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A STUDY OF MARKETING STRATEGY OF MICROFINANCE INSTITUTION WITH REFERENCE TO BRAND DEVELOPMENT

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ABSTRACT

Marketing strategy is a significant tool to know the client. Marketing strategies helps the microfinance institution to know the its current status in the market and brand equity in the self-help group members. The study is conducted to determine success and failure of corporate brand strategy adopted by microfinance institutions. The representative sample of 100 key staff members of microfinance institutions located in Mumbai Metropolitan Region (MMR) Area. The primary research is conducted by using structured questionnaire, designed to investigate the brand development strategy adopted by microfinance firm's which have created the distinct identity and is perceived positively by the targeted SHGs members. The Friedman test is applied to test the hypothesis; the mean scores reveal varying levels of importance assigned to different aspects of corporate marketing strategies by MFIs.

Keywords: *MFIs, SHGs, Brand Development.*

INTRODUCTION

Marketing Strategy of Microfinance Institution

A marketing strategy of Microfinance Institution referred to as marketing orientation influences the effectiveness of brand-related communication campaigns and subsequent market-based brand equity factors of brand awareness, (Sandra Luxton, Mike Reid, Felix Mavondois 2015). There are two main area of marketing strategies (Morgan, Vorhies, and Mason 2009), first is the area of Marketing mix and the second is the area of marketing strategies development and execution. The study conducted previously on IMC have given the emphases on greater communication method to have the advantage on brand performance (Ranatunga and Ewing 2005; O'Cass and Weerawardena 2010). According to Wright (1999), a microfinance client today has the power to choose the financial services provided by the microfinance institutions. Success of any MFI is subjected to the marketing strategies it executes to stay ahead of competition. The paper presented with a different review of the research on brand development strategies and followed by data analysis, finally based on the results the paper ends with a discussion on the rationale behind the marketing strategy of microfinance institutions.

The literature review reveal that brand is the core of what the institution stands for in the market the organisation's distinct identity from its competitors. It is an image of who the organisation is, what products it offers and how it serves its clients. It also differentiates one institution from the other in a competitive environment. Brands are much more than symbols and taglines; they are the essence of what the institution stands for and the experience that SHG members have whenever they interact with the institution.

STATEMENT OF PROBLEM

Microfinance Institutions (MFIs) were primarily established with the main objective of providing financial services to the poor and marginalized communities who are excluded from formal banking systems. However, with the rapid growth of the sector and the threat from the entry of new competitors , the challenge is no longer limited to outreach and financial sustainability; it now includes differentiation and positioning in an increasingly competitive market.

Despite their social mission, most MFIs have not invested adequately in structured marketing strategies or in building strong brand identities. As a result, they struggle to create awareness, maintain customer loyalty, and establish trust, especially when borrowers perceive microfinance services as homogenous. Weak brand development also limits their ability to attract external funding, partnerships, and long-term sustainability.

Moreover, lacking clarity on the role of marketing in balancing both social objectives and commercial viability in microfinance. Without effective brand strategies, MFIs risk losing visibility, credibility, and customer retention in a sector where trust and reputation are critical. Thus, the problem lies in understanding how MFIs can develop and implement marketing strategies that not only reach underserved populations but also contribute to building a strong and sustainable brand identity.

OBJECTIVE OF STUDY

To determine the success and failure of brand development marketings strategy of microfinance institutions in MMR area.

HYPOTHESIS OF STUDY

H01: Brand development of marketing has no significant relationship towards success and failure of marketing strategy of MFI.

REVIEW OF LITERATURE

Anne Nyambura Mburu , Dr. Mary Namusonge (2023), the study highlighted that the strong corporate branding marketing strategies which would significantly boost the efficiency of corporate branding and positioning. Study also gave insight that the brand development will definitely would give the competitive edge to the company from the its competitors

Arbidane, I., et.al (2020), In the research titled "University brand development under conditions of social demographic changes" The study found three unique elements of university social augmenters for students. The social augmenter's reputation, coach-student exchanges, and student relationships. Second, the qualification of the teaching staff, the conduct style of the staff, and the structure of interactions with educational service customers are essential components of the educational institution's brand. The first grants the right to claim that university specialists deliver high-quality education and train qualified specialists. The second is that potential educational service consumers have several contacts with many educational institutions before choosing a brand. At the selection stage (knowledge of educational institutions, admission and training requirements, etc.) and during document submission and entrance examinations, this occurs.

Mahaputra, M. R. (2020), In the research titled "Building Trust Through Services Quality and Brand development Towards Decision in Choosing Financial Institution At Pt. Summit Oto Finance" Based on data analysis and discussion, several conclusions can be drawn: Service quality variables had partially positive and significant influence on trust. Brand image variables had partially positive and significant influence on trust. Service quality variables had a partially positive and significant impact on the decision.

Aaker (1984) defines a differentiation strategy is one in which a product is different from that of one or more competitors in a way that is valued by the customers or in some way affects customer choice. A successful differentiation strategy allows the firm to earn above the average returns. Aaker (1984) further argues that a differentiation strategy is often but not always associated with higher price because it usually makes price less critical.

Kotler, (2000); Aaker (1984); Finlay (2002) and McCarthy, (2002), Differentiation is based on understanding what customers value, provides the firm with competitive advantage and increases customer loyalty

Riungu (2002) There is no documented information available on differentiation strategies that MFIs have adopted. looked at the segmentation practices of MFIs but did not touch on differentiation as a competitive strategy.

Vallaster, C., & Lindgreen, A. (2011), In the research title "Corporate brand strategy formation: Brand actors and the situational context for a business-to-business brand" Beginning with a claim that there is an ongoing requirement for empirical research that provides specifics regarding the dynamics of brand strategy generation, the author began speaking.

Iglesias, O., et.al (2020), In the research title "History matters: The role of history in corporate brand strategy" To illustrate how history can be a very important resource when it comes to establishing and putting into action a company brand strategy, the adidas case serves as an example. According to the findings of our research, history has the potential to be beneficial as a lens for strategy formation when it is both long-lived (Balmer and Burghausen, 2015) and rich.

Silver, L., & Berggren, B. (2010), In the research titled "The close relationship strategy–corporate brand development in banking" This study concludes that financial services can use a Close Relationship Strategy. As certain financial institutions flourish, niche players with close r customer relationships can emerge. As with all organizational change, some members will fight even a move that improves lower-level control. Maintaining cost-efficiency in client relationships is a major difficulty in intimate connection strategies.

RESEARCH METHODOLOGY

This study employs a quantitative research approach using a structured survey to analyse the brand development strategy of 10 microfinance institutions staff members. The sample consists of 100 respondents from various MFIs in MMR area. Data were collected through a structured questionnaire designed to capture different parameters of brand development (clear and distinct identity, position of brand to attract the clients, identifiable by our target clients and perceived positively by our target clients). Objective focuses on assessing all the parameter to under the success and failure in the brand development strategy adopted and executed by the MFIs. Statistical analysis will be used to determine the success and failure of the brand development strategies of MFI. The data will be analysed using descriptive and inferential statistics to identify patterns and draw conclusions.

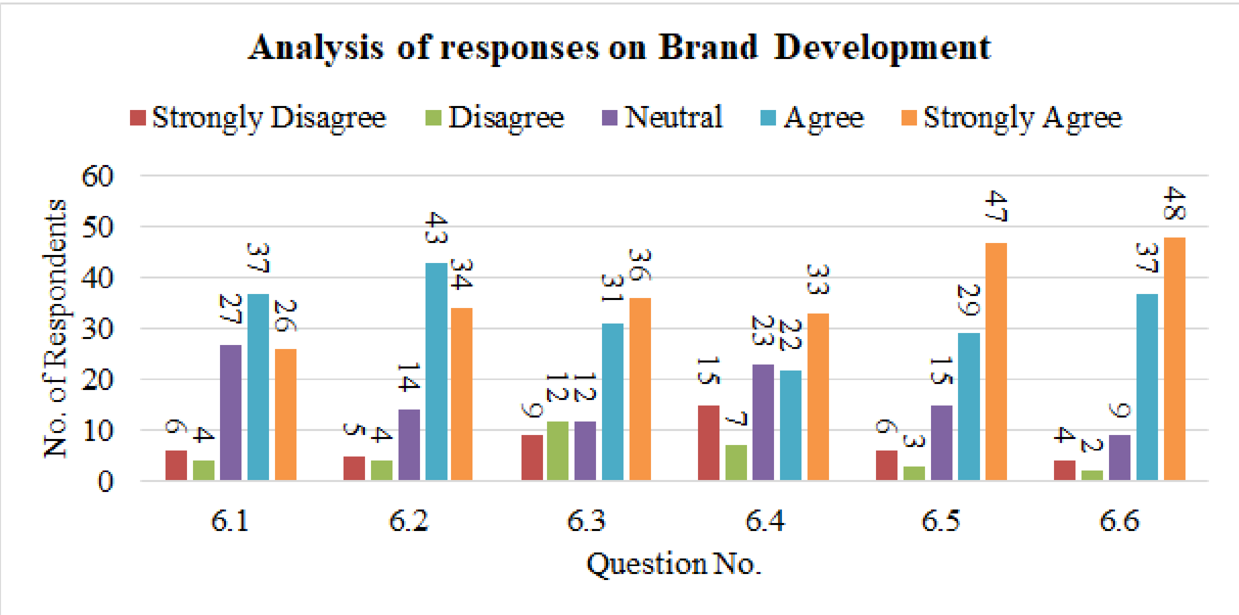
DATA ANALYSIS

Responses on Brand Development

Sr.no.	Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
6.1	Our microfinance brand has a clear and distinct identity that sets it apart from other providers.	6	4	27	37	26
6.2	Our microfinance brand is effectively positioned in the market to attract our intended clients.	5	4	14	43	34
6.3	Our microfinance brand is widely recognized and easily identifiable by our target clients.	9	12	12	31	36
6.4	Our microfinance brand is viewed as innovative and forward-thinking within the industry.	15	7	23	22	33
6.5	The messaging and visual identity of our microfinance brand are consistently applied across all communication channels and interactions.	6	3	15	29	47
6.6	Our microfinance brand is perceived positively by our target clients.	4	2	9	37	48

Source : Compile Primary Data

The following information is shown below in bar diagram.



Source : Compile Primary Data

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Descriptive Analysis of Microfinance Brand Development

The survey responses (N = 100) provide insights into how respondents perceive the brand identity, positioning, recognition, innovation, consistency, and overall positivity of the microfinance institution's brand. The findings are analysed item by item:

6.1 – Clear and Distinct Identity

- **Majority Agreement:** 63% (37 Agree, 26 Strongly Agree) believe the brand has a distinct identity.
- **Neutral Responses:** 27%.
- **Low Disagreement:** 10%.
- **Interpretation:** The brand is largely seen as differentiated, though a notable minority remains unconvinced, indicating scope for stronger brand differentiation.

6.2 – Effective Positioning

- **Agreement:** 77% (43 Agree, 34 Strongly Agree).
- **Neutral:** 14%.
- **Disagreement:** Only 9%.
- **Interpretation:** Most respondents feel the brand is well-positioned in the market to attract clients, suggesting marketing efforts are aligned with target audience expectations.

6.3 – Recognition & Identifiability

- **Agreement:** 67% (31 Agree, 36 Strongly Agree).
- **Neutral:** 12%.
- **Disagreement:** 21%.
- **Interpretation:** While the majority recognize the brand, nearly one-fifth express difficulty in identifying it, pointing to potential gaps in outreach or visibility among some client segments.

6.4 – Innovation & Forward-Thinking

- **Agreement:** 55% (22 Agree, 33 Strongly Agree).
- **Neutral:** 23%.
- **Disagreement:** 22%.
- **Interpretation:** Although more than half view the brand as innovative, the relatively higher disagreement and neutrality compared to other items suggest that innovation is not a strong differentiator. More innovative initiatives and communication may be needed.

6.5 – Consistency in Messaging & Visual Identity

- **Agreement:** 76% (29 Agree, 47 Strongly Agree).
- **Neutral:** 15%.
- **Disagreement:** 9%.
- **Interpretation:** Strong evidence of consistent branding across communication channels. This reflects good brand management practices that strengthen credibility.

6.6 – Positive Perception

- **Agreement:** 85% (37 Agree, 48 Strongly Agree).
- **Neutral:** 9%.
- **Disagreement:** Only 6%.
- **Interpretation:** The brand enjoys an overwhelmingly positive perception among clients, which is a strong foundation for loyalty and long-term success.

The **statistical test result** using a **one-sample t-test** (testing whether the mean rating is significantly greater than the neutral value = 3).

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RESULTS

Item	Mean	Std. Dev.	t-statistic	p-value	Interpretation
6.1 Clear & distinct identity	3.73	1.08	6.75	<0.001	Significantly above neutral → clients perceive brand identity as distinct.
6.2 Effective positioning	3.97	1.05	9.25	<0.001	Strong agreement → brand is effectively positioned.
6.3 Recognition & identifiability	3.73	1.31	5.58	<0.001	Above neutral, but higher variation → recognition is good but not uniform.
6.4 Innovation & forward-thinking	3.51	1.40	3.63	<0.001	Slightly above neutral → innovation is weaker compared to other factors.
6.5 Consistency in messaging	4.08	1.13	9.52	<0.001	Strong consistency in brand communication.
6.6 Positive perception	4.23	0.98	12.51	<0.001	Very strong positive brand perception.

CONCLUSION

The **t-test results** show that **all six brand perception items are significantly above the neutral midpoint ($p < 0.001$)**, meaning respondents lean positively on every dimension of brand evaluation.

- **Strongest attributes:** Positive perception (M=4.23) and consistency in branding (M=4.08).
- **Moderate strengths:** Clear identity (M=3.73), recognition (M=3.73).
- **Weakest dimension:** Innovation (M=3.51) — though still positive, it is closer to neutral with the highest variability, suggesting mixed opinions.

Implication for research paper: The microfinance brand is overall well-perceived, especially in terms of credibility, positioning, and client trust. However, to strengthen competitiveness, strategic focus should be placed on **enhancing innovation and improving brand recognition among all client segments**.

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