



## A Comparative Study on The Customer Perception on The Value Being Delivered by The Public and Private Sector Banks Based on Redefined Marketing Mix

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### ABSTRACT

*Ever since the independence the Indian banking sector has taken a pivotal role in ensuring the financial stability and growth of various sectors as well as the in the economic growth of the nation.. The introduction of Liberalization, Privatization and Globalization of Indian economy by early 1990's was yet another major step in bringing revolutionary changes in the banking sector. It is in this context the strategies introduced by banks are more important in creating a better VALUE feel among the customers and thus to ensure profitability. The redefined marketing mix or the SAVE model which is more customer centric is the basis of this study. Here a study is carried out to have a detailed understanding on the customer perception of various marketing strategies initiated in the banking sector to create a better value to the customers.*

**KEYWORDS :** VALUE, Customer satisfaction, Customer loyalty.

### Introduction

#### Value perception on banking

The relevance of globalization is growing at an even faster pace. So as to keep up the competition companies do not have any other option left but to think globally and to grow beyond their geographical boundaries. The companies are becoming global and multinational companies are growing in numbers. Though the main focus on internationalization efforts and the identification and the expansion of global strategies are mainly on the manufacturing companies. The rapid growth of the service sector and its emerging role in many countries in compensating trade deficits along with its growing internationalization, service companies have turn out to be more and more important. (McLauglin & Fitzsimmons, 1996).

As India being an emerging economy studies have revealed that emerging economies are more rapidly undergoing the growth in terms of the adoption of a free market system (Hoskisson et al., 2000). India one of the fastest growing economy currently are witnessing a more rapid change in bringing new trends and innovations of a free market system.

There always lies an exchange of complex and intangible information between a bank and its customers. This nature of its complexity has always been a challenge for the customers in identifying the value of services delivered by their bank (Ashton & Pressey, 2004).

Even after this complexity of its nature the customer happens to be the central point in budding a successful marketing strategy. Marketing strategies are very important which need to be drafted keeping in mind the customer behavior and environment. Due to many reasons and apprehensions like financial burdens, risk of failure etc many banks are still following the traditional way of functioning which can create only less Value feel in the minds of customers.

### ii Review of Literature

(Roig et al., 2006; Ferguson & Hlavinka, 2007) Now a days the commercial banks are more keen in taking a customer centric approach aimed at improving the relationship level with its customers and simultaneously placing new product offerings, organising relationship banking structures, etc does not seems to have the expected results among the customers).

Flint et al. (2002) states that the experience gained by the customers by using the products as well the various external environment aspects along with the internal aspects of organization have got an influence in the value perceived by the customer.

Schmitz and Modlich, (2008). Is of the opinion for a firms long term

survival, they will have to alter their focus from price and need to focus on delivery of real Value.

Khalifa (2004) According to him the perceived customer value definitions can be grouped into three main divisions such as benefits or cost ratio models (utilitarian), value components models and ultimately means ends models.

Oliver (1999) Loyalty is a commitment and desire from the buyer's side to keep a rapport and a dedication to opt for the product/service repeatedly.

### iii Problem definition

Thrissur and Ernakulam are almost takes the central part of the state of KERALA. From the table below its clear that in both Deposits and Operating profits except the SBI the public sector banks are trailing behind the New private sector banks which started functioning only by the 1990's where as all the public sector banks where in the market well ahead than their private/New generation banks.

Si NO:	NAME OF BANK	Deposits (Crores)	Operating Profit (Crores)
Public Sector Banks			
1	SBI	13,94,408.50	32,109.24
2	UCO BANK	1,99,533.55	4,940.40
3	ORIENTAL BANK OF COMMERCE	1,93,488.96	4,155.49
4	Indian Overseas Bank	2,27,976.09	3,997.24
NEW GENERATION PRIVATE SECTOR BANKS			
5	HDFC BANK	3,67,337.48	14,360.08
6	AXIS Bank	2,80,944.56	11,456.08
7	ICICI Bank	3,31,913.66	16,594.57
8	KOTAK BANK	59,072.33	2,577.15

Figure 5 Commercial banking latest ranking Business today Jan 2015

The rankings by business today for the year 2014 clearly show the efficiency of the various banks in India. HDFC Bank was on top followed by other new generation banks.

### IV Objective of the study

- 1) To compare the customer's value perception on the various products and services offered by public and private sector banks in Ernakulam and Thrissur Districts in Kerala.

- 2) To find out the satisfaction level among the public and private sector bank,
- 3) To suggest various measures for improving the Value perception among the customers in banking.

V Research Methodology

This study is carried out to gain insights regarding customer perception on VALUE perception of various public and private sector banks in Ernakulam and Thrissur Districts. The primary data collection for this study was carried out through the survey method using the questionnaires. The questionnaire was framed out of a 5 point likert scale. Questionnaire development was made after a series of discussions with the bank officials,

A total of 500 respondents were contacted and out of which 484 sample was collected from Public sector bank customers and 478 respondents was collected from private sector bank customers. and balance was rejected due to unfilled questions.

VI LIMITATION OF THE STUDY

The study was conducted within the geographical boundary of Ernakulam and Thrissur districts in Kerala.

Could have received a better result if the sample size was increased.

VII Hypothesis:

H1: There is no difference in Customer Satisfaction between Public and Private Banks.

H2: There is no difference in Customer Loyalty between Public and Private Banks.

H3: There is no difference in Customer Satisfaction belonging to different income level people.

H4: There is no difference in Customer Loyalty belonging to different income level people.

VIII Analysis:

H1: The independent sample t-test between Public sector banks and new generation private sector banks using SPSS shows the t value of the t-value is -27.625 and associated significance value is .000, therefore we reject the null hypothesis for equality of means. The result shows there is statistically significant difference in Customer Satisfaction between Public and Private Banks.

H2: There is no difference in Customer Loyalty between Public and Private Banks.

The t-value is -29.914 and associated significance value is .000, therefore we reject the null hypothesis for equality of means. The result shows there is statistically significant difference in Customer Loyalty between Public and Private Banks.

H3: There is no difference in Customer Satisfaction belonging to different income level people.

ANOVA					
Customer Satisfaction					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.269	6	.378	.581	.746
Within Groups	621.690	955	.651		
Total	623.959	961			

Here the F-ratio is .581, and its associated p-value (sig.) is reported as .746. The results show that difference between means of six groups (categories) of qualified people is non-significant. Thus we fail to reject the null hypothesis and say that there is no difference in Customer Satisfaction across different income level people

H4: There is no difference in Customer Loyalty belonging to different income level people.

The F-ratio is .510, and its associated p-value (sig.) is reported as .801. The results show that difference between means of six groups (categories) of qualified people is non-significant. Thus we fail to reject the null hypothesis and say that there is no difference in Customer Loyalty across different income level people

The mean value for customer satisfaction is 3.79 for private sector banks and with public sector banks is 3.54 this indicates that the customer satisfaction are more with private sector banks.

The mean value of customer loyalty is 3.75 for private sector banks and 3.64 for public sector banks. This means the customer loyalty are also better with the private sector banks comparing with their public sector banks.

IX Findings

From the above study it's clear that there is statistically significant difference in Customer Satisfaction between Public and Private Banks as well as in Customer Loyalty between Public and Private Banks.

This study further finds that there is no difference in Customer Satisfaction across different income level people.

XI Suggestions:

The expectation of the customer is to have more value driven solutions.

The public sector banks should put more efforts in relationship building and to have an emotional connect with its customers.

The comfort zone they were enjoying in the past is at risk and the modern customer are more knowledgeable and demanding.

The customer oriented value driven services are the need of the hour.

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