



## MARKETING MIX IN SAPTAGIRI GRAMEENA BANK

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### ABSTRACT

Saptagiri Grameena Bank (SGB) was formed with the merger of Sri Venkateswara Grameena Bank and Kanakadurga Grameena Bank on 01.07.2006. The operational area of the SGB is spread over Chittoor and Krishna districts in the state of Andhra Pradesh (A.P.). The bank is with 188 branches, of which, 128 are rural, 43 semi-urban and 17 urban. The bank has 179 ATMs. The paid up capital is contributed by government of India, sponsor bank and government of A.P. in the ratio of 50 per cent, 35 per cent and 15 per cent respectively. The SGB provides financial services to its customers. In this task, service marketing mix plays an important role. It consists of various elements of marketing programme. In this article, an attempt is made to discuss the elements of service marketing mix i.e., product, price, place, promotion, people, process and physical evidence with reference to SGB. The focus is on fairness and transparency in pricing, convenience of distribution, behavior of employees, customer education, tangibility and process through technology.

**KEYWORDS :** Bank marketing, service marketing mix, product, price, place, promotion, people, process and physical evidence

### 1. Introduction:

In India, banking sector is a central component of service sector. Banks are the most common institutions for transfer of funds and investments. Prior to economic liberalisation, public sector banks enjoyed a monopoly over market due to protectionist policies of the government. The liberalisation policy of the Government of India in 1991 permitted entry to foreign and private banks in the banking industry, leading to increased competition. Because of increased competition, banks are exploring marketing strategies to differentiate their services from their competitors. For designing effective marketing strategies, knowledge of service marketing mix is essential. This paper examines the role of service marketing mix (product, price, place, promotion, people, process and physical evidence) in SGB.

### 2. Review of Literature:

According to Lovelock and Wirtz (2006), the core product is a vital constituent of the services offering and basically addresses two questions; first, "what do the buyers get when they purchase the product" and "what business are we in"? Schneider and Bowen (1995) also argued that fancy facilities, modern equipment, stylish uniforms and terrific signs could never countervail bad/mediocre food, poor financial advice, an inappropriate will or lousy music. Hauser and Clausing (1988) also demonstrated the influence of diverse product/service attributes on customers' perceptions. The quality of core product largely influences and sometimes may be the ultimate determinant of overall service quality from the viewpoint of customers (Schneider & Bowen, 1995).

Zeithaml (1988) has defined price as "what is given up or sacrificed to obtain a product". Jacoby & Olson (1977) defined objective price as the actual price of a product/service. Perceived price was defined according to Zeithaml (1988) as the price that is encoded by the consumer. Chang and Wildt (1994) defined perceived price as the consumers' perceptual representation or subjective perception of objective price of product/service. Price perceptions are formed in relation to internal reference prices; theoretical justification can be found in prospect theory (Varkie and Colgate 2001). It explains that losses or sacrifices are encoded by consumers with respect to internal reference points (Thaler 1985). According to Biswas and Blair (1991), consumers recognize prices as high or low, depending on their internal reference points, which are established either by exposure to competitive prices or past prices. Zemke and Schaaf (1990) quoted a study conducted by Cambridge Reports, a Massachusetts based research firm, which found that 44 per cent of respondents indicated that 'ease of doing business with' was the

basic motive for choosing a financial firm. IT based services help to improve the service process by responding to customers more speedily while facilitating the work. Information technology improves customer service as it is convenient to access and use (Bitner, et al., 2000). Technology-enabled services provide constant, reliable and quality service (Lenka et al., 2009).

### 3. Service Marketing Mix:

At present, regional rural banks (RRBs) are not permitted to provide internet-banking facilities. The RBI guidelines has suggested that Internet banking facility is strictly for non-transactional services, such as balance enquiry, balance viewing, account statement download, request for supply of cheque books, etc. but not online fund-based transactions. SGB deals with providing services to satisfy customer's financial needs and wants. To satisfy financial needs, customers want specific services. All the techniques and strategies of marketing are used so that ultimately induces the people to do business with a particular bank. This requires satisfaction of customers. It consists of the various elements of marketing programmes, which need to be considered in order to successfully implement the marketing strategy and positioning in the markets. It helps in differentiating services of a particular bank from its competitors.

#### 3.1. Product:

Rural affordability i.e., pricing, led to customisation of marketing mix – the product. This is the most customisation, as it reveals a professional approach to serve rural markets – by developing products keeping their needs and environment in focus. Core product is core benefit that a customer is buying while purchasing a product. In the SGB, the core products are 'deposits' and 'advances'. All the banks have these two main products and differentiation of banking services with reference to core product is difficult to achieve. Banks differentiate their services based on value added services, which mainly cover information technology based services. Moreover, customer has to be tech-savvy for availing these value added services.

#### 3.2. Price:

Affordability is a major issue in rural markets relative to urban markets. Agriculture accounts for a lion's share in the rural economy. A marginal farmer, whose landholding size is small and use of efficient farming practices are also limited. As a result, farm income is not high. Agriculture delivers cash to the farmers only when the crops are harvested. Another element of rural agri - income is its

uncertainty. The agri - output is heavily dependent on rainfall. During periods of lesser rainfall, agri – output decreases and income gets affected.

### 3.3. Place:

Place in banking services means providing banking services at a right time in convenient way. Inseparability of production and consumption is the most intriguing characteristic of services. Service provider's physical connection to service, the customer's involvement in the service production process and involvement of others in service production process create challenges for service provider. As the income of people rises, there is inclination towards convenience related services. Banking services are delivered through mobile phone interface, voice response system, call center, automatic teller machines and face to face or visit at customer's home. These have cost implications for bank but also drastically affect the service experience of customer. If more complexity is associated with a service purchase, customers prefer face-to-face interaction with service provider. For availing loan service, customers have to rely on personal channels. Therefore, convenience of location plays an important role on customer perception. Customers with higher knowledge about a service are more likely to use self-service channels like ATMs. But, convenience is a key driver of channel choice for the majority of customers. Banks with an extensive branch network and ATMs have the opportunity to attract customers who are in convenience segment. The urban-rural divide in terms of infrastructure is striking. The rural development appears to be skewed and rural connectivity is still an issue. For marketers who would like to tap rural markets, accessibility to these areas is a huge challenge.

### 3.4. Promotion:

Marketing communication helps in differentiating services when there is no perceptible difference. A clear focus on the interplay between customers and promotion is an unavoidable aspect of bank marketing in SGB. Through promotion, banks communicate their brand messages and their offers to rural people. In a service setting, marketing communication tools are specially important because they help to create powerful image and a sense of credibility, confidence and reassurance. Without effective communications, prospects may never learn of a service firm's existence, what it has to offer them or how to use its products to best advantage. Promotion is actually communication with customers. In the SGB, communicates with customers regarding offer of new products, change in interest rate, festival season offers, opening new branches etc. effective media used by banks to communicate about its services at right time helps in satisfying its customers. Choosing the right advertising medium by banks for communicating its services helps to satisfy its customers. Most often, important schemes are verbally communicated to customers by employees. Decision to buy particular banking service largely depends on decision convenience provided by employees. Notice boards at branches also play a significant role in providing information to customers.

### 3.5. People:

Both customers and employees participate in the delivery. Their participation is unavoidable in service delivery. Both are responsible for effective service delivery. Customers cannot be separated from the production process of service firms and can contribute to their own satisfaction. However, the level of participation may be different across different service firms. If consumer's presence is required during service delivery, it is termed as *low participation*. For example, in movie theater, service is provided regardless of any individual purchase. If consumer's inputs are required for service creation, it is termed as *moderate participation*. These inputs may be in the form of information, personal effort or physical possession. A customer has to give all relevant information and physical documentation to an accountant for preparing tax return. In the case of *high participation*, customer co-creates the service product. Here customers have to actively work with service provider to coproduce the service. In the weight reduction programme,

customer has to actively follow all the instructions given by instructor. In service transactions, raw material to be converted into output depends, to a great extent, on the facts and information provided by customer. Also, clients play a crucial role in influencing the outcome of transformation process as well. In banking services, customers' inputs are required for producing services like opening account, granting loan and so on. This customer participation is considered moderate. If customers believe they are partially (or totally) to blame for the failure, they will be less dissatisfied with the service provider than when they believe that the provider is responsible and could have avoided the problem. If customers give all the required information to employees, which are required for, producing services then services may be produced without any delay. Hence, customer role is important in banking sector. Customer education plays a vital role in making them learn their role. Successful service providers satisfy customers through human element, particularly 'face-to-face' interaction with customers. It is worthwhile to mention that employees' behaviour plays an important role in differentiating banking services. Welcoming the customer with smiling face, friendliness, politeness, understanding customers' problems, etc. have positive impact on customer perception. A smiling face has a valuable effect on customer behaviour. In India, people rely more on social bonding than individualistic approach. Business transactions in a collectivistic culture, which emphasizes social bonding. This is different from those of individualistic cultures emphasizing structural bonding. Therefore, employee's behavior plays a dominant role in differentiating banking services.

### 3.6. Physical evidence:

Physical environment helps to distinguish a service provider from its competitors and facilitates to influence customer behaviour. Tangibles are defined as the appearance of physical facilities, equipment, personnel and communication material. Tangible indicators in the physical environment of a service firm influence the behaviour of customers and their future purchase decisions. Consumers look at tangible elements and assume the performance of service firm. Better tangible aspects of service quality of branches enhance customers' satisfaction. Apart from physical décor of workplace, tangible aspects include display of current guidelines regarding rate of interest in each investment plan, required service charges for different bank transactions and other facilities provided by banks. Physical evidence is important for banks, as this is the environment in which the service is delivered and where the bank employees and customers interact. Furniture, equipments, staff members, passbook, chequebook, information boards, etc. provide tangibility to banks. Customers use tangible cues to assess the quality of services provided.

### 3.7. Process:

Process improvement became the focal point in the service quality revolution as it promptly responds to rural people. By improving the quality of processes either directly or indirectly, the overall quality of services can be made better. Since customers are present during service delivery, 'process' is important for customer satisfaction. Process explains how services are being delivered by service organisations. The banks have adopted recent technological tools to deliver services. As a result, cost reduced value-added services created and facilitated of employee's job. Ultimately, self-service options to customers. Technology invasion has started with the introduction of magnetic ink character reader, currency note counting machine and automation of front-and-back-office operations.

### 4. Conclusion:

Now-a-days, marketing services emphasize both the customer and bank. The quality and quantity of banking products have increased a lot. As a result, recent developments take place in the marketing of services. Service marketing mix elements revolve around customers. These include availability, affordability, acceptance and awareness of customers. Knowledge of perceptions of customers helps bankers to design the strategies for marketing their services /

products. In the banking sector, fair price and transparency, convenience of location / distribution on employee's behavior, customer's education, tangibility and process play a vital role in differentiating their services from those of competitors.

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