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A study on credit card and its marketing

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Abstract

A "Credit Card" is defined as "A plastic card having a magnetic ribbon, issued by a bank or business authorizing the holder to purchase goods or services on credit". Users experience involves "all factors of the end-user's interface with the company, its services and its products... and its capability... to convene the precise requirements of the client". It basically points to the users' views about using the product or services. It is therefore prejudiced and concentrates on whether the product / service generate significance for them and fulfills their needs. It is subjective, vibrant and changes with time and conditions. This research paper highlights the significance of credit card and its marketing strategies.

Keywords: Credit Card, Marketing, Customer.

Introduction

Today, all marketing concepts involve the accomplishment of the psychosomatic requirements of the consumer for which he is keen to pay a cost. A demand is generated and the customer is made to consider that the demand is a necessitate which has to be accomplished. The need is extended through insistent commercial.

The accomplishment of this requirement brings to a psychosomatic satisfaction of enjoying an improved standard of living than the Jones's and yields logic of "having arrived" amongst his social peers. This dynamic energy to fulfill the requirements of customers particularly results in product innovations and also product growth in ways of marketing.

Thus, marketing today compels the customer to move towards for the newest products, appliances and things of beauty, bringing to prominent expenditure.

For this, the customer has to be either a Rajah or a businessman as there has to be an endless supply of money. When the consumer becomes anxious to complete his needs, he has to either, beg, borrow or steal.

No reputable consumer would remedy to begging or stealing, the only option left is to borrow. Conventionally, Indians by nature are realistic and do not needlessly like to borrow excluding in case of awful needs.

In the earlier times, loans were taken from moneylenders for farming or money would be borrowed from banks for business activities.

Loans for acquisition of customer goods or for evident expenses were ruled out. But of late people all over the world have been using credit as a means of acquiring things of expenditure as well as matter of desire to increase their social position. Thus, for extension of economic activities, customer credit has become a vital part of marketing.

The concept of marketing credit for luxury was revolutionized by the foreign banks that were introduced in India in the late 1970s. Bankers all over the world realized the importance of the credit cards as an exclusive originality to transform the payment system for purchasing and played a major role in beneficial spending.

Indian bankers felt that like in the west there was a ready market of self-employed and young professionals who could be motivated to take credit through the use of credit cards to achieve a higher standard of living.

The mindset of the Indians 'save and then buy, sacrifice today to enjoy tomorrow' could be transformed to 'buy now and pay later, enjoy today and pay when able'.

He further states that "by 2018 the cheques would be dead". Dealing of money in the

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conventional way is undergoing a radical change with ECS and „plastic money“ is the only way to carry out on the web. For purchases of higher values, plastic money has replaced conventional currency notes in most of the metro areas.

Today, Indian users are using bank credit cards more than ever before. There are many banks that offer credit cards to their users in India. As the number of credit cards consumers is increasing, it comprises a significant area of research for better understanding of customers; this can also help bankers to prepare better marketing policies.

Satisfy him with much more than he expects. A mobile phone for example not only aids one to communicate but also facilitates music, games and services for photography. And for this, the customer pays money. All economies of the world trust in this viewpoint, be it the United States of America or India, What holds good for the nation is also true for an individual.

The modern banking sector is growing at a remarkable pace and is trying to change the life styles of people all over India through the credit card which is getting universal acceptance. National and international credit cards have provided an immense motivation to the tourism industry all over India.

Review of Related Literature

Matejkovic et al. (2010) ^[1]: Highlighted that these days, many super markets and SME's offer using credit cards for payment which has certainly influenced the usage of credit cards in urban and rural areas of India.

Mathew et al. (2011): Described that the European people have much debt through credit card as compared to the Asian people who like to pay all their pending dues on time. This approach shows the poor mentality of the Europeans as compared to the Asians.

Mathew et al. (2010) ^[2]: Stated that Government should also take appropriate initiatives so as to promote credit cards as they are doing in the case of Digital India and Skill India. It is observed that majority of people show much interest in Government schemes.

McCall et al. (2012) ^[3]: Pointed out that if a user like e-shopping and often pays through credit card option then it is better to use virtual card. The advantage of using virtual card is that it prevents from any fraud.

Ming et al. (2011) ^[4]: Highlighted that these days banks provide several services on credit cards. The user gets the SMS alert on each and every transaction done. It is very helpful for a user to track the average credit limit.

Murdoch et al. (2010) ^[5]: Described that in the countries like America and China, 7 out of 10 use credit cards for payment. This figure is really very motivating for Indian banks. If the comparison is done then a very interesting fact comes out that Japanese like to pay their debts on time as compared to Chinese or Americans. This information reveals the sense of responsibility in Japanese towards everything. On the other hand, Americans and Chinese people show carelessness in paying the debts.

Rahimi et al. (2010) ^[6]: Investigated that if a comparison is done between Indian male and females then it is observed that male users use much credit cards as compared to

females. Also, there is a fact that students living in hostels use much credit cards as compared to the local ones.

Rani et al. (2011) ^[7]: Pointed out that old aged persons don't like using credit cards. They like doing payments through cash. The reason behind it could be the fact that the old persons believe that debt is not a good thing to have. They have a traditional approach about debts. So they like purchasing things on cash.

Rizzardi et al. (2012): Stated that a credit number is issued with the credit card to the users. It is 16 digit number which is used by the user at the time of payment. This number also proves to be very helpful if credit card is lost.

Safakli et al. (2013): Pointed out that available credit limit is specified in statement. If a user has credit limit of 1,00,000 and that user spends 25,000 on anything then the available credit limit will be 75,000.

Sakkthivel et al. (2013): Highlighted that credit card is the need of the hour. It has become a society symbol in metro cities. It reveals a person's financial status.

Shimp et al. (2010): Described that the use of credit cards is not done on a very large scale. The reason behind is that most of the population of India comes from middle class and lower class families.

These families don't earn so much that they can spend for unnecessary things. Also, most of them hesitate about new technologies in the market. They are unaware of the benefits of these services.

He further pointed out that banks need to start a joint campaign in order to gain the confidence of middle and lower class families in relation to credit cards.

Shoscot et al. (2012): Pointed out that when credit card was introduced in India then it was supposed to be the glamorous thing. But as the time passed on and the number of credit card users increased then it became the common thing in India to have.

Singh et al. (2011): Highlighted that in India, the trend of online shopping is enhancing year by year. Now, there are many online shopping websites like Snapdeal, Amazon, Flipcart etc. These websites provide the option of payment through cash on delivery, debit card or by using ATMs. All these websites offer the option of payment through credit cards as well.

Research Work

With the help of credit card statement, a user can maintain the budget according to the expenses or savings to be done for the coming months. Some banks provide the categorized summary of your spending in the breakdown percentage manner i.e. how much percent you spend on purchasing, entertainment, dining etc. which proves to be very useful information to the user.

It is also observed in many cases that if a user has outstanding balance then the banks charge higher interests on that user as penalty. Hence, a card-holder should be aware of clearing the credit debt on time so that the provider may not have to suffer a lot.

Credit cards are considered as the economical symbol of a

person. It is observed that the percentage of credit card holders in metro-cities is more as compared to that is found in small cities.

The reason behind it can be the difference in the annual income of the people living in metro cities and small cities. It is observed that the middle class families of metro cities earn 40-50,000 per month or more. On the other hand, according to a report, the middle class families of small cities earn about 20-30,000 per month.

This difference clearly describes the fact why the percentage of credit card holders is much lower than that of metro cities. There is one more fact associated with the small cities is that the middle class families prefer purchasing anything on cash rather than on credit.

It is also believed that most of the families in India follow the traditional approach of purchasing the products, tickets etc. on cash rather than on credit considering the fact that debt is not considered to be good.

This traditional approach is also a big factor that most of the people in India don't prefer to have credit cards. A report also suggests that most of the credit card holders are males in India which shows the impact of male dominance over the Indian societies.

A report also suggests that majority of the credit card holders in India are middle-aged having the age between 30-55 years. This information signifies that the chief earner of the family carries the credit card.

Significance of the Study

In India, some families send their child to hostels for better education. Many families provide credit card to their children so that in any kind of emergency, he/she may not have to depend on family help to make them independent. Some of these students use credit cards carelessly which lead them to the heavy credit debt. So, the family members should consider the activities of their children.

It is observed that the trend of having credit card is more in nuclear families as compared to the joint families. The reason behind it can be the fact that joint families are considered to be traditional ones who prefer doing cash transaction.

On the other hand, nuclear families are supposed to be modern one which like to be independent in each and every field of life hence leading to have credit cards.

Since the marketing of credit cards depend on financial status of people. As now Government has taken the initiative to upgrade the income of Government employees in India, there are more probabilities that now most of the Government employees may go for credit cards.

A survey also suggests that majority of the credit card holders are employed in private sector. It means that the number of credit card holders among Government employees is much lesser than that of being employed in private sectors as the salary of private employees is supposed to be much higher than that of Government employees.

But, now the scenario is changing as Government is taking effective steps to raise the salary bar of the Government employees. Therefore, in near future, this figure may change with the upgrading in the financial status of Government employees.

These credit cards come in different categories like Gold credit card, Platinum credit card, Linked credit card etc. The main difference between these cards is observed in the form of services that each of them provides.

Among these cards, Gold credit card is very popular. On the second position, comes the Platinum credit card. If the banks are considered in India then ICICI bank is at no. one position in issuing the credit cards to the account-holders. After that, comes SBI, which is at second position.

If the credit card associations are considered then VISA is most preferred followed by MasterCard. VISA electron, Plus and Cirrus credit cards have yet to make an impact upon the credit card users.

Conclusion

Corporeal usage of credit cards are considered for daily purchasing at malls and supermarkets, at restaurants, for fuel at petrol pump, payments of utility bills etc. On the other hand, credit cards are used for transactions online payment of airlines and railway reservations, purchasing products online etc.

Credit cards are used primarily due to its expediency. Payments can be postponed; unintended purchases can be done besides rewarding bonus points and cash discounts.

Plastic money is the most used type of transactions in the big cities all over the world. In the coming years, it will rule all transactions because of rising costs of printing of currency notes. An effort is initiated to merge the historical background of credit cards, features, types, workings, frauds and precautions to be taken while using the credit card providing helpful impending to the credit card users.

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