

Marketing Mix Strategy of Banking Services

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Abstract :- In classical marketing literature there are four components of marketing strategy product, price, place and promotion. The production of quality service products is crucial, because of the strong presence of human factor. During the last few years a range of formal products have hit the market, raising customer expectations and also the anxiety of banks to attract the attention of customers. The nature of business would also need intimate knowledge of local economy and background of the persons living in the locality. Of course the government has been enforcing social obligation on the banks and has been insisting that the urban banks perform their social commitments by target oriented approach. This paper focus on marketing mix strategy of banking services of commercial banks in India. This is true of banking services also. The banking services demanded may vary according to the area, type of customer and the nature of accounts maintained. Banks as service providers may have their own perceptions, limitations and rules in their operations.

Keywords : Quality service products, strong presence, human factor, raising customer banking services, marketing strategy.

Introduction: - The concept of marketing of services is a multi dimensional one. Service providers serve customers according to their needs. They have to take into consideration the prevalent policies and strategies and choose appropriate methods of providing services to clientele. This is true of banking services also. The banking services demanded may vary according to the area, type of customer and the nature of accounts maintained. Banks as service providers may have their own perceptions, limitations and rules in their operations.

Banks should have a clear idea of the needs of the customers and modulate policies for the provision of such services to their clients. The existing framework of the organization is to be considered before planning for provision of services. The role of bank officials and their perceptions in providing services to customers require special mention at this stage, since customer friendly knowledge, skills, attitudes and commitment to values are essential in service marketing.

Bankers are the custodians of funds of the customers. In case of loans and advances, they are the financiers for the customers and indirectly help the customers to increase their standard of operations and living. In this process, they have to perceive the activities of the customers from various angles.

The activities and elements involved . relating to various services can be classified as follows for the purpose of analysis:

1. Quickness in service
2. Courtesy while delivering service
3. Provision of modernized services
4. Minimizing formalities while delivering services
5. Customer friendly approach by bankers
6. Possession of Goodwill by the bank
7. Nearness to customer
8. Better managerial ability
9. Provision of Liberal loans.

Though service is the end, the problems and the hindrances faced in delivering the services are many. Without active co-operation from and involvement of employees no bank can succeed in rendering services to its members. Developing and imparting knowledge and skills among employees require hard labour and time but this initial investment pays in the long run. The watch words for any manager are innovation creativity and desire for experimentation.

In classical marketing literature there are four components of marketing strategy product, price, place and promotion. But when it comes to services marketing, the context is different. Due to the intangible nature of service products, making the intangible products in to tangible becomes important. The production of quality service products is crucial, because of the strong presence of human factor. Keeping all these in view, bank marketing strategy has seven components such as product, price, place, promotion, people, procedure and physical evidence. These are known as the 7 Ps.

Product-Deposit schemes, lending programmes and other services are the products of the urban branch of a bank. All the deposit schemes except current account have good market potentials. New retail products offered by the banks emerge due to the following two circumstances, namely in response to the compulsion in economic environment and secondly as a result of innovative effort undertaken by Berles.

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Another exogenous factors leading to launch of new products is the emergence of new products from the competitors. Besides, development in technology make banks to introduce new products. For example the introduction of the computer has in turn, led to the development of new computer related retail services offered by banks. Chart 1 shows the evolution of bank products in terms of stages of retail products. Products offered by banks are segmented in to core product, formal product and 'augmented products.

Core Product- Core product are essentially all those products, which define what kind of business one primarily undertakes. For example, a bank branches core products are savings account, current account, cash credit, term loan, overdraft and the tike. Core products are just functional services of the bank, which gives no room for specialization of services, since all core products are traditional in nature, there is least chance for bank branches to use marketing techniques.

Formal products- Formal products are the development over the products. Formal products are made up of :

- i. Usually a combination of two or more core products, and
- ii. They have a strong marketing content in order to cater to some specific customer needs.

During the last few years a range of formal products have hit the market, raising customer expectations and also the anxiety of banks of attract the attention of customers. Kisan bike scheme super saving plus, corporate liquid deposit, multiple optional deposit, Janata deposit, students deposit account are same of the examples of such formal product.

Augmented product- The augmented product is basically a formal product with some ancillary benefits attached to it. Banks offer credit card facilities viz., kisan credit card to those who avail crop loan from the bank. This product can be availed by the customer only when he is the user of one or the other services as mentioned by the bank.

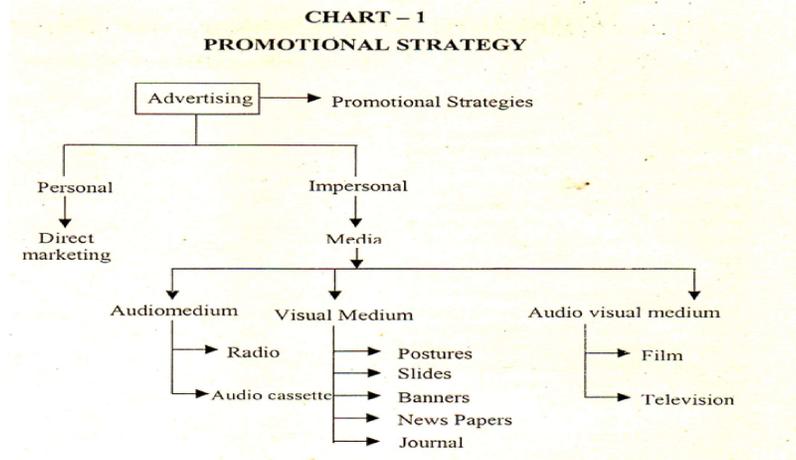
Price- The price strategy as a marketing tool of banks has got very little practical vitality because of the administered pricing structure. This has been the refrain of many branch bankers. Price refers to rate of interest for deposits / loan and advances and service charges levied by the bankers. The target market for banks comprise persons engaged in agricultural activities, small business etc., there is a bright opportunity for banks in getting term deposits for period over one. This opportunity can be grabbed by using the freedom given to bankers in determining the rate of interest.

Place- The place strategy in marketing especially answers the question 'where to market the products or services?' It refers to the establishment and operation of out lets for the physical distribution of the product, according to customers need. There is justification to treat the service area as the place of business for a banker.

It is evident that non-availability of infrastructure facilities is not a problem but lack of quality and variety of services offered in the service area is the problem, it implies that these urban branches can get a majority of the customers from the immediate proximity of the banking premises. Another aspect of significance in the context of customer convenience concerns the business hours of the branch. The business hours of bank branches should be decided upon taking into account the operational convenience of major clientele sections to which the branch caters.

Promotion- Promotional strategy has to be designed to fit between competitive environment and societal environment. It is a routine affair for all urban branches bank to adopt various promotional strategies to persuade customers. The following figure shows the components of promotional strategy of banks.

Promotional- Strategy- With reference to impersonal effort all the banks adopt innovative impersonal strategy by participating in fairs and exhibition and also by sponsoring competition for school children, rangoli competition during festival and other urban oriented games. Apart from this audio visual aids and television are also used for spreading banking messages to the urban people by banks.



People- Marketing mix considers bankers as “people”. Staff appointed for urban branches must have good aptitude for working in branch areas. Only local persons can work with a complete sense of involvement. The nature of business would also need intimate knowledge of local economy and back ground of the persons living in the locality. As the strength of the staff at the urban branches would be small, one cannot find specialization of work.

Procedure- The sixth ‘P’ of bank marketing is ‘procedure’ procedural formalities are essential in banking business, system studies also focus on the seating of officers and employees and the positioning of ledgers, machines and records, so that papers become easily accessible and the time of bank staff is not wasted on necessary and avoidable movements. The procedure should never be a hurdle for business promotion.

Physical Evidence - The seventh ‘p’ physical evidence as a strategic tool for the banker derives its sustenance from the intangibility principles banking products are intangible. Making this intangible commodity tangible is a major challenge to the bank marketer. The instrument of physical evidence focuses bankers’ attention on this crucial aspect. For example when a women customer spells out her problem, the manager could suggest that her problem could be solved through the “Mahellir Tittam” then if the customer wants, the manager can explain the factors of the product.

Conclusion - Thus the foundation for selling products starts at the time of identifying customers’ needs. Of course the government has been enforcing social obligation on the banks and has been insisting that the urban banks perform their social commitments by target oriented approach. Though a number of retail service packages and schemes have been conceptualized, the question whether they really satisfy the needs of the customers or only increase their undue expectations is yet another point for debate. This calls for marketing strategies of retail banking services, which assigns a responsible role on branch officials in bringing out the socio-economic transformation of the society.

In general, many customers do not find customer relations satisfactory. For minimizing this problem customer feedback methods may be followed. The relative expectations of the customers can be assessed with the help of research tools and staff may be trained as active quality conscious personnel. The concept of customer as asset

may be emphasized so that the customers are treated as the key factor in marketing.

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