

## Marketing Mix Strategies of Public and Private Sector Banks - A Comparative Study

\*D.N.V. Krishna Reddy

\*\*Dr. M. Sudhir Reddy

\*\*\*Thorlapati Rambabu

\*Research Scholar, JNTUH, Hyderabad, Telangana.

\*\*Assistant Professor, Mother Teresa Institute of Science & Technology, Sathupally, Khammam, T.S.

\*\*\*Associate Professor, School of Management, JNTUH, Hyderabad, Telangana.  
Assistant Professor, Mother Teresa Institute of Science & Technology, Sathupally, Khammam.

**ABSTRACT:** *A sound marketing strategy becomes very important for banks. It exposed that banks can construct their marketing strategies on different parameters which are comprehensively as far as 7P's of marketing viz., Product, Price, Place, Promotion, People, Processes, and Physical Evidence. The cause for the study is to differentiate the marketing strategies of banking sector. The study finds that marketing strategies embraced by select banks to advertise their items are not all around outlined and fragmented to some degree. The concentrate likewise finds that there is a need to grow more successful marketing strategies appropriate for long haul development of these banks.*

**Keywords:** *Bank Marketing; Marketing Strategies; 7Ps of Marketing.*

### Introduction

Banking sector is the mirror of the economy. Due to its linkages to all other sectors, it portrays the economy of a country as a whole. Indeed, the banking industry in Bangladesh is a very competitive one. Competition is increasing on a regular basis and customers are enjoying it. It takes a fraction of a second for a customer to move from one bank to another. So, banks are now providing their customers the opportunity to choose convenient locations to get banking services as well as trying their best to meet all type of banking needs of customers. But at the same time, customers expect higher quality of services from the banks, better banking environment, quicker and hassle-free process in getting services, more professionalism among employees etc. Here the term 'Marketing' blends with 'Banking'. Marketers try to shape customer perception towards their firm by implementing various controllable elements of marketing mix which known as 4Ps of marketing (product, price, place, promotion) (McCarthy, 1964). Due to the nature and inherent intangibility, three additional Ps i.e. people, process, and physical evidence were introduced for service sector. These new elements are essential to the definition and promotion of services in the consumers' eyes both prior to and during the service experience (Bitner, 1990). Now-a-days, Modern banks are blending all the 7Ps of services marketing in their marketing activities. A large number of deposit and loan schemes are being developed in accordance with the requirements of different segments of the society. Innovation and renovation of products are not the solely way to retain customers in this competitive industry. Banks are trying to satisfy their customers through improved service quality. Launching new schemes with advertisements and other promotional activities help a lot to attract new depositors as well as to loan customers. State-of-art technology and updated banking facilities like Internet banking, Mobile banking, Phone banking, 24/7 ATMs, Bill pay machines etc. all have a positive impact on attracting and retaining customers. Moreover, the smooth and hassle-free processes in every aspects of banking service are essential to satisfy customers. Infrastructural facilities available to customers, premises environment, attitude and behavior of employees with customers, their promptness of service and professionalism all have a very strong impact on customers.

While formulating marketing strategy, a bank should focus attention on (i) consumer sovereignty, (ii) attitude, (iii) responsiveness and personal skills of bank staff, (iv) revitalizing the marketing department, (v) top management support to the marketing department, (vi) participation of marketing personnel in key bank decisions (Kumar, A. 1991).

### **Objectives of the Study**

1. To examine various marketing strategies adopted by selected Public and Private sectors banks in Khammam.
2. To make a comparative analysis of Bankers' perception for marketing strategies of Public and Private sector banks in Khammam.
3. To find out the key bank marketing strategies on the basis of Bankers' responses.

### **Review of Literature**

Various studies have been directed both in India and abroad over a time-frame with respect to the marketing strategies pertinent in the banking segment. Followings few of the studies are evaluated here-under in the ensuing passages as they would encourage a get backing for completing the present study.

Gyaneshwar Singh Kushwaha and ShivRatan Agrawal (2015) the primary aim of the study is to examine the effects of services marketing mix elements on Indian customer for making the appropriate marketing mix strategy in banking services context.

Anita Kumari Panigrahi (2015) the analyst is focused around the marketing strategies of financial products in Private and public sector banks in Berhampur with a perspective to distinguish how marketing blend ( 7 p') is most essential for a bank. The study uncovers that Public sector is more solid however not all that great in the quality and creativity. Private sector is not considered so solid, there might be shrouded charges in the administrations and false and misdirecting data in the publicizing yet they are better in the administration quality. Private sector banks must be all the more genuine and solid first. They need to win the hearts of the customers, after that they will have the capacity to win minds also. Private Sector banks are receiving more push strategies to draw in and get the clients. This makes the contrast between marketing strategies received by Public and Private Sector Banks.

T. Sreenivas and Smt. Sk. Mabunni (2013) this research article evaluates the innovative marketing strategies adopted by banks to sell their products and create marketing process through 7Ps i.e. Product, Price, Place, Promotion, People, Physical evidence and Process in sample banks taken from Public sector and Private sector Banks. For this purpose, it is proposed to make a comparison study of public sector banks with private sector banks in terms of the sample of SBI and HDFC respectively.

Uma Rani T.S. and Dr. Rtn. N. Panchanatham (2012); the researcher studied on Strategies Adopted By HDFC Bank and suggested that Customer relationship management strategy, functional oriented strategy, value added services strategy are the most influencing factors adopted by the banks. Yet infrastructure and promotional strategies are to be improved in order to delight its customers.

In the process of study, Mehta (2010) in his article" Personal Selling - A Strategy for promoting Bank Marketing "reported that there is lack of Marketing Communication in Indian Banks. He suggested for adopting banks suitable marketing promotion strategies for better business. He emphasized that on adoption of personal selling as a strategy for marketing promotion in Banks the banking business can improve considerably.

Agarwal et. al (2009) due to a dynamic business environment, Indian banks have also started to adopt customer-driven marketing strategies to address the rapid and changing needs of their customers.

Zeithaml et. al (2008) the focus of banking services now has been completely shifted from a transactional marketing approach to a customer oriented approach. In this regard, services marketing mix can be a critical component in running a successful business in today's economy.

### **Methodology**

**Data Sources:** The present study is descriptive in nature, which is based on empirical evidences in the form of primary and secondary data.

### **Data Collection Method**

- Primary Data through questionnaire and personal interviews of the respective banks' executives.
- Secondary Data from the Brochures & reports of the selected banks for this paper.

### **Sample Plan & Size**

The study includes six leading banks out of which 3 from public sector (SBH, Andhra Bank and Union Bank) and 3 from private sector banks (ICICI, HDFC and AXIS) available in Khammam as sample on the basis of convenience for the questionnaire survey to find out the marketing strategies. It was planned to select 40 bank personnel from each bank making a total of 240 bank officials as sample by making personal visit to the respective branches of banks.

### **Data Analysis and Interpretation**

The analysis is done on the basis of review of existing literature and with personal contact and informal interview with the Bankers' of the Public and Private sector banks. Data has been analyzed and interpreted with the help of necessary tables along with relevant explanations of each form of marketing strategy.

### **Products and Services Related Strategies**

In the highly regulated banking industry all offered the same type of products. Actually the bank takes little time and no additional investment to develop a financial product or service. Thus it is better to focus on some selected ideas relating to products, which have immediate operational utility as well as feasibility on banks. So, the banks are required to devise suitable market strategies to augment the volume of business level, and focus on few potential customers with customized products and services rather than serving all customers with universal products.

Keeping this in view the bankers were asked to provide opinion about some of the product strategy followed by their branch. The responses of the sample bankers with regards to product oriented strategies adopted are varied and well dispersed. However, the major strategy adopted by the public sector banks are Innovation in products and services (25.83%). Because, public sector banks have a very wide customer base belonging to various segments of society, whereas only 12.5% response of sample bankers was on wideness of their product for market coverage. More specifically, public sector banks also customer centric (24.17%) followed by electronic banking (21.67%) and value-addition services (15.83%). Only a small percentage of public sector banks (12.5%) are giving more priority to Communication or promotion.

Whereas, majority of private sector bankers thrust upon customer centric (27.5%) due to facing the heat of competition, which is followed by Communication or promotion (15.83%). The Bank seeks to enhance its profile by using alternative channels such as direct e-marketing to potential customers and web advertising. 24.17% of sample private sector bankers response is that, they have perfectly adopted to online banking. As compared to their counterparts in the public sector, private sector bankers seem to be ahead towards customer

needs and tried to provide effective promotional strategies for the electronic banking in order to create more awareness among the customers.

Another strategy on which private sector bankers are giving more emphasize is that value addition services (18.33%) as compared to public sector banks (15.83%). Various Ancillary or value addition services are provided by private sector banks for capturing the major portion of market. Such as, extended working hours and single window service like that. Only a small percentage of private sector banks (14.17%) are giving more priority to product innovation.

### **Place or Convenience Related Strategies**

The place part of the marketing mix is where the customer receives the product or service. Place in case of services determine where is the service product going to be located. Suitable place of the bank branch remains the cornerstone in garnering business. Therefore management always attempts to locate the branch at the most suitable place, since an away location is considered as unsuitable from business point of view. The selection of an appropriate place for the establishment of a branch is important with the viewpoint of making places accessible.

Keeping this in view the bankers were asked to provide opinion about the type of strategies they are emphasized more on marketing point of view, the status of place related strategies followed by sample bankers from business point of view. Good premises for bank branches are essential for smooth operation of banking business. The responses of bankers regarding physical facilities available inside the bank premises and its impact on their marketing strategies are presented in above table. More than 30.83% of private sector bankers and 27.5% of public sector bankers are following this strategy. Because, absence of parking place, uncomfortable sitting place, dingy bank premises, improper bank layout are some of the hall marks of public sector banks.

When the private banks were compared with public banks, all the private banks have excellent locations from business point of view compared to public banks. More than 23 percent of public sector and nearly 27 percent of private sector bankers expressed their satisfaction regarding their branch location which is, Convenient to both the parties, such as the users and the bankers. This indicates that the bank authorities might have taken enough care to locate the branches in the most convenient locations from the business point of view. However, unsuitable bank locations as perceived by bankers need to be relocated as they remain as a continuous hurdle to banking business growth. Due to easy availability of ATM network, 49.17% public sector bankers and 42.5% of private sector bankers are giving more focus on this strategy.

### **Price Related Strategies**

The settlement of a correct price, both for the market and the competition, is a significant element for the sector of financial – banking services. As the competition in the financial – banking services has intensified, the settlement of correct prices has become an essential element for the marketing strategy. Nevertheless it is important to remind that the price is not a central element. In the formulation of marketing mix, the pricing decisions occupy a place of outstanding significance. Pricing decisions are found an instrumental in motivating or influencing the target market.

From the analysis of surveyed data it can be said that majority of the public sector bankers are adopted strategic pricing (30%), which builds volume and market share of the banks followed by Market based Approach to price (26.67%) for their various services. 16.67 percent of the public sector banks use cost based pricing strategy for analysis of cost structure from time to time. Only a small percentage of public sector banks are following price privileges (14.16%) and Price discrimination (12.5%).

30 percent of private bankers are following cost based pricing strategy for serving dual purpose. Estimating cost of each activity on the one hand and providing quality service at reasonable price on the other. Similarly, private sector banks are also following certain price privilege strategy (19.17%) to their high value clients, followed by price discrimination (18.33%) according to varied situation. Whereas, a small percentage of private bankers response was they are adopting strategic pricing strategy (16.67%) and Market based Approach to price (15.83%).

### **Promotional Strategies**

The complexity in the banking services is also an issue of vital importance. This is the time when banks are offering new and innovative services; frequently in the market. The content of promotional tools should help the customer in making most valuable decision. This can be firmly said that well designed promotional strategies are very important to promote banking services effectively. The views of sample bankers regarding the various promotion strategies adopted to promote their products are presented.

The promotional strategies adopted by both Public and Private sector banks. The majority of the public sector bankers (30%) focus on Public relation, as it is a service entity approved by govt., whereas only 14.16% of private sector bankers giving emphasis on this strategy.

Public sector banks are not much adopting the strategies of promotion as personal selling and direct marketing; on the other hand same strategies are adopted by private sector bankers. The reasons for this are high reliability and less profit orientation of public sector banks. Public sector banks do not go for innovative strategies of promotion, however they go for interactive marketing through internet but that is not promoted so much like private sector banks. Thus, only 14.17% of the public sector banks use the personal selling and direct marketing strategy to market their products, whereas 16.67% in case of direct marketing and 15.83% in case personal selling of sample private bankers are following this. However, 20% of public sector bankers and 22.5% of private sector bankers are adopting the sales promotion strategy.

Thus, it is evident from the proportion of banker's responses on promotion being the potent marketing tool for attracting new business is comparatively higher in case of private sector banks than the public sector.

### **Employee Related Strategies**

Employee plays an important role in the marketing operations of a service organization. In case of banking, the service employee is often the primary contact point for the customer whenever the customer interacts with the employee. More specially, it includes attitude, behaviour, expertise, condense, courtesy, and willingness to help of the employees toward customers. Table 5 presents the views of bankers regarding people related strategies of banking services in attracting new business.

It is evident from Table 5 that the majority of the public sector bankers (25.83%) focus on Providing Training to staff on new products. Since, public sector banks are a Government entity, it invests heavily in their employees through training on creating an awareness regarding job activities. 18.33% public sector banker's response was towards professional and dynamic staff of their banks. However, 15.84 percent of the public sector bankers are following customer friendly staff, followed by Willingness to help the customer, Polite Behaviour of staff and Action oriented staff of each 13.33% respectively.

While, for the private banks the major focus on Professional and Dynamic staff (20%). Private sector banks recruit their staff with utmost care and diligence. Every effort is made to appoint those who are efficient well qualified and are well versed with the latest in the market. However, 18.33% bankers' views were they are following customer friendly staff strategy to

grow their business, which is followed by Polite Behaviour of staff (16.67%), Willingness to help the customer (15%) and Action oriented staff (16.67%). A small percentage of bankers are following Providing Training to staff on new products (13.33%) due to insufficient fund.

### **Process Related Strategies**

Process describes the method and sequence in services and creates the value proposition that has been promised to customers. Banking customers today can access a variety of services from their home, office or elsewhere because the processes involved in the banking services should be easy and smooth, fast and accurate, and customer friendly. Followings are some of the process related strategies followed by both public and private sector banks are presented.

The responses of the sample bankers with regards to strategies adopted are varied and well dispersed. However, the major strategies adopted by the banks are flow of activities, standardization, Customization, Convenient services and simplicity.

Flow of activities has emerged the cornerstone of the marketing strategy for both public and private sector banks. Because all the major activities of banks follow RBI guidelines. There has to be adherence to certain rules and principles in the banking operations. The activities have been segregated into various departments accordingly. Here, about 22.5% of the public sector bankers and (21.67%) of the private sector banks are giving more focus on this strategy. As public sector banks are government entity, they are adopting more as compared to private sector.

More specifically, public sector banks focus on Standardization (20%) as compared to private sector banks (17.5%). Public sector banks have got standardized procedures and got typical transactions. Each of the banks has its standard forms, documentations, which saves a lot of time behind individual transaction. Customization is one of the important marketing strategies for both public and private sector banks. More than 19 percent of public sector and more than 18 percent of private sector bankers are giving more focus on this strategy. Public sector banks have specialty counters at each branch to deal with customers of a particular scheme. Besides this the customers can select their deposit period among the available alternatives.

Convenient services are another important marketing strategy for banks. Whereas, majority of the private sector bankers have perfectly adapted by this strategy for business point of view. It is observed from the table 6 that a majority of the private bankers (more than 24 percent) and (more than 18 percent) of public sector bankers are following this strategy. However, nearly 20 percent of the public sector and more than 18 percent of the private sector bankers are giving more priority on simplicity. This makes procedures not only simple but consume less time. Thus banks need to build an innovation strategy completely around making banking easy and saving people time.

### **Physical Evidence Oriented Strategies**

The physical evidence is also important for banks because it conveys to the customers an external image of the service package. If a bank wants to have user friendly, hi-tech and efficient image, the branch infrastructure will have a comfortable seating, pleasant lighting and temperature, computer systems with advanced technology and network connectivity. Table 7 presents the some of physical evidence strategies followed by both public and private sector banks for marketing their products.

Most of the bankers of both public and private sectors are of the opinion that the branches under study have adequate floor space, air conditioned premises, adequate waiting space, more counters etc. More or less bankers in both the sectors expressed their overall satisfaction regarding the physical facilities available in their respective branch premises.

## Conclusion

This paper is focused on the marketing strategies of financial products in Public and Private sector banks in Khammam with a view to identify how marketing mix (7 p's) is most important for a bank. Marketing is being practiced by the banks is not so much structured. The research shows that there is a great potential in marketing of financial products which will make the banking sector more effective. The dynamic environment is creating a changing demand for marketing strategies and by developing an effective marketing strategy by banks they can retain market shares and profitability as well as competitive advantages.

The above study uncovers that Public sector is more dependable however not very great in the quality and innovativeness. Private sector is not considered so reliable, there might be hidden charges in the services and false and misdirecting information in the promoting yet they are better in the service quality. Private sector banks must be all the more genuine and solid first. They need to win the hearts of the customers, after that they will have the capacity to win minds also. Private Sector banks are receiving more push strategies to pull in and get the customers. This makes the distinction between marketing strategies embraced by Public and Private Sector Banks.

## References

1. Berry, L. L.; Kehoe, W. J. and Lindgreen, J. H. (1980). "How Bank Marketers View their Jobs". *The Bankers' Magazine* (USA), Vol. 163, pp. 35-40.
2. Radhakrishnan, S. (1987). "Marketing of Banking Services, Constraints, Challenges and Strategy". *The Journal of Bank Marketing*, Vol.16, No.1, 15-23.
3. Uma Rani T.S. and Dr. Rtn. N. Panchanatham (2012); "Strategies Adopted By HDFC Bank", *International Journal of Management Research & Trends*, Volume 3, Issue 2, ISSN: 0976-9781.
4. Professor T. Sreenivas and Smt. Sk. Mabunni (2013); "Marketing Practices of Banking Services (A Comparative study of SBI & HDFC Bank)", *International Journal of Exclusive Management Research*, September 2013, Vol 3 Issue 9, Online - ISSN 2249–2585 Print - ISSN 2249-8672.
5. Gyaneshwar Singh Kushwaha and ShivRatan Agrawal (2014), "An Indian customer surrounding 7P's of service marketing", *Journal of Retailing and Consumer Services* 22 (2015), Elsevier Ltd, pp:85–95.
6. Anita Kumari Panigrahi (2015), "Marketing Strategies of Bank: A Comparative Study on Some Selected Public and Privatesector Banks in Berhampur", *Sai Om Journal of Commerce & Management*, Volume 2, Issue 6 (June, 2015) Online ISSN-2347-7571.
7. Prof. A.S.Mohanrani & Dr. C.Mahavi, Feb (2007) conducted an empirical study on, – Product related characteristics; Promotion and Marketing Mix are key tools in determining Purchase Behavior of Purchase Decision by Teenagers –*Indian Journal of Marketing*, issue no.-2, page no.-3.
8. Singh, J.D. (1985), "Bank Marketing in India". *International Journal of Bank Marketing*, Vol.3, No.2, 48- 63.
9. Zeithaml, V.A., Bitner, M.J., Gremler, D.D., Pandit, A., (2008) "Services Marketing, Integrating Customer Focus across the Firm", Fourth ed. Tata McGraw-Hill, New Delhi.
10. Levitt, T. (1974). "Marketing for Business growth". McGraw Hill, New York.
12. Kumar, A. (1991). "Marketing Strategies in the Banking Sector". *IBA Bulletin*, Vol.No.6, 13-14.
13. Saxena, K.K. (1988). "Bank Marketing: Concepts and Applications". New Delhi: Skylark Publications.

14. Talwar, R.K. (1975). “Working group on customer service in Banks”. *Reserve Bank of India*, Bombay, 42.
15. Agarwal,R.,Rastogi,S.,Mehrotra,A.,(2009), “Customers' perspectives regarding e-banking in an emerging economy” .*J.Retail.Consum.Serv.*16,340–351.
16. Ravisankar, T.S. (1985). “Marketing Strategies and Planning for Business Growth in Banks”. *SBZ Monthly Review*, Vol.16, No.2, 27-32.
17. Mehta, Suresh (2010) “Personal Selling –A Strategy for promoting Bank Marketing” *State Bank of India Monthly Review*.