



An Analysis of The Preference Level of Target Investors Towards Choice and Selection of Brokerage Firms

Achira Banerji*, Subroto Guha**

BBA-III (2007-2010), Department of Business Administration, Patna Women's College, P.U., Patna

**Lecturer, Department of Advertising, Sales Promotion and Sales Management, Patna Women's College, P.U., Patna

This is a study undertaken with the objective of assessing the level of investor's behaviour towards brokerage firms. The general behavioural pattern and preference parameters of investors is very unpredictable because of fluctuating market trends and this study is an attempt to judge the ultimate level of investor's satisfaction.

Key words: Preference, Investors, Brokerage firms, Investor's satisfaction, Investor's behaviour.

Introduction :

Financial management and investment management are two major areas in today's economic scenario. The majority of the investing audience members today, prefer to channelize their investments with a view to bring about effective financial management. This on the whole, relates to going through financial brokerage firms, so as to generate optimized value addition.

The preference level of the investing audience is an important milestone in this connection and this research study is an exercise to reflect the preference dimensions in general, with regard to the financial brokerage services.

Hypothesis of the Research:

"The focal point of this project study of ours is concerned with getting an idea about the preference level of the target investors towards choice and selection of brokerage firm because every prospective investor or existing audience group member prefers to liaise with a firm of their choice. This is so because every firm extends a certain advantage / service profile which would ultimately benefit the audience / clientele group."

Objectives of the Research:

Our main objectives of this research were as follows:-

1. To identify the basic preference level of the target investors towards the brokerage firms.

2. To explore and analyze the level of investor's perception towards financial markets.
3. To know the level of satisfaction of the investors towards the services provided by the brokerage firms.
4. To probe and explore the probability standards pertaining to possible improvements in the brokerage services with a view to generate optimized value addition.

Methodology of the Research:

The study was based on the methodology of primary and secondary data protocols.

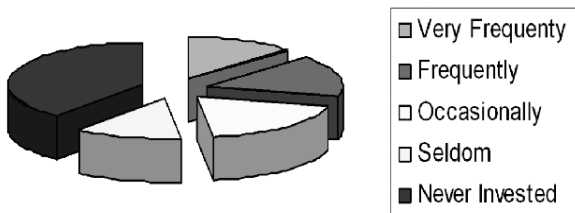
1. Primary Sources : The primary data was collected from the respondents by using a structured schedule, made up on the basis of the different question mixes. The sample size of our study consisted of 100 respondents and the sampling technique used was stratified random sampling, where the focus was on collecting data from specific strata of the society in terms of their financial profile and professional background.
2. Secondary Sources : The secondary data was gathered by studying the different internal files and records of the organization, on the basis of the discussion with the organizational executives and on the basis of the discussion with different associates of the company.

Major Observation of the Research:

■ **Frequency of trading in Stock Market:**

The first finding which we came across from the research concerns the frequency of trading carried out by the investors. The distribution of population in terms of responses except that of the never invested category is more or less equal in nature.

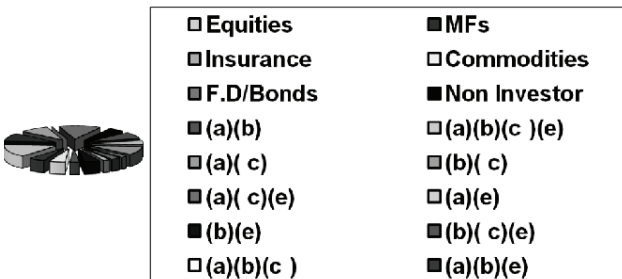
Frequency	Very Frequently	Frequently	Occasionally	Seldom	Never Invested
Percentage	13	16	19	13	39



■ **Preferred Channels of Investment:**

The second observation which we came across relates to the preferred channels of investment followed by the investors. The distribution of population in terms of responses except the commodities category, is almost uniform, i.e. investors invests in all the channels available or in combination of various channels.

Channels	Equities	Mutual Fund	Insurance	Commodity	FD/ Bonds	Non Investors	(a) (b)	(b) (c)
Percentage	15	10	9	0	13	5	5	2
Channels	(a)(b)(e)	(a)(b)(c)(e)	(a)(c)(e)	(b)(c)(e)	(a)(b)(c)	(a)(c)	(a)(e)	(b)(e)
Percentage	5	5	3	3	5	10	2	5

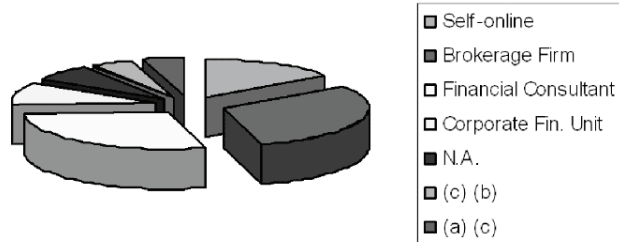


■ **Methods of Trading in Stock Market:**

The third important information which was derived from the research concerns the method of trading carried out by the investors. The distribution of population in terms of methods of trading in stock

market is mostly through a brokerage firm or a consultant associated with it.

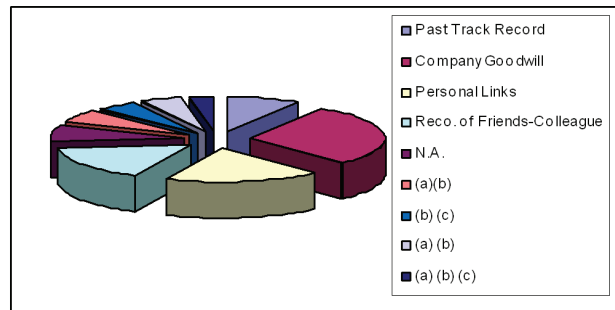
Method	Self-online	Brokerage Firm	Financial Consultant	Corporate Fin. Unit	N.A.	(c) (b)
Percentage	16	32	30	10	7	5



■ **Factors influencing Patronization:**

The fourth important observation which we came across from the research concerns the factors influencing patronization of a brokerage firm by an investor. The distribution of population in terms of factors influencing patronization level of the investors reveals that the investors today prefer such companies which have a good reputation and goodwill in the market and within the financial environment concerned.

Fac-tors	Past Track Record	Com-pany Goodwill	Pers-onal Links	Reco. of Friends-Colleagu e	N.A.	(a) (b)	(b) (c)	(a) (d)	(a) (b) (c)
Perce-ntage	9	29	19	16	8	6	5	5	3

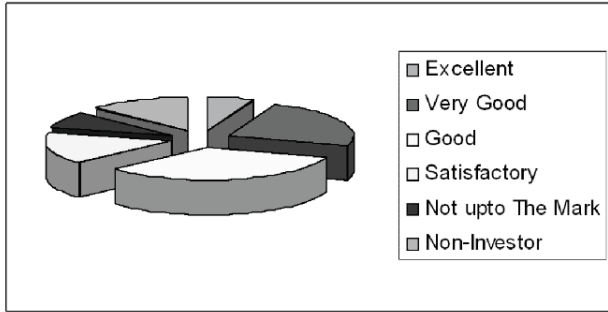


■ **Rating Status of Present Service Provider:**

The fifth important information which was derived from the research concerns the rating status of the present service provider as rated by the investors. The distribution of population in terms of responses related to the rating status of the present service provider is quite good and the investors are satisfied

by the services being provided by their concerned service provider.

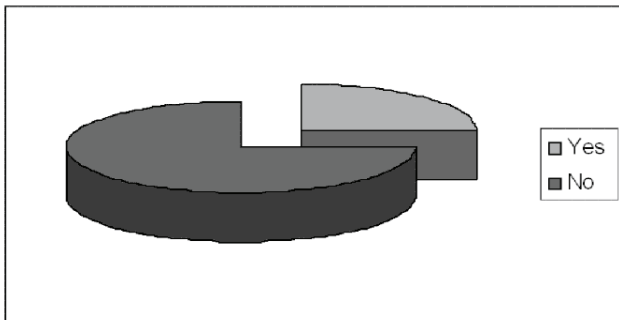
Rating	Excellent	Very Good	Good	Satisfactory	Not upto The Mark	Non-Investor
Percentage	6	24	33	16	8	13



■ **Possibility of Switch-Overs:**

The sixth finding which we came across from the research concerns the view of the possibility of switch-overs by the investors. The distribution of population in terms of responses was higher in favour of non-switch overs, which means that the investors are not in favour of the view of switching over to any other service providers.

Possibility	Yes	No
Percentage	25	75



Impression / Conclusion:

The impression here in this paper signify and represent the major inferences which have been drawn. The preference of an investor in terms of frequency of

trading in stock markets is more or less equally spaced and our one of the major inferences was that 39% of the audience members never got to get interested in stock market trading where as the balance 61% and their distribution has been visualized above.

Besides it was found that the investors preferred and had a following with regard to every channel of investment available. It has also been seen that majority of the investors preferred to invest in stock markets through a recognized brokerage firm or through a financial consultant associated with it.

Therefore, the preference level analysis gives us a clear picture about the preference oriented mindset of the investing audience and this should provide food for thought for further possible research in this direction.

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