

Marketing Culture: Gap Analysis of select Indian Commercial Banks

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Abstract - Marketing of services is different from the marketing of physical goods. Delivery of Services involves encounter between the employees and customer; customer experience is affected by the motivation and behavior of the employees involved in the transaction, since marketing culture plays a fundamental role in the delivery of services. Marketing culture of service firm helps employees in understanding the marketing function and process in which marketing activities are executed by the firm. Marketing culture of service firm provides norms to the employees about how to execute marketing jobs to achieve the marketing goals. Post, year 2000 scenario in Indian economy has affected almost all the sectors and industries of the country; Indian

banking industry is no exception to that. Competition in Indian banking industry is very intense as private sector banks are more customer oriented and offer customized services to the customers in comparison to the public sector banks. This is because of different marketing culture which is prevailing in their organisation. Public sector and private sector banks have different marketing cultures. This article investigates the difference in marketing culture existing in the Public sector banks vis-a-vis private sector banks in India and their marketing implications.

Keywords - Marketing culture; Commercial bank culture; Indian bank culture

I. INTRODUCTION

Diverse characteristics of the services (perishability, intangibility, heterogeneity and inseparability from production and consumption) enable marketing of service different and complex in comparison to marketing of goods. These exclusive features of the services require advanced marketing strategies and create unique managerial problems.

Rathmell [1] differentiated goods from the services and defined characteristics of the services. Shostack [2] proposed that the Marketing concept of 4P is biased towards the product marketing. Later in 1981 Booms and Bitner [3] suggested '7 P' marketing mix model for the services they added people, physical evidence and process as augmented P's of services marketing.

People or internal marketing represent organization to the customers. The role of people is most significant in case of service firms, as the services involve interaction between its employee and the customer. Cultural values of the organisation exert tremendous influence on behaviour of employees and their productivity with the organization [4] Customer perception of service organisation is based upon their encounter with employee(s) and respective service experience. Employee behavior, motivation and customer commitment are essentials for service organisation to

deliver superior service. So there exists something which is helpful in delivering quality service, employee motivation and keeping focus on long term growth for the service organisations that is referred to as marketing culture.

Several authors and researchers [5] [6] [7] [8] [9] have shown that marketing culture has a strong relationship with other marketing dimensions like marketing effectiveness, business performance, profitability, customer retention and service quality in the service organisations.

II. RESEARCH OBJECTIVES

1. To study the relevance of the marketing culture for service organisations.
2. To analyse the marketing culture gap of public and private sector Banks in India.

III. MARKETING CULTURE AND SERVICE ORGANISATIONS

Webster [10] defines marketing culture as: "The unwritten, formally decreed and that actually takes place in a marketing context; it is the pattern of shared values and beliefs that helps employees understand and "feel" the marketing function and thereby provides them with norms for behavior in the firm. "It refers to the importance the firm as a whole places on marketing function and to the way in which

marketing activities are executed in the firm". In other words "the marketing culture of a service firm refers to the way marketing "things" are done in the firm" [10].

Narver and Slater [7] define marketing culture as a different type organizational culture, which creates the behavior of employees conferring exceptional value to the users of company's goods and enables achieving excellent business results in the most effective and profitable manner. Marketing culture is approached as integral part of service organization, encompassing the entirety of values, norms (rules), measures and behaviors prevailing within marketing firm, which reflects the individuality of the organisation.

Literature reveals that an appropriate marketing culture is one of the most important components for successfully marketing the services. Marketing culture represents a synthesis of certain marketing attitudes, knowledge and marketing practices. It consists of a certain sets of beliefs and knowledge, which form a specific attitude towards marketing and implementation of a certain set of activities that actually materialize the outlook of marketing into practice, leading to superior performance of service organisations.

IV. BACKGROUND

A. Importance of Indian Banking Industry

Indian financial sector is growing at the rate of nearly 8.5%, insurance, financing and banking industry are the main constituents. Indian financial sector growth is basically due to the banking sector development. The total assets size of Indian banking industry has increased more than five times since March 2000 to March 2010, from US \$ 250 billion to more than \$ 1.3 trillion respectively, registering a Compound Annual Growth Rate (CAGR) of 18% compared to average GDP growth of 7.2% during the same period [11].

There have been drastic changes in Indian banking sector, since liberalization privatization and globalization policies were enacted, this allowed private banks and Foreign/Multi National Banks to operate in Indian banking industry. In current state of affairs there are many challenges for Indian banks from competitive and global environment.

B. Theoretical Overview of Indian Banking

Scheduled commercial banks in India have been categorised into 4 categories as per RBI norms; 1) Public sector banks (Nationalized banks, SBI and its associate banks), 2) Private Indian banks, 3) Private foreign Banks and 4) Regional rural banks. This study focuses on the gap in the marketing culture of

the public sector Banks (PuSBs) and private sector Banks (PrSBs) in India.

The human dimension has a significant influence on the successful execution of marketing plans, since their formulation and implementation depend upon individuals in the firm [12]. Customer focus, recent advancements in the technology, fierce competition and changing marketing conditions has changed business philosophy of Indian banks. Banks in India are now becoming more focused on customer services and to match them with the levels of international standards; this shift is a result of changing marketing culture of Indian Banks.

Being a service industry the challenge ultimately rests for employees who have to offer their best to meet this competition. In this regard the PuSB's employees have greater challenges ahead as they need to adapt to new innovations, new structures and totally new type of service orientation than what they have been providing since inception. In other words, the entire culture of banks is undergoing through the process of re-engineering and re-structuring.

C. Marketing Culture Gap of Public and Private Sector Banks

Marketing culture is conceptualized as a multidimensional construct which is determined by the importance given to service quality, internal communications, innovativeness, organisation, interpersonal relationship and the selling activity [5]. Based on a study of US firms, Webster found that there are the significant differences in the marketing culture of the firms operating in the same service industry [10].

Marketing culture of a bank is the overall perception of the employees about the marketing culture. Marketing culture gap has been defined as the employee's perceived difference about the marketing culture. Gap in the marketing culture is seen as the difference between the perceived score assigned by the employees of PuSBs and PrSBs.

V. RESEARCH METHODOLOGY

A. Research Hypothesis

Researcher states different service organisations have different marketing culture, and focus of organisation was found to be different among service organisations [10]. To fulfill objective 2, following Null hypotheses were formulated for analysing different marketing culture dimensions.

H1: There is no significant difference between the service quality of PuSB and PrSB.

H2: There is no significant difference between the internal communication of PuSB and PrSB.

H3: There is no significant difference between the Innovativeness of PuSB and PrSB.

H4: There is no significant difference between the Organization of PuSB and PrSB.

H5: There is no significant difference between the Interpersonal Relationship of PuSB and PrSB.

H6: There is no significant difference between the Selling Task of PuSB and PrSB.

H7: There is no significant difference in the overall marketing culture of PuSB and PrSB.

B. Instrument for Data Collection

Webster's instrument [6] having 34 items with 6 dimensions (service quality, internal communications, innovativeness, organisation, interpersonal relationship and the selling activity) was adopted and used to gauge perception of the bank employees about marketing culture of their organisation. Researchers [13] [8] [9] [6] found six dimensions of instrument to be reliable in the service industry context. Respondents were asked to indicate the perceived importance about their bank on each of the marketing culture items by scoring on a 7 point scale, where 1 No importance, 2 of little importance, 3 Somewhat important, 4 Important, 5 Fairly important, 6 Very important, 7 Necessary.

C. Sampling Design

Two largest PuSBs and PrSBs were selected on the basis of the deposits (Source: RBI). A list of

branches was prepared for selected banks and then branches were selected randomly using random number table. A quota of 60 responses was fixed for each selected bank. Survey was conducted in the National capital of India; Delhi.

D. Data Generation

Judgmental sampling was used to select respondents at the branches. Data were collected by visiting the branches through personal contacts with the employees. Employees at different level of hierarchy were requested to fill the questionnaire. 120 questionnaires were completed from the public and private banks employees. 12 and 7 questionnaires were not found usable from PuSB and PrSB respectively. Final number of the responses was fixed at 108 for both sector banks.

E. Reliability Analysis

Cronbach's alpha coefficient was calculated for reliability test, using SPSS software. Cronbach's alpha coefficient was found more than 0.70 for each of the dimensions and overall scale of marketing culture (Table-1), which is considered "acceptable" in the research situations [14]. Questionnaire was found to be reliable.

Table-1 (Scale reliability)

Marketing culture dimensions	No of items	Public Sector Banks	Private Sector Banks	Scale Reliability of pooled data
		Reliability	Reliability	
Service quality	8	0.848	0.947	0.895
Internal communication	6	0.927	0.785	
Innovativeness	3	0.796	0.758	
Organization	5	0.770	0.751	
Interpersonal Relationship	5	0.814	0.819	
Selling Task	7	0.734	0.732	
Marketing culture	34	0.890	0.898	

VI. ANALYSIS AND RESULTS

The data obtained for the study is presented in Table-2 for comparison. The data were analysed using eviews software for analysis of mean and t-test.

A. Marketing Culture Gap Analysis

Figures in table -2 present the average values of marketing culture dimensions and marketing culture gap between PuSBs and PrSBs.

Table-2 (Employees perception scores of marketing culture dimensions, gap and t-stat)

Marketing culture dimensions	No of items	Public Sector Banks	Private Sector Banks	Gap analysis		
				Gap	t-stat	p-value

		Mean score	Mean score	(PSB-Private)		two tailed
Service quality	8	4.15	4.96	-0.81	-3.966	0.0001*
Internal communication	6	5.16	4.34	0.82	3.558	0.0005*
Innovativeness	3	5.46	5.19	0.27	1.122	0.2629#
Organization	5	3.80	4.66	-0.86	-3.989	0.0001*
Interpersonal Relationships	5	4.26	4.68	-0.42	-2.150	0.0326**
Selling Task	7	3.92	5.15	-1.23	-7.173	0.0000*
Overall marketing culture	34	4.46	4.83	-0.37	-2.873	0.0045*

* Significant at .01 level of significance, ** Significant at .05 level of significance, # Not significant

Form the table - 2 it is evident that PuSBs and PrSBs differ in their importance placed on marketing culture dimensions and overall marketing culture, with more focus on the selected dimensions.

1) *Service quality*: PrSBs are more focused on service quality in comparison to PuSBs. PrSBs have a higher mean score with a gap of 0.81. Service quality dimension specifies the focus on meeting customer demands, behavior of employees and managements commitment for providing the quality service to the customers.

2) *Internal communications*: Internal communication dimension includes the disclosure of employee policies, expectations from employees, understanding of firm's objectives, sharing of financial information and training and development of the employees. PuSBs have more focus on internal communication with a mean difference of 0.82 for this dimension.

3) *Innovativeness*: Public banks have high orientation towards the innovativeness in comparison to the private banks as there is a mean difference of 0.27. Innovativeness comprises of the technological changes and receptiveness of the company to change.

4) *Organisation*: PrSBs are more focused towards the organisation dimension of marketing culture, an average gap of 0.86 was found for this dimension. This dimension has a focus on the employee and work management.

5) *Interpersonal relationships*: Interpersonal relationship dimension covers, relationship between employees and organisation, open-door policy, internal marketing and the firm to be considerate of the employee's feelings. PrSBs score 0.42 higher than PuSBs on mean score, indicating that PrSBs employ a marketing culture that is more disposed towards maintaining the interpersonal relationship.

6) *Selling activity*: PrSBs employ a marketing culture which is more focused towards the selling task in comparison to PuSBs, with an average difference of 1.23 from PuSBs for this dimension. Selling activity includes the focus on hiring on right people, creative approaches in selling, sales incentives and recognition of the sales performers.

7) *Overall marketing culture*: PrSBs have a high mean score for overall marketing culture; there is a gap of 0.37. PuSBs have more focus on the internal communication and innovativeness, while PrSBs focus more on the service quality, organisation, interpersonal relationships and selling tasks.

B. Hypothesis Testing

Based on the results of the t-test (table-2) it is obvious that there are significant differences in perception of employees about service quality, internal communications, organisation, interpersonal relationship and selling activity, though there is no significant difference for the Innovativeness dimension of marketing culture (Table-3). Overall marketing culture also differs significantly between the public and PrSBs. Interpretations of hypothesis testing are given below:-

Table-3 (Results of t-test for the testing of significance of difference in mean)

Null hypothesis	Interpretation
H1: Rejected*	There is a significant difference between the service quality of PuSB and PrSB.

H2:	Rejected*	There is a significant difference between the internal communication of PuSB and PrSB.
H3:	Accepted	There is no significant difference between the Innovativeness of PuSB and PrSB.
H4:	Rejected*	There is a significant difference between the Organization of PuSB and PrSB.
H5:	Rejected**	There is a significant difference between the Interpersonal Relationships of PuSB and PrSB.
H6:	Rejected*	There is a significant difference between the Selling Task of PuSB and PrSB.
H7:	Rejected*	There is a significant difference in the overall marketing culture of PuSB and PrSB.

* Significant at .01 level of significance, ** Significant at .05 level of significance

VII. MARKETING IMPLICATIONS

Banks have different customer and market orientation while they operate in the same industry. This research answers to this statement by analysing fundamental elements of marketing culture succeeding in the banks. The most evident implication is that there are numerous aspects where public sector banks lack such as, regular measurement and monitoring of employee's performance, job planning and management, open door policy, sales focus and innovation in selling, while private sector banks have low focus on concerns for employees, financial information sharing with employees, disclosure of policies to employees and goal setting with subordinates. Banks should have more emphasis on the aspects where they have shortcomings, employee relations, skills, training and motivation to develop a marketing culture which will help in developing market oriented approach for customer satisfaction.

Banks should set marketing culture benchmark to achieve marketing effectiveness and routinely examine their current level of marketing culture. Compare it with that of competitors and set benchmark to identify gaps, and focus on the marketing culture elements where they lack to improve their marketing culture to gain competitiveness.

VIII. CONCLUSION

It is apparent that Public Sector Banks and Private Sector Banks have different marketing culture. Private Sector Banks employ a marketing culture which has orientation towards delivering the quality service with the focus on the organisation and selling task. Public Sector Banks are more inclined towards internal communication than delivering the

quality service and selling task in comparison to Private Sector Banks.

Banks should continuously audit their marketing culture to identify gap and focus more on the facets where they lack to develop a customer centric marketing culture with employee focus to have an edge in terms of marketing effectiveness, competitiveness, and better service quality.

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