CHAPTER V

SUMMARY OF FINDINGS AND SUGGESTIONS
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5.1 Analysis of the data collected and findings from the analysis open up new vistas in the areas of marketing mix effectiveness with regard to product knowledge, sources and reasons for the same, perception about product range, quality of customer service, reasons for service quality and level of team approach to customer service as perceived by the internal and external customers and also need satisfaction level and price sensitivity, cross selling potential of the external customers. The above findings are decisive factors for the success and effectiveness of the marketing strategies. The findings under the various parameters are summarised below:

5.2 PRODUCTS:

5.2.1 PRODUCT KNOWLEDGE:

(i) Product knowledge is almost on the same lines for clerks of all types of branches.

(ii) Product knowledge is almost same for AMs / DMs of all types of branches.

(iii) The level of product knowledge is almost same for Ms/SMs of different types of branches.
(ix) The product knowledge is sound among staff in the case of products which were in the product range for a long period (SDR, FDR, SFD, RDP, RD, Personal Loan, Jewel Loan) and which have become core products.

(x) The product knowledge is poor among staff in the case of products, which were introduced in the product range during the recent periods (say less than 10 years) (MDA-I and II, CBDS, EASY, SANJEEVI, Sowmitra, Sunidhi, Tax Sulabh, Sahayika, Vijayashree, On Time Money) except for one or two products like Abhilasha and Pushpakha.

(xi) Product knowledge of the staff has a direct impact on the business mix of products. Wherever product knowledge is sound, the quantum of business generated in that product is high and wherever product knowledge is poor, the amount of business generated is low. This is applicable for both deposit and credit products.

(xii) Product knowledge of the staff is translated into product knowledge of the customers in case of all types of branches. Wherever product knowledge of the staff is sound, the product knowledge of the customer is also on the same lines mostly, if not exactly and wherever the product knowledge of the staff is low, the product knowledge of the customers are also low mostly.
(xiii) Wherever product knowledge of the staff and product knowledge of the customer is on the same lines, the quantum of business generated is directly related to them. Wherever product awareness among the staff is appreciable, the businesses generated are also significant and vice versa.

5.2.2. REASONS FOR PRODUCT KNOWLEDGE:

(i) The main reason for having sound product knowledge in the case of clerks is to help customers and knowledge improvement comes only next.

(ii) In the case of AMs/DMs, equal importance is given for knowledge improvement and helping customers.

(iii) The primary reason in the case of Ms/SMs of urban and metro branches is business mobilisation, whereas in rural and semi urban Ms/SMs, helping the customers is also given equal importance.

(iv) In the case of clerical and AMs/DMs, knowledge improvement and effective functioning in the department are the main reasons whereas for Ms/SMs business development is the main reason for sound product knowledge.
(v) For poor knowledge, the main reason quoted by rural, semi urban and urban clerks, is irrelevancy of the products in their branch whereas in metro branches, the main reason is lack of brochures / details.

(vi) In the case of AMs/DMs, irrelevancy of the products is the main reason for poor product knowledge in rural and semi urban whereas in urban branches, it is lack of brochures/details. In metro AMs/DMs, pressure of work is quoted as the main reason.

(vii) For poor product knowledge, rural Ms/SMs quote irrelevancy of the products as the reason whereas semi urban, urban and metro branches quote lack of updated brochures / details as the reason.

(viii) Relevance of product to a particular type of branch, lack of brochures / details are two important reasons for poor product knowledge in the branches.

(ix) In the case of customers of all types of branches the reasons for sound product knowledge are the ‘staff’ followed by “availed the service” and “pamphlets / displays” come as a poor third. For poor product knowledge, customers of all types of branches cite ‘not availed’ as the reason followed by ‘not interested’ and ‘lack of information from staff’. Product
knowledge of the customers basically depends on the above factors, which highlight the importance of staff knowledge about products and effect of communicating the same to the customers for successful marketing effectiveness.

5.2.3 SOURCES OF PRODUCT KNOWLEDGE:

(i) The main source of product knowledge for clerks of all types of branches is ‘CO/RO circulars’ followed by “other staff members” and ‘pamphlets’

(ii) In the case of AMs/DMs also in semi urban, urban and metro branches, the main source of product knowledge is ‘CO/RO circulars’ followed by ‘pamphlets’ and then only ‘other staff members’ but in the case of rural branches, ‘CO/RO circulars’ is followed by “other staff members”.

(iii) Ms/SMs of all branches look for “CO/RO circulars” as the main source of product knowledge but the next important source for them is ‘pamphlets’ but additionally rural Ms/SMs look for ‘other staff members’ also for their product knowledge.

(iv) The main sources of product knowledge for staff are CO/RO circulars and other staff members and pamphlets.
(v) In the case of customers of all types of branches, the main source of product knowledge and promotional measures is staff followed by friends and relatives banking with the bank and the second reason is more pronounced in metro branches. Pamphlets / display boards also serve as a source of product and promotional awareness in semi urban, urban and metro branches.

5.2.4. PRODUCT RANGE:

(i) Clerks of all types of branches perceive that product range is on the high side in case of deposit products but just right in case of credit products and other services.

(ii) AMs/DMs of different types of branches also perceive that the number of deposit products is too many whereas in the case of credit products and other services, it is just right.

(iii) Ms/SMs of all types of branches are also falling in line with clerks and AMs/DMs that deposit products are too much and credit and other services are just right.

(iv) If one study the above perceptions alongwith the reasons for poor product knowledge, an interesting observation can be deduced. Almost a significant percentage of Ms/SMs, AMs/DMs and clerks of all types of branches have quoted
‘too many schemes/services’ as one of the reason for the poor product knowledge. If one extend the concept here, unwieldy product range, inter alia, will be a major contributor for poor product knowledge of the staff.

5.2.5 NEED SATISFACTION LEVEL OF CUSTOMERS:

(i) Need satisfaction level of the customers is maximum in rural and semi urban branches as reflected by their response for bank’s products/services fully/mostly meet their requirements and relatively the level is low in urban and metro branches.

(ii) The need satisfaction gap throws light on product area in two dimensions. The first dimension is communicating about the existing products which are not marketed properly due to lack of product knowledge among staff and which may reduce the need satisfaction gap. The second dimension is to develop new products/services to reduce the gap/generate new needs for the customers. Market oriented products like MDA II, Sanjeevi, EASY, Clean Loan are some of the examples to highlight the first dimension
5.3 CUSTOMER SERVICE:

5.3.1 QUALITY OF CUSTOMER SERVICE:

(i) The perception of clerks of all types of branches about the quality of customer service by self is ‘good’ with high percentages followed by ‘excellent’.

(ii) The percentage of clerks whose perception about quality of customer service by self is ‘excellent’ is more pronounced in urban and metro branches than in rural and semi urban branches and specifically more in metro branches.

(iii) In the case of AMs/DMs also, the perception about quality of customer service by self is ‘good’ for all types of branches followed by ‘excellent’.

(iv) But in case of AMs/DMs ‘excellent’ is perceived by significant percentages in all types of branches.

(v) In the case of Ms/SMs the quality of customer service by self is uniformly expressed as ‘good’ and ‘excellent’ with significant percentages for all types of branches but with significant differences between ‘good’ and ‘excellent’ in urban and metro branches suggesting scope for improvement in these branches.
(vi) Analysis of the quality of customer service by branch as perceived by clerks, AMs/DMs and Ms/SMs of all types of branches is ‘good’ with high percentages and the percentage for ‘excellent’ is relatively low in semi urban and urban branches.

(vii) ‘Excellent’ is quoted significantly in rural and metro branches by all staff indicating ‘relationship banking’ in rural and effect of computerisation in metro branches.

(viii) The quality ‘average’ with regard to service quality of bank is also finding a significant percentage in all types of branches thus indicating that there is scope for improvement in service quality of the branches.

(ix) The significant difference between the ‘good’ and ‘excellent’ in service quality of the branch in urban and metro branches shows that there is scope for improvement in service quality in these branches.

(x) The perception of staff regarding service quality of self is more than the service quality of the branch and there is a gap in the service quality of the branch thus indicating the gap in team effort for total service delivery on ‘excellent’ terms.
(xi) The perception among customers about the service of the bank is 'good' with significant percentages for all types of branches but more pronounced in rural, semi urban and urban branches than metro branches. Interestingly the perception matches with that of the staff, in case of rural, semi urban and urban branches.

(xii) The perception 'excellent' pronounced in metro branches with significant percentage, is in line with the perception of staff about the service quality by self but there is significant difference in percentages about staff perception about service quality of the branch. This gives indications about the gap in service quality of the branch as a unit and staff as individuals and generates thinking about reducing the gap, which will result in 'excellent' service quality in all dimensions.

(xiii) The perception among customers that the service quality is average is also demonstrated in rural, urban and metro customers with noteworthy percentages. This gives indications about the scope for improvement in service quality in branches. Again, this perception is in line with the perception of staff of metro branches particularly, highlighting the importance of improving service quality in metro branches.
(xiv) If one analyse the customers’ perception about quality of customer service as ‘excellent’ and ‘good’ taken together, the quality is pronounced in rural, semi urban and urban branches and scores over metro branches, inspite of automation to a large extent in metro branches. This gives points to ponder about the gap in service quality in metro branches.

(xv) Customers’ perception about service quality has direct impact on the brand loyalty of the customers. This is highlighted by the data for rural, semi urban and metro branches where 40.48% of rural customers have account relationship of more than 10 years whereas only 28.89% of metro customers have account relationship of more than 10 years and 35.56% of metro customers have account relationship of only 1 to 5 years. Improvement in customer service quality will result in improvement in brand loyalty.

(xvi) Customers’ perception about the service quality of the bank vis a vis other public sector banks throw open some interesting observations. 44.12% of the metro customers rate the bank’s service as very much better and 23.53% rate it as ‘just better’ and 10% at the same level, compared to other public sector banks in the metros.
To be precise, 67.65% of the metro customers responded, rate the bank’s service better than other public sector banks. If one take this clue and study this aspect in tandem with the service quality presently available in metro branches, improving the same will result in quantum jump in customer base and brand loyalty.

5.3.2 REASONS FOR QUALITY OF CUSTOMER SERVICE:

(i) Staff (Clerks, AMs/DMs and Ms/SMs) of all branches are uniform in their opinion that ‘staff cooperation’ is the primary reason for the ‘excellent or good’ customer service in all types of branches.

(ii) Next to staff cooperation, they cite ‘courteous service’ and ‘quick service’ as two important factors for ‘excellent’ or ‘good’ service.

(iii) ‘Environment at the branch’ is also scoring significant percentages among all staff of all types of branches.

(iv) In the case of urban and metro branches, ‘computerised operations’ is quoted as an important reason by all the staff with significant percentages.
(v) For 'average' or 'poor' service, in rural branches, staff quote 'lack of staff cooperation' as the prime reason whereas in semi urban, urban and metro branches, staff quote 'environment at the branch' and 'delay in service' as the prime reason.

(vi) If one look at the reasons for service quality, environment at the branch, inter alia, is a result of team approach which is a direct manifestation of staff cooperation and same is the case with quick service and courteous service which are directly related to staff cooperation.

(vii) In the case of customers, rural, semi urban, urban and metro customers are uniform in their opinion that 'courteous service' and 'quick service' as prime reasons for the 'excellent' or 'good' service quality and 'environment at the branch' as the next reason.

(viii) In addition, urban and metro customers quote 'computerised operations' also as an important reason for 'excellent' or 'good' quality service.

(ix) For 'average' or 'poor' quality of service, all customers quote 'environment at the branch' as an important reason.
(x) If one analyse the reasons quoted by customers, both courtesy and pace are the deciders of service quality, which is a direct manifestation of staff cooperation and team effort.

(xi) The reasons quoted by the customers and the staff are on the same lines thus validating the perception and data. This gives directions for taking this clue for taking effective steps to improve and sustain the quality of customer service.

5.3.3 TEAM APPROACH TO CUSTOMER SERVICE:

(i) The level of team approach to customer service is more in rural and semi urban branches than in urban and metro branches. This is reflected by the higher percentages for ‘customer service is extended by all the staff’ for rural and semi urban than for urban and metro branches. The percentages are uniformly high as expressed by all the rural and semi urban staff (i.e.) clerical, AMs/DMs and Ms/SMs and relatively low as expressed by the staff of urban and metro branches.

(ii) If one see the gap in the team approach, the gap is substantial in urban and metro branches with significant percentages for, ‘most of the staff’ and ‘some of the staff’ as expressed by the staff of these branches.
(iii) Among the staff, according to urban and metro Ms/SMs and AMs/DMs the gap in team effort is more, than according to metro clerks.

(iv) Again if one measure the team effort in branches, in the case of clerks, the proportion of clerks who expressed gap in team effort, in metro clerks it is 2 times of rural clerks and in urban clerks it is 2½ times of rural clerks. Likewise, in the case of AMs/DMs, in metro AMs/DMs it is 3 times of rural AMs/DMs and 2.5 times of rural AMs/DMs and in metro Ms/SMs it is 2 times of semi urban Ms/SMs. To add further, only 50% of the metro Ms/SMs opine that team approach is total whereas in rural and semi urban branches, 89.65% and 77.78% of Ms/SMs respectively opine that the team approach is total.

(v) All the above observations lead to a conclusion that ‘team approach’ to customer service is an area of concern at urban and metro branches with low percentages as reflected by all the staff. If one look this aspect along with the quality of customer service with significant percentages for ‘average’ customer service, metro branches need to be attended for improving the quality of customer service and more importantly the ‘team approach’ has to be improved. This is strengthened by the percentages for ‘customer service
extended by some of the staff as expressed by AMs/DMs and Ms/SMs of urban and metro branches.

(vi) The above point is further strengthened by the customers' perception about the team approach and customer service of the branches. While 64.29%, 51.81% and 63.49% of rural, semi urban and urban customers expressed that team approach is total in these branches, only 36.61% of metro customers expressed that team approach is total in metro branches and 36.67% of metro customers expressed that gap exists in team approach in metro branches and 8.89% of metro customers expressed that gap is quite high by opining that customer service is delivered only by 'some of the staff'. The above perception matches with the perception of the staff also thus validating the data and highlight the steps that are to be taken to reduce the deficiencies in this area urgently.

5.3.4 ATTITUDE FOR IMPARTING PRODUCT KNOWLEDGE/CUSTOMER SERVICE:

(i) The attitude for imparting product knowledge / customer service is uniformly high among all staff of all branches with high percentages.
(ii) In the case of clerks of all types of branches, the gap in attitude is also significant with significant percentages for all types of branches.

(iii) In the case of AMs /DMs, the gap in attitude is comparatively less than that of clerks but the gap is significant in urban and metro branches than in rural branches.

(iv) In the case of Ms/SMs, the gap in attitude is still less than clerks and AMs/DMs of all branches but attitudinal gap is more in urban and metro Ms/SMs than rural and semi urban branch Ms/SMs.

(v) Though the attitude of the staff towards customers is generally good, the observation definitely throw light on the attitudinal gaps prevailing in branches and this is more pronounced in urban and metro branches than in rural and semi urban branches.

(vi) If the above observations are studied in tandem with the gap in team approach in urban and metro branches, it will be seen that both are complementing each other. It leads to the conclusion that attitudinal gaps result in gaps in team approach in urban and metro branches. This aspect has to be
taken in all seriousness to improve the service quality and customer satisfaction.

5.4 CUSTOMERS’ PERCEPTION ABOUT BANK / SERVICES:

5.4.1 REASONS FOR MAINTAINING THE ACCOUNT:

(i) Customers of rural, semi urban, urban and metro customers are uniform in their opinion that satisfactory service is the main reason for maintaining the account with the bank.

(ii) The second important reason quoted by all the customers is proximity to house / office.

(iii) Compulsion like salary credit / pension credit is quoted in a small way by the customers.

(iv) A small percentage of rural and metro customers quote image of the bank also as a reason.

(v) In rural branches, proximity and satisfactory service have the same weightages whereas in semi urban, urban and metro branches, satisfactory service has an edge over proximity.

(vi) From the above observations, satisfactory service is the driving force which make the customer to maintain accounts. Satisfactory service is a result of interaction level and level
of personal selling of the staff inside and outside the branch which is reflected by the perception of the customers in these areas. The interaction level and the level of personal selling inside and outside the branches is relatively high in rural and semi urban branches than in metro branches thus resulting in more satisfactory customer service and relationship banking.

But customers maintain account with the bank in spite of dissatisfaction and the dissatisfaction may be due to many reasons. The reasons for maintaining the account in spite of dissatisfaction are detailed as follows:

a) The prime reason quoted by the customers is 'convenience' and this reason is more pronounced in rural and semi urban branches than in urban and metro branches.

b) The second equally important reason for customers continuing the account in-spite of dissatisfaction is sentiment and past relationship and this reason is again more pronounced in rural and semi urban branches than in urban and metro branches.

c) Rural customers to a small extent quote 'no alternative' and 'alternatives inconvenient' as reasons and to a small extent metro customers also quote 'alternatives
inconvenient’ as the reason for continuing inspite of dissatisfaction.

d) If one study the points together, convenience and past relationship are the driving forces for customers to maintain their accounts in spite of dissatisfaction.

(vii) If one collaborate the above discussed points with the number of years customers are maintaining the account with the bank (brand loyalty), it substantiates the fact that rural and semi urban customers are more brand loyal than urban and metro customers as reflected by the high percentage of rural and semi urban customers having account relationship of more than 10 years than metro customers.

5.5 CROSS SELLING POTENTIAL:

The analysis of the type of accounts held by the customers with reference to their income level, leads to the following interesting observations about the untapped cross-selling potential available for the bank from the customers.

i. Cross selling is limited to offering term deposit products to savings account holders as revealed by the data of SB account holders having term deposit account. The percentage of savings account holders having term deposit accounts is 50%, 56%, 45.99% and 39.28% among rural, semi urban, urban and metro customers in the 60-150k income per annum
segment and 64.27%, 69.95%, 55.45% and 74.97% respectively in the more than 150k segment. The percentages are relatively high among rural and semi urban customers than urban and metro customers in the 60-150k segment and uniformly high in the case of more than 150k segment and reflecting the embedded cross selling strategy in the case of deposit products.

ii. In case of customers who have SB accounts, the percentage of those having a loan account also, is very low among all types of customers. The percentages are 18.44% and 21.42% among rural, 24% and 60% among semi urban, 24.01% and 16.69% in urban and 21.44% and 24.77% among metro customers in the 60-150k segment and above 150k segment respectively.

iii. Similarly in the case of current account holders the percentages of customers having term deposits also is high in metro branches at 53.88% and 54.88% in the 60-150k segment and above 150k segment and also high in above 150k segment among rural, semi urban and urban customers at 57.01%, 66.67% and 47.01% respectively. But if one see the percentages in tandem with the percentages of current account customers who have a loan account also, the percentages are low for all types of branches. The percentages are 23.08% and 28% for 60-150k and above 150k for rural customers and 39.98% and 23.53%, 23.06% and 18.17% in urban and metro branches respectively. The above percentages open up the wide potential available for cross selling relevant credit products to these target segments.

iv. If one study the term deposit account holders, the percentages of account holders who have availed a loan product are very low. The percentages
are 50% and 25% for rural, 31.22% and 71.4% for semi urban, 25.03% and 25% for urban and 35.73% and 28.53% for metro customers in the 60-150k and above 150k segments which again reveal the potential available for cross selling relevant loan products for these target customer segments.

To sum up, cross selling to customers is restricted only to offering additional term deposit product to the SB and current account customers mostly and there is tremendous potential available for cross selling relevant credit products for customers of rural, semi urban, urban and metro branches both in the 60k-150k income segment as well as in the above 150k segment which the bank can profitably exploit for improving the retail asset base and bottom lines. Cross selling can be extended to selling other relevant service products also (e.g. ABB Cards, Credit Cards, Arogya) to the relevant segment.

5.6 PRICE SENSITIVITY OF CUSTOMERS:

Customers are sensitive to price changes implemented by the bank for various products and this is brought out by the price sensitivity percentages among rural, semi urban, urban and metro customers. The price sensitivity of customers is more in metro branches than in rural, semi urban and urban branches and specifically more at the time of opening / renewing of deposits. In the case of rural customers, price sensitivity is more for short-term maturities (27%) and in the case of metro branches, it is more at the time of opening as well as for short term maturities (15.56% and 14.44%) than for long term maturities. The interesting point is customers’ no response for price sensitivity
question. It is quite high in urban and metro branches at 29.80% and 25.56%. It leads to the conclusion that they are not willing to come out with their price sensitiveness and are potential high risk vulnerable price sensitive customers and chances of shifting their balances from the bank on favorable price changes by competitors are quite high.

But the analysis definitely leads to the conclusion that customers’ loyalty, inter alia, depend on price also for maintaining their accounts/ balances and give directions for bank to devise suitable strategies on the price front for different customer segments based on competitors’ strategies.

5.7 SUGGESTIONS:

The analysis and the findings from the study have opened up lot of new vistas and points to ponder about the marketing mix strategies of the bank. The study has not only helped to take stock of the marketing strategies adopted by the bank and its effectiveness in the relative parameters but also given directions for fine-tuning the existing strategies / future measures to be taken by the bank for more pragmatic marketing approach for achieving organizational objectives. The study definitely has helped to strengthen the point that the bank is a marketing oriented bank with effective strategies in the product area which includes the entire gamut of other ‘P’s also like process, price, promotion, and also in the ‘people’ concept of both internal and external customers. The study highlighted the product knowledge level and the reasons, perception about product range, customer service quality and the reasons and also the level of attitude (team approach) towards customer service, of the internal customers (staff). In the case of external customers the
study highlighted their product knowledge level and the reasons, perception about product range, need satisfaction level, customer service quality and reasons, interaction level of the staff and their attitude towards selling, price sensitivity and cross selling potential available. The above revelations are definite determinants of the effectiveness of the marketing mix of the bank. Improvements / new developments in these factors, inter alia, will go a long way in improving the marketing mix effectiveness of bank. Based on the above, the following suggestions are put forth for consideration by the bank to improve the overall marketing effectiveness of the bank. The suggestions are broadly based after carefully taking stock of the existing situation and recommending for fine-tuning of existing strategies as well as developing new strategies. The suggestions / recommendations are mainly restricted to product areas and steps to be taken with regard to approaches to internal and external customers. The suggestions are listed below:

5.7.1 PRODUCTS:

i. The product mix and the business mix of the bank are not directly proportional. Business is concentrated only on certain products, which are in the product mix for a pretty long period, but this is not applicable for all products. For example the depth in term deposit products is quite substantial. Out of the term deposit products, RDP is having the maximum business followed by SFD and FDR comes as a poor third (Rs.429436lakhs, Rs.537778lakhs and Rs.629604 lakhs in RDP as on 31.3.97, 31.3.98 and 31.3.99 respectively and Rs.69667lakhs, Rs.74618lakhs and Rs.94186lakhs in SFD as on 31.3.97, 31.3.98 and 31.3.99 respectively and the corresponding figures for FDR are
Rs. 9243 lakhs, Rs. 12580 lakhs and Rs. 13628 lakhs. Incidentally the interest rates for these three products are same for different maturities except in RDP where interest is compounded quarterly and the product differentiation is in the periodicity of payment of interest only. By suitable reengineering, three products can be clubbed into a single product with the built in facility of paying interest in any way as the customer likes. With the technology-oriented approach, this is a definite possibility, which will effectively prune the unwieldy product range. This product can be offered with an attractive and appropriate brand name as branding improves product visibility and acceptance.

ii. Likewise GJCC and VAY are two schemes, which are nothing but extensions of RDP and have, little impact on the business mix. These are two products, which can be dismantled straightaway from the product mix by clubbing it with RDP for ultimate reengineering. This suggestion is substantiated by poor product knowledge of staff and poor customer response for the products.

iii. Likewise the product ADP does not have any attractive cumulative features, has not done well. It should be pruned from the product range. The suggestion is substantiated by the poor business done in that product over the years. (Rs. 595 lakhs, Rs. 601 lakhs and Rs. 495 lakhs as on 31.3.97, 31.3.98 and 31.3.99 respectively) and also the poor staff and customer response for the product.
iv. But some of the market oriented and innovative products like MDA II, EASY, CBDS and SANJEEVI are not showing good business because of lack of internal marketing. Poor knowledge of these products in the staff members has resulted in the poor performance because the communication from the internal customers has not gone to the external customer. This is reflected by the poor product knowledge of these products in external customers and the resultant business. But incidentally, the knowledge of the internal customers is also poor leading to the above situation. Proper remarketing of the above products should rectify the paradox. The bank can initiate steps by proper internal marketing as well as external marketing to popularise these products which have the potential to cater to a wide segment of customers. Incidentally different variants of MDA II and SANJEEVI are marketed under different brand names by multinational and new generation private sector banks.

v. In the case of credit products, apart from Jewel Loan and Personal Loan which are offered for quite a long time, only Abhilasha, Pushpakha and Gruha Mangala have done well, business wise. (Abhilasha – Rs.2976 lakhs, Rs.2456 lakhs and Rs.2180 lakhs as on 31.3.97, 31.3.98 and 31.3.99 respectively and Pushpakha – Rs.932lakhs, Rs.913lakhs and Rs.1347 lakhs respectively for the corresponding periods). Now Gruha Mangala is remarkeeted as Subha Gruha, which is quite popular. Other special credit products like Sowmitra, Sunidhi, Tax Sulabh, Vijayashree have contributed very little to the asset portfolio and the bank should seriously reconsider about continuing these branded products. Though credit product Sahayika has not became a big hit, it has atleast created some impact in the business
(Rs.331 lakhs, Rs.272 lakhs and Rs.327 lakhs as on 31.3.97, 31.3.98 and 31.3.99 respectively) and proper remarketing will help the product to pick up and contribute substantially to the retail asset portfolio.

vi. In the product area, the strategy of offering all products in all branches should be reconsidered and products relevant to the particular type of branch have to be marketed aggressively in that branch category. For example, products like MDA II, Sanjeevi, Sahayika and Pushpakha will be more relevant for urban and metro branches whereas EASY, Personal Loan, Abhilasha will be relevant for all types of branches. The bank should attempt marketing thrust for products relevant for the type of branches and segments predominant in that type of branches. A micro study in select regions about the product portfolio in different types of branches will give directions for developing suitable marketing strategies.

vii. The bank can develop strategies for cross selling of products more effectively. Cross selling is limited to the extent of only deposit products as revealed by the data of customers who have availed more than one product. The data shows the tremendous potential available for cross selling of credit products in the customer segments of 60 – 150k and above 150k. These two segments are two highly potential segments for cross selling of retail asset products. A micro study of the cross selling potential available in the branches will throw light on the strategies to be evolved for cross selling credit products with regard to specific type of branches. Creating a database of say, top 500 accounts of customers income wise, account wise and balance wise in potential branches, as a first step, will
help the bank to mine the customers for cross selling. The customer mining should be focussed to uncover the existing customer needs as well as future needs. This will help the bank to identify new products also, based on the needs and develop niche products to cater to niche segments.

viii. A diluted private banking strategy to cater to middle and higher middle and high-end income and balances segment will jack up the profitability and image of the bank among these customer segments. With the technology in place and with the strong base of retail customers the database of the top 500 customers of the branches in metro and urban branches and top 100 customers of the semi urban and rural branches will give definite clues to the bank for developing private banking strategies covering the entire customer base in all branches with specific threshold balance limit for each type of branches. This will benefit the bank in many ways as detailed below:

(a) It will improve the customer service effectiveness and customer satisfaction and hence brand loyalty.

(b) It will help the bank to price the products suitably taking a holistic approach based on the product cost, customer profitability and the total business generated by the customer.

(c) It will improve the profitability of the bank by the total package of financial services provided in addition to offering bank’s products by the private banking route.

ix. The tremendous potential available for cross selling in two important income segments as revealed by the data generated, will help the bank to
devise aggressive pricing strategies. In the present scenario where pricing is an important factor, other factors being the same, the bank can take clues for pricing products not as 'standalone pricing' but 'holistic pricing', taking into account the ALM strategies (Asset Liability Management Strategies) of the bank. To explain further, the bank can adopt 'step-down pricing' taking into account, the asset and liability products availed, balances maintained and tagging the pricing with the product relationship and balance prescription. Some banks already adopt this strategy. This will help the bank to generate more business from the existing important customer segments in the income front and will ultimately help the bank to offer bundled products as a whole (Asset, Liability and Other Service Products) instead of offering individual products. This will also help the bank to create niche customer segments with total satisfaction for different niche customers. Additionally this approach will reduce the price sensitivity of the customer also, since price sensitivity is an important factor for customer switching as revealed by the data.

x. The data from the customers about the sources of product knowledge gives a poor score for advertisements as a promotional measure. The main source of the product knowledge for customers is only staff and the friends/relatives who availed the service. This data scores the importance to be given by the bank to push up the advertisements in the print/visual media on a continuous basis. This will help the bank to improve product visibility, brand visibility, brand recall, and brand image and brand equity among the customers and prospects. This is particularly applicable for urban and metro branches where brand visibility is an image booster as
well as a business improvement tool for the bank and substantiated by the need for it as revealed by the data.

xi. The data about the product knowledge among staff and customers lead to some important revelations about the penetration of these products in them and the resultant business. To take strategic and meaningful decisions about products, their business and the attendant reasons, product research should be given importance. The product research should cover the entire gamut of product ideation based on research to product viability and profitability from different dimensions. In the present competitive scenario in banking where product innovation and product profitability are the deciders of market leadership, a serious thought can be given by the bank to set up a separate Product Research and Development Team in the Marketing Department or in Staff College to exclusively research on products and their profitability with specific objectives designed for different types of branches / customers viz.: rural, semi urban, urban and metro branches / customers. The team should deal with product management covering product development, product pruning, product marketing strategies, product improvement, product refinement etc., taking into account the technology aspects and ALM aspects. The objective of the team should be to recommend meaningful business strategies to the top management for taking strategic management decisions to improve market share, cost effectiveness and profitability. This will also help the bank to avoid 'me too' and intuitive marketing initiatives and take scientific marketing initiatives based on research. The long-term implications of
these marketing research initiatives will be enormous and rewarding for the bank.

xii. Product brochure / literature is an important source of product knowledge to the staff as well as the customer. The data reveal that 14.46%, 17.72%, 17.82% and 32.18% of rural, semi urban, urban and metro clerks quote lack of updated brochures / details as the reason for their poor product knowledge. The percentages for AMs / DMs and Ms/SMs are 28.57%, 21.88%, 35.42%, 23.08% and 17.24%, 44.44%, 20.00% and 16.67% in the case of rural, semi urban, urban and metro branches. The percentages are really significant in the sense that product brochures are important tools to communicate with the external customer and the marketing effectiveness gets reduced because of lack of updated brochures. The bank should take cognizance of this fact and effectively take steps to bring out updated brochures on a continuous basis to improve the product knowledge of the staff and customers.

5.7.2 INTERNAL CUSTOMER:

i. The success and business generated by the products mainly depend on the internal customer and their effective personal selling to the external customer. The internal customers' perception and approach towards products decide the success of the product. Wherever product knowledge of the internal customers is sound, the knowledge is transmitted to the external customer based on their needs, as revealed by the data. This gives
importance to the feedback received from the internal customers about product features and its effect on the external customer. The bank can develop proper mechanism to get the feedback from the line staff about products and its effectiveness which will help them to fine-tune / retune their marketing strategies. Feedback obtained from cross section of the staff should be treated with due merit as they are the ultimate conduits through which various products are flowing to the external customer.

ii. Product knowledge of the internal customer is one of the most important factors for the success of the product. The data reveal that product knowledge of the internal customer is sound only in case of certain products and not all products. Though the reasons quoted by them are many, wherever it is sound, it is reflected as business for the product and lack of knowledge leads to poor marketing of products. The main approach in this scenario is that the bank should take serious efforts to improve the product knowledge. The following measures are suggested for improving the product knowledge.

(a) Almost all the staff has expressed that C.O. circulars are the main sources for product knowledge, which is supported by the data of different types of branches. The bank should take the internal communication procedure (CO/RO circulars) in such a way that the message / information reaches all the staff.

(b) Another approach to improve product knowledge is through quality circles. Branches can be guided for
forming quality circles for improving not only product knowledge but also group dynamics, which is an important necessity for total quality delivery.

(c) Specific training programmes can be conducted purely for product knowledge / skills, cross selling and marketing orientation in the pre launch stage in addition to regular marketing programmes which are of general nature. This will help the line staff to acquire product related strategies based on the bank’s / branch’s core competencies and will also help the staff to graduate from ‘mundane transaction processors’ to ‘effective marketers’ which is the need of the hour.

(d) Off site programmes at branches can be conducted for cluster of branches, which have the same type of products and services so that meaningful interaction of branches will take place. This will help the branches to broad base their strategies for specific products as a result of brainstorming of experiences in the respective branches and sharing the same with others.

(e) The bank can think of introducing a new approach to training. A Regional Trainer can be posted in each Regional Office to take care of the knowledge requirements of the Region and serve as an immediate resource person for branches in the Region. The trainer can take care of the regions marketing strategies and help the branches to develop branch
specific strategies in tandem with the corporate objectives.

iii. Attitude of the internal customer is an essential and deciding factor as reflected by the data for attitude of the staff towards customer. To improve the attitude, attitudinal workshops can be conducted at the branches where attitude levels are low. The attitude levels can be identified by conducting micro studies on selected branches where HR climate is not good, with the help of the branch managers. The regional trainer can conduct workshops of short duration over a period on a continuous basis and evaluate the attitudinal climate at the branch. Based on that, relevant follow up measures can be attempted that will improve the customer relations. Repeated doses of the workshop at branches will create a sense of being for the staff and that will result in improvement of customer service. This attempt can be made based on the region’s urgent prioritisation and then can be extended to other branches in a phased way. The attitudinal workshop will cover the entire branch right from Manager to Messenger, which will create a sense of togetherness in the branch and boost up the team approach to marketing and customer service. The workshop can be conducted for one day once in two months in a branch for a period of 6 months, which will give directions to the change in attitude of the staff towards marketing and customer services. This attitudinal injection is needed on a priority basis for urban and metro branches where the attitudinal levels and the level of team approach to marketing and customer service are relatively low when compared to rural and semi urban branches,
as substantiated by the data for the same. This will also help the trainer to fine-tune the attitude levels of staff.

iv. Marketing teams can be formed at the branch comprising all cadres of staff and this team can steer the marketing efforts at the branch with the support of the branch head. The activities of the team should cover internal marketing, external marketing, and public relations that will lead to a more focused interactive marketing.

5.7.3 EXTERNAL CUSTOMER:

The external customer is the ultimate decider of the success or failure of the marketing strategies of the bank. The external customer’s perception / need mismatch will play a negative effect for the bank with regard to service quality and availing of products. In the competitive scenario, brand loyalty has become a matter of debate. This is further substantiated by the data for account relationship of customers for different type of branches. The data highlights the average level of brand loyalty among the urban and metro customers and the need to jack up the brand loyalty by pragmatic approaches to customer service and product development and delivery.

The first and foremost factor for making a customer to bank with the bank is the need of the customer and the scope for satisfaction of the need by the product range of the bank. The customer will be sure of the need but the bank should make efforts to enlighten the customers about various products of the bank. If the customer knows about the products and
one or more product matches customer needs, then the customer is initiated for availing the product from the bank subject to other terms and conditions. So the main approach the bank should adopt is to make the customer know about the products/services that will match his needs/create new needs. The bank can fine-tune the following measures for the same:

i. Improving product knowledge of the customers by improving the product knowledge of the staff as they are the main marketing channels and mainly through them only the product knowledge is translated to the customer as revealed by the data.

ii. Customer education of products/services by the following measures:
(a) Keeping updated brochures/pamphlets about products/services in the branch on a regular basis.
(b) Displays in the banking hall about various products that will help the customer to match his needs and services offered.
(c) Creating awareness about product packages than individual products. Bank can develop product packages (say an assortment of asset, liability and service products) to cater to different niche segments and by effective internal marketing, can reach the customers with the total package. The customers, by this way, will be able to satisfy their total needs, which are relevant for them. This will help the bank to improve the customer satisfaction and customer profitability, which are the two key words for today’s successful banking.
(d) In addition to regular customer meetings, relationship programmes can be attempted and these programmes can be
effectively utilised for improving the brand image as well as to impart product knowledge. The relationship programmes can coincide with product launches as well as periodic programmes on the lines of social gathering of class A customers and events of interest.

iii. To act as a bridge between the bank and the customer, the concept of Relationship Manager at branches in urban and metro branches can be thought of. The relationship manager in addition to other staff members will take care of the customer relations and also improve the level of personal selling in these branches.

iv. The customer service quality though quoted as good by customers to a large extent there is a noteworthy percentage of customers who perceived the service as average, which highlights the scope for improvement in customer service, more so in urban and metro branches. If one take into account, the direct relation between the quality of customer service and the brand loyalty, which are directly related, the bank has to initiate steps to improve the quality of customer service. And the clue is very much available from the customers’ response for the reasons for the service quality; courteous service and quick service and environment at the branch are quoted as the reasons for quality. And the above is a direct manifestation of the staff cooperation and team approach of the staff members. The bank should resort to improving the team approach of the staff, which will directly improve the service quality.

v. Convenience and past relationship are the main reasons for the customers to maintain the accounts with the bank. The convenience encompasses all areas. The bank should take effective steps to make the
customer convenience and past relationship aspect fly high so that branch
loyalty is maximised.

vi. Again the data from the customers that a significant percentage of them
know the details of the product / services from the friends / relatives who
had already availed the service, give clue for the network marketing
potential available. The bank can identify customers who have long
relationship and use their services / goodwill to bring further new prospects
into the fold and effectively expand the network of customers. This
attempt can be complemented by loyalty bonuses for the customers by gifts
/ price concessions / recognition for the customer etc. This will also
increase the brand image of the bank.

vii. To improve the product reach to the customers / prospects, Direct
Selling Associates (DSAs) can be appointed for marketing niche / new
products. Alternatively, by proper relocation of staff in the branches, staff
of the branch can resort to direct selling and double as Direct Selling
Associates.

viii. Customer Research is the key to know customers, their satisfaction
level, and present / future needs, and this should be undertaken by the bank
in a big way. In addition to developing the database of customers
depending on the type of branches, the customer research should focus on
the following areas:

(i) Customer satisfaction level about quality of service
(ii) Need satisfaction level about products / services
(iii) Gap in customer service quality
(iv) Reasons for the gap
(v) Future / anticipated needs

(vi) Suggestions for improvement in products / services etc.

The feedback from the customers should be used for making marketing strategies more pragmatic. The above are some of the suggestions the bank may consider for improving the marketing effectiveness.

5.8 CONCLUSION:

The study brought out the various dimensions with regard to the contribution of marketing mix elements and its effect on the marketing strategies of the bank. The study specifically focused on the approach to products and its different dimensions, approach of internal customers and external customers with regard to the marketing strategies and its effectiveness. The study highlighted how product knowledge is important for marketing success and customer service quality is a decider of marketing effectiveness. The study also unveiled the cross-selling potential available for the bank with regard to customers and also gave indications about price sensitivity of customers. The study also highlighted the urgent need for attitudinal improvement for the staff of the bank to improve service quality and brand loyalty. Though the study is related to Indian Overseas Bank, the outcome of the study is relevant to most of the public sector banks as more or less most public sector banks operate on the same lines as that of IOB with regard to the marketing approach. This opens up the scope for further research on the following lines:
(a) Doing a micro study of selected branches in each region on 
the same lines, as the study will help the bank to take stock of the 
situation more accurately.

(b) To study the product efficacy, taking clues from the above 
study, of the products in different branches and its impact on the 
asset liability management and customer profitability which will 
help the bank to fine tune the strategies, and develop new 
product strategies.

The study, it is hoped, will definitely induce the bank to adopt ‘Holistic 
Marketing’ which is the need of the hour for public sector banks. Holistic 
marketing is adopting strategies on a wholesome canvas instead of ‘bits and 
pieces’ and ‘me too’ approach to marketing. Holistic marketing is the 
approach of integrating the process with regard to products along with people 
(both approaches to internal and external customers), pace (technology), profit 
and progress. Ultimately this holistic marketing will lead to better customer 
satisfaction and also profits to the bank. This approach will also help the bank 
to make marketing more pragmatic by taking appropriate marketing decisions 
for achieving organisational objectives.

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