4.01 Marketing: Marketing is designing and delivering the service and products to suit the requirements of present and prospective customers. It is concerned with creating desire and delivering the goods that are desired by the customers.

“Marketing is the process of planning and executing the conception, pricing, promotions, distribution of ideas goods and services to create exchange that satisfy individual and organisational objectives.”

Objectives of an organisation can be achieved by satisfying the objectives of customers. Customers are in search of goods and services that satisfy their needs. Marketing helps to identify needs of customers and to create and deliver such goods or services.

“Marketing is a business function that identifies unfulfilled needs and wants, measures their magnitude, determines which target markets the organisation, decides appropriate products, services and programs to serve these markets, and calls upon everyone in the organisation to think and serve the customers.”

Objective of an individual and of business organisation are interdependent. Objective of an individual is satisfaction of one's own want and objective of a
business is to make profit. Profit is achieved by creating and delivering goods that satisfy customers.

Marketing is an important function of every business unit. It makes an organisation to think about customers and serve them in the form of goods and services. Focus of entire organisation is on customers and how to ensure customer satisfaction. Customer support is essential for survival and growth of every business organisation. Successful marketing can ensure continuous support of customers. It can be said that business is nothing but marketing, if a firm excels in marketing its business objectives are achieved.

In fact, some are of the opinion that "Business is Marketing. The aggregate of functions which result into customer satisfaction. Marketing is all about understanding and satisfying the customer on a continuous basis. Marketing is much more than just promotion and advertising. It’s in fact basic part of business operation. Business is Marketing."

Marketing is not just selling or advertising, it is concerned with customer satisfaction. Customer is the centric force around which all activities of the organisation circle, so it is rightly said that business is marketing. Marketing and Management Guru P. F. Drucker has rightly said that "Marketing is so basic that it cannot be considered as a separate function. It is the whole business seen from the point of view of its final result, that is from the customer
point of view. Business success is not determined by the product but by the customer.\(^4\)

Success of business depends upon customer and continuous support of customer is ensured through successful marketing. Customers support is ensured by developing and delivering product of his or her choice. Designing a product is one part of marketing. Such Product needs to be properly Placed, Priced and Promoted, Proper Procedure and Environment should be created to ensure that it give maximum comfort and convenience to the customer in consumption of such product.

4.02 Services: Products can be classified into tangible and intangible. Goods are tangible and services are intangible. “A Service is any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product.”\(^5\)

Service as a product is different from goods. Intangibility is the main feature that distinguishes a service from goods, apart from this there are many differences between goods and services. These differences are presented in table 4.01
<table>
<thead>
<tr>
<th>Sl.No</th>
<th>Characteristics</th>
<th>Services</th>
<th>Goods</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Physical Shape</td>
<td>Intangible</td>
<td>Tangible</td>
</tr>
<tr>
<td>2.</td>
<td>Production</td>
<td>Spontaneous</td>
<td>Time-spread</td>
</tr>
<tr>
<td>3.</td>
<td>Delivery</td>
<td>Along with Production; scheduled</td>
<td>Spontaneous Separate with production</td>
</tr>
<tr>
<td>4.</td>
<td>Demand</td>
<td>Fluctuating</td>
<td>Stabilised</td>
</tr>
<tr>
<td>5.</td>
<td>Supply</td>
<td>Inflexible</td>
<td>Flexible</td>
</tr>
<tr>
<td>6.</td>
<td>Producer Status</td>
<td>Inseparable from services</td>
<td>Service Separate from goods</td>
</tr>
<tr>
<td>7.</td>
<td>Life</td>
<td>Still-born</td>
<td>Longer life</td>
</tr>
<tr>
<td>8.</td>
<td>Title</td>
<td>No ownership possible</td>
<td>Ownership possible</td>
</tr>
<tr>
<td>9.</td>
<td>Cust. Involvement</td>
<td>High</td>
<td>Low/ absent</td>
</tr>
<tr>
<td>10.</td>
<td>Physical Presence of Customer</td>
<td>Absolute necessary in most of the services</td>
<td>Hardly necessary</td>
</tr>
<tr>
<td>11.</td>
<td>Labour</td>
<td>Tending to be high/Low</td>
<td></td>
</tr>
<tr>
<td>12.</td>
<td>Type of Tech. used</td>
<td>Generally soft</td>
<td>Generally hard</td>
</tr>
<tr>
<td>13.</td>
<td>Quality</td>
<td>Varies with time and person</td>
<td>Standardized</td>
</tr>
<tr>
<td>14.</td>
<td>Role of Physical</td>
<td>Surrounding important</td>
<td>Not so important</td>
</tr>
<tr>
<td>15.</td>
<td>Physical Movement</td>
<td>Of the provider (except in few cases like software package)</td>
<td>Of the product</td>
</tr>
<tr>
<td>16.</td>
<td>Consumer Reaction</td>
<td>Spontaneous</td>
<td>Delayed</td>
</tr>
<tr>
<td>17.</td>
<td>Repairs</td>
<td>Impossible</td>
<td>Common</td>
</tr>
<tr>
<td>18.</td>
<td>Replacement</td>
<td>Rare</td>
<td>Common</td>
</tr>
<tr>
<td>19.</td>
<td>Pricing</td>
<td>Labour base</td>
<td>Material base</td>
</tr>
<tr>
<td>20.</td>
<td>Seasonality</td>
<td>Yes</td>
<td>Good, Specific</td>
</tr>
<tr>
<td>21.</td>
<td>Need satisfied</td>
<td>More emotional</td>
<td>Physical</td>
</tr>
<tr>
<td>22.</td>
<td>Basis of Competition</td>
<td>Personalization</td>
<td>Technology</td>
</tr>
<tr>
<td>23.</td>
<td>Channels of Dist.</td>
<td>Shorter</td>
<td>Longer in most cases</td>
</tr>
<tr>
<td>24.</td>
<td>Standardization</td>
<td>Only for routine services</td>
<td>All over</td>
</tr>
<tr>
<td>25.</td>
<td>Facility Location</td>
<td>Close to customer</td>
<td>Near supply</td>
</tr>
<tr>
<td>26.</td>
<td>Facility Lay-out</td>
<td>To accommodate customers physical and psychological needs</td>
<td>To enhance production</td>
</tr>
<tr>
<td>27.</td>
<td>Product Design</td>
<td>Environment plays a vital role</td>
<td>Only physical production</td>
</tr>
<tr>
<td>28.</td>
<td>Process Design</td>
<td>Immediate effect on customer</td>
<td>Customer not involved</td>
</tr>
<tr>
<td>29.</td>
<td>Scheduling</td>
<td>As per customer interest</td>
<td>As per completion date</td>
</tr>
<tr>
<td>30.</td>
<td>Product Planning</td>
<td>Smoothing production results</td>
<td>Possible</td>
</tr>
<tr>
<td>31.</td>
<td>Storage</td>
<td>Not Possible</td>
<td>Possible</td>
</tr>
<tr>
<td>32.</td>
<td>Inventory</td>
<td>Personal</td>
<td>Raw Materials</td>
</tr>
<tr>
<td>33.</td>
<td>Worker Skill</td>
<td>Interaction Skill</td>
<td>Technical Skills</td>
</tr>
<tr>
<td></td>
<td>in losses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>34.</td>
<td>Quality Control</td>
<td>Variable quality standard</td>
<td>Fixed</td>
</tr>
<tr>
<td>35.</td>
<td>Time standard</td>
<td>Loose</td>
<td>Tight</td>
</tr>
<tr>
<td>36.</td>
<td>Capacity Planning</td>
<td>Capacity increased</td>
<td>Average capacity</td>
</tr>
<tr>
<td>37.</td>
<td>Forecasting</td>
<td>Short run</td>
<td>Long-term</td>
</tr>
<tr>
<td>38.</td>
<td>Image</td>
<td>Corporate</td>
<td>Brand</td>
</tr>
</tbody>
</table>

Source: Dr. Shajahan, Services marketing Himalaya Publishing House 2001 Pg: 5
As the table reveals, differences between services and goods are found in production, distribution, or consumption. Characteristics like production, repairs, replacement, and channels of distribution distinguish a service from the product. Services are designed and delivered on spot. Whenever demanded by the customer. They can't be stored in a shelf. Due to their nature of intangibility, they cannot be repaired or replaced as they are personalised in nature. Quality of service delivered can be improved next time. Standardisation of service becomes difficult as it has no physical shape and it depends upon the person who delivers the service. These differences or special features require a different approach in marketing of services.

**4.03 Marketing of Services**: Marketing of Services means Marketing of something which is intangible. In general, marketing principles and techniques are applicable to marketing of services also. However, this application is not straightforward. Some additions or modifications are to be made to the principles of marketing depending upon the nature of service.

Marketing strategy for goods is based on four important elements i.e. Product, Price, Promotion, and Place. They are known as marketing mixes or popularly 4 P's. These are traditional marketing mixes, consideration of which is necessary in delivering of goods. The special features of service, calls for some more elements or additional marketing mixes in the form of People, Physical environment and Process or Producer.

Modern thinkers in the area of marketing have identified seven elements or P's in marketing of services. They have classified marketing into three broad
areas. Following diagram gives clear picture of classification of marketing activities for service.

**Figure 4.01 - Triangle Model of Marketing**


The above figure or model clearly shows that marketing of services has three areas. External or Traditional marketing, Internal marketing and Interactive marketing. “Internal marketing means that the service providers must be effectively trained and motivated, its customers, contact employees as well as supporting personnel to work as a team to provide customers satisfaction. Interactive marketing means that the perceived service quality is highly dependent on the quality of the buyer or seller interaction”6 External marketing is marketing to ultimate customers. The traditional 4 P’s i.e. Product, Place, Price and Promotion are quite relevant in the practice of External Marketing. These are basic marketing mixes in distribution of goods. Internal Marketing means initiating the acts of marketing inside the organisation. The concept of marketing should be developed and applied inside the organisation and more particularly on the employees, thereafter it can be successfully implemented externally. If internal customers i.e. staff of the organisation is convinced of marketing, such
convinced staff finds no difficulty in convincing external or ultimate customers.  

"Interactive marketing is concerned with making good impression during interaction with the customers". Internal and interactive marketing require some more P's or marketing mixes in delivery of goods or services. These are People, Physical evidence and Process or Procedure. So marketing of services will have seven P's or marketing mixes i.e. Traditional P's in the form of Product, Place, Price and Promotion and additional P's in the form of People, Procedure and Physical environment.

In continuation with internal and interactive marketing, one more factor can be added to facilitate the marketing activities i.e. technology. Use of technology in delivery of service will increase efficiency. Following figure shows how technology factor can be included to facilitate the function of marketing.

**Figure 4.02 - Pyramid Model of Marketing**


The above pyramid suggests that interactive marketing is made more meaningful with the use of technology. Use of technology in delivery will ensure better quality, reduced cost and increased speed in providing the service. More
important thing is such technology gives comfort and convenience both to the
service provider i.e. branch staff and also receiver of service i.e. customers. So it
said, "Interactive Marketing or interaction between customer and employee is
made more meaningful with technology factor. The pyramid suggests that
technology factor will be an important link between company, employee and
customers in the delivery of meaningful service". In some cases customer may
deal only with technology e.g., ATM. In such case the skills and abilities of
staff are not necessary. That means interaction takes place between the tech­
nology and customers.

Technology factor will help to increase the number of products and their
quality. Place as a factor in delivery of service can be minimised by use of
technology e.g., installation of ATMs at different places. Technology will bring
down the cost of delivering the service and there by it can help to reduce the
price factor. Process part of marketing mix is much helped through technology
i.e. use of computers and other gadgets will minimise number of processes in
delivering service and procedure in delivery of service simplified. The expanded
marketing mix for services has 7 Ps and wherever possible technology factor
is included in these Ps to ensure effective marketing. The following table gives
clear picture of the expanded marketing mix for services.
The above table clearly explains 7 Ps in marketing of services and further the detailed activities to be undertaken in the implementation of each P. Marketing of bank products and services also requires inclusion and implementation of these Ps.
Bank Marketing means marketing of services and products of the bank to the customers of the bank in particular and to the public in general. Some products are offered only to the customers like deposit services and some services are provided to any person like DD service, Payment towards utility bills etc.

“Bank marketing is that part of management activity which seeks direct flow of banking services, profitably to the selected customers. As social institutions, banks need to evaluate their offering in customer terms that is satisfying customer needs at profit to banks.”

Marketing of bank services is necessary to provide convenience to the customer which in turn ensures profitable business to the banks.

“Bank Marketing refers to creation and delivery of want satisfying services to the present and prospective customer at a profit to the bank by integrating all the banking activities effectively. Bank Marketing must be customer oriented. Bank should always strive hard for creating new and innovative services, keeping in view the changing needs of their customer from time to time.”

Bank Marketing is aimed at providing customer required service at a profit to banks. Traditional services of banks include deposits, advances etc., modern services include ATM, Credit card etc. Business of banking is always innovative in addition to new services frequently. Bank marketing is an integration of all the functions of bank, in designing and delivering the innovative services which can ensure profitable business to the banks.
Bank marketing is "The aggregate of functions directed at providing services to satisfy customers' financial needs and wants more efficiently and effectively than the competitors in consonance with organisation objectives."\(^{11}\)

Bank marketing helps to achieve the objectives of bank. It ensures that bank is competitive in delivering the services that are desired by the customers. The business of banking has become competitive with opening of banking sector to private and foreign banks. A bank to survive and grow in this competitive environment has to adopt marketing approach in delivery of its services. While foreign and private banks have effective marketing strategy in delivery of their services, the PSBs which nearly control 70% of banking sector are responding slowly to the philosophy of marketing.

**4.05 Evolution of Bank Marketing in India**: Evolution of Bank Marketing in India has been very slow. In fact it is doubtful whether marketing of bank services is really being undertaken in full scale and length, particularly in case of PSBs. Some activities of bank marketing can be identified after nationalisation. Evolution of bank marketing in India can be identified or classified in three stages, which are:

1) Traditional Banking period upto 1969.

2) Development Banking period upto 1969-1985

3) Bank marketing period after 1985
Evolution bank marketing in India can be studied in three phases as presented in the above figure.

a) **Traditional Banking period (pre nationalisation)**: Period before 1969 or before nationalisation is considered as traditional banking period. The services of banks during this period were restricted to creamy layer or elites of society. The services of banks were urban based and business oriented. Facilities of
banking to rural, backward areas and to the common man were restricted. Banks were normally controlled by big business houses to serve their purposes. The attitude of banker was accounting orientation, inward looking and security oriented approach in lending. Meticulous maintenance of account books and inward looking approach in transacting business with the customers, emphasised strict adherence to laid down rules and regulations, be it deposit or loan e.g. In loan sanctioning how much fund the prospective borrower needs to run his business was less important than how much security he could provide to safe guard banks financial interest. "The period of pre-nationalisation of banking is described archaic, orthodox and traditional bound. Bank Marketing was of marginal interest to practising bankers. Practically no body talked about marketing of banking products like toothpastes and transistors which were marketed even in those days."  

b) Development banking period (1969-1985): The purpose of nationalisation of banks was to bring social orientation in the field of banking. The object was to ensure that the services of bank to reach rural areas, poor people and under privileged in the society. It can be said that lot of growth and progress has taken place in achieving this objective. Activities of bank were designed as per the plan priorities of Government. Social marketing i.e. marketing of bank services to the mass of society was achieved during this period. Highlights of some of the achievements are:

1) Opening of branches in rural and semi urban areas to cater to the needs of rural and semi urban segments of customers.
2) Opening of specialized ADB's (Agriculture Development Branches) by SBI.

3) Introduction of new products or schemes like IRDP, DIR schemes, crop loan etc.

The sheer magnitude of development of banking undertaken by PSBs during this period remains unmatched by the banking industry anywhere else in the world. The business of banking was not based on profit objective, but it was directed by social objectives. Bankers came out of their ivory towers and reached out to the masses. The period experienced mammoth growth in terms of opening up of branches, deposits and advances. Marketing of bank and its services was pursued vigorously during this period but from the social angle i.e. to benefit the society. It was not profit based marketing.

c) Modern period: The period which began after 1985 is influenced by LPG policies. The opening up of economy has thrown new challenges to the banking sector. The entry of new generation banks like ICICI, HDFC which are technology friendly and marketing oriented have made it inevitable to PSBs to readjust their strategies and priorities to face the competition posed by these modern banks. For the first time, Indian banks are experiencing the need to have marketing orientation in their services. "The situation in India can be compared to situation in UK in early 70s. The banks in England also embraced marketing when they experienced threat from US banks." Indian banks in particular PSBs are experiencing similar threats and that is forcing them to be innovative and customer friendly in delivery of services, that are to the expectations of customers.
Marketing orientation is felt due to following factors.

1. Financial dis-intermediation and search for alternative business to survive and thrive.
2. Rising customer needs and expectations.
3. Growing competition between PSBs and private banks.
4. Introduction of new products and services like ATM, new varieties of deposits, banks foray into the field of insurance, concept of mobile banking etc., are some of the instances which necessitate the banks to adopt marketing approach in delivering the service.

These initiatives are successfully undertaken by private banks. PSBs which control 70 to 80% of banking in India still to implement these activities.

"It would be incorrect to assume that the age of bank marketing has arrived. While its importance is being appreciated at the top level in the banks, at the operating gross-route levels, the critical importance of marketing is yet to make an impact. Bank Marketing is perceived only as strategic planning left in the hands of policy makers in banks."

Marketing as a separate function is systematically practiced by private banks and their branches, PSBs which have major share in Indian banking are yet to realise the importance of marketing. Some formalities of marketing are undertaken by these banks that to at the head office or zonal level. But at the branch level where real interaction takes place between the bank and its customers there is no separate marketing department or section and no separate specialised staff to pursue marketing of its services.
4.06 Need of Bank Marketing: Opening of banking sector has given rise to new private sector banks. These banks are gradually expanding their strength in banking field through better technology and marketing abilities. "The dominant question which are bothering the minds of bank management today are how to improve customer services and build competitive advantage since products are same the battle ground is service."\textsuperscript{15}

PSBs are slowly experiencing the heat of competition from private banks. It has become inevitable for PSBs to adopt marketing approach in their functioning to become competitive. PSBs have to design their own strategy to be competitive. Since products served by all banks are similar, banks have less scope to compete on product strength. PSBs have to design their competitive strategy on better quality of service.

"Competing exclusively on the basis of product features and price-attributes that rivals can and will copy before long is not sustainable in an era characterised by accelerating competition and increasingly knowledgeable customers. In contrast, competing on the basis of superior customer service - an intangible, difficult to imitate component of a companies over all marketed offering, offers a solid foundation on which companies can erect an enduring competition advantage"\textsuperscript{16}.

Competing on the strength of better service has advantage, as other factors like products offered, price charged etc., can be duplicated or imitated by rivals. The companies marketing strength should be based on superior service that can give better bargaining for the bank.
"Excelling in market place on a sustained basis is impossible without excelling in service delivery. A strong belief in the necessity of superior service for marketing excellence and a conviction that conventional marketing and customer service must converge will be the hallmark that distinguishes winners from also rans in the corporate races of 21st century."17

To emerge as a winner bank must have strong conviction that only superior service can distinguish it from other banks, as products and other packages offered by all the banks are similar. These services must be effectively marketed to meet the requirements of different segments of customers.

The population mix of Indian society is fast changing. The percentage of population in middle and rich class is increasing. This increasing population of rich and middle class is composed of working women, working couples, professionals etc. These people have less time at their disposal and more income to spend. They expect convenience and comfort in delivery of service. These people are educated, they have more knowledge of the market and product. This changing profile of customers has changed the market environment. These factors have made it necessary for PSBs to market their services more vigorously.

"Customers are fundamentally changing the dynamics of market place. The market has become a forum in which consumers play an active role in creating and competing for value. The distinguishing feature of this new market place is that consumers become a new source of competence for the corporation. The confidence that customers bring is a function of knowledge and
skills they possess, their willingness to learn and experiment, and their ability to engage in an active dialogue."\textsuperscript{18}

The changing profile of customers is changing the dynamics of market. The marketing strategy for distribution of services has to be designed considering the profile of customers. The changing profile of customers and their buying behaviour is depicted in Table 4.03

<table>
<thead>
<tr>
<th>Table 4.03 - The Evolution and Transformation of Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customers as</strong></td>
</tr>
<tr>
<td><strong>Passive Audience</strong></td>
</tr>
<tr>
<td>Persuading predetermined groups of buyers</td>
</tr>
<tr>
<td>Lifetime bonds with individual customers</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Time frame</th>
<th>1970s, early 1980s</th>
<th>Late 1980s and early 1990s</th>
<th>1990s</th>
<th>Beyond 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nature of business exchange and role of customer</td>
<td>Customers are seen as passive buyers with a predetermined role of consumption.</td>
<td></td>
<td></td>
<td>Customers are part of the enhanced network; they cocreate and extract business value. They are collaborators, codvelopers, and competitors.</td>
</tr>
<tr>
<td>Managerial mind-set</td>
<td>The customer is an average statistic, groups of buyers are predetermined by the company.</td>
<td>Customer is an individual statistic in a transaction.</td>
<td>Customer is a person; cultivate trust and relationships.</td>
<td>Customer is not only an individual but also a part of an emergent social and cultural fabric.</td>
</tr>
<tr>
<td>Company’s interaction with customers, and development of products and services</td>
<td>Traditional market research and inquiries, products and services are created without much feedback.</td>
<td>Shift from selling to helping customers via help desks, call centres, and customer service programs, identify problems from customers, then redesign products and services based on the feedback.</td>
<td>Providing for customers through observation of users; identifying solutions from lead users, and reconfiguring products and services based on deep understanding of customers.</td>
<td>Customers are codvelopers of personalized experiences. Companies and lead customers have joint roles in education, shaping expectations, and cocreating market acceptance for products and services.</td>
</tr>
<tr>
<td>Purposes and flow of communication</td>
<td>Gain access and target predetermined groups of buyers and one way communication.</td>
<td>Data base marketing, two way communication and access.</td>
<td>Relationship marketing, two way communication and access.</td>
<td>Active dialogue with customers to shape expectations and create buzz. Multilevel access and communication.</td>
</tr>
</tbody>
</table>

(Source - C.K. Prahlad & VenkataRamaswami Harvard Business Review Pg. 80 Jan-Feb - 2000)
customers has taken place over the period of time. Customers were passive audience up to 1990s, but in 2000 they are assuming the role of active players. Customers have awareness and full knowledge as to what are the products that can satisfy their need. Customers of today have strong influence on the markets. With their knowledge and awareness customers can help the organisation to design products and to be competitive. Organisations which are in active dialogue with the customers in designing and delivering of the products will be more competitive and acceptable by the market. Banks which practice marketing of their services effectively and vigorously can become more competitive.

Marketing in India, particularly for PSBs has become relevant due to -

1. Growing competition and new range of services offered by the private banks.
2. Innovative Product Development.
3. Compulsions of profitability.
4. Optimum utilisation of banking infrastructure.
5. Focus on customer satisfaction.
7. Long-term perspective.

Marketing strategy has to be designed keeping in view the changing environment. "Delivery Systems and channels of distribution of services are expected to change in following areas.
1. Advanced technology and software, which can bring material change in quality, variety and price of products delivered. Concepts like e-banking, ATMs will gain popularity.

2. Improved physical facilities, better environment in bank which can enhance efficiency and expand business.

"Growth is no longer constrained by the size and growth of their local markets, but by only the marketing effectiveness of the new channel and their willingness to assume the implied marketing and potential credit risks."  

Marketing effectiveness of bank and its willingness to implement various Ps or marketing mixes only can ensure survival and growth of banking organisation. To ensure this banks must have well designed marketing strategy system. The following diagram has depicted what can be a systematic marketing strategy system.

Fig. 4.04 - Marketing Strategy System :

1. Marketing objectives -
   a) Deposit mobilisation
   b) Improving customer service
   c) Improving bank image
   d) Improving customer base and spread
   e) Marginal profit

2. Environmental Analysis
   - Segment of market and training

   - Customer Behaviour Attitudes and Perception
   - Market Analysis and Measurement

4. Place
   - Price
   - Product/Service
   - Promotion

5. Evaluation of quality Customer Service

(Source - Strategic Marketing of Banking services L.N. Kumar Suneja Publishers Pg. No. 71)
The diagram presented gives a clear picture of what can be a well planned marketing strategy for a bank. Strategy begins with setting up of objectives which may be in the form of deposit mobilisation, improving customer services etc. The marketing strategy is to be designed and based on environment in which the bank is functioning. On the basis of such analysis bank has to determine its marketing mix in terms of Place, Price, Product and Promotion. Every bank has to undertake regular market research of current and potential households and institutions to exploit and expand its market base. Such research should study customer behaviour, attitude and perception towards bank services. It must measure and evaluate the quality of customer service delivered and areas where improvement is needed.

The strategy presented above has mentioned only four Ps i.e. Place, Price, Product and Promotion. Prof. B. V. Madhukar has identified six Ps of marketing mix in delivery of bank services. These six Ps are presented in table 4.04.

**Table 4.04 - Six Ps of Bank Marketing**

<table>
<thead>
<tr>
<th>Product</th>
<th>Place</th>
<th>Promotion</th>
<th>People</th>
<th>Procedure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development</td>
<td>Branch</td>
<td>Advertising</td>
<td>Selection</td>
<td>Customer Orientation</td>
</tr>
<tr>
<td>Range</td>
<td>Expansion</td>
<td><em>Publicity</em></td>
<td><em>Incentive</em></td>
<td>System studies</td>
</tr>
<tr>
<td>Innovation</td>
<td>Network</td>
<td><em>Public Relations</em></td>
<td><em>Motivation</em></td>
<td>Management</td>
</tr>
<tr>
<td>*Product</td>
<td>Amalgamation</td>
<td><em>Communication</em></td>
<td><em>Training</em></td>
<td>Audit</td>
</tr>
<tr>
<td>Differentiation</td>
<td>Service</td>
<td><em>Personal selling</em></td>
<td><em>Attitudes</em></td>
<td>Mechanisation</td>
</tr>
<tr>
<td>Product</td>
<td>outlets</td>
<td><em>Behavioural aspects</em></td>
<td><em>Behavioural aspects</em></td>
<td>New technology</td>
</tr>
<tr>
<td>Cost</td>
<td>Location</td>
<td><em>Creativity</em></td>
<td><em>Creativity</em></td>
<td>Documentation</td>
</tr>
<tr>
<td>Product mix</td>
<td>Architecture</td>
<td><em>Morale</em></td>
<td><em>Morale</em></td>
<td></td>
</tr>
<tr>
<td>*Services of</td>
<td>*Lay-out</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>the future</td>
<td><em>Overseas offices</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Source - Relevance of Bank Marketing R.K. Madhukar UBS Publishers Pg. No. 24)

The above table has given various marketing aspects of Product, Place, Price, Promotion, People and Procedure to be implemented by banks. To these six Ps
one more P may be added i.e. Physical environment. Physical environment as a marketing mix includes aspects like interior decoration of the branch, arrangement of counter, facilities provided at the branch etc., that can provide convenience and comfort of banking to the customers who visit the branch.

**4.07 Marketing Mix for bank services**: Every bank or every branch has to design its own strategy in marketing of its services. Such strategy should be designed depending on the environment in which the bank or branch is functioning. The seven marketing mixes i.e. Product, Price, Promotion, Place, People, Procedure and Physical Environment should be properly designed and presented considering the needs and requirements of customers.

Banks should prepare a fair blend of service that can satisfy the requirements of customers. Each ingredient of above seven Ps should be mixed in adequate proportion that can make the bank services competitive. The following picture illustrates how these seven Ps can be mixed and a fair blend of service can be created to meet the needs of customers.

**Figure 4.05 - Ingredients of Marketing Mix**

source: Bank Marketing, S.M. Jha Himalya Publishing House Pg. No. 206

Every bank should create a fair blend of its services which should have an
adequate proportion of seven Ps or marketing mixes that can meet the requirements of different segments of customers. Such fair blend can ensure effective marketing of its services. Each of these Ps or marketing mixes are presented in the subsequent paragraphs.

A) - Product

Product is the basic ingredient in marketing of either goods or services. The very purpose of any business organisation is delivery of goods or services. The business objectives of achieving its target of profits depends on successful delivery of goods or services.

"A Product is anything that can be offered to a market for attention, acquisition use or consumption that might satisfy a want or need"20.

Products offered must be designed to satisfy the needs of customers. The concept of product keeps on changing with the changing times, as wants of people keep on changing with changing environment.

Products offered by the banks in India, have to satisfy the norms fixed by RBI and IBA. With deregulation in banking, banks have more scope to design new services that can meet the expectation of new market.

"Deregulation has released the restriction of bank product offerings. This has enabled the banks to develop marketing strategies in more scientific ways. While still offering their various demand and time deposit accounts and assortment of loan products. Some banks have increased their width and depth."21
Deposits and loans are normal banking products that are offered by every bank. Apart from this, banks provide various traditional services like collection of cheque, bill, locker facility and modern services like ATM, Credit card etc.

The evolution or growth of banking products or various services offered by bank is presented in figure 4.06

Fig. No. 4.06

**Evolution of Banking Products**

Core Products → Formal Products → Augmented Products

Source: Marketing of Banking Services, Rajiv K. Seth Macmillan India 1997 Pg. No. 147

The above figure shows evolution of bank products. Bank products can be classified into 1) Core products 2) Formal products 3) Augmented products 4) Expected products.

1) **Core Products**: These are normal banking products that are offered by every bank to meet the needs of every segment of customers. E.g. SB A/c, Current A/c, Loan A/c etc. They do not require strong marketing efforts.

2) **Formal Products**: These are products which are combination of two or more core products. E.g. Unfixed or Flexi deposit. Such deposits offer feature of both savings and fixed deposit A/c.

3) **Augmented Product**: These are core and formal products with some ancillary services attached to it. E.g. facility of Credit card, ATM Card, Locker facility etc. which are attached to deposit A/c.
4) **Expected Product**: These are the products that are expected by the customers. Expectation of customers depend on general environment in the banking field. Customers expect that services provided by other banks will be provided by their bank too. If such service is not provided, customer may be disillusioned and he or she may consider shifting one’s account to another bank.

5) **Potential products**: These are products in which bank has potential to offer. Banks have to exploit their potential to offer new products. Banks should continuously undertake research to find out new products that can be delivered. e.g., Indian banks particularly PSBs have potential to offer ATM, 24 hours banking, Credit card etc.

   Banker must design the product mix that can meet the requirements of customer of all segments. Product package offered should meet every banking requirement of customers.

   Bank should design and offer more of formal and augmented products to meet requirements of different segments of customers. Products delivered must meet expectations of customers and banks should exploit its potential to offer new products.

   Indian Banks, in particular the PSBs have limitation in designing and offering the product at branch level. Products are planned and introduced at the head office level. Branches have no role in creation of the product range or service to suit the local requirements.
The limitations of PSBs in designing and distributing the products to suit the changing times and location have restricted their performances in comparison with Private and Foreign banks. Private and Foreign banks have more autonomy in delivering their services to suit the local requirements. This gives variety in designing their services and operations.

The following table explains how modifications and innovations can be introduced in designing the products -

**Table 4.05 - Repackaged products**

<table>
<thead>
<tr>
<th>BANK</th>
<th>SCHEME</th>
<th>ADDITIONAL FEATURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICICI BANK</td>
<td>Money Plus Current a/c (current a/c)</td>
<td>Transfer of excess fund to FDR, quick issue of DDs, speedy transfer of funds</td>
</tr>
<tr>
<td>Andhra Bank</td>
<td>Abhaya Gold</td>
<td>Accidental insurance cover of Rs. 1 lakh.</td>
</tr>
<tr>
<td>Citi Bank</td>
<td>Unfixed Deposit (fixed deposit)</td>
<td>Easy withdrawal facility</td>
</tr>
<tr>
<td>Bank of Baroda</td>
<td>Money back RD (RD)</td>
<td>Withdrawal facility at different intervals.</td>
</tr>
</tbody>
</table>

**NEW PRODUCTS**

<table>
<thead>
<tr>
<th>BANK</th>
<th>SCHEME</th>
<th>INNOVATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canara Bank</td>
<td>Canflexi</td>
<td>Automatic transfer of excess SB amount to fixed deposit.</td>
</tr>
<tr>
<td>HDFC</td>
<td>Sweep-in-a/c</td>
<td>As above.</td>
</tr>
<tr>
<td>GTB</td>
<td>Flexi unit</td>
<td>Part withdrawal in units.</td>
</tr>
<tr>
<td>UTI Bank</td>
<td>Deposit</td>
<td></td>
</tr>
<tr>
<td>Hong Kong Bank</td>
<td>Encash 24 Smart Money Account</td>
<td>CA or SB linked to FD.</td>
</tr>
<tr>
<td>Federal Bank</td>
<td>Fedflexi</td>
<td>SB linked FD.</td>
</tr>
<tr>
<td>ANZ Grindlays Bank</td>
<td>Easy Access Deposit</td>
<td>OD linked FD.</td>
</tr>
</tbody>
</table>

(Source - Marketing Research in Indian Banks, Aditya Prasad, CAN Bank quarterly Review - 98, Pg. No. 32)

It is clear from the above table that new generation banks like ICICI, HDFC,
UTI have been quite successful along with foreign banks in introducing new products. In comparison PSBs are lagging behind in offering new services. Except some PSBs like Corporation, Canara, Andhra Bank etc., that too in limited branches, the remaining PSBs and large number of their branches have not introduced new services.

"The Product, in fact, is no more than an artifact around which customers have experiences. What's more, customers are not prepared to accept experiences fabricated by companies. Increasingly, they want to shape those experiences themselves, both individually and with experts or other customers."^22

Customers have become more knowledgeable, they are aware of their requirements. They understand their needs, and identify products that can satisfy their need. Branches, due to their proximity to the customers are in a better position to understand the needs of customers. Banks through active dialogue with branches can design the products that can meet the needs of customers. Products that are designed at head office may not be totally acceptable to the customers, so branches should be given autonomy in designing the product or head office should involve the branch and its staff in designing the products.
B) Price

Price is the consideration for which bank services are offered. There are two kinds of prices. Price banker charges in the form interest on loan and advances, commission and service, commitment and maintenance charges. These are part of bankers income. The other price is expenses banker incurs for paying interest on savings and fixed deposits.

Price factor normally depends upon demand. The simple rule of economics says, other things being equal, more the demand more is the price. This applies in both ways for a banker as he receives and also pays the price in providing different kind of services. Price component has two factors, Monetary cost and Non monetary cost. Monetary cost includes cost charged towards risk element, time value of money, inflation etc. Non monetary cost includes elements like search cost, time cost and psychic cost. Monetary cost components of price remains same for all banks as factors like risk, time value of money etc. are universally applicable for all banks working under similar environment. Non-monetary cost component of price may change from one bank to other bank.

“Demand is not just a function of monetary price, but is influenced by other costs as well. Non-monetary costs represent other sources of sacrifice perceived by consumers when buying and using a service”

Non-monetary cost component of price includes the comforts and conveniences provided by the banker in the delivery of service. Non-monetary component can be considered as premium which a customer is willing to pay for
the comfort banker provides in providing the service. The following picture explains the importance of time, effort and psychic costs.

**Figure 4.07 - Customers will trade money for other service costs**

![Diagram showing the trade-off between money and time, effort, and psychic costs]

(source: Services Marketing Zeighaml and Bitner - Tata Macgraw 2000 Pg. 435)

The above picture explains that customer is willing to pay a higher price for the saving in the time, efforts and guarantee of availing a product.

**Time cost**: Time cost refers to waiting i.e. time to be spent to avail the product. It is the extra premium that the customer is willing to pay for the saving the time.

**Search Cost**: It refers to efforts involved in identifying and selecting the desired product. The customer is relieved from the responsibility of searching a product for which he is willing to pay a premium.

**Psychic Cost**: It refers to the cost, customer is willing to pay in order to avoid the fear of rejection or uncertainty of getting a product. The customer is willing to pay a premium price if the product or service is assured.

"Time cost, search cost and psychic cost enter into evaluation of whether to buy or rebuy a service, and may at times be more important concern than
monetary price. Customers will trade money for these other costs. Foreign and private sector banks provide comfort, convenience and variety in delivery of service, because of which customer is willing to pay more towards non-monetary cost i.e. for time, search and psychic cost.

"Price is variable that can be traded off against product, quality and promotion rather than as an absolute where the lowest price is most desirable."  

Customer is not always in look out for a lesser price rather he may be willing to pay a higher price if product offered has better service features.

Banks in India particularly PSBs have limitations in determining their own price. Because interest charges are regulated by RBI lending policies, other charges are governed by provisions of IBA.

"Maneouvarabality of Indian banks under the existing environment of national policies and style of management is rather too small that leaves scope only for tactical moves for a few improvements."

Banks in India, particularly PSBs have less or no freedom in fixing their own price. Price they fix for various services are regulated by the provisions of RBI, and IBA. But these banks can increase their income by delivering better service and efficient marketing of their service can increase their bargaining power.
C) Place

Place is the location of branch through which products or services of the bank are distributed to the customers.

Through the branch network every bank distributes services to its ultimate customers. Place is an important marketing mix that decides location of the branch. Customer's selection of bank depends on the place where the branch is located. A bank has option of locating its branch -

1. Near the residence of customers.

2. Near the work-place or market area.

3. In the heart of the city or commercial area.

The Location of branch is governed by provisions of RBI. Normally a bank has to get approval of RBI whenever it has to open a new branch. Compared to private sector banks PSBs have large network of branches. Branch network is the plus factor for PSBs or niche of PSBs.

"Niching connotes the ability of banks to offer a product / service specifically to meet either a potential or existing market demand which has not been matched by a corresponding supply. For doing this a bank has to bank upon its strength. For instance, Private Banks can use relationship banking to be niche oriented, similarly PSBs can use the branch network and the resultant accessibility to retail or service to do niching.\textsuperscript{27}
PSBs have access to a large number of customers throughout India with their large network of branches spread in all corners of India. Through such network they can further expand business.

Place as a factor may gradually lose its importance with innovations in banking like E-banking, Tele-banking, ATMs etc. Private or Foreign banks have adopted themselves to this changing concept of banking at a rapid speed. PSBs are gradually introducing them. Banks should introduce proper place mix that can give convenience of banking to the changing profile of customers.

Banks can bring innovation in place strategy by introducing concepts like:

- ATMs
- Satellite offices
- Extension counters
- Mobile Offices
- Special Counters
- Single Window
- Strategic Alliances

The real test of loyalty of a customer to the bank is “whether they ever thought of changing their present primary bank, while staying at the present address”28

Location becomes an important factor for a person to open one’s own bank account. Convenience of location normally influences a person to select one’s branch. Customer to some extent may tolerate poor service in order to have convenient location of the branch.

Branch selection by the customer depends on the location advantage i.e. the location of convenience to the customer. Branch should be located to provide ease and comfort of banking to the customers.
D) Promotion

Promotion mix consists of use of different channels or sources for introducing and popularising the banking products and services.

Banks have following options to promote their name and products :-

- Advertising
- Publicity
- Personal Selling
- Organising customer meets
- Seminars and Exhibitions
- WOM Publicity

Promotion is an important exercise in image building exercise. Promotion can help for tangibalisation of banking services.

Advertising and publicity as a means of promotion helps every bank to keep in regular touch with the public. Through this mode, information regarding existing and new products is spread to the public.

Personal selling or canvassing is not popular in India, but gradually it is picking up in metro cities to catch creamy layer of customers.

Regular customer meets can be organised, such meets help to establish better understanding between banker and its customer by having personal interaction. Such meets are less costly and they are effective in solving problems faced by the customers. Banks will have first hand knowledge of difficulties experienced by customers and their needs. This helps a banker to model one’s services and deliver as per the expectations of the customer.

Organisation of seminars and exhibitions, sponsoring sports events help to build a better image of the bank. Through such events banks can give publicity of their name and services to the public. Such events also help to increase
customers knowledge of bank and its services. These events will increase reputation and goodwill of bank.

WOM or Word of Mouth Publicity is cost free publicity for the bank. Branch can avail the facility of WOM by providing satisfactory services. Customers who have enjoyed the services of bank spread the message of quality of such service to the public. Satisfied customers act like ambassadors of bank giving free publicity to the bank and its services.

“Service providers should equip themselves with information about the service, there by making them more informed and potentially more likely to and effective transmitters of information to other prospects.”

Service providers, i.e. the frontline staff must be well equipped to provide the information required by the present and prospective customers. They must be trained to provide better services. Their training should equip them in art of communication and understanding customer behaviour and customer psychology. By attending to the problems of customers they can create a favourable impression on existing customers. Such satisfied customer can be a vehicle for promotion of bank services through his WOM (Word of Mouth) communication.”

While a banker has many options of promoting services where in each mode has its own implications of cost, merits and limitations. Word of Mouth communication is the best method of promotion. A satisfied customer can praise the service of the bank. He will be a influencing factor on the prospective customer. Cost or efforts of banker incurs on providing better services can give wide publicity through WOM and effective method of promotion.
Promotion of banks in India particularly by PSBs has not been effective. Before liberalisation, advertisements of PSBs were done centrally on behalf of all PSBs. After liberalization also there is not much change in the situation. Promotion strategy of each bank is decided by its head office on behalf of all its branches. Branch being the sales outlet the bank or the place where the bank products are sold, the promotion initiative should be designed at branch level. India being a vast country, promotion measures designed at head office level may not suit or match the environment of each locality. To ensure effective promotion each branch should be given liberty to design its promotion strategy. Every branch should have separate promotion section or department to ensure effective marketing of its services. Branches should be given liberty to design their promotion strategy and method.

E) - People

People as marketing mix is responsible for delivery of service. The role of people particularly front line staff becomes essential in banks as it is these employees who come in contact with the customers in delivering the service. Through their regular interaction with the customers, staff knows what the customers want. "The importance of front line service providers' knowledge of products and services and their motivation can't be over emphasized. As they are the first contact point in the customer value chain, while the front line employee is the most visible aspect of poor or good service. The system in which he or she functions much to say the quality of service." That's why it is said a bank before embarking on external marketing, must first undertake internal
marketing. "Internal marketing deals with treating employees as internal customers and providing them with appropriate training, support, motivation and rewards to serve external customers as well".31

Front line staff should not be just formal in providing the services. They should exhibit emotional involvement in interacting with the customers. "Labour that goes beyond physical or mental skills needs to deliver quality service. Delivering smile, making eye contact, showing sincere interest and enjoying friendly conversation with people who are essentially strangers and who may or may not see again" 32

People or staff involvement in delivery of service can help to build strong relationship and bond between the banker and his customer. If the staff disregards the interest of customers it will have adverse impact on the business, a dissatisfied customer may sever his relationship with the bank. It is found that major cause for a customer quitting bank is indifferent attitude of the staff towards the customer. The following picture illustrates the various causes why the customers quit a bank.

Table 4.06

<table>
<thead>
<tr>
<th>WHY CUSTOMERS QUIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1%   DIE</td>
</tr>
<tr>
<td>3%   MOVE AWAY</td>
</tr>
<tr>
<td>5%   FORM OTHER FRIENDSHIP</td>
</tr>
<tr>
<td>9%   FOR COMPETITIVE REASONS</td>
</tr>
<tr>
<td>14%  BECAUSE OF PRODUCT DISSATISFACTION</td>
</tr>
<tr>
<td>68%  QUIT BECAUSE OF ATTITUDE OF INDIFFERENCE TOWARDS CUSTOMER BY SOME EMPLOYEE OF DEALER</td>
</tr>
</tbody>
</table>

(Source - Strategic Marketing of Banking Services by L. N. Kumar Suneja Publishers. P : 54)
It is clear from the table 4.06 that customer turn out is highest due to indifferent attitude of the staff towards customers. Other things being excellent i.e. attractive premises, healthy environment, adequate facilities etc., if the staff which is operating in such branch does not possess gentle approach in dealing with the customer, if it is inefficient and indifferent, it affects functioning of bank. The infrastructure and facilities become meaningless if the people who are working in such organisation are not properly trained and motivated to deliver the service to the satisfaction of customers.

"People are an important asset in any organisation, a marketing mindset has to be created among employees. This calls for flexible approach in areas of recruitment and determining pay scales of employees".33

Employees or staff of the branch is the important link between the bank and its customers. "Proper training should be given to the employee to improve his ability and skill. Such training should contain

a) Cognitive content - that can increase knowledge and skill of job performance.

b) Attitudinal content - that can help an employee to understand the attitude and behaviour of customers". 34

The present selection and training method in PSBs has more of cognitive content and less of attitudinal content. Attitudinal content in selection and
training should increase which can help employees to understand the attitude and behaviour of customers. Such training helps the employee to tune his behaviour to the needs of customer.

1) The staff must have knowledge of all products and services available in his bank.

2) He must be active and motivated in delivering the service.

3) The staff should take initiative in providing the service, he should be empathic and helping in dealing with the customers.

"Organisations are like living organisms never stagnate, they either grow or decay. The organisations health is reflected in various facts e.g. employee morale, productivity of operations etc. The flow of fresh ideas and innovations in the organisation help to maintain its health, provide built in growth mechanism enabling it to keep abreast of the developments in the environment and to stay in mainstream."

Banks need to be dynamic in their functioning, adjusting and adopting themselves to the changing environment in the field of banking. Dynamism in operations depends on dynamic staff, proper training and motivation can bring dynamism in the staff which in turn helps for constant growth of bank.
F) Process or Procedure

The process or procedure part of marketing mix consists of various formalities to be completed in the delivery of services. The formalities involved in transaction should be simple and less time consuming. The procedure or process consists of:

1) Time schedule of the branch.

2) Documents used in various transactions.

3) Formalities to be fulfilled in completing each transaction.

Time schedule of branch should be fixed to the convenience of customers. Working days of the branch and business hours should be fixed looking into requirements of the customers. Facility of ATM can extend the facility of banking, but ATMs can not be installed in all places and for all branches. Convenience of banking can be extended through bank facilities in the evening, banking on Sundays and mobile banking.

Every transaction of bank involves filling in some document like Cheque, Withdrawal slips, Pay-in slips, Account opening form, Loan application form etc. These documents should be simple and easy to complete. The education level of an average Indian customer being minimum, customer should not face any difficulty in accomplishing these documents.

Formalities of transaction should be less cumbersome and less time consuming. Procedure of Withdrawal and Deposit of cash, Account opening, Loan processing, Deposit and Encashment of FD should be simplified.
Banks should ensure that minimum time is taken in completion of each transaction. IBA has issued time norms for various transactions, which are presented in Table 4.07

**Table 4.07 - Time Norms for different transactions.**

<table>
<thead>
<tr>
<th>Transactions</th>
<th>Time allowed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Encashment of cheque</td>
<td></td>
</tr>
<tr>
<td>a) Through Teller</td>
<td>5 to 8 minutes</td>
</tr>
<tr>
<td>b) Through Cashier</td>
<td>8 to 15 minutes</td>
</tr>
<tr>
<td>2. Receipt of Cash</td>
<td>10 to 20 minutes</td>
</tr>
<tr>
<td>(Depending upon the denomination of notes)</td>
<td></td>
</tr>
<tr>
<td>3. Issuance of DD/FDR</td>
<td>15 to 25 minutes</td>
</tr>
<tr>
<td>4. Payment of DD</td>
<td>10 to 20 minutes</td>
</tr>
<tr>
<td>5. Payment of FDR</td>
<td>15 to 20 minutes</td>
</tr>
<tr>
<td>6. Opening of account</td>
<td>20 to 25 minutes</td>
</tr>
<tr>
<td>7. Retirement of bill</td>
<td>-</td>
</tr>
<tr>
<td>8. Updating of passbook</td>
<td>5 to 15 minutes</td>
</tr>
<tr>
<td>9. Statement of account from the due date</td>
<td>with in 5 to 7 days.</td>
</tr>
</tbody>
</table>

Source: Pai M R - Hand Book of All India Bank Depositors Association - 1998, Pp. 2 to 3

Bank should ensure that the respective transactions are completed within the stipulated time. Customer is an asset, but if the customer is made to wait unnecessarily to receive the service he may turn to be a liability. Impatience of the customer may grow if he is not attended properly which may disturb the environment in the branch due to arguments between banker and customer. Using technology and gadgets like ATM, Computer facility and facilities like Teller, Single Window etc., can reduce time taken in transactions.
Work flow in the bank should be customer oriented. Bank should introduce concepts like Single window, Teller etc., to deliver services to customer at one place. A separate counter for "May I help you" and a permanent staff on such counter can help to solve any difficulty experienced by customers in undertaking transactions.

Process or procedure is one area where each bank has a lot of freedom. The staff should understand that customer's time and his own, is precious and the time should not be wasted in either procrastination or unnecessary rituals. Banks should ensure that the customer is not unnecessarily burdened with too many formalities and documents. He should ensure that customer does not feel the burden of going through the process of a transaction. A satisfied customer is an asset to the bank and the staff should ensure customer satisfaction by simplifying customers routine banking activities.

G) Physical Evidence

The marketing mix of physical evidence basically consists of two factors.

a) Physical facilities at the branch

b) Tangibalisation of services

"Physical evidence is the environment in which the service is delivered and where the firms and customers interact and tangibilise commodities that facilitate performance or communication of the service"36

Physical facilities at the branch include :-

1) Attractive building

2) Aesthetic interior decor with well furnished premises
3) Adequate facilities to transact comfortably

4) Separate counters that are easily identifiable

5) Amenities like Drinking water, Toilet, Information material regarding availability of different bank services

6) Separate counter for “May I help you” etc.

Tangibilisation of services consist of :-

1) Imaginative design of banks stationery

2) Dress code for the staff, Name plates and ID cards for each staff for identification of the staff

3) Product differentiation and giving branch name to identify each service offered.

Physical evidence as a process is an important marketing mix in distribution of bank services, as services offered by the bank are intangible. Services offered by all banks are similar it becomes necessary to give the touch of physical evidence to its services and differentiate its services from the services offered by other banks.

“Humanise themselves by giving banks an image designed to bring confidence in the customer and kindle his desire to drop in and pay a call on his banker. This endeavour looms as essential for three reasons.

1) What banks have to offer is abstract

2) They all offer similar product

3) A bank is far more than a sales outlet. It is a hub of encounter from which customer expects to obtain, not only advice but also security, comprehension and personal valorisation.”37
Better physical facilities benefit both the bank and its customers. Efficiency of the branch staff gets enhanced due to better physical facilities, it acts as a motivation and encouragement to the staff. Employees get job satisfaction by working in healthy environment, it helps in delivering quality service, in turn customers are benefitted by quality service provided by the staff.

Technology and in particular the revolution in the field of information technology can help the banks in improving the quality of the service delivered at the branch. It is said “delivery systems are likely to advance on at least three fronts -

1) Advanced software used to develop a perceptible product and pricing difference

2) Physical facilities designed to expand lines of business offered in banking office.

3) Customer access at any point, any time for almost any type of transaction”

Concepts like Any time and Any where banking (ATM), Telebanking, Online banking etc., are catching up. It is not only these advance systems but also the use of technology even on a small scale in the branches can help the banks to improve their physical evidence which helps in delivering quality service.

“The bank branch remains an important aspect of banking activity and may become a banks public face. This necessitates high investments in refurbishing premises. A well furnished premises is a must for satisfaction of both employees and customers.”
It is not only the premises, the interior, arrangement of counters, facilities etc. should be improved to give comfort and satisfaction to both branch staff and its customers. The major area that distinguish a bank in private sector from PSB is the factor of physical evidence. Banks in private sector spend more money and time in refurbishing physical evidence of their branch, giving more facilities and comfort of banking, adding colour and decor to their services. The PSBs need to learn and imitate these practices. It may not be possible and practicable for PSBs to match the level of private banks, particularly environment created at new generation private banks like ICICI, HDFC, UTI etc. But PSBs should ensure that decent environment and facilities are provided to the common customer who visits the branch.

***
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17. Ibid


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