

## SERVICE MARKETING STRATEGIES IN BANKING SECTOR: AN EVALUATION IN THE CAPITAL CITIES OF HARYANA, PUNJAB AND HIMACHAL PRADESH

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### INTRODUCTION

Marketing involves satisfying customers' need and wants. The task of any business is to deliver customer value at a profit. In an economy where products, marketing campaigns and even sales channels are transitory, firms increasingly recognize to maximize customer value an explicit and measured business goal. As business evolve from product or campaign centric to customer centric marketing, a set of best practices is emerging that focus on measuring and increasing the life time value of customer because loyal customers are both a scarce and a source of value. To deliver customer value firms have to manage their service quality because big gap exists between the expectations of the customers and the level of services they get. It is important to understand and meet customer expectations. If the firm understand the expectations and also has the capability to serve them, the customer will be satisfied with service outcome.

Whatever strategies are adopted, the modern organizations are customer oriented organizations which keep the customers on the top of a pyramid. Customers today are, infact, more educated and informed than ever, and they have the tools to verify company's claims and seek out superior alternatives. The strategic situation analysis considers market and competitor analysis, market segmentation, and continuous learning about markets. Designing marketing strategy examines customer targeting and positioning strategies, marketing relationship strategies and planning for new products. Marketing program development consists of product, distribution, price, and promotion strategies designed and implemented to meet the value requirements of targeted buyers. Strategy implementation and management consider organizational design and marketing strategy implementation and control.

In India banking sector is still in developing stage. There is lot of heterogeneity in the services at different places like big towns, capital cities, smaller towns and villages. The purpose of our study is to examine the extent of services and simply to set the top limit of the availability of banking services, products and facilities, This would also give directions to marketers in designing marketing mix strategy for banking sector.

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## REVIEW OF LITERATURE

**Rajagopala Nair (1994)** in his study on rural bank marketing found that security and liquidity are the major pre-requisites for deposits by rural customers and that interest rate on deposits is not at all a criterion for rural bank depositors to deposit their savings with commercial banks.

**James F Devlin (1995)** studied the developments in the distribution of retail banking services in the UK, using the case study of First Direct, a subsidiary of Midland Bank that successfully introduced telephone-banking service. It was found that in an increasingly competitive and deregulated environment, superior distribution strategies concerned with how to communicate with, and deliver products to the consumer could provide institutions with significant competitive advantage in the marketplace.

**Shemwell and Ugur (1998)** found that establishing a sales culture is very important to a bank's success. The study recommends strategies to increase sales per employee, improve cross selling to high-value customers, and enable banks to focus on solving customer needs to the mutual benefit of both parties. It requires providing consistently excellent service quality and sales and customer interaction training for all boundary-spanning employees.

**Devlin (2000)** studied as to how attempts can be made to add value when offering services exhibiting increased complexity, intangibility and impalpability in the eyes of most consumers. It was found that the features and quality of the core service provided are judged by managers to be more important in adding value to more complex services; as are organizational factors such as image and reputation. In addition, price is perceived to be significantly more important in adding value to more simple, rather than complex, offerings

**Gefan (2002)** in his study on customer loyalty has observed that the service quality is the subjective comparison that customers' make between the quality of service that they want to receive and what they actually get.

**Eisingerich and Bell (2007)** suggested that investments in enhancing customers' service knowledge strengthen customer trust in an organization and thus can act as an important service differentiator. Customer education initiatives, however, also affect the impact of perceived service quality on customer trust. Customer education affects the relative importance of technical and functional service quality for building customer trust in a firm.

**Uppal R K (2008)** has analyzed the quality of e- Banking services in the changing environment on the basis of 5 point likert –type scale with different statistical tools such as rated average method and ranking. The study concludes that most of the customers of e-banks

are satisfied with the different e – channels and their services, but the lack of awareness is a major obstacle in the spread of e – banking services. It is further observed through the responses of respondents that the future of e- banking services is bright and that this e - channels will definitely help in the transformation of banking in a positive manner.

**Liang et. al (2009)** suggested that customer perceptions positively affect financial performance; and customers purchase financial services with dissimilar benefits, all of which come with corresponding attributes, and hence result in different levels of customer satisfaction and behavioral sequence, which is important in reinforcing customers' trust, commitment, repurchase intentions and corporate financial performance.

**Selvan V et al (2010)** have examined customers' awareness and satisfaction about e-banking at ICICI Bank. It is observed from the results that awareness level of college level education group respondents is high while the same is the case for the respondents having income of above Rs 10,000 and in the case of satisfaction level of respondents; the difference is significant between small and large size families.

**Singh and Kaur (2011)** in their study suggested that satisfaction is influenced by seven factors: employee responsiveness, appearance of tangibles, social responsibility, services innovation, positive word-of-mouth, competence, and reliability.

**Adeoye and Lawanson (2012)** studied the bank performance in terms of customer satisfaction. Findings of this study show that customers enjoying electronic banking services are still not satisfied with the quality and efficiency of the services. This is expressed in the number of times customers physically visit banks and length of time spent before such services are received. The study suggests that banks should improve their service delivery to justify the benefits of electronic banking products and services. This way, customers' interest would be aroused.

## **OBJECTIVES OF THE STUDY**

The specific objectives of this research study are:

- To study the strategies that are being adopted by Commercial banks in order to get higher market share.
- To study the extent and level of customer services in selected commercial banks in Capital cities of Haryana, Punjab and Himachal Pradesh.
- To Study Customer Satisfaction in Terms of Service Qualities Provided by Commercial Banks.

- To check the level and magnitude of awareness of banking services among the sample respondents.
- To identify the limiting factors restricting the customer services.
- To pinpoint the areas where the banking services can be improved to further enhance customer satisfaction and value to the customer

## **HYPOTHESES OF THE STUDY**

In this research work, the relationship of marketing mix and Customer Satisfaction has been studied. Hence, the hypotheses for this research work are as follow:

1. **Null Hypothesis  $H_0$ :** There is no significant relationship between Provision of Personal Assistant and Customer Satisfaction.

**Alternate Hypothesis  $H_1$ :** There is significant relationship between Provision of Personal Assistant and Customer Satisfaction.

2. **Null Hypothesis  $H_0$ :** There is no significant relationship between Physical Facilities and Customer Satisfaction.

**Alternate Hypothesis  $H_1$ :** There is significant relationship between Physical Facilities and Customer Satisfaction.

3. **Null Hypothesis  $H_0$ :** There is no significant relationship between timely transactions and Customer Satisfaction.

**Alternate Hypothesis  $H_1$ :** There is significant relationship between timely transactions and Customer Satisfaction.

4. **Null Hypothesis  $H_0$ :** There is no significant relationship between Problem Solving and Customer Satisfaction.

**Alternate Hypothesis  $H_1$ :** There is significant relationship between Problem Solving and Customer Satisfaction.

5. **Null Hypothesis  $H_0$ :** There is no significant relationship between helping customers and Customer Satisfaction.

**Alternate Hypothesis  $H_1$ :** There is significant relationship between helping customers and Customer Satisfaction.

6. **Null Hypothesis  $H_0$ :** There is no significant relationship between Safety and Customer Satisfaction.

**Alternate Hypothesis  $H_1$ :** There is significant relationship between Safety and Customer Satisfaction.

7. **Null Hypothesis  $H_0$ :** There is no significant relationship between Bank Charges and Customer Satisfaction.

**Alternate Hypothesis  $H_1$ :** There is significant relationship between Bank Charges and Customer Satisfaction.

8. **Null Hypothesis  $H_0$ :** There is no significant relationship between Telephone and Internet banking and Customer Satisfaction.

**Alternate Hypothesis  $H_1$ :** There is significant relationship between Telephone and Internet banking and Customer Satisfaction.

9. **Null Hypothesis  $H_0$ :** There is no significant relationship between adopting marketing strategies and Customer Satisfaction.

**Alternate Hypothesis  $H_1$ :** There is significant relationship between adopting marketing strategies and Customer Satisfaction.

## RESEARCH DESIGN FOR THE STUDY

This research work is based upon primary data. In this study, a sample size of 944 respondents was taken from the prominent cities of Northern India i.e. **Chandigarh**- the capital city of the states of Haryana and Punjab, **Panchkula and Mohali**- the star attached towns of Haryana and Punjab respectively, and **Shimla**- the capital city of Himachal Pradesh.

For the research purpose four prominent banks of the banking sector of India viz. State Bank of India (SBI), Punjab National Bank (PNB), Industrial Credit and Investment Corporation of India (ICICI), and Housing Development and Investment Corporation of India (HDFC) have been selected. The data has been collected from the customers of these banks.

## DEMOGRAPHIC PROFILE OF THE RESPONDENTS

### 1. City-wise Distribution of the Respondents

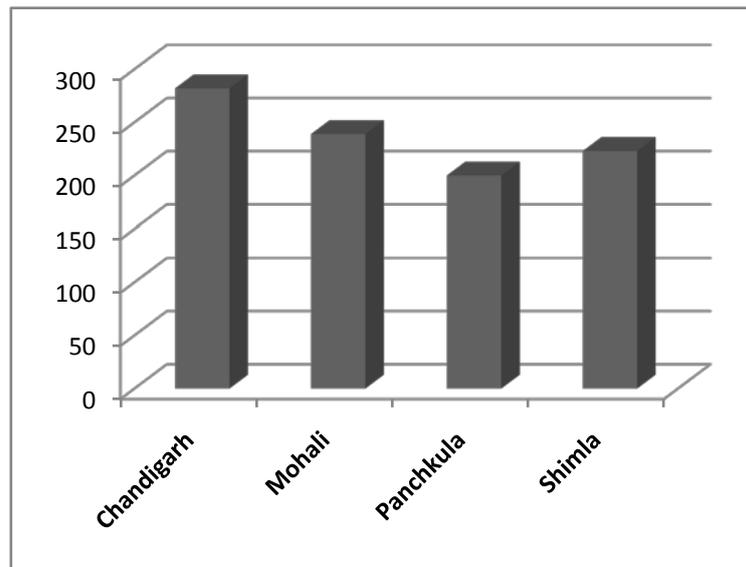
The city wise distribution of respondents is shown in the form of table and figure.

**Table 1: City-wise Distribution of the Respondents**

City	Respondents
Chandigarh	282
Mohali	239
Panchkula	200
Shimla	223

**Source: Primary data**

The graphical representation of this distribution is as follows:



**Fig.1: City-wise distribution of the respondents**

## 2. Bank-wise Distribution of Respondents

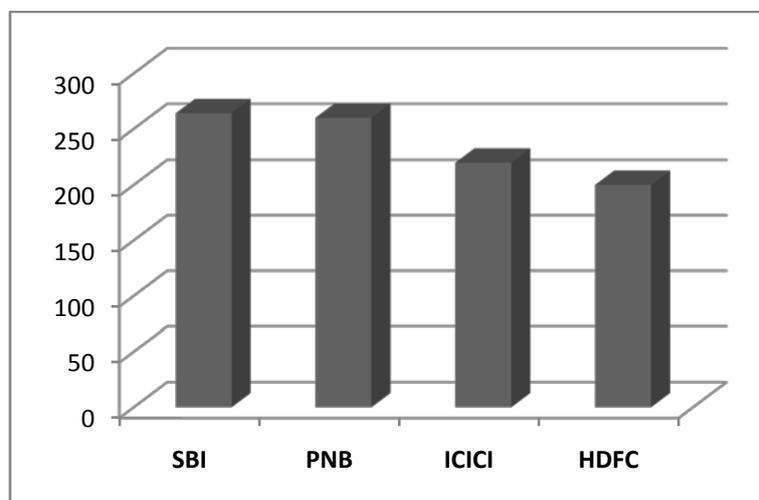
Following table and figure demonstrate the bank-wise distribution of sample respondents.

**Table 2: Bank-wise Distribution of Respondents**

Bank	Respondents
SBI	264
PNB	260
ICICI	220
HDFC	200

**Source: Primary data**

The graphical representation of this distribution is as follows:



**Fig.2: Bank-wise distribution of respondents**

### 3. City-wise Bank Distribution of Respondents

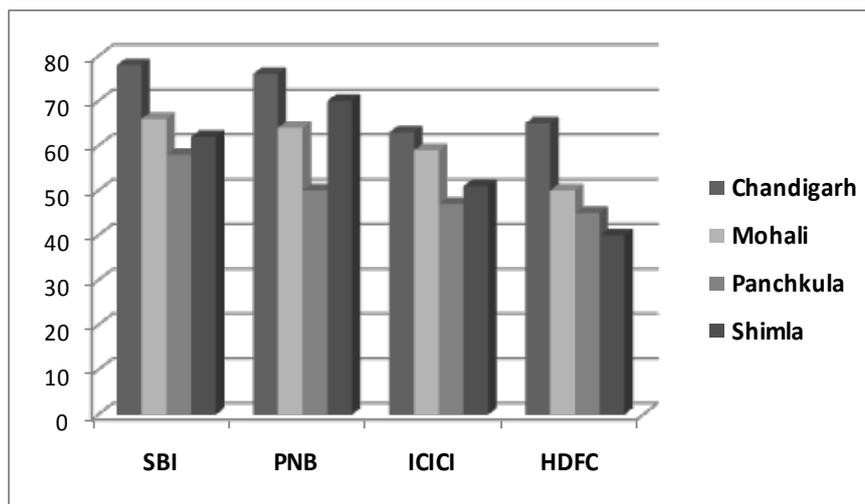
The city-wise distribution of the sample respondents is presented in tabulated and diagrammatically forms as under

**Table 3: City-wise Bank Distribution of the Respondents**

City	SBI	PNB	ICICI	HDFC
Chandigarh	78	76	63	65
Mohali	66	64	59	50
Panchkula	58	50	47	45
Shimla	62	70	51	40
<b>Total</b>	<b>264</b>	<b>260</b>	<b>220</b>	<b>200</b>

Source: Primary data

The graphical representation of this distribution is as follows:



**Fig.3: City-wise Bank Distribution of Respondents**

### 4. Gender-wise Distribution of Respondents

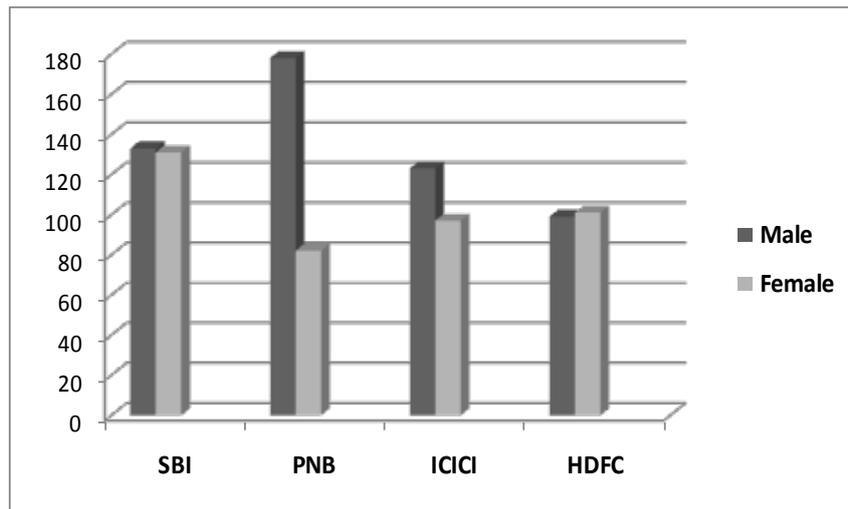
The gender-wise distribution of sample respondents is presented in table and figure as under

**Table 4: Gender-wise Distribution of Respondents**

Gender	SBI	PNB	ICICI	HDFC
Male	133	178	123	99
Female	131	82	97	101
<b>Total</b>	<b>264</b>	<b>260</b>	<b>220</b>	<b>200</b>

Source: Primary data

The graphical representation of this distribution is as follows:



**Fig. 4: Gender-wise distribution of respondents**

### 5. Family-size wise Distribution of Respondents

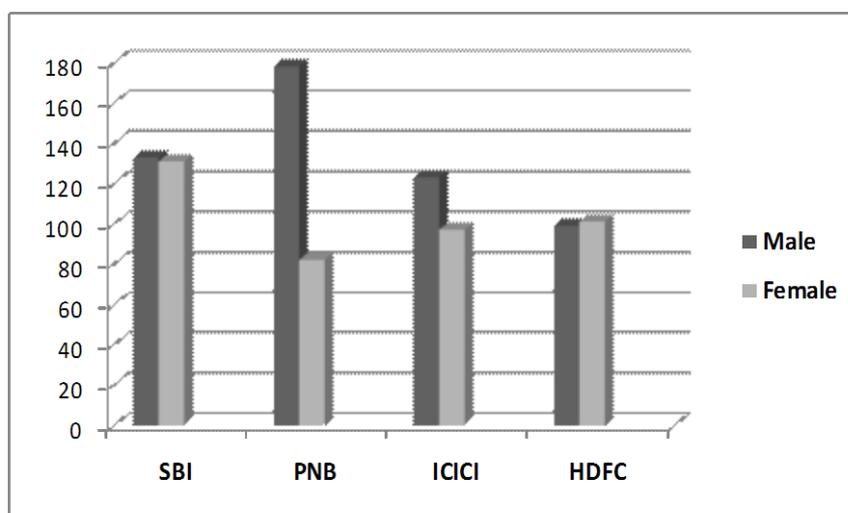
Following table and figure demonstrate the family-size wise distribution of sample respondents.

**Table 5: Family-size wise Distribution of Respondents**

Family Size	SBI	PNB	ICICI	HDFC
Two	82	46	62	37
3-5	137	158	109	122
More than 5	45	56	49	41
<b>Total</b>	<b>264</b>	<b>260</b>	<b>220</b>	<b>200</b>

**Source: Primary data**

The graphical representation of this distribution is as follows:



**Fig. 5: Family-size wise distribution of respondents**

### 6. Age-wise Distribution of Respondents

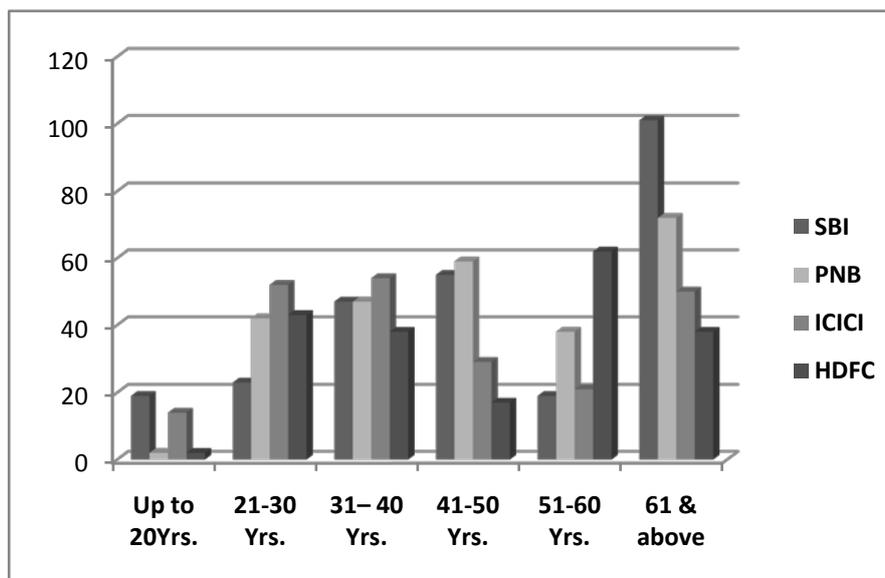
The age-wise distribution of sample respondents for the study is presented in the following table and figure.

**Table 6: Age-wise Distribution of Respondents**

Age	SBI	PNB	ICICI	HDFC
Up to 20Yrs.	19	02	14	02
21 - 30 Yrs.	23	42	52	43
31 – 40 Yrs.	47	47	54	38
41-50 Yrs.	55	59	29	17
51-60 Yrs.	19	38	21	62
61 & above	101	72	50	38
<b>Total</b>	<b>264</b>	<b>260</b>	<b>220</b>	<b>200</b>

Source: Primary data

The graphical representation of this distribution is as follows:



**Fig. 6: Age-wise distribution of respondents**

## 7. Educational Background wise Distribution of Respondents

Following table and figure demonstrate the educational background wise distribution of sample respondents.

**Table 7: Educational Background-wise Distribution of Respondents**

Education Level	SBI	PNB	ICICI	HDFC
Under graduate	123	13	39	94
Post graduate	85	110	59	23
Professional degree (BE/ B.Tech)	56	135	118	83
Research Scholar	0	02	04	0
<b>Total</b>	<b>264</b>	<b>260</b>	<b>220</b>	<b>200</b>

Source: Primary data

The graphical representation of this distribution is as follows:

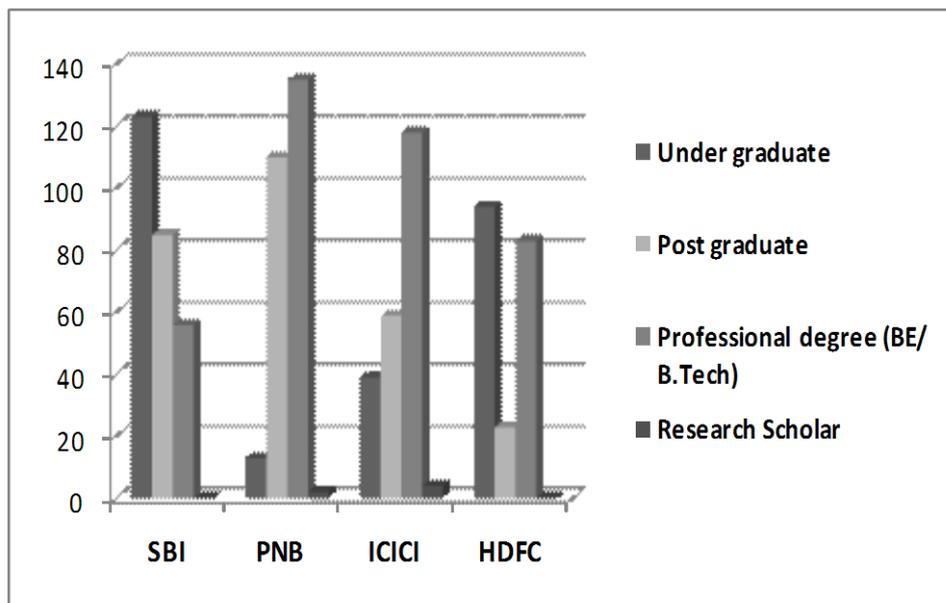


Fig. 7: Educational background-wise distribution of respondents

## DATA ANALYSIS & INTERPRETATION

SPSS (Statistical Package for Social Sciences) has been used for testing the hypothesis and statistically analysing the data gathered through the administered questionnaire. The statistical tools used are **Chi squared test, Factor analysis, KMO and Bartlett's test, Cronbach Alpha, Regression Analysis.**

### Statistical Analysis

#### Hypothesis Testing

**Chi Square Test** has been used to test the hypotheses:-

#### Test Statistics

	Persnl Asstnt	PhyscalFa c	TimelyTrans c	ProbSolv ing	EmpHelpi ng	Safety	Charges	IntrnetTel eBanking
Chi-Square	11.851 <sup>a</sup>	29.614 <sup>a</sup>	32.424 <sup>a</sup>	12.827 <sup>a</sup>	14.912 <sup>a</sup>	24.812 <sup>a</sup>	33.632 <sup>a</sup>	17.614 <sup>a</sup>
Df	1	1	1	3	3	3	3	3
Asymp. Sig.	.000	.066	.062	.063	.003	.056	.003	.003

a. 0 cells (.0%) have expected frequencies less than 5.

The chi-square tool is applied by the researcher to check the acceptance or rejection of variable. As the calculated value is less than table value, So, alternate hypothesis will be accepted & null hypothesis will be rejected. In the Chi Squared test, since the Asymp. Sig.

values are less than the critical value .05, null hypotheses are accepted. Hence, here the null hypotheses accepted are that there are no significant relationships between provision of personal assistant, helping employees, bank charges and internet telephone banking (as in these cases the Asym. Sig. value is less than the critical value .05.) Also, here, the alternate hypotheses accepted are that there is a significant relationship between Physical facility, timely transactions, problem solving and safety of transactions on the Customer safety (as the Asymp. Sig. value is more than the critical value .05).

### **FACTOR ANALYSIS**

#### **KMO and Bartlett's Test**

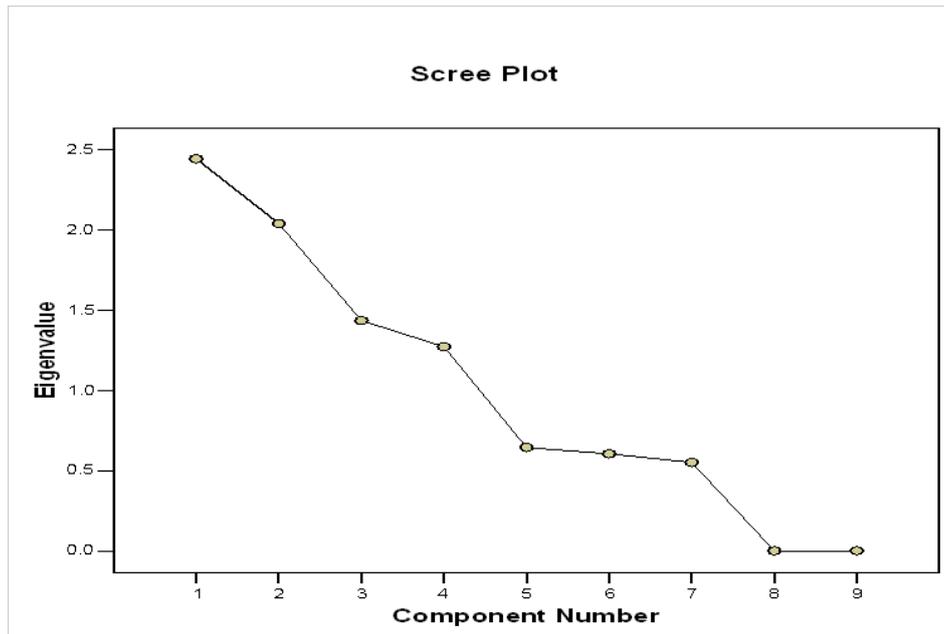
<b>Kaiser-Meyer-Olkin Measure of Sampling Adequacy.</b>	<b>.520</b>
<b>Bartlett's Test of Approx. Chi-Square Sphericity</b>	<b>145.353</b>
<b>Df</b>	<b>36</b>
<b>Sig.</b>	<b>.000</b>

#### **Rotated Component Matrix(a)**

	Component			
	1	2	3	4
PersnlAsstnt	.967			
PhyscalFac	.967			
TimelyTransc		.995		
ProbSolving		.995		
EmpHelping			.740	-.319
Safety			.687	.331
Charges	.345		.677	
IntrnetTeleBanking				.798
ComplaintHandlng	.317			-.744

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

a Rotation converged in 7 iterations.



### INTERPRETATION:

- This KMO and Bartlett's is signifying the value i.e. 0.520 which is greater than the value 0.5. Hence the value is signifying that data collected is highly significant
- This is the matrix showing four very important factors and their values in each column. Highest value is selected from each column which shows the importance of most important variables which are impacting more on the customer satisfaction and will be most influencing factors.
- In this matrix, total cumulative % of the most important four factors is 66.894 which is indicating that these factors constitute near about 67% variance in the study means more influencing factors to the study.
- The graph is showing there are 4 important factors having more than 1 eigen values which is stating that these are the most important variable

### RELIABILITY

The following table explains the results of Cronbach Alpha.

Cronbach's alpha	Internal consistency
$\alpha \geq .9$	Excellent
$.9 > \alpha \geq .8$	Good
$.8 > \alpha \geq .7$	Acceptable
$.7 > \alpha \geq .6$	Questionable
$.6 > \alpha \geq .5$	Poor
$.5 > \alpha$	Unacceptable

**Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.842	.891	10

**Interpretation:**

As the above table is of reliability test which is mostly followed by factor analysis, In this we check whatsoever the data we use and whether the factor we take are reliable or not and this is done with the help of cronbach alpha. Now under this the cronbach's alpha is more than 0.8, hence the data in this research is reliable.

**REGRESSION****Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.382 <sup>a</sup>	.661	.050	1.394

a. Predictors: (Constant), PersnlAsstnt, PhyscalFac, TimelyTransc, ProbSolving, EmpHelping, Safety, Charges, IntrntTeleBanking

b. Dependent Variable: Customer Satisfaction

**Interpretation:**

The value of R Square ( $r^2$ ) is .661 which is indicating that the factors PersnlAsstnt, PhyscalFac, TimelyTransc, ProbSolving, EmpHelping, Safety, Charges, IntrntTeleBanking have 66.1% impact on the Customer Loyalty. This implies that the dependent variable is very much influenced by the mentioned independent variables.

**SUGGESTIONS**

1. On the basis of the findings of the study banks should consider the areas of personal assistance, helping employees, bank charges and internet telephone banking.
2. Banks should provide more facilities to customers and make them feel comfortable in their banking activities.
3. Personal assistance should have a more flexible and accommodating approach towards the customers.
4. Banks should devote more investment in physical facilities provided to customers in their premises because amenities have a significant relationship with customer satisfaction.

5. Study reveals that timely transactions, problem solving and safety of customers are the strong aspects of banks. Banks should devote more efforts in these areas to improve their market share.
6. Banking sector should adopt a more effective marketing mix and give due importance and attention to all its 7Ps.

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