

MARKETING STRATEGIES AND ORGANIZATIONAL CHANGES IN COMMERCIAL BANKS IN INDIA

Research Supervisor:
Dr. Deepti Gupta
(Principal)
S.S.C.H.E,
Moradabad (U.P.)

Research Scholar:
Amar Singh Kanwar
Shri Venkateshwara University
Gajraula

INTRODUCTION

A commercial bank is a business organization, which deals in money, i.e., borrowing and lending of money. In this borrowing and lending of money, it makes profit. The lending rate of interest is higher than it pays to its depositors. The functions of the commercial banks are now wide and diverse. They have assumed great significance in the role of an agent for economic renaissance and social transformation because of their vital role in mobilization of resources as well as their deployment for meeting the said objectives. They are no longer considered as institutions only for affluent sections of the population. They have acquired broad base and have emerged as effective as catalytic agents of social economic changes.

A commercial bank has therefore to perform the difficult task of maintaining equilibrium between liquidity and profitability. A commercial bank is the custodian of the depositor's money. It must also see that the security of investments is not sacrificed at the altar of profitability. Thus, the traditional principles of commercial banking are: profitability, liquidity and security.

Commercial Banking, though important for developed countries, as we have discussed above, is of special importance for the economic growth of developed and underdeveloped countries. No underdeveloped country can progress without first setting up a sound system of commercial banking in the economy.

India today faces huge improvements in all areas which directly or indirectly affect the business environment. This environment becomes quickly changing, therefore the organizations and their marketing departments have to identify the suitable ways to deal and adapt with these changes to reduce the influence of environment changes. Hence, the business organizations and banks as one of these organizations should build a clear strategic vision to understand these changes. Also, they have to use all available funds and human resources to immediately respond for changes. This means that banks should adopt the concept of change management which is a vital tool to face the organizational or strategic changes. This paper aims to identify the relationship between different patterns of organizational changes, marketing changes as one of these changes, and marketing strategy of change that has to use to deal with this change. The change management is a difficult and expensive task and yet the ability to handle with persuasive demands and developing technologies, becomes the critical element for eternity.

BANKING AND CUSTOMER SERVICES IN INDIA

Customer service is not only a critical function but is also becoming a key posture for the business. It is the next most important business strategy. Improved customer service will definitely increase the profitability. A bank can be said to be customer oriented if its various organizational activities like organizational restructuring staffing, and coordination are geared up to fulfill customer needs .

What is bank marketing?

Taking into account the modern marketing concept which emphasis the satisfaction of consumers, we may define the bank marketing as the creation and delivery of customer satisfying services, as a profit to the bank. So it is necessary to find out the customer desires and needs and then services should be produced according to these desires and needs which help in attracting the maximum number of customers.

Bank marketing is the aggregate of functions, directed at providing services to satisfy customers financial (and other related) needs and wants, more effectively and efficiently than the competitors keeping in view the organizational objectives of the bank.

Bank marketing

Recently the nationalized banks in India started feeling the real threat of competition with the foreign banks, private banks and other non-banking financial institutions. Nationalized banks have to innovate and devise a package of services to veer the shrewd investing public to their fold. Taking into account the bank market as a buyer market, so it is compulsion that banks have to plan services to satisfy customer needs. To achieve the corporate objectives and to provide satisfaction to the customers, the idea of marketing of bank services and application of marketing techniques should gain acceptance with the Indian nationalized banks.

Bank marketing is the aggregate of functions which signifies the totality of the marketing activity. This aggregate of functions is the sum of total of all individual activities consisting of an integrated effort to discover, create, arouse and satisfy customer needs. This means, without exception, that each individual working in the bank is a marketing person who contributes to the total satisfaction of customers and the bank should ultimately develop customer orientation among all the personnel of the bank.

Marketing helps in achieving the organizational objectives of the bank. This means that marketing is equally applicable to achieve commercial and social objective of the banks. Indian banks have dual organizational objectives-commercial objective to make profit and social objectives which plays a developmental role particularly in the rural area. Service area approach adopted recently by the Indian banks is a marketing approach whereby a specific target market is assigned to each bank branch and after identification of the needs of the customers all efforts of the bank are required to be concentrated to satisfy the customers to achieve the banks social objectives. The success of a bank depends upon the contribution of the following few things:

1. The central focus of everything the bank does should be on customers because the bank cannot exist without them.
2. The service facilities should be designed for customer convenience.
3. The starting point of organizational structure should be the customer and the bank should ensure that the services are performed and delivered in the most effective way.

4. The ultimate aim of a bank is to deliver total satisfaction to the customer who is affected by the performance of all the personnel of the bank.

Marketing Strategy

Marketing strategy is the basic approach that the business units will use to achieve its objectives, and it consists of broad decisions on target markets, market positioning and mix, and marketing expenditure levels. (Kotler, 1984)' As the financial services sector has become more competitive, financial institutions need to consider, ways of developing relationships with their existing customers in order to defend their market share. As a result of this the emphasis has switched from transaction-based marketing focused on the single sale to an ongoing relationship over the long term based on high levels of customer service, customer contact and quality.

This necessitates a strategic approach to markets by carefully considering the products offered and markets served and should provide an organization with the means to allocate its resources effectively and efficiently in the pursuit of the specified objectives. Strategic dimension of marketing should focus on the direction that an organization would take in relation to a specific market or! Set of markets in order to achieve a specified set of objectives.

Bank Marketing Strategy

The Bank Marketing Strategy is a plan for action that determines how a bank can achieve its goals and objectives in the light of the existing pressures exerted by competition and other non-controllable variables on the one hand, and its limited resources on the market place and the banks have been achieving this through a process of performance budgeting.

Marketing Techniques in Banking

In simple terms application of marketing techniques in banking means a coordinated organizational effort to reach the customer to fulfill his specific needs for getting his patronage by maximizing customer satisfaction. In other words, the customer and his needs are central to marketing and the specific needs are satisfied through utilization of people, products or services, price, promotion, processes and branch location and distribution. In the analysis of marketing techniques, facilities and amenities inside the branch and the processes are being looked into in

detail. In recent years Indian banks have urged their branches to adopt more and more marketing techniques for achieving their business goals. The growing competition in the banking sector, both within India and outside, has made it imperative for them to adopt various marketing strategies to gain competitive edge over each other. Customer's needs have been made the focal point of attention by banks.

EVOLUTION OF BANK MARKETING

The concept of bank marketing is a means of attracting funds for lending and the Banking banks were acting as institutions where cash could be deposited and loans procured. For the first time the possible application of the marketing concept was mentioned in the American Association Conference held in the U.S.A. in 1958. A survey was conducted in banking but they were not in favor of the application and discouraged the introduction of such a concept in banks. There were many factors which stood in the way of the application of the marketing concept to banking. Their task was to sell an ever-increasing number of customer services.

In 1980, again a survey was conducted in London for the successful application of the concept of marketing. The survey proved that the application of marketing to the product oriented industries alone was a misconception. It could successfully be extended to the area of service industries, as it attracted sufficient resources which could be converted into services. Under such circumstances, the bankers realized the importance of marketing which would enable them to redesign banking activities so as to bring marketing concepts into it.

Types of changes in banks

- **Organizational Change**-Organizational change is associated with new systems and the procedures, structures and techniques that have a direct impact on the organizations of work within any sector of the organization. These changes have a significant impact on workers and require being handled carefully and in a manner that accommodates the effects of its various dimensions on the organization (the Bank) and its various activities.

The main axes of the process of change are related to the nature of the variables, external or internal, that affect the work of the organization, in addition to the directives of the various administrations within the organization. Nonetheless, there are various axes of change are:-

- **Structural changes:** This includes changing the activity, relationships, roles and decision-making procedures.
- **Technical changes:** This includes knowledge, innovations, communications and the used techniques and methods.
- **Behavioral changes:** This includes psycho-socio conditions of work, roles and behaviors.
- **Functional changes:** This includes the distribution of functions and roles and the organizational or functional relationships.
- **Marketing Changes:** This includes the nature of marketing activities, marketing mixture and marketing strategies.

Marketing strategies of change

Generally speaking, there are five levels of change strategies that can be adopted to face organizational changes, namely:

- 1. Continuation Strategy:** In order to master new skills and techniques and perform unfamiliar tasks, the application is limited to management and follow-up when the organization decides to pursue the same strategies in place due to not requiring processes to ensure its implementation in accordance with established programs.
- 2. Routine Strategy of Change:** Routine change signifies customary changes in the work methods of the organization. These changes include the marketing methods used to attract consumers, for example, a change in advertising methods, the method of packaging products, adopting different pricing strategies and adopting different methods of distributing intermediaries.
- 3. Limited Strategy of Change:** It includes offering new forms or types of existing products to new markets. There are forms or types which do not require radically different methods of production and marketing from what is currently adopted.
- 4. Radical Strategy of Change:** Includes substantial restructuring within the organization. It usually happens when the organization merges with or buys another organization or a share in the same sector.
- 5. Organization Redirection:** The complete reconsideration of the strategic direction of the organization. It usually happens when the organization merges with or buys another

organization or a share in the same sector. The extent of change depends on the degree of difference between the sectors and the degree of decentralization in the management of the new organization.

Obstacles for change and organizational change

There are many problems that signify major obstacles facing the process of change and organizational change.

- **Fear of burden:** The belief that the burden of change will fall on middle management and the workers leads to resisting this change.
- **Fear of change:** The new situation resulting from the change requires new job descriptions which dictate a commitment to certain criteria of quality, performance or efficiency.
- **Social fear:** Change and organizational change may impose a restructuring of jobs and tasks which leads to the individual separating from his team with whom he has distinctive human relations, and could rather be forced to work in isolation or with a group that has nothing to do with him.
- **The degree of confidence:** The degree of confidence in the leader of change in the organization plays an important role in understanding change, so the absence of negative sensitivity of these leaders may generate this confidence.

- **Individual culture:** Some axes of change may contradict with the individual's culture or some of its dimensions, and this is something that would make him uncomfortable in the process of engaging in this approach.

Conclusion

The banking business in India has come a long way from traditional commercial banking functions. Today it has a very strong and extensive network, which is more involve in strengthening the economic self-dependence effort by mobilizing financial resources and affording need based employment of these funds in keeping with national priorities and regional expediencies.

References:

- 1) Choudhary and Ahmad; Problems of Marketing of Banks Service in Rural Areas; Bank Parkrama; March- June, 1982.
- 2) Alsamydai, M. J., & Kasasbeh, H. (2008). The relationship between organizational change and marketing change strategies, 9th international scientific conference, college of economic and administrative science, 16-20.
- 3) Bhatt Atul, "Bank Marketing": Market Research and Indian Banks," Prajnan, 20 (1), Jan-Mar. 1991, PP. 45-54.
- 4) Gronroos C., " Strategic Management and Marketing in service sector," Helsingborg, Finland, Swedish School of Economics and Business Administration, 1982.
- 5) Levitt Theodore, Marketing for Business growth, New York, McGraw Hill, 1974.
- 6) Army strong, M.(2001). Management of change strategy, Aljarer library for translation and publishing, Alriyadh.
- 7) Luscher, L.S., & Lewis, M.W.(2008). Organizational change and managerial sense making: Working through paradox. Academy of Management Journal, 51(2), 221–240.
- 8) Kotler, Philip (1984). Marketing Management: analysis, planning and control. New Delhi: Prentice Hall of India.
- 9) Nambi, R.C (1984). 'Bank Marketing in Indian Contract', The Economic Times, June 13, p.12.
- 10) Vasant Desai, (1991), Indian Banking-Nature and Problems (3rd Ed.) Bombay: Himalaya Publishing House, p.30.