

Abstract of: Psychographics segmentation of Retail banking customers of Karnataka (India) – An exploratory study by H.S.Srivatsa

Purpose

With a population of more than a billion and a tough competition among banks, one of the main challenges for the Indian banks would be in understanding their customers better. Going beyond demographic segmentation, a psychographic segmentation approach enables us to understand the customers better by studying their attitudes, interest, opinions and lifestyles.

The aim of this research is to study the psychographics of bank selection, channel selection and product selection by studying the attitudes, interests, opinions and lifestyles of retail banking customers in India. Further it was also important to check if the psychographics differ geographically and if so, this knowledge could be used by banks to design their offerings appropriately.

Design/methodology/approach

This empirical research was conducted in the State of Karnataka in India by administering a questionnaire to 520 retail banking customers aged between 18 and 42 years. Karnataka was studied as two different geographic regions. A combination of exploratory factor analysis and a confirmatory factor analysis was used to group the variables into factors (segments).

Findings

The psychographics could be studied as distinct groups of variables and the groups differed across the two geographic regions in terms of the grouping compositions thereby pointing towards the need for differentiated product and service offerings by banks.

Research limitations/implications

Literature search on psychographics of bank selection does not include lifestyle variables but this research study considers lifestyle and establishes the importance of lifestyle variables in the banking psychographics. Lifestyle variables are limited in consideration but future studies could include more of them that are assumed to be relevant to banking. Sample could include other states in India as well to get a better representation.

Banks could consider the aspect that psychographics do differ across different geographic regions and lifestyle does play an important role in the bank selection and hence should consider these in their marketing activities.

Originality/value

The inclusion of lifestyles in psychographic studies of bank selection helps in understanding customers better.

Keywords: Psychographics, Retail, Bank, Lifestyle, India, Karnataka