CASEx STUDY:
SELF MARKETING –
A BREAKING DAWN FOR STATE BANK OF INDIA

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ABSTRACT:

Over a period of time customer service has become customer satisfaction and customer delight. Today banks have to provide their broad based service package in the midst of stiff competition and to ensure their competitive edge in future they have to fight with rivals in terms of quality of their service. This concept was majorly highlighted when private player jumped into Indian market in early 90s’, and then there was a drastic change in the Indian banking system. They have made banking more efficient and customer friendly. In the process they have jolted public sector banks out of complacency and forced them to become more competitive by changing their outlook and style of working. State Bank of India(SBI), Because of sharp edge competition SBI change its approach and outlook from product centric to customer centric, and opted self marketing approach in which bank itself market its product or service through various tools; Automation of branches, extension of business in various rural and urban areas of India and abroad, opted core banking system with networking of branches, efforts are taken for the development of employees, initiatives in marketing activities to spread positive word of mouth etc. And it became a core competency for SBI. These initiatives fostered them to recapture Indian and foreign market.

Key Words: Core Competency, Customer Delight, Relationships, Self Marketing.
INTRODUCTION

Self-concept is a multi-dimensional construct that refers to an individual's perception of "self". It has three components: ideal self; public self; and real self. The self-concept is an internal model which comprises self-assessments. This concept is also applicable in various sectors like banking, hospitality, insurance etc. As the concept of self marketing has emerged, the focus has been shifted from transaction marketing to relationship marketing especially in banking sector as under:

<table>
<thead>
<tr>
<th>TRANSACTION MARKETING IN BANK</th>
<th>RELATIONSHIP MARKETING IN BANK</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Focus on single sale</td>
<td>✓ Focus on customer retention</td>
</tr>
<tr>
<td>✓ Orientation on product features</td>
<td>✓ Orientation on product benefits</td>
</tr>
<tr>
<td>✓ Little emphasis on customer</td>
<td>✓ High customer service</td>
</tr>
<tr>
<td>✓ Limited customer commitment</td>
<td>✓ High customer commitment emphasis</td>
</tr>
<tr>
<td>✓ Moderate customer contact</td>
<td>✓ High customer contact</td>
</tr>
<tr>
<td>✓ Quality is primarily a concern</td>
<td>✓ Quality is concern for all Of production (TQM)</td>
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Basically the self marketing concept is derived from Relationship Marketing. The aim of relationship marketing is to create strong, lasting relationship with core group of customers. It is to a bank's advantage to develop long term relationship with existing customers because it is easier and less expensive to make an additional sale to an existing customer than to make a new sale to a new customer.

In the past, customers were simple persons and were happy at whatever banks dished out to them. Over a period of time with the competition with private sector banks and technological improvements banking customers have become fully aware of their rights. Basically the marketing concept in banking sector has five stages:

1. Promotion oriented marketing comprehension
2. Marketing comprehension based on having close relations for customers
3. Reformist marketing comprehension
4. Marketing comprehension that focused on specializing in certain areas
5. Research, planning and control oriented marketing comprehension

Banks have been taking a plethora of initiatives to reorient their basic customer service ethos. These include Emphasis on process reengineering, shift from 'cost plus' pricing to competitive pricing of services, progressive IT application, universal service obligation by creating 'bank within a branch' concept, improving value chain for customers, pursuit of TQM at operational and administrative units, three pronged strategy of product innovation, product delivery and product servicing, focus on product augmentation as well as hybridization, shift from a "selling" to "marketing" mode, multiple platforms for swift redressal of grievances.
SELF MARKETING AND BANK’S CUSTOMER

Customer is the key person; in actual scenario – he is not dependent on the bank rather the bank is dependent on him. In self marketing concept, a firm market itself by achieving customer satisfaction and making continuous relationships with them. The life cycle of customer relationship is of 3 stages:

1. Firms try to be well known and to acquire new customers.
2. The connection between customer and firm has been achieved by creating a trust factor and various promises are made.
3. These promises are accomplished and the service is consumed

The actual motive of self marketing is the growth of bank in- size, diversity, profitability and clientele base, which can be achieved by acquiring new customers, increase in revenue from existing clientele, increase retention rate and reducing the cost of sales and service.

SELF MARKETING STRATEGIES

It is method of focusing on organizational core competencies and resources. A market strategy combines product development, promotion, distribution, pricing and relationship management and it is helpful in the creation of the identity and position in the minds. In strategies we include: strategy based on market dominance like leader, challenger, follower, niches; Porter generic strategies like product differentiation, cost leadership and market segmentation; Innovation strategies Pioneers, close followers, late followers; Growth strategies like horizontal integration, vertical integration, diversification, intensification.

PUBLIC AND PRIVATE SECTOR BANKS

Private Banks have played a major role in the development of Indian banking industry. They have made banking more efficient and customer friendly. In the process they have jolted public sector banks out of complacency and forced them to become more competitive. A countrywide survey reveals that while the private banks have got a tight grip on the purse strings of the salaried class and professionals in the country, a large majority of customers in Corporate India still prefer the time-tested public sector banks for services ranging from securing credit cards to making bond investment and fixed deposits.

Running on sharp competitive edge various banks whether private or public, have to advertise themselves and made a distinct image in the minds of the customer. Following is the success story of a two hundred years old bank, who transforms its approach from product oriented to customer oriented.

State bank of India (SBI), India’s oldest and largest bank, with more than $250 billion (USD) in assets. It is the second largest bank in the world in number of branches. It has more than 10000 branches, having 84 international branches located in 32 countries and have more than 8500 ATM’s. The State Bank Group (SBG) is owned by the State and comprises of SBI and 6 Associate Banks.
The origin of the State Bank of India goes back to the first decade of the nineteenth century with the establishment of the Bank of Calcutta in Calcutta on 2 June 1806. Three years later the bank received its charter and was re-designed as the Bank of Bengal (2 January 1809). A unique institution, it was the first joint-stock bank of British India sponsored by the Government of Bengal. The Bank of Bombay (15 April 1840) and the Bank of Madras (1 July 1843) followed the Bank of Bengal. These three banks remained at the apex of modern banking in India till their amalgamation as the Imperial Bank of India on 27 January 1921. After independence, in 29th century one of the bank was nationalized that is Imperial bank in 1955 and it became State bank. The government-controlled bank--the Indian government maintains a stake of nearly 60 percent in SBI through the central Reserve Bank of India--also operates the world's largest branch network, with more than 13,500 branch offices throughout India, staffed by nearly 220,000 employees.

SELF MARKETING IN STATE BANK OF INDIA

Self marketing in banking sector whole sole depends upon People, what basic approach they are having, their outlook, how efficiently they are able to develop good relations with the customer, satisfy their need and requirements, provide good quality of service etc. All these things are helpful in the development of positive word of mouth, which is further helpful in increasing goodwill, revenues and sales of the company. When we talk about State Bank of India, in their early age they had product oriented approach and very limited scope of working.

In the introduction stage of SBI, it had limited liability and joint-stock banking system. It had powers to take decisions to issue notes, received payment of public revenues within a restricted geographical area etc. The business of the banks was initially confined to discounting of bills of exchange or other negotiable private securities, keeping cash accounts and receiving deposits.

In that era, bank was not putting any efforts in the development of marketing strategies as there were only 3 banks and the customers of these banks were either government official or relatives of some bankers. On the other hand; Common public depends upon local financer (Zamidar), for the fulfillment of their financial need. Thus there is no concept of self marketing or relationship marketing; as the target group was very limited and based on choice/personal preferred relationships.

Then after independence there was a phase of nationalization of banks whose main aim was to make it reach its clients in rural areas and be able to provide them with quality services and that occurred more in 1969, in that year only 14 banks were nationalized and in 1980 seven more banks. In the era of 1970s & 1980s there was a lack of communication and power hindered in the banks and they face problem in maintaining correct Information system as the account information was typically maintained at local branches with either semi-automated or manual ledger card processing, which was the major obstacle in the growth of the banking sector. Till then SBI’s branches were spread all over India and people had trust on this bank. For increasing popularity bank was not putting some extra efforts on its team, infrastructure, networking, etc but it become popular as there was limited number of competitors and no private player till 1990.
Then during the 1990s, the Indian economy began a period of rapid growth as the country's low labor costs, intellectual capital, and improving telecommunications technology allowed India to offer its commercial services on a global basis. The private-sector banks, such as ICICI Bank and HDFC Bank, altered the banking landscape in India.

After liberalization SBI hited adversely by the private players and lost their customer base, as private players know one thing that SBI had large but unsatisfied customer base. The bureaucratic nature of the bank's (SBI) management left little room for personal initiative, nor incentive for controlling costs. Moreover Private players studied the banking market: poor service quality, lack of innovation, manual records, rigid attitude, resistance to change, employee resistance, lack of automation etc.

In fact, this technology-savvy market segment viewed the public-sector banks as technology laggards that could not meet their banking needs. Till then relationship marketing concept was not introduced in SBI which further squeeze the customer base of SBI. As a result, the Indian government sought to have the public-sector banks modernize their core banking systems. That was the tough phase for the bank as market was opened for private players, quality of services of SBI were not good, manual working- no automation, employees were not having active approach towards their work, no creativity and innovation in the product offering, very less use of marketing activities to attract customers. When a concern faced all these problems, it means there is no space for self marketing. In fact in that phase people even didn’t know the meaning of self marketing.

But when private player jumped into Indian market then there was a drastic change in the Indian banking system. Because of sharp edge competition SBI change its approach and outlook, which includes:

**Automation**

- Massive Computerization: during 1990s which include implementing a highly customized version of Kindle Banking Systems' Bankmaster core banking system (now owned by Misys), which is helpful in the improvement of efficiency and accuracy of the branches.

- SBI engaged KPMG Peat Marwick (KPMG) in 2000 to develop a technology strategy and a modernization road map for the bank. This effort would encompass the largest 3,300 branches of the bank that were located in city and suburban areas.

- The SBI selected Tata Consultancy Services to customize the software (BaNCS Core Banking), implement the new core system, and provide ongoing operational support for its centralized information technology. The overall effort included the conversion of approximately 140 million accounts held at 14,600 domestic branches of SBI and its affiliate banks.

- To remain competitive with its private-sector counterparts, in 2002, SBI began the largest implementation of a centralized core system ever undertaken in the banking industry.
Business extension:

- The bank is entering into many new businesses with strategic tie ups – Pension Funds, General Insurance, Custodial Services, Private Equity, Mobile Banking, Point of Sale Merchant Acquisition, Advisory Services, structured products etc – each one of these initiatives having a huge potential for growth.
- It is consolidating its global treasury operations and entering into structured products and derivative instruments. Today, the Bank is the largest provider of infrastructure debt and the largest arranger of external commercial borrowings in the country. It is the only Indian bank to feature in the Fortune 500 list.
- The bank is also looking at opportunities to grow in size in India as well as internationally. It presently has 82 foreign offices in 32 countries across the globe. It has also 7 Subsidiaries in India – SBI Capital Markets, SBICAP Securities, SBI DFHI, SBI Factors, SBI Life and SBI Cards - forming a formidable group in the Indian Banking scenario. It is in the process of raising capital for its growth and also consolidating its various holdings.
- SBI also introduced E-banking, in which it offered all the branch level services and other like E-tax, E-rail reservation etc.

Networking of branches:

- The Bank is changing outdated front and back end processes to modern customer friendly processes to help improve the total customer experience. With about 8500 of its own 10000 branches and another 5100 branches of its Associate Banks already networked, today it offers the largest banking network to the Indian customer.
- The Bank is also in the process of providing complete payment solution to its clientele with its over 21000 ATMs, and other electronic channels such as Internet banking, debit cards, mobile banking, etc.

Employee development:

- With four national level Apex Training Colleges and 54 learning Centre’s spread all over the country the Bank is continuously engaged in skill enhancement of its employees.
- In a recently concluded mass internal communication program termed ‘Parivartan’ the Bank rolled out over 3300 two day workshops across the country and covered over 130,000 employees in a period of 100 days using about 400 Trainers, to drive home the message of Change and inclusiveness. The workshops fired the imagination of the employees with some other banks in India as well as other Public Sector Organizations seeking to emulate the programme.
- State Bank of India adopted the e-Learning mode. V2LearnTech designed SBI’s training methodology and delivered a mix of classroom training involving lectures, group discussions, case studies, structured exercises, audio-visuals, project work, lab training including computer based training etc.
Marketing Initiatives

Now banks are putting efforts in increasing the marketing activities of the customers. SBI carried out various marketing initiatives to enhance its reach. They include segregating and targeting existing high value customers, cross sales of other products, setting up call centers and outbound sales force to secure new customers. Plans were also made to utilize database marketing to pursue large and medium sized corporate, government and trade finance customers. Database marketing was expected to draw increased revenue from cross selling, lower costs and increased customer loyalty. SBI also introduced various other ways of reaching out to customers like extension of hours of work and aggressive marketing through print and television media. SBI increased daily working hours by two hours and Sunday banking was introduced.

SBI is a customer preferred bank. Common public considered its funds secure and safe in this bank. In self marketing concept, one bank need not to put extra efforts or money but it need to improve its day to day working and extend its reach to the customer. With this approach SBI undertook above mentioned step, which is help in spreading positive word of mouth and regaining trust of public

CONCLUSION:

When we talk about service sector then internal and external relations play a significant role. A bank needs good personnel who can advertise bank by providing best services to the customer i.e. do Internal Marketing; which is further helpful in establishing wide and strong networking and these are the main tools of Self Marketing. Now a day this concept of Self marketing is more popular and widely accepted as compared to normal marketing efforts because it is easier to opt, perform and one has to incur less cost. SBI is one of the best examples of it, how they transformed itself from rigid to wide and flexible approach. And able to increase their revenue to 65949.20 (in crore) as on 31.3.2010. they have various achievements like- in Forbes Global 2000 list of companies SBI Group is ranked 219 then 150th last year; it ranked as no.1 in the 4ps B & M & ICMR survey on India’s best marketed banks etc.

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