early stages of development, India's housing finance industry has experienced rapid growth and expansion in recent years, making it a top emerging market in India. Increased rivalry within the industry has prompted housing finance institutions to seek out and address the most difficult problems facing the industry now, so that they may seize the future market and maintain their exceptional standing. As a whole, today's customer has a far more optimistic and open perspective on the possibility of obtaining a loan. Also, the demographics of people seeking loans have shifted significantly. Before it was people aged 45 and above; today it's those aged 30 and up. (Arunodayam and Thangavel 2007). The traditional structure of Indian households is undergoing a dramatic transformation. We are heading from joint family concept to nuclear family concept. As a result, families' ability to both spend and pay back loans is improving. Because of this shift, there will undoubtedly be a greater need for mortgage loans. Customers in the housing financing market have become more educated as a result of increased competition. Only businesses that provide personalized, value-added services will succeed. For home finance institutions to meet the demands of their clientele, they must provide a wider range of housing financing options. A home finance institution's ability to differentiate and diversify its product offerings is going to be the deciding factor in its position as a market leader.

Statement of the Problem

Strategic decision making and company orientation are widely credited to marketing. Managers need accurate data to effectively allocate marketing resources across goods, geographies, and promotional channels. Staffing levels should be adequate so that the company can carry out marketing analysis, planning, and implementation. Managers' propensity to become addicted to the success that may be achieved via marketing depends on their ability to implement the philosophy's techniques profitably. Those working in the administration of financial services find the problems of marketing efficiency to be of special importance. If this happens, the company's bottom line will improve. The lowering interest rates that have become more or less similar among all types of housing finance institutions has resulted in a crowded housing finance

sector in India. In this market, a housing finance company's ability to keep its customers happy is its only competitive advantage. Manoj (2010). To do this, modern approaches to advertising must be used. Many new advertising campaigns are being launched by mortgage and housing finance companies. In light of this, the current research endeavors to assess the attributes and nature of the marketing effectiveness of housing finance institutions and its impact on performance as measured by customer satisfaction.

Objectives of the study

The study has been carried out with the following objectives

1. To study the different market effectiveness the House Finance Institution
2. To analyze the effective marketing practices of the employees

Research Methodology

The study is qualitative in nature conducted in Trichy district during the April-May 2022. The employees working in the Housing finance companies are selected using simple random technique. Total 150 sample respondents are selected. The Google Forms were used to collect the data from the respondents. The data have been analyzed using the SPSS software.

Findings and Results

The study reveals the attitude of the employees of the housing finance institutions towards their marketing efficiency. They are discussed below.

Table 1: Marketing effectiveness

Marketing effectiveness	Mean	Std. Deviation	Mean Rank
Marketing system plans its business	3.95	1.325	5.87
Manages marketing resources	3.60	.867	5.30
Analysis of marketing information	3.33	.855	4.68
Marketing environment is continuously monitored	3.01	1.087	4.15
Understanding Customer potential	2.75	1.442	3.64
Regular market research	3.01	1.068	3.94
Marketing integration and control	3.14	1.099	4.22
Market positioning	3.09	1.223	4.20

The Tale 1 shows that the marketing system plans its business are most effective marketing strategy (5.87). Organizing or managing all marketing resources is also found as best effective marketing strategy (5.30). Analyzing the market information nowadays playing a very

crucial role in effective marketing (4.68). Though all the efforts looking most effective, these three are very effective marketing strategies.

Table 2: Marketing practices

Marketing practices		Very low	Low	Moderate	high	Very high
Word of mouth communication	N	6	11	22	32	79
	%	4	7.3	14.7	21.3	52.7
New product development	N	4	21	28	83	14
	%	2.7	14	18.7	55.3	9.3
Achieving good sales	N	2	7	94	37	10
	%	1.3	4.7	62.7	24.7	6.7
Business image	N	2	52	36	34	26
	%	1.3	34.7	24	22.7	17.3
Advertising and campaign	N	46	13	39	32	20
	%	30.7	8.7	26	21.3	13.3
Committed to marketing excellence	N	14	56	34	30	16
	%	9.3	37.3	22.7	20	10.7

The marketing practices adopted by the companies play important role in the success of the business. They follow different practices like word of mouth communication, new product development, best sales, brand image and advertisement etc. More number of respondents (79) feel that the word of mouth communication is most effective among the strategies analyzed. It is 52.7% of the total respondents. 83 (55.3%) respondents opined the effective practice is high about introducing new products in the market. Advertisement is felt ineffective practice by 46 (30.7%) respondents.

Table 3: Employee performance

Employee performance	Mean	Std. Deviation	t
Knowledge on financial services	4.22	1.175	17.927
Quality service	3.70	0.775	18.963
Customer oriented service	3.23	0.778	11.433
Response to the customers queries	2.92	1.065	4.829
Organizational norms are customer friendly	2.59	1.376	0.831
Prompt service transactions	3.03	1.206	5.415

The performance of the employees towards the effective marketing is measured in 6 aspects i.e., knowledge, quality of service, customer oriented service, responsiveness, customer friendly and prompt service. The one sample t test result for testing value 2.5 (for 5 point Likert scale) shows that all t values are more than the critical value 1.96 except the organizational

norms are customer friendly. The mean for the statement is 2.59 which is closer to testing value 2.50. The means for other statements are higher than the 2.50. Hence, the performance of the respondents is significantly better except the organizational norms are customers friendly.

Conclusion

A positive public perception may be fostered most effectively through word of mouth from delighted consumers. Any successful home financing organization will employ client pleasure as their primary marketing approach. This may be accomplished by preserving a high standard of human effort, using the resources at hand. Housing financing companies will have an advantage in the market if they are well-versed in the relevant laws and regulations, environmental limits, pricing structures of their rivals, etc.(Buckley and Mayo 1989). The housing financing company must understand its target market and its needs first and foremost. The performance of the respondents is significantly better except the organizational norms are customers friendly. The need for housing loans has grown in tandem with the housing market. The housing finance industry is growing at an astounding rate. As a result, several new, competitive entrants have appeared in the home financing sector. Housing loans are seen as a low-risk form of credit advancement.

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