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A GENERIC STUDY ON BANKING IN INDIA AND BASIC IMPLEMENTATION OF MARKETING MIX: DESCRIPTIVE APPROACH

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ABSTRACT
Banking Industry is one of the most important service industries which touch the lives of millions of people. Its service is unique both in social and economic points of view of a nation. Earlier the attitude of banking service was that it was not professional to sell one's services and was unnecessary in the sense that traditional relationships and quality of products were sufficient to carry forward the tasks. Before the mid 1950's the banks had no understanding or regard for marketing. Marketing came into Indian banks in the late 1950's not in the form of marketing concept but in the forms of advertising and promotion concept. Soon it was realised that marketing transcends advertising and friendliness. Till 1950 it was recognised that personal selling was not necessary. The bankers went out of their way to avoid being accused of selling. The bankers even eliminated the word 'selling' and they called the function of customer contact 'business development function'. The bankers' attitudes and comprehensions about marketing changed in the 1960's. They began to realise that marketing was a lot more than smiling and friendly tellers. The idea of customer convenience began in the late fifties and it flourished in the 1960's. The research paper tried to focus on the changing perspectives of banking in India and various other marketing practices those are adopted by many bankers.

KEYWORDS:
Banking, marketing mix, Marketing strategies, Segmentation

INTRODUCTION

Rajeev K Seth defines marketing orientation in such a way that, marketing orientation is basically an attitudinal disposition of a banker which enables him to anticipate customer needs and inspires him to satisfy that need. Two ingredients of marketing orientation are - an ability to anticipate customer needs and - Willingness to satisfy them. The customer of a bank today is most discerning. With banks operating in a buyer's market, the customer looks for a bank which can meet all his present and future requirements at an affordable competitive cost. He is also increasingly quality-conscious. Almost everyone would appreciate that no two classes of customers are alike. Therefore, in any environment relating to a bank's branch or region, the potential clientele can always be classified into different homogeneous segments and distinct 4 Ps package judiciously offered to each segment. As Alan Roberts observes, "Market segmentation is the strategy of dividing markets in order to conquer them, a continuous policy of looking for differences, geographical or otherwise in the total market and the continuous exploitation of these differences. Market segmentation differentiates customers with similar banking needs from those with dissimilar needs. If homogeneity is greater in needs and behaviour of a group of customers, then it is easier to understand them. In addition to that, segmentation provides a solid basis upon which the marketing strategy of a bank can be designed. Furthermore, segmenting the market also helps to evolve a distinctive marketing package for each segment based on the needs of different customer segment. This in turn helps the marketer to cultivate in the customer's mind a perception of psychological membership of bankers' offerings. A customer is more likely to have a feeling that the given marketing package has been specially designed for a person like him only, and not for every day. This will result in greater satisfaction of customer needs. Some of the popular basis of segmentation are geographic, demographic, psychological etc. Geographic segmentation in the banking context, one may have variations like metropolitan, urban, rural, north west, east, south, large city, small city on the basis of population, hill area, tribal area and desert area. By this segmentation, it is assumed that customers in a given geographic region would show a high degree of homogeneity in their banking needs. As geographic region are already demarcated, it is the easiest way of

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segmentation. Generally, geographic segmentation could be further extended on the basis of demographic segmentation of customers. Typical demographic parameters in use are age, sex, income, occupation education, social class etc. In India, geographic and demographic segmentation combined together are likely to yield far more homogeneous segments than either of them individually. Another more sophisticated criteria that a bank may use for segmentation is psychographic benefit parameters. Amongst psychographic parameters one could use segmentation variables which reflect personality traits of customers like leader-follower types, extrovert-introvert types, conservative liberal types. This type of segmentation requires in-depth understanding of customer psychology. Even then it may remain uncertain to what extent these personality traits actually determine customer needs and behaviour. Because of these reasons, psychographic segmentation may be very difficult to implement in banks. Another segmentation is benefit segmentation. Here segmentation is on the basis of the benefit that a customer seeks from purchasing a given bank product. For instance, going for a 'credit card' is seeking the benefit of status. Another going for a loan to a particular bank is seeking the benefit of economy. Similarly, a third customer is seeking the benefit oi' convenience and prepared to pay a price for prompt, efficient and courteous service. Thus, benefits like status, economy and convenience could be the basis for segmenting the market. In a nutshell, geographic and demographic basis of segmentation applied in tandem, appear perfectly capable of yielding useful, specific and early homogeneous market segment for banks. These segments need to be tested on the basis of three parameters - measurability, profitability, and accessibility by each bank before being adopted. Some of the leading segments are Senior citizens, Students, Domestic tourists, working women, Investors, Community, Housewives, Defence personnel, Young salaried people etc. They are also known as host-holding banking segments. None of these segments are totally new to bankers. But the degree of marketing effort they require is of a high order. Household and corporate segments display several distinctive characteristics which are diametrically opposite to each other. In terms of marketing theory, the household segment has to be approached with consumer marketing principles while the corporate sector can be best understood through the principles of industrial marketing. Under the sponsorship of Indian Banks Association, National Institute of Bank Management in 1986 conducted a study on "All India savings and Deposit Trends and Patterns" which is one of the important sources of' Indian banking industry customers. This survey has collected data about households and institutions separately on a host of parameters of interest to bank marketers. Important findings can be categorised under three heads - households segment, institutional or corporate segment and rural segment of banking market in India. Household Segment A large number (80-85 per cent) of bank savers are either professionals or services workers. A sizeable population of production workers are still non-bank savers who are yet to be tapped by banks. Banking is still a habit mainly of literate class only with 86-94 percent of bank savers being literate. As against this 30-42 per cent of non- bank savers are illiterate - a potentially lucrative market segment for banks to tap with innovate products and marketing strategy. Urban non-bank savers show a strong preference for investment in physical rather than financial assets. The motive behind this preference for investment deserves to be examined to tap this important group of household segment effectively. 76-87 per cent of' investment in financial assets by non-bank savers goes to instruments like post-office savings, LIC, and Chit Fund. Awareness about most banking products is strikingly low amongst non-bank savers. Lack of awareness could be a major reason why non-bank savers continue to stay away from becoming bank savers. Aggressive marketing promotion may overcome this problem. The most important reasons for saving amongst bank savers are provision for emergencies, provision for old age and provision for marriage. Suitable location of bank branch and quality of its service are the two main criteria for selection of bank by bank savers. Only 56-62 per cent of bank savers feel that bank staff has a positive attitude towards customers. A sizeable 35.41 per cent opine that the attitude of the bank staff is neutral. Of the total suggestions given by the urban bank savers, 31 percent to pertain to improvement in systems and procedures of banks, 28 percent to improvement in customer service and an additional 18 percent to providing better and new services to bank savers. Nine per cent of urban-nonbank savers (and 5 per cent of rural non- bank savers) have had bank accounts which were closed later. Two main reasons for their closure have been insufficient savings and quite significantly non-co-operative attitude of bank employees. About 77 per cent of urban-non-bank savers (52 per cent rural non-bank 6 savers) read newspapers and see movies regularly. The media habit of non-bank savers could be useful for marketing promotion by banks in this potentially profitable segment. Institutional Segment In general, irrespective of the type of banks, the quantum of interest and security of investment are found to be most important reasons promoting institutional savers to invest in banks. Unlike household savers institutional savers are not quite satisfied with the speed of various bank savers. Majority of

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complaints of institutional savers pertain to delay in transactions, error in entries of passbook /statement of account, misbehavior of bank staff etc. Rural Segment Rural savers exhibit a strong preference (58 per cent) for investment in physical assets instead of financial assets as compared to preference of urban savers (51 per cent). Apart from saving account and fixed deposit schemes, the awareness about other banking products is relatively low amongst rural savers. Besides the saving motive of bank savers mentioned earlier, a definite motive for saving amongst rural savers is the acquisition of farm assets. Suitable location of a bank is the most important selection criterion amongst rural savers. Gramin banks have an edge over other types of banks in terms of location suitable to rural savers. About 84-86 per cent of rural bank savers are satisfied with the courtesy and promptness of bank staff. 45 per cent of rural bank savers are not satisfied with the existing network of branches in their area. This data has significant implication for branch expansion planning in banks. The suggestions given by rural savers, besides those given by urban bank savers also include an expectation about improvement in staff behaviour.

OBJECTIVES

Objectives of the research paper are mentioned below:

1. To study the evolution of banking in India
2. To study the implementation of marketing mix in banking in India
3. To understand various segmentation strategies practiced by marketers

LITERATURE REVIEW

The theory of contestable markets (Baumol 1982) provides the theoretical rationale for competition studies. The theory posits that in a contestable market there are no entry or exit barriers. Consequently, the market reaches stability and equilibrium, whatever be the structure—monopoly, oligopoly or duopoly—provided the market outcome is sustainable. In the literature, competition is measured by either the structural (non-formal) approach or the non-structural (formal) approach. The structure-conduct-performance (SCP) paradigm is used as the framework in the structural approach. It posits that concentration of market power can lead to lower deposit rates and higher lending rates thereby enabling banks to earn monopolistic profits. The Herfindahl–Hirschman index (HHI) is used to examine the relationship between concentration and market power. To obtain HHI, either the deposits or total assets or total loans for each bank are squared and thereafter summed up. The three or five-firm concentration ratio is calculated which depicts the state of market concentration. The alternative efficient structure hypothesis (ESH) posits that it is not market power that brings higher profits but the efficiency gains that follow market concentration. In the non-structural approach, generally two methods have been used: Bresnahan (1982) model and the Panzar and Rosse (1987) model. Bresnahan (1982) and Lau (1982) used aggregate industry data and a parameter to proxy market power and estimated a simultaneous equation model. Researchers such as Shaffer (1993) and Bikker and Haaf (2002) have used this model. The Panzar and Rosse (1987) model examines how the changes in factor input prices affect the revenue of a bank. As the model uses bank-specific data, it captures unique bank characteristics. Many studies have used the Panzar and Rosse H statistic to assess the competitive conditions in the banking market in US, Europe, and other countries. These studies (for example, Berg and Kim 1998; Bikker and Groeneveld 2000; Shaffer 2002; Bikker and Haaf 2002; Beck et al. 2006), generally found that banks operated in a monopolistic competition. When a multi-country study was conducted by Gutiérrez de Rozas (2007), it was found that US Banks were more competitive compared to the European banks. Claessens and Laeven (2004) computed H statistic for the years 1994–2001 for 50 countries—both developed and developing—and found that monopolistic competition prevailed in the banking markets of these countries. Bikker and Spierdijk (2008) similarly found monopolistic competition in the banking market of EU countries. Fosu (2013) in the context of a sub-regional study of banking competition in Africa found that the banking markets could be described by monopolistic competition. Barros and Mendes (2016) found that in Angola, the banking market was monopolistic. Similarly, Anginer et al. (2012) used data for 63 countries over 1997–2009 and found a positive relationship between competition and systemic stability. The majority of the other studies on banking competition also suggest that generally the market is characterized by monopolistic competition (Apergis et al. 2016). In such a market, as suggested by the theory of monopolistic competition, firms have little to no control over the market price and, as such, compete on the basis of product differentiation. Consequently, to improve profitability and to compete in the market, managers have to resort to

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strategies like mergers, acquisitions, improving operational cost efficiency, asset and liabilities diversification, and increasing non-interest revenue (Andrie¸s and Căpraru 2014). There are many other notable studies on competition in banking (for example, Yüksel et al. 2016, 2018; Dinçer and Yüksel 2018; Dinçer et al. 2019). Studies on competition in Indian banking are limited. Prasad and Ghosh (2005) computed the Panzar and Rosse H-statistic of Indian banks using data of 64 commercial banks for the period 1997–2004 and found that the Indian banking market demonstrated a monopolistic competition. Prasad and Ghosh (2007) used annual data of scheduled commercial banks for the period 1996–2004 and again confirmed the results of their earlier study. Mishra (2011) studied 75 banks classified by ownership—public, private, and foreign—over a period of 1997–2008 using two panel data sets—each of 6 years. They found that the Indian banking sector is characterized by monopolistic competition and that liberalization has helped improve its efficiency, productivity and stability. Mishra and Sahoo (2012) studied 59 Indian banks for the years 1999–2000 to 2008–2009 and found a multi-directional and dynamic relationship in the Indian banking sector. Ansari (2012) found that the Indian loan market was monopolistic and that public sector banks and private sector banks were more competitive than foreign banks. Dutta (2013) analyzed the degree of competition in the Indian banking sector for the period 1997–1998 to 2004–2005 and found that the competitive environment improved following banking reforms and that competition has become more severe. Apergis (2015) in a study of 21 emerging market economies, that included India, found that these markets were characterized by monopolistic competition. Rakshit and Bardhan (2019) measured the competitive conditions in India using a sample of 70 commercial banks over the period 1996–2016. It was found that public sector banks experienced a relatively higher degree of competition compared to private and foreign banks. Like other emerging markets, Sinha and Sharma (2016) found that the Indian banking market is characterized by monopolistic competition. Arrawatia et al. (2019) studied banking competition in India for the period 1996–2016 using the learner index approach and confirmed the monopolistic competitive conditions.

E-banking is an innovation when new information technologies merge into traditional banking services. Operating costs minimization and revenue maximization are the major drivers that boost e-banking services (Sannes, 2001; Reibstein, 2002). E-banking service is basically a self-service by customers, so for banks, it requires less resources and lower transaction and production costs (Southard and Siau, 2004; Witman and Poust, 2008). A study about the e-banking over 1999–2006 shows that the application of e-banking can improve banks' performance in terms of the growth in assets, reduction in operating expenses and portfolio enhancement (Dandapani et al., 2008). Even in 1990s, Sraeel (1996) emphasises that creating virtual banking will not only create a new service delivery channel, but also lead to value creation to both banks and customers (Hwang et al., 2007; Murphy, 2007). AmatoMcCoy (2005) further argues that customers will be attracted to e-banking when the advanced e-banking services like e-transfer and e-bill options are available. Through interviewing banks in a small island and examining their e-banking websites from 2004 to 2006, Jenkins (2007) indicates that those banks were using e-banking as an assurance to their customers to maintain a competitive quality of service. and preferences. To be competitive, banks must develop services to satisfy customers as well as delight them at the same time. Liao and Cheung (2002) indicate that the most important quality attributes underlying perceived usefulness of e-banking are expectations of accuracy, security, network speed, user-friendliness, user involvement and convenience. A basic Electronic Service Quality standard is developed with four dimensions: efficiency, fulfilment, system availability and privacy (Parasuraman et al.,2005; Ibrahim et al., 2006). Herington and Weaven (2007) indicate that online service quality has no direct impact on customer delight, e-trust or the development of stronger relationships with customers, but it does have a relationship to e-loyalty. Their research also indirectly explains the change of households of using online banking service.For example, in 2003, 91% of US households held bank accounts and 93% of those used at least one electronic transfer of funds option with their account (Kolodinsky and Hogarth, 2004). However, Fest (2007) points out that only 40% of US households took advantage of e-banking service, whereas over 50% of households that had not been attracted yet to e-banking because those customers might have had a bad experience on a self-service site (Swann, 2008). The winners in e-banking industry are those banks that are able to successfully enhance their offerings while simultaneously enhancing security measures and getting customers to believe in them (Rombel, 2006). In addition, for all e-banking customers, customer satisfaction is affected not only by banks' service quality, but also by their cultural features (Levesque and McDougall, 1996). E-banking in developing countries grows rapidly in the past decade (Akinci et al., 2004). Their research indicates that for consumers' attitudes and adoption towards e-banking, there were significant differences between the two groups, e-banking users and

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non-e-banking users, with respect to demographic profiles, attitudinal properties and preferences for service delivery channels. For instance, in China, there were only 6000 computers connected to the internet with 40,000 internet users in 1995, but there were 10.2 million internet-connected computers and 26.5 million internet users nationwide by the end of June 2001 (Zhao, 2002). Lu et al. (2005) reveal that one of the key strategic responses of banks in China before joining WTO was to develop e-banking to a more competitive environment, even under the current condition of lack of practical customer credit system.

The rise of Internet Banking is also due to its number of benefits for both the provider and the customer as well. From the bank's perspective these are mainly related to cost savings (Sathye, 1999; Robinson, 2000) and internet banking remain one of the cheapest and more efficient delivery channels (see Pikkarainen et al, 2004). Other rationales for the adoption of such services are also related to competition as internet banking strategy has been an interesting way to retain existing customers and attract new ones (Robinson, 2000) and to the numerous advantages to banks for instance, mass customization, more effective marketing and communication at lower costs amongst others (Tuchila, 2000). Benefits for the end users are numerous as well and include mainly conveniency of the service (time saved and globally accessible service), lower cost of transaction and more frequent monitoring of accounts among others (Pikkarainen et al, 2004). However, it should also be noted that there are still customers who fear to make use of Internet banking, as they are concerned with security aspects of such a system. Centeno (2004) argues that speed, the convenience of remote access, 24/7 availability and price incentives are the main motivation factors for the consumers to use internet banking. Durkin et al. (2008) notes that the simplicity of the products offered via internet banking facilitates the adoption of internet banking by consumers. Calisir and Gumussoy (2008) compare the consumer perception of internet banking and other banking channels and report that internet banking, ATM and phone banking substitute each other. Maenpaa et.al. (2008) examine the consumer perceptions of internet banking in Finland and their findings indicate that familiarity has a moderating role in the perception.

Newspapers and magazines are found to be the most effective media for advertising bank products to reach rural bank savers. 95 per cent of the amount is invested in financial assets by rural institutional savers in banks. This is substantially higher than 68 percent in case of urban institutional investors. In the case of rural institutional savers the quality of service links to play a more vital role than quantum of interest income. Understanding the customer is crucial and it is around this the entire gamut of marketing activities revolve. Along with segmentation, judicious combination of 'Ps' is essential to satisfy customers. But when it comes to service marketing the context is different. In service marketing the human factor has an overriding role to play. Again, due to intangible nature of service products, tangibilising them becomes important. Furthermore, due to the presence of the human factor producing quality product is crucial. Such a combination is termed as marketing mix. Framing a market mix for service industry like bank is a laborious task. The level of customer satisfaction is not static among bank customers. The level of satisfaction will vary with the changing level of standard. It also changes to different customer segments according to their respective attitudes and aspirations. The multi-faceted development in the socio- economic fabrics has made it urgent that Indian banks reframe their marketing mix. Due to increasing competition from other financial institutions, made it necessary that Indian commercial banks review the line of banking service. channels of management pricing strategies and promotional stages. Investors started to invest their savings in other avenues of investment, earning 50 to 100 per cent of returns. Furthermore co-operative banks and other non-banking financial institutions also offer attractive dividend in return. Thus it is high time to think about reframing marketing mix of banking service.

ANALYZING MARKETING MIX

The First 'P' - Product First among the Ps of bank marketing is product mix. Product stands for both goods and service combination offered to the public to satisfy their needs. 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. But the drawback is that no brand can be marketed with unique selling proposition for long because it can be copied immediately. Thus it is better to focus on some selected ideas relating to products, which have immediate operational utility as well as feasibility on banks. In the evolution of bank products, the products can be categorised into three groups. They are Core products, Formal products, and augmented product. Core products are those products, which define the business. For a bank, some of the core

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products are Savings Bank Account, Current Account, Term deposit, Recurring deposit, Cash credit, Term loan, overdraft and the like. This has two basic characteristics. Firstly, they define the business of a commercial bank that is whatever banking service was extended these core products are there. Second is that, core products do not have strong marketing content, that is, the product must be specifically designed in view of the needs of customers in well defined homogeneous market segment. Since core products, are used as basic tools of commercial banking and serve the full range of customer segments or at least a large number of them, their marketing content cannot be rated as very high. But these core products are indispensable to any business. Furthermore, these products provide a basis for the development of more sophisticated and marketing oriented products. Formal Product In the line product evolution, the next type of product is Formal product. Formal product is usually a combination of two or more core products and they have strong marketing content as they cater to some specific customer needs. During the last few years an ocean of formal products have hit the market due to rising customer expectation and anxiety to attract the attention of customers. Sulabha over draft of Canara bank, Vijayasree units of Vijaya bank, Smart Money of Hong Kong Bank, two-in-one of Standard Chartered banks, unfixed deposit of Citibank are some of the examples of Formal products. One of the basic features of services is intangibility. Tangibilising the intangible service product was a major challenge to the marketer. In other words, to help the customer in order to form a metal image of the intangible product is the main function to achieve competitiveness in service marketing. On the other hand, if banks are applying core products alone, this will create stress upon customers to finalise how to apply core products as according to the requirement of the customer. That means it will restrict the application of bank services which results in limited banking business. Contrary to this, formal product will give right product with specific names as according to the requirements of customers to boost the banking business.

This is a further modification of formal product. This is the age of value addition. Everybody is sold to the idea of value added product and services. Now it is common in the market that some ancillary benefits are attached. The main advantage of an augmented product stems from its strong marketing content. Because augmented product is made out of formal product which itself has a strong marketing content. It is further reinforced through value addition. A very good example for augmented product is Smart Money Account with Hong Kong Bank. When one opens a Smart Money Account, an account holder will also get free Any Time Money Card. Or when one opens a fixed deposit account, then the deposit holder will get the facility of safe custody free of cost. Evolution of Banking Product Even though branches do not have the authority to design new products, they can operate by using matrix of Core-Formal-Augmented product in an effective manner. That is why banks are innovating more and more augmented products through proper value addition in their existing formal products Augmented Products Core Marketing Formal Products The concept of product packages is by considering customers' behaviour. Generally, a customer comes to the bank simply for a product but basically for solving the problems and to satisfy the needs. Customer needs are varied, complex and multidimensional needs. A Value Augmentation bank should offer multidimensional product otherwise called product package. In the place of offering one or two or a large number of products to the customers, it is by understanding all bank related needs of a customer and then evolves a comprehensive product package which can take care of his entire spectrum of needs. Hence once the bank gives a tailor-made product it will definitely cultivate a psychological ownership on the customer's mind. Another aspect required in a product policy is local touch that is, by considering local peculiarities, product must be local-oriented.

The Second 'P' – Price, Price in the case of service, different terms are used for different services like fees for legal service, fare for transport service, commission agency services, premium for insurance service, interest for the use of money. Two characteristics, which have great impact on determining the prices of services are perishability and intangibility. In banking industry, price is the amount of money that will determine the exchange rate of bank product or services between the bank and customers. Price determination of the banking products or services is subject to regulation either by the Government or by the Reserve Bank of India. It is a unique feature of the bank price that the products are mostly designed by the banker while the price is determined by the RBI and Government of India Due to this, there is uniformity in the price of bank product through out India. Hence the chance of competition on the basis of price is almost nil. As a part of the economic liberalisation programme of the Government, pricing in Indian banking is steadily being deregulated. Successive credit policy pronouncement of RBI during the last few years has already brought about substantial deregulation and flexibility for banks in evolving their pricing strategy. Soon after the announcement of the RBI's credit

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policy in October 1994, ICICI bank announced a unique price structure for its deposits rate. The Bank offered 10 per cent for deposit of '6' months to 2 years and 8 per cent for 3 years maturity. Even the area of ancillary service charges the raised pricing structure announced by Indian Bank Association aroused a lot of debate. Even though complete deregulation of the price regime is still to materialise, price is fast becoming a strategic tool for bankers for their marketing.

The Third 'P' – Place, the most important element in distribution strategy relate to this issue of location of the banks to render their service. Distribution means delivery of the products or service at the right time and at the right place. The place where the banking products or service are delivered is an important element in bank marketing. The place strategy of Indian banks has been on the basis of too many parameters. Prior sanction from RBI, and responsibility of banks towards development of banking habit in remote unbanked areas have been some of the important given parameters. So from the marketing stand point, place strategy is not fully positive to Indian baulks. Some of the major trends in this are the branch licensing policy of RBI is already a thing of the past. This was one of the first policy responses of the government to the Narasimha Committee Report on Financial system 1991, branch expansion on the basis of social banking consideration has achieved its objectives substantially. Compared to any nation in the world, India has the largest bank branch network. Practically it covers every nook and corner of the country. Thirdly, banks in India have been experimenting with a few strategies relating to place. That is, extending their reach through means other than branch expansion as well. The first such strategy is the concept of extension centre, satellite office etc. Secondly, the concept of special counters for certain customer segments for example, for pensioners, non-resident Indian, etc. Thirdly mobile office is also a part of current banking practice. Through this, the banker came to the doorstep of the customers. Fourthly, technology has also been deployed by banks for implementing their place strategy. Home banking and ATM are in Indian banking. Fifthly, a recent innovation is that of strategic alliance. This trend has been set up in motion mainly by the newly set-up private banks in order to overcome the draw back arising out of the limited branch network. Some of these banks entered into strategic alliance with already established banks having wide branch network. One such alliance is between Global Trust Bank and Vijaya bank.

The Fourth 'P' – Promotion, the promotion is to inform and remind individuals and persuade them to accept, recommend or use of a product service or ideas. Promotion is a demand stimulating aid through communication. Any marketing promotion campaign has two objectives. 'They are to inform the prospective customer and then to persuade him. Due to the inherent intangible nature of services, the customer of banking service relies more on subjective impression rather than concrete evidence. When a bank comes out with a new product, it makes its target customer segment aware of it only through marketing promotion. It may be in various forms like press advertisement, sales campaign, word of mouth, personal interaction directly mailing. Making the customer may be enough if the product is unique or in great demand. But this may not be so always. So the second fundamental objective of a promotion campaign is to persuade the customer to buy the product in preference to other similar products available in the market. Now this persuasion too could be in different ways like by working on an emotional plan by an objective of presentation of benefit of the product by identifying the product with some strong need of customers. Along with the above fundamental objective, it also has some subsidiary objectives like image building of an organisation, promoting the growth of a newly started industry. The primitive effort for banking services consists of both personal and impersonal devices. Personal device is purely subjective in nature and it differs from person to person. Impersonal promotion can be through advertising, publicity and sales promotion. Personal selling is the responsibility of the bank staff. Impersonal selling should be done by the respective banks and their association like Joint Publicity Committee for public sector banks and Indian Bank Association. A study conducted by Dr. Rajagopal reveals that apart from savings bank account and fixed deposit account, the awareness of other deposit schemes are relatively less amongst rural savers. Among lending schemes, gold loans, agricultural loans and Government sponsored lending schemes are very popular in the rural areas. The bank must try to understand the real needs and aspirations of the society and provide such product or services which will satisfy their assets. Marketing strategy should be designed to suit not only the present market but also the potential future market.

The fifth 'P' – Process, the process is crucial to the bank marketing strategy. It gives value to the buyer and an element of uniqueness to the product. It is very significant because ut provides competitive advantage to the bank. The importance of process in bank marketing strategy is based on 'value chain concept' given by Michael

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Porter. The concept basically stresses close attention to all the organisational activities which go into marketing the final product to the customer. In the banking context, a typical value chain would encompass all activities right from the product conceptive stage down to its marketing at branch level. All these ultimately leading to the customer's satisfaction with the product he has purchased. The value chain concept emphasises that all these organisational activities have to be closely monitored and reviewed as an ongoing basis and all those activities which do not add value to the product used to be reviewed and modified. It is also useful in focusing attention on those organisational activities or processes which give uniqueness to the product. And the element of uniqueness in the product is a basic condition for acquiring competitive advantage.

The Sixth 'P' – People, the Indian banking industry is not an exception to the modem forces of changes and competition. Many new ideas and strategies have been introduced since the introduction of the new economic policy. Like any other service industry, banking is a labour intensive industry. The human factor plays a pivotal role in the running of the businessmen unlike machine have varying attitudes, moods, heterogeneous cultures, feelings and above all, different aspirations. With the presence of strong human content in banking: business no idea would even get implemented unless it is taken up wholeheartedly. People are crucial to the success of any business. It is far more so in a service-oriented industry like banking. The point being, stressed here is not simply the need of human approach towards people in banks. It is also not only about making available necessary knowledge and skill for servicing the customer better, but the central point stressed here is that there is a need to market banking products to own grassroot level people before marketing these products effectively to customers. Each employee in a bank irrespective of his position in the bank hierarchy is both a recipient and provider of service. Unless each employee extends support to his colleagues and also receives support from them, workflow will get obstructed and the victim will be the customer. In other words to satisfy a customer, people who participate this must be right and apt ones.

The Seventh 'P' - Physical evidence, physical evidence is the strategic tool for the bank marketer. Banking products are intangible. Tangibilising the intangible commodity is a major challenge to the bank marketer. One among the important methods is the upkeep of branch premises and interior decor. This is relevant not only from the point of view of physical evidence but also for tangibilisation strategy. Another strategy is imaginative designing of bank stationery used by customers. Product packaging could be another tangibilisation strategy and marketers called it as a separate 'P' of marketing strategy. Packaging in banking products could take many ways for instance an attractively designed product brochure or a catchy brand name which a customer can easily understand or a pictorial design which can represent a particular product. In the case of these seven elements, they are not of much use in isolation. But an appropriate blend is the right way for marketing effort. It is a fact that no two classes of customers are alike. Their expectations and intentions are entirely different when a customer is approaching the bank. A middle-income man on the verge of retirement needs regular sources of income to supplement his income. So his expectation is monthly income deposit scheme. The investor cannot be wooed with anything less than the best market rate for his funds, for him a reinvestment scheme earning interest has to be designed and delivered. This is equally true for loaning and subsidiary services as well. Since it would not be flexible to expand business to cover all segments under a branch, some segments should be singled out for special coverage. These segments and their potential value will constantly undergo changes and the banker must be on guard to ensure that no viable worthwhile business slips through his hands due to his indifference. The product range or the range of service available from the banking industry in India was limited till the end of the 1970's. Because of post liberalisation policies there is stiff competition in banking sector.

MARKETING OF SERVICES – NEW TREND

Marketing concept asserts to identify consumers' needs before the product is produced so that the product developed can meet the needs. It can be said that the consumer is the pivot around which the whole marketing system revolves. Modem marketing therefore begins with an understanding of consumer needs. The real problem is to learn what a consumer needs. The real problem is to learn what a consumer takes into consideration when he chooses a particular brand. All the behaviour of human beings during the purchase may be turned as buyer's behaviour. Factors influencing the consumer behaviour are internal like needs, motives, perceptions and attitudes as well as external. The major external factors are family social group, culture economics, business influence etc. Hence the ultimate objective of every consumer should be to come with new

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products that will serve the consumer and replace the old products which became obsolete with the passage of time and consumer likes and dislikes. A product is an overall concept of objects or processes which provide some value to customers. Goods and services are subcategories which describe two types of products. Thus the term product is frequently used in a broad sense to develop either manufactured goods or product and service. According to Philip Kotler, "a product is anything that can be offered to a market for attention, acquisition, use or consumption. It includes physical objects, services, personalities, places, organizations and ideas." Stanton says., a product is a set of tangible and intangible attributes including packaging, colour, price, manufacturer's prestige, retailer's prestige and manufacturers' and retailers' services which the buyer may accept as offering satisfaction of wants and needs. Market is often defined in terms; of both products and services. Marketing executives generally have focused their attention on products under the assumption that services are marketed in much the same way. Service sector has emerged as the fastest growing sector of the economy. More than 60 per cent of Western economies are now in the 47 service sector. The United States of America has become the world's first service economy. Service now generates 74 per cent of US domestic products. Where as service jobs accounted for 55 per cent of US jobs in 1970, by 1993 they accounted for 79 per cent of total employment.48 Of late, every dollar a consumer spends in USA, about half of it goes for services. World War II marked a milestone in the explosive rise of service industries. The trend has become evident throughout the world. The growth in service economy has been accompanied by a number of important factors influencing the overall economic picture. Diminishing importance with the balance of trade of primary industries i.e. agriculture forestry and fishing, A similar impact on the importance of secondary industries i.e. construction and manufacturing, and Accompanying social trends effecting the structure of the working force, many workers in service industries are employed on a part- time basis and i1 majority of these are women. Services are divided between consumer service, business service and industrial service. These fall between the public and the private sector. Many service offered, span more than one of these categories. These differences in classification and the complexity of the service market cause difficulties when analyzing the true picture of the service economy. There are various reasons for the growth of the service sector. These can be divided into demographic, social, economic and political changes. Demographic changes A greater life expectancy has lead to an increase in the demand for nursing - homes and medical care. Smaller family size combined with increasing income levels has lead to increased demand for consumer service of all types including banking investment and insurance services together with leisure services. Structural shift have affected the places where people live and how they. The development of new towns and regions has increased the need for infrastructure and support service and social change. The increased number of women in the work force has lead to previously domestic functions being performed outside the home. This has promoted the rapid rise of the fast food industry, child care facilities and other personnel services. Working women and the resulting two income households have created a greater demand for consumer service including retailing, real estate and personal financial services. Smaller family is the order of the day and the two incomes of these families provide more disposable income to spend on entertainment travel and hospitality services. International travel and mobility have produced more sophisticated consumer tastes. Consumers compare services both nationally and internationally and demand variety and improved quality. The greater complexity of life has created a demand for a wide range of services, particularly legal and financial advice. Furthermore communication has increased aspiration levels. As a result, both children and adults are making new demands to cope up with the fast changing environment and economic changes. The new economic order of the world - globalisation and liberalisation and privatisation - 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 lead 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.

CONCLUSION

Over the years, it has been observed that clouds of trepidation and drops of growth are two important phenomena of market, which frequently changes in different sets of conditions. The pre and post liberalization era has witnessed various environmental changes which directly affects the aforesaid phenomena. It is evident that post liberalization era has spread new colors of growth in India, but simultaneously it has also posed some

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challenges. This article discusses the various challenges and opportunities like rural market, transparency, customer expectations, management of risks, growth in banking sector, human factor, global banking, environmental concern, social, ethical issues, employee and customer retentions. Banks are striving to combat the competition. The competition from global banks and technological innovation has compelled the banks to rethink their policies and strategies.

The banking industry in India has a huge canvas of history, which covers the traditional banking practices from the time of Britishers to the reforms period, nationalization to privatization of banks and now increasing numbers of foreign banks in India. Therefore, Banking in India has been through a long journey. Banking industry in India has also achieved a new height with the changing times. The use of technology has brought a revolution in the working style of the banks. Nevertheless, the fundamental aspects of banking i.e. trust and the confidence of the people on the institution remain the same. The majority of the banks are still successful in keeping with the confidence of the shareholders as well as other stakeholders. However, with the changing dynamics of banking business brings new kind of risk exposure. The growth story of the Indian banking industry showcases vast opportunity, and it is imperative to appreciate the attractiveness of this sector. Further, the granting of additional banking licenses to private sector players and NBFCs manifests huge opportunity for the sector as a whole. Opening up of the banking sector will definitely ensue increased competition and will help in reaching out to the un-banked population of India. Strong performance of the banking sector over the past few years and future growth potential succeeds in attracting new entrants to the industry, although challenges remain in the form of maintaining asset quality, risk management, compliance with new accounting standards, use of technology and better customer experience. It has also been an established fact that regulations act as an anchor for the industry, and the umbrella of regulation is necessary to show the way forward for the banking industry.

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