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Comparative analysis of the Marketing Strategies of New Generation Private Sector Banks in India

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Abstract
Etymologically, the word 'bank' can be traced back to the French word 'Banque' meaning 'chest' and the Italian word 'banco' meaning 'bench'. The chest is a place where valuablesarekeptanditrefers to the' safekeeping' function. Abenchrefersto a table, counter or place of transaction of business with reference to a bank. These two words highlight the basic functions of a bank namely to furnish a place for transacting a business and providing safe keeping.
Banking is a service industry and delivers its service across the counter to the ultimate customer. The activities of banking industry are all about 'relationship'. So human resource assumes a very important role in the banking industry to provide better services to the customers with a smile in order to cultivate and maintain long-lasting relationship with their customers. Since technology is only an aid to human effort and not a substitute of it, banking is primarily a labour intensive service sector and it will not be possible for the banks to sustain its effectiveness unless human resource management is given prime importance.

I. Introduction:

Indian banking system occupies a prominent place in a country's economy. Banks are hearts and soul of trade, commerce and industry. During 90s, the Government of India realized the magnitude of improved quality and productivity in banks. To give its due importance the Government of India appointed a committee under the chairmanship of Mr. M. Narshimham, the former governor of RBI. The committee under his guidance and chairmanship studied the structure and functioning of the existing financial system. Based on the findings of the committee, it suggested recommendations to the Government of India. Based on these recommendations, the Government of India gave consent to individuals, corporates, foreigners and non-resident Indians to start a private sector bank in India. Thus, the ball of setting up banks in private sector in India started rolling.

Till the end of February 1994, the RBI received 140 applications for setting up of new private sector bank in India. However only 19 applicants had fulfilled the requisite conditions & formalities. RBI in principle gave permission only to 10 applicants after processing their applications. These banks came into existence after 1st March, 1995. These banks are popularly known as New Generation Private Sector Banks (NPSBs). Presently, we have 9 private sector banks. The banks which started as new generation private sector banks are:

1. IndusInd Bank Ltd.
2. ICICI Bank Ltd.
3. Global Trust Bank Ltd.
4. HDFC Bank Ltd.
5. Centurion Bank Ltd.
6. UTI Bank Ltd.
7. IDBI Bank
8. Bank of Punjab
9. Kotak Mahindra Bank.

These new generation private sector banks went on to become important players in the Indian Financial System. They launched with a bang, outfitted with latest technology, better and faster service quality and customer centric policies. Currently they give keen competition to public sector banks and they have already started eating the market share of public sector banks. The most important feature of these New Generation Private Sector Bank is their marketing approach which is very aggressive along with innovative product range and efficiency with profitability.

The innovative marketing strategies adopted by new generation private sector banks have helped considerably in development and growth of their business. As far as marketing of services of NPSBs is concerned they are very forceful and effective. Out of these 9 new generation private sector banks, the study will focus on the 2 most successful private sector banks, namely ICICI Bank and HDFC Bank.

Private Sector Banks:

The major stakeholders in the private sector banks are individuals and corporate. When banks were nationalized under two branches (in 1969 and in 1980), all banks were not included. Those non-nationalized banks which continue operations even today are classified as Old Generation Private Sector Banks like Jammu and Kashmir Bank Ltd., Federal Bank, Laxmi Vilas Bank, etc. In July, 1993 on account of banking sector reforms the Reserve Bank of India allowed many new banks to start banking operations. Some of the leading banks which were given licenses are: UTI bank (presently called Axis Bank), ICICI Bank, HDFC Bank, Kotak Mahindra Bank, Yes Bank etc. These banks are recognized as New Generation Private Sector Banks. Ten banks were licensed on the basis of guidelines issued in January 1993.The guidelines were revised in January 2001 based on the experience gained from the functioning of these banks, and fresh applications were invited. Of the 10 licences issued in1993, four banks have been merged with other lenders over a period of time. Times Bank was merged with HDFC Bank, while Global Trust Bank was amalgamated with the state-owned Oriental Bank of Commerce. Centurion Bank took over Bank of Punjab to become Centurion Bank of Punjab, which was merged with HDFC Bank in 2008. On account of these new generation private sector banks, a new competitive environment has been created in the Indian Banking System. These banks have been facing competitive advantages over their counterparts of the existing old private banks, public sector banks in their IT support system, innovative products, and pricing of their products. Private sector banks have been rapidly increasing their presence in the recent times and offering a variety of newer services to the customers and posing a stiff competition to the group of public sector banks. At present, there are 21private sector banks operating in India.

Financial Services Marketing:

Marketing is an approach to business which focuses on improving business performance by satisfying customer needs. To deliver what the customer wants and do so more effectively than the competition requires an understanding of what the organization itself is good at; The resources and capabilities it possesses and the manner in which they can be implemented to satisfy clients.

The Service Marketing Mix (7Ps) Strategy:

Marketing strategy refers to policies and key marketing decisions adopted by Management that has an impact on the performance of the company. Marketing strategy focuses primarily on products, markets and customer relationships and concerned with a specific business unit strategy (R. Brenan, P Baines, P Garneau, 2003). The marketing strategy is based on a marketing concept that holds that the key to achieving the company's organizational objectives is to be more effective than competitors in creating, delivering and communicating superior customer value to target customers, thereby ensuring profits through customer satisfaction. (Kotler P., 2003). The traditional marketing mix consists of four basic strategic elements: product, price, Place (or distribution) and promotion (or communication), often referred to as "4 Ps". (The concept of a marketing mix was first proposed by Borden in 1953, initially identifying 12 elements of the manufacturer's marketing mix, which were later simplified by other authors. The 4Ps classification has been created by E.J. Mc Carthy, in the 1960s. Its R.F. Lauterborn proposed a classification of 4 Cs in 1993, stating that the 4Cs model was more consumer oriented. In the Lauterborn's model Product is replaced by 'Consumer', Price by 'Cost', Distribution by 'Convenience', and Promotion by 'Communication'). In Service marketing, however, the traditional marketing mix needs to be extended by adding new elements. The extended marketing mix consists of 7 Ps, which includes the traditional 4 Ps, as well as the service delivery process, the physical environment and people. (The concept of 7 Ps was developed by B.H. Booms and M.J Bitner, 1981).

Table 1: Expanded Marketing Mix for Services (7Ps)

Product	Range, Features, Quality level, Accessories, Warranties, Branding, Service line, After sales service
Place	Outlet Location, Accessibility, Channels, Coverage, Transportation, Storage, Managing channels
Promotion	Advertising, Personal Selling, Sales promotion, Publicity, Public relations
Price	Flexibility, Level, Payment terms, Differentiation, Discounts, Allowance, Quality/ price
People	Employees, Recruitment, Training, Motivation, Reward, Team work, Appearance, Interpersonal behaviour, Customer contact, Customers Education Training
Process	Policies, Procedures, Mechanisation, Employees discretion, Customer involvement, Customer direction, Flow of activities
Physical evidence	External, Internal, Colour, Furnishings, Layout, Ambience, Noise level, Clean, cool air, Facilitating goods, Tangible clues, Brochure, Documents, Notices for dues, Statements, Reports

Notable Trends in Service Marketing Mix (7ps) of Banking Sector

Banking sector has observed significant developments in the marketing mix and its use in making banking experience more enjoyable to the customers. Banking sector has made necessary advancements in their product, process and environments to cater dynamic demands of largely young population.

Derivatives and risk management products & Technological innovations (Product)

The increasingly dynamic business scenario and financial sophistication have increased the need for customized exotic financial products. Banks are developing innovative financial products and advanced risk management methods to capture market share.

Consolidation, Cross-selling and Diversification of revenue stream (Price)

With the entry of foreign banks, competition in the Indian banking sector has increased. Banks are constantly looking at restructuring in order to reap greater benefits such as improved synergies, cost recovery from economies of scale, operational productivity and risk diversification. Major Banks tend to increase income from cross-selling products to their existing customers. Given much lower customer coverage, international banks have been able to expand business. Government has suggested the removal of all payment charges enabled through the Unified Payment Interface (UPI) for companies with an annual turnover of more than Rs 50 crore (US$ 7.15 million).

Banking penetration and financial inclusion (Place)

With the high cost of a conventional branch network and the growing number of transactions shifting to digital platforms, more and more major financial services companies are creating digital-only banking entities. Some banks are introducing digital-only deposit-collecting banks, while other financial companies are using digital channels to offer lending, investment and specialty services. In each case, the focus is on innovative customer experience and increased consumer value, supported by customer data and advanced analytics that can personalize engagement.

Social Media and Common Service Centres (CSC) (Promotion)

Banks and financial companies have actively started using social media to locate and engage online customers, consumer offerings, and to track rivals. It is an appropriate step forward, given that the global demand for web content, search portals and social networking has risen at 13 per cent in the historical period, and the expected growth rate of 11.8 per cent from 2016 to 2020 is guided by an rise in the number of Internet users worldwide and by people's attitude to new ways of communicating through social media

Multitasking and Retraining (People)

Training of staff in a number of jobs-called multi-skilling-has been a growing trend in a number of banking organisations. For many, it began in response to labor shortages, but the result was more rewarding. The retraining of workers in tandem with technical improvements has been a growing and important phenomenon in banking.

Wide usability of RTGS, NEFT, IMPS, KYC, Technology and Improved risk management practices (Process & Physical Evidence)

Back-end services automation is becoming increasingly necessary for the removal of paperdriven processes by banking and financial institutions. We are gradually moving from old scanning and filing paper checks to electronic check records. Automation enables companies to reduce operating costs and time to service customer requests.

Bank Marketing Period:

It is also known as modern period. The frantic pace of branch expansion andcredit disbursement during the development banking period has direct impact on the health of public sector banks. The real outcome was the proliferation of loss-making branches. The problem of communication and transport network in the countryside, rising customer dissatisfaction with banking services, and resultant apathy of bank staff towards developmental work are the basic reasons for this. The RBI has urged commercial banks to take stock of the state of affairs, to consolidate their gains and go slow on branch expansion, thus ushering in the period of consolidation. The bank visualises the risk inherent in continuing to do business as before. So there is a growing awareness that marketing is an essential tool in the hands of the banker, an inescapable necessity without which perhaps survival itself might become difficult in future.

Need and Scope of the study:

Banking has seen a significant change in recent times. With increasing consumer expectations, regulations, economic changes and constant competition, modern banking has embraced technology. Digital platforms, mobile, internet banking, and payment banks have greatly revolutionized the industry. “The Digital India Moment” has also given the much needed impetus to the digitization efforts in the banking sector. To meet these changing expectations and demands of clients in the banking sector, it must be dynamic enough to meet their needs. The maneuverability available to Indian banks under the existing environment, national policies and the style of management, is rather too small, that leaves scope only for small tactical moves for a few marginal improvements.

According to Deloitte ("Banking on the Future: Vision 2020"), a multinational professional service in its report suggests that there are five crucial changes i.e. Payment banks, Role of Artificial Intelligence, Blockchain & Distributed Ledger Technology, Cyber Security and Increasing use-cases of Robotic process automation will disrupt the Indian banking sector in 2020.

II.Conclusion:

The aim of the study is to analyze the perceptions of bankers and customers towards marketing strategy adopted by private sector banks in Saran district. Customers are most important assets of any business. The success or failure of any business depends upon how far they satisfy the expectation of their customers. Banks are an important social organization rendering various financial service to their customers. Banking business is now becoming more competitive, and the customers benefits have come under sharp focus at the customers end. Many customers consider it their legitimate right to expect and receive first rate service from the bank staff.

The paradigm shift in the policy perspectives of the banking industry should move along with the positive change in the attitude of the frontline staff to give lasting satisfaction to the customers who are feeders for the very survival of the banks. The change in the mindset and outlook of the stakeholders associated with the administration of the banks will go a long way in improving the performance of the banks and in reducing the level of dissatisfaction among the customers.

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