

A MARKETING RESEARCH STUDY OF THE BANKING  
HABITS AND ATTITUDES OF THE STUDENTS  
OF OKLAHOMA STATE UNIVERSITY

By

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## PREFACE

There are various ways to fulfill the requirements for the M.B.A. Report, and the consumer survey is but one. There is, however, a down-to-earth reality of marketing principles involved in the personal interview survey, and this practical experience is particularly rewarding to the student whose primary background is in the physical sciences.

Indebtedness must be acknowledged to Dr. Richard R. Weeks, adviser to this Report and Director of the Master of Business Administration Program of the Oklahoma State University. His guidance throughout the two semesters' work on the Report helped the author avoid many of the pitfalls awaiting the M.B.A. candidate. The marketing research class must be commended for their excellent job of collecting the data for the survey. Acknowledgment is also made to Professor Fred Black of the Department of Finance, for his assistance in designing the questionnaire for IBM tabulation and to Mr. Bill Alexander of the University Computer Center for his excellent computer program used in tabulating the results. Mrs. Sarah Millican is acknowledged for typing the results of the survey for distribution to the marketing research class. Mrs. Sue Burchett is acknowledged for typing the final draft of the Report. The patience of my wife, Annette, qualifies her for acknowledgment, as does her skill in the operation of a keypunch machine and her artistic talent.

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## CHAPTER I

### INTRODUCTION

The better a firm knows its market and the motives of the customers and potential customers in that market area, the more profitable the marketing of that firm's product or service should be. For a banking institution, primary emphasis would be placed upon measuring the size and composition of the financial needs of the area it serves, the characteristics and attitudes of the businesses and individuals within the market area, and the potential for expanding the bank's deposits, loans, and other financial services (21/38). The smaller a bank, the more important its individual customers in relation to the total, and the more important the knowledge of the factors which influence the choice of services and institutions made by those individuals (35/47).

Marketing research has been described as the systematic gathering, recording and analyzing of data about problems relating to the marketing of goods and services. It provides data upon which management can base its decisions, replacing intuition and opinion with facts (30/65). In the case of bank marketing research, it can be divided into two parts: (1) the analysis of internal records to determine the characteristics of customers the bank now serves, and (2) the analysis of external data to determine whether the bank has attained a significant proportion of the potential market available to the bank and to develop specific information about the quality of the bank and its services in



the minds of its present and potential customers (25/68). It is within the realm of the second area of marketing research that the survey recorded within this report takes place.

Research studies for banks can turn up new and useful facts about the public's attitude toward banks in general and toward certain banks in particular; what makes customers choose a particular bank; what customers want and expect in facilities and services; and, the effects of advertising.

The most common deterrents to the use of marketing research, even in larger banks, seem to be (1) the cost and (2) an over-estimate on the part of management of its ability to judge the needs of the customers. The primary influences on cost are the size of the market and the quality of the research personnel required (17/41). Marketing research need not be done on a large scale; even the internal records of a bank provide a significant source of information. It is also important to recognize that what a bank thinks about its customers is not the starting place for determining the needs and attitudes of its customers. Research studies designed to gather customer opinions about banks often show up a vast area of public misunderstanding about the services a bank has to offer, but they likewise often point out large areas of bank misunderstanding of the attitudes held by the customers toward the bank.

A research study undertaken to determine how individuals in a particular market area feel about banks in general and about certain banks in particular can thus achieve two ends. It can provide the banks in the area an opportunity to correct any misconceptions held by customers about the banks, and it can also allow the banks to validate or correct their attitudes toward the customers.

## Dimensions of the Problem

An important first step in any research study is the establishment of the dimensions of the problem being studied.

Geographically, the study is limited to the metropolitan area of Stillwater, Oklahoma. The total current population of the town is approximately 35,000. Stillwater is the home of the Oklahoma State University, the major land-grant university of the state. The enrollment of the University currently exceeds 16,000 students, with a resident population of approximately 15,000. The town of Stillwater, therefore, has a non-student population of about 20,000 people.

The marketing area can be divided into three segments of interest: (1) the business establishments, including the University, (2) the town residents, including the permanent University employees, (3) the University students. The study is aimed at the University students only. The student enrollment of the University shows a net inflow of 800 to 1000 students each year, resulting in a regenerative market segment. Roughly half of the student population is concentrated in University residence halls, resulting in a geographically clustered market segment.

## The Banks

Throughout the Report, the banks will be referred to in alphabetical order, unless the analysis requires breaking that order.

### The First National Bank and Trust Company

The First National Bank (FNB) is located in the downtown business district on the southwest corner of the intersection of Main Street and Eighth Street. The bank traces its history back to 1891, and became a national bank in 1889. FNB is the largest bank in Stillwater, with total deposits of 20 million dollars. Two types of checking accounts are offered: (1) the regular account, involving a \$0.25 monthly service charge, \$0.07 charge per check, and a credit of \$0.10 for each \$100 in balance; and (2) a special account, involving the pre-purchase of checks, 20 checks for \$2.00, with three free checks to start the account and no further charge. A drive-in bank is located one block away. The drive-in window is open from 9:00 a.m. to 2:00 p.m. Monday through Thursday, and from 9:00 a.m. to 2:00 p.m. and from 4:00 p.m. to 6:00 p.m. on Friday. A walk-up window is located at the entrance to the bank. It is open from 8:00 a.m. to 9:00 a.m. Monday through Friday, from 2:00 p.m. to 6:00 p.m. Monday through Thursday, and from 2:00 p.m. to 4:00 p.m. on Friday. Free off-street parking is available adjacent to the building. Other services include a Family Banking Center, a community room available for organizational meetings, and art displays in the mezzanine.

### The Stillwater National Bank and Trust Company

Stillwater National Bank (SNB) is also located in the downtown business district, on the southeast corner of the intersection of Main Street and Eighth Street. SNB was formed in 1894, and became a national bank in 1900. It ranks second in size, with total deposits of 16 million

dollars. Two types of checking accounts are offered: (1) the regular account, involving a \$0.50 monthly service charge, \$0.05 charge per check, a credit of \$0.10 on each \$100 in balance, and no charge for an account with a balance of \$600 or more; and (2) the special account, pre-purchased checks, 20 checks for \$2.00. A drive-in bank is located two blocks away and is open from 8:00 a.m. to 4:00 p.m. Monday through Thursday, and from 8:00 a.m. to 6:00 p.m. on Friday. A walk-up window is located adjacent to the bank and is open from 8:00 a.m. to 9:00 a.m. and 2:00 p.m. to 6:00 p.m. Monday through Thursday, and from 9:00 a.m. to 2:00 p.m. and from 4:00 p.m. to 6:00 p.m. on Friday. SNB has conducted business in its present building since 1927, but is constructing a new building at the intersection of Main Street and Sixth Street.

#### The University National Bank and Trust Company

University National Bank (UNB) is located at 1224 Boomer Road adjacent to a shopping center. UNB was opened in 1964 as a national bank. Being a relatively new bank, its total deposits rank third with four million dollars. Two types of checking accounts are offered: (1) the regular account, involving no monthly charge and a \$0.10 charge per check, with 20 free checks per month, and a maximum charge of \$2.00 for an account with a balance of \$101 or more; and (2) a special account for employees of the University, requiring a minimum balance of \$50, deposit of the University paycheck in full, and a maximum of 20 checks written per month without charge. No charges are made if these conditions are met; otherwise the charges for a regular account are used. Drive-up windows are located on the side of the building and are open from 9:00 a.m. to 4:00 p.m. Monday through Thursday, and from 9:00 a.m.

to 4:00 p.m. on Friday, those being the hours of operation for the bank as a whole. UNB maintains close ties with the University among its stockholders, employees, and customers. The bank places a majority of its newspaper advertising in the campus newspaper rather than in the Stillwater newspaper.

#### The Objectives of the Study

The primary objectives of this research study are:

- (1) To determine the degree of familiarity of students of the Oklahoma State University with banks in general, and with the Stillwater banks in particular;
- (2) To determine the nature of the utilization of checking accounts by students of the Oklahoma State University;
- (3) To determine the share of the market for student checking accounts for each Stillwater bank, and the total market for all student checking accounts; and
- (4) To determine whether any significant difference exists in the attitudes held by students of the Oklahoma State University toward the banks in Stillwater.

Secondary objectives in support of the primary objectives are:

- (1) To determine which services of a bank students have used and which they especially like;
- (2) To obtain a measure of the profitability of the checking accounts held by students;
- (3) To determine the utilization of savings accounts by students; and
- (4) To measure the attitudes of students toward the Stillwater

banks through the use of the semantic differential technique.

#### Organization of the Remainder of This Report

A review of the literature concerning marketing research studies done by and about banks is offered in Chapter II.

Chapter III sets forth the methodology of the survey with an explanation of the survey design and tabulation of data.

The results of the survey are presented in Chapter IV with significant correlations and cross-classifications of data.

Chapter V contains a summary of the study with significant conclusions and implications for further study.

## CHAPTER II

### REVIEW OF THE LITERATURE AVAILABLE

A review of the literature concerning bank marketing research provides a background for the development of the survey. Such a review will indicate the type of information which is pertinent and necessary to the decision-making of bank management.

A prime source for annotated listings of marketing research material in general and of bank marketing research in particular is found in the American Banking Association's, "A Banker's Bibliography on Market Research" (1). This pamphlet contains short descriptions of periodical articles, texts, and special studies relating to marketing research in general; marketing research methods, and bank marketing research. These readings are supplemented by a review of more current studies reported in trade journals and texts.

#### Customer Profile Analysis

Bank marketing research can take many forms, from lobby traffic counts to sophisticated motivation research studies. A bank is perhaps exceptional in that its internal records contain a wealth of information on its customers. By comparing a profile or composite picture of the customers for each type of service offered with a similar profile of the population of the area served, developed from Census data and other surveys, a bank can develop a measure of the effectiveness with which

it is reaching its potential market.

The profitability of a demand deposit account is measured in terms of the activity of the account and its average balance. The larger the account balance and the less time required to service it, the more profitable the account (4/336). A bank also experiences a more profitable operation when customers use a number of services and when activity counts per bank employee are highest (35/46). Thus the size of the account balance, the frequency of debits and credits, and the level of multiple usage of services are important factors to measure in a customer analysis.

A description of a customer would include factors such as age, income, occupation, place of residence, place of work, sex, length of time of residence, etc. (20/71). These characteristics can be correlated to Census data and other economic surveys of the area to determine whether the bank has missed a significant segment of its market area potential for different types of customers (44/49). Another factor of importance is the age of the accounts, including retained accounts, new accounts, and terminated accounts (3/75).

#### Market Share Surveys

Although Census data and area economic surveys provide useful information, these generalized surveys cannot take the place of specialized, independent market surveys for specific banks. Surveys of a market for a bank are designed to provide specific information on its share of the services used by area bank customers, relative to other banks in the area and to the potential available for each type of service and each type of customer (2/62). These external audits measure



the total level of deposits, loans, savings, etc., for the area and for each bank in the area; advertising effectiveness; utilization of other services; and customer banking habits.

Customer opinions and attitudes are also surveyed, asking the "why's" and "why not's" of a customer's choice of bank and of services used; recording reactions to advertising, to physical aspects of the banks, to personnel and to new services; determining customer satisfaction with present services; and, in general, determining the position of the bank in the mind of the public.

The results of these surveys are varied and relate specifically to particular marketing areas, but some findings are characteristic of bank customers in general. Factors which influence customer choice of bank include convenience in location, convenience in hours, warmth in decor and personnel, and a feeling of being wanted and welcomed as a customer. Customers want cordiality, recognition by name, and promptness of service. "Convenience" was listed by 43 percent of the customers in one study, while only four percent listed interest rates as a factor in the selection of a bank (17/94, 96). Even among savings account customers, the factor of interest rates was considered most important by only eight percent of the customers (6/41). The recommendation of a friend, past experience with a bank, and the reputation of a bank are other factors influencing the choice of a bank by a customer for an account (4/337). In one study, the active participation of one bank and its officers in community affairs explained differences in the market shares of two branches of the same bank (8/60). The increasing influence of the woman customer as the signer of family checks and loan applications places an emphasis upon the modernized appearance of a bank and the

ease of traffic flow around the bank (13/71). The average man or woman customer knows little about any other bank than his own, but they are used to doing business in a bank whereas their parents were not (17/96).

Another aspect of these surveys is the development of the bank "image". The image survey deals with the more basic attitudes of customers and non-customers toward banking and toward specific banks in particular.

### Banking Image Profiles

Many studies have established the importance of going beyond a bank's own records and the views of its officers in determining what the public thinks about the bank. Even if the bank can say that it has the accounts of most of the customers of a particular type, it cannot say that it is necessarily highly regarded and well-known, for the impression created by the statistics within the bank is frequently different from the view of the customer (27/56). For example, one study among high school students established that, in their minds, banks are provided to the community by the Government, much in the same way as post offices, to provide the community with necessary financial services (34/67).

The "image" which people develop about banks refers to the totality of impressions, associations, and attitudes that they have of each bank. This image is the result of many influences, such as personal experience, hearsay, advertising, and other educational processes. The image may reflect the true character of the bank or it may be imaginary, but in either case, an individual will use this image as a reference in his relationships with the bank. Some of the component parts of the image

by which a bank is categorized and described are its reputation, size, teller service, progressiveness, friendliness, and convenience in location. Other descriptive terms are old-fashioned; accomodating; best for loans; more for big businesses; a bank for average income people, high income people, old people, little people; oldest bank; most advertised; active in the community, etc (46/54).

A study undertaken to determine such an image may be called a corporate image or motivation study. A corporate image or motivation study has been defined as "a study of the attitudes of the public relative to the product, service or firm under consideration. An attempt to determine why they use or do not use the product, service or firm.... and the factors influencing that decision" (17/41).

Banks which imitate each other in the way they offer and promote their services appear very similar to people (27/56). When banks appear to be similar, a major factor motivating a customer to choose one bank over another is the "feeling" that the customer has for the bank. An "image" is conditioned by such factors as friendliness and warmth or the lack of these qualities (15/268). Competing banks and other businesses in a marketing area have widely different levels of public familiarity. In general, the more public familiarity for a business, the more good-will. A particular bank is generally not as well-known as other businesses in the area. Even location convenience advantages, while important, do not always override reputation or image advantages of competitors. The image and "share of mind" which a bank has attained is important because a bank must increase its share of the public's mind that regards the bank favorably for a particular service before it can increase its share of the market for that service

(27/56).

The problems encountered in attitude research are many. A customer, when asked why he behaves in the way he does, generally will not be able to answer. Most people do not really know why they behave as they do. The answers they give are almost always pseudo-rational responses geared to publicly-acceptable reasons for behavior. Pride barriers sometimes make it difficult for a respondent to answer truthfully (9/53). Even the ranking of the services of a bank in the order of importance to a customer may be misleading, as the word "service" can mean many things to different people (8/61).

These problems are met through the use of indirect rather than direct questions, through which the respondent's attitudes are made evident without arousing anxiety on his part about answering a question directly; through open-end questions, which allow the respondent to speak freely; and through the "projective" techniques and other specialized tools of motivation research.

One instrument used frequently in image studies is the semantic differential scale. The semantic differential was developed by Osgood and others (29). The most used form of the semantic differential is a seven-point scale described by bi-polar terms in the following way:

Fair \_\_:\_\_:\_\_:\_\_:\_\_:\_\_Unfair

The respondent places a check mark in the space most descriptive of the subject being judged. The spaces are numbered from one to seven from the right to the left. Thus the score for each respondent is added to the scores from all other respondents and an average score is calculated for a particular bank on this particular gradient (graduated scale). The scales can be organized so that the "favorable" term

appears on the left; thus, a higher score indicates a more favorable image. A number of different bi-polar gradients are used to develop a composite profile of a bank over several different image components (38/62).

A study by a bank in Atlanta, Georgia, using the semantic differential technique, called for respondents to compare their image of the bank with that of other businesses, including a major airline, a national finance company, and local corporations (37/71). This survey showed that the banker is seen as fair, powerful, friendly, and easy to deal with, and that the bank teller is thought of as fair, informal, friendly and even easier to deal with. While the historical image of a banker has been and in some places still is one in which the banker is distant and formal, this survey showed that such a stereotype does not apply in every case to a particular bank in a particular market area.

One problem concerning image studies is that of the operation of stereotypes which override individual differences in images of different businesses. A high correlation was observed between the images of the diverse companies used in the Atlanta survey. All of the organizations were viewed with approval, placing each on the "favorable" side of the gradients. Furthermore, a high correlation between one gradient and another existed, indicating that any one of the gradients might serve to rate the images of the businesses, which implies a redundancy in using the other terms. Thus, much of the image developed by the semantic differential scale is under the influence of generalized stereotypes, and individual differences between businesses are sometimes difficult to discern (38/65).

## CHAPTER III

### METHODOLOGY

A description is set forth in this chapter of the methods of data collection and data analysis used in the research study. The discussion will be sub-divided into six sections: (1) the nature of the study, (2) the statistical design of the survey, (3) the design of the questionnaire, (4) the administration of the survey, (5) the tabulation of the results of the survey, and (6) the limitations of the survey.

#### The Nature of the Study

This research study may be classified as a descriptive survey (5/57). The use of the statistical method in designing a survey results in more objective and reliable generalizations than does the case study method, so the statistical method was chosen (5/66). The personal interview method was chosen for its advantages in flexibility, the greater amount of information which can be obtained, and the greater accuracy of the information obtained (5/125-127). Furthermore, the semantic differential was desired as an image-rating instrument, and this type of instrument requires the presence of a trained supervisor to be properly administered (26/261). The usual disadvantages of the personal interview method are the cost involved and the time required for a small field force to complete the interviews (5/125-127). These disadvantages were somewhat overcome through the use of a marketing

research class, which was assigned the project as a class assignment. The survey was taken in the Spring of 1967.

### Statistical Design of the Survey

The students surveyed were a simple random sample of the total resident student population of the Oklahoma State University.

#### The Sample Units

The individual sample unit is a male or female undergraduate or graduate student, enrolled in at least one semester credit hour at Oklahoma State University, and who further meets the following requirements:

- (1) Enrolled at Oklahoma State University in Stillwater during the Spring semester of 1967;
- (2) In attendance at Oklahoma State University in Stillwater during the period from March 11 to March 23, 1967;
- (3) Enrolled at Oklahoma State University in Stillwater during the Fall semester of 1966; and
- (4) Residing within the Stillwater metropolitan area during the period from March 11 to March 23, 1967.

Students who are excluded from the survey:

- (1) Commuters from rural areas around Stillwater;
- (2) Commuters from other towns;
- (3) Students enrolled at campuses of the Oklahoma State University other than the one at Stillwater; and
- (4) Students who were enrolled in the Spring semester of 1967, but who were not enrolled in the Fall semester of 1966, whose

names thus do not appear in the Student Directory.

The interviewing of students falling under category (1) of the exclusions would require excessive time and travel on the part of the interviewers. Students falling under categories (2) and (3) are served by market areas other than the Stillwater metropolitan area. Exclusion (4) is explained below.

#### The Frame

The frame or list of universe members for the sampling process was the 1966-1967 Student Directory, compiled by the Division of Student Affairs of the Oklahoma State University. The Student Directory is compiled from information provided by students on their official enrollment cards and is further checked for accuracy and completeness at the time students pick up their Student Identification Cards. Since official enrollment records are used as a basis for compiling the list of names in the Directory, the probability of excluding from the Directory the name of a student who is enrolled is quite small.

The Directory will not reflect official or unofficial changes such as the dropping of all course work or changes of address. These changes, however, when made officially, are recorded with the Dean of Students, according to University regulations. Thus the official enrollment status and official address for each student was verified prior to the actual implementation of the survey. Students who have made unofficial changes in enrollment status or address are a source of nonresponse as they cannot be eliminated from the sample prior to implementing the survey.



The Student Directory is compiled in the Fall semester, so that mid-term changes in enrollment also are not reflected in the Directory. For instance, students who graduate and leave the University in January are listed in the Directory. These changes are recorded with the Dean of Students, so that their names may be eliminated. However, students who enroll in the Spring semester but who were not enrolled in the Fall semester are not listed in the Directory, and thus are not included in the sample, although they would be eligible for the survey. It is assumed that the proportion of eligible students excluded from the frame for this or any other reason is small, and that such exclusions would not materially affect the results of the survey.

#### Method of Selecting the Sample Units

A probability sample of students was drawn from the frame by assigning a number to each name in the Student Directory. A list of random numbers was compiled from a book of random numbers (31). Each random number then indicated a name which was to be chosen for the sample.

The names and addresses were recorded on cards which were ultimately used by the interviewers. The enrollment, address, and telephone number of each student was verified through the office of the Dean of Students, with appropriate changes indicated on the cards.

The sample size was limited by the number of interviewers available and by the average number of interviews each was expected to complete in the time allowed. A total of 194 sample units were drawn, for an average of about 16 interviews per interviewer.

Students enrolled at the campus at Okmulgee were listed separately in the frame and thus were not included in the drawing of the sample units. Other students were eliminated according to the requirements previously set forth by discarding their card and drawing another random number from the book to replace them. For example, commuting students are listed as "Commuting" in the space provided for their local address in the Directory. When such a student's number was drawn, his name was eliminated and another random number was generated from the book of random numbers. A similar process was used to replace those students who were no longer enrolled at the University. Although the verification process aided greatly in reducing the nonresponse and change of address problems for the interviewers, some degree of nonresponse was expected due to unofficial changes of status, changes occurring during the interval from the time the sample was drawn to the time the survey was implemented (about two months), and due to other sources of nonresponse inherent in any survey.

#### Questionnaire Design

The questionnaire includes questions with structured and open-end answers, direct and indirect questions, and dichotomous and multiple-answer questions. The basic questionnaire was further supplemented by a semantic differential scale (See Appendix A). The use of open-end questions, indirect questions, and the semantic differential allows a measurement of student opinions and attitudes. The survey sponsorship was not disguised; in fact, the academic nature of the sponsorship was considered an advantage in obtaining the cooperation of potential interviewees.

For the purpose of discussing the construction of the questionnaire, the questionnaire may be divided into six parts: (1) demographic data, (2) usage of banks and bank services, (3) checking account analysis, (4) savings account analysis, (5) opinion and attitude questions, and (6) the semantic differential.

Question Nos. 1-5:  
Demographic Data

These questions provide the more significant demographic information relative to the use of banks and checking accounts. At the same time, they are fairly easy for the respondent to answer and provide a warm-up period for the questions which follow. The length of time a student has been in Stillwater is a better indicator of his opportunity to use a bank in Stillwater than is his classification in college or (in some cases) his age. The transfer students and the graduate students are two groups for which the length of time in Stillwater will not always correlate with their classifications, for example. The sex, marital status, nationality, and age are other significant factors. Further demographic data was available from the interviewer contact cards: classification, address, telephone number, and college.

Question Nos. 6-10:  
Usage of Banks and Bank Services

The degree to which students have used banks in general and the Stillwater banks in particular, and the type of services they have used are recorded here.

Question No. 6a allows for an open-end explanation of the reasons why a student has never used a bank. The interviewer then shifts to

Question Nos. 20 and 20a covering the use of savings accounts and the interview is then terminated for these respondents.

Question Nos. 11-19:  
Checking Account Analysis

These questions offer a measure of the degree to which students have utilized checking accounts, the type of checking accounts used, where the account is located, the age of the account, the level of debit and credit activity, the size of the account balance, and whether the student "brought his checking account with him when he came to college." These questions provide significant measures of the share of the student market for checking accounts for each bank, the potential profitability of the student account, and significant patterns in the use of checking accounts by the students of the Oklahoma State University.

Question No. 11a explores the reasons why a student has never had a checking account. The interviewer then directs the interviewee to Question Nos. 20 and 20a on savings account usage and then terminates the interview for these respondents.

Question No. 19a allows the interviewer to determine the pattern of experience with checking accounts characteristic of the student during the transition to college. Only students who indicated in Question No. 19 that they did have a checking account before they came to college were asked whether they cancelled that account, and why they did or did not cancel that account.

Question Nos. 20, 20a:  
Savings Account Usage

The utilization of savings accounts by students is measured, but not as fully as was the utilization of checking accounts. The number and location of savings accounts is recorded.

Question Nos. 21-22a:  
Attitude and Opinion Questions

In Question No. 21 the students are asked to indicate which services of a bank they especially like and use. Their responses are recorded verbatim to this open-end question.

Question No. 22 offers the students an opportunity to express their overall preference for one bank or another. They are asked to project themselves into a situation where a friend has asked them for advice on opening a checking account in a Stillwater bank. They are to indicate which local bank or banks, if any, they would recommend to a friend, and why they would or would not recommend a particular bank.

The Semantic Differential

The gradients used were chosen for their appropriateness to the marketing image of a bank, but these by no means exhaust the list of gradients which might have been used. The 15 gradients chosen are adequate in number yet not too many for the respondent to handle, and they are a representative sample of the more appropriate polar opposites used elsewhere. An appropriate explanation of the semantic differential technique is read to the student before he attempts to rate the banks.

## Administration of the Survey

Each of the members of the marketing research class was assigned the task of developing a letter of introduction, a questionnaire, and a set of interviewer instructions along with regular class assignments on marketing research techniques. Thus the form in each case is a product of much discussion among the class members, the instructor, and the author, though the author must take the responsibility for the final form of the survey and its components.

### The Letter of Introduction

An important part of the survey is the letter of introduction sent out to sample members prior to any attempt by the field force to contact them. Such a letter explaining that a legitimate interviewer will be contacting the sample member for an interview within a few days aids greatly in gaining the cooperation of sample members. A copy of the letter is attached in Appendix B. The name and address of a sample member is typed in, and the letter is sent out on College of Business stationery a few days before the interviewers are to enter the field. Only a few letters were returned due to the inability to locate an addressee.

### Interviewer Preparation and Pre-Test of Questionnaire

Each interviewer was supplied with a set of Interviewer Instructions, a packet of contact cards, an adequate number of questionnaires and semantic differential scales, and other items. A copy of the Interview Instructions is attached in Appendix C.

The interviewer is reminded of the importance of his job, the purpose of the study, and other aspects of the survey which had been previously discussed in class. He is given a suggestion as to an appropriate approach to use in opening and closing the interview. A question-by-question explanation of the procedure to follow in administering the questionnaire is reviewed, including instructions on the administration of the semantic differential.

Prior to entering the field, each interviewer was required to show satisfactory performance on each class assignment. In addition, a class session was reserved for role-playing, with each member of the class participating as both interviewer and interviewee. The interviewers thus were able to obtain practical experience in the administration of the questionnaire.

Each interviewer was given a packet of contact cards. Each card contained the name, address, telephone number, classification, and sex of a sample member he was to contact. All interviewers were males, since the class enrollment happened to be all male. Sample members were assigned to interviewers in geographical clusters to reduce the time and travel required to contact the interviewees. In most cases, the interviewer was given an equal share of dormitory residents and town residents to equalize the load on the interviewers.

The author conducted a pretest of the questionnaire on a convenience sample of students passing through a student fair held in the lobby of the College of Business. Appropriate additions and deletions to the questionnaire were discussed with the class members and the instructor, in view of the results of the pretest and the role-playing exercises. The interviewers, including the author, were registered with

the local Police and Chamber of Commerce.

#### Tabulation of the Results

The interviewers were instructed to return the completed questionnaires and the contact cards on March 23. Of the 194 interviews assigned, 171 were completed, for a nonresponse level of 12 percent. The major source of nonresponse was the inability of an interviewer to find the sample member. In most cases, the sample member was no longer residing in Stillwater.

Each questionnaire was checked for consistency and coherence in answers. For example, a student who indicated that he had a checking account in a Stillwater bank must have indicated that he had used the bank. Another example is the consistency required in the pattern of answers to Question Nos. 18, 19 and 19a on the use of a checking account before the student came to college. The interviewers had been cautioned against incorrect recording of data, though some degree of error is always possible. Appropriate annotations were made prior to coding the questionnaires for keypunching on IBM cards.

All structured-answer questions were coded for the keypunching of data processing cards. The information on the questionnaire was supplemented by additional demographic information from the interviewer contact cards. The semantic differential raw scores were also punched into the cards. Each questionnaire was given a number, and the IBM cards were proofed back to the questionnaires. Multiple cards were used for students who had used more than one bank or more than one checking account. Duplicate cards were identified so that double-counting could be avoided when the number of respondents in a category were tabulated,



and yet all checking accounts would be represented when the number of checking accounts in a category were tabulated.

The tabulation was accomplished through the use of an IBM card sorter and the computer available in the University Computer Center. Over 120 significant cross-classifications and correlations were thus obtained in a very short time. An analysis of the semantic differential scores was also programmed for the computer.

#### Validity and Limitations of the Survey

It is appropriate to indicate the limitations of the results of the survey before presenting those results.

The validity of the questionnaire depends upon its ability to measure what it is designed to measure. Reference to the secondary sources cited in Chapter II indicate face validity for the questions and the semantic differential gradients used. The type of questions used and the semantic differential are appropriate to the gathering of factual data, opinions, and attitudes in a descriptive survey.

The use of the statistical method offers reliability in the degree of consistency which would be expected if other samples were to be drawn from the same population.

Objectivity in data analysis is easier to attain than is objectivity in the interpretation of that analysis. It is the responsibility of the researcher to retain objectivity in the interpretation of the results of the survey, though such an analysis is always open to subjective influences.

It must be remembered that the results of the survey apply only to the students of Oklahoma State University who reside in the metropolitan

area of Stillwater, Oklahoma. No attempt is made to extend the implications of the survey beyond that population, nor does it seem necessary to do so.

## CHAPTER IV

### RESULTS OF THE SURVEY

The analysis of the results of the survey will follow the organization of the questionnaire. The major divisions of the analysis are: (1) demographic factors, (2) usage of banks and bank services, (3) checking account analysis, (4) savings account analysis, (5) attitude and opinion questions, and (6) the semantic differential.

#### Demographic Factors

Question No. 1:  
How long have you lived in Stillwater?

The length of time which a student has lived in Stillwater is a measure of the opportunity which he has had to become familiar with the Stillwater banks. The response to this question indicates that 56 percent of the students have lived in Stillwater less than two years, and only eight percent have lived in Stillwater for five or more years.

Question No. 2:  
Sex

Question No. 3:  
Are you married?

Table I shows that 72 percent of the students in the sample were male and 28 percent were female. Thus the ratio of male students to female students in the survey sample is 2.64 to one. The offices of the

Dean of Women and of the Dean of Men compile a report on the place of residence, sex, and classification of all students at the beginning of each semester.

TABLE I  
SELECTED DEMOGRAPHIC CHARACTERISTICS OF THE  
POPULATION AND OF THE SAMPLE

Demographic Factor	Number of Respondents in Sample	Percentage of Respondents in Sample	Percentage of Students in University Enrollment <sup>a</sup>
<b>Sex:</b>			
Male	124	72%	65%
Female	47	28	35
Total	171	100%	100%
Ratio (Male:Female)	2.64:1	2.64:1	1.87:1
<b>Marital Status:</b>			
Single	137	80%	81%
Married	34	20	19
Total	171	100%	100%
<b>Place of Residence:</b>			
Residence Hall	79	46%	44%
Town	92	54	56
Total	171	100%	100%
<b>Classification:</b>			
Freshman	54	32%	30%
Sophomore	38	22	23
Junior	36	21	18
Senior	30	17	17
Graduate	13	8	12
Total	171	100%	100%

<sup>a</sup>"Women's Enrollment Survey," Office of the Dean of Women, October, 1966; and, "Men's Enrollment Survey," Office of the Dean of Men, October, 1966.

Thus, it is possible to obtain a break-down of the University resident student population and verify the validity of the sample characteristics. The corresponding ratio for the University resident student population is 1.87 males for every female. The discrepancy between the sample and the population must be remembered when analyzing any variable dependent upon the sex of a student, but in most cases it is assumed that the discrepancy is small enough that it will not significantly alter the results of the survey.

The marital status of the students in the sample more closely resembles the campus population characteristics, with both approximating a four to one ratio of single to married students.

The place of residence and classification of the survey respondents were determined from the interviewer contact cards and the Student Directory. The ratio of respondents living in residence halls to respondents living in town (other than University residence halls) closely approximates the one to one ratio found in the population.

A breakdown of the survey respondents by classification shows a fairly close approximation to the University resident student population figures.

The power of the probability sampling method is demonstrated in the close approximations achieved on these factors, even though the sample represents only about one percent of the total resident student population. If a quota sample had been used, a much larger sample size would have been required to ensure only a slightly more accurate representation of the factors measured.

Question No. 4:  
International student?

The sample contains only one international student respondent out of 171 respondents. Some of the nonrespondents were international students, being sometimes difficult to locate or contact. Some degree of interviewer bias may have been a factor. At any rate, no comment will be made on the characteristics of the international student's relationship with banks, in view of the inadequate sample representation.

Question No. 5:  
In what year were you born?

Students who are 18 to 20 years old make up 47 percent of the respondents in the survey. These students are equally divided between 18- and 19-year-olds and 20-year-olds. The percentage of students 21 years old drops to 17 percent, paralleling the drop in the size of the class to which most of these students belong. Students over 23 years in age make up only 19 percent of the total number of University students residing in Stillwater.

#### Demographic Cross-Correlations

Virtually all of the residence hall students are single. Only six out of every 10 town students are single. Most of the male students (64 percent) live off-campus. Most of the female students (70 percent) live on campus.

## Usage of Banks and Bank Services

Question No. 6:

Have you ever used the services of a bank?

Question No. 6a:

If no, why have you never used the services of a bank?

Question No. 7:

What bank services have you used?

These three questions and the three which follow are designed to establish the degree of familiarity of the students of the University with banks in general and with the banks in Stillwater, in particular.

Only three students had never used the services of a bank. These three, however, serve to remind us that it is possible for a 19- or 20- or 21-year-old college student to have never conducted business through a teller's window. All three further indicated that they did not have savings accounts. As might be expected, the three students indicated that they relied upon cash and checks from home (cashed in places other than a bank) for their financial needs, and thus had no apparent reason to use the services of a bank. Their interviews were perhaps the shortest of any of the students interviewed, but the information they provided was nonetheless valuable as a reminder of the small degree of familiarity with banks which a few students may possess.

On the other side of the question, however, is the vast majority of the University students. Most students have conducted business with a bank, though this business has been perhaps shallow with respect to the many services which a bank has to offer. These students indicate that their experience with banks lies mainly in the check cashing/ checking account and savings account categories (45 percent and 38 per-

cent of all mentions, respectively). The car loan category and other categories (personal loans, savings bonds, money orders, etc.) received only 17 percent of the mentions. In terms of the number of respondents, 93 percent of the students have used the checking services of a bank; 79 percent have used savings accounts in banks; and only 35 percent have used the car loan and other services.

Of the 12 students who had not used the checking services of a bank, 11 were single residence hall students. The residence hall student likewise lags behind the town student in usage of other services of a bank. Only one-third of the married students have used the car loan or other services, though they lead single students in usage of these services.

Question No. 8:

Have you ever used the services of First National Bank of Stillwater?

Question No. 9:

Have you ever used the services of Stillwater National Bank?

Question No. 10:

Have you ever used the services of University National Bank of Stillwater?

With these three questions the survey focuses on the three banks in Stillwater, but still in terms of the general usage of the banks. Of the 171 students in the survey, only 46 percent had used any Stillwater bank. Over half of the students (54 percent) have never used any bank in Stillwater for any purpose.

Of the 78 respondents who have used a bank in Stillwater, 44 percent have used First National Bank, 28 percent have used Stillwater National Bank, and 28 percent have used University National Bank. It is particularly significant to note that of the 39 students who have used



First National Bank, 32 have used only First National Bank. Likewise, of the 25 students who have used Stillwater National Bank, 19 have used only that Stillwater bank; and, of the 25 students who have used University National Bank, 18 have used only that bank. It should be noted that while differences in usage and loyalty may be compared between the three banks, the fact remains that at least seven out of every 10 student customers in a Stillwater bank will remain loyal to the first bank they choose. At the same time, 87 percent of the students of the University have used neither Stillwater National Bank nor University National Bank, and 80 percent have never used First National Bank (Figure 1).

Of the students living in town, 33 percent have used First National Bank, 17 percent have used Stillwater National, 17 percent have used University National, and some students have not used any of the banks. Thus, 67 percent of the town students have used at least one Stillwater bank. Only 35 percent of the residence hall students have used a Stillwater bank.

Table II shows a correlation between the amount of time a student has lived in Stillwater and the likelihood of his using a Stillwater bank. Thus, only 38 percent of the students who have lived in Stillwater less than one year have ever used a Stillwater bank, but 98 percent of those students who have lived in Stillwater for five years or more have used a Stillwater bank. Looking within the table, it is noted that First National Bank shows the highest overall percentage, particularly among those students who have lived in Stillwater for four or more years. On the other hand, University National Bank ranks first or second in many categories, even though it has been open

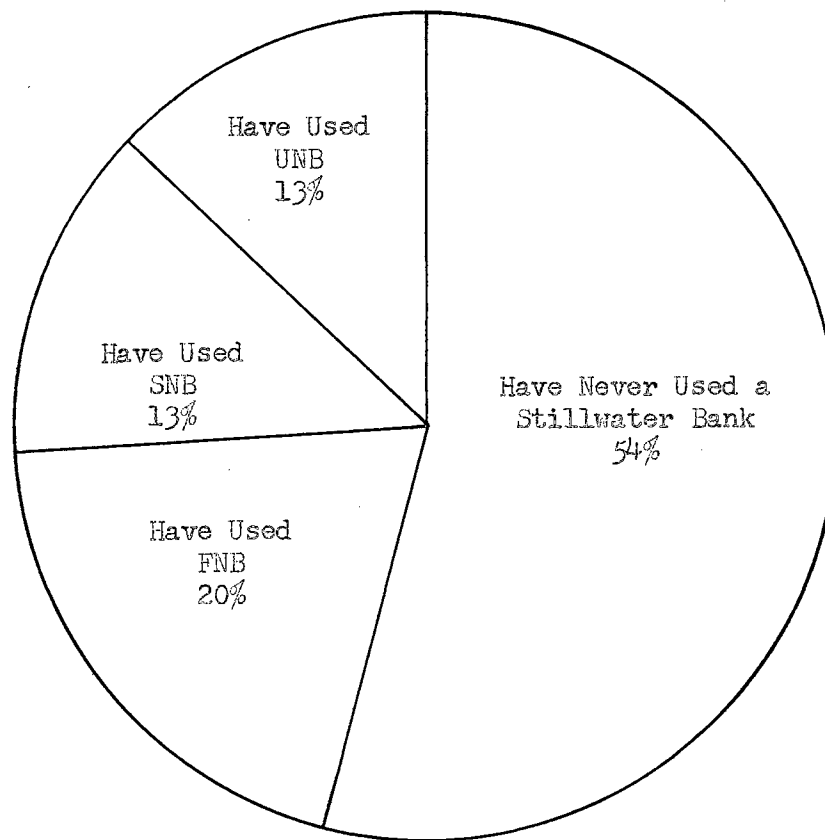


Figure 1. Percentage Distribution of Students Who Have Used First National Bank (FNB), Stillwater National Bank (SNB), University National Bank (UNB), and Who Have Not Used a Stillwater Bank

only since 1964.

TABLE II  
 PERCENTAGE DISTRIBUTION OF STUDENTS WHO HAVE USED  
 A STILLWATER BANK ... BY LENGTH OF TIME THE  
 STUDENT HAS LIVED IN STILLWATER  
 AND BY BANK USED

Bank Used	Length of Time in Stillwater in Years					Five or more
	Less than one	1.0-1.9	2.0-2.9	3.0-3.9	4.0-4.9	
First National Bank	16%	10%	25%	25%	54%	54%
Stillwater National Bank	9	10	16	20	27	44
University National Bank	<u>13</u>	<u>21</u>	<u>16</u>	<u>25</u>	<u>10</u>	<u>0</u>
Total	38%	41%	57%	70%	91%	98%

The preference of students for First National Bank holds for both the male student and the female student. Of the male students, 25 percent have used FNB, while 18 percent have used each SNB and UNB. Female students show a similar preference for using FNB, even among the few who have actually used a bank in Stillwater. Married students use FNB (53 percent), then UNB (29 percent), and then SNB (24 percent). Single students use FNB (15 percent), then SNB (12 percent), and then UNB (11 percent).

Returning to the basic question, only 20 percent of the students of the Oklahoma State University have ever used First National Bank, and only 13 percent have used either Stillwater National Bank or University National Bank (Figure 1).

## Checking Account Analysis

Question No. 11:

Do you have a checking account?

Question No. 11a:

Why do you not have a checking account with a bank?

The questionnaire now shifts to the focal point of the survey, the utilization of checking accounts by students of the University.

A little under 12 percent of the students do not have checking accounts. This figure includes the three students who have never used a bank and others who have used a bank but do not have a checking account. Thus the vast majority of the students (88 percent) do have a checking account.

Those students who do not have a checking account gave various reasons for not using that service of a bank. Some students rely totally upon checks and cash sent from their parents. Others feel that they "do not have enough money" to warrant using a checking account. Still others would "just rather carry cash" or feel that it is "too hard to cash checks."

As might be expected, the proportion of students holding a checking account increases with age, ranging from 80 percent of the 18- and 19-year-olds to 100 percent of the 23-year-olds. The residual category of students 24 years old or older shows a decline to 90 percent. The reasons given by older students for not having a checking account differ from the reasons given by younger students. The 18- to 20-year-olds listed the "parents send money" category most frequently, whereas the older students resorted to "rather carry cash" etc., indicating a decision on their part not influenced by their parents.

Only six of the 20 students who do not have a checking account live in town, with 14 of the 20 living in residence halls. Female students account for seven of the 20, maintaining the ratio of male students to female students found on campus. Only two of the 20 students without checking accounts were married.

Question No. 12:

What type of checking account do you have?

The results from this question will be discussed under Question No. 21.

Question No. 13:

Where is your checking account located?

This question is perhaps one of the more significant questions in the survey. The answers to this question provide a measure of the market share for each local bank and of the potential available to the banks.

Before presenting the results of this question, a note on the level of multiple checking accounts would be helpful. Of the 151 students who had a checking account, six had more than one account. These six students had four accounts in FNB, two accounts in UNB, none in SNB, and seven accounts out of town, for a total of 13 accounts. Thus the 151 students having checking accounts had 158 checking accounts. The appropriate base (respondents or accounts) will be indicated where necessary. One student had an account in FNB and also one in UNB.

Figure 2 shows the percentage distribution of all the checking accounts held by students. The results of this question show that 64 percent of the checking accounts held by students of the University are

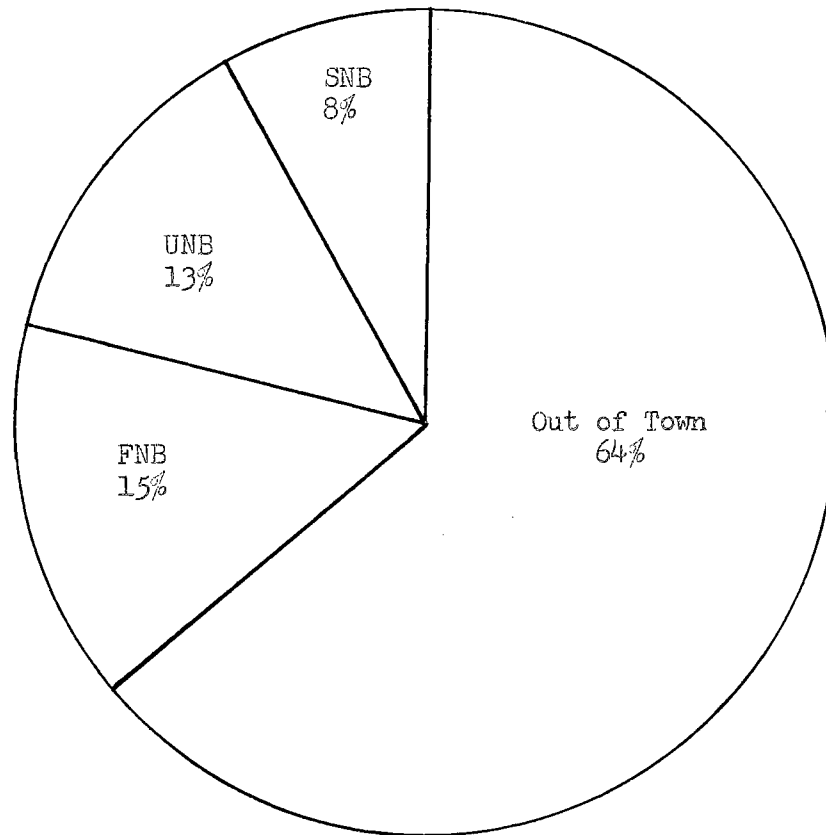


Figure 2. Percentage Distribution of Checking Accounts Held by the Students in First National Bank (FNB), Stillwater National Bank (SNB), University National Bank (UNB), and in Out-Of-Town Banks

held in out-of-town banks. The three banks in Stillwater share only 36 percent of the student checking accounts. FNB has 15 percent of the accounts held by students; UNB has 13 percent; and SNB has eight percent. Thus, almost two-thirds of the students who have checking accounts choose to hold those accounts in out-of-town banks.

Looking only at the local market, FNB has 42 percent of the accounts held in Stillwater banks by students; SNB has 22 percent; and UNB has 36 percent of the local market. First National Bank leads not only in general usage but also in share of student checking accounts. Whereas Stillwater National and University National tied in general usage, University National leads Stillwater National in the share of checking accounts held in local banks by University students.

It is interesting to note that 80 percent of the students who use UNB also have a checking account in UNB, whereas only 59 percent and 48 percent of the student users of FNB and SNB, respectively, have checking accounts in the bank they use. Of the students who have their checking accounts in out-of-town banks, 80 percent have never used a Stillwater bank. Thus a student, once he has chosen a bank for his checking account, is not likely to use any other bank, even if his bank is an out-of-town bank.

Three different types of student customers are evident. Students in the first category who do not have a checking account are few in number. The second group consists of students who have checking accounts in the local banks. These students are loyal to the banks they use, which is an asset to the bank they use and a liability to any bank wishing to expand its share of the market by drawing customers from other banks. The third and largest segment are potential customers

consisting of students who have checking accounts in out-of-town banks. Yet eight out of every 10 of these students never use a Stillwater bank. Thus nearly two out of every three students of the University choose to open a checking account in an out-of-town bank and most of these students never use a Stillwater bank for any reason.

Table III indicates that if a student has lived in Stillwater for less than two years and has a checking account in Stillwater bank, it is highly probable that his account is located in University National Bank.

TABLE III  
PERCENTAGE DISTRIBUTION OF STUDENTS WHO HAVE A  
CHECKING ACCOUNT ... BY LENGTH OF TIME THE  
STUDENT HAS LIVED IN STILLWATER AND  
BY LOCATION OF ACCOUNT

Location of Checking Account	Length of Time in Years						Total
	Less than one	1.0-1.9	2.0-2.9	3.0-3.9	4.0-4.9	Five or more	
First National Bank	22%	13%	13%	17%	9%	26%	100%
Stillwater National Bank	33	8	8	25	8	17	100
University National Bank	35	25	15	25	-	-	100
Out-Of-Town Bank	39	18	24	8	7	4	100
All Respondents	39	17	19	12	6	7	100

This trend continues for the length of time which University National Bank has been open. Thus the lead in market share shown by First National Bank is attributed to the accounts of students who have lived



in Stillwater longer than the length of time that University National Bank has been open.

A cross-classification of demographic characteristics of students who have checking accounts in the local banks is presented in Table IV.

TABLE IV  
DISTRIBUTION OF STUDENTS WHO HAVE A CHECKING  
ACCOUNT IN A STILLWATER BANK ... BY BANK,  
BY SEX, BY MARITAL STATUS, AND  
PLACE OF RESIDENCE

Category	Location			Total
	First National Bank	Stillwater National Bank	University National Bank	
Male, Single, Residence Hall	2	1	7	10
Male, Single, Town	7	6	3	16
Male, Married, Town	<u>10</u>	<u>5</u>	<u>7</u>	<u>22</u>
Subtotal, Male	19	12	17	48
Female, Single, Residence Hall	1	0	2	3
Female, Single, Town	2	0	0	2
Female, Married, Town	<u>1</u>	<u>0</u>	<u>1</u>	<u>2</u>
Subtotal, Female	4	0	3	7
Total	23	12	20	55

While the ratio of male students to female students in the sample and on the campus is about two to one, the corresponding ratio for students who have checking accounts locally is much higher, indicating that a male student is much more likely to open a checking account in a local bank than is a female student. Most female students do have checking accounts (83 percent), but most of those who have an account hold it in an out-of-town bank (85 percent). Most of the male students also

have a checking account (90 percent), but those who have an account are less likely than female students to hold that account in an out-of-town bank (43 percent).

Of the 34 married students in the survey, two did not have a checking account, and nine had their checking account in an out-of-town bank. These nine students range from the younger married students who still depend heavily upon financial assistance from their parents, to older, more opinionated students who prefer the "easier loan credit and lower rates" of their out-of-town bank.

The majority of the married students (68 percent) do, however, have their checking accounts in a Stillwater bank. These married students seem to prefer FNB, as 46 percent have their checking account in that bank. UNB follows with 33 percent of the married student accounts, and SNB has 21 percent.

The married student accounts represent 43 percent of all of the student checking accounts held in Stillwater banks. Thus the ratio of single students who have local accounts to married students who have local accounts is about 1.4 to one, compared to the four to one ratio of single students to married students on the campus and in the total survey sample. The married student segment is therefore an important one for the local banks.

Students of the University are divided about evenly according to place of residence, with 56 percent of the students living in town and 44 percent living in University residence halls. Of the students who have checking accounts in the local banks, the ratio of students living in town to those living in residence halls is about three to one, instead of one to one. It should be noted that neither FNB nor SNB has

a significant proportion of residence hall students among their student checking account customers, whereas UNB has almost half of its student customers living in residence halls. A geographical plot of the location of the accounts held by town students shows no significant clustering for any Stillwater bank.

Question No. 14:

How long have you had a checking account with this bank?

The distribution of the ages of checking accounts held by students shows the general influence of the length of time the students have lived in Stillwater, but also indicates a relatively young age for the accounts (Table V).

TABLE V  
DISTRIBUTION OF THE AGES OF THE CHECKING  
ACCOUNTS HELD BY STUDENTS ... BY  
AGE OF ACCOUNT AND LOCATION  
OF ACCOUNT

Age In Years	Location				Total
	First National Bank	Stillwater National Bank	University National Bank	Out-Of- Town Bank	
Less Than One Year	6	6	12	15	39
1-1.9	3	2	4	17	26
2-2.9	7	1	2	14	24
3-3.9	3	2	2	17	24
4-4.9	2	0	0	9	11
Five or more	2	1	0	30	33
Total	23	12	20	102	157

Most of the accounts held by students in the local banks are less than

two years old (60 percent). The ages of the accounts held in out-of-town banks are more equally distributed. The student accounts held in University National Bank are particularly young, indicating a rapid growth in the last year. Only FNB shows a significant proportion of student accounts three or more years old.

Table VI shows a correlation between the length of time a student has lived in Stillwater and the age of his local checking account. The form of the table indicates that a student could not have a checking account in a Stillwater bank which was older in years than the length of time he has lived in Stillwater.

TABLE VI  
CORRELATION BETWEEN THE LENGTH OF TIME A STUDENT  
HAS LIVED IN STILLWATER AND THE AGE  
OF HIS LOCAL CHECKING ACCOUNT

Age of Local Account	Length of Time in Stillwater in Years					
	Less than one year	1-1.9	2-2.9	3-3.9	4-4.9	5 or more
Less than one year	15	2	3	1	1	2
1-1.9		7	0	1	0	0
2-2.9			4	4	0	2
3-3.9				6	1	0
4-4.9					1	1
5 or more						3

It is significant that a fairly high correlation exists with the maximum length of time the student has lived in Stillwater. For example, most of the students who have lived in Stillwater for three years and who have a checking account in a local bank have also had

their checking account for three years. Thus most of the students with local accounts opened those accounts not long after they came to Stillwater.

Question No. 15:

How many checks do you write in a month, on the average?

This question is designed to provide a measure of the level of activity in check-writing associated with student accounts. The majority of the student accounts are characterized by a relatively low level of checks written per month, with 61 percent of the accounts involving 10 or fewer checks per month (Table VII).

TABLE VII

PERCENTAGE DISTRIBUTION OF CHECK-WRITING ACTIVITY  
OF STUDENTS WITH CHECKING ACCOUNTS ... BY  
NUMBER OF CHECKS WRITTEN PER MONTH  
AND BY LOCATION OF ACCOUNT

Number of Checks per Month	Location				
	First National Bank	Stillwater National Bank	University National Bank	Out-of- Town Bank	All Accounts
1-5	13.0%	16.5%	30.0%	34.0%	29.0%
6-10	39.0	16.5	40.0	31.0	32.3
11-15	17.5	16.5	5.0	18.5	16.4
16-20	4.3	16.5	10.0	8.7	8.5
Over 20	26.0	33	15.0	7.7	13.3

However, the distribution for all accounts is bi-modal, with 13 percent of the accounts overaging over 20 checks per month. Only FNB repeats this bi-modal characteristic. SNB shows an even distribution with a

modal point occurring in the "Over 20" category. Of the student accounts held in UNB, 70 percent involve 10 or fewer checks per month. Cumulatively, 76 percent of the accounts held in the local banks by students involve 20 or fewer checks per month.

The residence hall student, however, writes less than six checks per month on the average. The distribution for town students is bi-modal, with 30 percent writing six to 10 checks per month and 20 percent writing over 20 checks per month. Married students show a bi-modal distribution, with 25 percent writing six to 10 checks per month, and 35 percent writing over 20 checks per month.

Question No. 16:

How many deposits do you make to your checking account in a month, on the average?

The average checking account held by a student involves between one and two deposits per month (Table VIII).

TABLE VIII  
PERCENTAGE DISTRIBUTION OF CHECKING ACCOUNT DEPOSIT  
ACTIVITY OF STUDENTS ... BY NUMBER OF DEPOSITS  
PER MONTH AND BY LOCATION OF ACCOUNT

Number of Deposits Per Month	Location				
	First National Bank	Stillwater National Bank	University National Bank	Out-of- Town Bank	All Accounts
Infrequent Lump Sum	8.7%	8.3%	5.0%	17.5%	13.3%
One	26.0	41.7	35.0	33.0	31.7
Two	43.5	33.3	40.0	35.0	36.0
Three	8.7	8.3	5.0	8.2	7.6
Four or More	8.7	8.3	15.0	6.2	7.6

Accounts held in FNB involve two deposits per month on the average; in SNB, one deposit per month; and in UNB, two deposits per month.

Married students make two deposits per month, with 56 percent of the married students in that category. Of the single students, 86 percent make two or less deposits per month, with 16 percent making infrequent lump sum deposits.

Question No. 17:

Will you please estimate the average balance in your checking account?

A detailed breakdown of the results to this question is given in Appendix D. The total number of checking accounts in each range of checking account balances was multiplied by the mid-point of the range to give a measure of the total amount of money involved in the student accounts. The \$200 or more range is represented by the actual amount of the balance reported by the student. Where an exact amount was not specified, the \$200 minimum for this range was used. Most of the students specified an exact amount due to the wording of the question; i.e., they were asked for a specific figure though the answer was recorded within a bracketed range.

The total sum of money involved in the 158 student checking accounts was a little over 31,000. This figure represents an average of \$207 per checking account. About 52 percent of the students have less than \$120 in their checking accounts, while nine percent have a balance exceeding \$500, and several have more than \$1,000 in their checking accounts.

In comparison, the average checking account balance held in a Stillwater bank was about \$133. The 49 accounts reported in this

question involve over \$6,500 in account balances held in Stillwater banks.

The results of this question are particularly significant in a bank-by-bank comparison of the three Stillwater banks. Nineteen of the 23 accounts held in FNB were reported in this question. These accounts represent a total of almost \$3,500 in checking account balances, or an average student account balance of \$183 for FNB. The distribution for FNB is fairly even, with balances ranging from \$20 to \$900. Neither of the other two banks had student accounts exceeding \$300.

UNB ranks second in the number of checking accounts, as reported earlier. Eighteen of the 20 UNB accounts were reported in this question. These student accounts represented a total balance of about \$1,500, averaging only \$85 per account. The distribution of balances is heavily biased toward the less nominal figures, with 61 percent of the accounts having less than \$80 in their balances. Thus UNB, while ranking high in number of student checking accounts, has not maintained this position in terms of the size of those accounts.

All of the SNB accounts are reported in this question, with the 12 accounts representing \$1,500 in total balances, or an average balance of \$125 per student account. Thus, while SNB ranks third in number of student accounts, the average balance of an SNB student account ranks near the average balance of the student account held in a Stillwater bank.

Even though FNB ranks first in market share, in terms of both number of accounts and average account size, it still ranks below the average balance of over \$250 held in an out-of-town checking account.



Question No. 18:

Did you have a checking account before you came to college?

Question No. 19:

If yes, did you cancel that account when you came to college?

Question No. 19a:

Why did (didn't) you cancel that account?

The analysis to this point has shown that almost all students have checking accounts, but they take various paths in establishing those accounts, with most students deciding to maintain an account in an out-of-town bank.

These three questions provide a means for probing further the experiences with checking accounts which characterize students. It is especially aimed at the patterns of experience which students follow in establishing a checking account before and after they come to college. The following analysis makes use of Figure 3.

Over half of the students (62 percent) had a checking account before they came to college (Figure 3, right-hand branch, 106 of 171 students). Most of these students (78 percent) did not cancel that account when they came to Stillwater (83 of 106 students). A few students chose to maintain checking accounts both out-of-town and locally (15 of 83 students), though most had only an out-of-town account (68 of 83 students). (A discrepancy is noted in that only four of the 15 students declared their out-of-town account in answer to Question Nos. 11 and 13.) Thus, most of the students of the University (64 percent) came to college with a checking account and did not open an account in a Stillwater bank (68 of 106 students). Furthermore, an analysis of their usage of Stillwater banks indicates that most of these students (53 of 68 students) have never used a Stillwater bank. Thus, almost half of the stu-

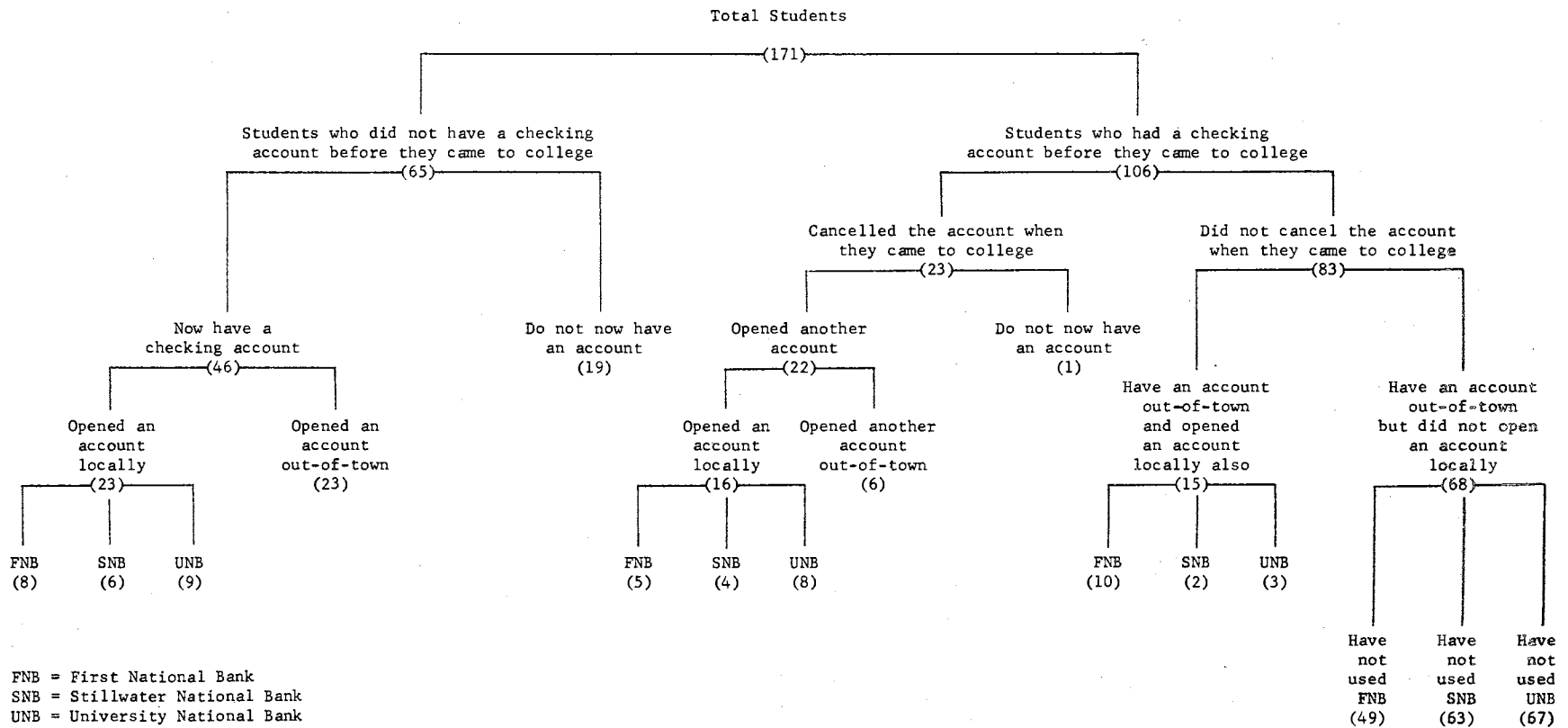


Figure 3. Patterns of Student Experience with Checking Accounts

dents of the University (48 percent) have a checking account before they come to college, maintain that account in an out-of-town bank, and never use a Stillwater bank.

The analysis now shifts to the left-hand branch of Figure 3. Of the 65 students who did not have a checking account before they came to college, 19 still did not have checking accounts at the time of the survey. Thus, 71 percent of the students (46 of 65 students) who did not have a checking account before they came to college opened an account after they came to college, and this account represents the first checking account they ever opened. The analysis then indicates that about 27 percent of the University students open their first checking account immediately prior to coming to college or at some time during their college years (46 of 171 students). This figure may perhaps be low due to the fact that some of the students who indicated that they did have a checking account before they came to college may in actuality have opened that account only a short time before entering the University and opened the account for college purposes.

Exactly half of the students who opened a checking account when they came to college opened that account in a Stillwater bank with the other half opening their accounts in out-of-town banks (23 of the 46 students, each). Thus the tendency for a student to maintain a checking account in an out-of-town bank is again evident.

Of the 23 students who opened their first checking accounts in a Stillwater bank rather than an out-of-town bank, nine students opened an account in UMB; eight in FNB; and six in SNB.

Another group of students indicated that they had a checking account before they came to college, but they cancelled that account

and opened one in a Stillwater bank when they came to Stillwater (Figure 3, right-hand branch). Of the students who had a checking account before coming to college, 22 percent cancelled that account when they came to Stillwater (23 of 106 students). One student cancelled his account and did not open another account. Of the remaining 22 students, 16 opened an account locally and six opened another account in an out-of-town bank. Of the 16 students who had a checking account before they came to college, but cancelled that account and opened one locally, eight placed their account in UNB, five in FNB, and four in SNB. (One student had two accounts, one in FNB and one in UNB.) UNB leads as the choice of these students for their checking accounts.

In summary, the students holding checking accounts in the three Stillwater banks can be categorized into three groups. For 42 percent of the students who have a checking account in a local bank, the account which they hold represents their first checking account. The second group of students (30 percent) have had a checking account previously with an out-of-town bank. These students, however, chose to cancel that account and open another account in a local bank. The third group of students (28 percent) approached the problem by maintaining two checking accounts, one locally and one out-of-town.

The students who indicated that they had a checking account before they came to college were asked why they did or did not cancel that account when they came to Stillwater. Reasons given for cancelling the out-of-town account include: "...moved account with me," "...didn't need it any more," "...wanted to open one here," "...convenience," and "...easier to clear up problems and cash checks with a local bank." The students who did not cancel their out-of-town account gave more

varied reasons (Table IX).

TABLE IX  
 PERCENTAGE DISTRIBUTION OF THE REASONS GIVEN BY  
 STUDENTS FOR NOT CANCELLING AN OUT-OF-TOWN  
 ACCOUNT WHEN THEY CAME TO COLLEGE

Reason	Percentage of Mentions
Parents have an account in the bank	18.5%
Lower service charges	17.8
Convenience	14.5
Satisfied with hometown account ...	
Did not want to open a local account	11.8
People know you	9.2
Have an account in Stillwater also	6.6
Wish to maintain a credit rating or loan	6.6
Bank covers overdrawn balance	2.6
Opened it for college expenses	2.0
Other	10.5
Total Mentions	100.0%

The fact that a student's parents have an account in the same bank and that the service charges seem lower in the out-of-town bank are the two reasons given most often by students for maintaining an account in an out-of-town bank. Some students consider it to be more convenient to use the out-of-town bank, while it will be remembered that some students transferred their account to a local bank for "convenience." Other students felt satisfied with their hometown bank and saw no reason for opening an account locally. The fact that "...people know you..." in your hometown bank is important to many students. Some students wish to maintain a credit rating or a loan with an out-of-town bank, and others appreciate a bank that will cover an overdrawn balance until they can correct the overdraw.

While it is difficult to fully probe the answers to this question, some of the reasons given indicate a significant difference in the way the students perceive the three Stillwater banks and the way they perceive the out-of-town bank. Attitudes and opinions such as these may present an obstacle to a local bank in developing an image conducive to drawing student accounts.

#### Savings Account Analysis

Question No. 20:  
Do you have a savings account?

Question No. 20a:  
Where is your savings account located?

Over half of the students of the University (62 percent) have savings accounts and most of these students (82 percent) have their savings account in an out-of-town bank or savings and loan association. Over half of the students with checking accounts in the local banks (57 percent) also have a savings account. Of the 23 students with checking accounts in FNB, 13 have a savings account, and six of the 13 have their savings account in FNB. SNB has only two of the eight savings accounts held by its 12 respondents. Exactly half of UNB's 20 students have savings accounts, but only two of the 10 students have their savings accounts in the local banks and savings and loan association even though they have a checking account in an out-of-town bank.

#### Attitude and Opinion Questions

Question No. 21:  
What services does your bank perform that you especially like and use?

The majority of the students have their checking accounts out-of-town, and thus these students appreciate the bank-by-mail feature, the most-often-mentioned service (Table X).

TABLE X  
PERCENTAGE DISTRIBUTION OF BANK SERVICES PREFERRED  
BY STUDENTS WITH CHECKING ACCOUNTS

Bank Service Mentioned	Percentage of Mentions
Bank-by-mail	14.8%
Low service charges and loan rates	13.1
Drive-up or walk-up window	11.4
Good, fast service	8.6
Friendly service	8.6
Good loan service	8.0
Personalized checks	6.3
Covers overdrafts	5.7
Convenient hours location	5.7
Free checks/gift when you open an account	5.1
High savings interest	3.4
Other	9.2
Total Mentions	100.0%

Ranking next is the level of service charges and loan rates, the second most liked "service" a bank might offer. The drive-up and walk-up windows also rank high on the student's list of preferences. The quality and speed of checking account service and the quality of loan service are important to many students. Convenience in the location of a bank and in the hours during which the service windows are open are desired. Students again referred to the policy of a bank toward overdrawn balances, appreciating the bank which will allow them time to cover an overdraw. The cost factor is evident again with students noting the level of savings interest paid. The offering of personalized checks and free checks or gifts when an account is opened were services

remembered by students.

The results to Question No. 12 will also be presented here. Only a few students expressed a preference for one or the other type of account in the open-end responses to Question No. 21. From Question No. 12, however, it is noted that about twice as many students have "regular" accounts as have "pre-paid check" accounts (89 and 41 students, respectively).

Question No. 22:

If a good friend came to you for advice about opening a checking account, which Stillwater bank(s), if any, would you recommend to him?

This question allows a student to generalize his feelings about all three banks, or about any one bank in particular. Of course, many students declined to answer because they had no experience with any of the banks in Stillwater. However, the question allows a wide range of attitudes to be expressed, from loyalty to a particular bank to extreme dislike of all Stillwater banks.

Students reacting favorably to at least one of the Stillwater banks showed a marked preference for FNB, with 47 percent of the students recommending that bank. Next in number of mentions was UNB (32 percent), and then SNB (21 percent). The students generally recommended the bank they used themselves but also rely heavily upon reports from friends about the other banks in making their recommendations.

A few students voiced explicit dissatisfaction with the local banks. Some felt that a student should turn to his hometown bank for better service and lower rates. Others, of course, had experienced personal difficulties with one or more of the banks in particular, and they voiced disapproval of certain banks. Each of the banks, however, has



fared equally well in the low level of dissatisfied student customers.

#### The Semantic Differential

Data derived from the raw scores of the semantic differential are presented in Appendix E. Each score is an average score based upon 39 scales administered on FNB, 23 on SNB, and 25 on UNB. Students who had an account in a local bank and students who had only used a local bank were asked to fill out the scales. They were allowed to fill out scales only on the banks which they had used and not on banks which they had not used. These scores were used to develop the Bank Image Profiles shown in Figure 4.

From these profiles it is evident that the students find the three local banks quite similar to each other on most of the image components used in this test.

All three banks are generally viewed as being equally convenient in location, equally friendly, equally honest, equal in the quality of service offered, equally personal, equally convenient in the hours of operation, equally efficient, and equal in the levels of service charges, loan rates, and savings interest.

The students consider Stillwater National Bank to be more old-fashioned in atmosphere than the other two banks, larger in size than UNB and smaller than FNB, less attractive than the other two banks, and least convenient in the parking facilities offered by all three banks. University National Bank is comparable to First National Bank in the minds of students for most categories measured. However, University National is considered the smallest bank of the three and more of a student's bank than the other two banks, and parking convenience ranks

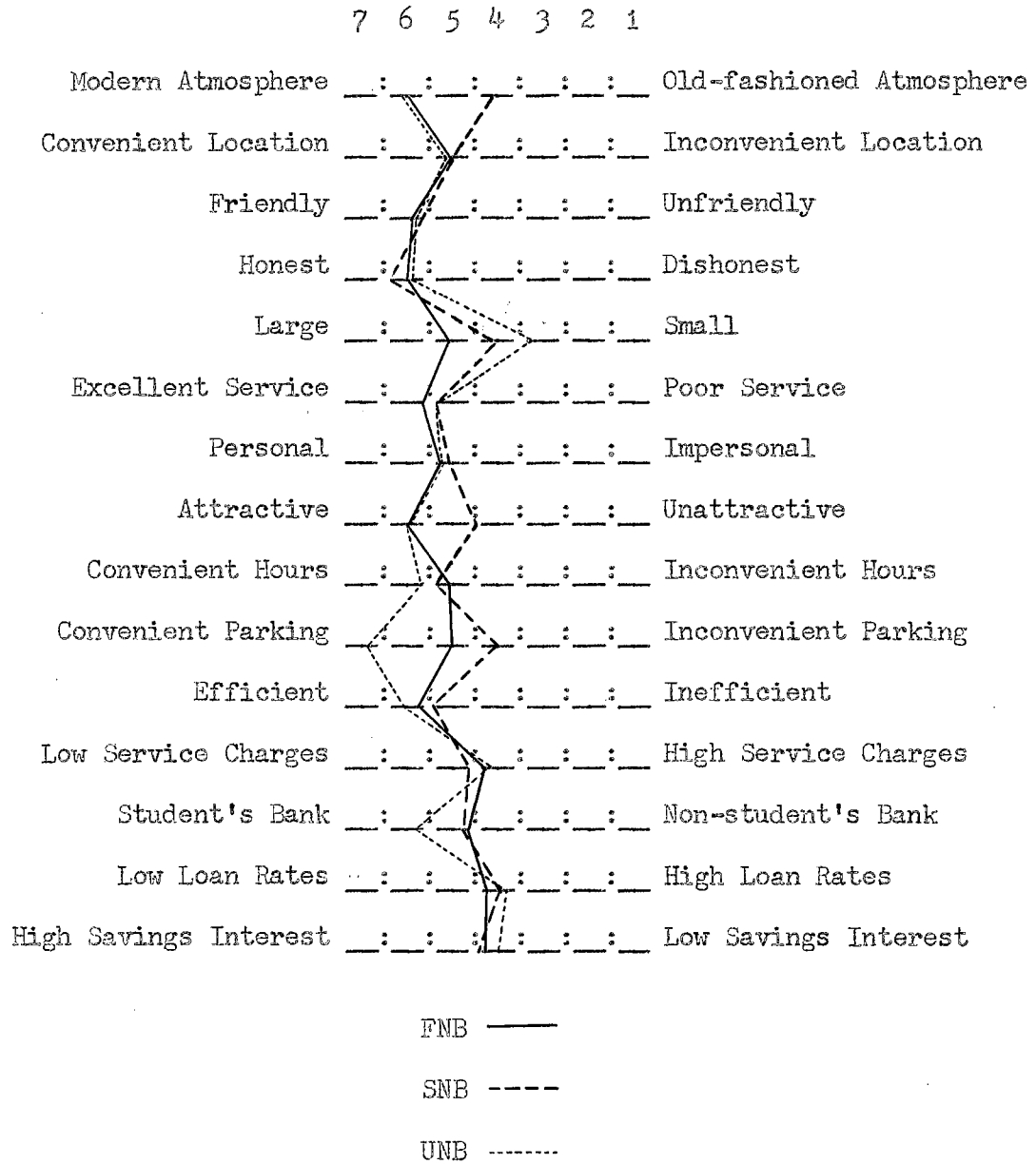


Figure 4. Bank Image Profiles for First National Bank, Stillwater National Bank, and University National Bank

higher than any other category.

If the image components for each bank were ranked from the component receiving the highest score for a bank to the component receiving the lowest score for that bank, then the rankings of attributes for each bank could be compared. Thus certain attributes would be considered most descriptive of FNB and would receive the higher scores; other attributes might be listed at the top of the SNB ranking, and still others at the top of the UNB ranking. A statistical test which accomplishes this feat is the Spearman Rank Correlation Coefficient (35/202). This rank correlation coefficient,  $r'$  measures the disparity in rank between the attributes ranked for one subject and those ranked for another.

The resulting  $r'$  score for the experimental ranking is compared to the critical value of  $r'$  for that sample size and the level of significance,  $\alpha$ , to determine whether the disparity in rankings of the attributes is due to chance only or if a significant difference in rankings is actually observed.

The results of this test show that the ranking of the attributes of First National Bank is statistically the same as the ranking given Stillwater National Bank ( $\alpha = .05$ ). Likewise, the ranking given First National Bank is the same as that given University National Bank ( $\alpha = .05$ ). However, a significant difference does exist between the ranking of attributes for Stillwater National Bank and the ranking of attributes for University National Bank (at a level of significance of .05). The situation described is one in which the difference in image between University National Bank and First National Bank is small and due to chance. Likewise, the difference in the images of First National Bank and Stillwater National Bank is small. However, the image of

University National Bank, though similar to that of First National Bank, is somewhat less similar to that of Stillwater National Bank, and, in fact, is significantly different than the image of Stillwater National Bank. These bank-by-bank profiles are given in Figure 5, Figure 6, and Figure 7.

A disparity in the rankings of attributes for one bank compared to other banks should be recognized as an indicator that students view that bank differently than they view the other banks. If a closer look at the disparity shows a less favorable score on several gradients, then the bank should take appropriate action to raise its image rating on those factors, and thus improve its image in relation to the other banks. It should be noted that the areas of significant difference between Stillwater National Bank and University National Bank lie in the realm of physical features, and that since Stillwater National Bank has nearly completed construction of new quarters, these differences will likely be dispelled.

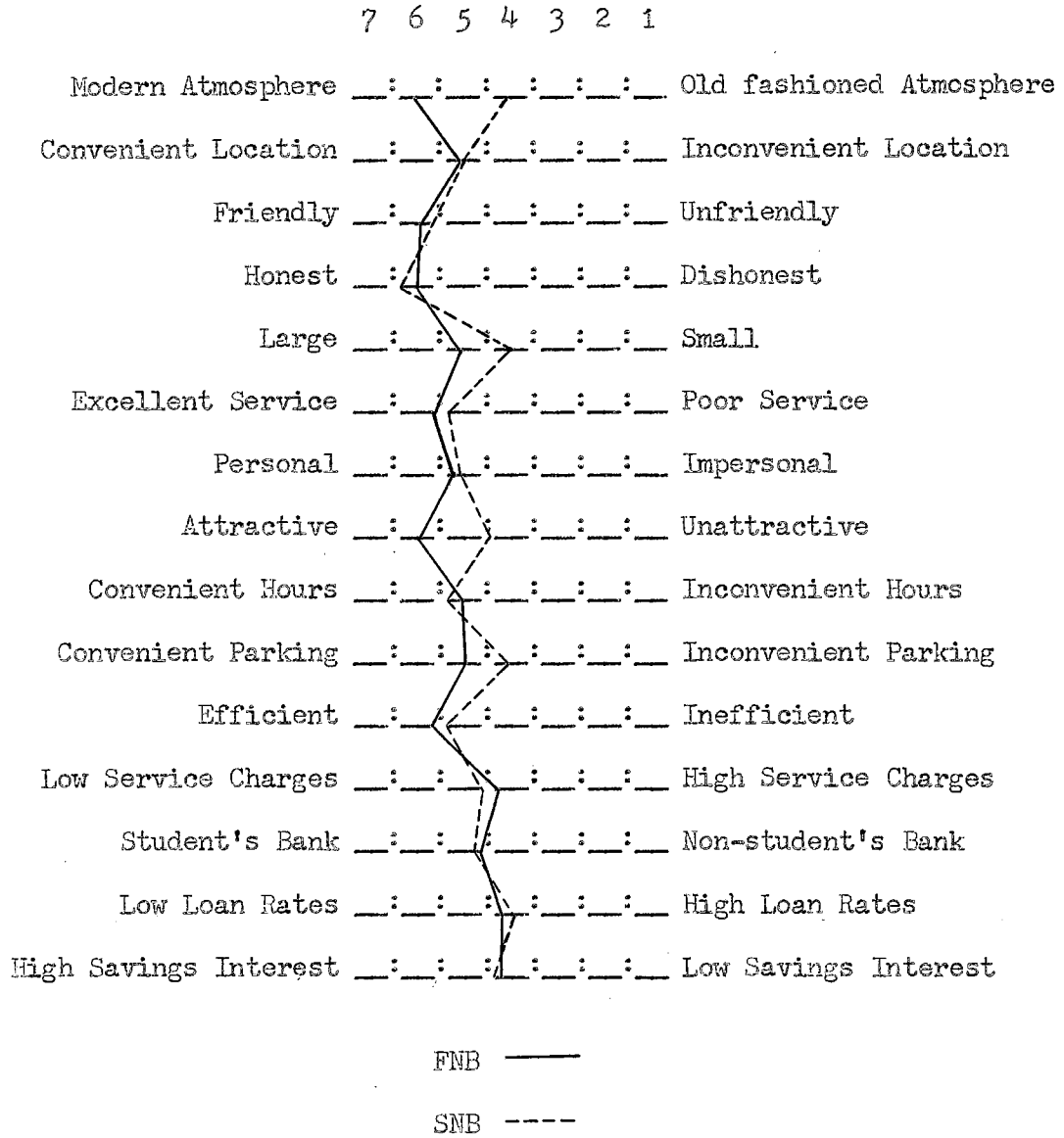


Figure 5. Comparison of the Bank Image Profiles of First National Bank and Stillwater National Bank

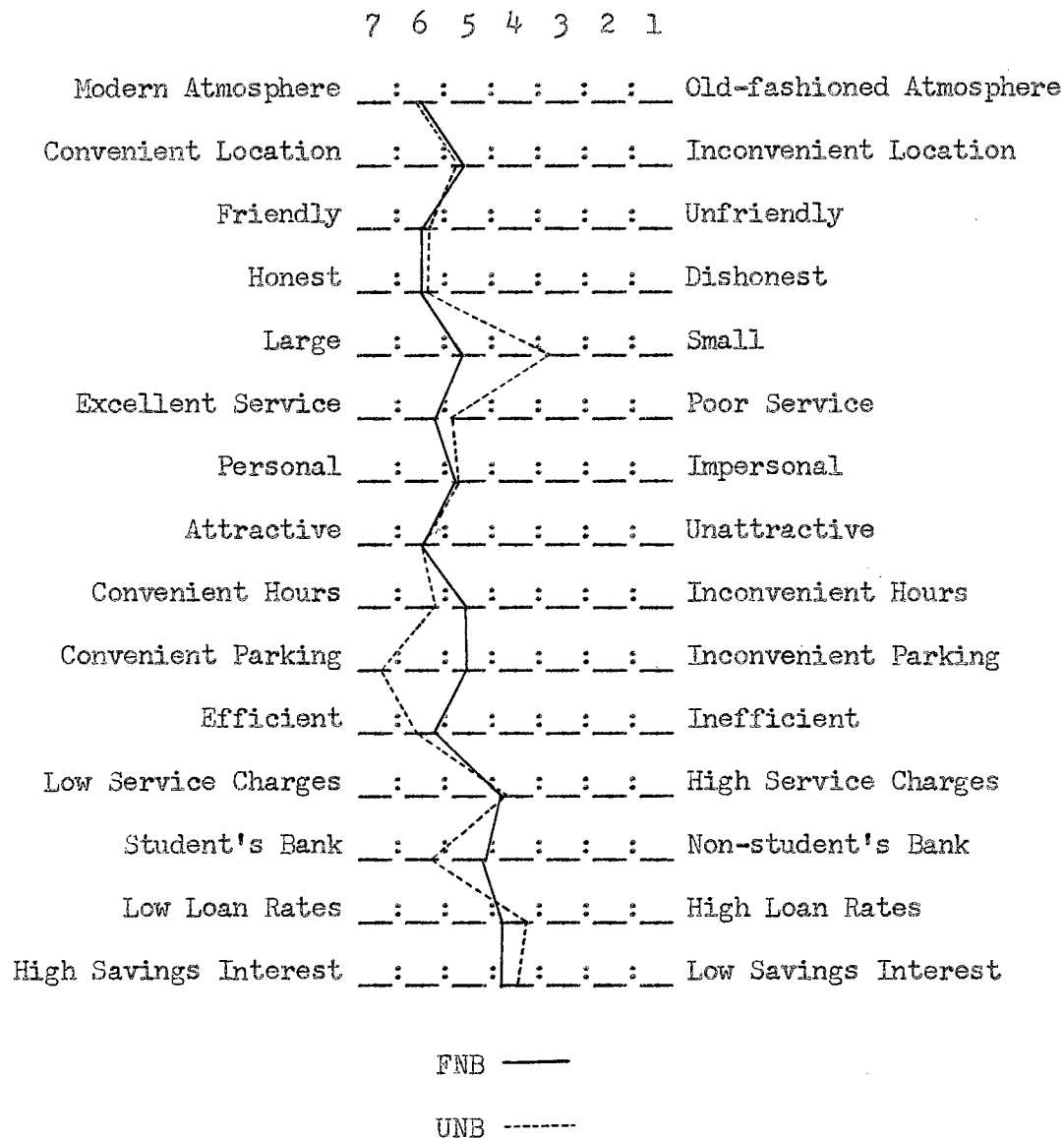


Figure 6. Comparison of the Bank Image Profiles of First National Bank and University National Bank

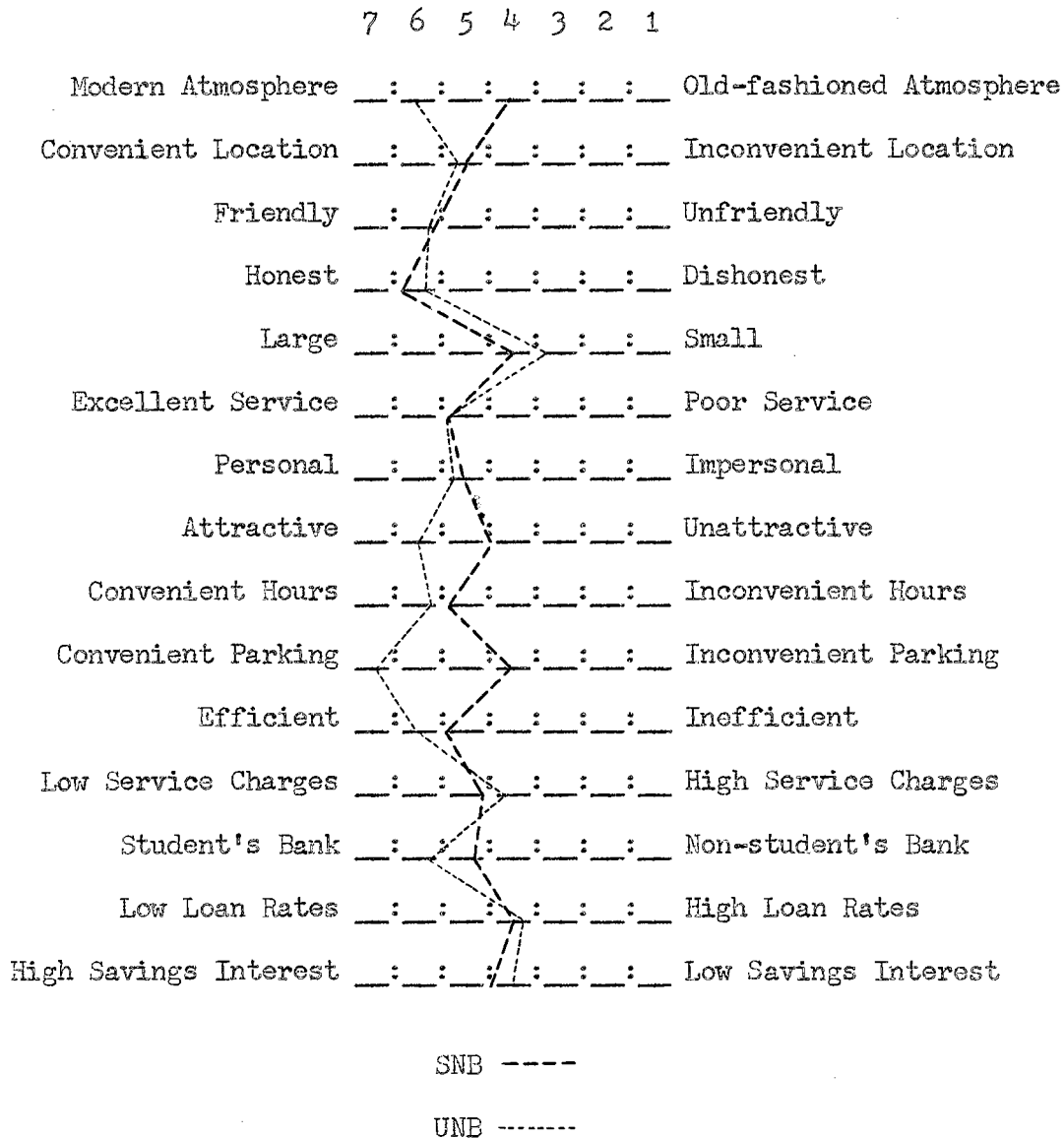


Figure 7. Comparison of the Bank Image Profiles of Stillwater National Bank and University National Bank

## CHAPTER V

### SUMMARY AND CONCLUSIONS

In this research study, the techniques of marketing research are applied on a small scale to the problems of three banking institutions in Stillwater, Oklahoma. A segment of the market for the three Stillwater banks is singled out for a questionnaire survey administered through personal interviews by a marketing research class. The segment chosen was the resident student population of the Oklahoma State University, located within the metropolitan area of Stillwater. The purpose of the study was to determine the banking habits of these students and their attitudes toward banks in general and the three banks in Stillwater in particular.

#### Summary of the Important Findings

Almost all of the students of the University have used a bank, but only 35 percent have used services other than the checking and savings services. Only one-third of the married students have used the car loan and personal loan services, and the married students lead the single students in usage of these services.

Fifty-four percent of the students have never used a Stillwater bank. Of those who do use a local bank, seven out of 10 use only one bank. A greater percentage of town students use the local banks than do residence hall students (67 percent and 35 percent, respectively).



Eighty percent of the students of the University have never used First National Bank; 87 percent have never used Stillwater National Bank; and 87 percent have never used University National Bank.

Although almost all of the students have used a bank, only 88 percent have a checking account. Sixty-four percent of the accounts held by students are held in out-of-town banks; 15 percent in First National Bank; 13 percent in University National Bank; and eight percent in Stillwater National Bank. Thus almost two-thirds of the students have their checking accounts in out-of-town banks, and most of these students never use a Stillwater bank.

The growth of University National Bank in the student checking account market is to be noted.

The male student is much more likely to open an account locally than is a female student. Married students are more likely to have an account locally than out-of-town, though some do have accounts out-of-town. Married students are more likely to have an account locally than are single students. Residence hall students are more likely to have an account in University National Bank than in the other two banks, if they have an account locally.

The longer a student lives in Stillwater, the more likely he will use a local bank. Most students who open an account locally, do so not long after coming to Stillwater.

Six out of every 10 students write less than 10 checks per month, and seven of every 10 students write less than 20 checks per month. Residence hall students write the fewest checks per month. All students average two deposits per month.

The average student account balance is about \$200, but the local banks receive only \$133 per account. Furthermore, the relative market share in terms of the number of student checking accounts does not indicate the relative profitability of those accounts for any particular bank.

Forty-eight percent of the students come to college already holding a checking account, maintain that account in an out-of-town bank, and never use a Stillwater bank for any purpose. Forty-two percent of the students with accounts in the local banks opened their accounts after coming to college. Thirty percent had an account before college but transferred that account to a local bank when they came to college. Twenty-eight percent maintain an account in an out-of-town bank in addition to their local account.

Most of the students have savings accounts. However, most of these savings accounts are held in out-of-town banks, including many of those held by students who have checking accounts locally.

Students are cost-conscious and convenience-conscious when comparing the local banks with out-of-town banks. They rely upon their own experience and the comments of friends when asked to recommend a bank for a friend. The students consider First National Bank and University National Bank quite similar in rating the images of the banks on the semantic differential. However, the image of Stillwater National Bank as held by the students is significantly different than their image of University National Bank.

### Conclusions

It is apparent from the findings of the survey that:

- (1) The vast majority of the students of the Oklahoma State University are familiar with banks in general, but most students are not familiar with the three Stillwater banks;
- (2) Most students have a checking account, but they establish that account in an out-of-town bank before coming to Stillwater, and many of these students never use a Stillwater bank;
- (3) The Stillwater banks share only a portion of the total market for student checking accounts: First National Bank has 15 percent of the total market and 42 percent of the local market; Stillwater National Bank has eight percent of the total market and 22 percent of the local market; and University National Bank has 13 percent of the total market and 36 percent of the local market; and
- (4) Students favor the banks they and their friends have used when asked to recommend a Stillwater bank; however, many students feel that Stillwater banks have higher service charges and less personal service than out-of-town banks.

The survey also shows that:

- (1) Students use predominantly only checking and savings services; married students lead in usage of other services, yet few of these students have used the car loan and personal loan services of a bank;
- (2) Student checking accounts are potentially profitable, combining a \$200 overage account balance with a low level of activity; however, profitability is not directly related to the

- number of student accounts a bank holds;
- (3) Most students have a savings account, though the account is often held in an out-of-town bank, even if a student has a checking account in a Stillwater bank; and
  - (4) Student users of the Stillwater banks see only slight differences between First National Bank and University National Bank, and between First National Bank and Stillwater National Bank; however, they do see a significant difference between Stillwater National Bank and University National Bank, as measured by the semantic differential technique. The attractive modern bank with convenient free parking is preferred to the old-fashioned, less-attractive bank with less convenient parking; differences between the two banks are, however, confined to differences in physical features and likely will be dispelled by the construction of new quarters for Stillwater National Bank.

It is apparent that a significant potential exists both in the segment of the market now held by out-of-town banks and in the market already held by the Stillwater banks. It will be remembered that potential profitability is greater when students use several bank services, account activity is low, and account balance is high. The lack of familiarity with local banks indicates that the use of local banks must be made attractive to students.

Those students who have checking accounts out-of-town feel strongly that local banks have higher service charges and less personal service than out-of-town banks. The parental tie is the strongest factor influencing students to maintain an out-of-town account, but the cost and quality of service are also factors. The use of a local bank seems

quite logical and convenient to students who have local accounts. Yet some students find an out-of-town account or even two accounts more "convenient." The convenience, logic, and value of a Stillwater account are points which must be carefully defined in any appeal to students.

Students rank the bank-by-mail, drive-in bank, and walk-up window high on the list of services they especially like. An emphasis on these facilities would be appropriate in general appeals to students. The bank-by-mail feature would be appropriate even for students with Stillwater accounts, and especially for those who do not have cars. Convenience in bank location, though important, is not a deciding factor in the choice of a bank. The checking accounts for any particular bank are distributed around all sides of the campus.

The area of greatest weakness in the market for student checking accounts appears to be the female residence hall student segment. Female students have fewer checking accounts proportionately, both locally and in total, than do male students. Most of the female students live on campus, according to University regulations. The geographical clustering of residence hall students follows not only the factor of sex, but also classification. In some cases, the residence halls are characterized as predominantly freshmen and sophomores, while others are predominantly juniors and seniors. Furthermore, a clustering of students from the same large city or area of the state is often found. Thus, a "freshmen" dorm or "small town" dorm might be singled out in a direct-mail appeal stressing the friendly, personal service and modern facilities available in a Stillwater bank. Older students and students from larger cities might require a different approach, perhaps emphasizing the variety of modern services offered.

Even though town students and married students are more familiar with local banks, some degree of improvement can be made in the level of multiple usage of services by these students. Town students are more likely to have a Stillwater checking account than are residence hall students, but most still maintain their savings accounts in an out-of-town bank. A review of the internal records of a bank would reveal those students who do not have a savings account in the bank. Some of the married students do not have a local checking account, and most do not have a local savings account. An emphasis on the increased use of the many services of a bank would be appropriate in reaching all students.

The problem of reaching town students is perhaps greater than that of reaching residence hall students, since a specialized market segment appeal might be required. Such an appeal could, however, be accomplished through mass media. The young newlywed students planning to remain in Stillwater would be of particular interest. These students are easily identified through newspaper announcements, and direct mailings and personal calls would be appropriate as well as general circulation advertising appeals.

In general, advertising appeals to the student segment as a whole should focus on the services which students especially like, i.e., bank-by-mail (including parental deposits made directly to the Stillwater account), drive-up or walk-up window, and free parking. The value, if not the competitive cost, of a local checking account, and other services as well, should be emphasized. The appeals might be further differentiated according to the patterns of student experience with checking accounts. Most students have an account in an out-of-town bank. The usefulness of a second account in a Stillwater bank, might

not be too difficult a point to establish with some of these students, considering a few students have already chosen this course of action. Of course, the transfer of an account to a Stillwater bank would be advantageous in terms of profitability. However, to break a tie with a home-town bank is a step further than to establish a new tie with a Stillwater bank. In either case, the "convenience" and advantage of having an account near-at-hand must be made evident to students. Some students will be contemplating the need for their first checking account. They might appreciate the friendly bank which shows them the advantages of a checking account. Such an appeal might even be relegated to institutional advertising aimed at all students, showing the importance of bank credit, and emphasizing the qualitative factors of mature personal financial management.

The stimulus for these suggestions, of course, has been the revelation that nearly half of the 15,000 resident students of the Oklahoma State University have a checking account before they come to college, maintain that account in an out-of-town bank, and never use a Stillwater bank. These students represent, literally, nearly one-fourth of the population of Stillwater. Thus a significant potential exists for increasing the market shares of the banks for checking accounts, savings accounts, and for general usage by students.

#### Implications for Further Research

It would be particularly beneficial for a study such as this one to be repeated next year, in view of the move by Stillwater National Bank to a new building. A change in image resulting from the move to new quarters will probably disrupt the market shares of the three banks,

particularly in the student segment of the market.

A continuing use of marketing research over time provides information on the important trends facing the decision-maker. In this sense, any study overlapping the variables covered in this study would be beneficial. Areas of particular interest for further research include a closer look at the factors influencing the choice by a student of a particular bank, the influence of parents in the decision to maintain a checking account out-of-town, and the attitudes of students who have never used a local bank toward those banks. Other gradients in the semantic differential might help to delineate the images of the local banks. The study could be extended to other segments of the local market. These suggestions are but a few of the ways in which marketing research techniques could further be used to provide useful information about the market served by the local banks.



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APPENDIX A

QUESTIONNAIRE

1. How long have you lived in Stillwater? ( ) less than one year; ( ) 1-1.9 years; ( ) 2-2.9 years; ( ) 3-3.9 years; ( ) 4-4.9 years; ( ) 5 years or longer.
2. Sex (to be filled in by interviewer): ( ) male; ( ) female.
3. Are you married? ( ) yes; ( ) no.
4. International student (to be filled in by interviewer): ( ) no; ( ) yes.
5. In what year were you born? \_\_\_\_\_
6. Have you ever used the services of a bank? ( ) yes; ( ) no.
- 6a. If no, why have you never used the services of a bank?  
(Go to Question No. 20; terminate after Question 20a.)

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7. What bank services have you used? ( ) checking account; ( ) savings account; ( ) car loan; ( ) other (specify)\_\_\_\_\_.

USE YOUR MAP TO HELP THE RESPONDENT IF NECESSARY.

8. Have you ever used the services of the First National Bank of Stillwater? ( ) yes; ( ) no.
9. Have you ever used the services of Stillwater National Bank? ( ) yes; ( ) no.
10. Have you ever used the services of University National Bank of Stillwater? ( ) yes; ( ) no.

IF MORE THAN ONE BANK IS INDICATED, IDENTIFY EACH IN THE FOLLOWING QUESTIONS WHEN NECESSARY.

11. Do you have a checking account with a bank? ( ) yes; ( ) no.

11a. Why do you not have a checking account with a bank?

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(Go to Question No. 20; terminate after Question 20a.)

12. What type of checking account do you have? (Explain categories)  
 ( ) regular; ( ) prepaid checks; ( ) other (specify)\_\_\_\_\_

\_\_\_\_\_.

13. Where is your checking account located? ( ) FNB; ( ) SNB;  
 ( ) UNB; ( ) out of town.

14. How long have you had a checking account with this bank?  
 ( ) less than one year; ( ) 1-1.9 years; ( ) 2-2.9 years;  
 ( ) 3-3.9 years; ( ) 4-4.9 years; ( ) 5 years or longer.

15. How many checks do you write in a month, on the average? ( ) 1-5;  
 ( ) 6-10; ( ) 11-15; ( ) 16-20; ( ) over 20.

16. How many deposits do you make to your checking account in a month,  
 on the average? ( ) lump sum once or twice a year; ( ) 1;  
 ( ) 2; ( ) 3; ( ) 4 or more.

17. Will you please estimate the average balance in your checking  
 account? ( ) \$0-\$39; ( ) \$40-\$79; ( ) \$80-\$119; ( )  
 \$120-\$159; ( ) \$160-\$199; ( ) \$200 or more (specify)\_\_\_\_\_.

18. Did you have a checking account before you came to college: ( )  
 yes; ( ) no. (Skip Question No. 19)

19. If yes, did you cancel that account when you came to Stillwater?  
 ( ) yes; ( ) no.

19a. Why did (didn't) you cancel that account?

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20. Do you have a savings account? ( ) yes; ( ) no.
- 20a. If yes: Where is your savings account located? ( ) out-of-town bank; ( ) out-of-town savings and loan; ( ) FNB; ( ) SNB; ( ) UNB; ( ) Stillwater Savings and Loan.
21. What services does your bank perform that you especially like and use?
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
22. If a good friend came to you for advice about opening a checking account, which Stillwater bank(s) would you recommend to him, if any? ( ) FNB; ( ) SNB; ( ) UNB; ( ) would not recommend any Stillwater bank.

22a. Why would (wouldn't) you recommend the Stillwater bank(s)?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

IF THE RESPONDENT HAS NEVER USED A STILLWATER BANK, TERMINATE.

23. Semantic Differential

Fill in the name of the Stillwater Bank which the student has used at the top of one of the semantic differential scales. Repeat this procedure for each bank he has used. Hand the respondent a pencil and the appropriate scale (use clipboard, if necessary) and say:

This is a scale which we would like to use to find out how you feel about (name of bank). This scale uses words with opposite meanings which describe a significant feature of a bank. We would like for you to check your impression in the appropriate place on the scale. For example, if you feel (name of bank) has a very modern atmosphere, you would place a check mark all of the way to the left. If you feel that (name of bank) has a very old-fashioned atmosphere you would place a check mark all of the way to the right. Or, you may place your check mark at any position in between the

extremes which you feel is appropriate. Follow this same procedure for each pair of words.





APPENDIX B

March 7, 1967

The marketing research class in the College of Business is conducting an attitude survey among OSU students as a class assignment. Your name has been selected at random as one of the persons with whom we would like to talk.

A member of our class will contact you during the period from March 11 to March 23. The questions he will ask are nonpersonal in nature and will take only a few minutes of your time.

Please be assured that this is a valid marketing research project and that your answers will be considered as confidential information. The results of this survey will be used in a master's thesis and will be made available for reference in the OSU library.

We appreciate the hospitality shown by so many students each semester in allowing us a few moments of their time. We will certainly appreciate your cooperation.

Sincerely,

Gary Sheets  
Members of the Marketing Research Class  
Marketing 483

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## APPENDIX C

### INTERVIEWER INSTRUCTIONS MARKETING 483

#### TO THE INTERVIEWER:

The success of this survey depends on your ability to obtain the cooperation of each of the sample members you are to interview. Each of the sample members should have received a letter telling him that he would be contacted for an interview; therefore, the majority of the people you are to contact know you are coming. You must conduct the interviews in a manner which will encourage the participation of each person interviewed.

#### PURPOSE:

This study is designed to obtain information about the utilization of checking accounts by OSU students and their attitudes towards the Stillwater banks.

#### WHO IS TO BE INTERVIEWED:

The names of 192 students who live in the Greater Metropolitan Stillwater area have been selected at random from the OSU Student Directory. You will be given the names and addresses of 16 students. You will interview only those 16 people and you will be expected to interview all 16 people.

#### WHEN AND WHERE INTERVIEWS ARE TO BE CONDUCTED:

You may begin interviewing on March 11, and you should complete your interviews as soon after that as possible. All interviews must be completed and questionnaires ready to turn in by March 23.

Your personal schedule and the schedules of the students on your list will determine when specific times for interviews can be arranged. It is advisable to arrange appointments by telephoning the students first. The addresses of the students have been validated by the most recent records available, so you should make several attempts to reach each student, if necessary. The interviews should be conducted in a place convenient to the student being interviewed, and in a place where the interview will not be subjected to unnecessary interruptions.

INTERVIEWER PREPARATION:

You should become familiar with every detail of the questionnaire, including word pronunciations and the meanings of the questions and the manner in which you will record each answer. Try to anticipate the types of answers you might get to each question and determine how you will record the answers. Practice giving the questionnaire to a friend who is not familiar with the study. Always be cordial and sincere in your speech and actions.

Dress appropriately. Use your own judgment, but respondents usually expect interviewers to wear coat and tie.

INTERVIEWER MATERIALS:

Carry these materials with you at all times:

Map of Stillwater  
 List of students to be interviewed  
 Letter explaining purpose of interview  
 Questionnaires  
 Semantic differential scales  
 Newspaper clippings about survey  
 Pencils for you and the respondents  
 Clipboard or binder  
 Interviewer Instructions

SUGGESTED APPROACH:

Interviewers should use an approach similar to the following:

"Hello. My name is \_\_\_\_\_. I am a member of the Marketing Research class that mailed you a letter a few days ago. Did you receive your letter?"

If answer is NO:

Hand the respondent your copy of the letter and show him the clipping from the newspaper. If necessary, offer the following phone numbers, telling him you are registered with the Police Department and the Chamber of Commerce:

Police.....FR2-4171  
 Chamber.....FR2-5573  
 Dr. Weeks.....FR2-6211, x258

After the respondent has read the letter, proceed with the approach given below.

If answer is YES:

"We will need to ask you a few questions which will take only a few moments of your time. Please be assured that your answers will be kept confidential, even though the questions are generally non-personal. May I come in?"

ADMINISTERING THE QUESTIONNAIRE:

The interviewer should hold the questionnaire and enter the respondent's answers in the appropriate places. Once you have started the interview, try to avoid unnecessary interruptions.

When reading the questions, read them exactly as they are written. If the respondent fails to understand the question, repeat it. If clarification is needed, you may rephrase the question slightly, but do not change the content of the question. Be cautious of influencing the respondent's answers, especially on open-end questions. On the other hand, be sure the respondent understands the question. If the respondent is unable to answer, write "No Comment." If you must use the back of the questionnaire for answers, be sure to give the question number.

Question Nos. 1, 2, 3, 4:

Check the appropriate space. Be sure your observations are correct.

Question No. 5:

Record the respondent's year of birth in the space provided.

Question No. 6:

Check the appropriate space.

If the answer is No, then record the reasons why the respondent has never used the services of a bank.

(Be sure he understands the question.)

Proceed to Question No. 20. Terminate after Question No. 20a.

Question Nos. 7, 8, 9, 10:

Check the appropriate space.

Question No. 11:

Check the appropriate space.

If the answer is No, record the reasons why the respondent does not have a checking account.

Proceed to Question No. 20. Terminate after Question No. 20a.

Question No. 12:

Explain the different types of accounts. Check the category which best fits the respondent's account.

Question Nos. 13, 14, 15:

Check the appropriate space.

Question No. 16:

Explain the categories and check the appropriate space.

Question No. 17:

Explain computation and check the appropriate space.

Question No. 18:

Check the appropriate space.

Question No. 19:

Check the appropriate space.

Record the reasons why the respondent did or did not cancel his account.

Question Nos. 20, 20a:

Check the appropriate spaces.

Question No. 21:

Record the list of services that the respondent especially likes and uses.

Question No. 22:

Check the appropriate space.

Record the reasons why the respondent would or would not recommend Stillwater bank(s).

Question No. 23:

Administer the semantic differential. See questionnaire for specific instructions. Administer this question only to students who have indicated they have used a Stillwater bank(s); and only for the bank(s) which the student has used.

TERMINATING THE INTERVIEW:

Make sure you have completed the questionnaire before you leave the respondent. See that all the answers are correctly recorded and that any deviations are explained. Collect all of your materials, including pencils. Thank the respondent cordially for his cooperation and leave.

Part of your class grade depends on the quality of your interviews. Please remember that it is more important to record the actual results of your interviewing efforts than it is to "get the right answers." If necessary, spot checks will be made to determine interviewer reliability. Do the best job you can on each interview. The experience is invaluable and we're all putting a lot of time and effort into this study. Let's make it a good one.

APPENDIX D

ANALYSIS OF THE RESULTS OF QUESTION NO. 17

<u>Range</u>	<u>Mid-point</u>	X	<u>Number of</u> <u>Accounts</u>	=	<u>Balance</u>
\$0-\$39	\$ 20		26		\$ 520
\$40-\$79	\$ 60		28		1,680
\$80-\$119	\$ 100		29		2,900
\$120-\$159	\$ 140		15		2,100
\$160-\$199	\$ 180		5		900
\$200+:	----				
	\$ 200		19		3,800
	\$ 230		1		230
	\$ 250		2		500
	\$ 300		6		1,800
	\$ 350		3		1,050
	\$ 400		1		800
	\$ 500		7		3,500
	\$ 600		1		600
	\$ 900		1		900
	\$1100		1		1,100
	\$1250		1		1,250
	\$1500		1		1,500
	\$2000		1		2,000
	\$4000		1		4,000
			<u>140</u>		<u>\$31,130</u>

AVERAGE BALANCE: \$207.53

## Average checking account balance held in Stillwater banks:

<u>Mid-point</u>	<u>FNB</u>	<u>SNB</u>	<u>UNB</u>	<u>Total</u>
\$ 20	4 \$ 80	3 \$ 60	5 \$ 100	12 \$ 240
60	2 120	2 120	6 360	10 600
100	3 300	0	3 300	6 600
140	3 420	3 420	2 280	8 1120
180	1 180	0	0	1 180
---				
200	2 400	3 600	1 200	6 1200
230	1 230	0	0	1 230
300		1 300	1 300	2 600
350	1 350	0	0	1 350
500	1 500	0	0	1 500
900	1 900	0	0	1 900
	<u>19 \$3480</u>	<u>12 \$1500</u>	<u>18 \$1540</u>	<u>49 \$6520</u>

## AVERAGE BALANCE:

\$183.16	\$125.00	\$85.56	<u>\$133.06</u>
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APPENDIX E

SEMANTIC DIFFERENTIAL SCORES

Gradient	Scores		
	FNB	SNB	UNB
Atmosphere	5.90	4.22	6.00
Location	5.13	5.00	5.16
Friendly	5.87	5.65	5.84
Honest	6.02	6.43	5.92
Large	5.15	4.22	3.28
Service	5.56	5.35	5.40
Personal	5.44	5.09	5.16
Attractive	5.95	4.52	6.00
Hours	5.13	5.43	5.60
Parking	4.92	4.00	6.76
Efficient	5.69	5.48	6.04
Service Charges	4.41	4.56	4.28
Student's Bank	4.62	4.70	5.80
Loan Rates	4.28	4.13	3.92
Savings Rates	4.31	4.35	4.04

VITA

Gary Bill Sheets

Candidate for the Degree of  
Master of Business Administration

Report: A MARKETING RESEARCH STUDY OF THE BANKING HABITS AND ATTITUDES  
OF THE STUDENTS OF OKLAHOMA STATE UNIVERSITY

Major Field: Business Administration

Biographical:

Personal Data: Born in Enid, Oklahoma, June 4, 1943, the son of  
William F. and Elda Faye Sheets.

Education: Attended grade school in Medford, Oregon; Meno,  
Oklahoma; and Enid, Oklahoma; graduated from Enid Senior High  
School in 1961; received the Bachelor of Science degree from  
the Oklahoma State University, with a major in Physics, in  
May, 1965; completed requirements for the Master of Business  
Administration degree in July, 1967.

Honorary and Professional Organizations: Member of Sigma Pi Sigma  
Honorary Physics Society, Blue Key National Honor Fraternity,  
and listed in Who's Who Among Students in American Colleges  
and Universities, 1965.

Name: Gary Bill Sheets

Date of Degree: July 28, 1967

Institution: Oklahoma State University Location: Stillwater, Oklahoma

Title of Study: A MARKET RESEARCH STUDY OF THE BANKING HABITS AND  
ATTITUDES OF THE STUDENTS OF THE OKLAHOMA STATE  
UNIVERSITY

Pages in Study: 90

Candidate for Degree of Master of  
Business Administration

Major Field: Business Administration

Scope and Method of Study: Primary research was conducted in a personal interview survey of a random sample of the resident student population of the Oklahoma State University. Secondary research on bank marketing research indicated significant demographic, bank usage, and attitudinal factors to be measured. A basic questionnaire supplemented by a semantic differential scale measured the utilization by students of banks and bank services in general, and of the three Stillwater banks in particular. The profitability of student checking accounts, and the opinions and attitudes of students on bank services and the local banks were measured. Image profiles of the local banks were developed.

Findings and Conclusions: Almost half of the students have a checking account before they come to college, maintain that account in an out-of-town bank, and never use a Stillwater bank. Segments of particular interest are female residence hall students, who have a low level of usage of local checking accounts, and married students who maintain local checking accounts but out-of-town savings accounts. Proportionately fewer residence hall students use local banks than town students, who use local banks as well as out-of-town banks. Cost, convenience, friendliness, and parental influence are factors in the decision to maintain out-of-town accounts. Students prefer a modern, attractive bank to an old-fashioned, unattractive bank, and they rate banking-by-mail, drive-up and walk-up windows, and convenience in parking high on their list of preferences. Convenience in bank location is outweighed by other factors. An average balance of \$200 and low activity make the student account potentially profitable. The Stillwater banks share only 36 percent of the checking accounts held by students. A large potential exists for increasing the market shares of the banks for checking accounts, savings accounts, and for general usage by students. Suggestions for realizing that potential, based upon appropriate advertising and direct mail appeals, were offered by the author for consideration by the Stillwater banks.

ADVISER'S APPROVAL

*Richard P. Weeks*

OKLAHOMA STATE UNIVERSITY  
THE GRADUATE COLLEGE

To the Members of the Committee:

You are requested to act as a committee for the examination of \_\_\_\_\_  
\_\_\_\_\_ for the master's degree.

This examination is scheduled to be held in \_\_\_\_\_  
\_\_\_\_\_ at \_\_\_\_\_, on Friday, July 14, 1967.

Major: Master of Business Administration

Minor:

  
\_\_\_\_\_  
Graduate College

COMMITTEE: Richard Wooley, Chairman  
Ira McDonald  
Curtis Ross

The Graduate Council recommends that the thesis or research be given special attention during the examination. Questions in major and minor departments should be over the fields rather than on specific courses. Questions requiring thought and use of information are preferable to those requiring memory only.

*Each member of the committee will please arrange to be present during the entire examination.*

IF YOU CANNOT ATTEND, ARRANGE FOR A SUBSTITUTE AND NOTIFY THE CHAIRMAN  
OF THE COMMITTEE OF THE CHANGE