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Marketing Strategies of Indian Banks

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ABSTRACT: Banking sector in India is of great importance. India is poised to become the world's fourth largest economy in the span of two decades. Economic opulence is providing many in this populous nation with real purchasing power; it simply is an opportunity that cannot be overlooked by global banks. Despite its appeal, India remains a developing economy. Thus, global banks seeking a presence or expansion in India must craft a new marketing strategy that considers the country's attendant challenges: long-established competitors; basic infrastructure; dynamic political environment; restrictive regulations; and developing country operational risks. The game is old but the rules are new and still developing.

KEYWORDS: banking, Indian, Economic, political, operational, challenges, marketing, strategy, competitors

I. INTRODUCTION

Marketing and promotions and offers a wide range of goods and services, all processes are effective in attracting and motivating customer and increase market share are included. The overall aim of marketing is to increase sales of goods and services for corporate, commercial and financial institutions is to ultimately increase profit marketing is not only meant to advertising and introduce products and services, marketing approach to meet customer demands and broad social and managerial process By which business can understand the needs and interests of customers by offering goods and services, with affordable pricing and its influence in promoting the product to target markets. Marketing executives at financial institutions and bank are also trying to send broadcast messages and ideas specific to affect the audience through the media, to attract attention to their services. The Role of marketing in the banking industry continues to change. For many years the primary focus of bank marketing was public relations. Then the focus shifted to advertising and sales promotion. That was followed by focus on the development of a sales culture. Although all the elements of the marketing concept-customer satisfaction, profit integrated framework and social responsibility will remain important, customer satisfaction must receive the greatest emphasis in the years ahead. The chief concerns of most bank executives still focus on legal and regulatory issues, according to most surveys. Community banks are particularly concerned with eliminating barriers that give unfair advantages to financial services competitors, such as credit unions.

Its application to Banking, when we apply marketing to the banking industry, the bank marketing strategy can be said to include the following

1. A very clear definition of target customers.
2. The development of a marketing mix to satisfy customer at a profit for the bank.
3. Planning for each of the source „market & each of the use“ markets.

Years ago banks did not understand or pay special attention to marketing. Bankers need to review the current account, savings, loans trust funds were not Bank Building was built in the architectural style of Greek temples and architectural thought such public importance and strength of the bank raises. Banks are very simple and free of indoor decoration and com for tor cashiers laugh Ingra rely on the lips a reappeared. Employee paying the loan his office is arranged so that borrower would in evit ably shorter than siton a chair in front of his table. Window of the office behind the employee were there pull the sun directly on the client sill fated standand customer tried to Employee liable to explain

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the loan to the customer is requesting that face of the bank in the evening before marketing. Bank Marketing: Bank marketing is the aggregate of functions, directed at providing services to satisfy customers financial needs and wants, more effectively and efficiently. This aggregate of functions is the sum total of all individual activities consisting of an integrated effort to discover, create, arouse and satisfy customer needs. This means, without exception, that each individual working in the bank is a marketing person who contributes to the total satisfaction to customers and the bank should ultimately develop customer orientation among all the personnel of the bank. Different banks offer different benefits by offering various schemes which can take care of the wants of the customers. Marketing helps in achieving the organizational objectives of the wants of the customers. Marketing helps in achieving the organizational objectives of the bank. Indian banks have dual organizational objective commercial objective to make profit and social objective which is a developmental role, particularly in the rural area.

Marketing concept is essentially about the following few thing which contribute towards bank's success :

1. The bank cannot exist without the customers.
2. The purpose of the bank is to create, win, and keep a customer.
3. The customer is and should be the central focus of everything the banks does.
4. It is also a way of organizing the bank.
5. Ultimate aim of a bank is to deliver total satisfaction to the customer.
6. Customer satisfaction is affected by the performance of all the personal of the bank.

All the techniques and strategies of marketing are used so that ultimately they induce the people to do business with a particular bank. Marketing is an organizational philosophy. This philosophy demands the satisfaction of customers needs as the pre-requisite for the existence and survival of the bank. The first and most important step in applying the marketing concept is to have a whole hearted commitment to customer orientation by all the employees. Marketing is an attitude of mind. This means that the central focus of all the activities of a bank is customer. Marketing is not a separate function for banks. The marketing function in Indian Bank is required to be integrated with operation

Marketing is a way of communication used by the producers to reach the end users. Bank represent direct link with the customer (i.e.) face to face interaction with the customer. With the arrival of the internet, banking operations started effectively by using its power to increase its reach as well as by providing better customer experience through various channel based services with multi options such as Internet banking, mobile banking, ATM etc. In this growing trend, customers expect banks to adopt digital media to make their transaction easier and simple. In recent days banking sector is adapting drastic changes in their marketing strategies by using digital marketing services through social networks to keep in touch with their potential and existing customer. By taking this as a background the current study will helps to explore the marketing strategies key trends, digital innovations, latest technological development in Indian banking sector This paper is based on secondary data collected from various websites, blogs, related journals, articles etc.

Four distinct constructs of marketing practices are identified: Transaction Marketing (TM) and Relationship Marketing (RM). The variants of relationship marketing are classified as: (a) Database Marketing (DM) (b) Interaction Marketing (IM) and (c) Network Marketing (NM). The theorized constructs of marketing strategy were utilized in a survey of banking executives. A random sampling method, using an industry database of banking executives, has been utilized. Exploratory, as well as, confirmatory factor analysis, followed by data imputation and structural equation modelling was performed to validate a model. The present study shows that interactive marketing, as well as, database marketing strategies play dominant roles in the success of banking business, especially in the case of private sector banks. Transactional marketing also has some importance in determining the performance of private sector banks. This study

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should be significant in the sense that it provides a comprehensive and exhaustive review of the TM, DM, IM, and NM marketing strategies and a model to predict the Return on Asset (an indicator of the success of any bank) using the banking executives' marketing propensities.

II.DISCUSSION

The banking sector is an integral part of the economy. Hence this sector plays a key role in the wellbeing of the economy. A weak banking sector not only jeopardizes the long-term sustainability of an economy, it can also be a trigger for a financial crisis which can lead to economic crises. Majority of the banking institutions are now putting emphasis on marketing to make customer aware about the services and benefits offered by them. Marketing is the crucial connection between banks and customers, no banks can expect to succeed without putting substantial investments in its marketing efforts. Banks nowadays are coming up with surprising and impressing ways to lure the customers and retaining their customer base. These days' banks are focusing heavily on building long term relationships with their existing customers and thereby gaining new customers. Hence, relationship marketing becomes very important for the banks. It is concerned with mapping out all the touch point and evaluating what services are provided, by whom, and when, and how, and what is expected by customers.

The definition of bank marketing is as follows: "Bank marketing is the aggregate of functions, directed at providing services to satisfy customers' financial (and other related) needs and wants, if more effectively and efficiently than the competitors keeping in view the organizational objectives of the banks." All the techniques and strategies of marketing are used so that ultimately they induced the people to do business with the particular bank. To create and keep a customer means doing all those things so that people would like to do business and continue to do it with the particular bank rather than with the competitors. It cannot stay in business if it does not attract and hold enough customers, no matter how efficiently it operates.

The reasons for marketing scope to have importance in banking and for banks to interest in marketing subject can be attributed to the following factors:

- Change in demographic dynamics
- Cut throat competition in the service industry
- Increased profit consciousness of the banks
- Deregulation of interest rates
- Entry of various private and foreign banks
- Increasing awareness, education and urbanization
- Indigenous growth of non-banking financial institutions
- Disintermediation
- Advent of the technology
- Increasing the reach of innovative banking products

Following trends have been observed in the marketing strategies of banks recently:

1. Advertising remains the undisputed promotional tool for banks so far among the other promotional tools. Advertising, which includes direct mail, accounted for the largest share of marketing expenditures at 52 percent, compared to 58 percent in 2012. Public relations accounted for 35 percent of marketing budgets compared to 21 percent in 2012.
2. Consumer expectations are growing. With the increase in the education of the consumers, they are now demanding more and more value added services and are ready to pay premium for it.
3. Mobile banking is the need for today. It has become the blessing for the consumers who don't have the time to visit the bank personally. 47 mobile banking offers to banks is that it drastically cuts down the costs of providing service to the customers. Also service providers are increasingly using the complexity of their supported mobile banking services to attract new customers and retain old ones.

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4. Social media is also a tool for marketing the banking services. Seventy percent of banks used social media for marketing purposes in 2012. Twenty-nine percent used social networking (i.e., Face book, Twitter, etc.). Face book, used by 76% of banks, is the most popular among various social media outlets, followed by Twitter at 37%. The main reasons for using social media were for communication and competitiveness.

5. Due to increased use of technological bases has increased the operational efficiency of the Indian banks. Marketer said e-newsletters were the most effective form of Internet marketing, followed by search engine marketing and then sponsorships.

6. Marketing expenditure has witnessed the tremendous growth in last few years as the percentage of total banking expenditure. Despite the overall state of the economy and the banking industry, marketing expenditures were up in 2012. Nearly 60 percent of banks said they planned to increase their marketing expenditures in 2012, the same amount as in 2012. Most of the banks view marketing as a strategic driver for their business.

7. Focus on Incremental New Customer Growth: Instead of generating as many accounts as possible, banks will be focusing on the potential value of relationships including the likelihood of engagement and retention.

8. Gathering Email Addresses: With other communication channel cost increasing and the improved results achieved when email is combined with more traditional channels, the importance of collecting (and using) email addresses has never been more important.

With the increased competition and awareness about the banking sectors, customers are now becoming over demanding about the services offered. New and new trends are being witnessed now days. Banks have also realized that social channels need to be used differently in financial services than with retail or other industry verticals. As opposed to trying to find 'friends' of our brands, social media has been used most effectively for customer service (Twitter) and for the promotion of broad based public relations initiatives. No communication channel is 'free'. While email may seem like a far less costly channel to use for reaching customers, the lack of clear targeting and message development may prove costly as customer's opt-out of future communications or simply ignore email messages. In my experience within the banking industry, email has not proven to be as good of a replacement for channels like direct mail as it has been a good supplement for improved results.

III.RESULTS

Relationship marketing can make a huge difference case of banking sector. Clients want more than to loan money or make use of their savings. They want a personalized long term relation with the bank, built upon trust. This means they want more than just a name in a database. Similarly, packages of service and products represent just a quantitative response to clients' demands and do not constitute a source of trust or premises for loyalty. At their best, they can offer the cost reduction satisfaction. Banks must have extended database with specific financial needs which haveroom for customization, focusing more on gaining the clients' trust, during winwin long-term relations. The desired difference comes from trust and satisfaction. In fact, relationship marketing has become a necessity, rather than a practice of huge potential. Today we speak of relationship building strategies focused on clients and their real needs, run through economic, behavioral, emotional, and moral filters. . Clients' satisfaction during the entire life cycle is a main ground for their retention and future loyalty. The increasing usage of technology allows a strong development of information and computer based information systems, used to assist decision-making processes and client relationship management. CBS (Core Banking System) has increased the efficiency. It has made the work also easy and transparent.It integrates all the data, customer profiles and clients' feedback. Computer based information system such a CRM can improve the information flow and decision processes between various departments of the bank. Self Service based Technologies like ATM, mobile banking and internet banking are important relationship marketing tools. These banking are easy to use, cost reducing and time saving. Concept of relationship managers and Customer Grievance Management are helpful in increasing customer loyalty. If bank wishes the customers on the birthday and anniversary, it gives a personal touch. By using the multichannel approach, it becomes easy to approach a customer. Moreover, use of instant messages, emails, and short messaging system makes the communication transparent and accessible.

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In the current scenario, the importance of Relationship Marketing is increasing day by day. Banks need to maintain relations with the loyal customers. Moreover, customers have today become more knowledgeable, sophisticated and assertive, with an increasing demand for customized and innovative products and services. Customers are no longer interested in buying off the shelf solutions, but require remedies that fit their business models and plans. It is therefore crucial for banks to have strong relationships with their evolving customers, in order to ensure they are at the right place at the right time. In order to obtain and create the benefits, Relationship Marketing needs to be managed correctly in order to maintain, enhance and develop a long-term relationships between businesses and customers. It is believed that trust, commitment and bonds hold important roles in building up a strong relationship that create both social and economic benefits mentioned above for both bank and customers.

IV.CONCLUSIONS

In the study done by Kallol Das, CRM practices were explored. This study was conducted in Surat City. No strong association between customer loyalty and CRM practices was found in 2009. Deployment of CRM practices was not found to be profitable strategy. It is expected to have strong association between customer satisfaction and relationship marketing strategies in NCR in current scenario. Strategies for relationship marketing in Indian Banking sector can be explored and their impact on customer satisfaction can be studied.

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