

Adoption of Marketing Strategies in Indian Banking Sector

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Abstract

The Indian banking scenario has undergone a sea level change in the last few decades. Not only there has been a phenomenal growth in the volume of deposits mobilised by banks but more impressive has been the innovations in policy, organisation and strategies which has made such phenomenal growth possible. The banks have designed several new strategies and programmes to help the hitherto neglected sectors of the society. In addition, they have also marketed their services in several new forms such as merchant banking, leasing, mutual funds etc. and wherever necessary by floating specialised subsidiaries for the purpose. We may also opine that marketing in banking is gaining importance day-by-day in view of the tough competition in the banking industry. Therefore, this paper covers various marketing strategies being adopted by banks. The objectives of the paper include presenting an overview of aspects related with Public Relations in Banks, Image Building, and Relationship Banking along with conductance of Business Mobilisation Campaign.

Key words: *Business Mobilisation Campaign, Indian Banking Sector, Market Segmentation, Marketing Strategies, Public Relations.*

Introduction

The mind boggling changes taking place in the banking industry have posed challenges and to manage the change, marketing approach has to be adopted for the simple reason that bank customers are changing in terms of their needs, expectations and problems. Marketing in banking means a coordinated organisational effort to reach the customer to fulfil his specific needs for getting his patronage, through utilisation of people, products or services, price, promotion, branch outlets and distribution policies for maximising Customer satisfaction. In other words:

- Customer and his needs are central to marketing around which the concept revolves.
- Products are only the means to achieve certain ends i.e. customer (satisfaction and not the end in themselves.
- Marketing in banks has societal orientation.

- Marketing cannot be said to be an art or a science. It is simply a Management philosophy directed at meeting customer satisfaction and in the process get his patronage.
- Marketing aims at earning profits for the organisation through customer satisfaction which yields more business and in turn more profits.

It needs to be understood that marketing is just not the deposit mobilisation and the concept has to be applied in line with organisational objectives and meeting the challenges being faced.

Marketing as a Strategy

To formulate an effective marketing strategy, a bank should know:

- ✓ What is the total potential presently available and its present share in the total market for deposits, advances and other services?
- ✓ Core customer segments i.e. which customers provide highest profit and business potential, so that they always get the desired attention.
- ✓ Core products and services, i.e. which services or products best match the requirements of customers in general and core customers in particular and provide high business and profit potential, so that action is taken to improve such products further to make them more acceptable.
- ✓ What products are supplementary products and keep the core products and services, as high business and profit potentials?
- ✓ Core competitors, i.e. which competitors are posing major threat in serving the core customer segments and which core products and services are they offering to the clients, so that if possible, bank can explore the possibility of offering similar products and services.
- ✓ Core appeal i.e. which advantage should be offered and communicated to customers in general to differentiate one's own organisation in terms of pricing, servicing, conveniences etc.
- ✓ Potential products to suit the changing environment, so that they meet the change in customer's needs over a time period.
- ✓ Potential customers who could be brought to bank's fold.
- ✓ Potential competitors which may erode bank's market share, so that bank may take action to change its strategies in time, to remain the market leader.

- ✓ Which other products are needed to be introduced to maintain or enhance the existing business, so that the customer does not feel the necessity of shifting his patronage elsewhere.
- ✓ How strong is the information system in the bank and what needs to be done to create a prompt and accurate information system which forms core of any marketing exercise?
- ✓ Customers like all human beings, like to deal with people who care. Hence, attitudinal change particularly in the staff members of the counter, is needed to understand that bank's existence is due to customers and customer is really an important visitor on Bank's premises.

Public Relations in Banks

Public relations consist of activities aimed at generating awareness and of an appreciation institution's policies and performance. These activities are designed to maintain a two-way traffic of information so that (i) management can learn about public needs and (ii) public in turn, can be informed of management's response. For developing a lasting relationship, it is necessary for the banks to inform the public about their role in the life of people, present a positive image and identify and remove areas of misunderstanding. It is desirable that to maintain good and wide public contact, the branch staff should actively participate in the social life of the area where the branch is located. This can be done by attending to local functions and associating with welfare relief measures, education and such other local activities. Some staff having the aptitude for outdoor work may contact existing and prospective clients for mobilising business.

The various objectives of effective public relations such as business development, customer relations, marketing of banking services, etc., need to have an inter se coordination as these objectives are closely integrated and interdependent. Therefore, it is imperative that all employees are fully familiar with bank's schemes/plans/services and operational procedures and are capable of giving proper guidance to customers. Effective public relations are a product of sincerity and involvement of all staff members in their transactions with customers and society at large.

Image Building

In a service industry like banking, with a large network of branches, the image of bank's branches in the eyes of public is as important as its corporate image, because a customer is more concerned with the image of the branch he/she deals with. It is quite likely

that the corporate image of the bank and the image of its branches substantially vary. Some of the factors which contribute to image formation of a branch are quality employees of the branch, their attitude and behaviour and conduct inside and outside the branch. Evaluation of the degree of contribution of each of these factors can be made through the feedback received from the customers in various customer meets. Branches may project their image by:

- ◆ Organising customer meets periodically;
- ◆ Participating in the local exhibitions and fairs;
- ◆ Participating in the local activities of charitable and academic institutions;
- ◆ Accepting appreciation as well as criticism with a rare grace.

Market Segmentation

The market segmentation implies regrouping of bank's various services and activities into separate departments for each category of customers, depending upon the business handled in each market segment. Instead of an approach directed at entire market (because it is seldom possible to acquire total market), the marketing efforts should be directed through segmentation. The rationale of segmentation lies in the fact that banking being a financial services industry, focus has to be on customer and his needs, instead of organisational convenience. A customer has more than one requirement and a total view of his needs would help the bank to serve him better. His needs in turn would depend on the activity he is pursuing. Through segmentation, it would be possible to relate business to activity of customer. This could be done by sub-dividing the market into more or less homogeneous subsets of customers. It must reflect measurability, accessibility, substantiality and actionability. The customers can be sub-grouped taking into account geographical area, income levels, profession, economic activity, age group etc.

Relationship Banking

Every human being wants to be recognised by someone in a crowd. When it is a question of attracting affluent customers, providing personalised services has been found to be very effective. In relationship banking, one particular staff member is given the responsibility of providing all banking services to a group of high potential customers identified for the purpose. Such customers find their individuality visible in the manner they are treated preferably and their transactions taken care of. This concept has become a need of today when there is cut throat competition in getting hold of big ticket business.

Opening Model Branches

Attractive and spacious layout of branches with state-of-art technology has been introduced by a few RRBs in the southern part of the country. These model branches display a distinctive image of the bank.

Conducting Business Mobilisation Campaign

Banks organise various business mobilisation drive with a view to attract customers by providing special schemes during festival occasions. Normally, it is observed that a banner is displayed outside as well as inside the branch for the information of customers who come across the branch and its staff feel that their duty was over by doing so. In fact, now-a-days public is well feel that about the various schemes of banks through newspapers and informed media. Special efforts should be made by branch staff for educating them by holding meets of some homogeneous groups and putting before them what extra they are offering as compared to their competitors and advantages of specific schemes being implemented for a limited period. The decorations at the branch should depict an image of a festive season and people may appreciate if one dedicated employee is available in the customer lobby to greet them and guide them. Some sports event or cultural programme may also be organised at a public place where people from all walks of life may gather for entertainment as well as knowing what bank was offering. Arranging distribution of pamphlets/brochures through newspaper vendors and specific marketing team may also result percolation of the bank's message.

Summing-up

Marketing in banking means a coordinated organisational effort to reach the customer to fulfil his specific needs for getting his patronage, through utilisation of people, products or services, price, promotion, branch outlets and distribution policies for maximising customer satisfaction. It needs to be understood that marketing is just not the deposit mobilisation and the concept has to be applied in line with organisational objectives and meeting the challenges being faced. The market segmentation implies regrouping of bank's various services and activities into separate departments for each category of customers, depending upon the business handled in each market segment. Attitudinal change particularly in the staff at the counter, is needed to understand that bank's existence is due to customer and customer is really an important visitor on Bank's premises. In a service industry like banking, with a large network of branches, the image of bank's branches in the eyes of its public is as important as its corporate image, because a customer is more concerned with the image of the

branch he/she deals with. Banks organise various business mobilisation drive with a view to attract customers by providing special schemes during festival occasions.

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