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## **PUBLIC AND PRIVATE BANKS MARKETING STRATEGIES IN BANKING SECTOR**

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Indian banking is at cross roads today. With the deregulation and liberalization process in full swing, the consequent policy changes introduced in the Indian financial system in general and banking in particular are effecting unprecedented changes in its functioning. With the emerging changes did spring up new challenges of commercial viability, cost effectiveness, effective marketing strategy, etc. Market oriented policies also gave birth to new players like foreign and private sector banks and subsidiaries offering varied high tech and cost effective Service.

### **Bank Marketing**

Deryk Weyer of Barclays Bank call marketing strategy as “a process, consisting of identifying the most profitable markets now and in future; assessing the present and the future needs of the customers; setting business development goals and making plans to meet them; and managing various services and promoting them to achieve the plans – all in the context of a changing environment in the market”.

### **Special Features of Bank Marketing**

- Banking product cannot be seen or touched like manufactured products (intangibility)
- In marketing banking products, the product and the seller are inseparable; they together define the banking product (inseparability)
- Banking products are products and delivered at the same time; they cannot be stored and inspected before delivering’ (perishability)
- Standardization of banking product is difficult (variability)

### **Marketing Strategy in Banking Sector**

#### **Consumer Behavior and Segmentation**

Banks deal with individuals, group of persons and corporate, all of whom have their likes and dislikes. No bank can afford to assess the needs of each and every individual buyer (actual or potential).

#### **Importance of bank marketing: Awareness among Customers**

Modern technology has made customers aware of the developments in the economic environment, which includes the financial system. Financial needs of the customers have grown multifold into various forms like quick cash accessibility, money transfer, asset security, increased return on surplus funds, financial advice, deferred payments etc. With a wide network of branches, even in a dissimilar banking



scenario, customers expect the banks to offer a more and better service to match their demands and this has compelled banks to take up marketing in right earnest.

### **Growing Competition**

Increased completion is being faced by the Indian banking industry from within the system with other agencies both, local and foreign, offering value added services. Competition is no more confined to resource mobilization but also to lending and other areas of banking activity.

### **Technological Advances**

Technological innovation has resulted in financial product development especially in the international and investment banking areas. The western experience has demonstrated that technology has not only made execution of work faster but has also resulted in greater availability of manpower for customer contact.

### **PRODUCT STRATAGIES:**

A product is a bundle of physical, service, and symbolic attributes designed to satisfy consumer wants. Therefore, product strategy involves considerably more than producing a physical good or service. For the purpose of study two from the public sector and two from the Private sectors banks was considered and its details are as follows:

**Public Sector Banks:** State Bank of India & Andhra Bank

**Private Banks:** ICICI & HDFC

#### **A. State Bank of India:**

State Bank of India is India's largest bank with total assets of US\$ 260 billion at September 31, 2009. The Bank has a network of 16,000 branches and about 3000ATMs in India and presence in 32 countries. SBI Bank offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and through its specialized subsidiaries and affiliates in the areas of investment banking, life and non-life insurance, venture capital and asset management.

#### **Different Products and Services:**

**Deposits** – Banks accept the deposits of the public. In order to attract the savings of the people, the bank provides every sort of facility and inspiration to them and collects the scattered savings of the society.

**Loans** – The bank just don't keep with themselves the deposited amount of the people, rather they advance them in the form of loans to the businessman and entrepreneurs, just to earn profits for their partners. The loanee keeps some gold, silver, fixed and variable assets in the form of security with the bank.

**Table showing Respondents opinion on adoption of different marketing strategies**

If yes, in which of the segments strategies are adopted		PUBLIC AND PRIVATE SECTOR BANKS				
		SBI	ANDHRA BANK	ICICI	HDFC	Total
Product	Count	2	1	4	2	9
	% within	22.2%	11.1%	44.4%	22.2%	100.0%
Price	Count	7	0	1	4	12
	% within	58.3%	.0%	8.3%	33.3%	100.0%
Place	Count	3	3	2	1	9
	% within	33.3%	33.3%	22.2%	11.1%	100.0%
Promotion	Count	2	5	5	0	12
	% within	16.7%	41.7%	41.7%	.0%	100.0%
People	Count	2	1	1	0	4
	% within	50.0%	25.0%	25.0%	.0%	100.0%
Process	Count	1	0	4	1	6
	% within	16.7%	.0%	66.7%	16.7%	100.0%
Physical evidence	Count	3	2	1	2	8
	% within	37.5%	25.0%	12.5%	25.0%	100.0%
Total	Count	20	12	18	10	60
	% within	33.3%	20.0%	30.0%	16.7%	100.0%

To attract more customers in banks. It adopts different forms of products / services, as per their practice, these products are categorized into two ways 1. Conventional & 2. Innovative

Component Matrix <sup>a</sup>							
	Component						
	1	2	3	4	5	6	7
ATMs							.438
Electronic Fund Transfer (EFT)		-.371	-.509	-.330			
Electronic Bill Payment (EBP)	.422		.309		.524	.355	
E-Cheque		.491					-.346
Internet banking	.339	-.494					



Tele-banking			-.358		.555		
Mobile Banking	-.357		-.549				
Debit card				-.496		.407	
Credit card		.379					.656
Demat account	.463			.341			
Digicash	.411	-.537					
Netcash	-.368		.344	.493			
m-cheque				.410	-.398	.372	
e-invest					.442	-.421	.371

Extraction Method: Principal Component Analysis.

a. 7 components extracted.

Rotated Component Matrix <sup>a</sup>							
	Component						
	1	2	3	4	5	6	7
ATMs							.664
Electronic Fund Transfer (EFT)			-.494	.460	-.581		
Electronic Bill Payment (EBP)		.755					
E-Cheque		.633				-.330	
Internet banking	.693			-.366			
Tele-banking				.726			
Mobile Banking	-.485			.498			
Debit card							.752
Credit card		-.419			.799		
Demat account					.350	-.607	
Digicash							
Netcash			.721				
m-cheque			.749				
e-invest						.745	-.488

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 8 iterations.

Sno	Factor	Value
1	Internet banking	0.693
2	Electronic Bill Payment	0.755
3	Netcash	0.721
4	Tele-banking	0.726
5	Credit card	0.799
6	e-invest	0.745
7	Debit card	0.752



From the above analysis it can be understood that the banking sectors are following different forms of products to attract various customers. As per that, customers opinions gathered by circulating structural questionnaire the following information was revealed, out of the 14 innovative products that is been circulated among the customers only 7 products were rated as a influencing products among the customers. Hence this information can be considered as the innovative product marketing strategies in all the selected bank of the study.

### **Suggestions:**

In view of the above discussion and findings, the following recommendations will be useful to banks for effective marketing of their services for better delivery to customers which in turn increases performance by patronage towards the bank and improves the customer loyalty.

1. In adopting marketing strategies, banks should also compare different company's strategies and access the success and the failure of such strategies in the industry.
2. It indicates public sector banks equally offers all the modern banking services but only needs to generate more users through providing effective responses of customers dilemma through direct communication at the point of sales, which helps to better inform and educate the customers.
3. In comparison with private banks, public banks have to focus on their layout, physical facilities, banking hours, speed in operations, reduced paper work.
4. Today most of the youngsters are earned persons, so they prefer best banking services. So, all the bank categories could inform and attract such potentials by adopting highly explored media such as internet, cinema, mobile, sports, and digital hoardings as promotional strategy.

### **Referecnes**

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