

## PRIVATE, PUBLIC BANKS AND ITS BRAND MARKETING – A COMPARATIVE STUDY (with special reference to Tiruchirappalli City)

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### **ABSTRACT**

*The aim of the study is to bring out the brand marketing need of services towards banking industry. The private banks of India have made significant progress in the last few years. In the beginning when there is less numbers of private banking services in India most of transactions made manually and there was no technological development only we depends public banks. They have increased their incomes, asset and other counter parts in many areas. so when the emerging stage of private bank, they need brand marketing to improve their income, profit and also there were in the position to satisfied their customer. But now a day we found rabid growth in transactions of money and other services in the banking sector. But still there is need of improving brand marketing to get maximum satisfaction of the customers in both private and public sectors. This brand marketing also leads to bring maximum performance with profit oriented. This study concluded with private banks shows much interested to improve their brand marketing for better performance towards achieve customer satisfaction.*

**Key words:** Brand Marketing, Customer Satisfaction, Banking Services.

### **INTRODUCTION**

Banks play a very important and dynamic role in the economic life of every modern state. A study of the economic history of western country shows that without the evolution of commercial banks in the 18<sup>th</sup> and 19<sup>th</sup> centuries, the industrial revolution would not have taken place in Europe. A healthy banking system is essential for any economy striving to achieve good growth and yet remain stable in an increasingly global business environment. The Indian banking system has witnessed a series of reforms in the past, like deregulation of interest

rates, dilution of government stake in PSBs, and increased participation of private sector banks. It has also undergone rapid changes, reflecting a number of underlying developments. This trend has created new competitive threats as well as new opportunities. Given the competitive market, banking will become a process of choice and convenience. The future of banking would be in terms of integration. This is already becoming a reality with new-age banks, and others too adopting a single-PIN. Geography will no longer be an inhibitor. Technology will prove to be the differentiator in the short-term but the dynamic environment will soon lead to its saturation and what will ultimately be the key to success will be a better relationship management.

Banking Industry is one of the most important service industries which touch the lives of millions of people. Its service is unique both in social and economic points of view of a nation. Earlier the attitude of banking service was that it was not professional to sell one's services and was unnecessary in the sense that traditional relationships and quality of products were sufficient to carry forward the tasks. Before the mid 1950's the banks had no understanding or regard for marketing. The bank building was created in the image of a Greek Temple to impress the public about the importance of a bank. The interior was austere and the teller rarely smiled. Bankers maintained austere dignity and they hardly maintained friendliness.

## REVIEWS OF LITERATURE

**James F Devlin (2000)**<sup>1</sup> 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.

**Marisa Maio Mackay (2001)**<sup>2</sup> examined whether differences exist between service and product markets, which warrant different marketing practices by applying ten existing consumer based measures of brand equity to a financial services market. The results found that most reassures were convergent and correlated highly with market share in the predicted direction, where market share was used as an indicator of brand equity. Brand recall and familiarity, however, were found to be the best estimators of brand equity in the financial services market.

<sup>1</sup> Delvin, James F (2000). 'Adding value to retail financial services'. *International Journal of Bank Marketing*, Vol.18. No. 5, p.222 - 232

<sup>2</sup> Mackay, Maio Marisa (2001), 'Application of brand equity measures in service markets', *Journal of Services Marketing*, Vol.15, No. 3, pp.210-221.

**R.Savithri (2011)**<sup>3</sup> studied the performance of bank branches in Tamil Nadu from different locations like rural, semi urban, urban and metro by using profitability ratio, productivity ratio, deposits per branch, business per branch, deposits per employee, advances per employee and business per employee as well as a growth rate of deposits and advances for three years duration. The study reveals that urban branches have excelled in their performance as compared to rural and semi urban bank branches. Morale of the staff working in rural and semi urban is very poor. The researcher 27 suggested them to improve the working conditions of banks and thereby to increase deposit portfolio and CD ratios.

**Md. Farijul Islam and Md. Mostafizur Rahman (2015)**<sup>4</sup>, In the era of fierce competitive financial markets and the fastest growth of banking sector and other financial institutions, it is very tremendous task for service marketing people to meet the demands of customers and to apply marketing techniques and strategies to attract, grow and retain customers and increase their volume of deposits. The aim of this study is to analyze the service marketing mix elements especially 7P's to attract customers and to achieve the competitive advantage and their relationship as well as their impact on bank marketing performance of Janata Bank Limited. The research is descriptive in nature and survey questionnaire were used for the collection of data with personal face to face interview with branch manager, executives, officers and customers of the bank. The study questionnaire included 21 questions and the sample size was 200. Non probability judgment sampling technique was used to select the respondents. Descriptive statistics, ANOVA and multiple regressions were used to analyze the data. The results demonstrate that most of the variables have at least minimal relationship with bank marketing performance. It is observed in the study that among the seven service marketing mix elements products and service, and price were found to have more positive relationship and effects on bank marketing performance. The important finding help gather knowledge and understanding about the scenario of elements of service marketing mix and highlights elements that mostly influence the marketing of banking product and service. The contribution made by the study is to make clear understanding about the concept of marketing mix tools that will help service marketing managers to properly construct and design customized banking products and service with affordable price to satisfy their needs more effectively and efficiently through dynamic and innovative service marketing strategies.

**R. Mahadevi and R. K. Senthil Kumar (2016)**<sup>5</sup>, the public sector banks and old private sector banks who command over 80 percent market share in the banking industry must seize this opportunities in big way and

<sup>3</sup> Savithri, R, (2011), "Performance of Branches in Tamil Nadu", Banking Finance, 24(2), pp.16-17.

<sup>4</sup> Islam, F. and Rahman, M.2015. Service Marketing Mix and Their Impact on Bank marketing Performance: A Case Study on Janata Bank Limited, Bangladesh. JWHSJ, 1, 16-32. Available at: <http://wwhsdc.org/jwhsd/articels/>

<sup>5</sup> R. Mahadevi and R. K. Senthil Kumar (2016), A Study on banking services through marketing mix with special reference to Tiruchirapalli district, Golden Research Thoughts, Volume - 5 | Issue - 12 | June – 2016, ISSN: 2231-5063.

respond aggressively to market demand if the growth in banking has to accelerate. So, after awareness of all new challenges and opportunities, banks have to focus on number of trends like the reach and value that banks offered to customers, its technological convenience, the high cost of intermediation leading to change in progress, yet to gain momentum, consolidation through mergers and acquisitions. To overcome marketing strategies like E-banking, product differentiation, reform banks as supermarket, use customer guidelines to form new strategies, use information technology in service sectors and in this regard respondent's opinions were gathered basing Tiruchirappalli district.

Samples of 120 customers were selected from various banks situated within jurisdiction of Tiruchirappalli district. The samples were selected by using convenience sampling. The quality and quantity of banking products increased and a result of this, recent developments in marketing thoughts in services such as internal marketing, network marketing, data base marketing and relationship marketing became more favourable practices.

**Nwaeze Chinweoke ed.al (2016)<sup>6</sup>** investigating the impact of marketing of banking services on the profitability of Nigerian banks for the period 1990-2013. Secondary data sources from the CBN Statistical Bulletin were used. The Ordinary Least Square Technique (OLS) involving multiple regression analysis were used in the study. Earnings Before Tax and Interest (EBIT) was adopted as the dependent variable while Demand Deposit, Time Deposit and Savings Deposit were adopted as the independent variables. The empirical results show that Demand deposit has an insignificant impact on the profitability of Nigerian banks ( $P > 0.05$ ), while both time deposit and savings deposit exerted significant impacts on bank profitability ( $P > 0.05$ ). It is recommended amongst others that interest paid to depositors on the different bank accounts should be enhanced to encourage more patronage. Banks should also engage in relationship marketing and should be encouraged to be more customer-focused and embrace relationship marketing rather than transaction marketing.

## STATEMENT OF THE PROBLEM

Today, due to the rapid growth of product and competitive market, demand for products and services often has a significant growth. Due to rapid changes in the status of the competitors, technology and the desires of customers, companies cannot always rely on their existing products. Customers looking for new and more advanced products and companies forced to produce and supply new products that meet the needs, tastes and

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<sup>6</sup> Nwaeze Chinweoke ed.al (2016) "Impact of Marketing of Banking Services on the Profitability of Nigerian Banking Sector 1990 – 2013" The Macro theme Review 5(1), p 45-59.

expectations of customers. Therefore for effective services in the competitive world it is must have branding in both private and public sector. The research attempted necessity of branding products and services.

### OBJECTIVES OF THE STUDY

The following objectives are framed for the study:

- To know the socio-demographic profile of the respondents
- To find out opinion towards branding of private and public banks.
- To give suitable suggestions to improve customers (sales) volume of the banks

### SAMPLING DESIGN

As the total customers of IOB and KVB, Trichy district is included for the study. Due to time factor, sampling technique is adopted to gather data from the respondents. Non probability sampling was decided to collect the samples, particularly disproportionate stratified random sampling is applied where opinion from all the types of customers were obtained. A total of 100 sample respondents from these groups were collected with 50 sample units from each of these two major groups of Banks namely Indian Overseas Bank and Karur vyshya Bank

### DATA ANALYSIS AND INTERPRETATION

#### Opinion about BRAND OF BANKING

[1.Highly Dissatisfied (HDS)/ 2.Dissatisfied (DS) 3.Neutral (N) 4.Satisfied (S) 5.Highly Satisfied (HS)]

	IOB (n=50)				KVB(n=50)					
A. Retail banking	HDS	DS	N	S	HS	HDS	DS	N	S	HS
1.Time taken to, Open an account	21 (42%)	17 (34%)	4 (8%)	3 (6%)	5 (10%)	18 (36%)	14 (28%)	11 (22%)	2 (4%)	5 (10%)
2.Time taken to, cheque book, Issue an ATM card	16 (32%)	22 (44%)	8 (16%)	1 (2%)	3 (6%)	17 (34%)	18 (36%)	6 (12%)	2 (4%)	7 (14%)
3.Time taken to, Issue an account	10 (20%)	19 (38%)	11 (22%)	4 (8%)	6 (12%)	20 (40%)	15 (30%)	7 (14%)	2 (4%)	6 (12%)

statement, Issue a draft,										
4.Time taken to, Give a locker	3 (6%)	4 (8%)	9 (18%)	19 (38%)	15 (30%)	3 (6%)	4 (8%)	9 (18%)	16 (32 %)	18 (36%)
5.Clear an outstation Cheque	2 (4%)	3 (6%)	3 (6%)	18 (36%)	24 (48%)	4 (8%)	5 (10%)	3 (6%)	12 (24 %)	26 (52%)
<b>B. Corporate banking</b>	<b>HDS</b>	<b>DS</b>	<b>N</b>	<b>S</b>	<b>HS</b>	<b>HDS</b>	<b>DS</b>	<b>N</b>	<b>S</b>	<b>HS</b>
1.Process for consumer loans	8 (16%)	7 (14%)	10 (20%)	13 (26%)	12 (24%)	1 (2%)	5 (10%)	6 (12%)	13 (26 %)	25 (50%)
2.Time required disbursing sanctioned facility	6 (12%)	4 (8%)	4 (8%)	16 (32%)	20 (40%)	4 (8%)	1 (2%)	13 (26%)	12 (24 %)	20 (40%)
3.Security requirements	1 (2%)	3 (6%)	8 (16%)	12 (24%)	26 (52%)	5 (10%)	3 (6%)	8 (16%)	16 (32 %)	18 (36%)
4.Rate of interest on loan	2 (4%)	4 (8%)	10 (20%)	10 (20%)	24 (48%)	9 (18%)	4 (8%)	5 (10%)	13 (26 %)	19 (38%)
5.Flexibility in repayment schedule	5 (10%)	3 (6%)	4 (8%)	26 (52%)	12 (24%)	1 (2%)	1 (2%)	8 (16%)	12 (24 %)	28 (56%)

## FINDINGS

- The above table reveals that the satisfactory level of brand in banking among IOB and KVB customers, there are two types of dimensions one is retail banking, second is corporate banking. The first statement of retail banking is indicates more than one third (42 per cent) and (36 per cent) of the respondents were highly dissatisfied for Time taken to, Open an account in IOB and KVB respectively. Therefore both banks are having less time taken to open an account.
- The second statement reveals that more than one third (44 per cent) of the respondents are dissatisfied that time take to cheque book and issue an ATM card in IOB, and also one third (38 per cent) of the

respondents are dissatisfied in KVB. It is clear from the statement is for issuing cheque book and ATM card involved less time process in both banks.

- The third statement of retail banking is indicates that more than one third (38 per cent) of the respondents are having only dissatisfied in IOB and (40 per cent) of the respondents are having highly dissatisfied in KVB that the Time taken to, Issue an account statement and Issue a draft. it is shows that both banks are issue an account statement and issue a draft on time without taking more time.
- The fourth statement it shows that one third (38 per cent) of the respondents satisfied and (36 per cent) of the respondents highly satisfied that Time taken to, Give a locker in both IOB and KVB banks respectively. it is may be for the safety purpose both banks are taking time give a locker.
- Fifth statement shows that (42 per cent) and (52 per cent) of the respondents are highly satisfied that Clear an outstation cheque in both IOB and KVB banks respectively. It is shows that both banks are having less process in clear an outstation cheque to customer.
- The first statement of corporate banking table indicates that one forth (26 per cent) of the respondents are having satisfied in IOB and half (50 per cent) of the respondents are highly satisfied in KVB about the Process for consumer loans. it is might be the public bank having more procedure and process for allowing loans and in private they don't have much process and procedure to allow loans.
- The second statement reveals that there are equal respondents in both IOB and KVB banks more than one third (40 per cent) of the respondents is having highly satisfied that time required disbursing sanctioned facility. It's clear from the statement both banks required time to disbursing sanctioned facility to avoid unnecessary problem in process.
- The third statement of corporate banking table reveals that more than half (52 per cent) of the respondents in IOB and one third (36 per cent) of the respondents in KVB highly satisfied that Security requirements. So both banks are having good security requirements.
- The forth statement indicates that (48 per cent) of the respondents are highly satisfied with the rate of interest on loan in IOB and (38 per cent) of the respondents are satisfied with the rate of interest on loan in KVB. Therefore both banks are following proper rate of interest on loan.
- The fifth statement of the corporate banking table reveals that more the half (52 per cent) and (56 per cent) of the respondents in IOB and KVB banks respectively highly satisfied with Flexibility in repayment schedule.

## SUGGESTION

- It is a responsibility of both private and public banks to makes aware of their customers with all facilities available in bank. It will improve knowledge towards banks' policy and procedure with this regards they improve their brand of bank.
- Public bank can adopt new technology and also make their customer familiarity with technology and to improve brand of bank in privates they need to make sure their customer that they can feel secure when they depends their banks.

## CONCLUSION

It is very hard to survival in the competitive world without branding. Most of the study says that when we improved our service facilities which are leads to high level of customer satisfactions. Today brand is creating a great emphasis on both private and public. But compare to public banks, private banks are showing interest to improve their brand. It can be concluded that private sector banks have shown better performance than public in brand marketing of their services.

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