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## MARKETING STRATEGIES IN BANK PRODUCTS

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### Introduction

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. There was an absolute shift from sellers into buyers' market, establishing the 'consumer' as the key factor in the market. The dictum "as the bank exists because of its customers, has become more pronounced and relevant in the present context". Thus, marketing constitutes the key strategy for banks to retain good customers and also anticipate their future demands.

### Bank Marketing

Deryk Weyer of Barclays Bank call it "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".

### Evolution of Bank Marketing

Historically marketing in banking in India emerged in late 50s. In 70s the bank marketing scene started changing dramatically when marketing positions were created in certain banks to meet the demand for restructuring banking services. First major step in this field was taken by SBI in 1972 by reorganizing itself on the basis of major market segments dividing borrowing customers on the basis of activities. Canara Bank, Bank of Baroda, Corporation Bank are a pointer about how banks of Indian origin could be market innovative and can manage and respond to the change so quickly and efficiently.



Indian branches of foreign banks and the newly established private sector banks also used these techniques successfully in funds mobilization and consumer credit activities. Similarly the financial institutions to tap vast potential of bank and non-bank saver, used marketing concept by introducing attractive schemes(to name, deep discount bonds, family bonds by IDBI,SIDBI,ICICI,SCICI).mutual funds have also brought Innovative products to suit customer's fancy and have been successful in mobilizing huge funds. It needs to be understood that marketing is just not the deposit mobilization and the concept has to be applied in line with organizational objectives and meeting the challenges being faced.

### **Importance of bank marketing**

#### **Ø 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.

#### **Ø Quality as a Key Factor**

With the opening up of the economy, fast change has been experienced in every activity, and banking has been no exemption. Quality is the watchword in the competitive world, which is market driven and banks have had to face up to this emerging scenario. In fact, it may not be out of place to reiterate that quality will in future be the sole determinant of successful banking ventures and marketing has to focus on this most crucial need of the hour.

#### **Ø 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. The foreign commercial bank with their superior technology,



speed in operations and imaginative positioning of their services has also provided the necessary impetus to the Indian banks to innovate and compete in the market place.

### Ø **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.

### **Marketing strategies in Banks**

To formulate an effective marketing strategy the bankers should know the following aspects

- Ø The total potential presently available and its present share in the total market for deposits, advances and other services.
- Ø Core customer segments i.e. which customers provide highest profit and business potential, so that they always get the desired attention.
- Ø 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.
- Ø What products are supplementary products and keep the core products and services, as high business and profit potentials.
- Ø 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 or services.
- Ø Core appeal i.e. which advantage should be offered and communicated to customers in general to differentiate one's own organization in terms of pricing, servicing, conveniences etc.
- Ø Potential products to suit the changing environment, so that they meet the change in customer's needs over a time period.
- Ø Potential customers who could be brought to bank's fold.



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- Ø Potential competitors who may erode bank's market share, so that we may take action to change our strategies in time, to remain the market leader.
  - Ø Which other products are needed to be introduced to maintain or enhance the exiting business, so that the customer does not feel the necessity of shifting his patronage elsewhere.
  - Ø 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.
  - Ø Customers like all human –beings, like to deal with people who care. Hence attitudinal changes particularly in the staff at counter, is needed to understand that our existence is due to customer and customers is really an important visitor on our premises.
  - Ø Other following types of small actions particularly in a branch advising customers maintaining high balances in their accounts, counseling equity-minded customers for investment, interacting with customers to know their difficulties and personally attending the needy customers, creating image of the branch by offering some services, creating social and economical awareness among the people, giving surprise to customers by calling all customers present in the banking hall over a cup of tea on some special occasion, say on the foundation day or bankers day or customers day.

### **Bank 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. The marketing effort 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 organizational convenience. A customer has more than helped us 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 sub-sets of customers. It must reflect measurability, accessibility, substantiality and action ability. The customers can be sub-grouped taking into account geographical area, social status, income levels, profession,



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economic activity, age group etc...

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

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

### **Conclusion**

The role of marketing strategies in the banking industry continues to change. For many years the primary focus of bank marketing was public returns. Then the focus shifted to advertising and sales promotion. That was followed by a focus on the development of a sales culture. Now a day's marketing strategies in banking are concentrating only those who are gaining rich dividends from agriculture, industry and business sector and neglecting rural masses regarding banking products which are beneficial to the working class who are really creating the wealth and contribution to the national income. Banks are unwillingly advertise the government sponsored schemes for drawn trodden people, these people are don't know about the banking products and insurances how to utilize, in this way the banks are commercialized the marketing and marketing strategies. So in this democratic Indian nation the marketing strategies in banking are framed on the basis of majority people not for minority people for benefiting the all the levels of the people in the nation with social marketing strategies.

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