



# REVIEW OF RESEARCH

ISSN: 2249-894X

IMPACT FACTOR : 5.7631 (UIF)

UGC APPROVED JOURNAL NO. 48514

VOLUME - 8 | ISSUE - 9 | JUNE - 2019



## “MARKETING STRATEGY OF BANKING PRODUCTS OF PUBLIC SECTOR BANKS IN MAHARASHTRA”

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### ABSTRACT:

*Fast proliferation of Information and Communication Technology (ICT) has brought about radical improvements in the field of banking at all levels, right from marketing of products, delivery of services, and making day to day transactions with customers. In the ongoing era of banking sector reforms in India, there has been fast adoption of ICT by banks as is reflected by the ever growing network of ATMs, large number of delivery channels especially technology-based services like online banking, e-commerce etc. Customers are becoming highly discerning and providing 'as you like it' products has become an imperative rather than option. There has been fierce competition in the industry, with banks vying with each other for greater market share. In the above context, marketing of bank products has become essential for survival and growth of every bank, including the giant public sector banks. The Research Proposal looks into the need for marketing of bank products in India in the ongoing reforms era, special features of bank marketing and strategies for promotion of bank products in the current ICT era with highly discerning customers.*



**KEYWORDS:** Banking Technology, Technological Innovations, ICT, Online banking, Services Marketing.

### INTRODUCTION

The new economic order of the world - globalization and liberalization and privatization - has increased the demand for communication, travel and information services. This has been augmented by rapid changes brought about by new information technology. Along with it, increased specialization within the economy has led to greater reliance on specialist service providers. For example

advertising and market research have become specialist functions, Supporting all sectors of the economy. Internationalism has made new demands on legal and other professional services. In every economy of the world, the share of service sector is increasing which has been accompanied by considerable disagreement about what constitutes a service. Many authors have sought to develop a definite description of service; yet no adequate definition has emerged. With this theoretical

c background, an attempt is made in the subsequent chapters to examine the operation of bank marketing in Maharashtra. Today's banks are facing the challenges of tightening budgets and continuous demands to reduce costs while handling the constant stream of new regulations. They are also under immense pressure to meet the increasingly complex demands of the real-time, digital customer. Technology is inevitably playing a core role in helping them address these issues.

Many banks are transitioning from high-cost, in-house systems to more agile and flexible managed services, such as business process outsourcing, application management, and software-as-a-service (SaaS). The world is changing, and new entrants are entering the market. The very basics of how banks do business are evolving. To stay in the game, banks need to invest in leading-edge technology and innovation while ensuring their core infrastructures offer the right foundation for real organic growth and expanded customer wallet share. The Digital Revolution is another area in which banks should rethink their strategy.

Customers now have multiple channels for interacting with their banks. The number of traditional brick and mortar branches is decreasing rapidly. With choice comes competition and with the regulatory push towards price transparency and rapid account switching, customer churn is likely to increase.

The customer experience and, in particular, their digital experience is a critically important facet to consider. Often the consumer is not interested in the provider of the channel but looks for the most accessible option. This behavior is enabling non-bank providers to draw customers away from banks. Banks must become mobile destinations in their own right and offer not just mobile banking and mobile money but enable full mobile commerce as well.

The real-time revolution is also impacting the way customers pay for goods and services. Many banks are experiencing a significant reduction in profitable business due to the emergence of new entrants such as PayPal. These dynamic companies are utilizing bank infrastructures and taking a slice of the pie while banks must pick up the bill and carry the burden of managing outdated payment infrastructures.

#### **OBJECTIVES OF THE STUDY:**

1. To study marketing efforts of select public and private sector banks in terms of their market analysis.
2. To make a comparative analysis of marketing systems, procedures and staff of the banks under study.
3. To identify customers preference of banks and analyze reasons for their selection.
4. To analyze the role of 7 Ps framework in formulating marketing strategies of select public and private sector banks and assess its effectiveness in the fulfillment of marketing objectives.
5. To examine the demographic factors of customers and analyze their influence in the selection of banks and their satisfaction level.
6. To evaluate strategies for customer retention and customer loyalty.

#### **SCOPE OF THE STUDY:**

The public sector banks and old private sector banks who command over 80 percent market share in the banking industry must seize this opportunities in big way and respond aggressively to market demand if the growth in banking has to accelerate. So, after awareness of all new challenges and opportunities, banks have to focus on no. of trends like the reach and value that banks offered to customers, its technological convenience, the high cost of intermediation leading to change in progress, yet to gain momentum, consolidation through mergers and acquisitions. To overcome these challenges banks can adopt many marketing strategies like E-banking, product differentiation, reform banks as supermarket, use customer guidelines to form new strategies, use information technology in service sectors and in this regard respondent's opinion will be gathered.

#### **REVIEW OF LITERATURE:**

A marketing strategy combines product development, promotion, distribution, pricing, relationship management and other elements; identifies the firm's marketing goals, and explains how they will be achieved, ideally within a stated timeframe. Marketing strategy determines the choice of target market segments, positioning, marketing mix, and allocation of resources. It is most effective when it is an integral component of overall firm strategy, defining how the organization will successfully engage customers, prospects, and competitors in the market arena of corporate strategies,

corporate missions, and corporate goals. As the customer constitutes the Source of a company's revenue, marketing strategy is closely linked with sales.

As per the research conducted by Tebbar (1988) studied marketing strategies of banks aimed at inculcating the habit of thrift among the people. The suggestion is that keeping the rural branches open on Sundays can augment savings. Direct marketing is also suggested to reduce waiting time exponentially and enhance customer satisfaction. Erratic behavior of the employees, suspicious looks of the staff, vague knowledge of the products, un- dynamic promotional methods etc., may hamper the banking business in rural areas.

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.

In another study made by Gupta, and Mittal (2008), in their article "Comparative Study of Promotional Strategies of Public and Private Sectors Banks in India" stated that a well -designed promotional strategy is very important to promote banking services effectively. They studied that the promotional strategies of private and public sector banks are almost similar. Both types of banks take the help of almost all type of media to promote their services. The major difference in the promotional strategies adopted by banks is in the two techniques of the promotion and they are "Personal Selling" and "Direct Marketing". The difference is that public sector banks do not adopt the strategies of promotion as personal selling and direct marketing; on the other hand the same are adopted by private sector banks.

Chandan, Jean Louis and Boris Bartikowski (2004) conducted the study on –An ordinal satisfaction scale allowing to classify respondents as satisfied, indifferent or dissatisfied, the authors identify semantic descriptions of the boundaries of the indifference zone pertaining to a satisfaction measurement scale. They analyzed expressions of dissatisfaction, indifference and satisfaction and proposed an ordinal measurement scale of consumer satisfaction.

Raj Kumar Venkateran and V. Kumar (2004) conducted the study on –A customer life time value frame work for customer selection and resource allocation strategy, the analysis suggests that there is potential for improved profits when managers design resource allocation rules that maximize CLV. Managers can use the authors frame work to allocate marketing resources efficiently across customers and channels of communication.

#### **FINDINGS:**

1. During the study it was observed that keeping the rural branches open on Sundays can augment savings.
2. It was observed that erratic behavior of the employees, suspicious looks of the staff, vague knowledge of the products, un- dynamic promotional methods etc., may hamper the banking business in rural areas.
3. It is reported that there is lack of Marketing Communication in Indian Banks. The banks should adopt suitable marketing promotion strategies for better business.
4. Emphasis on personal selling as a strategy in Banks can improve the banking business considerably.

#### **SCOPE FOR FUTURE RESEARCH:**

Based on the above review on the subject, it was felt that the research is conducted in the areas of banking performance, comparative study between public and private sector banks, pricing strategies, communication strategies, product strategies etc. Special thrust is to be given by doing research through covering comprehensive strategies relating to banking business.

**LIMITATIONS OF THE STUDY:**

Following are the few constraints to be faced during the study.

1. The survey is to be conducted based on stratified random selection which is yet to be evaluated on the basis of reliability and validity of the data.
2. Banking employees and customers' time availability may be limited.
3. Information to be furnished in the study may be applied for similar nature of study.

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