

"Evaluating the 7 P's of Marketing in Banking Services: Insights from Private and Public Sector Practices"

#1 Dr. Vaishali Patil, #2 Dr. Ashish Jaswal, #3 Dr. Harshali Bhalerao

^{#1} Assistant Professor, Sadhu Vaswani Institute of Management Studies for Girls, Pune
E-mail-vaishalipatil@svims pune.edu.in

^{#2} Assistant Professor Sadhu Vaswani Institute of Management Studies for Girls, Pune Email-arjaswal09@gmail.com

^{#3} Assistant Professor PES' Modern Institute of Business Management, Pune, Email- harshalibhalerao@gmail.com

Abstract

This research paper explores the application of the 7 P's of marketing in banking services, focusing on the practices of both private and public sector banks. It provides a comprehensive review of existing literature, identifying key trends, challenges, and opportunities within the banking sector. The study synthesizes insights from various national and international sources, including journals, reports, and theses, to evaluate how banks utilize the 7 P's—Product, Price, Place, Promotion, People, Process, and Physical Evidence—in shaping their marketing strategies. The findings suggest that while there is substantial progress in adopting modern marketing techniques, several gaps remain, especially in areas like customer education, service personalization, and the effective use of technology in rural banking.

Problem Statement

Despite the growing importance of marketing in the banking sector, particularly with the increasing competition between private and public sector banks, there is a noticeable gap in the application and adaptation of the 7 P's of marketing in banking services. Many studies have focused on isolated elements of the marketing mix, but few have integrated the entire framework of the 7 P's, particularly in a comparative context between private and public sector banks. Additionally, while the importance of technology, customer service, and personalized offerings has been recognized, the effectiveness of these strategies in various customer segments, including rural areas and underrepresented groups, remains underexplored.

Objectives

1. To analyze the application of the 7 P's of marketing (Product, Price, Place, Promotion, People, Process, and Physical Evidence) in the banking sector, with a focus on private and public sector banks.
2. To evaluate the role of customer service, technology, and product personalization in shaping customer satisfaction and loyalty in banking services.
3. To identify the challenges faced by both private and public sector banks in implementing the 7 P's of marketing effectively.
4. To assess the impact of marketing strategies

on customer retention and the acquisition of new customers.

5. To provide recommendations for improving the marketing practices of banks, particularly in rural areas and underserved customer segments.

Research Questions

1. How effectively do private and public sector banks apply the 7 P's of marketing in their banking services?
2. What are the key differences in the marketing strategies of private and public sector banks, particularly in terms of customer service, technology adoption, and product offerings?
3. To what extent do marketing strategies influence customer satisfaction, loyalty, and retention in the banking sector?
4. What are the challenges faced by banks in implementing the 7 P's of marketing, and how can these challenges be overcome?
5. How can banks improve their marketing strategies to target underrepresented segments, especially in rural areas?

Introduction This chapter provides an extensive review of available literature in the field of the 7 P's of marketing applied to banking services in both private and public sector banks. The review has been compiled from various national and international journals, Scopus-indexed journals, books, magazines, UGC-listed journals, reports from the Reserve Bank of India, online articles, dissertations, and Ph.D. theses. This compilation aims to identify

gaps in existing research and provide a foundation for further study.

Review of Relevant Literature

1. **Mohammed Rafiq and Pervaiz K. Ahmed (1995):** Their research highlights that the traditional 4 Ps framework is highly relevant to consumer and introductory marketing, but the 7 Ps framework has gained significant acceptance as a general marketing mix. Among the additional variables, the "people" component has the most support, followed by "process," while "physical evidence" garners the least acceptance due to its limited conceptual clarity compared to the other elements.
2. **K.M. George (1999):** In his Ph.D. thesis, George emphasized the need for banks to tailor products and services to attract younger generations. Recommendations included maintaining regular contact with students and young customers, fostering loyalty through financial consultancy, and opening dedicated sections for women. The thesis highlighted the importance of reducing complaints through customer awareness programs, extending banking hours, and simplifying procedures. Training employees to handle diverse customer needs and empowering branch managers to develop localized strategies were also suggested.
3. **Kalidas M.G. (2007):** Kalidas noted significant differences in services between private and public sector banks, emphasizing the importance of service delivery and customer delight. He recommended specialized employee training to improve responsiveness and courtesy. Banks were advised to educate customers on value-added services like internet and mobile banking and incentivize regular users with reduced service costs. The study also advocated for customer service committees in branches and technological upgrades, especially in rural areas, to enhance service quality.
4. **Amit M. Hanchinmani (2007):**
Hanchinmani's Ph.D. thesis explored the impact of new technologies like internet banking and ATMs on customer choices. The study highlighted the increasing demand for personalized services and 24/7 banking access. Banks were encouraged to build long-term customer relationships through individualized products, improved accessibility, and regular customer interactions. He emphasized the need for structured promotional activities, customer awareness programs, and regular updates on banking policies for employees.
5. **Zahid and Md. Shahidul Islam (2008):**
This study analyzed the financial product marketing strategies of private commercial banks in Dhaka, revealing that structured marketing efforts were still underdeveloped. The research identified the need for marketing strategies that include customer relationship management, branding, electronic banking, and telebanking. These strategies should adapt to rising competition, technological advancements, and regulatory changes to maintain market share and profitability.
6. **Harman Preet Singh and Shaveta T. Grover (2011):** The study found that younger and middle-aged individuals were the primary users of e-banking services, with increasing adoption among women. The authors suggested targeted marketing strategies for these demographics, emphasizing administrative reliability and personal connection. They also highlighted the need for banks to focus on high-income, qualified individuals in leadership roles.
7. **Kuběnka, Michal Ptáček, Petra (2011):** This research underscored the importance of segment-specific marketing strategies. For instance, students were identified as a critical segment due to their potential future value as high-income clients. The study recommended special offers for students and innovations to attract and retain diverse customer groups.
8. **Zhu, Yu-Qian, Chen, and Houn-Gee (2012):** Using equity and relationship marketing theories, this study examined the role of fairness in online banking. It found that fairness—comprising distributive, procedural, and informational aspects—positively impacts customer satisfaction, with trust acting as a key mediator. Managers were encouraged to incorporate fairness into online service

operations, ensuring consistent practices and robust consumer information.

9. Snehal J. Bhatt and Krishna Gor (2012):

The study highlighted the role of social media in promoting banking products and enhancing customer service. While email marketing was noted as cost-effective, its impact was limited by customer indifference. The authors emphasized the need for innovative and interactive promotional strategies to capture customer attention effectively.

10. Oke, Michael Ojo (2012): This research explored the evolving role of marketing post-bank consolidation. It noted a significant increase in marketing personnel and emphasized the importance of coordinated strategies to enhance performance. The study warned against unstructured promotional activities and stressed the need for in-depth market understanding to achieve marketing objectives.

11. Rafiq & Ahmed (1995):

The authors explored the traditional 4 P's framework, asserting the importance of the expanded 7 P's in service marketing. "People" and "Process" were highlighted as essential elements for service-driven sectors like banking, while "Physical Evidence" faced conceptual challenges in application.

12. K.M. George (1999):

George's study emphasized tailoring banking products for younger demographics, particularly students and women, and stressed customer education. He highlighted the significance of personalized service and staff training to cater to diverse customer needs.

13. Kalidas M.G. (2007):

Kalidas investigated the differences in service delivery between private and public sector banks, stressing the importance of customer delight, employee training, and technological upgrades to improve service quality, particularly in rural areas.

14. Hanchinmani (2007):

This study explored how emerging technologies such as internet banking and ATMs were reshaping customer expectations. Hanchinmani emphasized

personalized service and the importance of strong customer relationships, facilitated through technology.

15. Zahid & Md. Shahidul Islam (2008):

This research on financial product marketing in Dhaka found that private banks needed to improve their marketing strategies, particularly in customer relationship management, branding, and e-banking to stay competitive amidst increasing regulatory and technological challenges.

16. Singh & Grover (2011):

The authors examined e-banking services, finding that younger and middle-aged consumers were the primary adopters, with an increasing trend among women. Targeted marketing strategies for these demographics, based on administrative reliability and personalized connections, were recommended.

17. Adamson, Chan & Handford (2012):

In their research on corporate banking in Hong Kong, the authors emphasized the importance of a customer-focused marketing approach. Building long-term relationships with clients through customized services and local employee integration was key to meeting corporate clients' needs.

18. Patel (2013):

Patel discussed the challenges in marketing banking services, emphasizing the unique characteristics of services compared to products. He argued that Indian banks could enhance their brand recognition by focusing on the "People," "Process," and "Physical Evidence" aspects of the 7 P's.

19. Rakesh H. M. (2013):

This research emphasized inclusive growth through banking services, suggesting that banks need to focus on customer satisfaction, corporate social responsibility, and effective marketing strategies that integrate the seven Ps.

20. Alagarsamy & Wilson (2013):

The study identified the importance of customer satisfaction in modern banking, with a focus on adopting new technologies, training employees, and offering customized services to meet changing customer needs.

21. Fakoori Nokandeh et al. (2013):

This study recommended that banks focus on understanding customers' perspectives and preferences. By using data-driven insights, banks could enhance their services and offer round-the-clock accessibility.

22. Ikpefan & Ailemen (2013):

The authors found that customer service quality could be improved through faster services, with an emphasis on marketing not just within the marketing department but across all bank operations. They also suggested appointing specialized personnel to handle customer complaints effectively.

23. Gunal Once (2013):

Once focused on the rise of relationship marketing, internal marketing, and network marketing, as new tools banks could leverage to increase customer satisfaction and loyalty.

24. Saeidi Pour et al. (2013):

This research emphasized the importance of a comprehensive marketing mix and competitive pricing strategies to attract customers. Banks should ensure fast and efficient service delivery, particularly in high-demand branches.

25. Kalaimani (2013):

This study highlighted the significance of both foreign and domestic banks in India, asserting that banks need to adopt innovative marketing strategies, particularly in terms of digital platforms, to cater to the younger customer base.

26. Zanganeh et al. (2013):

Zanganeh and colleagues focused on the importance of brand management and marketing strategies to enhance customer loyalty and engagement. Their findings supported the idea that physical location and brand consistency are key factors in attracting long-term customers.

27. Bençe & Alb (2013):

Their study on customer expectations and perceptions revealed the importance of adapting the SERVQUAL dimensions to fit specific regional market conditions, ensuring customer satisfaction in different sociocultural contexts.

28. Kalmar et al. (2013):

The study used applied statistics and factor analysis to examine the drivers of customer

satisfaction in UK retail banks. Key factors included the quality of branch personnel, infrastructure, and process quality, all of which are central to improving the overall service experience.

29. Gameti & Preko (2014):

Their study highlighted the importance of integrating the 7 P's into banking operations to understand customer needs and refine marketing strategies. The research suggested that both private and public banks should consistently update their marketing approaches to remain competitive in the financial sector.

Conclusion The reviewed literature reveals significant advancements in the marketing strategies of banks, emphasizing the need for tailored approaches to diverse customer segments. Key areas such as technology adoption, customer education, service personalization, and fairness in online banking are critical for improving customer satisfaction and retention. However, the studies also highlight gaps in structured marketing efforts, particularly in rural and underrepresented segments. Addressing these gaps can provide a pathway for future research and practical improvements in banking marketing strategies.

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