

Study on the Marketing and Product Strategies of the Financial Institutions

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Abstract - Financial-banking marketing will have to undergo significant changes. The experts in this field will have to abandon their traditional and opaque aggressive tactics. They will stand in front of customers with uncomplicated merchandise dressed in bright colours. The key to relaunching lending on a healthy market will be to change marketing tactics within a visionary, unitary strategy. The banking system will have to keep up with Europe, not only in terms of client services, but also in terms of marketing and promotion strategies for the banking segment, which has been in constant flux over the last decade. Social marketing will have to leave the theoretical realm at all times, and all adopted strategies will have to pass through social responsibility: precise development goals with measurable results over time.

Keywords - marketing, customer loyalty, social responsibility

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INTRODUCTION

Improved market processes in trading, clearing, and settlement have ushered in significant changes in India's financial system. At the same time, the shift from a controlled to a free market has resulted in price volatility unlike anything witnessed in previous decades. Apart from banking, the Indian financial services sector includes a wide range of services such as insurance, mutual funds, capital markets, derivatives markets, and equities markets. In India, the service sector now accounts for about 55 percent of GDP, with a faster rate of growth than the agricultural and manufacturing sectors. In contrast to agriculture's fluctuating fortunes and the industrial industry's recession and boom situations, the service sector has a consistent demand. With the rise of specialisation in all disciplines, this trend is likely to spread to services as well, as hiring services is more cost effective than performing their own.

The two most important parts of the Indian financial sector are mutual funds and financial derivatives. Mutual funds are one such channel that provides investors with good investing prospects. Mutual funds, like all investments, are not without risk. When making investment decisions, investors should examine the risks and expected fields after accounting for taxes on various instruments. In this regard, investors may seek guidance from specialists and consultants, such as mutual fund agents and distributors, while making investment selections. As a result, rather of employing an expert and paying a high fee, investors choose to use the marketing personnel's advising services for free.

Increased volatility, on the other hand, has created a natural need for market instruments that aid in risk management, and the securities industry's increased maturity has (for the first time) enabled India to run world-class derivatives markets.

India's first substantial derivatives market, the dollar-rupee forward market, is one of the country's largest financial marketplaces. The National Stock Exchanges are a great place to start (NSE). We are now on the verge of having exchange-traded financial derivatives in India, thanks to the proposal to have exchange-traded index futures and index options. This is a critical juncture in our financial sector's history. The introduction of derivatives raises concerns among customers and financial market players, who must learn about these new products and determine how they can be employed in these marketplaces.

As a result, comprehending investor behaviour and marketing financial services in India will be more difficult than comprehending consumer behaviour and promoting industrial items. It will be more about holding investors' hands and building long-term connections with them than it will be about business development. The primary goal of financial services marketing is to maximise returns on clients' investments while minimising risks.

The Features of Service Marketing:

Because service marketing has a higher human component than product marketing, personal talents, attitudes, and motivation play a larger role. Similarly, service marketing necessitates a more robust, unified, and interactive structure, necessitating

various organisational skills. In service marketing, personal touch and quality are also more crucial. As a result of service being tailored to clients and customers being treated as kings, customer satisfaction is crucial, particularly in banking, stock, and capital markets.

Traditional marketing skills are clearly ineffective for comprehending investors and marketing in the financial services sector, as evidenced by the above attributes. On the other hand, the following abilities are required for this purpose: Having solid financial knowledge and conceptual skills, so that investors can gain from the following:

- Appropriate risk-reward trade-off (maximising gain while minimising risk) • Taxation's positive impact
- Investors in the financial services business regard the marketing manager as more of a portfolio manager than anybody else, someone who will supply them with consistent, methodical services while still being innovative and agile.
- The marketing manager's primary responsibilities will include: Developing clear investment policies by identifying and clarifying an investor's objectives, preferences, and limits.
- Creating strategies by selecting the best financial and real-estate assets accessible on the market and putting them into action.
- Keeping an eye on market conditions, asset valuations, and the investor's situation.
- Making portfolio adjustments to account for major changes in one or more important factors.

As a result, due to the nontraditional nature of the job description and skill requirements, the workforce for marketing in the financial services sector is particularly important. A person with a finance experience is also preferable over someone with a marketing background due to the specialised nature of products and services.

OBJECTIVE OF STUDY

1. To investigate the level of marketing used by the institutions that provide these services, as well as the future scope of marketing in the financial services industry.
2. Investigate the financial organisations' marketing strategies: To determine whether 'client satisfaction' was a primary goal of financial institutions and to propose a suitable marketing plan for practise growth.

3. Investigate financial companies' pricing strategies: Components of varied service pricing.

RESEARCH METHODOLOGY

Data Sources: This research was written using both primary and secondary data.

Method of Data Collection

Through guided interviews with the individual banks' executives, primary data on the banks' service marketing strategies was gathered. A standardised questionnaire comprising 21 items was used in this case (see appendix for the questionnaire).

Secondary data was gathered for this paper from several texts on marketing, financial products marketing, as well as brochures and reports from the selected institutions.

Plan & Size Examples

For the questionnaire survey to find out the marketing strategies of the Private Sector Commercial Banks, eight banks were chosen as a sample based on convenience (PCBs).

DATA ANALYSIS

The purpose of this article is to identify financial product marketing methods in private sector commercial banks in India, specifically in Khammam. In India, private banks are those that are not owned by the government, unlike public sector banks. Indian private banks may be listed on the stock exchange. These, too, can be exchanged on stock markets. In India, private sector banks account for 18.2 percent of the banking industry's total assets.

We chose eight local Private Sector Commercial Banks (PCBs) as a model to explore financial product marketing techniques. A questionnaire was created to determine the marketing techniques for financial products. The questionnaire was distributed through a personal interviewing process with the appropriate individuals.

We examined the following banks for this study:

- Axis Bank
- HDFC Bank is the second largest bank in India.
- ICICI Bank is number three on the list.
- Oriental Bank Of Commerce, No. 4
- Karur Vysya Bank is the fifth largest bank in Karur.
- ING Vysya Bank is the sixth largest bank in India.
- Canara Bank is the seventh largest bank in India.

- Badradi Urban Bank is number eight on the list.

Analytical Part of the Questionnaire

The questionnaire was constructed in such a way that it could include as many variables as feasible. Marketing strategy is a combination of a big number of components. The data from the questionnaire is largely descriptively analysed. The results of the analysis are listed below:

Segmentation: Bases for segmenting financial product customer

In order to design a marketing strategy, it is necessary to first understand the consumer and their needs and requirements. The factors affecting the segmentation of corporate banking and consumer / personal banking are different, according to questionnaire analysis.

The factors that banks emphasize to identify the needs and requirements are as follows:

For corporate customer:

- Financial Strength and credit worthiness
- Market Positioning
- Reputation & Integrity
- Industries
- Listed Companies

For personal banking:

- Occupation
- Income and Propensity to save
- Attitude towards banking
- Market demand
- Geographic concentration

Measuring the Customer Needs & Satisfaction

Only one of the eight banks has stated that they use a written questionnaire to gauge customer satisfaction, while the other two have stated that they use a simple conversational procedure. Others stated that they follow up with customers and gauge customer satisfaction through their post-service conduct.

Product Differentiation Strategies

Local PCBs in India rarely develop unique items; instead, they adapt their offerings from those of their competitors. They do so by examining reports,

brochures, or client interviews, as well as Central Bank facts and regulations, lending and deposit rates, and so forth. The pricing policy, which involves lowering the lending rate from competitors, is the main factor for distinction. Other factors to consider are product maturity, market demand, and regional concentration.

The following table lists the most prevalent characteristics used by private commercial banks to differentiate financial products:

Rank	Differentiation Criteria
1.	Pricing Policy/Interest Rate
2.	Maturity of Products
3.	Market Demand/Trend
4.	Geographic Concentration

Promotional Tools used for Marketing of Financial Products

From the survey it has been found that banks use advertising media in a greater extent, personal selling in a limited extent. Public relations for promotional purpose are used in medium extent. Analysis on promotional tools used by banks shows that advertising are widely used method of promotion than personal selling.

The following table shows the ranking on three mediums of promotion:

Rank	Promotional Tools Used by Banks
1.	Advertising
2.	Personal Selling
3.	Public Relations

Advertising Media:

Newspapers are utilised by all banks as a promotional campaign, and they are used to convey about new offers or any new information about the banks' existing products and services. According to the poll, banks are increasingly using television advertising as a means of communication. Banks employ billboards, brochures, and other forms of outdoor advertising to a moderate amount.

The rates of employing three different types of advertising media are shown in the table below:

Percentage	Use of Advertising Media
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100%	Newspapers
85%	Outdoor Advertising
65%	TV Commercials

Personal Selling:

In the PCBs, personal selling is not used in a systematic or extensive manner. Relationship managers, but primarily officers in branches, are in charge of personal selling. Only 35% of banks market their products using the personal selling method. Personal selling tasks include visiting corporate clients, negotiating rates with them, giving presentations, and seeing clients for both corporate and personal banking.

Public Relation:

The use of public relations in marketing is becoming increasingly popular. 63 percent of the banks surveyed utilise public relations to promote their image as well as their products.

Branding Image and Symbol

To identify their offerings from those of their competitors, brand image and symbol are utilised in the form of a name or symbol, or a mix of both. All banks strive to enhance their brand image by employing a catchy slogan and offering excellent service. Brand Manager is present in only one of the sample banks. Some phrases used by banks to build a brand image include Priority Banking, Wealth Management Counseling, and so on.

Pricing Policy

According to the results of the poll, 75 percent of banks use a competitive pricing strategy, 13 percent use a mark-up pricing policy, and 12 percent use brand-pricing tactics, all of which result in higher prices (interest rates) than their competitors.

Spatial Convenience

Branch locations and technology-driven delivery services like ATMs give spatial convenience. In order to create spatial convenience, ATM booths and branches should be located near the target customers. Local PCB branches and ATM booths, on the other hand, do not prioritise customer convenience over rent gain.

ATMs are utilised to provide convenience by being placed in locations such as shopping malls and other central sites. Other banks have yet to take the initiative to provide services via ATMs. Only in Khammam City do 63 percent of PCBs use ATM booths.

Database Marketing

Customer databases for marketing purposes have recently been established by private sector commercial banks. According to the findings, all sample banks use databases to sell their products.

Internet Banking

Almost every private bank has a website of their own. The Internet Banking service has already begun. However, the operation isn't as extensive as it appears.

The following are some of the most typical characteristics of Internet Banking:

- View account balances and transaction history
- Verify deposits
- Check loan balances
- Check loan payment information
- View interest information
- Various product information

Customer Relationship Management

According to the poll, the majority of private banks do not use customer relationship management (CRM). They have a hazy understanding of CRM. They do, however, make an effort to adhere to these critical principles of CRM.

These are as follows:

❖ Customer Retention:

100% of the banks polled place a premium on retaining customers based on their existing customer base. Customer retention can also be achieved by handling customer concerns properly. Customers are kept, according to the poll:

- Focus on existing customers
- Superior products & quality service
- Providing new facility
- Technological innovation
- Loyalty building & Satisfaction
- Quick response to customer needs and problems

• Managing Customer Complaints:

Customer complaints can be identified in a variety of methods, including through the use of a customer complaint box, a written form, or a vocal form. Customers often do not use the customer complaint

boxes, according to the interviews. They usually complain to the appropriate person in the bank about their difficulties. Complaints are dealt with by swift action.

• Relationship Managers (RMs)

In commercial banks, the notion of a Relationship Manager (RM) is currently in use, but RM job descriptions are not as well defined as they should be. In most cases, branch officers undertake the role of RM. According to the interviews, the major responsibility of Relationship Managers is to reach out to corporate and personal customers and ensure that the project is completed in a methodical manner within the client's time frame. Relationship managers in corporate banking are crucial because the bank tries to address the problems of the client organisation and meet its needs through a series of transactions within the relationship.

Large Corporate Customers versus Small Business Customers:

According to the findings, banks are aware of the distinctions in needs between major corporate and small company customers. Small businesses rely on banks for financing more than major organisations, which typically have many banking relationships and may leverage their buying power to get better rates. As a result, small businesses are more concerned with price than larger corporations, which prioritise service quality and relationship development.

Societal Marketing: A Means of Publicity:

According to the poll, a significant number of commercial banks in the private sector have already begun to engage in societal marketing. They accomplish so by generating attention by contributing to philanthropic causes, raising public awareness about key topics, and sponsoring a variety of events, ideas, and education, as well as charitable causes. Donations to flood victims, anti-dowry campaigns, student stipends, and acid burn rehabilitation are only a few of the initiatives. Banks employ sport sponsorship in live telecasts of cricket and a few other games since it attracts a large audience and allows them to target a broad audience. The goal of this television sponsorship is to increase the bank's popularity.

CONCLUSION

One of the assumptions for selling mutual fund products in India is that both investors and salespeople are familiar with the concept of mutual funds. However, both parties should be aware that a mutual fund is the best investment for the average person because it allows them to invest in a diversified, professionally managed basket of securities at a reasonable cost. Investors' perceptions

of derivatives are that they create risk since they are employed for speculative purposes. This is an uneducated opinion that is generally correct. As a result, in the case of speculation, marketing employees should be responsible for persuading investors of the four primary categories of financial hazards that exist in the market: stock risk, foreign exchange risk, interest rate risk, and commodities risk. These aren't hazards posed by derivatives; they're risks that come with doing business. The private mutual fund business in India has grown more than tenfold in the previous ten years, according to reports. It's worth noting that it's an industry that doesn't guarantee profits. As a result, given the shifting environment, Indian clients can address exposures in other emerging and matured economies. Derivatives exposures are significantly lowering portfolio risks, and structured products are capturing arbitrage possibilities for risk-averse investors. As a result, it is past time for the Indian financial sector to have a well-trained marketing force capable of making the market globally competitive through new talents and the use of advanced tools.

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