MARKET SEGMENTATION BY FINANCIAL INSTITUTIONS

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CERTIFICATE

This is to certify that the thesis entitled "Market Segmentation by Financial Institutions" is a record of a bonafide research carried out by Shri. P Antony George under my guidance. The thesis is worth submitting for the Degree of Doctor of Philosophy in Social Sciences.

Cochin
01-01-2004

Dr. C.A. Francis
Supervising Guide

DECLARATION

I declare that this thesis entitled "Market Segmentation by Financial Institutions" is the record of bonafide research carried out by me under the supervision of Dr C.A. Francis, Professor, School of Management Studies, Cochin University of Science and Technology. I further declare that this thesis has not previously formed the basis of the award of any degree, diploma, associateship, fellowship or other similar title of recognition.

Cochin
01-01-2004

P. Antony George
Research Scholar

Dedicated to my parents

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CONTENTS

Abbreviations

FI	Financial institution
FIs	Financial institutions
LIC	Life Insurance Corporation of India
UTI	Unit Trust of India
SBI	State Bank of India
FBL	Federal Bank Ltd.
KPMF	Kothari Pioneer Mutual Fund
NSS	National Saving Schemes
GSS	Government Saving Schemes
ITI	Investment Trust of India

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CHAPTER ONE

INTRODUCTION

Introduction

Marketing is an enterprise-spanning process, which consists of organisational activities that facilitate and expedite satisfying exchange relationship in a dynamic environment through the creation, pricing, promotion and distribution of goods, services and ideas. Organisations the world over move heaven and earth to develop successful and innovative marketing programmes and strategies to create, win and keep customers. In this globalised and highly turbulent economic environment, traditional marketing management philosophies are found to be inadequate to attain the marketing goals of maximising consumption, consumer satisfaction, product variety and life quality Marketing affects so many people in so many ways that, it inevitably stirs controversy Some people intensely dislike modern marketing activity, charging it with ruining the environment, bombarding the people with senseless advertisement, creating unnecessary wants, teaching greeds to youngsters and committing several other sins (Kotler, 1992).

Thus, the task of developing, improving and implementing competitive marketing strategies has been emerged as the foremost problem of business organisations. In this context, business organisations have been in a dilemma, since they have to reconcile a number of incongruous forces to design an effective marketing strategy to throw down the gauntlet in the highly competitive and dynamic marketing environment. Organisations are under tremendous pressure to design successful and result-oriented marketing strategies and also updating them in tune with the latest developments in marketing to deliver the desired requirements more effectively and efficiently than competitors in a way that maintains and improves the customer's and society's well-being. Thus, the task of designing a well-planned and effective marketing programme and infusing modern approach and innovations in it become a major challenge of all types of business organisations.

This research study attempts to analyse the market segmentation approach by financial institutions in the light of the fact that mass marketing, which targets all potential customers with the same marketing programme, is ineffective in the fast changing modern consumer-oriented financial market to lure customers who are increasingly conscious of their rights and strength.

Socio-economic transformation and explosive developments in the globalised world market, forced financial institutions to change their lethargic policy of "take it or leave it," to a dynamic approach to sense, serve and satisfy the needs of customers in a well-understood target market. Today FIs realise that if they continue with mass marketing in all marketing situations, they will have to pay heavy price for this apathetic marketing programme. These practical experiences force FIs to recognise the fact that market segmentation is one of the essential requirements to meet the challenge of formulating effective and innovative marketing programme to satisfy customers in a better way

A broad scan of literature and the practical experiences of FIs in marketing shows that market segmentation has been accepted as a result-oriented and dynamic approach to attain organisational goals by providing maximum satisfaction to customers. In market segmentation FIs tailor their products and marketing mixes to groups or segments of narrowly defined geographic, demographic, psychographic or benefit segments to satisfy their specific financial needs, wants and requirements. The ultimate form of marketing is customised marketing wherein FIs design their marketing programmes and financial offerings, which meet specific financial needs of each customer.

As the activities of different categories of FIs viz., contractual, depository and investment intermediaries have been growing in terms of turnover, profit, marketing network by leaps and bounds in the globalisation scenario, there is tremendous pressures on FIs for more effective and successful segmentation approach to face the challenges of liberalisation. Customer-focussed and dynamic approach in market segmentation is becoming the need of the hour in the present financial market especially in respect of customers belonging to household sector who exhibit heterogeneity in demographic, geographic, psychographic and behaviouristic characteristics.

The likely future direction in the financial marketing will be customer specific micromarketing in which product differentiation, responsiveness, empathy and specific market segmentation appeal will assume greater importance. The luxury of broad and homogeneous appeal and large captive market seems to be a thing of the past.

Thus the implications for market segmentation are very clear and far-reaching: the traditional mass marketing approach is ineffective in the context of technology-based financial marketing. The emerging trend in the financial market is to offer 'any time and anywhere banking' seven days a week, technology-based banking which need investigations into dynamics of customer behaviour to formulate effective strategies for successful market segmentation approach.

According to Meidan (1996) the marketing approach of financial institutions refers basically to four steps: (1) identification of customer segment's financial needs and wants (2) development of suitable financial products to meet the needs identified (3) development of other elements of marketing mix suitable for different segments (4) combining elements of marketing mix (5) developing suitable marketing mixes for various segments and (6) forecasting future financial needs of different segments.

Marketing mix, in this context, is used to describe a blending of decisions about product, price policies, place, promotion, process, people and provision of customer service. The marketing approach by financial institutions is depicted in Figure 1.1 in a circular form. As presented in the figure, it starts and concludes with identifying and satisfying financial needs of different customer segments. Steps 2-5 of this process represent the marketing mix dimension, which is of special importance to any marketing programme of FIs, especially when they follow segmentation approach in marketing financial products.

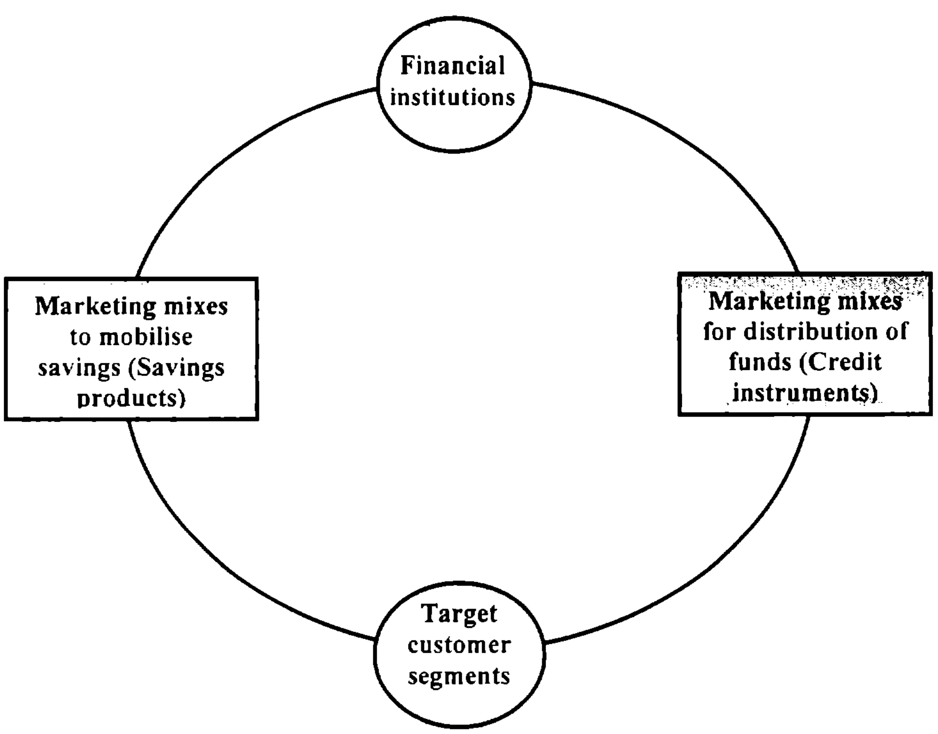
Figure 1.1

Major steps in marketing approach by financial institutions

Financial institutions should formulate and manage different combinations of marketing mixes because they market a collection of customer-satisfying services to diverse target segments. They have to create appropriate marketing programme to attract valuable savings of the investors through appropriate financial products and convert these funds into other customer satisfying-products i.e. credit product, which attract customers who are in need of fund. Thus financial institutions have dual marketing task of mobilisation of savings of customers having surplus fund through savings product and distribution of fund to customer who are in need of money, through credit products.

Figure 1.2

Financial institutions' dual marketing task



Thus, products of financial institutions consist of savings products and credit instruments and separate marketing programmes should be designed to market different product categories viz., savings and credit products.

The main focus of this research study is to examine the market segmentation approach of financial institutions in marketing financial products meant for saving mobilisation.

Research studies by Ennew et al., (1989) on the role of marketing in financial products indicate that, over the last few years, a number of external and internal factors have been influencing the marketing activities of financial institutions. Among them, change in the customer behaviour, acute competition, market segmentation and multiple-service customer-relationship, deregulation and government intervention etc. are the dominant ones.

Some studies by Capon (1994) and Burnett (1990) suggest that longer life expectancy, modern consumerism, new life styles, influence of electronic media, higher income and better standard of living have all contributed to the dramatic change in customer behaviour in the context of marketing of financial products by financial institutions. In the present financial marketing scenario, customers are very sophisticated, more demanding and have better financial exposure. They have been becoming increasingly savings conscious, more risk tolerant, less afraid of debts and credit cards and this situation offers vast opportunities and challenges to the financial institutions in marketing.

Deregulation of financial laws and government intervention is another important emerging trend in the financial market. Government and financial regulatory bodies initiated a number of measures to infuse necessary autonomy and dynamism to the financial market. These measures have some prejudicial effects in the form of frequent scams and the exploitation of customers belonging to the household sector These negative events force the government to interfere in the financial market at periodic intervals to safeguard the financial system from unscrupulous fellows who frequently derail the system to further their self-interest.

Technological innovations also have revolutionalised the financial market which offer tremendous opportunities to financial institutions to serve their customers more reliably, speedily and accurately with advanced electronic gadgets and tools (Ho and Ng, 1994). They should improve the quality and suitability of their offerings to different segments of customers by using Automated Teller Machines (ATMs), Electronic Banking, Internet Banks, Tele Banking etc.

Market segmentation and multiple service customer relationship are another major development in the marketing of financial product, which indeed hold the key to sustainable competitive advantages to financial institutions. The major task of FIs in marketing financial product is to attract, maintain and enhance customer relationship by satisfying the totality of segment's specific financial needs and expectations. With the recognition of the fact that customers are demographically, psychographically and culturally different, financial institutions realise that, effective marketing of financial products need analysis of customer behaviour and diagnosing divergent wants and requirements of different customer segment and developing suitable marketing mixes to satisfy these wants and requirements.

Thus, in a diversified financial market having numerous customers with divergent financial needs, market segmentation has been identified as an important task and challenges for financial institutions. As a matter of fact, some other emerging trends in the financial market also are instrumental in making the market segmentation more complex and challenging. More research studies on this topic may be useful to investigate various problems on this issue and solve them with the help of the research findings.

Only in the late 1950s, that a few FIs realised the importance of marketing research for better and effective marketing of financial products.

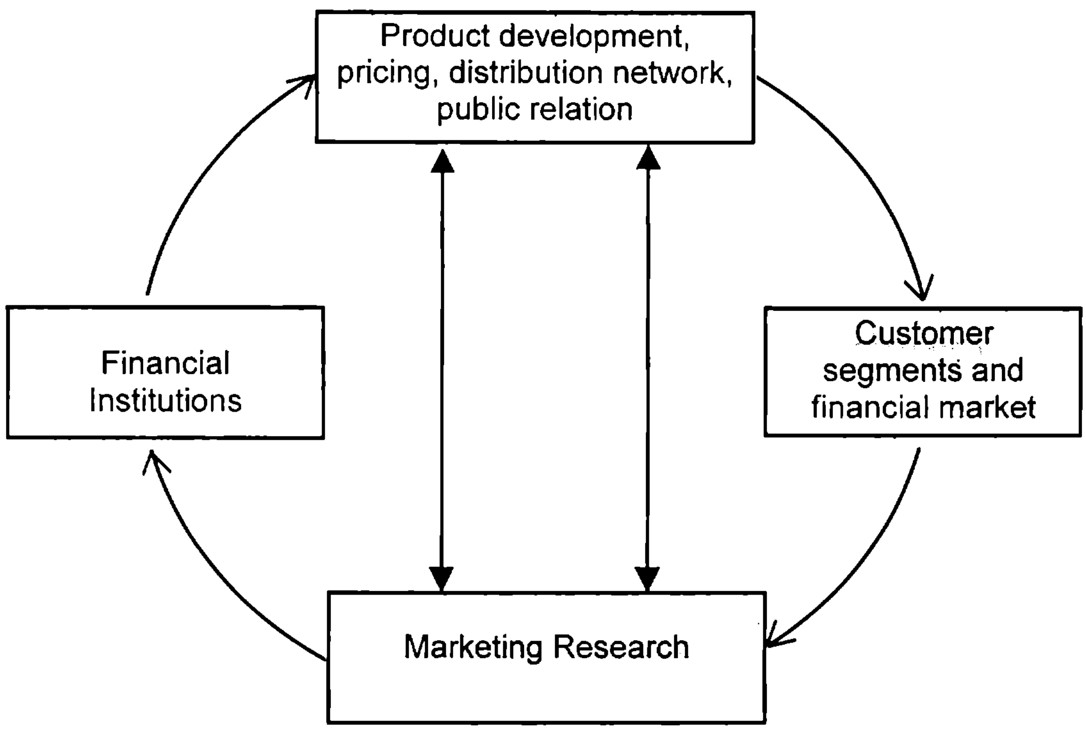
Even though certain banks and investment intermediaries create marketing research departments, the personnel in the department were not professional marketing researchers but were mainly operational researchers and statisticians without any research background.

Marketing research in financial market essentially deals with marketing problem solving with a focus on customer segments profile and preferences. Concept-testing new financial products is a major area in marketing research which deals with (a) how to market a financial package being offered to different customer segments and (b) which market strategy should be adopted for each segment. Marketing research can be fruitfully employed to collect vital information on market and customer behaviour for better product design, advertising programmes, pricing policies etc.

Marketing research basically concerned with market related problems and the problems always have their origin in the marketing activities of FIs. Marketing research helps the FIs to create a formal and structural communication channel between the market and FIs in which valuable and meaningful marketing data on customers can be assiminated to the financial institutions. Smith et al., (1989) in their study clearly show the superiority in the marketing performance of FIs, which have sound and effective feedback system in the market segmentation programme. The role and significance of marketing research in the financial market segmentation is exhibited in Figure 1.3.

Figure 1.3

The role of marketing research in market segmentation by FIs



The knowledge of FIs about market and various customer segments will be considerably enhanced through various activities furnished at the top of the completed circle in Figure 1.3. It may be instrumental in motivating customers belonging to household sector to move up the purchase ladder to select a particular FI for dealings.

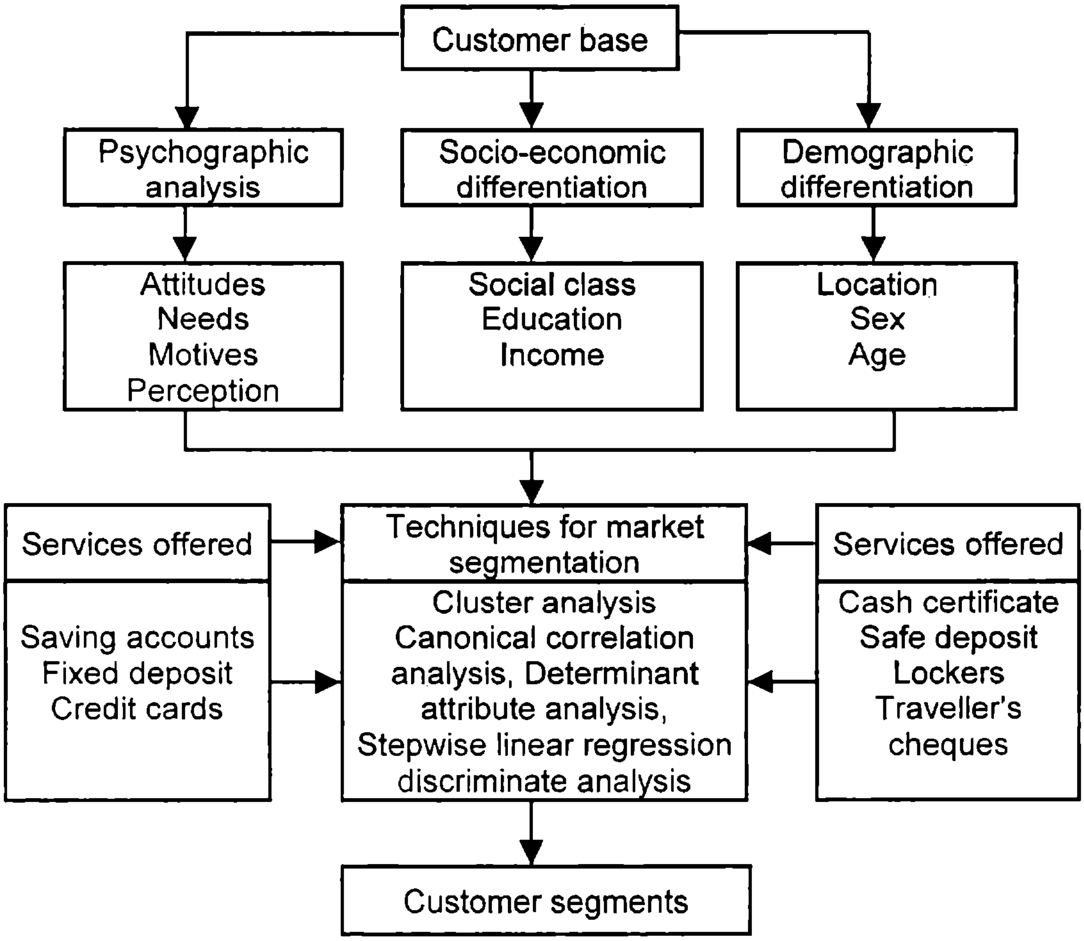
Rothwell (1978) identifies the market segmentation as the first and primary task to be performed in marketing research. The endeavour here is to describe the market in terms of common denominations that are prevalent in marketing today and to diagnose segment specific wants and needs.

Mercedes (2000) who have conducted an in-depth study on FIs segmentation, say that market segmentation has now emerged as an effective marketing tool for leading FIs and are taking the next step in reaching a multicultural customer segments. They have established multicultural marketing units and have graduated to searching for new assets with marketing campaigns created in different languages and reflective of the life style patterns of ethnic customers.

In market segmentation studies, a number of market segmentation technique are employed to segment customers. Among these, cluster analysis, factor analysis, determinant attribute analysis, linear regression etc. are some of the popular segmentation techniques employed by FIs. Figure 1.4 depicts alternative segmentation techniques and processes for market segmentation by FIs.

Figure 1.4

The processes and techniques of market segmentation



In cluster analysis technique, homogeneous group of customers are created on the basis of similarity in demographic, psychographic, behaviouristic and socio-economic characteristics of customers. The basic issue in cluster analysis is the identification of two set variables, which are highly correlated with one another to formulate different clusters. Other sub variables that correlate with two major variables are also identified to reflect the topology of customers belonging to different clusters or segments.

In this study, cluster analysis technique is adopted for segmenting customers of three categories of FIs viz., depository, contractual and investment intermediaries.

An investigation of studies on the marketing research in the financial market reveals the importance given to market segmentation by well-known researchers in this area. Study by Anderson et al., (1976) involving determinant attribute analysis of bank selection criteria beautifully portrays the usefulness of various attributes as a criterion for financial market segmentation and design of patronage appeals. Research by Robertson (1977) on classification of customers on the basis of six major set of characteristics by application of cluster analysis, an outstanding study by Rajshekhar (1999) on life cycle segmentation approach for effective marketing of financial product by FIs, deserve special attention of researchers on account of the authenticity and novelty of the approaches in these studies on market segmentation by FIs.

Dupoy et al., (1976) very clearly reveal the decision process of different customer segments for the selection FIs and criticise the traditional segmentation approach followed by FIs. The importance and relevance of market segmentation in financial market and how it influences customers in developing a positive attitude towards the financial institutions are the main aspects of different studies reported on market segmentation. Marshall (1985) who emphasised the need for consumer orientation in financial marketing, Wong (1991) who elaborately presents certain result-oriented marketing strategies in the marketing of financial products; Pottruck (1988) who empirically proves the worth of information on market and customer behaviour etc. are very good studies in market segmentation. In a way, marketing researchers formulated the above studies within the structural framework of market segmentation. Problems investigated in a large number of studies are directly or indirectly related to various dimensions on market segmentation. That is why Julie Williams, the first senior deputy comptroller and chief counsel for currency, USA, in the D.C. conference on 'cyber banking' at Washington on 1st February 2001 rightly observes, "in a financial world overwhelmingly influenced by technological revolution, one of the most interesting and potentially far reaching developments in the financial market today is its ability to segment products, services and operations into component parts or processes that can then be provided or obtained separately

It is an accepted fact that market segmentation approach is one of the most important prerequisites for success in marketing financial products because product-differentiation, specific customer-segmentation-appeal, individualised attention etc. are very important for customers belonging to household segments. It seems likely that the competitive dynamics of the current financial market forces FIs to adopt segmentation approach to develop a customer friendly culture in the organisation. As reported by Lynch (1995) in his illustrious study, customers frequently seek distinctive benefits from FIs. Understanding what tangible and intangible benefits can be offered and which customers are more likely to seek and appreciate such benefits are crucial to market segmentation approach by FIs.

The above discussions clearly suggest that there is no such thing as a short cut to success in marketing. The real success comes from supplying higher-value-financial-offerings for specific market niches. Studies by Beadle (1988) on the importance of lifestyle-research in marketing, Elliehausen et al. (1992) on the behavioural patterns of household in financial market, Marshall et al., (1988) on motivation of different customer segment on the use of electronic banking, Marc (2001) on demographic segmentation clearly show that successful FIs follow a market segmentation approach, in which they design and offer a superior marketing-mix earnestly sought after by all customer segments.

Need for and significance of the study

An overall study of views of academicians, researchers and practitioners related to the present research problem, supported an importunate need for further research in this area. It was found that even though there were excellent studies on the topic, the studies in this area could not adequately cover certain aspects of market segmentation by financial institutions. and these areas need more attention and exploration. Some studies and prevailing beliefs in the area were unsymmetrical highlighting only certain aspects of the problem, and many important dimensions of the problems need to be investigated further

Examination of available research studies and theoretical literature on segmentation by FIs in the financial market suggests certain research gaps in the field. The relevance and significance of demographic, psychographic and behaviouristic and socio-economic variables in market segmentation, psychological judgment of customer segment in the purchase decisions, financial product studies, sociographic segmentation, customers risk perceptions, segmentation competitiveness of FIs, influence of segmentation variables on customer behaviour, cluster analysis and segmentation gaps/ deficiencies are certain areas in market segmentation wherein certain research gaps are found and the main attempt of this study is to examine the above research gaps.

Literature review showed that there was a dearth of comprehensive research studies on the above-mentioned aspects of market segmentation by financial institutions for mobilisation of savings. It demonstrated that a serious research problem which could bring about fruitful results in strengthening financial system of countries did not get adequate attention of researchers and the academic community.

In this context it is very appropriate to note that developing countries and economies in transition like India in the liberalised and globalised world may fall short of economic progress unless there is a substantial increase in the rate of Gross Domestic Savings. It is doubtful whether the estimated increase in the domestic demand for investment in developing countries may be matched with likely increase in domestic savings rate. Faced with the drastic decline in output and irregular and unreliable inflow of foreign funds since the mid 1990's, these economies have little option but to intensify their efforts to mobilise domestic financial resources for economic development. Experiences of Asian economics especially of the so called 'Asian Tigers' showed that over-dependence on foreign funds is dangerous and high rate of domestic savings-especially that of household sector is very crucial for sustained and robust economic growth.

Financial institutions have to play a dominant role in savings mobilisation of customers belonging to the household sector through innovative and effective market segmentation approach. As per the official estimate, the rate of savings in India is below 25% of GDP which is very low compared to the savings rate range of 35-40% in other developed and fast developing economies. Since household customer's savings constitute about 80% of the GDP in developing countries. a prognostic and consistent effort by FIs is inevitable to rejuvenate and accelerate the rate of savings of household segments.

Market segmentation which is recognised as one of the most powerful and innovative marketing approaches may be effectively applied by financial institutions to collect vast and valuable savings of customers belonging to household sector by designing and marketing attractive financial products. Success of financial institutions in mobilisation of savings to a great extent hinges on identifying the right segment and framing the most appropriate marketing programmes to attract target segments. The market segmentation helps financial institutions to analyse different financial wants and needs of diverse market segments and to design suitable marketing mixes that satisfy their specific requirements. Therefore, a research study to explore and diagnose various dimensions of market segmentation by financial institutions and its impacts may be useful for strengthening financial market and accelerating savings mobilisation.

Traditional customer surveys are inadequate to provide insights and necessary customer feedback to understand the dynamics of customer behaviour, attitude and perception. Similarly, customer surveys which do not enquire into the prominent behavioural characteristics and attitude of customers cannot divulge vital information on customer behaviour which is very important in designing effective market segmentation approach. Therefore, research studies on market segmentation with a clear focus on customer behaviour should be conducted to bring out practical clues in reshaping and strengthening the existing market segmentation approach and also in discarding obsolete segmentation philosophies.

Importance of the study

The research problem selected for this study is one of the important issues in the field of financial market and its marketing dimensions on which researchers and academicians encourage more research studies. This research study may be relevant considering its significance in terms of some possible findings which may be useful to FIs in framing successful market segmentation approach to turn their dissatisfied and 'merely' satisfied customers into 'delighted' customers, which in turn can result in better savings mobilisation. The household segments may also be benefited from the research findings if they bring about an attitudinal change in their savings behaviour. The importance of the study may be briefly highlighted in the following points.

- The research study could examine existing theories on market segmentation by FIs and the findings might supplement the existing theories on this topic.
- The study may bring to light certain clues to strengthen market segmentation approach of FIs.
- The study may throw light on the existing beliefs and perceptions on customer behaviour which may be useful in effecting some positive changes in market segmentation approach by FIs.
- The study could suggest certain relationship between market segmentation variables and customer behaviour in the context of marketing of financial products by FIs.
- The study may supplement the existing knowledge on different dimension of market segmentation in the financial market which might encourage future research in the field.
- Findings of the study may help customers to view financial matters more seriously and to create suitable portfolios by combining different financial products in the right proportion.

Statement of the problem

Political leadership, financial regulatory bodies, economic advisors and administrators of financial institutions have unanimous opinion on the need for effective marketing approach by financial institutions to accelerate the rate of savings mobilisation. However, there is some sort of confusion and lack of direction in the financial services market in identifying effective marketing programmes for successful marketing of financial products. According to Guptha (1987) financial intermediation and marketing programmes of financial institutions lack innovation and dynamism which has an adverse impact on the savings mobilisation of household segments. Similarly, Angus (1989) has also observed that effective marketing of financial product by financial institutions need diagnosis and analysis of savings behaviour of customers belonging to household sector and satisfying their specific financial needs. Thus the relevance of market segmentation in the context of marketing of financial product by financial institutions is now being increasingly recognised.

According to Payne (1996) the problem of recognising, defining, understanding and segmenting market has emerged as the most important problem in the marketing of financial product. However, certain FIs with traditional marketing approach still believe that mass marketing is the suitable approach in the marketing of financial product since these products are difficult to differentiate and the segmentation of customers does not result in the improvement of the marketing performance. Anyway, financial institutions, by and large, have been following the market segmentation approach in the marketing of financial products and a study on market segmentation may be appropriate and useful for these institutions and the society at large. Therefore, this study was framed to critically examine certain issues of market segmentation by financial institutions identified for the research study

1 Does market segmentation have any relevance in the marketing of saving products by financial institutions?

2. How do demographic, psychographic, behaviouristic and socio-economic factors affect market segmentation approach by financial institutions and different customer segments?

3. Can these customer segments be identified by a set of common characteristics and attributes?

4. Is segmentation competitiveness a measure of financial institutions' ability to satisfy the needs of different segments relative to competitors?

5. To what extent is the existing segmentation approach adequate/ effective in marketing financial products?

The present study endeavours to examine the important issues on market segmentation mentioned above within the framework of specific objective as detailed below

Objectives of the study

1 To identify major segmentation variables employed by different categories of financial institutions and to analyse the relevance and relationship of these variables in market segmentation by financial institutions.

2. To measure and analyse segmentation competitiveness of financial institutions and its relationship with post purchase customer behaviour

3. To diagnose various clusters/segments of customers focused by financial institutions and to examine the distinctiveness of these clusters in terms of certain common characteristics and attributes.

4. To analyse the financial products of financial institutions targeting different customer segments, in terms of product features, benefits, objectives, portfolio strategies and customer perceptions.

5. To pinpoint gaps/deficiencies in segmentation approach of various categories of financial institutions in terms of segmentation attributes.

Hypotheses

The following null hypotheses have been formulated for the study with regard to the objectives mentioned above.

1 H_0: There is no multiple correlation between behaviouristic variable and demographic variables are significant.

2. H_0. The mean risk tolerance of different customer segment is equal.

3. H_0: The mean degree of influence of different savings motives on purchase decision of customers with regard to financial products is the same.

4. H_0: The mean market segmentation competitiveness of different financial institutions is equal.

5. H_0: There is no significant correlation between market segmentation competitiveness and post purchase customer behaviour

Scope of the study

The scope of the study is limited to the specific aspects of market segmentation approach of FIs mentioned in the objectives of the study Further, it mainly focuses on the market segmentation approach with regard to the marketing of financial products meant for saving mobilisation. For this purpose, six FIs namely, LIC, UTI, SBI, FBL, KPMF, NSS have been selected from depository, contractual and investment intermediaries. Also, the place of the study is limited to the northern, central and southern regions of the State of Kerala.

An overview of methodology

An appropriate methodology was formulated to examine the objectives identified for the study Both primary and secondary data had been collected for the present study The primary data for the study had been collected by conducting a sample survey by administering questionnaire on customers of FIs belonging to household sector who constituted the population of the study Interviews with executives of financial institutions were also conducted to elicit information on segmentation approaches of financial institutions. Secondary data had been collected from reports on customer survey conducted by financial institutions, dissertations, research journals, CD Roms, books, financial dailies and magazines.

In this study, the sample consisting of 300 respondents who were selected from a list of customers furnished by marketing departments of FIs and stratified sampling method had been followed for the selection of sample units with due representation of customers belonging to northern, central and southern areas of the State of Kerala.

Financial institutions under different categories were selected after considering the reputation, track-record, network, ownership and segmentation approaches. State Bank of India, Federal Bank Limited, National Saving Schemes from depositories, Life Insurance Corporation from contractual intermediaries and Unit Trust of India and Kothari Pioneer Mutual Fund from investment intermediaries were the financial institutions selected for the study

In the analysis design, appropriate measures were employed in respect of various objectives of the study In statistical analysis mean, standard deviation, correlation, t-test etc. were the measures employed.

Limitations of the study

1 The methodological assumption of the representativeness of sample may not be practically true. This limitation may restrict the scope for generalisation of the results of the study

2. In this study customer's responses are not measured in two time periods. A longitudinal study on customer behaviour is more appropriate to derive more accurate results.

3. The study mainly depends on interval level data, derived from customer responses to various variables, to carry out statistical test, which may not be as accurate as the results derived from ratio level data.

4. In this study, the new generation FIs are not included to be examined for their market segmentation approach and this limits the scope of the study to the existing FIs in the financial market only.

5. The tools and techniques of analysing customer behaviour may lack precision and on account of this limitation, a high degree of accuracy may not be achieved in the analysis of customer behaviour.

Organisation of the Thesis

The thesis is organised in five chapters including introductory chapter that contains importance of the study, statement of the problem, objectives of the study and hypotheses.

The second chapter, 'Literature Review' describes theoretical literature on the topic and major research studies relating to the present study.

The third chapter explains the research methodology

The fourth chapter, 'Findings and Discussion' presents a detailed analysis of the data in respect of the objectives of the study.

The last chapter provides a summary of findings, major conclusions and gives some suggestions based on the findings of the study

In the detailed discussion of theoretical literature and conceptual framework of the research study, explanation of the terms and concepts mentioned in the study are discussed in detail.

CHAPTER TWO

LITERATURE REVIEW

Literature Review

In literature review, a detailed discussion of theoretical literature and research studies on the topic specifying major concepts and variables and critical assessment on previous research studies and their relationship to this research study are included.

Review of literature consisted of three phases. The first phase was a broad scan of the literature by concentrating on research reviews viz., research articles on the topic. The purpose of this broad scan of literature was to identify and formulate research problem. Certain handbooks on research on this topic, back issues of leading journals and computerised database of research centres were used.

Focused review of literature was the second phase of the literature review, which was conducted to get more clarification on the research problem to narrow down the same and to develop a research proposal. Focussed review was accomplished through computerised search of data base available on the internet and CD Rom service, library facilities provided by Institute of Financial Management &Research, Madras and such other research centres.

The third phase of the literature review was a comprehensive critique of the literature, which provided a scholarly foundation for the study. At this stage all the sources mentioned in the first and second phase and CD-Rom service and library facilities of IIM, Bangalore were made use of

The theoretical literature

The theoretical literature on the topic explained abstract principles and practices regarding the research problem, which was reviewed to provide a foundation on theories and principles of the topic of research and for developing a conceptual framework for the research study.

During the review of theoretical literature, a fairly good number of theories and models on the market segmentation by FIs and customer behaviour in respect of savings decisions were found. Since the research problem encompassed analysis of different theoretical concepts on the issue, the theoretical literature covered the following areas.

- Theories on market segmentation by FIs and major market segmentation variables employed by them.
- Theories on different categories of FIs and their resource allocation function in the financial market
- Theories on customer behaviour with regard to purchase of financial products.
- Theories on financial products.
- Other related topics.

Concepts and terms used in the objectives and in various other parts of the study and their conceptual dimensions are explained in the theoretical literature review.

Mass marketing vs market segmentation

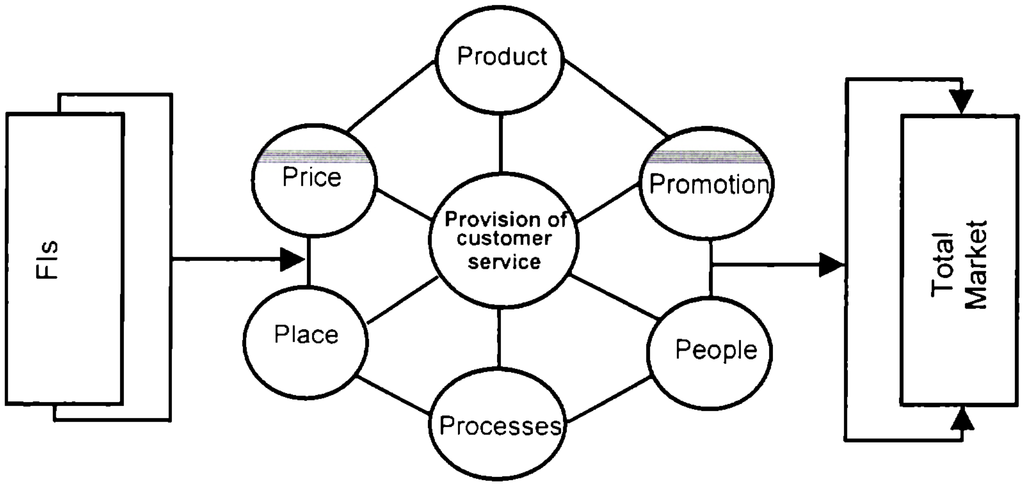
Market segmentation has been considered as one of the most effective marketing approaches and philosophies for the marketing of goods and services. However, in the financial market, especially in the context of marketing of financial products by FIs, this marketing philosophy is generally underutilised with many FIs adopting unsophisticated views on market segmentation. The approach taken is often to wait and see which customers or clients come forward to buy a service or to offer range of services without focussing on the specific needs of identified segment. However FIs have been recognising that they cannot appeal to all customers in the market in the same way since customers are too numerous, widely scattered and too varied in their need, wants and behaviour. FIs can adopt any of the following approaches in marketing financial products.

Mass marketing

For several decades, FIs have been following mass marketing, which is characterised by mass production, mass distribution and mass promotion of one product to all potential customers. This approach was popularised on the basis of the misconcept that FIs can create the largest potential market at the lowest cost through this approach. Mass marketing is a broad and homogeneous approach wherein FIs target all potential customers with the same marketing mix. The heterogeneous characteristics of customers are not seriously considered by FIs in studying the variegated needs and requirements of different customer segments and in designing suitable financial product.

Figure 2.1

Mass marketing approach by FIs



FIs Marketing Mix Total market

As depicted in Figure 2.1, in mass marketing the focus of FIs is on total market and the same marketing mix is offered to all potential customers without considering the difference in their demographic, behaviouristic and psychographic characteristics.

Market segmentation

Market segmentation is the process of splitting customers into different groups or segments within which customers with similar characteristics and similar financial needs are grouped. By doing so each one can be targeted and reached with a distinct marketing mix (McDonald et al., 1995). Here, the organisation identifies market segments, select one or more of them and develop marketing mixes to attract each target segments. Instead of scattering marketing effort (the shotgun approach) FIs can focus on the customers who have greater interest in the product (the rifle approach).

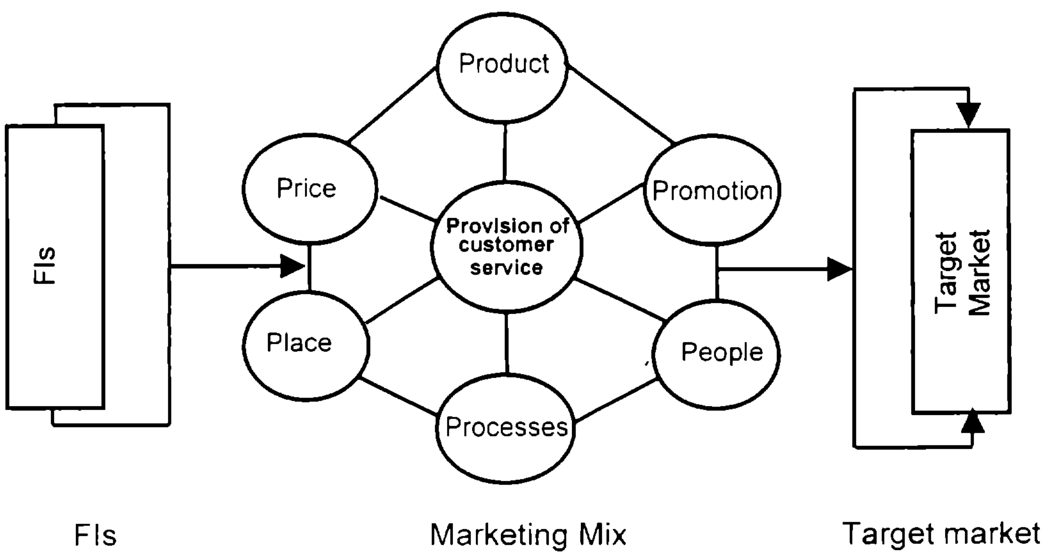
Presently the focus of FIs is on total customer satisfaction through market segmentation in which the approach is to diagnose the heterogeneous characteristics of customers, group them into appropriate homogenous groups or segments and to design suitable financial products to satisfy their specific financial requirements.

Market segmentation can be practiced by FIs for marketing financial products in any one of the following ways viz., **concentration strategy or multi segment strategy**

Concentration strategy

In concentration segment strategy, organisation directs marketing mix towards a single market segment and concentrates all marketing efforts on a single segment.

Figure 2.2
Concentration strategy



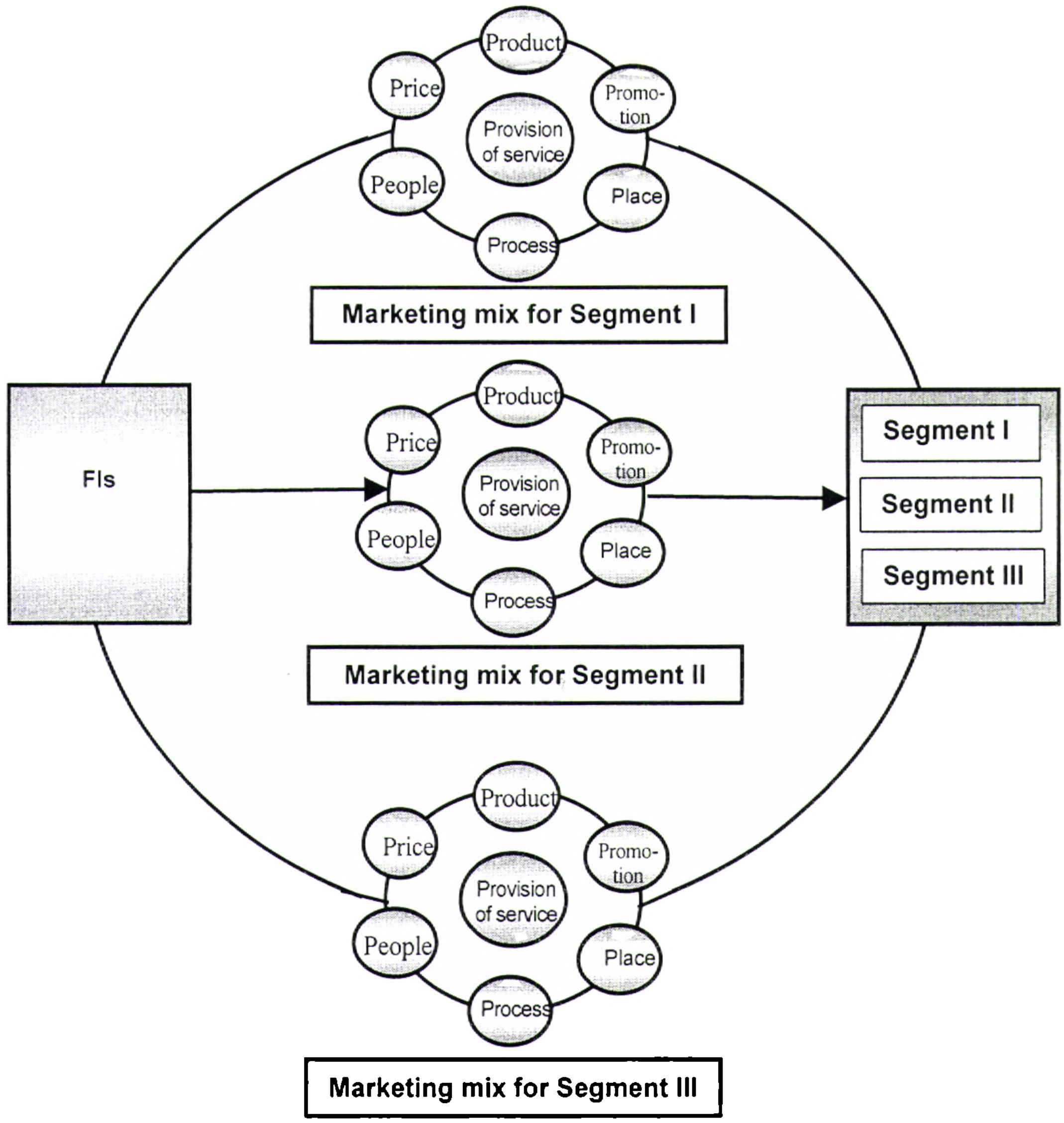
As presented in Figure 2.2, in concentration strategy, the approach of FIs is to select the most profitable segment from among different customer segments identified and to design a most suitable marketing mix which is very attractive and beneficial to the target segment. This strategy is very advantageous to FIs since they can concentrate on a single segment and becomes a dominant player in that segment.

Multi segment strategy

Under this approach FIs develop marketing mixes for different segments of customers and focus its marketing efforts at two or more segments. FIs using the multi segment strategy may usually effect sales in total market by focussing on more than one segment because its marketing mixes are being aimed at more customers (Engel et al., 1972).

Figure 2.3

Multi segment strategy by FIs

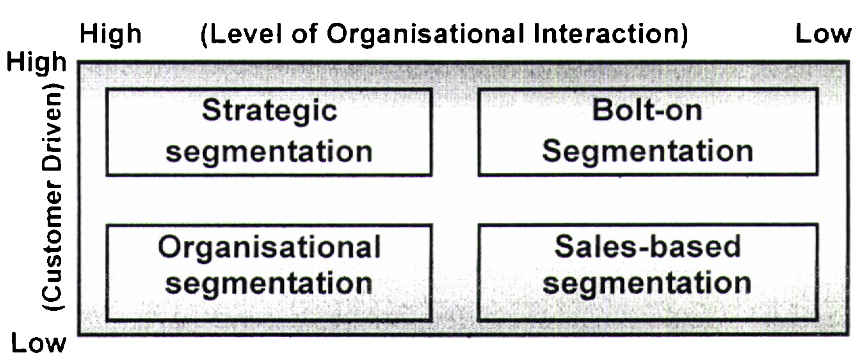


As per Figure 2.3, in multi segment strategy FIs select two or more customer segments and design appropriate marketing mixes containing various components which satisfy specific financial requirements of these different customer segments. FIs having substantial financial background and long experience in the market segmentation can follow this strategy for better market penetration and for providing higher customer satisfaction.

Segmentation archetypes in FIs

FIs can practice different types of segmentation archetypes which determine the level of organisational and customer interaction in market segmentation approach. At one extreme is the FIs whose marketing activity is purely customer driven but which takes no explicit account of the organisation's capabilities or structure. In such situations FIs may fail to reach the level of expectation engineered by its marketing departments. At the other extreme is the FIs, which base segmentation on their own capabilities or structure regardless of customer needs. With such an approach the FIS may be able to recognise changes in the market place, which in turn may undermine its extreme marketing strategy. McDonald et al., (1995) in their research paper, summarised segmentation archetype in organisations in the form of a matrix as shown in Figure 2.4.

Figure 2.4
Segmentation archetype



Sales based segmentation

Some FIs would not recognise themselves as having any form of market segmentation as such, but in terms of the fact that they differentiate the way they deal with different customer groups. This is an important form of market segmentation known as sales-based segmentation. Sales based segmentation may have segments, which are based on customer size or particular territories.

Organisational segmentation

Here, the organisational structure defines the segmentation approach. This may be through particular product divisions or particular territory splits based around product designing. This type of segmentation underlines the organisational culture with employees and structures being clearly differentiated by their allegiance to particular components of organisation.

In effect, the marketing effort is segmented, as these separate components of the organisation have their own marketing resources. Customers however, may find themselves having to deal with separate parts of the organisation each practicing its own quite different marketing strategies.

Bolt-on segmentation

This segmentation archetype is generally found in FIs, which have recently discovered the great potential of market segmentation in the financial market. Marketing programmes are very sophisticated with segments developed from both quantitative and qualitative data and often described in psychographic terms. A dominant feature of this type of segmentation is its existence and practice within the framework of marketing function. It is applied at an operational level for advertising campaigns and direct mail programmes. In this segmentation archetype, segmentation is not practiced at the level of customer service dimensions. The segments developed are often task specific and variable across differing project over time. Consequently this form of segmentation is unlikely to play a major role in product or market development at the strategic level.

In the post liberalisation period, some FIs, practiced this segmentation archetype. Many of them recruited external marketing professionals when marketing was seen as the activity to be pursued with the utmost care and vigilance. Unfortunately, the consumer focussed endeavours of new marketing departments were often thwarted by the insistence of the institutions that their branches could not open their doors at times suited to the needs of their customers or to staff their branches during peak demand (because their staff needed to take lunch-breaks during peak time).

Strategic segmentation

In this segmentation, customer driven segments permeate the entire organisation, both in its external marketing activity and in its internal structure. Resources are allocated on the basis of these segments and marketing strategies are formulated on the basis of these groupings. Many multi brand, high street institutions operate their brands as different business with not only distinct retail units but also with separate buying departments and administrative support. This segmentation approach is practiced by FIs which are very proficient and experienced in segmentation with a high degree of professionalism.

The segmentation process

Market segmentation consists of a number of sequential processes and the first part of the process covers the essential preliminary steps to develop a segmented structure for the market. The first part contains seven steps and is applied to whole market where the FIs are operating in, not just to a bit of market segment where it is currently successful. It therefore looks at competitors' products as well as their own. Second part of the process containing steps 8 to 12 looks at how to select those segments FIs may operate in.

Figure 2.5

The process of segmentation

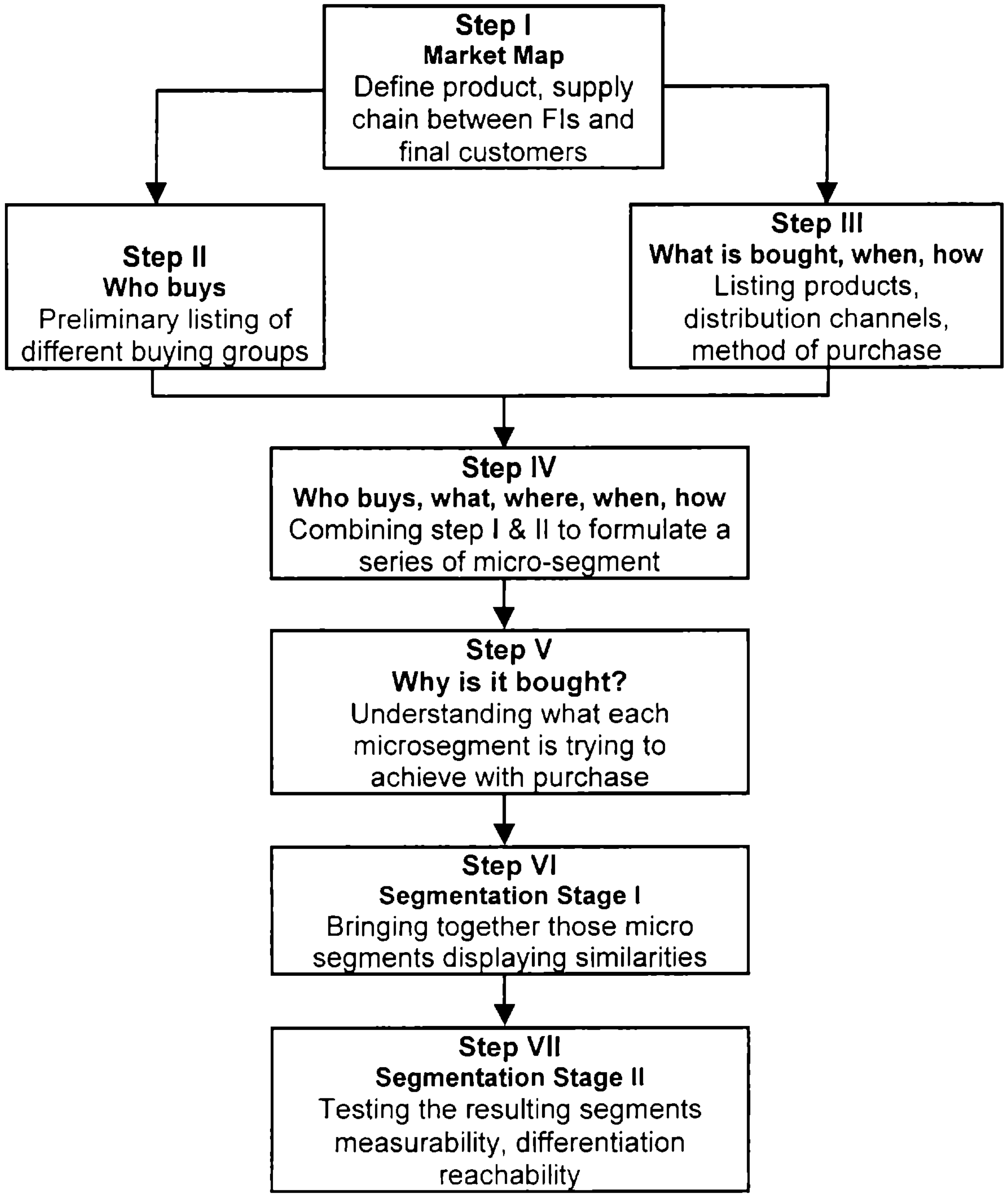
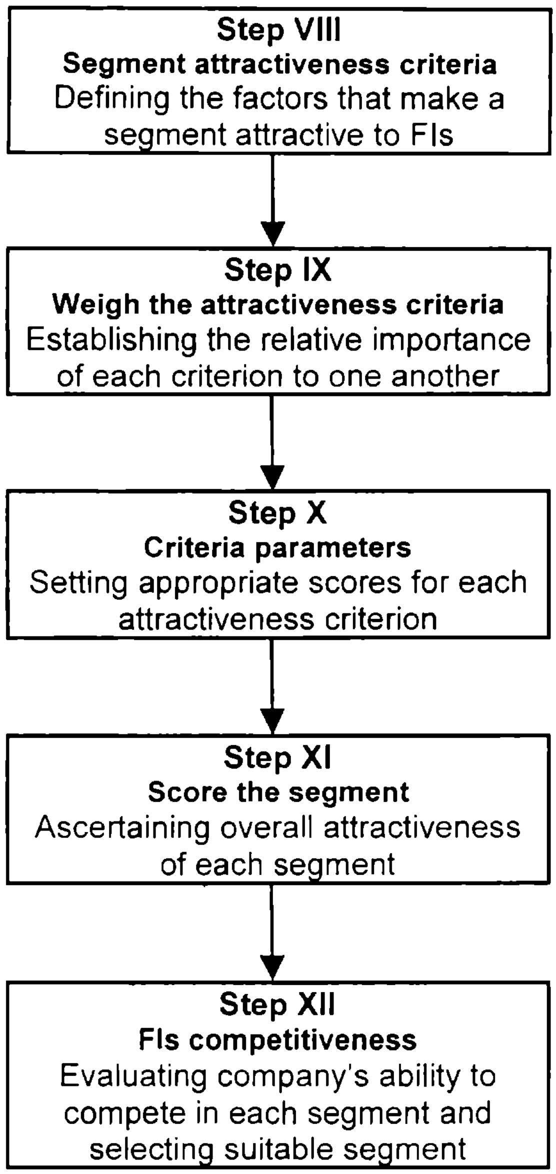


Figure 2.6

Prioritising and selecting segments

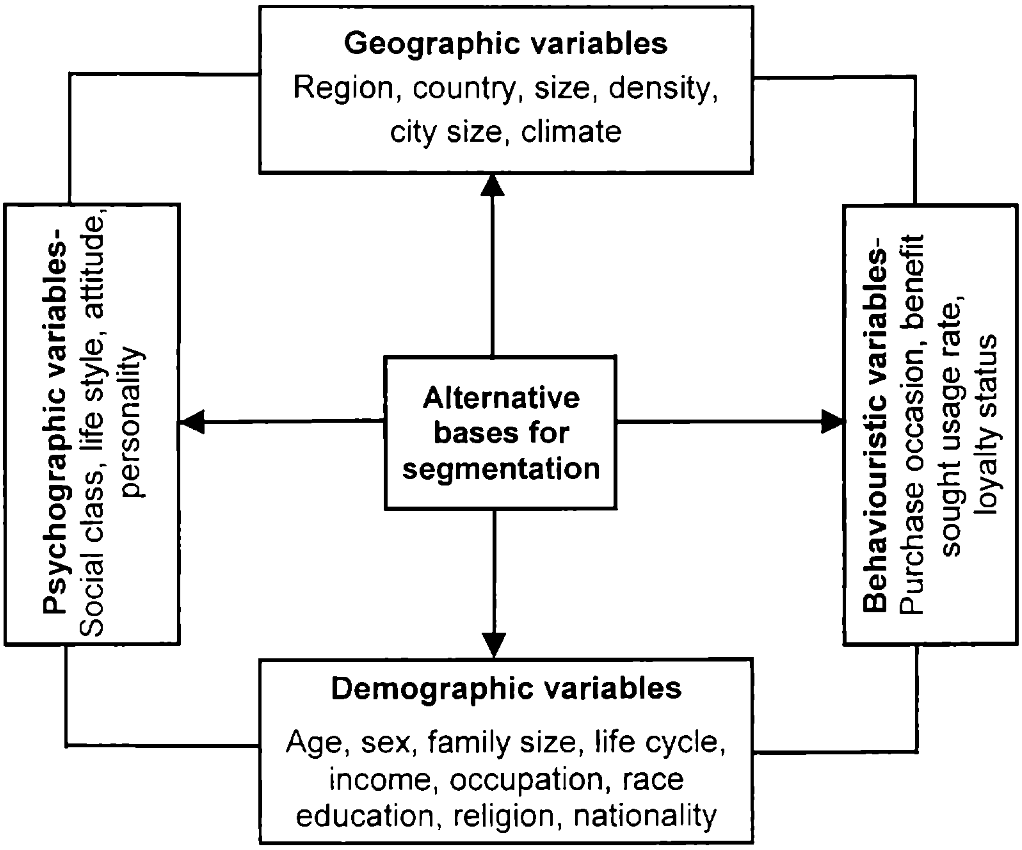


Bases of market segmentation

Identification of appropriate and worthwhile segmentation variables for segmenting potential market is not an easy task for FIs. Marketing managers have to put their heads together to analyse different segmentation variables to select suitable variables to be used as the bases for creation of profitable market segment. Figure 2.7 outlines major segmentation variables generally employed for market segmentation by FIs.

Figure 2.7

Bases for market segmentation



Geographic segmentation

Geographic segmentation classifies potential customers according to the location where they live or work and correlate this with some other variable to create various customer segments. Geographic segmentation dimensions are typically grouped into market scope factors and geographic market measures. Though in the pre globalisation and liberalisation period geographic variables were not common in market segmentation by FIs, in the post globalised period, these variables became very dear to globally exposed FIs.

Market scope factors

Location of market to be served on local, national, regional or global level is the consideration when market scope factors form the bases of segmentation. FIs may target one or a few geographical areas and design marketing mix to satisfy the geographical differences in the needs and wants of customers.

Geographic market measures

Geographic market measures such as population density, climate-related factors and standardised market areas form the bases of market segmentation, when geographic measurers are the consideration for market segmentation.

Presently, FIs have been regionalising their marketing programmes-designing their products, promotion, price and service with regional flavour to meet the specific needs and requirements of individual cities, regions and even neighbourhood. However, even in globalised market some FIs, are still reluctant to try this approach to design their marketing programmes to attract more customers.

Demographic segmentation

Demographic segmentation divides market on the basis of demographic variables such as age, sex, income, occupation, education family size, family life cycle etc. Demographic variables are the most popular bases for segmenting customers since customers needs, wants and usage rate are generally determined by different demographic variables. Demographic variables and customer behaviour in the context of marketing of financial products show some relationships and thereby FIs can easily identify specific financial requirements and motives of customers to design suitable marketing mix (McKechnie, 1999).

Psychographic segmentation

Psychographic segmentation groups customers into different segments based on motives, attitudes, life style or personality characteristics. Psychographics are especially useful when other conventional methods of segmentation do not produce clear and useful segments. Rather than being concerned directly with democraphic factors, psychographic segmentation is concerned with analysis of customers' way of living, attitude, perception etc. However, very often psychographics are analysed in conjunction with demographic variables to create more dynamic and reliable segments. FIs widely utilise customer lifestyle and personality differences to determine variations in customer demands. FIs market differently to 'Swingers' (Young, unmarried, active, fun-loving etc.) than to 'Plain Joe' (Older, married, home-centred, family centred). It is found that independent, relatively aggressive entrepreneurs respond more quickly to a personal selling approach of FIs, whereas more dependant, less aggressive individuals respond better to a more structured, authoritative sales presentation (Robertson, 1977).

Behaviouristic segmentation

Behaviouristic segmentation divides potential customers according to behaviouristic pattern such as their preferences, product awareness, readiness stage, user status, benefit sought, loyalty status etc. Behaviouristic variables are widely recognised in the financial market as very adjustable and flexible in multivariable segmentation by FIs.

Benefit-segmentation

It is a popular form of behaviouristic segmentation which assumes that the benefits that customers seek from a given product are the most influencial factors in the purchase of financial product by different customer segments.

Benefit segmentation requires identification of major benefits customers look for in the product class, the kind of customers who look for each benefit and the major brands that deliver each benefit. This differs from psychographic segmentation, which focusses on 'who' will buy a product.

User-status-segmentation

It classifies customers into non- users, ex- users, potential users, first time users and regular users of products. Generally FIs having substantial share in the market follow strategies to attract and win potential customers and relatively smaller FIS focus their attention on regular customers. On the contrary, FIs, especially which follow traditional marketing programme, largely depend on regular customers and they are not interested in designing a marketing programme to attract non-users and potential users of financial products (Pottruck, 1988).

Usage-rate-segmentation

It divides the customers on the basis of type and extent of usage-rate-pattern such as heavy-users, medium-users, light-users. FIs have particular interest to target heavy-users since they account for a high percentage of total volume of trading, even though they often constitute a small percentage of the total market.

Loyalty status segmentation

It categorises customers according to the loyalty they exhibit to a particular FI or financial product being offered. Generally, customers are divided into four categories according to loyalty pattern exhibited by them in their dealings with FIs. **Hard-core loyals** (customers who buy their brands all the time), **soft-core loyals** (who are loyal to two or three brands) **shifting loyals** (who shift from favouring one brand to another) and **switching loyals** (who show litttle sustainable loyalty to any one brand) are the loyalty statuses of customers belonging to different segments. Diagnosing the underlying reasons for different patterns of loyalty, needs further investigation and analysis to unearth hidden realities on this mysterious aspect of human behaviour (Fry, 1973). The importance of customer loyalty in the context of FIs lies in the fact that when customers make a decision to patronise a particular FIs, they are strongly influenced by their level of loyalty.

FIs take into account several factors in selecting segmentation variables. The segmentation variables selected for market segmentation are related to customer behaviour and characteristics. Naturally in market segmentation by FIs, variables under consideration reflect a particular dimension of customer behaviour which constitutes the base of market segmentation. Similarly, utmost care should be taken to choose suitable variables because selecting unfit variable restricts the scope for successful approach in market segmentation. Therefore FIs should have indepth knowledge of customer behaviour, attitude and perception which provides valuable insights in formulating effective and successful market segmentation approach.

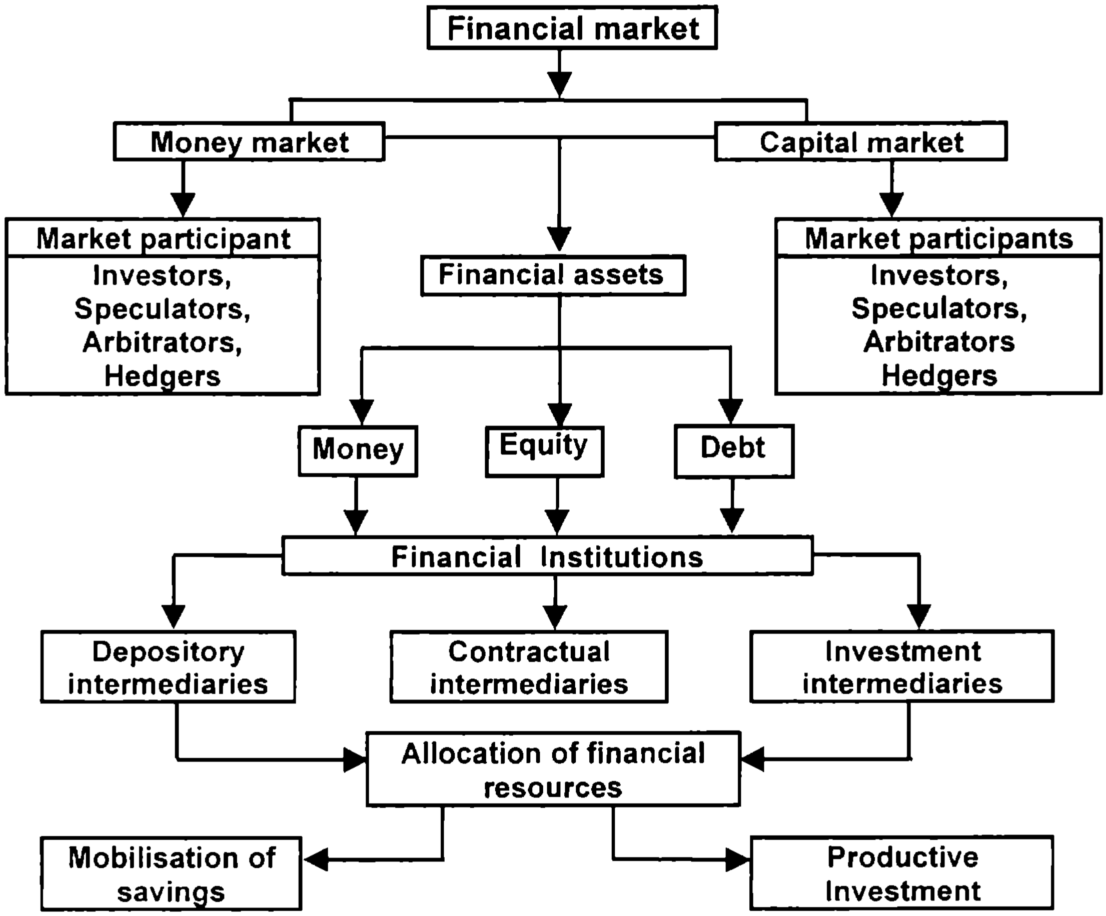
FIs and intermediation process

Conceptual framework of FIs and its intermediation process in the financial system for the management of resource allocative function need a detailed discussion to visualise and understand an important aspect of this study This research study is formulated to examine the market segmentation approach of FIs in marketing their financial products to customers belonging to household sector. As already discussed in the introductory chapter FIs are the most vital constituent of the economic system which perform the fundamental wealth allocation function of savings mobilisation and its productive investment of surplus funds. A well developed and efficient financial market and a wide network of FIs are inevitable for storing and transferring the wealth of the economic system through the vehicle of financial assets.

FIs in a financial market constitute an institutional framework facilitating mobilisation of valuable financial resources of the society through financial products which accelerate rate of capital formation, inculcate saving habits and promote economic self reliance. The structural framework of financial market and various components constituting the system and the significant role of FIs in the financial intermediation process are clearly presented in the Figure 2.8. The role of FIs in the financial intermediation process of the system is very crucial because without their participation, the smooth functioning of the financial market is very difficult to achieve.

Figure 2.8

Anatomy of financial market and financial intermediation process



Based on the period of maturity of financial products transacted, financial market is classified into **money market** and **capital market**. Money market deal in short term financial assets (financial products having a maturity period of less than one year) and **capital market** deals in long term financial assets (financial products having a maturity period of more than one year

Market participants are the real players in the financial market who have a finger in every pie in its functioning and provide the necessary dynamism and vitality to the system. Behavioural pattern of participants in the marketing activity is the basis of classification of these participants. **Investors** are very cautious participants who buy financial assets primarily to get income in the form of interest, dividend or capital gain by holding securities for a long period. **Speculators** are basically risk loving participants who conduct frequent trading in financial assets to make profit from the fluctuations in the prices, within a very short period of time. **Hedgers** are also speculative participants who hold two or more financial assets to offset price movement on account of certain memorandum-relationship between them.

Arbitrarors are also interested in making speculative profit by the purchase of financial assets from one market and the simultaneous sale in another market at a higher price.

As a matter of fact the same participant assumes different roles and behavioural patterns in his dealings in the financial market depending on the purpose for which he is participating in the financial market operations. The present study concentrates on behavioural pattern of customers belonging to household sector who are generally associated with FIs functioning in the financial market.

In a financial market there are three types of financial assets to facilitate resource allocation function. **Money** is a financial asset which is widely accepted as a medium of exchange such as currency, coins, cheques, bank drafts etc. **Debts** are financial products which give claims against money income which normally consists of a stream of fixed interest payment and payment of face value on the maturity date. **Equities** are claims against variable income and such income consists of dividend payment and payment of principal amount on the winding up of the company.

FIs or financial intermediaries exist because of the prevalence of frictions and non-competitive blemishes in the financial system. In a frictionless and perfectly competitive financial market, savers and borrowers can conduct lending and borrowing directly without the assistance of FIs. However the existence of such a financial system is an idealistic concept and FIs are emerged at the central stage of the financial market to facilitate financial intermediation process especially when the economic liberalisation and globalisation have done away with the regulatory constraints and dull-witted operating procedures of the system. Since market segmentation by FIs is the major issue of this study, it is very appropriate to include some theoretical literature on FIs and their role in financial intermediation.

FIs are classified into three categories viz., depository intermediaries, contractual intermediaries and investment intermediaries. **Depository intermediaries** consist of commercial banks, saving and loan associations and credit unions which issues deposits, normally payable on demand except for time deposit that carry specific maturity dates. **Contractual intermediaries** consist of insurance companies and government pension funds which create credit investments that form a contractual relationship with the customer, such as insurance plans that include savings and loan privileges, annuity or a pension **Investment intermediaries** consist of investment companies that issue shares of ownership in their portfolios of assets, and finance companies, that hold the portfolio of equities and debts on which they earn their income and they sell financial products to customers to raise funds.

Financial intermediation by FIs facilitates allocation of financial resources in the economy through mobilisation of savings and its productive investment. Thus FIs are the vital link between saving and investment which facilitate the exchange of funds between lenders (savers) and borrowers by centralising the dealings between borrowers and lenders. In this process, FIs, first collect savings of the social units including households by launching attractive savings products and then distribute fund through credit products. Thus, unless FIs succeed in their endeavour of savings mobilisation by effective marketing of savings products, the process of financial intermediation and resource allocation function will collapse. FIs selected for the study and the selection produce are explained in the chapter on methodology.

Customer behaviour

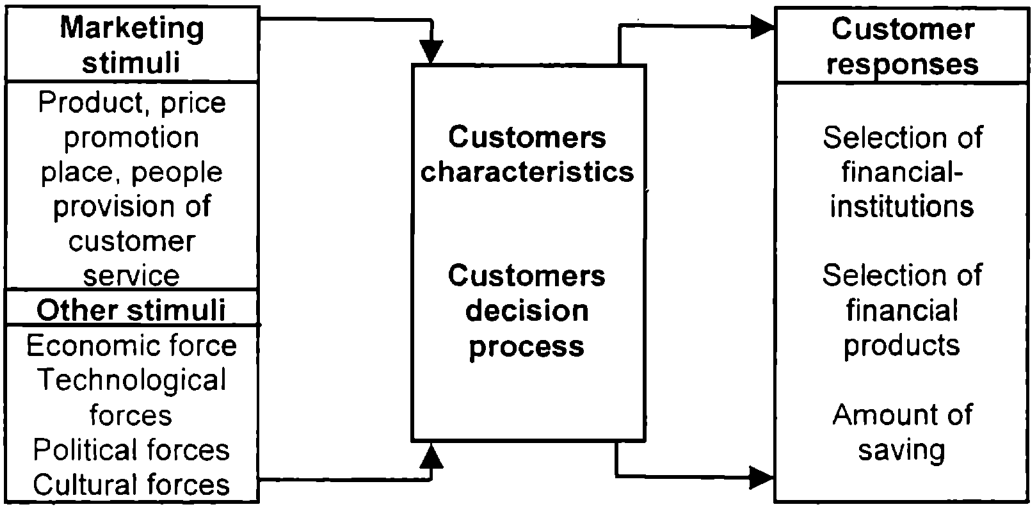
Understanding customer behaviour in market segmentation is an indispensable but a difficult task for FIs, since customers are influenced by a complex set of deep and subtle motives, perception beliefs and attitudes. Behaviour of customers of FIs is more complex considering the influence of certain peculiar factors which become active during the decision making process for purchasing financial products.

Even though researches on customer behaviour have not provided all the knowledge that FIs need, tremendous progress has been made by researchers during the past three decades in bringing to light new vision and insight on this topic. According to Mc Kechnie (1992), customer behaviour in the context of purchase of financial products is influenced by certain peculiar motives and considerations which are almost absent in the purchase decisions in respect of physical products and other services.

Since various segmentation variables are directly related to customer behaviour, a discussion on this topic is given in the following pages.

Figure 2.9

Customer behaviour in the purchase of financial product



The pertinent question which disturbs FIs the world over is the manner in which the customers respond to various marketing stimuli used by them. The FIs having a real knowledge of the customers' response to a particular marketing stimuli used in marketing steal a march over their competitors in winning and retaining valued customers. Marketing stimuli in the context of financial product marketing consist of the seven 'p's of service marketing viz., product, price, place, promotion, process, people and provision of customer service.

Marketing stimuli used by FIs to influence customers' characteristics and customers' decision process produce some positive responses. In addition to marketing stimuli designed by FIs, there are other stimuli such as economic, technological, political and cultural forces also that influence customers' characteristics and decision making process (Howard et al., 1969).

Customers perception and understanding and their reaction to various marketing stimuli are greatly influenced by their personality characteristics. Different customers react to the same marketing stimuli in different ways on account of the estrangement in their personality characteristics. Personalities are typically described as having one or more of such characteristics such as compulsiveness, ambition, gregariousness, dogmatism, authoritarianism, compulsiveness, introversion, aggressiveness and competitiveness. Marketing researchers in financial market attempt to find the relationship between such characteristics and customer behaviour. Even though few relationships among several personality characteristics and customers' behaviour have been identified, the results of many studies have been inconclusive.

FIs should create the appropriate market segments and formulate distinctive marketing package for each segment based on the financial requirements of the different customer segments. This approach helps institutions to cultivate in the customer's mind, a perception of "psychological ownership" by the offerings of FIs. The customer is more likely to have a feeling of exclusiveness and importance when he feels that the given marketing package has been especially designed for persons like him only and not for everybody at large (Seth, 1997).

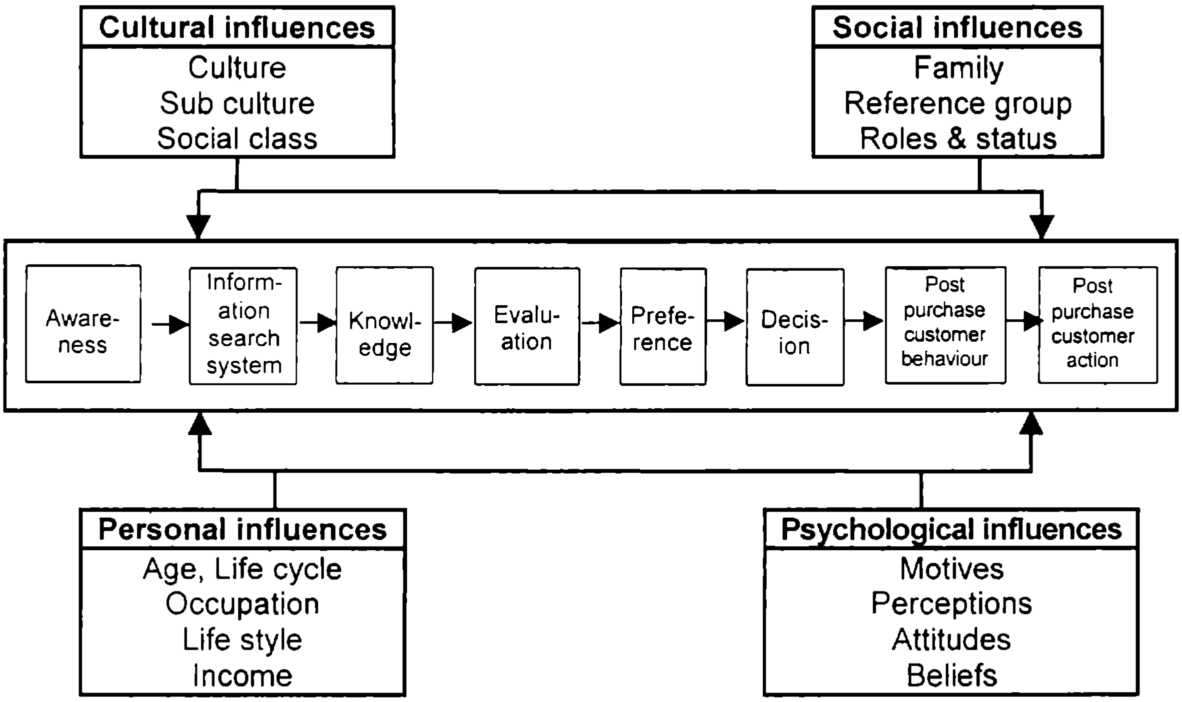
Thus, theoretical literature on customer behaviour in respect of savings products, clearly emphasises the need and importance of formulation of appropriate marketing stimuli to influence customers positively in their saving-products-purchase-decisions. Since customers' decision process involves commitment of hard earned money and it is comparatively complex in many cases it may not be similar to a routine purchase decision process for buying low cost and frequently purchased commodities. The decision for the purchase of financial products may be either a limited problem solving when customers confront familiar financial product class, but are not familiar with FIs or extensive problem solving when they are less familiar with financial products class and FIs.

Customers' decision process

Decision process in respect of purchase of financial products starts when the customer becomes aware of a saving need and senses a difference between the actual and the desired state. The savings need may be triggered by internal stimuli such as saving needs of an employee to save income tax, children's education or by external stimuli such as direct mail about financial product sent by FIs or proximity to an FI. If the prospective customer saving need is very strong, the customers is likely to purchase a financial product, which is available within his reach or start information search to collect maximum information on available products offered by different FIs.

Figure 2.10

Customers decision process and possible influences



Information search provides the customer a knowledge-base and the customer processes the knowledge-base by evaluation of alternatives. The customer looks for some benefits from purchase of financial products and he evaluates product-attributes to judge the capacity of the product to satisfy his financial needs. Evaluation of alternative financial products helps customer to rank various product brands and form a preference for these brands and most probably the customer purchases the products of the most preferred FIs.

After commitment of money in a particular product brand, the customer-decision-making-process continues with post purchase behaviour and post purchase action. Post-purchase-customer-behaviour depends on customer's expectations and the product's perceived performance. If perceived performance of the product falls short of expectations, the customer is dissatisfied; if its perceived performance is in accordance with customers' expectations, he is satisfied, if it exceeds expectations the customer is delighted.

Post-purchase-customer-action can be ascertained from the customer's intention to continue patronage of the FIs by repeated dealings. All these processes involved in the purchase decision in respect of saving products and various factors affecting this decision process are clearly depicted in Figure 2.10. FIs, which are very enthusiastic in market segmentation, must know the various dimensions of these customer behaviour and possible influences. This knowledge helps the marketers to design the most appropriate market segmentation approach to provide maximum satisfaction to customers.

In the context of the decision-process in respect of purchase of financial products, certain influences, which are exclusively associated with such decisions, need more discussion and analysis. Kapoor et al., (1996) identified certain psychological influences, which are specifically applicable in the case of financial planning in respect of the purchase of financial products meant for savings mobilisation. Certain motives, which constitute the important components of psychological influences, have tremendous impact on such situations. **Income** – return from the money used for purchasing saving products, **safety** – repayment of invested money and payment of return without any default, **liquidity** – the freedom to convert savings products into cash without difficulty and loss, **Risk coverage** – protection against possibility of injury, loss and unexpected death, **Hedge against Inflation** – protection against reduction in the purchasing power of money, **Marketability** – facility to buy or sell saving products without loss and difficulty and **savings in Income tax** – are some of the major savings motives of customers. As already mentioned, these motives are not relevant in the purchase decision of customers in respect of non-financial products but these are very significant in the decision-process of customers with respect to purchase of financial products.

In this research study, analysis of these savings-motives and identifying the most influential motive is an important component of the first objective of the study Findings of this analysis may be very useful in designing the appropriate financial products according to the degree of influence of these saving motives in the selection and purchase of financial products.

Post purchase customer behaviour

Analysis of post purchase behaviour of customers is very essential to know how the customers perceive and feel about various marketing stimuli presented in the form of marketing mix offered by FIs. Postpurchase behaviour of the customers which continues after the purchase of savings product, is evaluated and measured on the basis of the degree of satisfaction derived by customers from the financial products.

Since customers' decision-process is an intellectual process within the mind of the customers, while measuring satisfaction, perception of customers on attributes of products must be considered and not just "reality." But more than just customers perceptions are important because customers may have emotional responses as well. The FIs are interested in not just knowing how customers perceive attributes but how they feel about them. This depth and intensity of feeling, generally depends on the degree to which the customers perception of various attributes of satisfaction falls short, meets or exceeds what the customers expected and such feelings may be negative (dissatisfaction), mild (satisfaction), or extreme (delight) (Boulding et al., 1993).

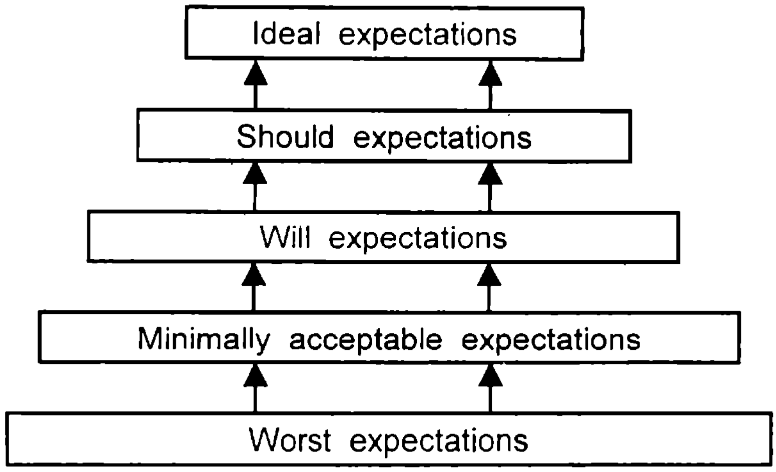
The emotional responses of dissatisfaction, satisfaction and delight are strongly influenced by customer's expectations. By 'expectations' behavioural-researchers mean an array of possible outcomes that reflect what might, could, will, should or had better not happen. Figure 2.11 shows a hierarchy of expectations that might exist for a typical customer

The 'will expectations' is the average level of expectation about attributes that is predicted on the basis of known information and this is the expectation level most often meant by customers and used by researchers.

The 'should expectations' is what the customers feel they deserve from the dealings. Normally, what should happen is better, than what the customer actually thinks will happen.

Figure 2.11

The hierarchy of expectations



The 'ideal expectation' is what should happen under the best circumstances. It is the extreme level of expectations and can be considered as the barometer of excellence (Zeithanl et al., 1993)

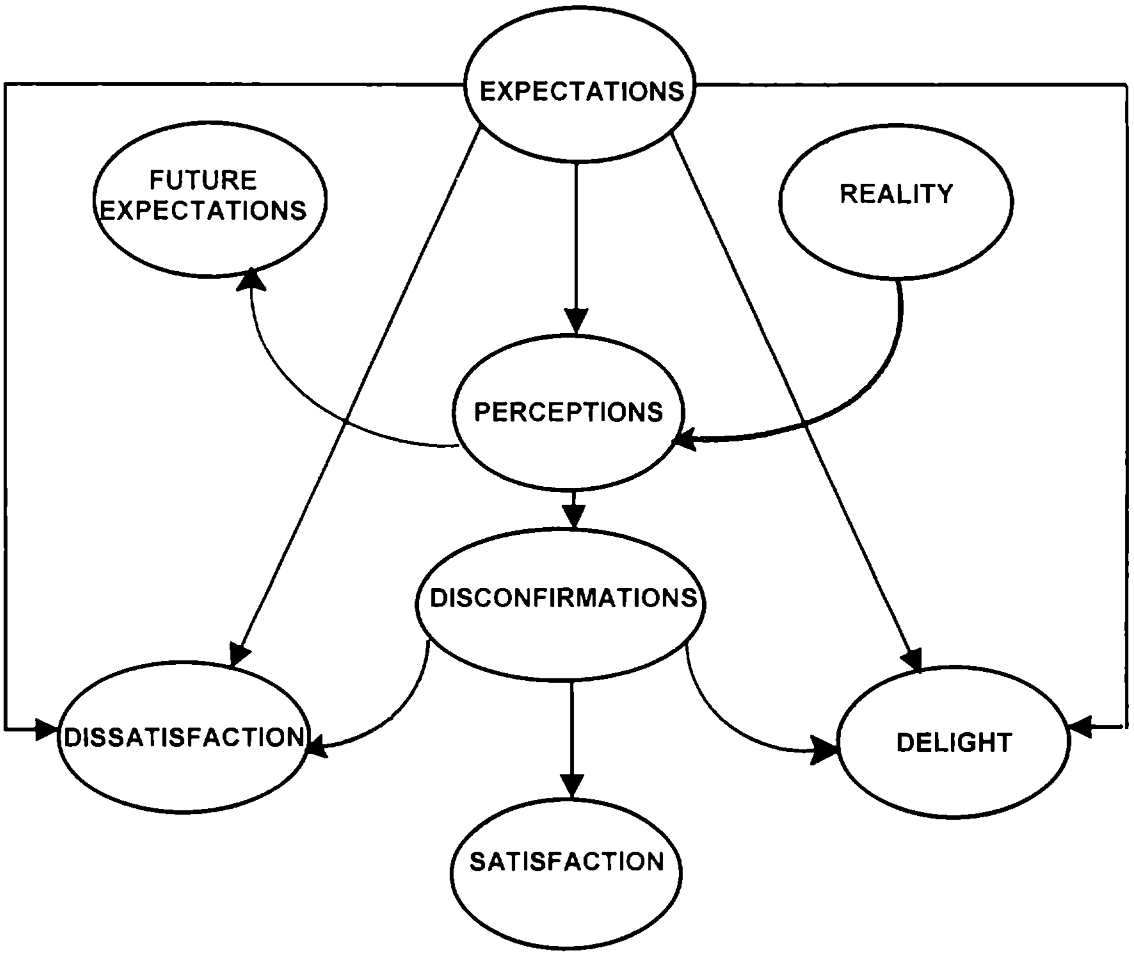
At the other end of the scale are the minimally acceptable level (the threshold and at which mere satisfaction is achieved) and the worst possible level.

The satisfaction-process

The satisfaction-process can be interpreted by linking elements of satisfaction process, such as expectations, deconformations, reality (actual), perception (customers' perception of reality). The perception of the customer is the result of the customer's interpretation of reality (the actual performance) in terms of his expectations. Expectations have direct effect on perception the higher the expectations the higher will be the perceived performance. Perceived performance is then compared to expectations resulting in a disconfirmation, either positive or negative. If the positive confirmation is very high, it results in delight; if it is average, it results in satisfaction and negative disconfirmation dissatisfy customers. All these components of satisfaction-process are clearly demonstrated in Figure 2.12.

Figure 2.12

Customers satisfaction process



Analysis of customer satisfaction process is very useful in research programme for the measurement of customer satisfaction, because various sub-variables identified in it are powerful indicators to design appropriate measurement instrument. While designing instrument for customer satisfaction the marketing researchers should ensure that it is very effective to elicit most appropriate response from the customers.

Post-purchase-customer actions

Post-purchase-action of the customers can be ascertained by analysing their intention to continue the dealings with FIs in future and word-of-mouth decision. These are the indicators of customers loyalty towards the organisation and continued patronage. A satisfied customer may show continued interest in the FIs by purchasing products from the same institutions and talk favourably about the product and the institutions (positive word of mouth decisions).

Post purchase customer actions of dissatisfied customers is different from the actions of satisfied customers, which may be negative word of mouth decisions and discontinuation of dealings with FIs. FIs should follow a system to measure customer-satisfaction regularly, since it is not advisable to rely, on spontaneous lodging of complaints by customers because it is the experience of the FIs that 96 percent of unhappy customers never tell the FIs about their complaints (Singh, 1988).

Figure 2.13
Satisfaction-level and post-purchase customer actions

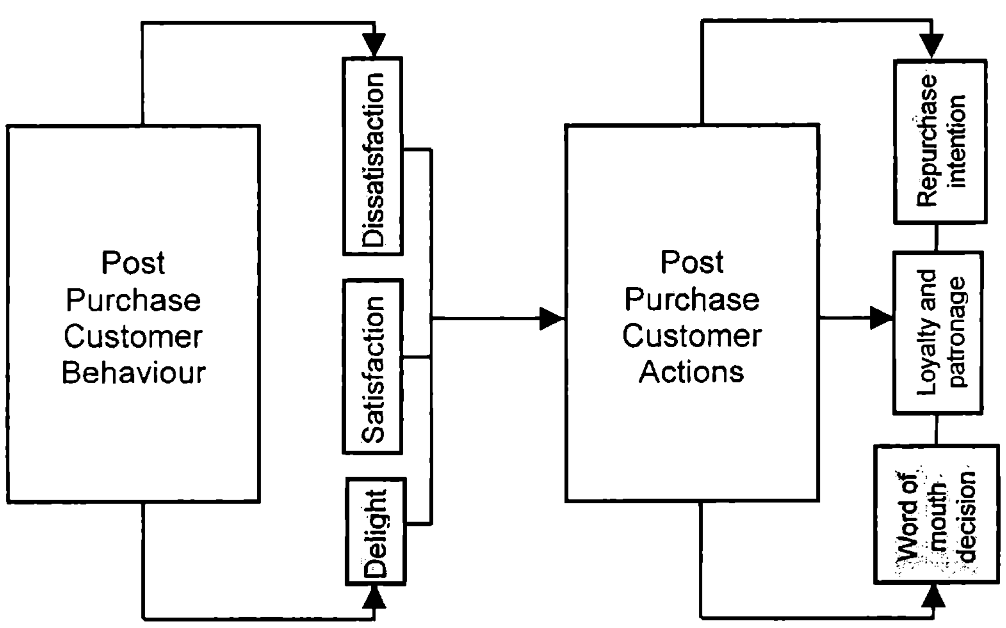


Figure 2.13 depicts various dimensions of post-purchase-customer behaviour and consequent post purchase customer actions. As mentioned earlier, post-purchase actions of the customer that depend on the level of satisfaction the customer derived from attributes. For measuring the overall satisfaction, the marketer has to figure out what produces overall satisfaction. The relationship between overall satisfaction to repurchase intention and word-of-mouth decision can be determined by measuring the level repurchase intention and word-of-mouth decisions of the 'dissatisfied' 'satisfied' and 'delighted' categories of customers.

Conceptual framework for the study

The objective of the discussion of the above theoretical literature is to highlight various concepts and variables identified for the study and to show how these variables are related to the present study. In this section, an attempt is made to integrate all the concepts and variables to formulate a conceptual framework for this study.

The term 'market segmentation' is the major term used in this study. This concept is studied in the context of marketing of financial products by FIs and its implications and relevance in marketing financial products. As already discussed at the beginning of this chapter, market segmentation is an innovative approach and a philosophy where FIs design appropriate marketing mix that more precisely matches the specific needs and requirements of customers in the selected segment or segments.

Market segmentation is sometimes misinterpreted as a marketing strategy of designing large number of financial products to meet the financial requirements of different segments. However, this is only one of the aspects of market segmentation and it involves a number of integrated and related processes and procedures. As a matter of fact, designing suitable products according to the requirements of the customers alone does not produce the desired response from the customers.

In market segmentation, all the components of marketing mix should be carefully designed according to the demographic, psychographic, behaviouristic and socio-economic characteristics of customers so that customers may perceive them favourably and produce favourable responses. FIs should study the various cultural, social, personal and psychological characteristics of customers to design suitable marketing stimuli i.e. components of marketing mix, which attract and influence customers to FIs' marketing programme. Eventhough customer's recognition of problem in respect of the need for savings and purchase of financial products may be triggered by environmental or external stimuli such as security at old age, savings in income tax etc., marketing stimuli presented by FIs have a strong impact in triggering savings need and in providing proper clarity and direction in savings problem recognition.

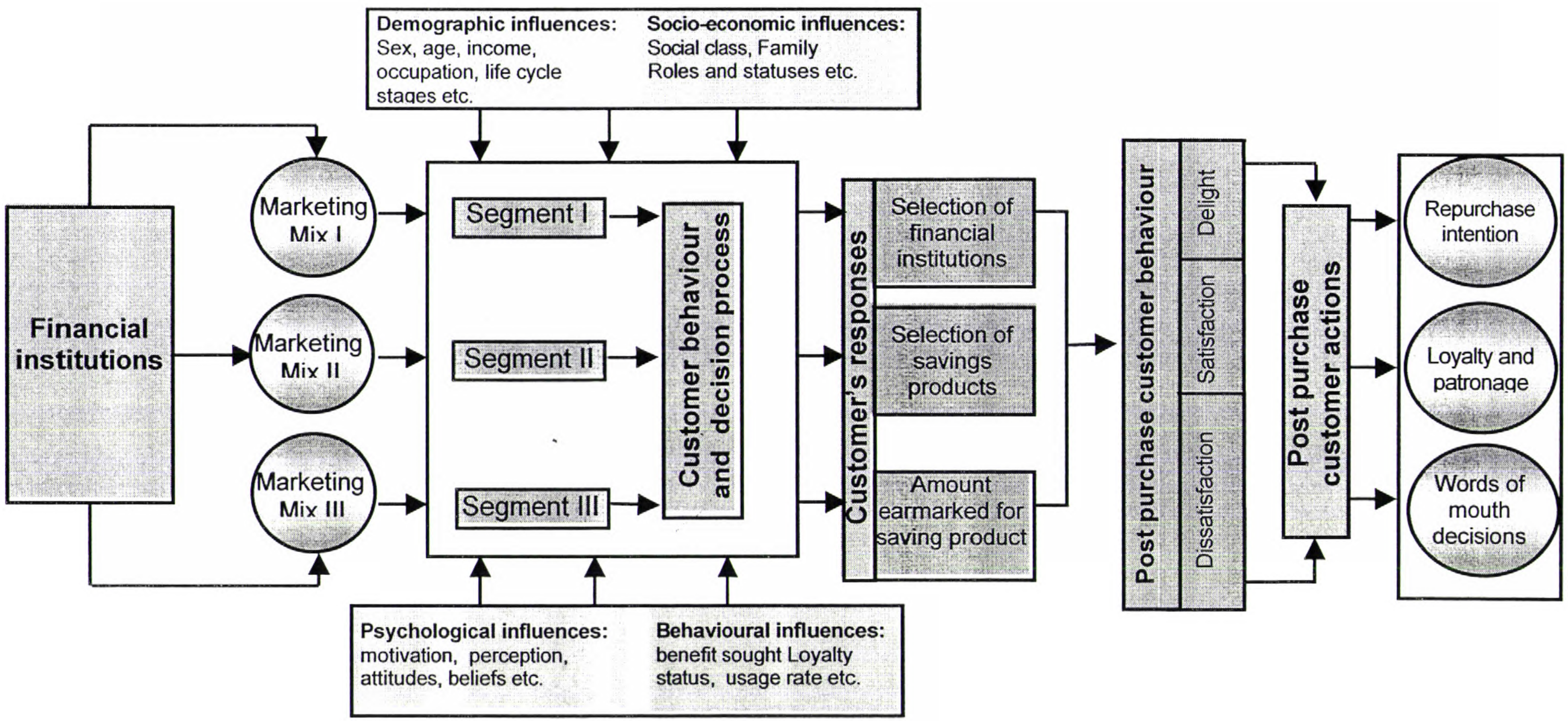
At this problem recognition stage, FIs must have knowledge of the personal characteristics of customers influencing them, to design and present appropriate marketing stimuli (marketing mix is interpreted as stimuli) (Meidan, 1996).

Since different customer segments have variegated attitudes, beliefs and perceptions in respect of savings and financial products, FIs, which are effective in market segmentation, can formulate appropriate and effective marketing stimuli to trigger favourable customer behaviour FIs which are very competitive in market segmentation have an edge over competitors to understand customers' diverse needs and characteristics and it can design the right marketing mix to present the most inspiring marketing stimuli so that customers respond to these stimuli very positively. The positive responses may be in the form of preferential selection of FIs, selection of financial products, amount of saving earmarked for the purchase of saving products etc. Therefore Figure 2.14 depicts the conceptual framework of the research study. The first part depicts how FIs appeal to prospective customers through appropriate marketing stimuli to satisfy the requirements of different segments. Since the market segments are formulated from heterogeneous customers after assessing and understanding distinctive characteristics of different customers, FIs can design proper and attractive marketing mix for these segments with a clear visualisation of the characteristics of customers.

Market segmentation approach acknowledges and pinpoints diversified financial needs and characteristics of customer segments and naturally FIs which have more competitiveness in market segmentation are more effective in creating the desired customer responses, post purchase customer behaviour.

Figure 2.14

Conceptual framework of the research study



As depicted in Figure 2.14, the influence of demographic, socio-economic, behavioural and psychological factors on customer behaviour which are directly related to segmentation variables, is a major aspect of the conceptual framework formulated for this study. Customer's responses towards financial offers have been triggered by the marketing stimuli presented in the form of marketing mix. If the structure of marketing stimuli have the components that are sought by customers there will be very positive responses to marketing mix offered by FIs.

To incorporate the right ingredients in the marketing stimuli, the FIs should know the actual preferences, attitudes and characteristics of customers. Therefore since market segmentation approach identify and understand the exact needs and requirements of customers, it may be very easy to formulate the right marketing stimuli to attract prospective customers. Naturally, FIs with superiority in market segmentation competitiveness may succeed in creating favourable customer's responses, post purchase customer behaviour and actions.

Analysis of certain segmentation variables affecting the customer behaviour of household segments is an important objective of this study and this aspect is clearly highlighted in the study's conceptual framework.

Customer's responses to marketing stimuli, post purchase customer behaviour and actions are analysed and measured in this study to examine its implication in market segmentation. Triggering appropriate and desired customer responses are construed as preference for FIs, savings product choice and amount of savings earmarked for purchasing savings products. Post purchase customer behaviour is construed as disconfirmation, which is in the form of dissatisfaction, satisfaction and delight; and post purchase customer actions, are repurchase intention and word-of-mouth decisions and loyalty and patronage.

Analysis and measurement of certain concepts and sub concepts presented in the framework are important aspects of this study and the objectives of the study have a considerable relation with these variables. The significance and relevance of these variables and their relationship are clearly depicted in the conceptual framework of this study.

The way and manner in which customer respond to marketing stimuli and take purchase decision for financial product depend on the degree of influence of the demographic, behavioural, psychological and socio-economic factors. Purchase decision process in respect of the financial product has a strong impact on the financial stability of customers. The customers who have clear vision and understanding in financial planning seek and select FIs offering right financial product which satisfy their specific financial requirements and needs.

Review of empirical literature

In this section, various research studies on this topic and their main highlights will be specifically cited and discussed, to make coherent sense of the research studies. While organising the review of empirical literature, special care was taken to include various studies related to all major variables and concepts covered under the present study.

The degree of the coverage of various dimensions of the past studies and the depth of their review depend on the importance of various studies in this research context. Accordingly, all major empirical studies were treated at length, studies of moderate significance were reviewed only in several paragraphs and less important studies were reviewed and discussed briefly in a paragraph or two.

There are seven major areas in marketing by FIs, where marketing research techniques have been successfully applied. These areas are market segmentation and customer behaviour, market segmentation competitiveness of FIs, savings motives of different customer segments, customer loyalty and financial services quality, risk tolerance of various customer segments, customer-satisfaction-measurement-programmes and post-purchase customer behaviour and actions. In this section, of literature reviews of major research studies that are related to the topic are described and discussed.

An outstanding research study that investigated customer-behaviour and market segmentation by FIs was the one conducted by Anderson et al., (1976). Their study elaborately discusses the use of various techniques to segment customers of an FI and enumerates characteristic features of different segments. This study diagnoses and analyses dominant factors influencing customers in their decision making process for the selection of an FI and financial products. The study also evaluates various concepts and approaches for understanding customer better which is the fulcrum on which the entire gamut of marketing activities revolves. This research involves a determinant attribute analysis of the FI-selection-criteria, which is an important aspect of market segmentation. It examines the usefulness and effectiveness of the principal decision-making factors influencing customer as a criterion for market segmentation and design of patronage appeals.

This study is really a pathfinder in the financial-market-segmentation research area since it successfully brings to light many hidden facts in this research field. It presents innovative approaches in market segmentation by FI and discusses the practical application of these approaches in winning and retaining different customer segments. However, this study is formulated and discussed in the context of the marketing of savings products and other services by depository intermediaries and conclusions and practical suggestions are unsuitable in the market segmentation by other categories of financial intermediaries. This limitation is, to a certain extent, avoided in the present study by incorporating all forms of financial intermediaries in the research framework.

In a classical cluster analysis study by Robertson et al., (1977) in three geographically different areas, they identified six different clusters (segments) of bank customers having variegated financial requirements and needs. The study presented six major sets of characteristics pertinent to each homogeneous group of bank customers on the basis of demographic characteristics, financial attitudes, banking habits, media habits etc. The study analysed and identified the most important factors and also the least important factors in the clusters.

The study proves that for each cluster (segment), that is an homogeneous group of actual or potential respondents (bank customers), a label can be attached that will reflect the topology of the customers in that particular segment. The label is a function of the weight attached by the relevant respondents in the cluster to the various attributes presented to them in the questionnaire.

This research study clearly depicted how customers of an FI can be segmented on the basis of various demographic and psychographic variables. It also highlights the differences in customer behaviour on account of the influence of various personality-characteristics and other related variables. The researcher used appropriate scaling technique to extract the attitude and perception of customers in different segments and to emphasize the need for designing and presenting appropriate marketing stimuli to influence different segments.

Any way, the findings of the study are very useful for researchers in the field and FIs. The research approach and methodology are very innovative and the tools developed in this study are very useful for other researchers and financial consultants.

Yam (1991) conducted a study on customer behaviour with reference to women's banking behaviour in the United Kingdom. In this research study the cluster analysis technique was employed using SPSS (Statistical package for social sciences). According to the findings of the study, four clusters emerged from the analysis of the various characteristics of customers. The following are the clusters identified in that study.

Cluster one, the 'quality service seekers' is the representative subgroup of women population with mixed demographic characteristics has the largest cluster membership with most of the mean scores of the selection criteria being above average.

Cluster two, the 'reassurance seekers' is the youngest and least demanding cluster They appeared to be the main targets of insurance companies and mutual funds.

Cluster three, the 'perfectionists' is the oldest and the most demanding cluster. They expect individualised attention and care in their dealings with FIs.

Cluster four, the 'loan seekers' which is the smallest cluster and it is the target of various genre of loan associations. To attract this segment, FIs follow a flexible loan policy with a variety of repayment-methods.

In this study, segmentation approach is formulated on the basis of life cycle stage, which is a very popular segmentation variable employed by FIs. The study evinces those FIs that realise and anticipate change in the financial needs of customers in accordance with the changes in their life cycle stage will be able to achieve a solid customer base. The profile of various elastomers of women customers is given in the following table.

Table 2.1

Profile of clusters

Clusters/ Segments	Benefit sought	Distinguishing characteristics	Demographic characteristics	Size of cluster % of sample
Cluster I Quality service seekers	Accuracy of transactions, locational convenience, speed of service, knowledge of staff	Specifically demand high quality service from bank staff	Mixed age	42.7%
Cluster II Reassurance seekers	Speed of service, accuracy of transaction, locational convenience, range of services, convenient hours	Not demanding, rely on recommend-ations	Young below 25 single	24.4%
Cluster III Perfectionists	Speed of service, friendliness of staff, convenience of hours, financial strength	Highly demanding in all respects	Relatively older divorced/sepa-rated with teenage/post teenage children	21.4%
Cluster IV Loan seekers	Accuracy of transaction, locational convenience, speed of service, cost of service	Not demanding concerned about interest rate, ability to manage financial matters	Aged between 25-35, married with pre-teenage children	11.5%

The main limitation of this study is that, it is limited to women household customers of FIs. Secondly, the study segmented the women customers on the basis of only one segmentation variable viz., life cycle stages.

Schoenwald (2001) in his research paper mentions that traditional segmentation variables (demographic, behaviouristic) do not provide the depth of understanding needed to identify a well defined portrait of primary target of customers. Therefore FIs begin to employ segmentation variables such as attitude, self-image and lifestyle for effective segmentation of market and to design suitable marketing mix. He presents various limitations of segmentation approaches and reveals that segmentation is not a panacea, but only a tool for the reparative techniques available to FIs seeking more understanding of the market place and their customers. He also analyses the problem of relying on macro-segmentation to define targets for specific product or service and examines the effectiveness of category-oriented micro-segmentation and presents basic rules for successful micro-segmentation.

A study by Javalgi et al., (1999) on life cycle segmentation suggests that state-of-the art market segmentation is becoming an important strategic tool in the continuing evolution of the financial services industry and marketers of the FIs should adopt a life cycle marketing based system to satisfy the specific needs/wants of their customer in a better way. Focussing on a life cycle segmentation approach, it is indicated that the importance attributed to financial choice criteria and FIs services varies as customers pass through an orderly progression of life cycle stages.

The evidences presented in this study bring to light several momentous implications for marketers and key decision makers of the FIs. First and foremost, the findings of the study reveal that noticeable differences exist among life cycle segments with respect to the relative importance of FIs choice criteria, purchase and holding of financial products, financial attitude, perception and savings pattern. The findings provides valuable insights to the marketers of FIs to study and analyse customer segments for developing the most appropriate marketing mix and to satisfy various customer segment in the most effective way.

The findings of the study clearly suggest that financial product needs vary across life cycle stage. While young married customers with children, emphasize the mortgage loan and availability of term deposits with loan facility, these specific products are also viewed as important by newly married couples. The study reveals that pricing policy has become a much more challenging task to FIs since they often compete for the same profitable market segment. Price reductions, if perceived as real reductions will increase or improve market share by attracting young married customers with children and older married couples with dependent children. The study also suggests that, regardless of what breadth of products/services are offered at what cost, if there is no location-convenience, FIs, especially depositories, face difficulty in marketing financial products to target group. Location-convenience and accessibility is a multidimensional construct which a common need for customers at all life cycle stages.

The study concludes that, segmenting the market according to life cycle stages offers a better understanding of the consumers' use of choice criteria and financial services. According to this approach, life cycle stage determine the financial needs/wants of customers, and marketing of products should be based on the financial needs of individuals in different stages of life cycle. The FIs that focus on identifying the financial needs of customers in various stages of the life cycle and satisfying these needs will have a competitive advantage in the continuing evolution of financial-services-marketing.

Tung-Zong et al., (1995) in their study on market segmentation by FIs examine various dimensions of benefit segmentation. This approach differs from other segmentation studies, which usually bifurcate customers on the basis of demographic characteristics. This study identified some observed patterns of preferences and behaviour of different benefit segments. Based on the identified preferences and behavioural patterns, factor-analysis is performed to diagnose the underlying common benefits in the patterns.

Then, the relative importance of each factor is computed and standardised by deriving standard factor scores for each subject.

The standardised individual factor scores are used in the subsequent cluster analysis to classify subjects into homogenous groups characterised by similar preference and common benefits. The resulting cross tabulation analysis reveals the characteristics of each group. Thus the approach of this study is innovative and several managerial actions are recommended to identify the characteristics of the selected segments, and make suitable marketing mix decisions.

The study concludes that, financial products such as certificate of deposits, money-market-accounts, mutual funds, savings bonds etc. are characterised by a given combination of three common benefits viz., stability, growth and liquidity sought by household customers. It will be more useful for marketers of FIs to know which segments are more likely to be attracted by the benefits provided by their product, so that appropriate marketing strategies and programmes can be formulated. Thus as per the findings of this study, segmentation by benefits provides a more focussed, direct means for targeting customers and positioning products. Based on the results of the research on benefit segmentation, FIs can focus on one or a few segments, which show a salient preference for the benefits provided by their financial products.

In an illustrious research study on market segmentation in the financial market, Moskowtiz (2000) suggests key elements for effective market segmentation and winning marketing strategies. According to the results of the study, a technological approach to marketing research on segmentation provides the right base for FI to implement result-oriented marketing initiative. The study also suggests that optimisation technology, or advanced conjoint-research, enables FIs to identify key attitude segments, develop segment specific products, and in communicating the most motivating messages and visuals to the customers of the targeted segments. This translates into rapid innovations, long-term savings, solid strategies and targeted communications aimed at the most inspiring members of segments identified by the FI. Optimisation is the systematic selection of the most attractive elements of product, or communication, enabling accelerated concept/product development. Key elements of optimisation identified in this study are market segmentation, product/service optimisation, communication optimisation graphics/ packages/ world wide web design and direct marketing.

The method developed in this research study, looks beyond traditional (demographic and psychographic) segmentation and identifies common attitude, preferences, and individual interests with the segments. By segmenting customers in this way, FIs can develop new products and services that yield positive responses, long-term customer satisfaction and loyalty.

In his renowned research study on market segmentation, Lynch (1995) diagnoses major barrier, adversely affecting effective market segmentation by FIs and suggests measures to be taken to overcome these barriers. According to the results of the study, FIs must develop sophisticated data base capabilities to target individual households in the selected segments with pinpoint accuracy and for this purpose, they must learn to overcome the major barrier which stands in the way of market segmentation. The lack of integration among research, planning and implementation in the market segmentation process is the major barrier identified in this study.

The study recommends certain specific measures to overcome the barrier. The fist step for an FI initiating a segmentation programme is to define what it wants to accomplish, in a way that lends itself to tactical application.

Once objectives have been determined, the next step is to develop the demographic and financial services usage information needed to implement a programme. The next stage in the segmentation process involves developing a coordinated marketing programme, each part of which is selected with regard to the potential to sell new products or acquire new customers. Tactical implementation of the market-segment-programme is the next stage. At this stage, top executives must ensure that the programme is executed according to plans. Review and evaluation of market segmentation programme is the last step, which is a follow-up action in the process. This step is very crucial, since, at this stage actual performance of FIs in respect of market segmentation programme is compared with planned performance to take corrective measures. Practical suggestions given in this research study seem to be very useful for FIs to design and implement successful market segmentation programmes.

A study on market segmentation by McDougall (1994), identifies segments for FIs based on the consumer's perceived importance of the major dimensions of service quality and other product offerings. Based on important measures that reflect the outcome and process dimensions, the research study identifies two distinct segments. They are:

1. The performance-driven-segment that is primarily interested in having the bank "get it right the first time.
2. A convenience-driven-segment that wants location.

The study also suggests that competitive rate is an important benefit sought by both the segments. Results of the study indicate that the segments differ with respect to evaluation of their main FIs and satisfaction levels. However, the study fails to examine certain important dimensions on characteristics of customers that are very important in the creation of more attractive customer segments.

A study by Harrison (1994) that enquires into the customer segments for personal financial services says that as a result of the relaxation of legal restriction and economic liberalisation, FIs have experienced product proliferation. The number and range of products on offer have increased greatly as FIs are targeting all customer segments in the market without any objective evaluation of their strengths and weaknesses. He analysed the effectiveness of mass marketing in the financial market and says that FIs can no longer be every thing to all customers.

The study shows the importance of identifying profitable customer segments and market segmentation strategies and emphasizes the need for satisfying the requirements of homogeneous groups within a larger heterogeneous market. By employing cluster analysis technique the study identifies four customer segments.

a. Financially confused

b. Apathetic minimalists

c. Cautious investors

d. Capital accumulators

The study thoroughly examine the behavioural pattern of different segments and concludes that each segment is characterised by particular attitude towards FIs and marketing mix. The study shows how personal characteristics and savings motives influence customers in the selection of products and FI. The product range of different FIs under the study is presented and it discusses the techniques followed by these institutions for segmentation of market. Empirical analysis of the differences in financial objectives, motivation and perception of different customer segments is really useful to FIs to study the characteristics of their customer segments and to formulate appropriate market segmentation programmes.

File et al., (1991) in their illustrious study examine the product profile and segmentation approach of small to medium enterprise (SME) FIs and analyse the deficiencies in the existing marketing mix and segmentation approach. They demonstrate the utility that a sociographic market segmentation approach can have for small to medium enterprise (SME) FIs. The study clearly shows how profitable segments can be created by scientific application of sociographic segmentation variables in the context of marketing of financial product by SME FIs.

The study obtained sampling frame from a commercial provider of business and industry listing with 1,021, SMEs comprising the ultimate sample size. The main objective of the study is the formulation of certain significant and stable clusters to design and tailor the most appropriate marketing mix. Cluster analysis is the technique employed in the research study to identify sustainable and profitable segments and the following segments were identified.

1. Return seekers
2. Relevance seekers
3. Relationship seekers

Return seekers is the largest segment with 40 per cent of the market and the group most likely to evaluate FIs on the basis of fees charged and relative cost of services.

Relevance seekers who constitute 33 per cent of the market tended to be skeptical and conservative. They have low risk tolerance and buy financial products with low equity components.

Relationship seekers, 27 per cent market seek opinion of others in the investment decision making process and give top priority to the personal referals of colleagues in the selection of FI and product. The relationship seekers expect support and institutional responsiveness to fulfill their financial needs. The study recommends some unique marketing strategies to be tailored for each of the generic segment identified. The results of the study show the importance of designing appropriate market segmentation and how a misdirected and despotic approach can adversely affect the customer's satisfaction and loyalty

A large variety of segmentation approaches are employed by FI, amongst which behaviouristc segmentation is predominant. Soutar (1991) in their study on benefit segmentation approach by FIs probed into the factors of customer perception on the marketing mix attributes. They have identified seven factors of customer perceptions by conducting a sample survey research. As per the result of the study, ego enhancement, location, convenience, pricing, integrity, expertise, philosophy and time-conveniences are factors influencing various segments. They profiled these factors in terms of demographics, financial attitudes, banking habits and media-habits of various customer segments. By employing the determinant-attributes-analysis-technique, which is a widely used technique in market segmentation studies, they find that location-convenience is of primary importance to some market segments such as older blue-collar, lower level white-collar residents and new-to-the area residents.

The upper level white-collar residents look for quality and personal service and hence integrity and ego enhancement factors seem to be very important for this segment. In order to satisfy the customer segments which need fulfillment of 'ego enhancement, FIs should show more personal interest and respect for their customers and there should be a consistent effort to become more co-operative and friendly in dealings. The customer segment which considers 'pricing' as the most important factor, expect fairly good rate of return from financial products, financial incentives, favourable terms of payment, low service charge and reasonable standards for safe, reliable, honest and trustworthy financial services. The customer segment, which considers expertise as the most prominent factor gives importance to management capability and knowledge in financial matters. Management should be competent to provide expert advice to the customers of this segment so that their satisfaction and loyalty can be enhanced.

There are various FI philosophies seen through the customers' eye– such as aggressive or traditional approaches. Some customers prefer traditional style of functioning by FI which is characterised by low risk exposure, reputation and maximum safety. On the other hand, the aggressive philosophy is characterised by maximum risk exposure, innovative financial products with maximum equity components and highly customised service. The customer segment, which wants maximum return from the financial products always prefers the aggressive philosophy. As far as the time convenience factor is concerned customers prefer twenty-four-hour service. The results of the study show that almost all segments identified in the study strongly demand the time convenience in financial dealings.

The empirical findings of this outstanding research study are widely acclaimed by experts and intellectuals of the financial markets and by academicians and researchers. The study identifies imperfections in the market segmentation approach of FIs, and emphasizes the need for discarding unattractive product mixes.

A study on market segmentation by banks conducted by Chan (1990), investigated FI selection criteria followed by customer segments. He selected a few banks to investigate this issue. As banks are often perceived to be rather similar to each other, it is of paramount importance to understand which attributes are particularly important to target market segments. Customers feel a difference amongst banks only through the degree of difference in respect of various attributes and those banks, which excel in respect of these attributes can attract, win and retain customer segments. He identified the following selection criteria considered by customer segments.

1 Convenient location
2. Relationship with bank manager
3. Convenient opening hours
4. Reasonable financial charges
5. Speed of decision
6. Knowledgeable staff
7 Quality of service
8. Image
9. Innovation
10. Provision of advice

The research findings reveal that quality of services, relationship with the bank manager and the speed of decision are of overriding importance to various segments in choosing a bank. The study analyses the areas of weakness of banks where they appear to be failing to match the expectations of selected segments on the basis of performance index calculated for various selection criteria. The results suggest that, the most noticeable areas of weakness are in terms of provision of advice, quality of service and speed of service. The calculation of performance index is very useful for FIs to evaluate their performance in respect of source attributes. Anyway, the findings of the study are practically relevant in the context of marketing of products by FIs, and they can improve considerably by analysing areas of weakness on the basis application of performance evaluation method applied in this study. However, while applying the method, the selection criteria of the respective segments must be diagnosed before performance evaluation, since different segments have their own perception about various attributes and they give importance to attributes according to their judgment.

Krishnan et al., (1999) in an outstanding study, analyse satisfaction of different customer segments based on a full Bayesian approach. They selected a multichannel FI offering a number of products to different segments and providing services over automated telephone system and other electronic channels. They first identify the characteristics of products and services offered by the FI, under the study, that are perceived as important by different customer segments in determining overall satisfaction with the firm. The research involves several focus groups with customers drawn from the institution's database. The main objective of these focus group is to ascertain various factors that are salient to customers in evaluating firms product offering and delivery of services.

The study reveals that four key factors are very prominent in determining the level of customer satisfaction. These factors include the quality of the products and accounts offered by the FIs, quality of financial reports and account statements, quality of service rendered through automated telephone system and quality of service offered through direct contact with customers at their branch offices. Details of measure of overall satisfaction and other key factors are given below.

Overall Satisfaction (OVSAT): Overall satisfaction of customers which depends on the degree of satisfaction in respect of four key factors measured on a 7 point ordinal scale ranging from very satisfied (7) to very dissatisfied (1). As per the result, the customers are distributed on the overall satisfaction scale as follows: 25 per cent very satisfied 55 per cent satisfied, 15 per cent somewhat satisfied 3 per cent neutral and 2 per cent dissatisfied.

Branch Service Satisfaction (BRSAT): This key factor measures customer's perception of overall quality satisfaction provided at the branch office.

Automated Telephone Service Satisfaction (AUSAT): This factor captures customers' perception of quality of service provided by the FIs over automated telephone system.

Product Line Satisfaction (PLSAT): This factor measures customers satisfaction with the type of products and account offered by the FIs.

Financial Report Satisfaction (FRSAT): This factor gauges the satisfaction of customers with the account statements and report provided by FIs.

Using the full Byesian approach, the study estimated the posterior distribution of all the parameters used in the research model. As per the posterior distribution of the effects of the drivers of overall satisfaction, product offerings (PRSAT) exhibit the highest average impact on overall satisfaction. Among the remaining drives of overall satisfaction, the quality of services provided at the branch offices (BRAT) and satisfaction with financial report appear to have a somewhat larger impact than automated telephone system. The study also conducts marginal effect analysis for formulating effective managerial actions to improve overall satisfaction.

The study adopts a hybrid segmentation approach that combined the managers a priori segmentation scheme based on their target criteria, such as asset size, the proportion of these assets that are invested in the FIs and trading behaviour, with empirical classification of customers on the basis of effects of the key factors.

Segment 1 comprises 14 per cent of the sample, has an average of 60 per cent of their investible assets with the FIs and over 30 transactions with the institution in one year. This segment offers potential for fostering customers. Loyalty and FI can capitalise upon advances in information technology for managing customers in this segment.

Customers in segment two also have more than 50 per cent of their assets in the portfolio of the FI. This segment constitutes 13 per cent of the sample and about 23 per cent of the gain in very satisfied customers come from improving the quality of traditional branch services. The customers in this segment rely more on consultation trading and assessment of their portfolio via their branch visit.

Segment three comprises customers with less than 40 per cent of their investable fund in the FI and conducts an average of 36 trading in one year. This segment considers automated telephone service as very important and hence offers considerable growth potential for the firm through investment in information technology.

Segment four has about 30 per cent of the investable asset with the FI. This segment has about 16 trades in a financial year and quality of the product offering is the primary drive of satisfaction for this segment.

In this research study, the researchers provided a framework and approach for translating feedback into managerial actions for improving overall customer satisfaction with FIs services. This model, at the strategic level, allows managers to understand the specific factors that have a significant impact on overall customer satisfaction with FIs services and qualitatively assesses the relative impacts of these factors. This approach is also very helpful to managers to target the right customer segments to obtain the maximum value from addressing each, of these factors. Anyway, this study is a very comprehensive one, highlighting certain major issues in market segmentation by FIS and provides valuable clues for enhancing their performance in market segmentation.

Reddy (1994) in his study makes a comprehensive analysis of marketing programme of LIC of India to market its products to different segments of customers. He has examined the problem on the basis of evaluation of the perception of different customer's segments in respect of different components of marketing mix that are essential to met the challenges posed by intangibility in service-provider-customer-interaction and customer involvement in service consumption and production.

1 The results of the study suggest that policies with profit plans account for about 90 per cent of the total policies sold and policies without profit plans accounted for about 10 per cent. Segment-wise analysis of preference of policies also suggests that the majority of customers in all segments prefer policies with profit plans.

2. Among the various types of plans, endowment assurance plans account for a very major share (92 per cent) followed by children's plans (5 per cent) and whole life insurance plans and pension plans (3 per cent). Segment-wise analysis also clearly indicates that endowment plans are more popular than other types of insurance plans.

3. Analysis of motives for buying insurance policies indicates that, the risk coverage is the most important motive in the selection of life insurance policies. Savings motive, income tax relief, marriage and education of children, old age protection are perceived to be the other important motives in the order of preference.

4. Segment-wise analysis of motives reveals the following.

   a. The professional and managerial group regard income tax relief as the second important motive followed by savings motive.

   b. Rural and illiterate segment considers saving as the second important motive. They are not fully conscious of the benefit of risk coverage associated with life insurance plans even though it is their primary motive.

   c. Self employed and regular income group considers old age protection as the second important motive and children's marriage and education as third important motive.

5. Some of the insurance plans were hastily introduced without proper planning and research. Consequently LIC incurred heavy loss on account of such short lived plans.

6. While designing new insurance plans by LIC to satisfy the requirements of different segments, systematic and elaborate efforts are not put to generate new product ideas and to examine them thoroughly from various angles.

7 LIC didn't make any serious attempt to design policies to suit the requirements of rural population and the lower-income group.

8. 78 per cent of the policy holders felt that agent's services are inevitable for promoting LIC business.

9. Performance rating of the pre-purchase service of agents is very high and in the post-purchase period service performance rate is very poor

10. Mortality, rate of interest, service and selling expenses are the important factors taken as the basis for determining premium rates.

The study is a valuable contribution in the area of marketing of products by FIs, especially for marketing insurance products. The study identified many lapses in the marketing of life insurance services. In fact, some of the observations of the study point to the fact that product designing, premium fixation and service attributes deserve serious attention of policyholder and management in view of increased competition and socio-economic transformation.

The Insurance Institute of India (1987) conducted comprehensive study on marketing of life insurance to examine the extent of life insurance coverage among different segments of the population and to study awareness, attitude and perceptions of customers on insurance product and other financial products. The following are the important conclusions that emerged from the study.

1 The prevalence of bank deposit as another avenue of investment is less widespread than life insurance in most of the areas among the segments.

2. Government savings schemes are less popular than bank deposits and all segments having dealings with FIs avail of life insurance.

3. Forty per cent of the uninsured household reported that they did not need insurance. Twenty per cent of the respondents did not take insurance policy since insurance people had not approached them. Thirty percent considered insurance as very expensive form of saving schemes.

4. The majority of the members (66 per cent) of all segments of household customers bought life insurance policies to provide security to family and tax relief was the second important motive.

5. Another important and interesting finding was that about one seventh of the policy holders are not sure of the various benefits under life insurance.

6. One third of the respondents have reservations about the LIC sincerity in settling claims promptly.

7 Respondents reported that agents did not maintain regular contact with policy holders.

The findings of this study are very useful in understanding the savings patterns and insurance consciousness of different segments of household segments. Life insurance corporation could streamline their marketing programmes on the basis of the valuable recommendation of this research study so that need-based strategies might be formulated to suit the requirements of all segments.

The planning wing of the Life Insurance Corporation, Divisional Office, Warangal conducted a study to assess the level of customer satisfaction regarding the services of LIC. The overall conclusions that emerged from the above study are:

a) There is an imperative need for keeping up the tempo of maturity claims settlement operations at the present level.

b) It is necessary to verify the policy ledgers every month for omissions in the computer list so that the delays can be reduced and all the claims can be settled before the due date.

The study clearly reveals the satisfaction level of customers with respect to the service rendered by LIC and various lapses of the corporation in the settlement of claims, service of agents and officers, the despatch of discharge forms, reminders and the co-operation and personal attention in the dealings. The study was limited to service-related matters and the drawbacks in the product designs and pricing policies and customers evaluation. However, some vital aspects in life insurance marketing such as impact of promotion, product stimuli on customer behaviour were not covered in this study. The findings of the study are also very useful for improving the quality of other financial services too.

Bandgar (2000) in his study on the preference of middle class customer segments analyses scope, comparative superiority and effectiveness of the different financial products marketed by FIs and show how customers behave while purchasing products. The study throws interesting lights on the nature and trends in the preferences of the middle class household segments, towards financial instruments of different FIs the following are the main highlights of the findings of the study.

The study clearly reveals the demographic characteristics of middle class household segments in Greater Bombay and analyses the influence of some factors in the selection of financial products offered by various FIs. An interesting finding is that the investment pattern and preference for different financial instruments of the middle class segment, which account for the major chunk of domestic savings in India has changed dramatically in the post-liberalisation period. This change is perceptible from the high preference of these segments for Unit Trust of India and other investment intermediaries in the private sector However, since the study is restricted to Greater Bombay, it is doubtful whether conclusions can be generalised.

Marg (1994), a leading research agency, conducted a study sponsored by Unit Trust of India to study investment pattern of the customers belonging to household sector by identifying products of different FIs in their portfolio. The objective of the study is to measure satisfaction level of customers in dialing with UTI and to make a comparative analysis of the corporate image of Unit Trust of India with State Bank of India and Life Insurance Corporation of India and to examine other related issues. The study was rather comprehensive, considering the sample size, coverage and other criteria. A brief summary of the findings of the study is mentioned below with an emphasize on the main thrust of the results of the study.

The study clearly demonstrates that it is possible to make a comparative study of the different forms of FIs. Life Insurance Corporation of India (which is a contractual intermediary) and State Bank of India (which is a depository intermediary) were the institutions taken for the comparative study with Unit Trust of India (which an investment intermediary). For the purpose of comparative study of the institutions, the study employs certain common variables which are honesty/integrity related, expertise-related, social development-related and service-related. Thus according to this study comparative studies among different institutions can be made by adopting appropriate measures and tools.

Yasrin et al., (1991) in their study, attempt to suggest statistical quality control techniques in marketing financial products to target customer segments. They have formulated various determinants and measures of quality with reference to financial product. The study shows that the application of statistical quality control techniques by FIs has a positive impact in enhancing customers quality perception on various attributes of financial products. FIs that have the competence and expertise in applying the quality control techniques in financial services can meet specific requirements according to the expectations of various customer segments. On the whole, the study highlights how imaginative application of statistical quality control techniques for achieving excellence in market segmentation approach through better product design and development result in better competitiveness and better customer-specific-segmentation appeal.

McAlexander et al., (1991) conducted a study on market segmentation to investigate various issues of differentiation of financial products targeting various customer segments. The study indicates that even though intangibility of financial products makes their differentiation a difficult task, through effective product positioning, the distinctiveness of the products can be very well highlighted to target segments. According to him, with competition intensified differentiation of financial products, in market segmentation has been emerging as a major problem since customer segments with variegated characteristics always look for products with real differentiation and innovations. Thus if the products are to be positioned properly in the mind of customers relative to competing products. FIs should resort to different ways to add value to financial products through effective differentiation, which definitely gives a competitive edge to them. Any way, the study brings to light important clues for product differentiation in market segmentation which facilitate a value driven marketing that focuses on developing and delivering superior value to different customer segments.

In an interesting and informative study on market segmentation in financial product marketing Nicholls et al., (1993) probed in to the customer behaviour to diagnose certain variables that directly influence the level of customer satisfaction. According to them, there are seven elements of customer service that should be investigated in the context of financial product marketing. The study reveals that consumption time, professionalism, waiting time, courtesy, attentiveness, accuracy and ability are the factors that influence the customers in selecting FIs and financial products. They found that among these factors the consumption time is the most influencing factor They conclude that FIs that study these factors seriously get an indepth knowledge in customer behaviour and excel over other FIs in creating and maintaining strong and enduring relationships with different customer segments.

Martineau (1958) who conducted studies on market segmentation in financial market and customer behaviour in the early period, in one of his studies explored the behavioural characteristics of customers and identified the factors influencing these customer behaviours. According to this study, external factors, internal factors and customers decision-making processes are factors influencing customers belonging to different customer segments. The study indicates that external factors arise from influencial persons and reference groups. Internal factors emerge from the behavioural and psychological attributes of customers such as motives, attitudes, perception etc. The study shows that these attributes (internal factors) vary from customer to customer depending on geographical location, levels of education, cultural background and so on.

The study also find that customers' decision-making process is also an important factor in analysing customer behaviour Customers' decision-making process is a series of stages through which a customer goes when contemplating the acquisition of financial products. Customers who are in a cognitive balance or homeostatic position transform to a cognitively imbalanced position when they come to know about financial offers better than what they have at present. The study is very superior considering its contributions to market segmentation research in financial market. The study provides necessary insights to researchers in this field to pursue studies with more clarity and direction and the findings of the study are still relevant in research studies on market segmentation.

Rothwell (1978) who investigated the differentiated and undifferentiated approaches in market segmentation by FIs examined the effectiveness of these approaches in financial product marketing. According to the study, in the past, FIs have largely pursued a strategy of undifferentiated marketing that aimed at a broad spectrum of customers rather than a specific customer segment.

The study emphasised that a successful differentiated strategy in market segmentation need development of special and distinct marketing mix aimed at a chosen market segment. The promotional programmes should be designed in such a way that only the core of financial offers which are of particular relevance to the target segment are to be communicated to them. Any attempt to communicate the full dimensions of the mix would be self-defeating, as it would dilute the special relevance of the package in the eyes of the target segment.

The study clearly indicates that the undifferentiated approach in market segmentation by FIs results in hyper competition for the large customer segments and inadequate satisfaction for smaller or less profitable segments. Despite the success stories of differentiated approach, the attempt of FIs to create genuinely distinct product offerings to target segments have been at best half-hearted.

To sum up, the study concludes that differentiated approach in market segmentation is instrumental in abandoning irrelevant products and allowing a financial product that has been stripped of irrelevancies to be offered at a highly competitive price to target segments.

Lewis (1987) a learned researcher on financial services marketing conducted an authentic study on technology in financial product marketing and its relevance in market segmentation approach. The study suggests that the electronic revolution have far reading implications in terms of its impact on financial product and in terms of the faster and reliable service to target customer segments.

The study shows that the technological innovations consisting of electronic fund transfer, home banking, branch automation, electronic cash management, automated telling machines etc. have very positive impacts in the form of better service to target customer segments, increase in customer benefits, better market penetration and increase in overall competitiveness in market segmentation.

According to the study reduction in the operating cost on account of electronic banking results in lowering the cost of financial service and naturally customers belonging to different segments derive more satisfaction from their dealing. Reduction in cost of service attracts more customers who have an affiliation to other FIs.

Similarly, innovative use of technology helps FIs to increase product differentiation, which creates a positive impression about the distinctiveness of the financial package in the mind of target customer segments. It provides a unique selling advantage to FIs. Any way, the study reveals the tremendous potential of the use of technology in financial services for better customer satisfaction and effective market segmentation.

The review of the above mentioned studies on market segmentation shows that it has been emerging as one of the most important areas in financial services marketing research. The studies on market segmentation highlight the importance of creative research in analysing the customer behaviour to diagnose demographic, psychographic behaviouristic and socio-economic characteristics of customers, which is a prerequisite for effective market segmentation. As per the findings of these studies, customer behaviour in the context of the purchase of financial products is influenced by the above-mentioned characteristics, which form the basis of segmentation variables employed by FIs to segment customers. Analysis of these distinctive characteristics of different customer segments through cluster analysis and other segmentation techniques is an important dimension of studies on segmentation reviewed in this section.

In the light of the above studies, analysis of customer behaviour and characteristics, which are not adequately covered in the studies in terms of segmentation variables, constitutes an important part of the present study. The first objective of the study was framed to make a detailed analysis of demographic, behaviouristic, psychographic and socio-economic characteristics of customers belonging to different segments and to examine the relevance and relationship of these variables in market segmentation.

Some important studies on market segmentation reviewed under this review of literature, emphasises the importance of formulating the right components of marketing mixes and blending of these components in the right way to trigger desired responses from the customers. The results of these studies indicate that the market segmentation competitiveness of FIs to a great extent depends on the performance of the FIs in respect of attributes related to marketing mix which are very important from the point of view of customers.

In a way, all these attributes are directly or indirectly related to different components marketing mix designed by FIs. This is a clear indication to the fact that market segmentation competitiveness of FIs depends on the strength of FIs with regard to different attributes that are related to the elements of market mix.

All these substantiate the theoretical literature on market segmentation competitiveness which states that to win business in a particular segment, the FIs has to be relatively more successful in meeting various requirements of the customers with regard to the elements of marketing mix.

Therefore relative segmentation competitiveness of FIs is measured in terms of the requirements of customers with regards to several elements of marketing mix. With this objective in view, this study focuses on the FIs ability to deliver the requirements of customers in respect of various components of marketing mix.

Similarly, the present study also examines the distinctive characteristics of different customer segments of three categories of FIs that are identified through cluster analysis. Variables that are employed in the cluster analysis of various studies reviewed here are also used in the present study so as to diagnose maximum number of clusters.

In product studies, segmentation gaps/deficiencies performed in the study are also framed in the light of the research gaps that are found in the review of literature.

CHAPTER THREE

METHODOLOGY

Methodology

The methodology of the study had been framed to execute the study with minimum subjectivity and maximum financial economy to find answers to research problem presented in the form of objectives and hypothesis.

Sampling design

The **universe** taken for the study was customers of FIs belonging to the household sector in the State of Kerala and respondents were selected from customers residing in the southern, central and northern regions of the state. Sample unit consisted of both men and women within the age group of 20 to 75 years.

The **source list/sample frame** was prepared from the list of customers furnished by marketing departments of six FIs selected for the study viz., LIC. UTI, SBI, FBL, KPMF and NSS. Respondents had been selected from the sample frame to collect primary data by conducting sample survey

Size of the sample

After considering the nature of universe, number of proposed segments, standard of accuracy and availability of finance the size of the sample was determined as 300. For the determination of sample size the approach based on precision rate and confidence level and method suggested by Bouma et al., (1976) were adopted.

In this study most of the responses are score/rating by respondents. In majority of questions the minimum score is 1 and maximum score is 4 and in certain questions the maximum score/rating is 10. The score/rating by respondents was the value taken for the calculation of various statistical measures.

The acceptable error was determined as ± 0.5 for scores between 1 and 4 at 95 per cent confidence. In this case the size of sample was ascertained in the following way

$$n = \frac{Z^2 \ \sigma^2}{e^2}$$

$$n = \frac{(1.96)^2 (1.5)^2}{(0.5)^2}$$

$\cong$ 34 5 say sample size is 35 (for score between 1 and 4)

In this case standard deviation must be

$$\sigma \leq \frac{\text{Range}}{2} = \frac{4-1}{2} = 1.5$$

The acceptable error was determined as ± 1 for scores between 1 and 10 at 95 per cent confidence and the size of sample for these values, was ascertained as under

$$n = \frac{Z^2 \ \sigma^2}{e^2}$$

$$n = \frac{(1.96)^2 (4.5)^2}{1^2} = 77\ 79$$

$n \cong 78$ (for scores between 1 and 10)

In this case standard deviation must be

$$\sigma \leq \frac{\text{Range}}{2} = \frac{10-1}{2} = 4.5$$

Sample size varies with regard to different questions framed to elicit information on customer behaviour and customers perception, attitude etc. on segmentation approaches and marketing mixes.

Rules suggested by Gray D. Bouma and GBJ Atkinson were also observed while determining the sample size. According to them, the following rules should be observed to determine the sample size.

1 About thirty individuals are required in order to provide a pool large enough for even the simple kind of analysis, since sample size above thirty is considered as large sample.

2. A sample should be large enough to ensure that it must be theoretically possible for each cell in the analytical table to have five cases fall in it.

Stratified random sampling was adopted for the selection of sample units from the sample frame. As already mentioned, sample frame for the study was prepared from the list of customers furnished by the marketing departments of six FIs selected for the study. Since there was no significant difference in the number of customers supplied by these FIs, it was decided to take 50 respondents from each of six FIs to constitute a sample of 300 respondents. To ensure the regional representation, customers of these FIs belonging to southern, central and northern regions of the state of Kerala had been covered.

Since the main focus of the study is on customer behaviour and study of demographic, behaviouristic and psychographic characteristics of customers belonging to different customer segments, various strata or segments of customers were included in the sample design so that there should be adequate representation of customers belonging to important strata in the sample.

Occupation of respondent customers, which is a prominent demographic variable widely used by FI for market segmentation is the common characteristic taken into account to form strata. Regarding the selection of strata, business, employment, profession, retired and self-employed were various categories considered for the creation of strata.

In the selection of specified number of items from each stratum, the method of proportional allocation was followed keeping in mind the fact that the size of sample from different strata should be kept proportional to the sizes of strata as per sample frame.

At the first stage the total number of customers in the sample frame was determined and as per the list, sizes of five strata on the basis of occupation of customers were ascertained as follows.

Table 3.1

Stratification of respondents

Strata	**Size**	**Percentage**
Businessmen (N1)	1440	24
Employees (N2)	2300	38
Professional (N3)	700	12
Retired (N4)	840	14
Self employed (N5)	720	12
Total	6000	100

In the next stage, the number of customers to be selected from each stratum in proportion to the sizes of strata as calculated above viz. 1440: 2300: 700: 840: 720. Thus the number of customers selected from different strata in the above proportion were business (72), employed (115), professionals (35), retired (42) and self-employed (36). For the selection of item from each stratum, simple random sampling was resorted to.

Method of data collection

Both primary and secondary data had been collected for the present study. The primary data for the study had been collected by conducting sample survey by employing questionnaire on respondents. Interview with executives of the FIs was conducted to elicit information on segmentation approaches of FIs. Similarly, responses of 30 panel of judges were also collected to measure the segmentation competitiveness of FIs.

For the collection of primary data for the study a sequential process was involved. The phases in the primary data collection process are explained below.

First phase

The collection of data on the market segmentation approach of FIs from the executives of all the six FIs was the first phase in the collection of primary data. For this purpose, interviews with executives had been conducted to collect information on segmentation approach of FIs in the marketing of financial products to customers belonging to household sector. An interview schedule was also employed to collect details on the segmentation variables employed by FIs. The information gathered from the executives was essential to frame suitable questions to collect data from customers at the second phase of data collection. Because questions on customer behaviour and segmentation variables were included in the questionnaire administered on the customers. Feedback available from the interview with executives was very helpful to frame questions on above variables.

Second phase

The second phase of primary data collection was the customer survey by employing questionnaire. In the customer survey, the first stage was the pre-testing of questionnaire on 30 willing respondents and necessary modifications were made in the questionnaire. Then the next stage was the administration of questionnaire on the 300 respondents selected for the study.

In order to study the market segmentation competitiveness of FIs, which is an important objective of the study, a questionnaire that contain questions to measure the segmentation competitiveness of FIs was administered on a panel of judges. Financial experts, leading share brokers, financial consultants, academicians etc. were the members in the panel of judges created for this purpose.

Evaluation and measurement of segmentation competitiveness of FIs from both the point of view of customers and panel of judges was useful to have a more balanced and rational judgment on the competitiveness of FIs.

Research instruments

The method employed for the collection of primary data was sample survey and the following research instruments were employed in the study.

1. Questionnaires

Questionnaire administered on customers to collect data on customer behaviour, characteristics, attitude, perception etc was an important research instrument employed in the study. The questionnaire was prepared both in English and Malayalam.

The questionnaire had three parts, the first part consisted of questions on the demographic characteristics of customers. The second part consisted of question on behaviouristic and psychographic characteristics of customers and in the third part, questions to measure the segmentation competitiveness of FIs and questions on some other variables were included.

2. Interview schedule

The interview schedule administered on the executives of FIs was another research instrument used in the study. Interview schedule had been employed to collect information from the executives of FIs on segmentation variables employed by FIs in market segmentation. Similarly, schedule administered on the panel of judges to collect data for measurement of market segmentation competitiveness of FIs was also a research instrument employed in the study

Procedures for selection of FIs

For the execution of the study, various procedures had been followed at different stages of the research process. Procedures for the selection of six FIs are explained in this section. As already mentioned in the review of the literature chapter, FIs are classified into depository, contractual and investment intermediaries.

After considering time, resource and accessibility constraints, it was decided to select six FIs, from three categories of intermediaries to ensure representation of all types. The next step was the selection of specific FIs to be included in the list. Reputation, track-record, network, ownership, quality of management, marketing approach etc. were some of the major considerations for the selection of institutions and the following FIs were selected for the study.

In the category of **depository intermediaries:**

State Bank of India

Federal Bank Limited

National Saving Scheme/Govt. Savings Schemes

In the category of **contractual intermediaries:**

Life Insurance Corporation of India

In the category of **investment intermediaries:**

Unit Trust of India

Kothari Pioneer Mutual Fund

State Bank of India and Federal Bank Limited are reputed leading commercial banks with a wide network. State Bank of India is a public sector bank and Federal Bank Limited is in the private sector Thus representation of both public and private sectors was ensured. NSS/GSS include post office saving schemes, postal life insurance, public provident fund and are included in the study since government schemes are very popular among all segments of households, especially among middle class and lower class.

Life Insurance Corporation of India, which is the largest public sector contractual intermediary in the country was selected from the category of contractual intermediary. New contractual intermediaries in the private sector that started functioning after the privatisation of the insurance sector were not included in the study.

Unit Trust of India and Kothari Pioneer Mutual Fund were selected from the category of investment intermediaries. Unit Trust of India is the largest mutual fund in India in the public sector and Kothari Pioneer Mutual Fund is a leading and popular mutual fund in the private sector.

All these FIs have been practicing market segmentation with different degree of competitiveness. Therefore identification of segmentation variables and measurement of segmentation competitiveness of FIs by inter-firm comparison were possible in this study

Framework and procedures for measurement and analysis of variables

In the introductory chapter, it is mentioned that the area of the study is circumscribed within a framework by specifying the objectives of the study and also in terms of specific hypotheses derived from these objectives. Since market segmentation is a market research area with wide coverage, specific issues which were investigated in this study are restricted within the framework of the specific objectives identified for the study. The objectives presented in the study were also interpreted in terms of specific variables and concepts and their structural relationship with market segmentation. In this section, the main variables and concepts embodied in the objectives of the study, the structural designs for the study of these variables in relation to the market segmentation will be explained.

The identification of major segmentation variables and the analysis of their relevance and relationship in market segmentation approach by FIs is the first objectives of the study. However, as specified in the objectives, identification and analysis of segmentation variables are restricted to some selected segmentation variables only Though the variables/concepts seem to be simple, large FIs have found it exceedingly difficult to capitalise on them in the marketing of financial products.

For the investigation of various variables and concepts involved in the specified objectives, the following structural framework was designed for the study so that the measurement and analysis of the variables were within conceptual framework of the study as depicted in Figure 3.1 The following are the various components of structural framework designed for the study.

1 Framework for identification and analysis of major segmentation variables employed by FIs.

2. Framework for market segmentation competitiveness analysis.

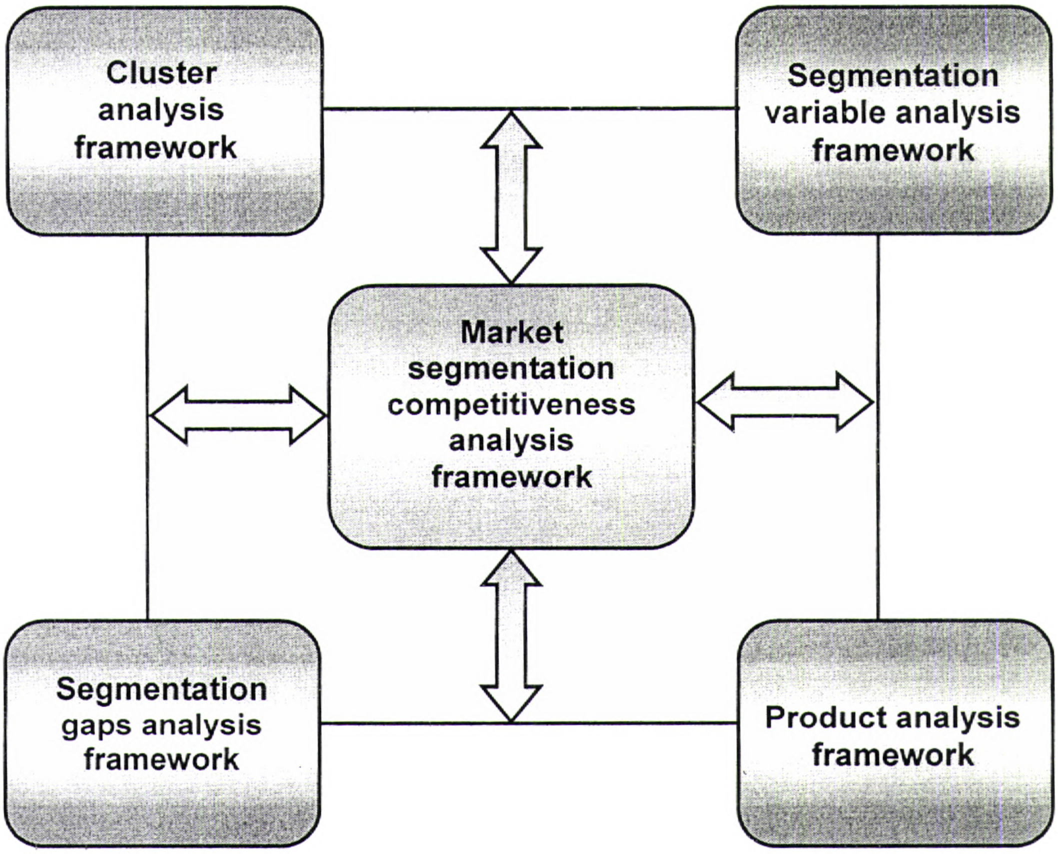
3. Framework for cluster analysis to diagnose clusters and distinctive profile of these clusters.

4. Framework for product analysis to examine distinctive features, benefits, objectives, portfolio composition of financial products offered by FIs.

5. Framework for segmentation gap analysis to pinpoint deficiencies in market segmentation by FIs.

Figure 3.1

Combined structural framework for the study



The combined structural framework as per figure 3.1 is directly related to the conceptual framework designed for the study, which is given in the chapter 'Literature Review'

In the fourth chapter, various quantitative demographic variables are measured directly and qualitative concepts are operationalised and measured by developing suitable instruments. Demographic variables of income, age, etc. are directly measurable and the relevance and relationship of this variable to market segmentation is measured and analysed in the fourth chapter

Demographic variables with psychographic, behaviouristic and sociographic variables are analysed and measured to extract various clues on interrelationship between these variables. Steps and procedures involved in measurement of demographic variables are also explained in the following pages.

Measuring instruments

In this research study, questionnaire constitutes an important component of the measuring instruments. Through the questionnaire device, the attitude, perceptions and opinions of respondents were measured by asking questions. Questions were designed in such a way as to collect spontaneous reactions from respondents on variables to avoid self-perceptions. Therefore, a series of questions/statements were designed to evoke spontaneous reactions from the respondents to provide an indication of respondent's attitude on a particular variable.

Appropriate measuring scales to measure variation in attitude are applied according to the suitability of scale in different contexts. Itemised comparative rating scale and ranking scales which are widely used in marketing research have been employed in this study. Through the itemised comparative rating scale, respondents were asked to make comparison and assign some scores to different brands or objects and comparative analysis was made on the basis of overall ratings. In rank-order-rating-scale, respondents are required to rank a set of objects/brands according to certain criteria and objects are ranked on the basis of overall rank values assigned. Respondents are also asked to rank their preference for brands and motives to ascertain most preferred brands.

Measures of items of information

As mentioned earlier, some variables to be measured in this study are not quantitative and ratio level data are not available for measuring and analysing these variables. Therefore items of information required for measurement of variables are gathered through questionnaire for eliciting information in such a way that interval data or at least ordinal level data can be derived from the information. In addition to segmentation competitiveness, major variables, which are to be measured in this study are related to demographics, psychographic behaviouristic and socio-economic characteristics of household customers since these are major bases of market segmentation. Since demographic variables such as age, income, education, sex, occupation etc. are directly measurable or at least are categorical variables, information in respect of these items are collected through direct questions. However, psychographic, behaviouristic and sociographic are qualitative attributes and questions are framed to measure them quantitatively.

Market segmentation competitiveness

Market segmentation competitiveness was a major variable to be measured and analysed in this study. For the measurement of this variable, theoretical and empirical guidelines formulated by McDonald et al., (1995). Rajshekar et al., (1999) and Martin (1991) had been adopted with appropriate modifications. They had used segmentation competitiveness parameters in their studies to measure segmentation competitiveness of different categories of FIs. They identified certain attributes which are directly associated with elements of marketing mix of FIs as various factors for measuring market segmentation competitiveness. The main aspect of questions used in the questionnaire to measure this variable is depicted in Table 3.2. Questions five and six provided in the second part of the questionnaire were used to elicit information on this variable.

Table 3.2

Measures of market segmentation competitiveness

Components of factors	Statements in respect of factors of segmentation competitiveness
Product attributes	• Number and diversity of products • Innovations to products • Introduction of new product
Price attributes	• Monetary return from product • Financial incentives and concessions • Terms and conditions of payment
Promotion attributes	• Knowledge provided by advertisement • Familiarity with media • Encouragement of media for saving
Place/distribution attributes	• Number and facilities of offices • Proximity and accessibility • Number and efficiency of agents
Process attributes	• Transparency, simplicity and quickness of procedures • Absence of delay and red tapism • Hours of service
People providing service attributes	• Commitment, courtesy • Accuracy and efficiency • Co-operation and punctuality
Provision of customer service attributes	• Friendliness and sincerity • Personal interest and individualised attention • Promptness in taking action against complaint

Source: McDonald Malcolm, Market Segmentation, Macmillion, London, 1995, pp. 119-126 and Tony Martin, Financial Service Direct Marketing, McGraw-Hill, London, 1991, pp. 15-33.

The above mentioned dimensions of factors which directly influence customers in their dealings with FIs are identified as indicators to measure the competitiveness of market segmentation. Itemised comparative rating scale was prepared on the basis of statements in respect each factors. Four point itemised comparative rating scale was the scaling technique used to measure the competitiveness of market segmentation of six FIs under study. The respondents were required to rate segmentation competitiveness of each FIs and assign score in respect of each of the factors, which were presented in the form of statements in simple sentences. Following is the format of four-point scale prepared for this purpose.

Scales	**Score to be assigned**
Excellent	4
Good	3
Average	2
Below average	1

Family life-cycle stage

Life-cycle stage is a prominent categorical variable used in this study which investigates the change in customer behaviour in the purchase of financial products in tune with the change in stages of the life cycle. The concept of family life cycle is very useful in understanding the saving behaviour, banking habits, investment patterns, attitude etc. of customers as they progress through the bachelor stage to parenthood. To gather information on this variable, various questions were presented in the first part of the questionnaire. The life cycle stages of respondents were determined with an objective analysis of responses of customers to various questions on this variable. There were different interpretations for the life cycle stages of customers belonging to household segment depending on cultural, social and regional background. After a study of different life cycle patterns presented by well-known authorities, the following was selected for the study.

Table 3.3

An overview of family life cycle in market segmentation by FIs

Life cycle stages	Demographic criteria for inclusion in the stage
Bachelor empty nest	Unmarried under thirty five years
Young married empty nest	Married without children. Aged between 20-35 years
Young married full nest	Married with at least one dependent child. Aged between 25-45 years
Older full nest	Married with dependent children. Aged between 45-60 years
Older empty nest	Married without any dependent children. Aged above 60 years

Source: Rajarajan, V "Stages in Life-cycle and Investment Pattern," *The Indian Journal of Commerce*, April-September 1997, pp. 27-36 and Javalgi, Rajashekhar, G. and Paul Dion, "A life-cycle segmentation approach to marketing financial product and services, *Industries Journal*, July 1999, pp. 74-96.

Loyalty-pattern of customer segments

Customer loyalty is a very influencing behaviouristic variable in the marketing of the financial products of FIs and the significance of this variable is also investigated in this study. Therefore, this variable is also measured in the study to examine its impact on the customer behaviour and customers preference for FIs. Every customer exhibits a certain degree of loyalty towards a particular FIs which can be ascertained by examining the enthusiasm to continue the dealings with their favourite FIs and word-of-mouth decisions. In this study, customers were categorised into four according to their loyalty pattern which is measured by extracting their views on this variable through response to an indirect question provided in the questionnaire. This variable was measured in ordinal level to ascertain the customers' degree of loyalty.

Table 3.4

Loyalty pattern of customer segments

Loyalty patterns	Questions/statements
Hard-core loyalty - dealings with same FI all the time	I certainly stick on to the same FI
Soft-core loyalty - loyal to two or more FIs	I may favour other FIs if it is necessary
Shifting loyalty- shift from one FI to another	I will shift on to other FIs if better opportunities are available
Switching loyalty - show little sustainable loyalty to one FI	I used to switch over from one FI to another

Source: Fry, J.N. "Customers' loyalty to banks – a longitudinal study," *Journal of Business*, September 1973, pp. 517-525. Adrian Payne, "The Essence of Service marketing," Prentice Hall of India (Pvt) Ltd., New Delhi 1996: pp. 66-78

Respondents were asked to answer choosing any one of the statements given in the question, which clearly indicates the loyalty pattern of that customer. Fry (1979) as mentioned above, made measurement of loyalty pattern of customers on the basis of the degree of loyalty with the help of longitudinal studies on loyalty pattern. Selection of a particular statement by respondents clearly indicates the loyalty pattern and on the basis of responses, customers were categorised into four distinctive segments showing different loyalty patterns.

Financial market is considered as a high brand loyal market since customers show loyalty to their financial partners and do not like to break their relationship with their favourite FIs under normal circumstances.

Financial market is made up of different customers exhibiting different degrees of loyalty and FIs should investigate this behaviouristic variable to learn more about the loyalty pattern of their customers, which will help them to pinpoint their marketing deficiencies.

Measures of segmentation deficiencies/gaps

Empirical study by Easingwood et al., ·(1989) shows that to maintain competitiveness in market segmentation by FIs for a fairly long period, the perceived performance of FIs in respect of certain attributes which are considered as very important by customer segments should be matched with the expected performance of FIs in respect of these attributes. The FIs are expected to provide customers with certain benefits that satisfy their needs and if the performance of FIs in respect of these attributes is according to the expectations of the customers, they perceive the actual performance of FIs in respect of attributes very positively. Thus the reconciliation between perceived performance and actual performance in respect of the specific attribute that are important to the chosen market segments is one of the unique challenges the FIs are facing in market segmentation.

Thus measurement of segmentation gaps of FIs in terms of selected attributes is an important dimension of this study. Different customer segments make choices between alternative FIs and financial products based on perceived differences between them in respect of various attributes. As observed by these attributes may not be the most important attributes associated with FIs marketing mix. Thus if secrecy of account is considered as one of the most important attributes in financial services, and all FIs have similar performance in respect of this attribute, choice of a particular FI may be based on other less important attributes. Thus measurement and analysis of segmentation gaps/deficiencies throw light on the weaknesses of market segmentation which helps them to improve competitiveness in market segmentation.

The gaps in respect of attribute are measured in terms of perceived performance-value-index and expected-performance-value-index. For the measurement of this variable, itemised non-comparative rating scale was employed. Respondents were asked to assign value between 1 to 10 to expected performance and perceived performance in respect of these attributes in which 1 stand for least performance and 10 for the highest performance. Then these scores were converted in terms of unity and tables and figures were designed on unity value basis.

Table 3.5

Measures of segmentation gaps

Attributes	Questions Rate the following matters in 10 point scale (10 means high score; 1 means very low score)
Product design, differentiation	Capacity of products to satisfy financial needs and benefits of the products
Innovations	Sophistication and technological advantages in market offerings
Responsiveness	Willingness to provide prompt service to customers
Reliability	Ability to provide desired services dependably and consistently
Locational convenience	Location of offices and service centres at convenient places
Non-personal communication	Informative and truthful advertisements
Financial incentives	Financial incentives and concessions, favourable terms and conditions of dealings
Customer relationship	Individualised attention and care
Image	Credibility, reputation and track record of FI.
Time convenience	Convenient working hours
Employees knowledge, courtesy	Knowledge and courtesy of employees providing service

Source: C.J. Easingwood and V Mahajan, "Positioning of financial services for competitive advantage." *Journal of Product Innovation Management*, Vol. 6, No.3, 1989, pp. 207-219; J.S. Winter and E.H. Nelson, "Launching new financial services to customers." *Journal of Market Research Society*, January 1978, pp.30-39 and B.R. Lewis. "Technology in Banking." *International Journal of Bank Marketing,* Vol. 5, No. 4, 1987, pp.49-57

Measurement of risk tolerance

To measure the risk tolerance, a risk tolerance test was conducted which was adopted from empirical study conducted by the T Ronce Price group of mutual fund, USA with some modification. Since direct question on risk tolerance might fail to reveal the true dimensions of risk tolerance, this approach was adopted. The test consisted of three sets of questions designed to test how the customers were comfortable with risk on different situations of uncertainty. Questions fifth, sixth and seventh in the part two of the questionnaire were given for this purpose. Respondents were asked to select one answer for each set of questions and depending on their choices scores were assigned. Respondents would select their choices on the basis of the level of risk tolerance and those having high risk tolerance would select choices with high scores and vice versa. No hints were given in the questionnaire regarding allocation of scores for options for questions so that respondents might select their right choice without any preconceived notions and bias. Thus the attitude of respondents on risk, extracted through this method would not be a self perception.

Risk-tolerance scoring and its significance

Respondents would get different points on the basis of their selection of options. The higher the total point the higher would be the risk tolerance. The following format gives the scores allocated to different questions given in the questionnaire.

Table 3.6

Risk tolerance – allocation of scores

Questions and options	Scores
Question No. One	
First option	1
Second option	3
Third option	5
Fourth option	9
Question No. Two	
First option	1
Second option	3
Third option	4
Question No. Three	
First option	8
Second option	6
Third option	4
Fourth option	2
Fifth option	1

The minimum score a respondent would get from the test was three (if first options of first and second questions and fifth option of third question were selected) and the maximum score would be twenty one (if the last options of first two questions and first option of the last question were selected).

Classification of respondents according to risk tolerance

Three to Seven points

Customers who score between three to seven points are very conservative and the risk-averse. They would prefer to minimise risk associated with the purchase of the financial products. The lower the score, the more cautious and conservative the customer would be. They prefer savings schemes of well known and reliable FI, not ready to assume risk to get more return. Such customers focus on regular income rather than on capital appreciation.

Eight to Fourteen points

Customers who score between eight to fourteen points are moderately risk tolerant. They would assume reasonable risk for moderate increase in return. They would like to buy products with equity components and have preference for saving products with moderate equity components offered by mutual funds.

Fifteen to twenty one points

Customers who score between fifteen to twenty one points have high-risk tolerance. They would be willing to take more chances in pursuit of maximum return. The higher the score the higher will be the risk tolerance. While purchasing saving products they look for high overall return and prefer bonds with higher yield and lower credit rating and mutual funds products with high equity component.

Social classes

In all societies, irrespective of geographical and cultural differences, individuals rank other members of the society into higher and lower social positions which results in the creation of different open groups known as social classes. The criteria used to create different social classes vary from one society to another and an individual who ranks a member to put him in a particular social class does not necessarily apply all the factors considered by society in general for social classification.

In research studies on market segmentation, it is proved that customers in a particular social class develop and take on similar pattern of saving behaviour, financial attitudes, banking habits etc. (Martineau, 1958. In their well acclaimed studies, they examined the relationship between saving behaviour and socio-economic characteristics of household individuals and brought out valuable information on this issue. In this study also, social class, which is an important categorical segmentation variable employed to examine the impact of socio-economic classification on customer behaviour. Since it is only a categorical variable, it is not directly measured in quantitative terms but various social classes had been created in the study by following a standardised pattern for classification of customers in different social classes.

Income, education, occupation, wealth and luxuries available are the major demographic variables used to classify household customers into various economic and social classes. These information are collected from household respondents directly through questionnaires by providing the necessary questions on this variable in the first part of the questionnaire. These responses are analysed and classified and customers are grouped into various social classes on the basis of the socio-economic analysis. Thereby the respondents' self perception on their social status is also avoided to a certain extent. Various social classes developed in the study and the basis for creation of these segments are given in Table 3.7

Table 3.7

Social classes of customers and demographic attributes

Social classes	Demographic attributes considered for classification
Upper class	• Well educated with professional or other higher qualification • Very high income with inherited wealth • Higher professional and managerial personnel substantial farmers and very rich landed proprietors • Own expensive home and luxuries
Upper middle class	• College education and other higher qualification • High income with sound financial position • Middle managerial or professional personnel • Own house and enjoy some luxuries
Middle class	• Minimum college education or technical education • Average income • Supervisory, clerical or junior management, self-employed • Rented home with minimum amenities
Lower class	• School education • Below average income and weak financial position • Blue collar and unskilled workers • No amenities

Source: J.W Sloum and H.L. Mathews, "Social class and income as indicators of consumer credit behaviour," *Journal of Marketing*, vol.34, 1970: pp.68-74 and Richard P Coleman, "The continuing significance of social class to marketing," *Journal of Consumer Research*, December, 1983: pp.265-280.

The social class, a prominent segmentation variable in the marketing of financial product is analysed in this study to verify its impact on savings and investment decisions of various household customers. In single variable analysis, it is proposed to study the change in customers' savings behaviour, banking habits, motives, perception etc. in tune with the changes in their social classes. The analysis may help to determine the kind of changes and modifications that are needed to be made in the marketing mix so that the customers in different social classes may develop a favourable attitude towards FIs offerings. As observed by Berry (1969), customers of different social classes perceive issues and problems of saving and decisions differently and he categorised various social classes according to their attitude towards the financial matters. In a way, an investigation into the degree of impact of this categorical variable in customer behaviour may bring to light certain interesting relationships between variables in multivariable segmentation by FIs.

Saving motives

Long term financial security starts with judicious and regular saving, which is the result of certain strong internal energizing forces motivating customers to postpone current consumption to fulfil certain specific financial objectives. Caballero (1990) in his study attempts to analyse various dimension of saving behaviour of households. He emphasizes the need for further investigation to get an in-depth knowledge of this strong psychographic variable by examining the saving behaviour from different angles.

The relevant extracts from the questionnaire to measure this variable quantitatively and to derive interval level data for necessary statistical analysis are given in Table 3.8.

Table 3.8

Saving motives and measurement

Saving motives to be measured	**Questions** **How much do the following factors influence your saving decisions?**
Return	Return from the investment
Safety	Repayment of money invested without any default
Liquidity	Conversion into cash without any difficulty and loss
Protection against inflation	Protection against inflation and reduction in purchasing power of money
Marketability	Facility to sell or buy saving instrument in the financial market
Risk coverage	Protection against possibility of injury, damage or loss
Tax relief	Savings in income tax
Old age security	Ensuring financial security at old age
Welfare objectives	Meeting expenses in connection with education/marriage of children

Source: J.R. Kapoor, L.R. Dlabay, Robert J. Huge 'Personal Finance' 1996: Irwin, Clueage, pp. 406-419; Jawahar Lal, Personal Investing Making Intelligent Decisions, Wheeler publishing 1995, pp.7-14 and Fenner Elizabeth, "Smart, single and on her way to a million," *Money*, January 1994: pp.106-117

Thus the degree of impact of the saving motives on the saving decision of customers is a widely investigated variable in.the financial market area. The impact of saving motives on the saving decisions of customers of different segments is measured and analysed in the study through the psychographic analysis which is an important component of the framework for identification and analysis of segmentation variables.

Formation of index

Formation of overall index for combining scale value of responses for different dimensions of variables also formed an important component of the measuring-instrument designed in this study Such an overall index would provide better clarity to the measurement-tool than a single quantitative indicator in respect of each dimension.

Thus, the questionnaire, itemised comparative rating scale, ranking scale and overall index in respect of the variables that constitute the major component of the measuring-instrument, designed for the study.

Validity and reliability of measurement

Necessary precautions were taken to identify suitable variables, which accurately reflect and fit concepts to ensure that the variable would measure the concept to the extent to which the study should measure. The questionnaire designed for the study was administered on a group of respondents during the pre-testing phase and readministered the same several weeks later to refine the scale by determining its validity and reliability.

To ensure the **validity** of the measuring-instrument used in the study, it is ascertained that the instrument measured the concept in the way it claimed to measure and congruent to the generally accepted definitions of the concept given in various theories and empirical studies.

Face validity and **content validity** were the strategies used in this study to determine the validity of the measures. Accordingly, the measuring instrument was shown to a group of experts in the subject area and they confirmed that the instrument was suitable for measuring various concepts.

There was no disagreement among the expert groups about the items in respect of concepts included in the measuring instrument.

Content validity of the scale i.e., adequate coverage of concept was ascertained by presenting the measuring instrument before a panel of experts and they were satisfied with the coverage of the measures.

Split-half reliability and **test-retest reliability** were the **reliability tests** conducted in the study to ensure the reliability of the measuring instrument used. As per the usual procedure for split-half reliability test, overall items included in the measuring scale split into two scales, each containing half the original items. Then the first scale containing the half items was assigned to one group of respondents and the second one to another group. The scores of the two groups were compared to ascertain the internal consistency and the scores of the two groups in respect of concerned scales were almost the same.

To ensure that the measuring-instrument taken over different intervals of time showed the same results, **test-retest reliability** was conducted. When the item of measuring-instrument was administered twice to the same group of respondents over different intervals, the responses were almost the same. A summary of the research methodology used in the study is presented in Table 3.9.

Table 3.9

Summary of the research methodology

Research topic	**Market segmentation by FIs**
Research approach	Both qualitative and quantitative
Research method	Survey method
Type of survey	Sample survey
Sample design	Stratified random sampling
Population of the study	Customers of FIs belonging to household sector
Sample frame	List of customers supplied by FIs
Method of data collection	Questionnaire, interview
Place of study	Southern, central and northern regions of Kerala
Research participants	Customers and executives of FIs
Source of data	Primary and secondary
Scaling technique	Itemised comparative rating scale
Source of secondary data	Research journal, research report, CD-Rom
Statistical measures	Mean, standard deviation, correlation, T-test etc.
Data display	Narrative text, matrix, tables, graphs

CHAPTER FOUR

FINDINGS AND DISCUSSION

Findings and Discussion

The results of the study are presented in this chapter as answers in a sequential order to the research questions given as the specific objectives of the study in the first chapter of this report. As already mentioned in the methodology chapter, specific conceptual frameworks are formulated to measure and analyse the various variables and concepts derived from these objectives and results of the study are circumscribed within the conceptual framework. In this chapter, results are also interpreted to a limited extent, to focus on the main highlights of the findings of the study though they are interpreted with special emphasis on the implications of the findings.

In the first section of this chapter, the results of the identification and analysis of segmentation variables are reported and their relevance and relationship in market segmentation by FIs is analysed and measured. Some prominent demographic, psychographic, behaviouristic and sociographic variables are individually and in combination analysed and presented in this section.

Second section of this chapter presents the results of the market segmentation competitiveness, which measure and analyse the competitiveness of FIs in terms of competitiveness factors employed in research studies on segmentation. The overall competitiveness of market segmentation is determined by calculating the overall competitiveness index by employing an appropriate mathematical formula.

In the third section, the results of the cluster analysis are reported in which the distinctive profile of various clusters diagnosed in the study is presented. Cluster analysis is employed in this study to diagnose various customer segments/clusters and to analyse their distinctive characteristics.

In the fourth section, the results of the product analysis are presented, which is basically an analysis of major products of all the six FIs selected in the study The features, benefits, objectives etc. of the products, target segments and customers' perception on the product are the highlights of product analysis.

The fifth section of the chapter reports the results of segmentation gap analysis, which is measured in terms of twelve attributes particularly important to different customer segments. Segmentation gap is measured quantitatively by deriving appropriate interval data from the responses of customers on these attributes through various questions provided in the questionnaire.

Section One

Market segmentation variables employed by financial institutions

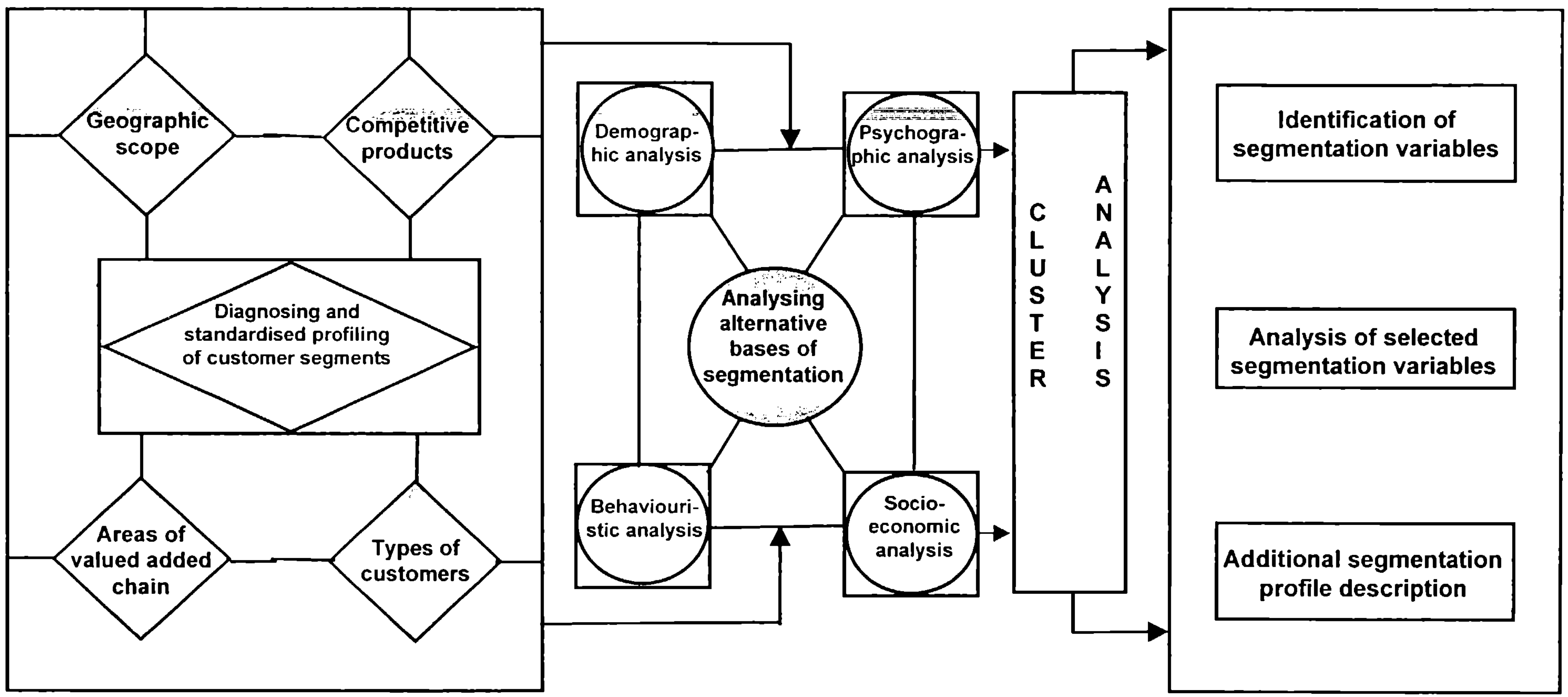
Segmentation variables are the dimensions or characteristics of individual customers, groups or organisations for dividing total market into measurable and accessible customer segments. Selection of appropriate segmentation variables by FIs is a critical step in market segmentation process. Because choosing an unsuitable segmentation variable limits the chances of developing successful market segmentation for effective marketing of financial products. This section discusses and analyses how FIs choose various segmentation variables and also presents some major variables, generally employed by different types of financial intermediaries.

FIs consider several factors in identifying and selecting segmentation variables to create profitable customer segments and to achieve improved performance in marketing by targeting those segments most likely to buy their products. Financial products are basically service products, which are frequently not clearly differentiated. Identification of the most appropriate segmentation variables and creation of segments offer the competitive advantage to FIs in a highly contested market. Successful identification of market segmentation variables often need marketing research since an objective and systematic analysis of distinctive financial needs, demographic, psychographic characteristics etc. is an important step in this process. In this study, a fairly good number of questions were included in the questionnaire administered to the customers to collect standard descriptive segmentation information about each respondent. Interview with executives of the FIs and financial experts, verification of marketing research reports and other documents furnished by institutions were also very useful to collect data on segmentation variables.

Identification and analysis of segmentation variables were performed by following a framework of certain steps and procedures designed with the help of guidelines and models in the literature on market segmentation by FIs. Certain steps in the framework were followed in other parts of the analysis also. The framework of various steps and procedures designed for this purpose is presented in the Figure 4.1.

Figure 4.1

Framework of steps and procedures for identification and analysis of segmentation variables



As depicted in the figure 4.1, the main task of identification and analysis of segmentation variable is the diagnosis of different micro-segments of FI on the basis of customer survey data, data collected through interviews with executives and information gathered from marketing research reports furnished by FIs. Marketing research reports supplied by some institutions have also been found to be very useful to identify different micro segments. Since these micro segments identified from the total market were subjected to refinements, combining, screening etc. the preliminary list of micro segments was not presented in the report. In this section, the analysis of segmentation variables in respect of all the different categories of FIs i.e., depository intermediaries, investment intermediaries and contractual intermediaries selected under this study is presented.

Identifying alternative bases for market segmentation is a major step in the identification of segmentation variable employed by FIs. After defining the relevant market to be addressed by the FIs, alternative bases for segmentation were identified. In this section, an overall view of the key segmentation approaches termed as 'segmentation bases' used by FIs and their application in market segmentation and multi variable segmentation are also analysed and presented.

Importance of different segmentation variables

The result of the interviews with the executives of FIs to identify different segmentation variables and the importance given to these variables by FIs in market segmentation, are presented in Table 4.1.

Table 4.1

Importance of different segmentation variables (mean score)

Segmentation variables	Mean score	Standard error	Rank
Demographic variables	3.57	0.323	1
Psychographic variables	3.25	0.283	2
Behaviouristic variables	3.12	0.314	3
Socio-economic variables	2.84	0.276	4

Source: Primary data

Table 4.1 indicates that according to the executives of the FIs in market segmentation, the FIs attach maximum weightage to demographic variables to divide customers belonging to the household sector. The demographic variables that are comparatively easy to diagnose have been widely used by all categories of FIs in segmenting customers. Truly, these are the most objective and straightforward variables that can be identified by simple investigations. Therefore, while analysing customer behaviour in market segmentation, FIs pay more attention to demographic variables. According to the executives, FIs can understand the characteristics and needs of customers more objectively and accurately through the analysis of demographic variables.

Similarly, according to them behaviouristic variables are the next important variable employed by FIs to segment customers. Even though behaviouristic variables are very flexible and adjustable for market segmentation, their objective analysis is a difficult task. The executives of FIs are fully conscious of the potential of behaviouristic variable, though the diagnosis of this variable is rather a challenging job for the FIs. Similarly, the psychographic variable with a score of 3.12, which is very near to score of behaviouristic variable has been placed in the third position that shows the importance attached to this variable by FIs in market segmentation.

Demographic variable

Demographic variable is one of the important segmentation bases employed by all the six FIs under this study. These FIs use demographic variables frequently because they are closely related to the customers' product-needs and savings behaviour. The analysis clearly suggests that customers respond differently to offers of the FIs on the basis of their age, gender, size of immediate family, income level,, occupation, education, race, stages in the family life cycle etc. Analysis of segmentation-approach of all the six FIs clearly indicates that the demographic variable is a popular basis for their market segmentation, since they have a strong and significant relationship with financial product sales.

The elements of marketing mix of FIs have high degree of flexibility and they can design and offer different products to different customer segments according to the differences in the demographic characteristics. For example, by the sophistication of the process element of the marketing mix, depository FIs introduced Automated Teller Machines (ATM). By reconfiguring the way they deliver service through the introduction of ATMs, banks have been able to free their staff to handle more complex customer needs by diverting 'cash-only-customers' to ATMs. Similar modification in all types of products is possible by an indepth study of different demographic variables.

Individual household customers of the selected FIs constitute the sample of the study. Demographic variables employed by FIs and their composition are presented in Table 4.2. Classification of customers on the basis of appropriate demographics is very relevant, since these variables are employed by all categories of FIs to segment customers. The first part of the questionnaire administered to respondents contains questions to elicit demographic data of the sample of customers.

Table 4.2

Major demographic variables and the composition

Sex		
Category	**Number**	**Percentage**
Male	202	67
Female	98	33
Total	300	100
Age		
Category	**Number**	**Percentage**
20-34 years	63	21
35-49 years	128	43
50-64 years	74	25
65 and above	35	11
Total	300	100
Education		
Category	**Number**	**Percentage**
Upto Pre-degree/Equivalent	48	16
Graduates	167	54
Post graduates	58	18
Professionals	34	12
Total	300	
Marital status		
Category	**Number**	**Percentage**
Unmarried	76	25
Married	224	75
Total	300	100

Occupation		
Category	**Number**	**Percentage**
Businessmen	72	24
Employees	115	38
Professionals	35	12
Retired	42	14
Self employed	36	12
Total	300	100
Annual family income		
Category	**Number**	**Percentage**
Lower – upto Re. 1 lakh	57	19
Middle - Re. 1 lakh – Rs. 2.5 lakhs	138	46
Higher - above Rs. 2.5 lakhs	105	35
Total	300	100
Family life cycle		
Category	**Number**	**Percentage**
Bachelor-empty nest under 35 years	35	11
Young- married empty nest - 20-35 years	36	12
Young- married full nest with Children - 25-45 years	111	37
Older- full nest with children - 45-60 years	81	28
Older- empty nest without children above 60 years	37	12
Total	300	100

Source: Primary data

Psychographic variables

Psychographic segmentation variables are the popular and non-quantitative variables extensively employed by FIs selected in the study, to segment customers, include personality characteristics, motives and life styles.

The application of psychographic segmentation variables in financial market segmentation produces very good results in market segmentation since these variables are very effective when products are similar to many competing products and customers' needs are not affected significantly by other segmentation variables. Identification and analysis of psychographic variables covered in the study include saving motives of the customer segments, which are powerful internal inspiring force that motivate customers to buy savings products. The degree of influence of various saving motives employed by FIs is measured in terms of a 3 point non-comparative rating-scale to express the influence of these motives in purchase decisions with regard to financial products.

As mentioned in the theoretical literature and methodology that return, safety, liquidity, hedge against inflation, marketability, risk coverage, tax incentives, financial security and welfare objectives are the major saving motives employed by Fis in market segmentation. In this section this psychographic variable is analysed to measure the importance that the respondents assign to these motives in the purchase of financial products. Similarly, this variable is also analysed by integrating it with the demographic and socio-economic variables, which is a good combination in multivariable segmentation by FIs.

The attitude of customers, which is also recognised as a potent psychographic variable for market segmentation is also analysed in this section. In this analysis, risk tolerance of customers is identified as an important attitude, which is also analysed as a single segmentation variable and by combining it with certain demographic factors. Table 4.3 illustrates analysis of various psychographic variables employed by FIs.

Table 4.3

Psychographic segmentation variables employed by FIs

Saving motives	**Description**	
• **Return**	Income derived from financial product	
• **Safety**	Guaranteed repayment of principal and payment of return	
• **Liquidity**	Conversion of financial product into cash without loss and difficulty.	
• **Hedge against inflation**	Protection against inflation and reduction in the purchasing power of money.	
• **Marketability**	Easy purchase and sale of financial product	
• **Risk coverage**	Protection for life against destructive events	
• **Tax concessions**	Tax rebates and relief offered for certain products	
• **Financial security**	Protection at old age	
• **Welfare objectives**	Education and marriage of children	
Life style of customers		
Activities	**Interests**	**Opinions**
Work	Family	Selves
Hobbies	Home	Social issues
Social events	Job	Politics
Vacation	Community	Business
Entertainments	Recreation	Economics
Club membership	Fashion	Education
Community	Food	Products
Shopping	Media	Future
Sports	Achievements	Culture
Attitudes		
Risk Tolerance	**Attitude towards products**	**Other attitudes**
Risk loving	Enthusiastic	Saving propensity
Moderate risk loving	Positive	Attitude towards credit
Risk averse	Indifferent Negative Hostile	Attitude towards different financial products

As per Table 4.3, FIs employ different psychographic segmentation variables to divide customers. Saving motives, life style of customers, attitude etc. have been identified as the major psychographic segmentation variable employed by FIs in segmentation. Since the study focuses on market segmentation with regard to the marketing of products meant for savings mobilisation, study of motives of customers in respect of purchase of saving products has been focussed in the study. In marketing literature, motives have been treated as the most prominent psychographic variable to divide customers into different segments.

Life style of customers is also identified as a prominent psychographic variable employed by the FIs in market segmentation. Analysing activities, interest and opinions of customers brings out life style of customers. Activities of customers are generally analysed by investigating their work, hobbies, entertainments etc. Similarly, the interest of customers can be analysed in terms of their involvement in family affairs and job, food habit, media habits etc. Opinions of the customers on social issues like politics, culture, future, and products should also be analysed to get a clear understanding of their life style.

Attitudes of the customers towards risk (risk tolerance) financial product and saving (saving propensity) have also been identified as very influencing psychographic variables market segmentation. Among these, risk tolerance has been identified as a prominent psychographic variable widely employed by investment intermediaries in segmenting their customers.

Behaviouristic variable

Behaviouristic variables, which are considered to be excellent segmentation variables in creating successful market segments have been employed by all categories of FIs in market segmentation. Rather than being directly concerned with demographic variables such as income, education, marital status etc., behaviouristic variables cover benefits sought, usage rate, loyalty status, promotional responses etc. of various customer segments. Certain variables under behaviouristic segmentation are found to be very adjustable in combination with other variables in multivariable market segmentation. FIs, in the marketing of financial product would like to know the benefits sought by customer segments because each benefit group has special demographic, behavioural and psychographic characteristics. Benefit segmentation, which is an effective approach under behaviouristic segmentation demands the diagnosis of major benefits the customers look for and the brands that deliver the benefits. Table 4.4 presents major behaviouristic variables employed by FIs.

Table 4.4

Behaviouristic variables employed by FIs

<table>
<tr><th colspan="3">Major variables</th></tr>
<tr><th colspan="3">Benefits sought</th></tr>
<tr><td>Location convenience
Financial incentives
Transparency</td><td>Time convenience
Well-known institutions
Simplified procedures</td><td>Accuracy
Secrecy of account
Ego enhancement,
Courtesy and knowledge of employees</td></tr>
<tr><th colspan="3">Loyalty status</th></tr>
<tr><td>Hard-core loyalty
Soft-core loyalty
Shifting loyalty
Switching loyalty</td><td colspan="2">- prefer same institution all the time
- prefer two or three institutions
- shift from one to another institutions
- No sustainable loyalty to any institution</td></tr>
<tr><th colspan="3">Usage rate</th></tr>
<tr><td>Heavy user
Medium user
Light user</td><td colspan="2">- Regular dealings with FIs
- Dealing with FIs occasionally
- Rare dealing with FIs</td></tr>
<tr><th colspan="3">Preference for forms of return</th></tr>
<tr><td>Regular income
Growth of income
Income and growth</td><td colspan="2">- Periodical and consistent payment of return
- Payment of lumpsum amount on maturity of product
- Payment at intervals and accumulation of return</td></tr>
</table>

Behaviouristic segmentation variable analysis suggests that major behaviouristic variables are employed by all categories of FIs selected under this study. Analysis of benefit segmentation reveals that priority listing of various benefits sought by customers and relative importance of principal benefits provide valuable clues to predict customer behaviour FIs prepare a list in the order of importance, the major benefits the customers are searching for, from the financial services. This list helps the FIs to blend together various components of the marketing mix in the right manner to satisfy the requirements of different customer segments.

For example the study reveals that time convenience is the most important benefit sought by customers belonging to the business segment in their dealing with depository intermediaries. To fulfill this demand of the business segment to a certain extent, SBI and FBL introduced ATMs to provide 24-hour customer service. Among the behaviouristic variables, loyalty status is also effectively used by FIs to design a fitting marketing mix for different segments. However, the significance of loyalty pattern in the marketing of financial product is not well recognised by FIs in market segmentations.

Socio-economic segmentation variables

FIs have special interest in employing socio-economic classes in segmenting customers because customers within a social class usually exhibit similar savings behaviour, financial attitude and responsiveness to various financial offerings. In this study, combination of various demographic variables such as income, occupation, education, and wealth of the respondents determine social classes. The analysis suggests that customers belonging to the lower socio-economic group exhibit a characteristic of irrational and free spending pattern i.e., purchase now and pay later. On the contrary, customers belong to higher socio-economic strata show a rational spending behaviour with reasonably good saving propensity. In this analysis, four social classes targeted by FIs are diagnosed, which show distinctive financial product and brand preference. It is found that FIs try to spot a common pattern of behaviour in these classes so as to design an attractive marketing mix to satisfy the various requirements of the customers. A descriptive summary table of social classes identified in the analysis is presented in Table 4.5.

Table 4.5

Socio-economic customer segments – General characteristics and patterns of behaviour

Segments	General characteristics	Patterns of behaviour	Sample size
Upper class	Socially and economically prominent with inherited wealth who own expensive home and other luxuries. Higher professionals managerial personnel and businessmen belong to this class	Exhibit rational and judicious saving behaviour with more saving aspirations, high preference for investment in real estate, and valuables. Main target of all forms of FIs.	102 (34 per cent)
Upper middle class	Exceptional ability to earn income from their occupation. Intermediate professionals, businessmen and landed proprietors etc. belong to this class. They include new rich who conspicuously consume to impress others.	Invest money in expensive home and high preference for insurance product to achieve financial security. They exhibit high saving propensity and follow a future oriented financial planning to maintain average dealings with FIs.	113 (38 per cent)
Middle class	This class consists of average pay white-collar employees, self employed and semi professionals. They live in suburban tract home and always seek job security	Average propensity to save and look for financial security through investment and high preference for very safe financial products. They have low risk tolerance and avoid equities.	48 (16 per cent)
Lower class	Blue-collar and unskilled workers residing in older or rented home. They have below average income and low education	Financially weak and below average propensity for saving. They tend to assume less risk and prefer something, which can readily converted into cash.	37 (12 per cent)
Total sample size			300 (100)

Source: Primary data

As already stated, the respondent customers are grouped into social classes by adopting the approaches of Sloum et al., (1970) and Richard Coleman (1983) with appropriate modifications to fit it in this research context. The criteria used to classify household into different social classes vary from one society to another on account of diversity in culture, economic system, political system and social factors. In this study, income, education, occupation and wealth are the main variables considered for grouping customers. The required questions for eliciting data on these variables are included in the first part of the questionnaire. In the following pages, a quantitative analysis of the segmentation variables is presented in tables, charts and figures covering selected demographic, psychographic, behaviouristic and social-economic factors.

Table 4.6

Social class and income segments

Saving propensity, preference for financial products, preference for return, benefits sought
1 for least preference and 10 for highest preference

Segments	Sample size	Saving propensity	Preference for financial product (Mean score)			Preference for form of return (Mean score)			Preference for benefit sought (Mean score)		
Social Classes	No.	Percentage of income	Insurance product	Depository product	Mutual fund product	Regular income	Growth	Income and growth	Well-known institution	Quick and efficient service	Courtesy of employees
Upper class	102	32.5	6.7	5.7	6.5	3.2	6.3	5.9	5.5	6.2	5.8
Upper middle class	113	29.8	5.9	6.2	6.2	4.8	5.9	5.2	5.9	5.8	5.6
Middle class	48	23.5	4.7	5.8	4.8	5.7	5.2	4.5	5.8	3.2	4.2
Lower class	37	16.3	3.4	4.5	3.2	6.1	3.7	3.9	5.2	3.1	3.8
Total sample	300										
Income											
Lower - below Re. 1 lakh	57	14.5	3.2	4.5	3.1	6.2	3.5	3.7	5.8	4.5	4.4
Middle – Re. 1 lakh to Rs. 2.5 lakhs	138	25.4	5.8	5.7	5.3	5.8	4.8	5.2	5.9	5.2	5.2
Higher – above Rs. 2.5 lakhs	105	33.2	6.5	5.9	6.2	4.3	6.2	6.0	6.3	6.2	6.3
Total sample	300										

Source: Primary data

Figure 4.2

Social class segments
Preference for financial products

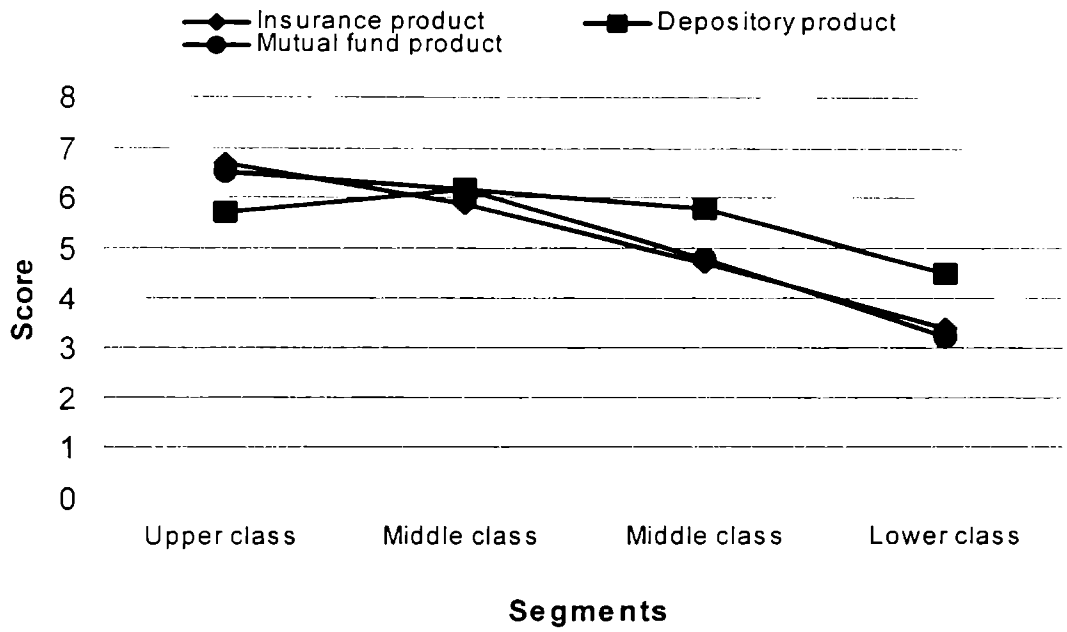


Figure 4.3

Social class segments
Preference for form of return

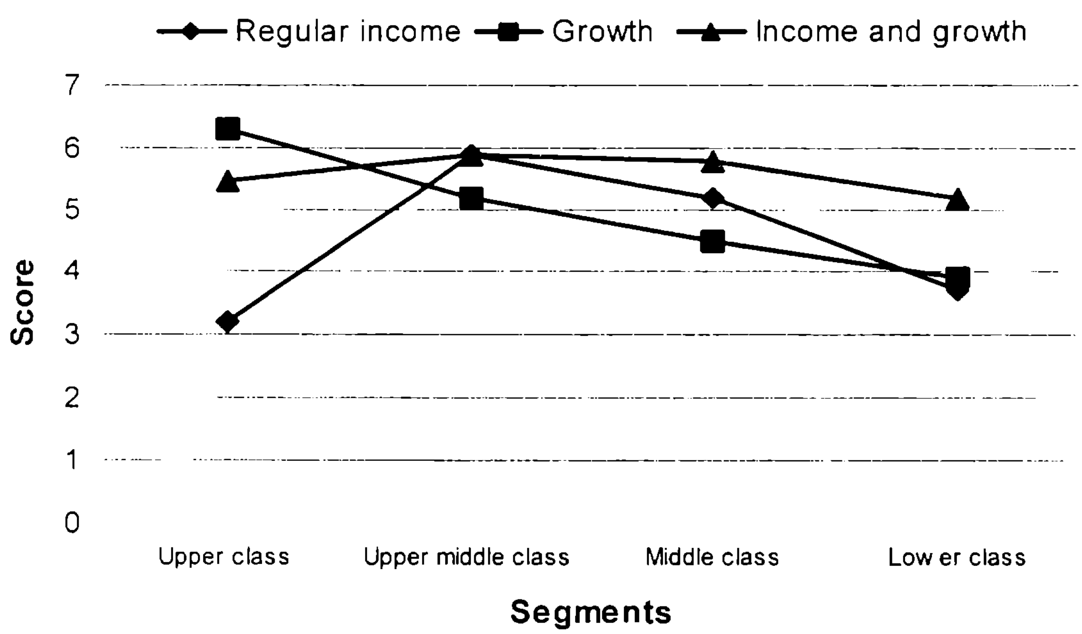


Figure 4.4
Social class segments
Preference for benefit sought

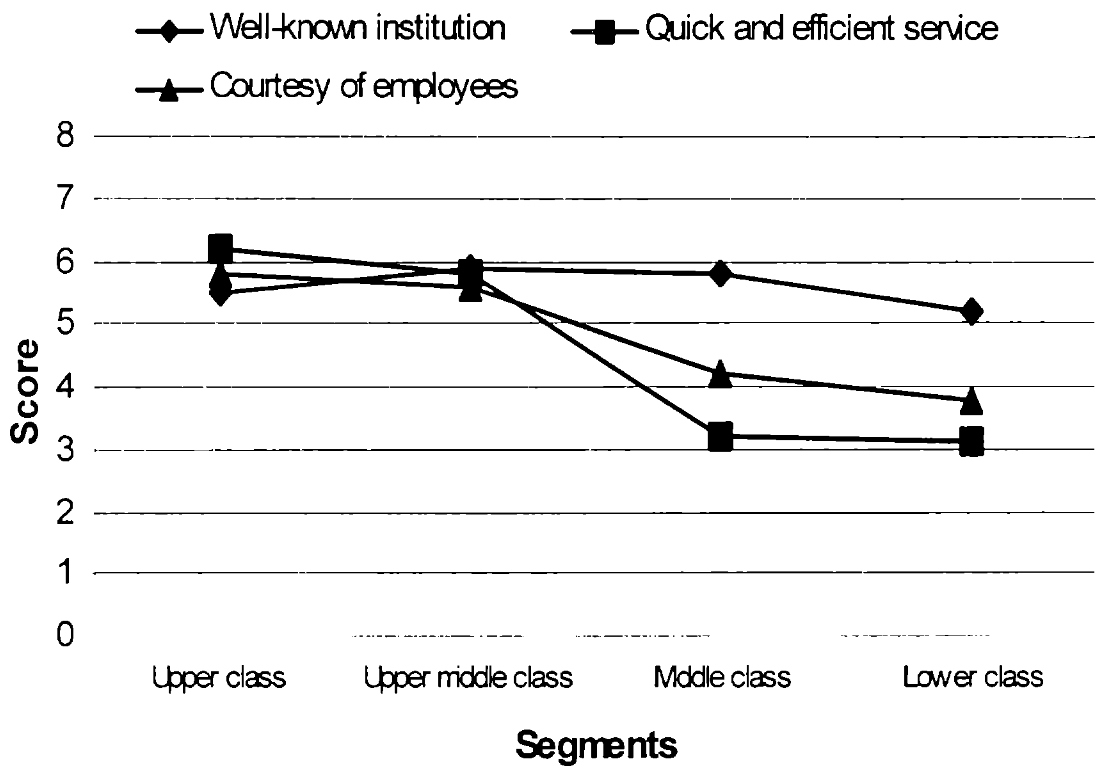


Table 4.7

Educational and age segments

Saving propensity, preference for financial product, preference for return, benefits sought
1 for least preference and 10 for highest preference

Segments	Sample size	Saving propensity	Preference for financial product (Mean score)			Preference for form of return (Mean score)			Preference for benefit sought (Mean score)		
	No.	Percentage of income	Insurance product	Depository product	Mutual fund product	Regular income	Growth	Income and growth	Well-known institution	Quick and efficient service	Courtesy of employees
Age (in years)											
20-35	63	22.4	6.2	5.3	6.2	3.5	5.9	5.2	5.5	6.2	5.9
35-50	128	29.8	6.4	5.9	6.5	4.5	6.8	5.9	5.8	5.3	6.2
50-65	74	25.7	4.1	6.3	5.4	5.3	6.2	5.3	5.9	5.8	5.7
65 and above	35	19.3	1.5	6.7	2.9	6.7	3.5	4.1	6.4	5.7	6.9
Total sample	300										
Education											
Upto Higher secondary	48	18.7	3.5	4.8	3.2	5.8	4.5	4.9	6.5	4.1	4.8
Degree	167	28.7	6.2	5.4	5.9	4.9	6.2	5.9	5.6	5.8	5.7
Post-graduation	58	32.3	6.5	5.3	6.4	4.8	6.7	6.1	5.8	5.3	5.9
Professional degree	37	32.5	6.7	4.9	6.2	4.6	6.5	5.8	6.3	6.1	6.2
Total sample	300										

Source: Primary data

Figure 4.5

Income segments

Preference for financial products

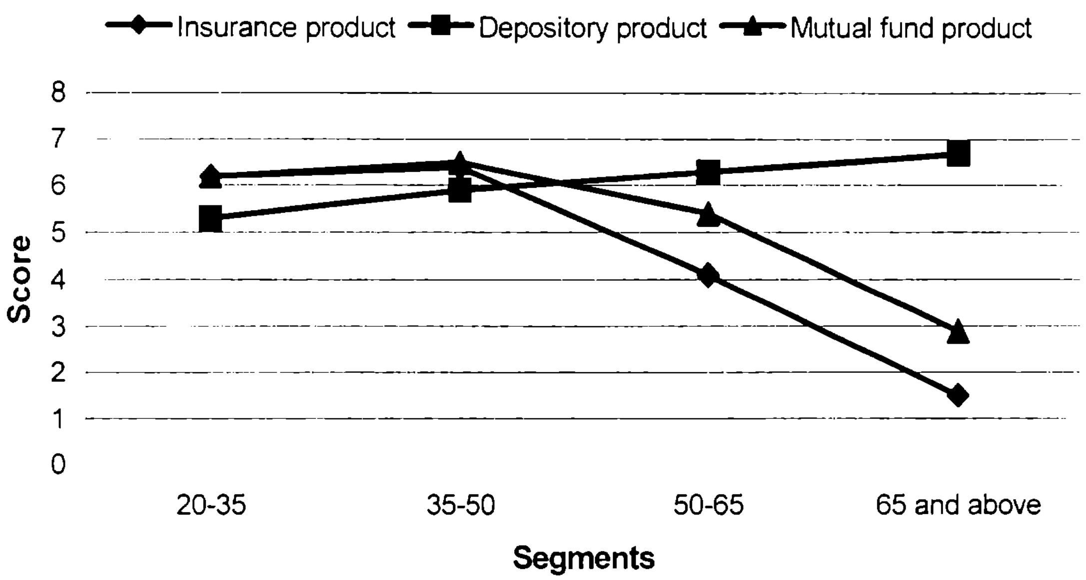


Figure 4.6

Education segments

Preference for financial products

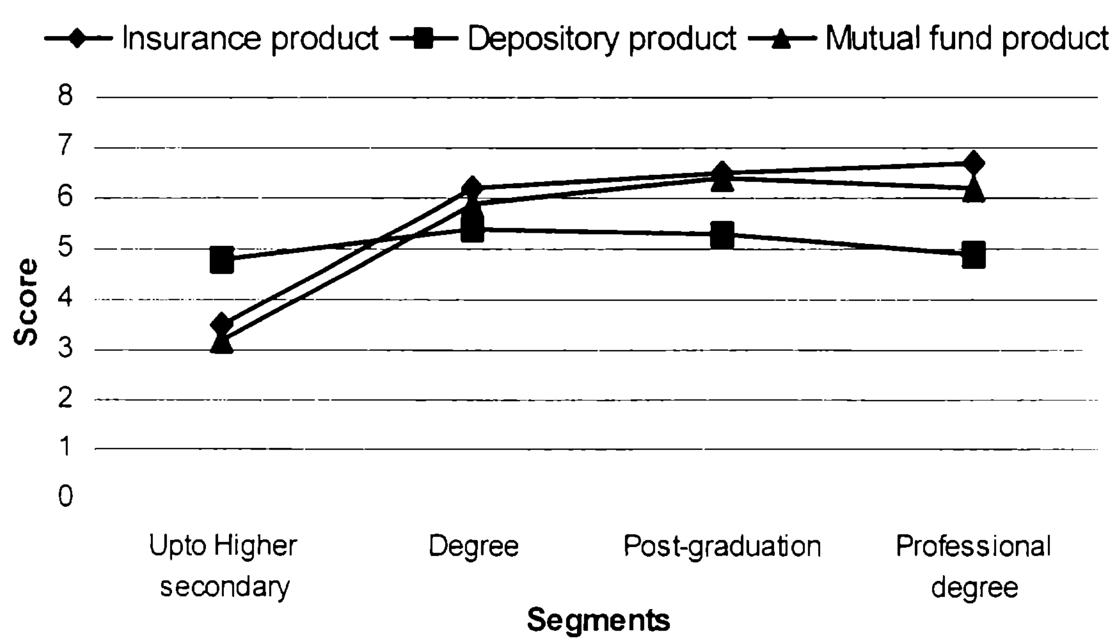


Table 4.8

Gender and occupational segments

Saving propensity, preference for financial product, preference for forms of return, benefits sought
1 for least preference and 10 for highest preference

Segments	Sample size	Saving propensity	Preference for financial product (Mean score)			Preference for forms of return (Mean score)			Preference for benefit sought (Mean score)		
	No.	Percentage of income	Insurance product	Depository product	Mutual fund product	Regular income	Growth	Income and growth	Well-known institution	Quick and efficient service	Courtesy of employees
Gender											
Male	202	25.9	5.9	5.5	6.1	6.2	6.7	5.9	6.3	7.3	6.9
Female	98	29.4	4.2	6.7	3.9	7.2	5.5	5.8	7.2	6.2	5.8
Total sample	300										
Occupation											
Employees	115	27.2	5.4	7.2	4.2	4.1	5.4	6.3	6.8	6.2	5.9
Professionals	35	29.3	6.2	5.4	5.7	5.3	7.2	6.4	5.9	6.3	6.5
Businessmen	72	32.4	7.2	4.3	6.3	5.2	7.9	7.2	6.3	6.2	6.7
Retired	42	19.2	2.4	7.2	3.5	7.4	3.2	4.5	7.2	6.2	6.3
Self-employed	36	18.5	5.9	5.3	4.2	6.2	4.3	3.9	5.7	5.9	5.9
Total sample	300										

Source: Primary data

Figure 4.7

Gender segments

Preference for financial products

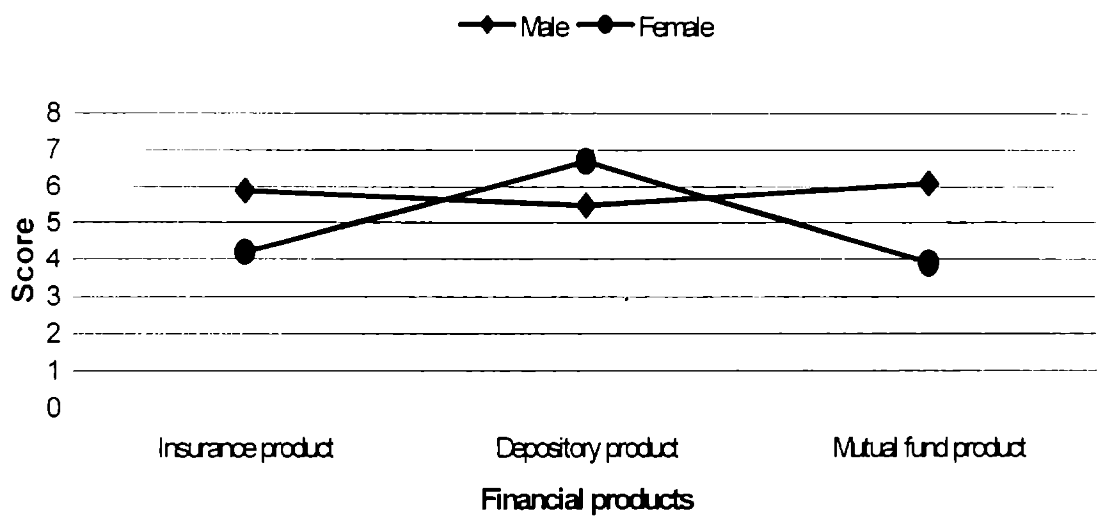


Figure 4.8

Occupation segments

Preference for financial products

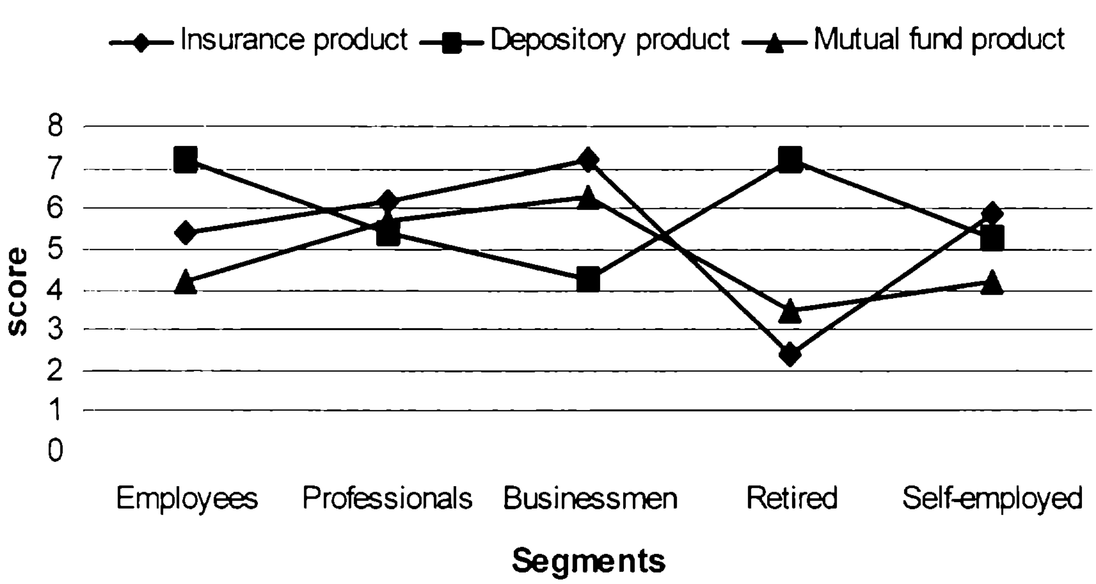


Table 4.9

Life cycle segments

Saving propensity, preference for financial product, preference for form of return, benefits sought
1 for least preference and 10 for highest preference

Segments	Sample size	Saving propensity	Preference for financial product (Mean score)			Preference for form of return (Mean score)			Preference for benefit sought (Mean score)		
	No.	Percentage of income	Insurance product	Depository product	Mutual fund product	Regular income	Growth	Income and growth	Well-known institution	Quick and efficient service	Courtesy of employees
Life cycle stages											
Bachelor empty nest	35	17.5	5.2	5.3	5.8	4.2	5.8	5.9	5.5	5.8	5.9
Young married empty nest	36	19.8	5.9	5.4	6.4	4.4	6.2	6.3	5.8	5.9	6.1
Young full nest	111	32.5	6.3	5.9	6.2	4.5	5.7	5.9	5.5	5.5	5.8
Older full nest	81	27.7	5.2	5.8	4.8	5.9	4.9	5.2	5.7	5.3	5.9
Older empty nest	37	17.2	3.5	6.2	3.9	6.2	3.7	4.2	6.4	6.2	6.3
Total sample	300										

Source: Primary data

Figure 4.9

Life cycle segments

Preference for financial products

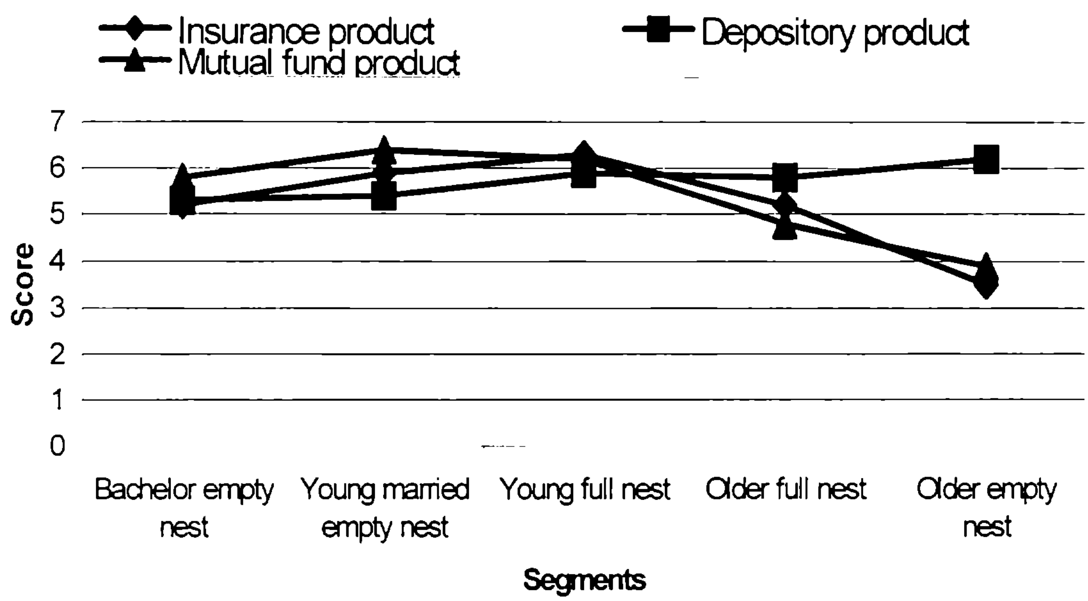


Figure 4.10

Life cycle segments

Preference for forms of return

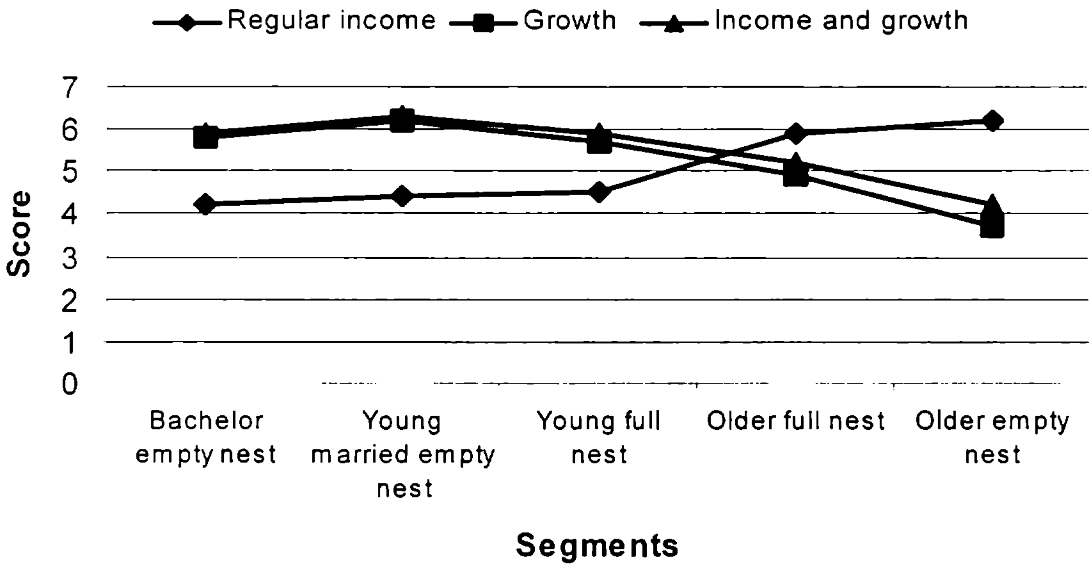


Figure 4.11

Saving propensity – Social class segment

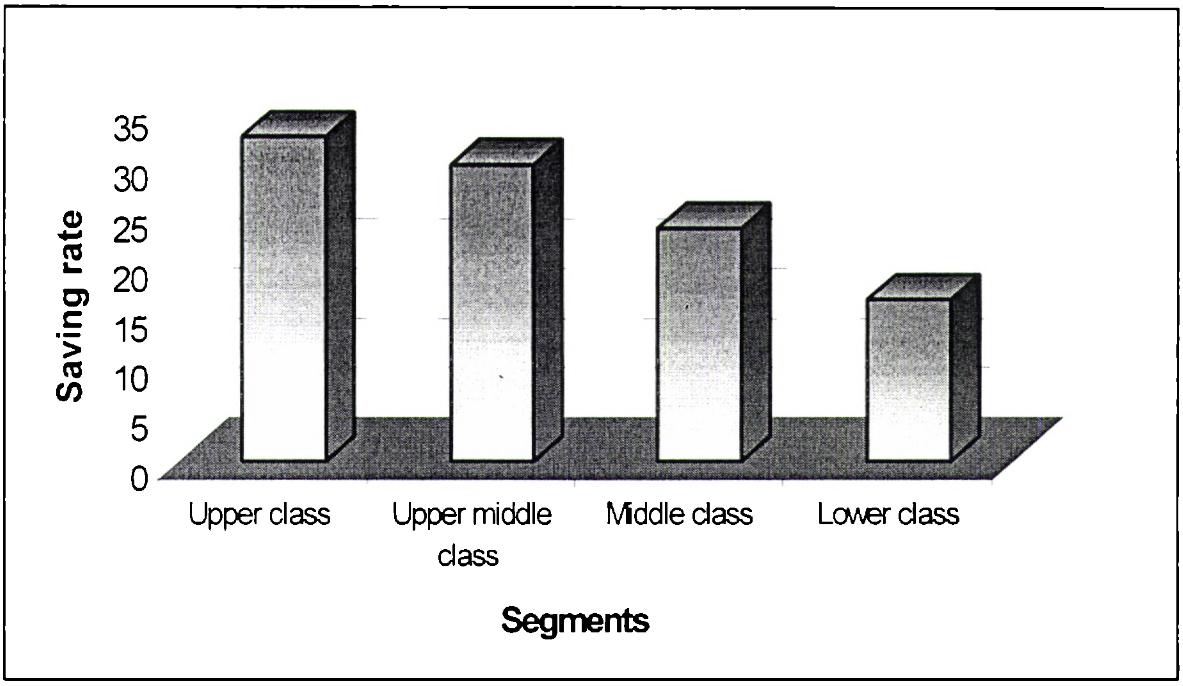


Figure 4.12

Saving propensity – Education segment

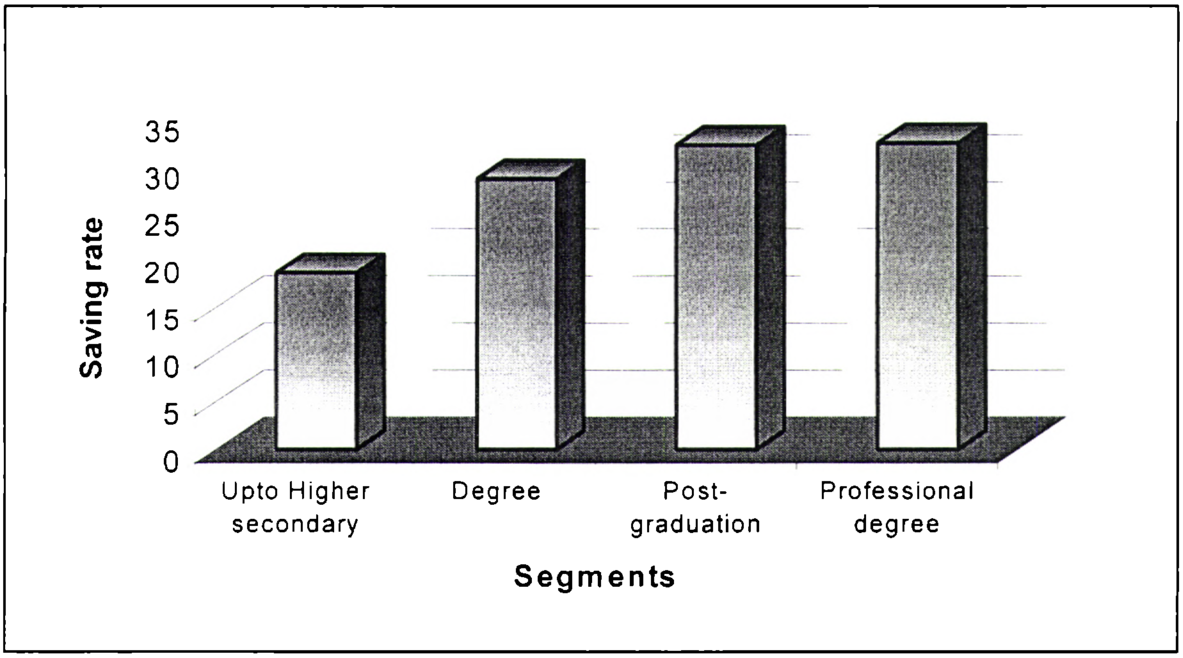


Figure 4.13

Saving propensity – Occupation segment

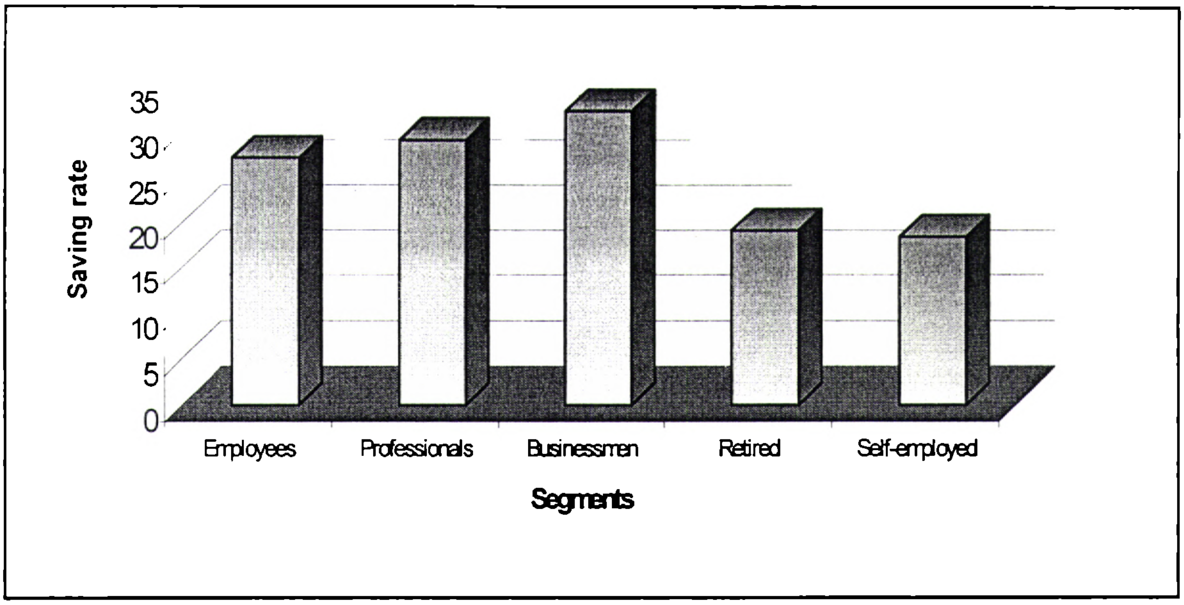
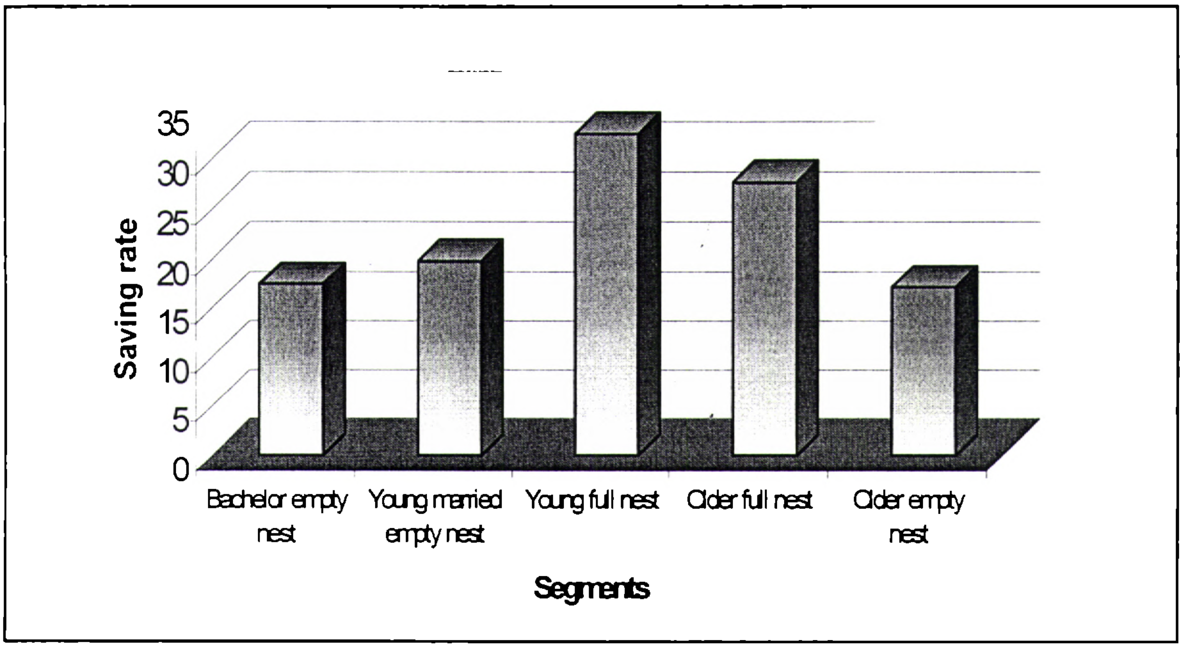


Figure 4.14

Saving propensity – Life cycle segment



Analysis of saving propensity, preference for financial products, preference for forms of return and preference for benefit sought suggests, relationship between demographic, psychographic and behaviouristic variables. The results of multivariable segmentation analysis are presented in Tables 4.6, 4.7 4.8 and 4.9 and Figures 4.2 – 4.14. The high saving propensity of young full nest in the life cycle segment, upper class and upper middle class in the social class segments, high income group in the income segments, middle-aged group in the age segment, well educated group in the educational segment, businessmen in the occupational segment is the main finding revealed by the analysis. These segments have well thought-out long term financial planning in the financial matters and are very futuristic and calculative in saving decisions. Their mature and judicious approach in financial matters are also reflected in the score secured by them in their preference for financial product, forms of return and benefits sought.

Low saving propensity of bachelor empty nest, in life cycle stage segment, lower class in the social class segment. 20-34 age group in the age group segment and the retired in the occupation segment is an important highlight of the analysis which is to be explored further. Similarly, older empty nest who normally have a fairly good amount of saving, follow a passive investment strategy which is reflected in the high preference for depositories and preference for highly liquid saving products. High preference for insurance product by businessmen, professionals and the self employed and their preference for growth oriented financial products and quick and efficient service are some other features revealed by the analysis. Item wise specific analysis of these variables, definitely brings to light, certain important clues for FIs for product design and marketing programmes.

Analysis of savings motives

Long-term financial security starts with judicious and regular saving, which is the result of certain internal energizing forces motivating customers to postpone current consumption to fulfill certain specific financial objectives. Thus the customers' decision process is significantly influenced by a set of motives referred to as saving motives and they are considered as very strong psychographic variables in the context of the marketing of saving products by FIs. In this section, a quantitative analysis of this psychographic variable is performed to present the various dimensions of these variables and their influence on customer purchase decisions in the context of marketing of financial products.

As already discussed in the first part of this chapter, the degree of the influence of these saving motives on the purchase decisions of customers belonging to different segments is also examined here. The degree of influence of nine saving motives identified in the study is measured in terms of a three point itemised comparatives rating scale. Scores are assigned to different standardised adjectives given in the questionnaire to measure the degree of influence of these saving motives. To diagnose the most influential saving motives given in the questionnaire, the mean score value of all nine saving motives are calculated. Then the saving motives are ranked in the order of the degree of influence on the basis of mean score values calculated from the individual scores, assigned by respondents customers.

Table 4.10

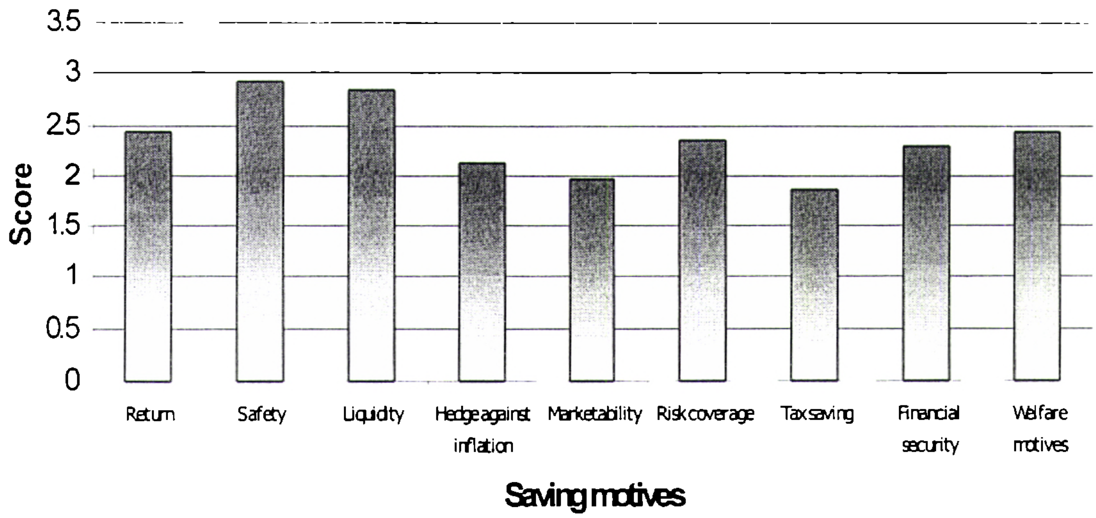
Degree of influence of saving motives on customer purchase decisions (mean score)

Saving motives	Mean score	Std. Error	95 per cent confidential interval	Rank
Return	2.42	.0349	(2.5061, 2.3339)	3
Safety	2.93	.0181	(2.9747, 2.8853)	1
Liquidity	2.84	.0313	(2.9171, 2.7629)	2
Hedge against inflation	2.14	.0437	(2.2477, 2.0323)	7
Marketability	1.965	.0532	(2.0964, 1.8336)	8
Risk coverage	2.34	.0436	(2.4471, 2.2329)	5
Tax saving	1.87	.0425	(1.9756, 1.7644)	9
Financial security	2.29	.044	(2.3992, 2.1808)	6
Welfare motives	2.42	.0632	(2.5763, 2.2637)	4
Sample size	300			

Source: Primary data

Figure 4.15

Degree of influence of saving motives on customer-purchase decisions (mean score)



Analysis of the above table reveals that safety is the most powerful saving motive influencing the saving decision of different customer segments. Generally, fixed income group, housewives, the old and the retired attach top priority to safety of fund which is basically related to the credibility and reputation of the FI and the nature of the financial products. However, as per the results, customers in almost all segments are very safety-conscious and adopt a safe and cautious investment strategy to avoid financial misfortunes. The second highest mean value is scored by liquidity, which shows the weightage given by different customer segments for the quality of convertability of financial product into cash easily. Ranks secured by other saving motives are clearly depicted in the table and it is the indication of the degree of influence of these factors on the savings decisions.

Segment wise analysis of the influence of saving motive

The above analysis is a single variable segmentation analysis of this psychographic variable, which reveals valuable clues for formulating the market segmentation approach by FIs. Analysis of saving motives in combination with certain demographics is more informative and useful in market segmentation. The influence of this variable on different customer segments, classified on demographic variables, is presented in Table 4.11.

Table 4.11

Saving motives

Degree of influence on the saving decisions of life cycle and occupational segments (Mean score)

Saving motives	Occupational segments					Life cycle segments				
	Employees	Professionals	Businessmen	Retired	Self-employed	Bachelor empty nest	Young married empty nest	Young married full nest	Older full nest	Older empty nest
Return	2.42	2.33	2.52	2.35	2.42	2.62	2.58	2.61	2.42	2.35
Safety	2.89	2.91	2.93	2.96	2.85	2.75	2.79	2.83	2.92	2.94
Liquidity	2.78	2.72	2.88	2.92	2.63	2.45	2.52	2.35	2.85	2.92
Hedge against inflation	2.06	2.19	2.04	2.47	2.42	2.23	2.34	2.45	2.38	2.34
Marketability	2.12	2.29	2.83	1.85	2.24	2.39	2.29	2.07	1.92	1.77
Risk coverage	2.22	2.43	2.52	1.79	2.54	2.25	2.41	2.52	2.27	1.62
Tax saving	2.44	2.33	1.58	1.47	2.02	1.85	2.04	2.23	2.51	1.84
Financial security	2.22	2.19	2.35	2.22	2.46	1.97	2.32	2.59	2.52	2.41
Welfare motives	2.48	2.48	2.17	1.94	2.38	1.62	1.85	2.48	2.34	1.78
Sample size	115	35	72	42	36	35	36	112	81	36

Source: Primary data

Figure 4.16

Degree of influence of saving motives - occupational segments

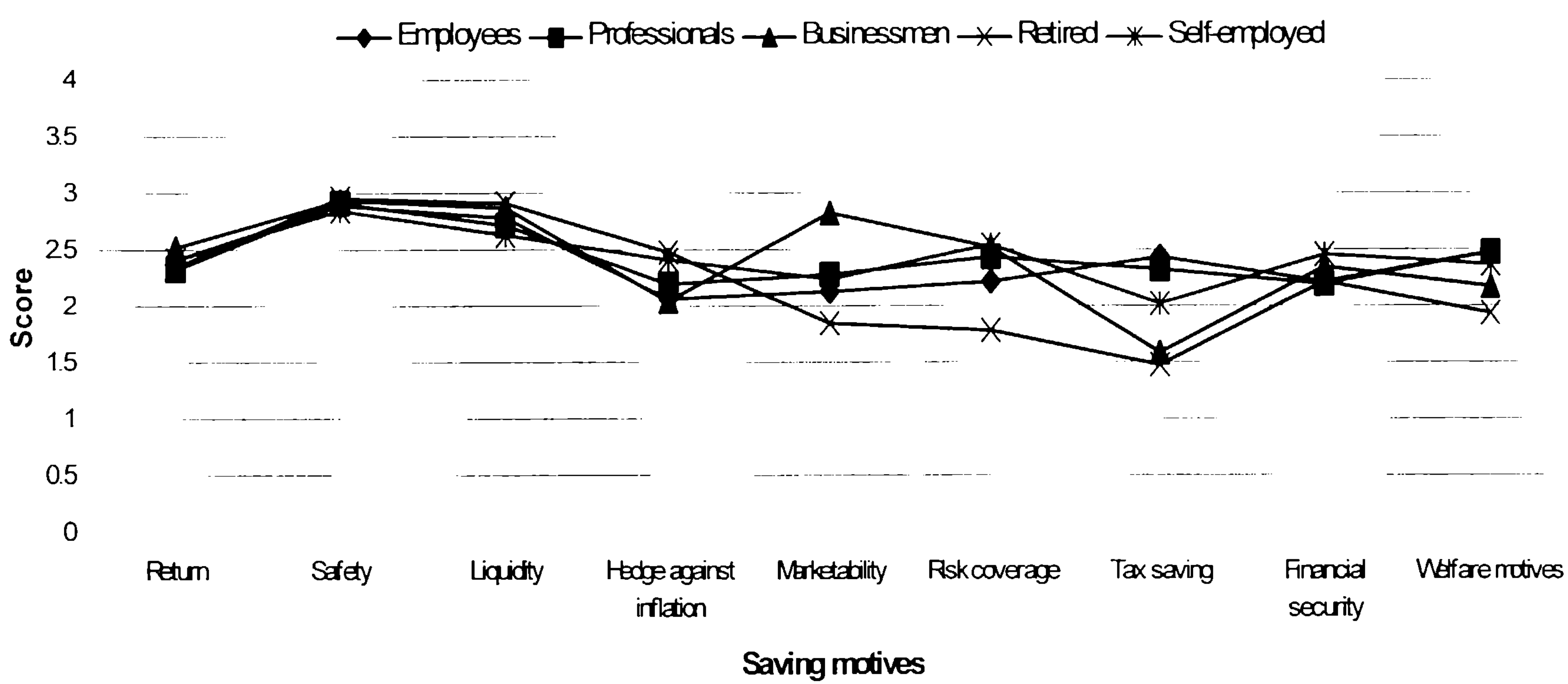
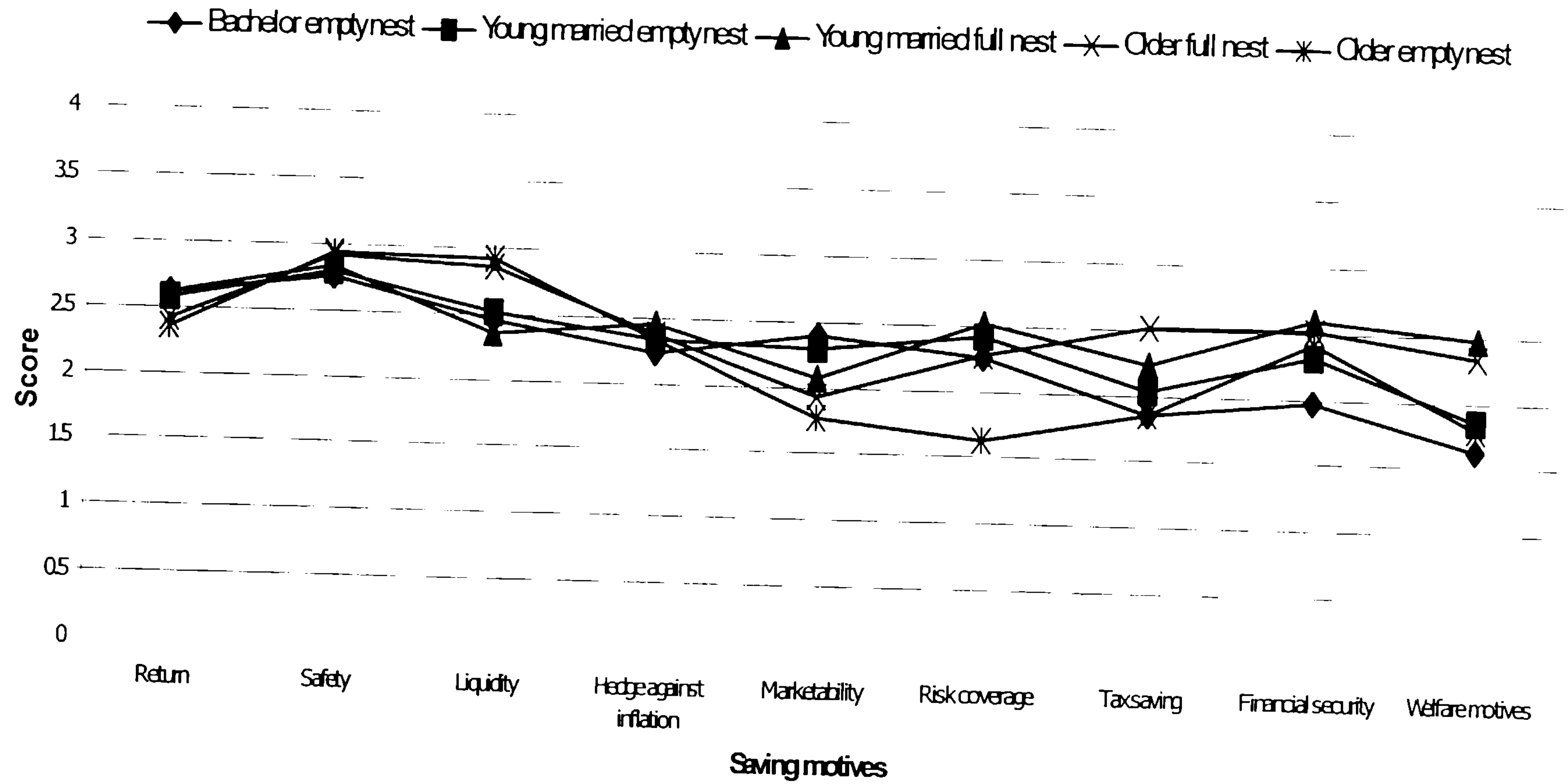


Figure 4.17

Degree of influence of saving motives – life cycle segments



Verification of Table 4.11 and Figures 4.16 and 4.17 reveal some interesting information on diversified perception of different occupation segments and life cycle segments in respect of saving motives. For both occupational segments and life cycle segments, safety is the most influential saving motive and naturally this will be primary consideration of customers in their saving decisions. Thus this result very well endorses the result of the Table 4.10 in which safety is ranked as the most influential saving motive. It suggests low risk tolerance and circumspect approach of all customer segments irrespective of their demographic differences. The table also suggests that the liquidity of the financial product is the second major consideration of all customer segments and the influence of other saving motives also shows similar pattern of influence. An indepth analysis of the results of this psychographic analysis helps the FIs to improve the attractiveness of their offerings and level of customers' satisfaction.

Difference in the degree of influence of saving motive

In order to examine the difference in the degree of influence of saving motives in the selection of FIs and financial products by customers, P values of the score of degree of influence of saving motives are calculated. The result of the analysis is presented in Table 4.12.

Table 4.12

Degree of influence of different saving motives

P values (5% significance level)

Saving motives	Return	Safety	Liquidity	Hedge against inflation	Marketability	Risk coverage	Tax saving	Financial security	Welfare motives
Return	–	0.024	0.035	0.039	0	0.042	0	0.025	0
Safety	–	–	0.037	0.019	0	0.023	0	0.028	0
Liquidity	–	–	–	0.024	0	0	0	0.014	0.038
Hedge against inflation	–	–	–	–	0.026	0	0	0.045	0
Marketability	–	–	–	–	–	0.017	0.025	0.023	0
Risk coverage	–	–	–	–	–	–	0.028	0.045	0.041
Tax saving	–	–	–	–	–	–	–	0.032	0.029
Financial security	–	–	–	–	–	–	–	–	0
Welfare motives	–	–	–	–	–	–	–	–	–

Source: Primary data

The results of the above analysis suggest that the degree of influence of different motives in the selection of FIs and financial products is not equal. P values between different pairs of saving motives shows different degree of influence (P value < 0.05). In all cases, the P values are less than 0.05 that reject the third null hypothesis that the degree of influence of different saving motives on customers purchase decision is the same. Thus the third alternative hypothesis is accepted i.e., **the difference between the degree of influence of saving motives is significant.**

Analysis of risk tolerance of customer segments

Risk management is an organised and calculated strategy to provide protection for life and property, from destructive events and thereby improving the individual's chances for economic social and emotional well-being throughout life. Risk avoidance, risk reduction, risk assumption self-insurance and risk shifting are the common methods available for an investor to manage various forms of risks. In the financial market also customers have to face risks associated with financial products, which is measured in terms of uncertainty in receipt of return and amount invested in a particular financial product. Risk is inherent in financial products and the degree of the risk depends on maturity period, credit worthiness of FIs, compositions of the product, nature of investment etc.

In the financial market FIs offer various financial products with different degrees of risk and the customers have a wide range of products from risk free to very risky products. Some FIs offer risk free products such as fixed deposits by depositories, insurance products by LIC, National Saving Certificates by NSS and investment intermediaries offers both risk free and risky products. Thus the selection of a particular financial product depends on the capacity of the customers to assume risk associated with financial products. The degree of risk assumption capacity of the household is referred to as risk tolerance. Risk tolerance is a basic psychographic variable widely employed by FIs, especially investment intermediaries, in the marketing of mutual fund products. A multivariable segmentation analysis of this segmentation variable in combination with certain demographic variable is made in this section to measure the risk tolerance of various customer segments and its relevance and influence in market segmentation by FIs.

As discussed in the methodology chapter, a risk tolerance test was incorporated in the questionnaire to measure this variable to ensure that the measurement of this attitude may not be as the self-perception of customers. Various dimensions of qualitative analysis of this variable are presented in the following pages.

In this psychographic analysis, customers are classified into three segments in terms of their risk tolerance. Customers with low risk tolerance constituted the first segment that scored between 1-7 points and those with moderate risk tolerance constituted the second segment who scored between 8-14 points and the third segment consisted of customers with high risk tolerance having scored between 15-21 points. The overall risk tolerance of the 300 respondents is analysed by grouping them in three distinctive groups with different ranges of scores.

Table 4.13

Risk tolerance of customers

Risk tolerance (range of scores)	Segments	Sample size	Mean score	Standard error	99% confidential interval
1 – 7	Risk averse	139	4.312	0.263	(5.101, 3.523)
8 – 14	Moderate Risk loving	125	10.234	0.284	(11.106, 9.402)
15-21	Risk loving	36	16.267	0.319	(17.224, 15.310)
Sample size	300				

Source: Primary data

Risk tolerance analysis suggests that customers' attitude towards risk, in respect of financial products is not very positive because a number of customers coming under the risk loving segments is about 10% of the sample size and also the mean score of different categories are near to the lowest range of risk tolerance. Similarly, the majority of customers belongs to the risk averse category, which is also a clear indication of a lack of appetite of customers towards risk and their risk avoiding characteristics. Multivariable segmentation analysis of this variable in combination with some demographic variables may also be useful to reveal other clues necessary for integrating appropriate element of risk in financial products offered to different segments.

Results of the multivariable segmentation analysis in respect of risk tolerance suggests the risk appetite of various customer segments. In the age group segments, customers within the age group of 20 – 34 are more comfortable with risk, which is clear from the higher risk tolerance mean score. Because young individuals who wish to make a possible fortune, will be ready to assume more risks in the purchase of financial products. This age group invest more than 60% of savings in growth oriented products and financial products with high equity components and naturally they have the capacity to assume higher risk associated with such products. Customers belonging to higher age group do not follow an aggressive investment strategy and avoid risky investment programmes because their main financial goal is to have a regular and consistent income and adequate liquid fund. Consequently, they prefer risk free financial products and as far as possible, they avoid any form of risk in saving decisions and it is also reflected in the low risk tolerance score of higher age group segment.

Table 4.14

Risk tolerance – Age group, gender, occupational, life cycle and social class segments

Age group segments	Sample size	Risk tolerance (mean score)	Standard error	95% confidential interval
20-35	63	14.4	0.419	(15.657, 13.143)
35-50	128	12.3	0.292	(13.176, 11.424)
50-65	74	8.4	0.372	(9.516, 7.284)
65 and above	35	6.9	0.524	(8.472, 5.328)
Gender Segments				
Male	202	15.3	0.217	(15.951, 14.649)
Female	98	6.4	0.312	(7.336, 5.464)
Occupational segments				
Employees	115	8.2	0.283	(9.049, 7.351)
Professionals	35	11.3	0.529	(12.887, 9.713)
Businessmen	72	17.5	0.382	(18.646, 16.354)
Retired	42	6.4	0.494	(7.882, 4.918)
Self employed	36	11.2	0.532	(12.796, 9.604)
Life cycle segments				
Bachelor empty nest	35	14.8	0.421	(16.063, 13.537)
Young married empty nest	36	13.5	0.473	(14.919, 12.081)
Young full nest	111	12.4	0.284	(13.252, 11.548)
Older full nest	81	8.7	0.412	(9.936, 7.464)
Older empty nest	37	7.4	0.539	(9.017, 5.783)
Social Class segments				
Upper class	102	13.9	0.342	(14.926, 12.874)
Upper middle class	113	12.8	0.312	(13.736, 11.864)
Lower middle class	48	9.5	0.513	(11.039, 7.961)
Lower class	37	7.2	0.549	(8.847, 5.553)

Source: Primary data

Figure 4.18

Risk tolerance – Occupational segment

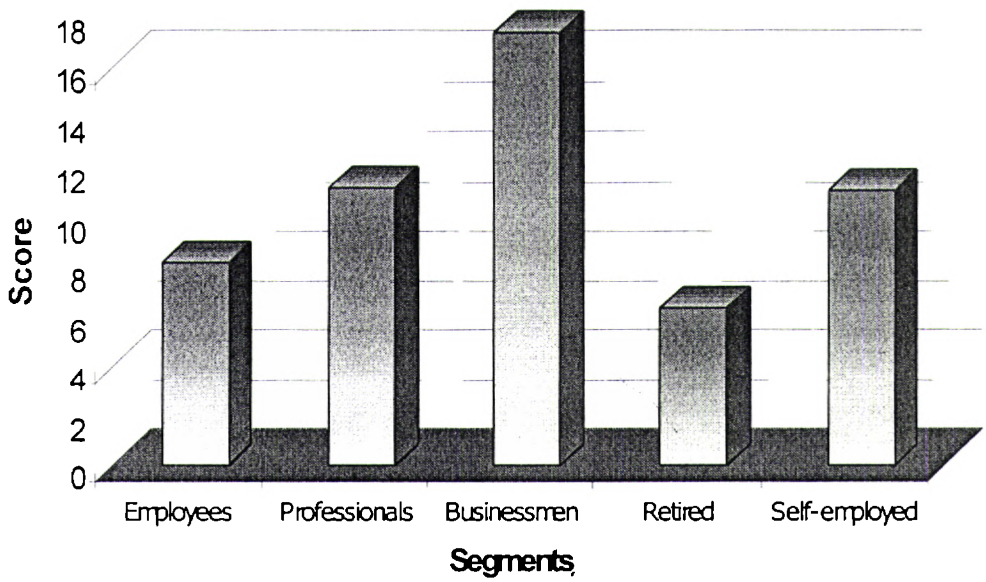


Figure 4.19

Risk tolerance – Life cycle segment

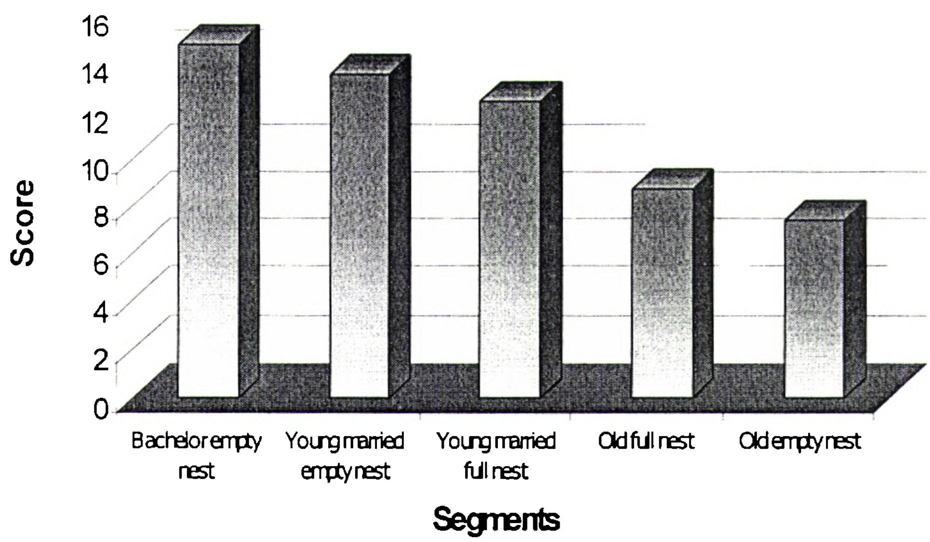
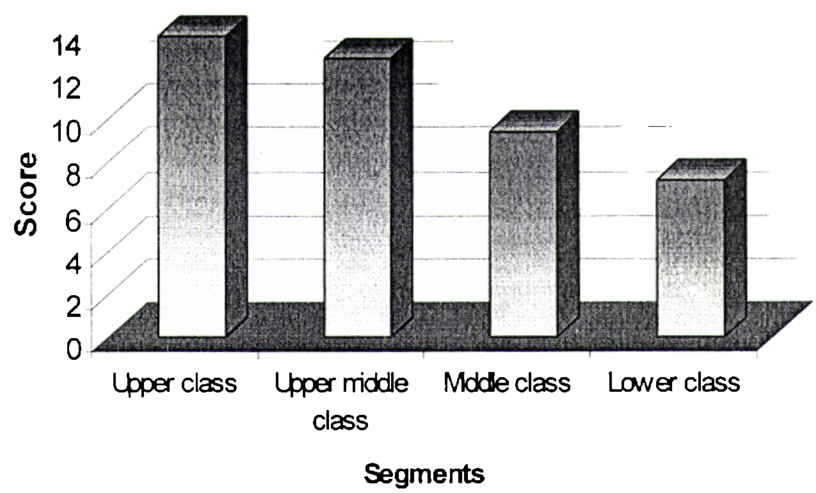


Figure 4.20

Risk tolerance – Social class segment



Analysis of risk tolerance of different customer segments reveals some interesting information on this psychographic variable. The customers belonging to lower age group are comfortable.with risk and as the customers become old, there is substantial reduction in their risk assumption capacity, which reflects in low risk tolerance score. Similarly, while male segments shows higher risk tolerance in saving decisions, the risk assumption capacity of female segment is comparatively poor. Businessmen belonging to occupational segment exhibit the highest risk tolerance, which shows their enterprising and aggressive attitude in the purchase of financial product. On the contrary, retired fellows show risk aversion characteristics who naturally dislike financial products with low equity component. Similarly as customers pass through bachelor to old empty-nest life cycle there is gradual and noticeable reduction in the risk tolerance. Likewise, households in upper class and upper middle class segments are more comfortable with risk and lower social class segment also shows high risk aversion.

Difference in risk tolerance of customer segments

In order to examine the difference in the risk tolerance of customer segments, P values of risk tolerance is calculated. The result of analysis of difference in risk tolerance is presented in the Tables 4.15 and 4.16.

Table 4.15

Risk tolerance of life cycle segments

P values (5% significance level)

Life cycle segments	Bachelor empty nest	Young married empty nest	Young full nest	Older full nest	Older empty nest
Bachelor empty nest	–	0.0056	0.0134	0.00123	0
Young married empty nest	–	–	0.0124	0	0
Young full nest	–	–	–	0.0024	0
Older full nest	–	–	–	–	0
Older empty nest	–	–	–	–	–

Table 4.16

Risk tolerance of occupational segments

P values (5% significance level)

Occupational segments	Employees	Professionals	Businessmen	Retired	Self employed
Employees	–	0	0	0.034	0
Professionals	–	–	0.024	0	0
Businessmen	–	–	–	0	0
Retired	–	–	–	–	0
Self employed	–	–	–	–	–

As per the Table 4.15, P values of risk tolerance score of life cycle segments suggest the level of risk tolerance of different life cycle segments is not equal as per risk tolerance test because in all the cases P values are less than 0.05. As in the customers pass through different phases in the life cycle stages their attitude toward risk varies and exhibits different degrees of risk tolerance.

Similarly as per Table 4.16, P values calculated for the risk tolerance of different occupational segments also indicates the difference in the level of risk tolerance of customers belonging to these segments since P values in all the cases are less than 0.05.

Thus the above analysis reject the second null hypothesis that the risk tolerance of different customer segments are equal. Therefore the second alternative hypothesis is accepted i.e., **the difference in the risk tolerance of different customer segments is significant**.

Multiple correlation between segmentation variables

The multiple correlation between segmentation variables is analysed in this study to examine the degree of relationship between these variables. The multiple correlation between demographic variables such as income, age, education and risk tolerance and between the above mentioned segmentation variables and saving propensity is analysed in the study. The demographic variables income, age, education have been taken as predictors (constant) and risk tolerance and saving propensity have been taken as dependent variables. The results of the analysis are presented in the Table 4.17

Table 4.17

Segmentation variables and multiple correlation

Predictors (constant)	Dependant variable	Correlation R	Standard error	Significance (5 per cent)
Income Age Education	Risk Tolerance	0.573	9.238	000
Income Age Education	Saving propensity	0.546	8.8594	000

As per the results derived from table 4.17, multiple correlation among demographic variables income, age, education and risk tolerance and saving propensity is significant. Therefore the first null hypothesis of the study is rejected and the results accept alternative hypothesis i.e. **the multiple correlation among demographic variables income, age, education and psychographic variables (risk tolerance and saving propensity) is significant**.

Section Two

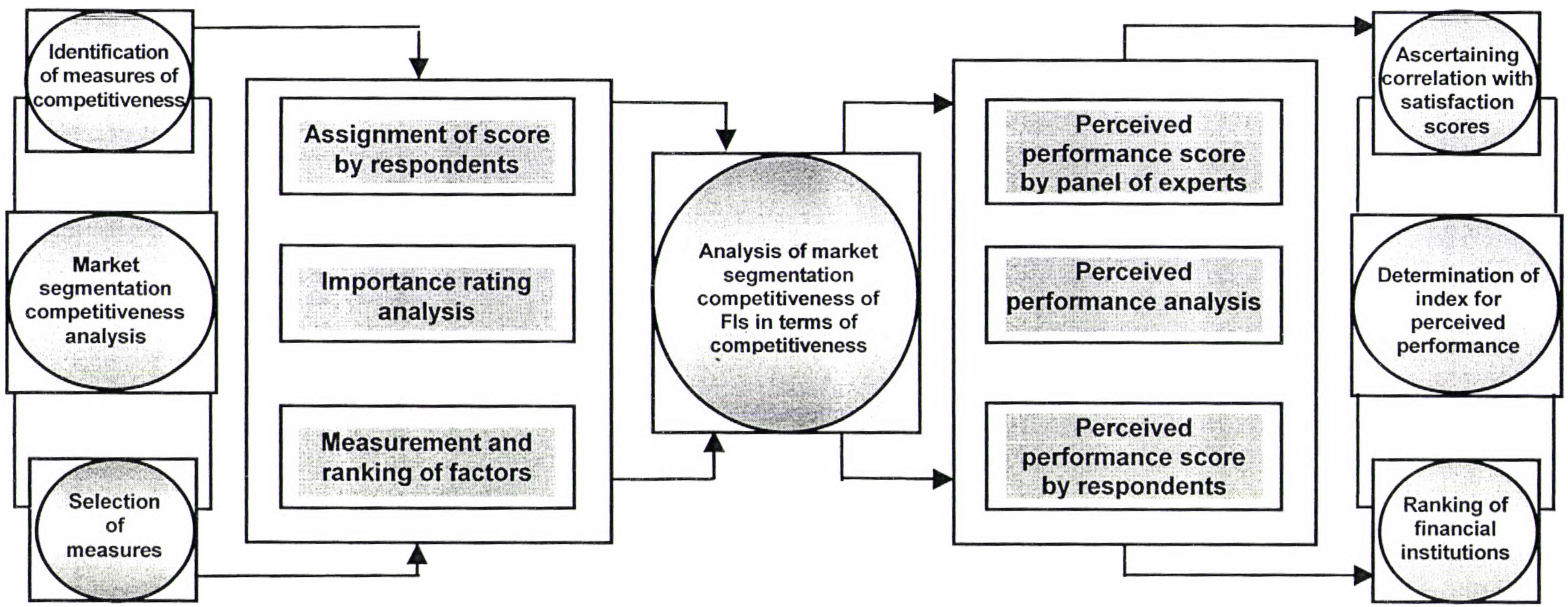
Analysis of market segmentation competitiveness of FIs

Financial institutions' ability to become successful in market segmentation approach in marketing of financial product differs according to how strong an FI in it, relative to the approach of competitors. FIs' segmentation competitiveness is a measure of their actual strengths in different customer segments, which is determined by objective evaluation of FIs' competence to satisfy the specific needs of each segment, relative to competitors. For this analysis, certain segmentation competitiveness factors are employed, as suggested by McDonald (1995), Rajshekar (1999) and Tony Martin (1991) in their theories formulated on market segmentation for financial product marketing. Appropriate modifications ,were incorporated in these factors to fit them in this research context.

The competitiveness factors identified for the analysis are principally a combination of FIs' relative strengths versus competitors in connection with customers facing needs in each segment. To win the business in a customer segment, the FI has to be more successful than its competitors in designing the offers to satisfy the customers facing needs. The structural framework of various stages and procedures followed in this analysis is schematically presented in the Figure 4.21

Figure 4.21

Framework of steps and procedures for analysis of market segmentation competitiveness of FIs



Importance rating of competitiveness factors

To assign appropriate weightage to factors, respondents assign score to various factors on the basis of their perceived value of importance attached to these factors. The mean importance scores in respect of various factors are taken as their weightage. Table 4.18 exhibits the result of the analysis of importance scores by respondent customers.

Table 4.18
Market segmentation competitiveness factors-Importance score analysis

Factors	Mean scores	Standard error	99% confidential interval	Ranking
Product attributes	3.02	0.039	(3.137 2.903)	6
Price attributes	3.78	0.027	(3.861, 3.699)	1
Promotion attributes	2.77	0.052	(2.926, 2.614)	7
Place attributes	3.52	0.034	(3.622, 3.418)	3
Process attributes	3.65	0.037	(3.761, 3.539)	2
People attributes	3.48	0.044	(3.612, 3.348)	5
Provision of service attributes	3.34	0.036	(3.448, 3.232)	4
Sample size	300			

Source: Primary data

Importance rating in respect of competitiveness factors suggests that customers assign the highest score to price attributes, which include various factors relating to price policies, financial incentives, terms and conditions of payment. In a way, the rate of return from a financial product, to a great extent, depends on the price policies of FIs and consequently customers consider this factor in their purchase decision for financial products and this also reflects the high price sensitivity of different customer segments. The analysis suggests that customers also give greater importance to transparency, simplicity and quickness of procedures in the dealings which are presented as process attributes in the Table 4.18. The mean score of this attribute is the second highest which is very close to the mean score of the most important attribute. Similarly, the weightage assigned to different factors indicates the importance given by customers to different attributes and FIs should thoroughly examine the results of this analysis to formulate various offers in tune with customer's perception regarding the importance of various attributes. One of the interesting results of this analysis is that the last three factors secure second, third and fourth position respectively in importance, which are the three additional elements of marketing mix (3 Ps) of financial service products. Therefore, without improving the overall attractiveness of these factors, FIs endeavour to satisfy the various segments will not produce positive results.

Analysis of performance of FIs in respect of segmentation competitiveness factors

Market segmentation competitiveness of FIs is objectively evaluated in terms of their perceived performance in respect of competitiveness factors as per the score assigned by respondent customers. An itemised comparative four point rating scale was employed to measure the competitiveness. In this analysis, an important component is the Fishbein Formula of brand-preference-standing that used to select the most competitive FI in market segmentation approach. For measuring the competitiveness of FIs in market segmentation, performance scores assigned by a panel of judges and respondent customers are taken into account. There are thirty members in the panel of judges who belong to this field of study with both practical experience and theoretical knowledge. Financial analysts, share brokers, top executives of FIs, academicians and researchers in the field are various categories of individuals included in the panel. Table exhibits the analysis of perceived performance score assigned by panel of judges.

Four point itemised comparative rating scale is employed to measure the perceived performance score in respect of competitiveness assigned by panel judges and respondent customers.

Table 4.19

Market segmentation competitiveness of FIs - Analysis of perceived performance

(Mean score by panel of judges)

Competitiveness factors	**Mean scores**					
	LIC	UTI	SBI	FBL	KPMF	GSS/NSS
Product attributes	2.82	2.59	2.18	2.57	3.25	2.25
Price attributes	2.15	1.98	2.09	2.28	3.17	3.08
Promotion attributes	2.83	2.58	2.25	2.32	3.14	2.18
Place attributes	2.65	1.62	2.75	2.78	2.72	2.52
Process attributes	2.42	1.78	2.12	2.37	3.02	1.85
People attributes	2.53	2.31	2.29	2.75	3.19	1.72
Provision of service attributes	2.39	2.21	2.01	2.78	3.07	1.65
Overall perceived performance index	17.79	15.07	15.69	18.85	21.09	15.20
Sample size	30	30	30	30	30	30

Source: Primary data

Table 4.20

Market segmentation competitiveness of FIs – Analysis of perceived performance

(Mean score by customers)

Competitiveness factors	Mean scores					
	LIC	UTI	SBI	FBL	KPMF	GSS/NSS
Product attributes	2.85	2.57	2.15	2.46	3.15	2.21
Price attributes	2.02	1.92	2.03	2.23	3.28	3.07
Promotion attributes	2.75	2.67	2.16	2.26	3.02	2.83
Place attributes	2.71	1.67	2.61	2.74	2.65	2.53
Process attributes	2.47	1.73	2.27	2.42	3.04	1.73
People attributes	2.48	2.35	2.19	2.83	3.22	1.68
Provision of service attributes	2.42	2.16	2.05	2.76	2.98	1.62
Overall perceived performance index	17.70	15.07	15.46	17.90	20.98	15.67
Sample size	189	143	157	154	105	198

Source: Primary data

Table 4.21

Market segmentation competitiveness of FIs

Mean score by panel of judges and customers
(P values at 99% confidential level)

Financial institutions	Mean score panel of judges	Mean score by customers
LIC	17.79	17.70
UTI	15.07	15.07
SBI	15.69	15.46
FBL	18.85	17.90
KPMF	21.09	20.98
NSS/GSS	15.20	15.67

Source: Primary data

Since the respondent customers have dealings with different FIs simultaneously, sample sizes in respect of all the six FIs are more than 50. The analysis of mean scores of the panel of judges and customers regarding the seven competitiveness factors and overall scores clearly suggests the degree of competitiveness of FIs in market segmentation. There is no significant difference between the scores assigned by customers and the panel of judges which shows a reconciliation in the perception of both the groups on the competitiveness of FIs. As per the result, KPMF with the highest overall score and individual scores in respect of almost all factors secures the first position in competitiveness, followed by LIC, FBL, GSS, SBI, and UTI in the order of competitiveness in market segmentation. The deficiency of KPMF in locational convenience is very clear from the low score assigned to this attribute both by the panel of judges and the respondent customers. However, its excellent performance in respect of other factors is high, compared to the performance of other FIs. The poor performance of GSS/NSS in respect of these attributes, needs special attention and analysis because in spite of the wide network and credibility of NSS, the customers do not view this government sponsored depository as customer friendly.

Fishbein formula for measuring segmentation competitiveness

Application of the Fishbein Formula of Brand-Preference Standing is the most important step in ascertaining the segmentation competitiveness of FIs. This formula is widely employed in marketing research to ascertain the brand preferences of different customer segments. In this study, this formula is used to calculate the overall perceived performance score index to measure segmentation competitiveness of FIs and to rank them in terms of degree of competitiveness. The Fishbein formula and its technicalities may be summarised as follows:

$$P_{pc} = \boxed{\sum_{i=1}^{n} V_{ic} \ A_{ip}}$$

where

*P_{pc} represents preference standing (overall perceived performance value) for FI p by customer C.

*V_{ic} is the relative importance value of attribute i to customer C and

A_{ip} is the perceived value of attribute in terms of actual performance of FI p by customer C.

In this context, the overall performance of all the six FIs can be calculated and it is possible to determine which FIs is the most competitive one in terms of segmentation competitiveness index, the second best and so on. In this measurement and analysis process, the first problem is to ascertain the importance scores of different competitiveness factors and the next step involves the performance of FIs in respect of these factors as per the evaluation by customers. The Fishbein's formula enables one to calculate the overall performance of different FIs in market segmentation, which assigns due weightage to the competitiveness factors.

Table 4.22

Market segmentation competitiveness analysis - Overall competitiveness value index

Competitiveness attributes	Importance value of attributes (Vic)	LIC		UTI		SBI	
		Performance value (Aip)	Overall value (Vic Aip)	Performance value (Aip)	Overall value (Vic Aip)	Performance Value (Aip)	Overall value (Vic Aip)
Product attributes	3.02	2.82	5.84	2.59	7.82	2.18	6.58
Price attributes	3.78	2.15	8.13	1.98	7.48	2.09	7.90
Promotion attributes	2.77	2.83	7.84	2.58	7 15	2.25	6.23
Place attributes	3.32	2.65	8.79	1.62	5.38	2.75	9.13
Process attributes	3.75	2.42	9.08	1.78	6.68	2.12	7.95
People attributes	3.68	2.53	9.31	2.31	8.50	2.29	8.42
Provision of service attributes	3.34	2.39	7.98	2.21	7.38	2.01	6.71
Overall Competitiveness Index ∑ Vic Aip			**56.97**		**50.39**		**52.92**

Table 4.22 contd...

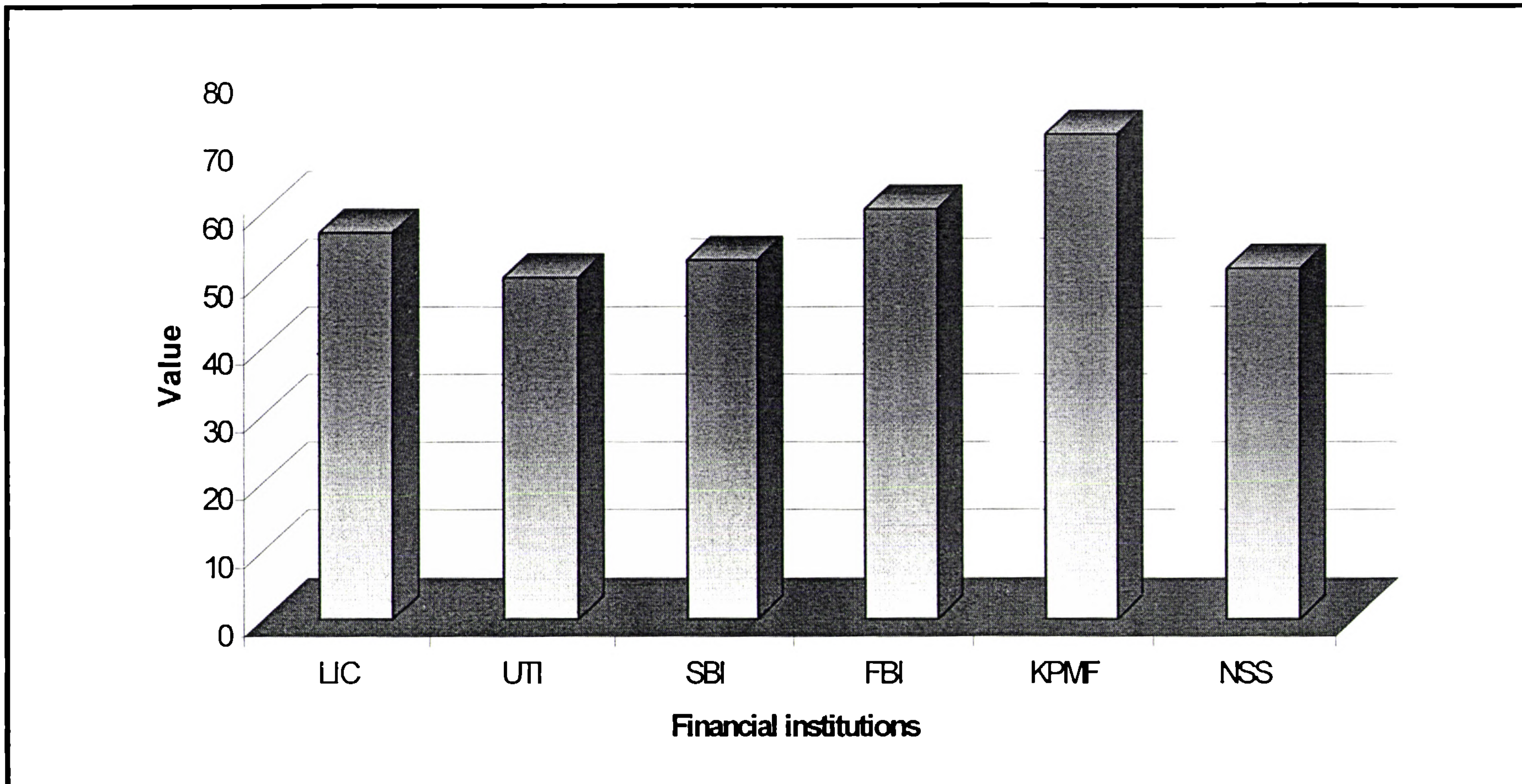
Market segmentation competitiveness analysis - overall competitiveness value index

Competitiveness attributes	Important value of attributes (Vic)	FBL		KPMF		GSS/NSS	
		Performance value (Aip)	Overall value (Vic Aip)	Performance value (Aip)	Overall value (Vic Aip)	Performance Value (Aip)	Overall value (Vic Aip)
Product attributes	3.02	2.57	7.76	3.25	9.82	2.25	6.79
Price attributes	3.78	2.28	8.62	3.17	11.98	3.08	11.64
Promotion attributes	2.77	2.32	6.43	3.14	8.69	2.18	6.04
Place attributes	3.32	2.78	9.23	2.25	7.47	2.52	8.37
Process attributes	3.75	2.37	8.89	3.02	11.33	1.85	6.94
People attributes	3.68	2.75	10.12	3.19	11.74	1.72	6.33
Provision of service attributes	3.38	2.78	9.39	3.07	10.38	1.65	5.58
Overall Competitiveness Index $\sum$ Vic Aip			**60.44**		**71.41**		**51.69**

Source: Primary data

Figure 4.22

Overall market segmentation competitiveness value index



Analysis of segmentation competitiveness of FIs without any weightage to different competitiveness factors is not considered as a sound measure to determine the exact competitiveness. Therefore, calculation of overall market segmentation competitiveness index on the basis of the Fishbein Formula is more reliable and accurate, since it takes into account the weightage of different factors. Because though an FI scores high value for performance in respect of a particular attribute its weighted average score will be considerably reduced if customers consider the factor as the least important one. As per the analysis, though the impact of the importance score (weightage) of different attribute does make some difference in the scores, the difference is not very significant considering the overall index and the ranking of FIs in terms of competitiveness. However, when Fishbein formula is applied for measuring competitiveness of FIs, the 4th position enjoyed by NSS/GSS is lost, which gets only the 5th position in the new situation.

Market segmentation and post purchase customer behaviour

Measurement and analysis of the satisfaction of customers to examine the impact of competitiveness of market segmentation on post saving and investment behaviour of customers who belong to different segments is also an important component in the framework of this study. In a heterogeneous financial market, an FI that follows market segmentation, is better able to identify specific needs of customers and develop suitable marketing mix which provides maximum possible satisfaction to different customer segments. Thus, in this section the impact of competitiveness of market segmentation on the customer satisfaction is measured in terms of seven factors which are basically the elements of marketing mix in the context of marketing of products by FIs. The level of satisfaction is measured quantitatively by measuring the satisfaction derived by customers in respect of these seven attributes by using four-points itemised-comparative rating scale. The result of the analysis is given in Table 4.23.

Table 4.23

Degree of customer satisfaction
(Mean score)

Customer facing attributes	Financial institutions					
	LIC	UTI	SBI	FBL	KPMF	NSS/GSS
Product attributes	2.75	2.62	2.24	2.48	3.19	2.24
Price attributes	2.12	2.04	2.08	2.29	3.09	3.15
Promotion attributes	2.82	2.55	2.24	2.61	3.08	2.75
Place attributes	2.78	1.79	2.71	2.81	2.47	2.58
Process attributes	2.36	1.81	2.32	2.49	3.12	1.71
People attributes	2.57	2.32	2.23	2.78	3.28	1.62
Provision of service attributes	2.68	2.23	2.12	2.83	2.92	1.67
Overall customer satisfaction index	18.08	15.36	15.94	18.29	21.15	15.72
Sample size	189	143	157	154	105	198

Source: Primary data

Analysis of the mean scores of customer satisfaction in respect of different attributes and overall satisfaction score clearly suggests that the FIs, which are more competitive in market segmentation are able to satisfy customers more effectively. Kothari Pioneer Mutual Fund is the most competitive FI among all the six FIs under study, which has an edge over other FIs in respect of various customer-facing needs except in respect of network of officers and service centres. Naturally it has more competence in satisfying customers in a better way. FBL ,is in the second position in satisfying their customers in a better way on account of higher segmentation competitiveness. Satisfaction scores assigned to other FIs also show the same pattern.

As mentioned in the previous paragraphs and tables, the market segmentation competitiveness of the six FIs under this study is measured in terms of weighted scores assigned by respondents. Then an important question that needs to be answered in this context is the difference in mean scores obtained by these FIs in respect of segmentation competitiveness.

As per the fourth hypothesis, the market segmentation competitiveness of all the six FIs is equal. To test this hypothesis, P values of mean score of the FIs are calculated to ascertain whether the scores assigned to FIs are all equal. The comparative table prepared to present P values calculated for this purpose is presented in Table 4.24.

Table 4.24

Market segmentation competitiveness of FIs
(P value at 5 per cent significance level)

FIs	LIC	UTI	SBI	FBL	KPMF	NSS/GSS
LIC		0	0	0.0106	0	0
UTI			0.0056	0	0	0.0039
SBI				0	0	0.116
FBL					0	0
KPMF						0
NSS						

Source: Primary data

Table 4.24 indicates whether the market segmentation competitiveness of the six FIs under the study is equal or not in terms of mean score assigned. P values calculated with regard to different FIs show that all the six FIs have different segmentation competitiveness in terms of mean scores. P values of all other FIs (P values 0) indicate very significant difference among them in segmentation competitiveness. Therefore market segmentation competitiveness of other FIs is not equal. Hence the fourth null hypothesis of the study has been rejected by the above result. **Thus, the alternative hypothesis that the market segmentation competitiveness of FIs is not equal is accepted on the basis of the above finding.**

Market segmentation competitiveness and post purchase customer behaviour and action

The analysis of the existence of the relationship between market segmentation competitiveness and post purchase customer behaviour is an important aspect of the analysis of variables. As per the fifth hypothesis of the study, there exists a correlation between market segmentation competitiveness and post purchase behaviour. To verify this hypothesis, the correlation between these variables has been analysed and presented in Table 4.25.

Table 4.25

Correlation between segmentation competitiveness and post purchase customer behaviour

FIs	Segmentation competitiveness		Customer satisfaction		Correlation
	Mean score	Standard error	Mean score	Standard error	
LIC	17 70	0.777	18.08	0.231	0.6186
UTI	15.07	0.182	15.36	0.212	0.5656
SBI	15.46	0.163	15.94	0.229	0.5248
FBL	17.90	0.192	18.29	0.198	0.5536
KPMF	20.98	0.224	21 15	0.231	0.6447
NSS	15.67	15.72	15.72	0.165	0.5461

Source: Primary data

As per Table 4.25 there is a significant correlation between segmentation competitiveness of FIs and post purchase customer behaviour (customer satisfaction). Karl Pearson's correlation test shows that there is a significant correlation between these variables. This suggests that the higher the segmentation competitiveness of FIs, the higher the satisfaction derived by customers in their dealings with FIs. Hence the fifth null hypothesis of the study has been rejected on the basis of the above result.

Thus, the result of the analysis supports the fifth alternative hypothesis that the correlation between segmentation competitiveness of FIs and post purchase customer behaviour is significant.

Market segmentation competitiveness and post purchase customer action

The analysis of the relationship between segmentation competitiveness of FIs and post purchase customer actions is another important aspect of the segmentation competitiveness analysis under this study. For this purpose the mean score of segmentation competitiveness of FIs has been compared with the mean score of word-of-mouth decisions and loyalty and patronage of customers. Table 4.26 presents the result of the analysis of relationships between these variables.

Table 4.26

Correlation between market segmentation competitiveness and post purchase customer actions

Financial institutions	Competitiveness		Word-of-mouth decisions		Loyalty & patronage		Correlation	
	Mean score	Std. Error	Mean score	Std. Error	Mean score	Std. Error	Segmentation competitiveness and word-of-mouth decisions	Segmentation competitiveness and loyalty and patronage
LIC	17.70	0.177	3.24	0.192	3.47	0.231	0.598	0.553
UTI	15.07	0.182	2.92	0.186	3.12	0.225	0.625	0.575
SBI	15.46	0.163	2.82	0.174	2.94	0.216	0.647	0.584
FBL	17.90	0.192	3.19	0.163	3.32	0.204	0.584	0.597
KPMF	20.98	0.224	4.23	0.183	4.31	0.198	0.662	0.612
NSS/GSS	15.67	0.188	2.87	0.159	3.02	0.212	0.574	0.532

Source: Primary data

Karl Pearson's coefficient of correlation has been calculated to verify whether the degree of correlation between these variables is significant or not. The results of the analysis presented in the Table 4.26 clearly indicate the strength of the correlation between segmentation competitiveness and word-of-mouth decision and also between segmentation competitiveness and customer loyalty and patronage. In all these situations the values of correlation coefficient are within the range of 0.554 to 0.662 which is an indication of a strong positive correlation between these variables, i.e., the higher the segmentation competitiveness the higher (will be) the possibility of positive word-of-mouth decisions and continued patronage and loyalty. Thus, the above analysis rejects the fifth null hypothesis of the study. **Thus the above analysis supports the fifth alternative hypothesis that the degree of correlation between segmentation competitiveness and post purchase customer behaviour and actions is significant.**

Section Three

Cluster analysis

Cluster analysis, which is an efficient multivariate analysis technique, is employed in the study to classify customers into different clusters/segments and to analyse their distinctive characteristics. Technically, a cluster consists of similar variables which are used to create customer segments, that correlate highly with one another and have comparatively low correlation with variables used to create other customer segments/clusters. The basic objective of cluster analysis is to determine how many mutually exclusive and exhaustive customer segments/clusters, based on the similarities of profiles among entities, really exist in the population and then to state the composition of such groups. A fairly good number of questions to collect the maximum data on variables to conduct cluster analysis were incorporated in the questionnaire. Statistical package of SPSS was used as an important tool for cluster analysis in this study

Steps and procedures followed to conduct cluster analysis in the study were:

Step One Firstly, correlation matrix was prepared to identify and present variables which constitute the basis of cluster analysis.

Step Two Secondly, variables which had a negative sum of correlation and positive sum of correlations in correlation matrix were diagnosed.

Step Three The third step involving the finding of the variables having the highest correlation in the correlation matrix and the two variables having the highest correlation formed the nucleus of the first cluster

Step Four In this step, variables that correlate highly with the said two variables had been identified and included them in the first cluster and the first cluster was formed.

Step Five Under this step, the two variables that correlate highly but have low correlation with the variables of the first cluster, had been identified and that formed the nucleus of the second cluster. Other variables, that correlate highly with the said two variables were then identified. Such variables along with the said two variables constituted the second cluster/segment.

Step Six The same procedure mentioned above had been followed to create the third cluster and so on.

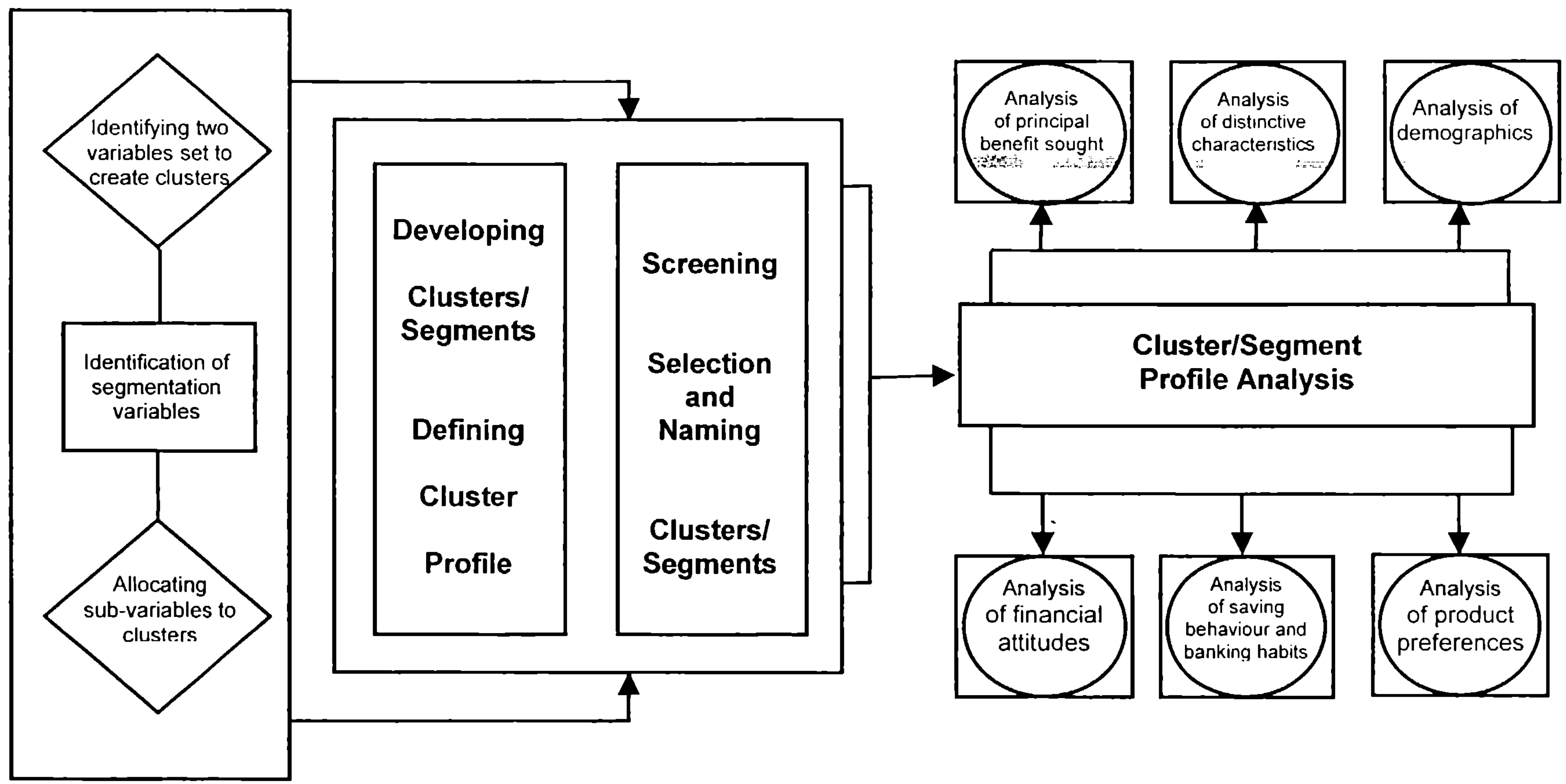
Cluster analysis has been found to be very useful in the context of market segmentation by FIs to classify customers on the basis of similarities in demographic, psychographic and behaviouristic characteristics. In this study on segmentation, a fairly good number of segmentation variables are diagnosed to create clusters from the customers having diverse characteristics and features. Cluster analysis technique has been applied in the segmentation process to diagnose a large number of micro segments and to screen these segments by removing the superfluous items and micro segments that are unattractive to a particular FI. A framework designed for cluster analysis is presented in Figure 4.23.

The conceptual framework for the cluster analysis had been designed on the basis of research findings on market segmentation in financial services and theoretical literature. Identification of segmentation variables from data collected through questionnaires and secondary sources and locating the correlated variables for cluster formation was the primary and important step in cluster analysis. After developing clusters and defining cluster profile, appropriate names were given to the segments/clusters. Cluster/segment profile analysis was the most important part of cluster analysis and main highlights of cluster profile were diagnosed and analysed to bring to light the distinctiveness of each cluster

The principal benefits sought by customers from the financial product, distinctive characteristics of the customer segments, their demographic characteristics, financial attitudes, savings behaviour, banking habits, product preferences were the main dimensions of the cluster profile analysed and presented in this study However, appropriate changes and modifications had been incorporated in the cluster analysis with regard to different categories of FIs. Life cycle stages, life styles, psychological factors, benefits etc. were the major bases adopted for creating various clusters.

Figure 4.23

Conceptual framework for cluster analysis



Identification of potential segments/clusters in the target market and formulation of fitting marketing mix are vital parts to marketing programmes of FIs. Thorough the analysis of demographic, behaviouristic and other personal characteristics of customers and a systematic categorisation of customers on the basis of similarities in the characteristics and analysis of their attitude and response to various marketing mix are the important processes in market segmentation to diagnose prospective customer segments.

Cluster analysis - Life Insurance Corporation of India

Cluster analysis for Life Insurance Corporation highlights the distinctive characteristics, demographics, attitude and preferences of various clusters/segments. This analysis reveals the strength of LIC in the formulation of marketing programme and in designing a product mix according to variegated insurance needs of customers in household sector. Product planning and development form an integral part of the marketing programme of LIC, which includes introduction of innovative products and improvements in the existing product in tune with the change in the preferences, attitude and perception of customers. Life Insurance Corporation of India has an efficient, integrated, information – sensitive market department at the headquarters and divisional offices to engineer and co-ordinate the product development programme involving generation of new product ideas, idea screening, business analysis, product development, test marketing and commercialisation of products. The product development wing of the marketing department continuously monitors the performance of existing products to suggest necessary changes in the insurance products by feedback analysis. Information collected from the marketing department was also very useful in this cluster analysis.

Table 4.27

Life Insurance Corporation of India – Clusters analysis

Profile of clusters	Clusters			
	Insurance-conscious risk avoiders	**Savings-conscious reassurance seekers**	**Children's-future conscious solvency seekers**	**Financial-conscious regular income seekers**
Principal Benefits Sought	▪ Risk coverage ▪ Low premium ▪ Simple procedures ▪ Protection of kith and kin ▪ Convenient terms for payment of premium	▪ Both risk coverage and savings ▪ High bonus ▪ Tax benefits ▪ Payment of assured sum within life time	▪ Children's education and marriage ▪ Financial protection to children on sudden death ▪ Periodical payment of assured sum	▪ Financial security at old age ▪ Payment of annuity after policy period ▪ Locational convenience
Demographic characteristics	▪ Bachelors and young married with children ▪ Family size 2-3 ▪ Under 45 years old ▪ Average and low income ▪ Medium businessmen, white-collar employees, professionals	▪ Married with dependent children ▪ Between 25 to 45 years of age ▪ Intermediate professionals, medium commercial employers civil servants ▪ Family size 3-4 ▪ Above average income ▪ College education	▪ Married with 2 or more male and female dependent children ▪ Between 35-50 years of age ▪ Family size 4-5 ▪ Middle class with average earnings ▪ Well educated	▪ Married with or without dependent children ▪ Between 45 to 65 years of age ▪ Family size 1-2 ▪ Upper middle class with above average earnings ▪ Higher professionals and managerial, white-collar employees

Table 4.27 continued . . . .

Financial attitude	▪ Favourable attitude towards depository intermediaries ▪ Medium propensity to save ▪ Negative view on availing debt ▪ Average purchase of durables ▪ Average use of financial institutions	▪ High propensity to save ▪ Preference for investment and contractual FIs ▪ Multiple use of FIs ▪ Average users of credit cards ▪ Optimistic view on financial matters ▪ Satisfied with financial position	▪ High reliance on long-term investment ▪ Medium propensity to save ▪ High preference for banks ▪ Unfavourable attitude towards credit ▪ Dislike financial instrument with equity components	▪ Prefer regular income from investment ▪ Medium propensity for saving ▪ High preference for banks ▪ Unfavourable attitude towards credit ▪ Dislike financial instruments with equity components
Preferred insurance product	▪ Whole life policy ▪ Whole life limited payment policy ▪ Convertible whole life policy ▪ Jeevan Aadhar ▪ Bima Sandesh	▪ Endowment Assurance policy ▪ Jeevan Sathi ▪ Convertible whole life policy ▪ Bima Plus ▪ Jeevan Mithra ▪ Bima Nivesh	▪ Bal Vidya Plan ▪ Marriage endowment/ Educational annuity plan ▪ The money back policy ▪ Jeevan Chaya ▪ The children's deferred endowment assurance	▪ Jeevan Sanchay ▪ New Jeevan Akshay ▪ Jeevan Surabhi ▪ New Jeevan Dhara ▪ Deferred Annuity plan
Size of sample	22 per cent	16 per cent	12 per cent	13 per cent

Table 4.27 continued . . . .

Profile of clusters	Clusters		
	Less risk-conscious wealth accumulators	**Ailment-conscious calculative investors**	**Family-conscious financial planners**
Principal benefits sought	▪ High assured sum on maturity of policy ▪ Participation in the profit ▪ Protection to dependents ▪ Time convenience	▪ Payment of assured sum on ailments ▪ Accident benefits ▪ Loan facility ▪ Flexibility in payments for premium	▪ Savings and joint risks coverage for spouse ▪ Housing loan facility ▪ Premium waiver benefit
Demographic characteristics	▪ Young and middle life cycle phase ▪ Between 35 to 60 years of age ▪ Family size 3-4 ▪ Financially sound with high income ▪ Upper class ▪ Large businessmen and landed proprietors	▪ Middle aged married couples with dependents ▪ Supervisory, minor officials and service employees ▪ Family size 2-3 ▪ Fairly good financial position ▪ Educated at college level and higher secondary school	▪ Young married with dependent children ▪ Between 25 to 45 years ▪ Family size 2-3 ▪ Intermediate professionals and medium commercial employees ▪ College education

Table 4.27 continued . . . .

Financial attitude	▪ High preference for mutual funds ▪ Guaranteed return ▪ Below average use of credit cards ▪ Less enthusiastic about insurance benefits ▪ Prefer accumulation of invested money ▪ Confident about their ability to manage financial matters	▪ Enthusiastic about insurance coverage ▪ Maintain short-term solvency ▪ Prefer financial product with periodical payments ▪ Favourable to all forms of financial institutions ▪ Concerned about financial protection	▪ Believe in financial planning for both saving and spending ▪ Consultation with financial experts ▪ Balanced portfolio of all forms of financial products ▪ Positive attitude towards insurance ▪ Optimistic on financial fortunes
Preferred insurance products	▪ Jeevan Sathi Double Cover Joint Life Plan ▪ Jeevan Mithra ▪ The Double Endowment policy ▪ Bima Kiran	▪ Jeevan Asha II ▪ Asha Deep II ▪ Jeevan Suraksha ▪ New Jeevan Dhara	▪ Jeevan Vishwas ▪ Jeevan Anand ▪ Jeevan Griha ▪ New Bima Kiran ▪ Endowment Assurance policy
Size of sample	14 per cent	11 per cent	12 per cent

Source: Primary data

Seven different clusters/segments with distinctive features have been identified in the cluster analysis, which show the diversified and wide customer base of Life Insurance Corporation. These customer segments have varied insurance needs and wants on account of the remarkable difference in the demographic and behaviouristic characteristics. The analysis also shows that LIC has a large number of product variants in its product lines to satisfy the variegated needs of clusters/segments. A descriptive analysis of various clusters identified in the cluster analysis is presented below.

Cluster I, the insurance-conscious risk avoiders is the dominant cluster with a real interest in the insurance products. The members of this group are conscious of the uncertainty in life and the possible premature death and they like to cover risk, through insurance contracts. Financial protection of the dependents on the premature death is one of the important considerations of this cluster and naturally they prefer whole life policies having low insurance premium. Apart from low premium, simple procedures in insurance contract, variety of convenient premium payment methods, attractive terms and conditions and personalised care and attention may also appeal to them. Even though they belong to middle and lower middle class with average income, this cluster appeared to be one of the primary targets of Life Insurance Corporation because customers of this cluster have a spontaneous response to the marketing stimuli presented by FIs.

Cluster II, the saving-conscious reassurance seekers, being in the upper middle class with a fairly good income and comfortable financial position, consider risk coverage against premature death as a secondary factor in their financial planning and portfolio decisions. Though they are conscious of the need for life insurance, saving motive is seems to be an influencing factor even in the purchasing of insurance products. Naturally they expect high bonus and financial gains from the insurance company

Endowment plans with profit appeared to be the most attractive insurance products to the customers of this cluster. Similarly the customers of this cluster have fairly good earnings that put them in the tax net and insurance products offer maximum tax benefit are their favourite. Analysis of the financial attitude of this cluster reveals that they show a high propensity to save with high preference for products of mutual fund with high equity components.

Cluster III, the children - future conscious solvency seekers are very much concerned about the marriage and education of their children and short term and long term solvency. They design their portfolio with this objective in view and life insurance products constitute the important components of their portfolio. They are from the well educated middle class social strata with two or more dependent children and belong to young and middle aged life cycle stage. Though they have a high preference for depositories, this cluster is the main target of the Life Insurance Corporation. Marriage Endowment/Educational Annuity Plan, The Children's Money Back Policy, Bal Vidya Plan are some of the popular insurance plans which inspire customers of this segment to buy insurance products for attaining their long term financial gains. Since customers of this segment are strongly influenced by concern for their children's prosperity and well being in the promotional programmes by LIC, usually, children-related sensitive issues form the subject matter

Cluster IV, the financial security conscious regular income seekers is the oldest and demanding segment which always is in search of financial products providing financial security and a regular income during the retirement life cycle phase. They have a particular preference for insurance products offering annuity. The customers of this cluster appear to be a primary target of LIC for pension plans. Members of this segment consist of highly educated, higher managerial personnel and white-collar employees with very decent earnings. Pension schemes such as Jeevan Sanchay, New Jeevan Akshay, Jeevan Surabhi are the variants of the insurance products in the pension plans formulated for targeting this segment. Since they do not show an over enthusiasm for savings and show more preference for depositories, particularly public sector commercial banks, consistent and personalised selling effort by highly motivated insurance agents and development officers is needed to attract the customers of this cluster to an insurance product.

Cluster V, the less risk conscious wealth accumulators is the risk loving customer segment with the primary financial motive of accumulating wealth through the purchase of financial products. It is very difficult to influence customers of this segment by offering the usual insurance products providing insurance coverage because they are looking for financial products offering maximum return. They belong to the upper middle class social strata and own large business organisations and landed properties. They find pleasure in assuming all types of risk. Life Insurance Corporation offers endowment plans with high assured sum with participation in profit and guaranteed return for this segment. They are least bothered about the risk of premature death and consequent payment of assured sum to dependents and like to receive the amount within the period of the policy. LIC has some plans that give double assurance sum on survival of endowment period to satisfy this segment. Jeevan Sathi, New Jeevan Akshay, Jeevan Surabhi Double Endowment Policy and Jeevan Mithra Biman Kiran are some of the popular insurance plans with this cluster

Cluster VI, the ailment-conscious calculative investors consists of mature and future oriented customers having real awareness of insurance products and their benefits. They are very calculative in their savings behaviour, in the sense that they put much effort and time in designing an appropriate portfolio of different financial products. This segment, conscious of the possibility of ailments and consequent huge financial expenses associated with treatment view insurance contracts as the most appropriate tool to face this contingency. They have a favorable attitude towards all categories of FIs and are particularly enthusiastic about LIC and its products that help to maintain short term financial solvency. They have a preference for insurance products providing accident benefits. Jeevan Asha II, Asha Deep II, Jeevan Suraksha, New Jeevan Suraksha, New Jeevan Dhara are some of the insurance plans marketed by LIC for this segment. In these plans, special provisions have been incorporated to cover the risk of unexpected ailments and the payment of an assured sum to meet the huge expenses associated with treatment.

Cluster VII, the family-conscious financial planners follow a family centred long term financial planning strategy to ensure financial security of the dependents and for a long term financial solvency. They are saving conscious with a high propensity to save and invest in variegated forms of financial instruments including life insurance products. They are very systematic in their financial affairs and have definite and clear financial goals in financial planning for the creation and revision of their portfolio. Being in the young life cycle stage below 45, they prefer growth oriented financial products offering decent cumulative return at the end of the period. They have definite views on the need for risk coverage through life insurance contracts and insurance products is an important component of their portfolio. However, they will buy an insurance product only after careful study of the financial gains and advantages of the products and only well experienced, efficient agents with good knowledge about insurance products can approach them to market products. Jeevan Vishwas, Jeevan Anand, Jeevan Griha, New Bima Kiran etc., are some of the popular schemes of LIC which are generally taken by this cluster

Cluster analysis – Unit Trust of India and Kothari Pioneer Mutual Fund

Cluster analysis of mutual funds viz., Unit Trust of India and Kothari Pioneer Mutual Fund clearly shows the profile and distinctive characteristics of various customer segments. Mutual funds, with their wide range of products having different combination of debts and equities attract investors from all walks of life. Investment strategy of mutual funds is a balanced one which satisfies these financial requirements of different customer segments having different risk-return perception, and mutual funds customers stand to benefit a lot on account of professionalism of mutual funs in the portfolio management.

Since mutual fund products are designed combining equities and debts in different proportion, the risk tolerance of customers is the most important psychographic variable considered by mutual fund managers for product design. Customers select mutual fund products according to their risk tolerance whatever be their investment objectives. Risk loving customers prefer products with high equity component and risk averse customers prefer debts-oriented products. Therefore, UTI and KPMF investments divide customers on the basis of their appetite toward risk to design suitable products to satisfy their requirements.

Table 4.28

Cluster analysis for investment intermediaries - UTI and KPMF
Clusters and profile

	Clusters		
Profile of clusters	**Risk averse-conservative investors**	**Moderate risk-loving professional investors**	**Risk-loving aggressive investors**
Principal Benefits Sought	▪ Caring and individualised attention ▪ High safety of investment ▪ Costless service ▪ Guaranteed return ▪ Reputation of institutions ▪ Accuracy of transactions	▪ Flexibility ▪ Time convenience ▪ Simple and transparent service ▪ Employees knowledge and expertise ▪ Promptness in service	▪ High return ▪ Flexibility and liquidity ▪ Speedy and prompt services ▪ Employees knowledge, courtesy and skill ▪ Dependable and consistent service
Distinctive Characteristics	▪ Price sensitivity ▪ Very low risk tolerance ▪ Demanding ▪ Long-term solvency consciousness ▪ Least important to quality of service	▪ Moderate risk tolerance ▪ Consultation with financial experts ▪ Strategical approach in portfolio management ▪ Medium-term solvency consciousness ▪ Moderate price sensitivity	▪ High risk tolerance ▪ Price sensitivity ▪ Confident about their ability to manage financial matters ▪ Investment consultation ▪ Demanding ▪ Short term solvency consciousness
Demographic Characteristics	▪ Middle age/retiring people ▪ Moderate income ▪ Large family size ▪ General education ▪ Clerical/supervisory grade employees ▪ Self employed with low investment ▪ Housewives	▪ Mixed age ▪ Moderate to high income ▪ Small family size ▪ College/professional education ▪ Higher/intermediate professionals and managerial personnel ▪ Non-residents	▪ Young/middle age ▪ Small family size ▪ College/professional education ▪ Industrial and commercial employers ▪ Self-employed having high investment ▪ Non-residents

Table 4.28 continued...............

Financial Attitudes	▪ Reliance on savings ▪ Favourable attitude towards depositories ▪ Aversion of credit ▪ Long-term financial planning ▪ Expect only normal rate of return ▪ Hard-core loyalty towards favourite FIs	▪ Multiple use of financial institutions ▪ Optimistic view on financial matters ▪ Preference for medium-term financial instruments ▪ Medium-term financial planning ▪ No credit aversion ▪ Users of credit cards ▪ Shifting loyalty	▪ Short-term financial planning ▪ High multiple use of financial institutions ▪ Switching loyalty ▪ High preference of equities products ▪ Heavy users of credit cards
Savings behaviour and banking habits	▪ High propensity to save ▪ High preference for long-term financial products. ▪ Maintain account with number of banks ▪ Average use of financial institutions ▪ Below average number of personal loans ▪ Not interested in E-banking	▪ Medium propensity to save ▪ Above average use of financial institutions ▪ Preference for investment intermediaries ▪ Average number of personal loans ▪ Average number of credit cards ▪ Interested in E-banking ▪ Medium term investment objectives	▪ High propensity to save ▪ Multiple use of financial institutions ▪ Accounts with number of banks ▪ High preference for equity instruments ▪ Very much interested in E-banking ▪ Short/medium term investment objective
Preferred Products	**Unit Trust of India** ▪ MEP, Unit 64 ▪ G-sec (income option) ▪ ULIP, small investors fund ▪ UTI, regular income scheme ▪ UTI, bond fund ▪ UTI, retirement benefit plant ▪ **Kothari pioneer mutual fund** ▪ ITI, India pension plan ▪ ITI India income ▪ Builder account ▪ India Government securities fund	**Unit Trust of India** ▪ US 2002, US 95 ▪ ULIP, RIS ▪ UTI variable investment scheme ▪ Childrens career plan ▪ Master equity plan ▪ **Kothari pioneer mutual fund** ▪ ITI India balanced fund ▪ ITI India pension plan ▪ ITI India income fund ▪ ITI India income builder a/c ▪ Monthly income plan	**Unit Trust of India** ▪ UTI variable investment scheme ▪ Growth sector fund ▪ Nifty index fund ▪ Master index fund ▪ Index equity fund ▪ **Kothari pioneer mutual fund** ▪ India index fund ▪ ITI infotech fund ▪ ITI FMCG fund ▪ ITI India interest opportunities fund
Sample size	47 per cent	39 per cent	14 per cent

Source: Primary data

A descriptive analysis of various clusters given in Table 4.28 is helpful in perceiving and understanding the various dimensions of the profile of clusters and segmentation variables employed to categorise customers. According to the table, three prominent clusters emerge from the customers of UTI and KPMF in terms of psychographic variable of risk tolerance.

Cluster I, risk averse conservative investors is a pre-eminent customer segment of UTI, KPMF having the least risk tolerance adopts a very cautious approach in investment decisions. They want personal care and individualised attentions and relationship marketing in financial services seems to be very effective in satisfying their specific financial requirements. Safety of investment and assured return are the main considerations of this conservative customer segment who do not compromise with modern approach in portfolio management. They prefer reputed and credible FIs with consistent historical background in profitability and financial performance. Cost of financial services and accuracy of transaction are important benefits sought by the customers of this cluster.

High price sensitivity, very low appetite towards risk and long term financial solvency are some of the distinctive characteristics of this cluster An analysis of demographic profile shows that the majority of members of this segment are middle aged and retired having moderate income and average education. They have to look after their dependent family consisting of children and dependent parents. Housewives who are the least participating segment in the organised financial market belong to this cluster. Majority of the members are clerical/supervisory and self employed. Financial attitude of this cluster reveals that they have a high dependence on saving and maintain negative views on credit.

Since they are very cautious and seek guaranteed return, they always prefer well known depository intermediaries which offer assured return in the form of fixed interest on deposit. They always give top priority to long term financial goals, and design their portfolio to attain the objective of normal rate of return from investment. Their hard-core loyalty is definitely advantageous to FIs since these customer are very loyal to their favourite institutions even if they are not happy with the service they receive. Bank marketing departments sometimes satirically say that members of the segment are more likely to change their spouses than their favourite bank.

High propensity for saving is the most important characteristic feature revealed in the analysis of savings behaviour and banking habits of this cluster Since they have long term financial planning in portfolio management, they naturally prefer financial products with long term maturity. Their aversion to bank credit is responsible for the below average number of personal loan in their financial portfolio. Since they have a traditional approach in financial planning and portfolio creation, they are least interested in modern innovations in banking like internet banking, telebanking, automated telling machines etc. An analysis of their preference for mutual fund products reveals that they have high preference for mutual products with low equity component in which low variability in return is experienced. Master Equity Plan, Unit 64 ULIP G-sec etc. are the most popular products of UTI targeted towards this segment. ITI India Pension plan, India Income fund, ITI India Government Securities Fund etc. are the main products designed by KPMF for this segment.

Cluster II, moderate risk loving professional investors are very particular in following a professional approach in their financial planing and portfolio management. Flexibility, timely service, transparency and simplicity in customer service, employees knowledge and expertise are the major benefits sought by the customer of this segment. Analysis of distinctive characteristics of this cluster divulges the professional touch in their financial decision making. They believe in the superior benefits of consultation with experts and innovative approach in portfolio management. They always have a moderate view on financial matters, which is very clear from the moderate risk tolerance, moderate price sensitivity etc.

Their reliance on 'golden average' ensures consistency in return on investment and their inherent strength to recover from financial adversities. Demographic characteristics of the cluster show that members of the segment belong to different age group with clear dominance of the middle aged group. Customers with moderate income constitute the majority, even though customers with high income also make their strong presence felt in this cluster The family size of this cluster is comparatively small and they have professional education and are employed in higher managerial jobs. An analysis of financial attitudes shows their rationality and maturity in financial matters.

They deal with all categories of financial intermediaries and maintain an optimistic view on financial matters and medium term financial instruments are their favourites. Even though they are not against availing of credit, they avail credit to finance productive purposes. They are very practical in loyalty pattern, and they definitely change their financial partners if their favourite FI under perform without any scope of improvement in the near future. However, they are not opportunists in the sense that they do not switch from one FI to another without any consideration for the valuable service rendered by their FI in the past.

Analysis of savings behaviour and banking habits also reveals their balanced and rational approach in developing a well-founded saving pattern and banking habits. They do not believe in excess savings and their propensity to save commensurate with the income and they find pleasure in spending money to achieve their financial goals. Their balanced view on portfolio management is instrumental in creation of portfolios with different proportions of equity and debt instruments. They have a high preference for mutual fund products since products having different proportions of equity and debt can be selected from mutual funds. US 2002, UTI Variable Investment Scheme, Master Equity Plan, Children's Career Plan etc. of UTI and ITI India Balanced Fund, ITI India Pension Plan, ITI India Income Builder, ITI India Monthly Income Plan etc. of KPMF India are the favourites of this segment.

Cluster III, risk loving aggressive investors exhibits aggressive characteristics in all dimensions of the investment activity. High risk tolerance is the most important characteristic feature of this cluster that always expects exceptional return from their portfolio. They want a high degree of flexibility and liquidity in portfolio management, and also expect speedy and prompt customer service from FIs. If the employees of the FIs are not knowledgeable and skilled, it will definitely displease this dynamic and futuristic-minded segment. Price sensitivity, self-reliance and confidence in the management of investment matters, financial planing to attain short term solvency etc. are the main areas diagnosed from the analysis of distinctive characteristics of the members of this cluster

An analysis of the savings behaviour and banking habits clearly shows that members of this cluster have propensity to save within the range of 35-40 per cent which is comparatively high compared to the saving rate of other segments. High multiple use of different categories of FIs and high preference for equity instruments are the other aspects of their saving behaviour that needs special mentioning. They are very dynamic and progressive in financial matters and naturally they are interested in electronic banking and use all these innovative services offered by these institutions.

Demographic characteristics reveal that this cluster, by and large, comprises young and middle aged customers with college and professional education. The size of their families and the number of dependents are comparatively small. Industrial and commercial employers and self employed individuals with high investment generally belong to this cluster. The customers are not very particular in maintaining long term relationship with their favourite FIs, if the FIs fail to perform according to their expectations. Another peculiarity in their financial attitude is high preference for equity products and an above average use of credit cards. Analysis of their pattern of preferential product shows that Growth Sector Fund, Nifty Index Fund, Master Index Fund, Index Select Equity Fund of UTI and ITI India Index Fund, Infotech Fund, ITI FMCG Fund, ITI India Interest Opportunities Fund etc. of KPMF are the most sought after products of this cluster. All these products have very high equity components and they prefer to include these products in their portfolios on account of their aggressive risk loving character.

Cluster analysis for depositories - State Bank of India, The Federal Bank Ltd. and Government Saving Schemes

To diagnose distinctive characteristics and peculiarities of different segments of customers of State Bank of India, The Federal Bank Limited and National Savings Schemes, cluster analysis was employed for depositories also. In this cluster analysis, three different clusters/segments of bank customers with diverse demographic and psychographic characteristics were identified. The cluster analysis presented six major sets of characteristics pertinent to each cluster (each cluster is a homogeneous group of bank customers). For each cluster or segment of bank customers, a label could be attached that would reflect the topology of customers in that particular segment. Since State Bank of India and Federal Bank and GSS are depository intermediaries, cluster analysis clearly demonstrated the domination of clusters with depository-friendly characteristics. The cluster analysis illustrates how psychographic and demographic variables offer depositories some insights into the saving behaviour and banking habits etc.

In the cluster analysis, four clusters emerged having distinctive characteristics in respect of demographic, socio-economic, psychographic and behaviouristic dimensions. The clusters are named to reflect the general characteristic features each cluster. They are:

1. Liquidity-conscious quality service seekers
2. Saving-conscious return seekers
3. Safety-conscious conservatives
4. Solvency-conscious wealth accumulators

The distinctive characteristic of clusters in terms of customer profile is presented in Table 4.29.

Table 4.29
Cluster analysis for depositories – SBI, FBL, GSS
Clusters and profile

Profile of clusters	Clusters			
	Saving-conscious return seekers	**Liquidity-conscious quality service seekers**	**Safety-conscious conservatives**	**Solvency-conscious wealth accumulators**
Principal Benefits Sought	▪ Accuracy of transaction ▪ Locational convenience ▪ Speed of service ▪ Prompt service ▪ Employee's knowledge	▪ Liquidity ▪ Flexibility ▪ Caring and individualised attention ▪ Physical facilities ▪ Time convenience	▪ Safety of deposits ▪ Dependable and consistent service ▪ Financial strength of intermediary ▪ Cost of services	▪ Financial benefits ▪ Reputation of intermediary ▪ Simple procedures ▪ Reliability of service ▪ Cumulative return
Distinctive characteristics	▪ High propensity to save ▪ Price sensitivity ▪ Confident about their ability to manage financial matters ▪ Moderate risk tolerance	▪ Low propensity to save in depository products ▪ Specifically demand high quality service ▪ Concerned about loan policy and loan interest ▪ Consultation with financial experts ▪ High risk tolerance	▪ High propensity to save ▪ High preference for guilt-edged financial instruments ▪ Not demanding ▪ Low risk tolerance	▪ High propensity to save ▪ Solvency consciousness ▪ Low risk tolerance ▪ Least importance to quality of service

Table 4.29 continued.........

Demographic characteristics	▪ Mixed age ▪ Salaried class ▪ Self-employed ▪ Middle level business ▪ Dependent children ▪ College education ▪ Average income ▪ Middle class ▪ Male and female	▪ Large businessmen ▪ Higher professionals ▪ Substantial farmers ▪ Top government officers ▪ Young and middle age ▪ Well educated ▪ Generally male	▪ Relatively older ▪ Post-teenage children ▪ Middle to upper income ▪ Lower intermediate professional managerial and white-collar employees ▪ Married/separated ▪ Higher secondary and graduation	▪ Middle and old age ▪ Retired ▪ Medium level farmers and landed proprietors ▪ Middle class ▪ Dependent children ▪ Self-employed without employees
Financial attitudes	▪ Reliance on savings ▪ Favourable attitude towards depositories ▪ Unfavourable attitude towards credit ▪ Medium term financial planning ▪ Satisfied with financial position ▪ Expect reasonable return from financial products	▪ Preference for highly liquid financial products ▪ High multiple use of FIs ▪ Heavy users of credit cards ▪ Favourable attitude towards credit ▪ Optimist view on financial matters	▪ High preference for very safe financial instrument ▪ Aversion towards credit ▪ Strong need for saving ▪ Price sensitive ▪ Hard-core loyalty towards some institutions ▪ Guaranteed return ▪ Savings for tax benefits	▪ Long-term financial planning ▪ Strong need for solvency ▪ Unfavourable attitude towards short-term financial instruments ▪ Soft-core loyalty toward favoured FIs ▪ Aversion of equity instruments

Table 4.29 continued...............

Savings behaviour and banking habits	▪ Below average use of investment intermediaries ▪ Maintain savings accounts in different banks ▪ Satisfied with existing banking hours ▪ Savings for old age security and children education	▪ High multiple user of FIs ▪ Dissatisfied with present banking hours ▪ Above average use of credit cards ▪ Banking transaction through ATM and internet ▪ Banking for continuous availability of funds	▪ Dealings with government and very reputed FIs ▪ Safety is the primary savings motive ▪ Consultation with financial experts ▪ Above average in number of term deposits accounts held ▪ Not interested in electronic banking	▪ Purchase financial products with long maturity ▪ Always look for guaranteed rate of return ▪ Satisfied with present banking hours ▪ Solvency is the primary concern for savings
Preferred products	**State Bank of India** ▪ Savings bank account ▪ Savings plus account ▪ Salary plus account ▪ Special term deposits **The Federal Bank Limited** ▪ Savings bank account ▪ Multi-benefit deposit scheme **Government saving scheme** ▪ Post office savings account ▪ Post office primary deposit ▪ Monthly income plan	**State Bank of India** ▪ Current account ▪ Multi-option deposit scheme ▪ Long-term floating rate deposit scheme **The Federal Bank Ltd.** ▪ Current account ▪ Fixed deposits ▪ Aiswarya deposit scheme **Government saving scheme** ▪ Monthly income plan ▪ National savings certificate	**State Bank of India** ▪ Senior citizen's deposit scheme ▪ Savings Bank account ▪ Reinvestment plan deposit **Federal Bank Ltd.** ▪ Savings bank account ▪ Federal saving fund ▪ Recurring deposit scheme **Government saving scheme** ▪ Public provident fund ▪ Deposit scheme for retiring employees	**State Bank of India** ▪ Reinvestment plan deposit ▪ Multi-option deposits ▪ Savings bank account **Federal Bank Ltd.** ▪ Multi-benefit deposit scheme ▪ Saving bank account ▪ Flexible deposit scheme **Government saving scheme** ▪ Monthly income scheme ▪ Post office recurring deposits ▪ Post office savings account
Size of sample	32 per cent	24 per cent	27 per cent	17 per cent

Source: Primary data

Cluster analysis for diagnosing market segments of State Bank of India, Federal Bank Limited and NSS/GSS reveals various aspects of customer behaviour which is critically important to financial intermediaries for better market penetration and customer satisfaction. The profile of clusters was presented under six major characteristics which shows how customers are remarkably varied in psychographic, demographic and behaviouristic characteristics. Cluster analysis is very useful in developing appropriate financial products aimed at different life styles, demographic and psychographic segments. For example, State Bank of India, after conducting customer survey on the financial requirements of the salaried class designed an appropriate financial product named 'salary plus' account to satisfy the specific financial requirements of employees. Senior citizen deposits scheme was designed to fulfill the aspirations of the old age segment that needs a decent regular income to overcome financial constraints during the course of retired life.

An analysis of clusters descriptively presented in the following pages specifically portrays various aspects of the profile of clusters which provides valuable clues to customer behaviour.

Cluster I, the saving conscious return seekers is the most dominant cluster that has emerged from the cluster analysis having a high saving propensity and sound financial planning. This cluster is the main target of depositories since depositories are the most preferred categories of FIs for this segment. In their dealings with FIs the members of this segment expect accuracy and promptness and their price sensitivity should be an important consideration for the bank in formulating appropriate price policies. They generally are very serious and future-oriented in financial matters and have a minimum risk tolerance that forces them to be satisfied with fixed return from financial products of depositories. The customers of this segment have a feeling that all depositories provide them with same financial products and they maintain accounts, especially savings bank account with different banks and enjoy the services to the banks that are located near their homes or jobs. Since old age security and children's education are very strong saving motives of this cluster, the incorporation of these elements in the products will make the marketing mix very attractive to them.

They have average regular incomes from their occupation that is mainly employment. They belong to the middle class social strata having education at the college level and have to look after their children depending on them. They believe in availing of credit and it creates financial problems for them in the long run. However, reliance on savings will help them to withstand the ill effects of financial adversities. One of the distinctive characteristics of this segment is that they are very confident of their competence to manage money matters and can take intelligent investment decisions, though the activities are limited to risk free financial instruments. Generally, they are satisfied with a reasonable return from financial products and there is hardly any possibility of financial loss in the investment process. Their emotional maturity and a balanced view on money are ideal characteristics to be observed by others for successful financial management.

Cluster II, the liquidity-conscious quality service seekers, is the segment of financially affluent customers who want liquidity, flexibility and well-bred individualised attention in their dealings with FIs. They have no credit aversion and loan policy and its interest are certain important consideration for the selection of FIs. Professionalism and a high risk tolerance are certain peculiarities of this cluster and they have the practice of consulting with financial experts in their financial planning and investment decisions. They prefer to invest their surplus fund in financial instruments with high risk and naturally they expect a high return from their investment. Higher professionals, big businessmen, substantial farmers, top government officers are the majority of the customers of this cluster. They spend money on luxury items and use credit cards heavily. Even though they have huge financial resources, they are not interested in the saving products of depositories and it is a major challenge for banks in the marketing of their products in this segments.

They are not satisfied with traditional banking services and look for any time anywhere banking and naturally they prefer depositories providing electronic banking. Since they are risk loving people, they have a favourable attitude towards credit and current account and this is the most sought after financial product for this cluster. Since they demand high quality service from the bank, banker must design appropriate marketing mix with ingredients of customer service and simplified and transparent procedures and processes for creation and delivery of service.

FIs should also give due importance for physical facilities and other arrangements in offices since these tangibles have great impact on the satisfaction of this segment. Well-furnished offices, efficient, polite and knowledgeable staff are very dominant factors influencing this segment in the selection of FIs and their products. They are generally shifting loyals who shift from favouring one FI to another on the basis of high quality service and more financial advantage.

Cluster III, the safety-conscious conservatives, demand maximum safety of saving and believe in dealing with FIs having reputation and sound financial position. They are satisfied with a traditional style of banking service and conservatism is the hallmark of their savings behaviour. They are suspicious of the new generation banking culture and are not interested in Automated Telling Service, Internet Banking etc., which are the products of electronic banking. Cost of services is an important consideration in their dealings with FIs and dependable and consistent services should be an important ingredient of the marketing mix targeted at this segment. Regarding their saving habits, they have a high propensity to save, and because of their conservative perception on safety, they prefer guilt-edged instruments, especially that of government. Their risk tolerance is miserably low and they consider equities and equity based financial instruments very dangerous saving products eating up their hard earned money.

A demographic profile of this segment shows that the members are relatively older with dependent children. They belong to the middle and upper social strata having good education. They engage in lower and intermediate profession and managerial jobs. Since they maintain a conservative attitude towards financial matters, aversion to credit and an expectation of consistent guaranteed return are some of the peculiar characteristics of this cluster They maintain continuous relationship with FIs providing reliable and responsive service and this hardcore loyalty pattern is an important consideration of FIs in formulating marketing strategy for this segment. Since they seek tax benefits from savings, they prefer instruments with tax concessions. Consultation with financial experts to formulate tax- planning strategy is an important aspect in the investment decision making of this cluster. They have specific and measurable investment objectives and they start their financial programmes with accumulation of adequate emergency fund Treasury securities, government and municipal bonds, savings account, savings bonds are their favourite financial products.

Cluster IV, the solvency-conscious wealth accumulators, strives to attain financial solvency and to maximise wealth in investment process. Assured financial benefits is one of the important benefits sought by this segment. Since financial solvency and wealth accumulations are the primary saving motives of this cluster, they have high preference for reinvestment plans in which return is automatically reinvested and a lumpsum amount will be received on the maturity of the product. They want simple and transparent procedures in the transaction even though they are not very particular in quality of services. However, reliability of service is a main concern for them and they believe in the motto "fast, reliable service, every customer, everyday and every time" and banks, which can fulfill this, will definitely attract this segment. Their high solvency consciousness is a difficult issue to tackle in designing market strategy aimed at this segment. Generally they maintain long term perception in their financial planning and naturally products with long term maturity may be very appropriate to satisfy the requirements of this cluster

The demographic profile clearly demonstrates that the retired employees, the medium farmers, the landed proprietors and self employed are the customers dominating the segment. They belong to the middle class social strata in middle and old age category and the analysis shows that the age factor is a prominent reason for their overcautious approach in investment decisions. Since they have a long term financial planning strategy short term financial products are not a major component of their investment portfolios. Though they are not a demanding segment and are satisfied with the present working hours and other facilities they always expect a guaranteed return from their investments. Therefore, assurance on return from products by FIs is necessary to infuse the required confidence in the mind of the customers of this segment. Analyses of their loyalty pattern show hard core loyalty in their relationship with FIs and continued dealings with their preferred institutions. They are satisfied with the normal rate of return from their investment and depository intermediaries.

Section Four

Product Analysis

While formulating a product mix, it is important that the FIs make possible a fair synchronisation of core and peripheral products. To be more specific, in product designing, infusion of innovation into the peripheral services need special care to make a product mix distinctive and unique since the core product, by and large remains the same.

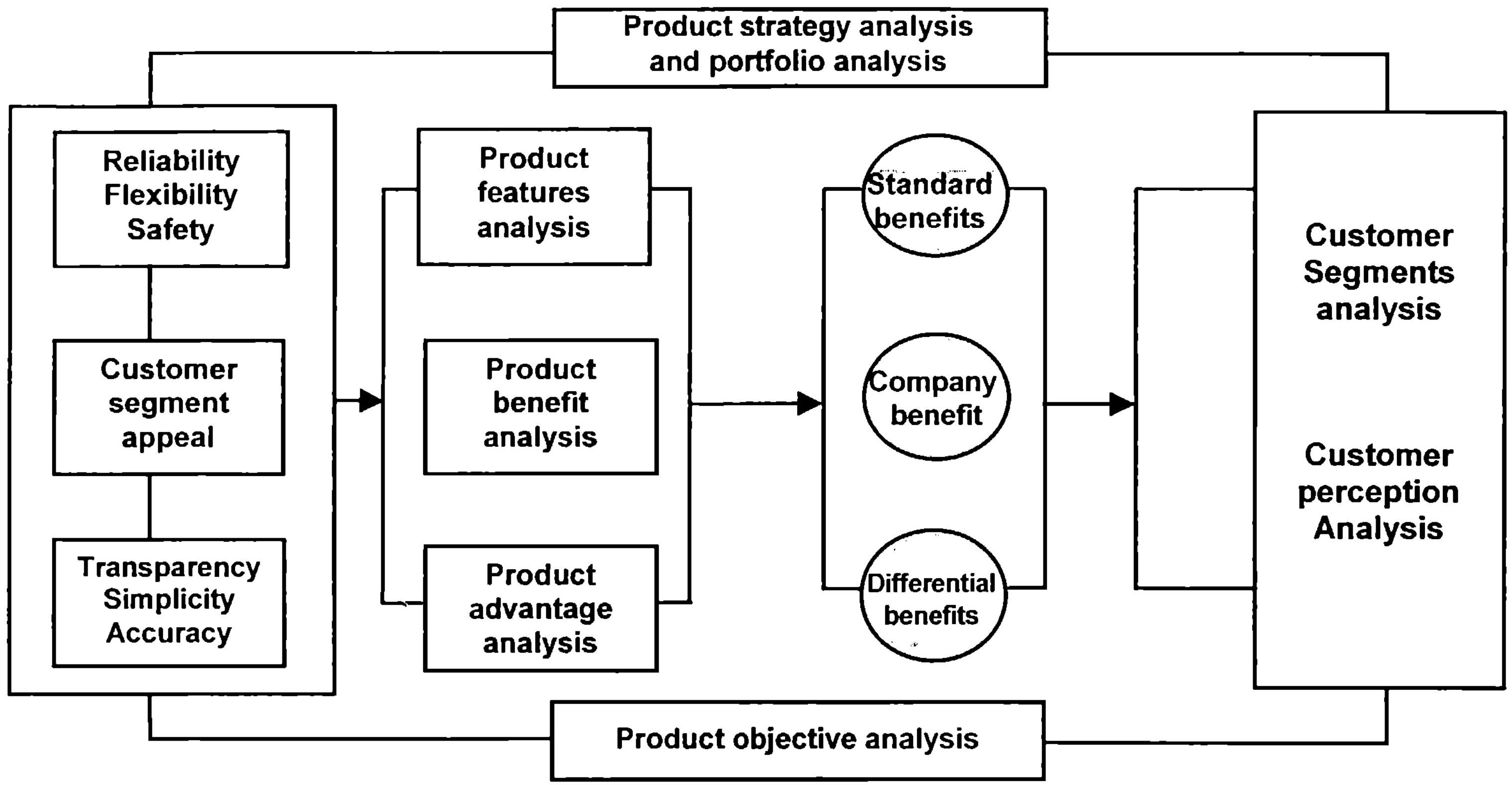
Product analysis in the context of market segmentation by FIs is necessary to diagnose the uniqueness of the different products by analysing the various dimensions and levels of products. Since the offer made by FIs in the form of product can be visualised as an atom with the nucleus or core in the centre surrounded by a series of both tangible and intangible features, attributes and benefits, product analysis of this study highlights various components of these aspects.

In the context of market segmentation, by FIs, to understand the market dynamics fully, particularly for developing a segmentation structure for it, FIs need to present the specific features, advantages and benefits of their product to attract and win-over the target segment. In this study, product analysis is integrated with the main framework of analysis to study the distinctive characteristic financial products of the FIs. Since customers are rarely motivated in the first instance by the features or attributes of the financial product, but rather by the benefits those features bring with them, an examination of the product features alone is inadequate in a product analysis. Thus, in this product analysis, the approach is to highlight the features, advantages, benefits and other related aspects of the product so as to transmit a fairly good information about the product.

Understanding features, advantages and benefits of the product through product analysis, is as important as knowing about the product and services. In the context of market segmentation research, it is equally important to realise that different customer segments may attach different values to these benefits. This benefit analysis constitutes an important part of product analysis and in the framework for this analysis, it is also integrated.

Figure 4.24

Schematic presentation of main components of product analysis framework



Product analysis in the context of market segmentation is a very comprehensive one and the various components are integrated in the analysis framework so as to get a clear picture of the various product mix dimensions. The main highlights of the product analysis are presented in Figure 4.24. In order to unearth the hidden attributes of financial products launched by FIs, the following components are integrated in the framework.

Product-features analysis

Product features analysis concerned with the analysis of the basic characteristics of the financial product which are very relevant from the point of view of various customer segments. In the decision process, features of the financial products are of particular concern for different customer segments.

Product-advantage analysis

Product advantage analysis examines the specific advantages, these features provide to various customer segments. In this analysis, to make the procedure precise and simple the major advantages of financial products are not specifically listed. The main aspect in the advantage analysis is to examine what the products do for the customers when they buy them.

Product-benefit analysis

Benefit analysis is done to ascertain that the customers get what they need from the financial product. *Standard benefits* - basic benefits that arise from the features of the product, *Company benefit* - which are a means of differentiating the company's product from another competing one and differential benefits-the benefits that only products provide-are the benefits that arise from the features and these benefits are listed in the common benefit analysis sheet.

Product-strategy analysis

This is another important component of product analysis frame in respect of mutual funds. Strategy analysis just highlights the strategy of fund managers in designing products (portfolios) of mutual funds. Since contractual intermediaries and depositories do not design portfolio by combining different securities, strategy analysis is not included in the product analysis of such FIs covered under this study.

Product-objective analysis

Product-objective analysis examines the specific objectives in designing the product to fulfil the requirements of customer segments to whom the product is targeted. Only a brief description on the objective of the product is given without resorting to elaborate explanations.

Customer segment analysis and customer perception analysis

Customer segment analysis examines various categories of customer segments to whom the product is targeted. Though customer segment analysis does not include normally in a product analysis, it is included in this framework, since the present analysis is made in the context of market segmentation research.

Customers' perception of financial product is analysed to rate the financial products of different FIs in terms of certain attributes such as liquidity, flexibility, safety, marketability etc.

Portfolio Analysis

Portfolio Analysis is a major component of this product analysis in respect of mutual fund products. In portfolio analysis, the proportion of equities and debts included in designing the product is examined.

Presentation of product Analysis

In this research report product analysis is presented under two sections. In the first section customer's perception on the product with regard to product attributes and product lines is presented. In the second section, selected products of all the six FIs are presented in terms of product features, objectives, benefits, strategies and portfolio composition.

Customers perception on product attributes and product lines of FIs

Customer's perception on the product lines of the FIs has been analysed in terms of rating with regard to certain product attributes such as liquidity, safety return and marketability. Customers preference for different product lines of contractual and investment intermediaries is also analysed to understand their perception on product line fully.

The product attributes are the basic ingredients in the financial products that become the important considerations of customers in the selection and purchase of these products. Since these attributes are exclusive for financial products, an analysis of customers perception in terms of the rating of product attributes indicate the relative position of the products of different FIs in the mind of customers. Thus, analysis of rating to a certain extent reflects how customers perceive the financial product with regard to these attributes.

Similarly the perception of customers on the different product lines of FIs has to be analysed in terms of the degree of preference of customers for various product lines. Preference of customers on various product lines of FIs, especially that of mutual fund and life insurance, needs to be examined to see how customers perceive various product lines. Table 4.30 and 4.31 and Figure 4.24 present the result of customer's perception on products.

Table 4.30

Customers perception on product attributes and product lines of FIs

(Mean score: 1 for least rating 10 for highest rating)

Product attributes	LIC	UTI	SBI	FBL	KPMF	GSS/NSS
Liquidity	2.95	5.85	5.25	5.56	6.75	4.25
Safety	7.47	4.32	7.89	5.78	4.82	8.25
Return	3.28	3.92	4.72	4.98	6.58	5.59
Flexibility	4.13	6.25	3.93	5.23	6.67	6.54
Marketability	1.00	6.87	1.00	1.00	7.25	1.00
Sample size	189	143	157	154	105	198

Source: Primary data

Figure 4.25

Customers perception on product attribute

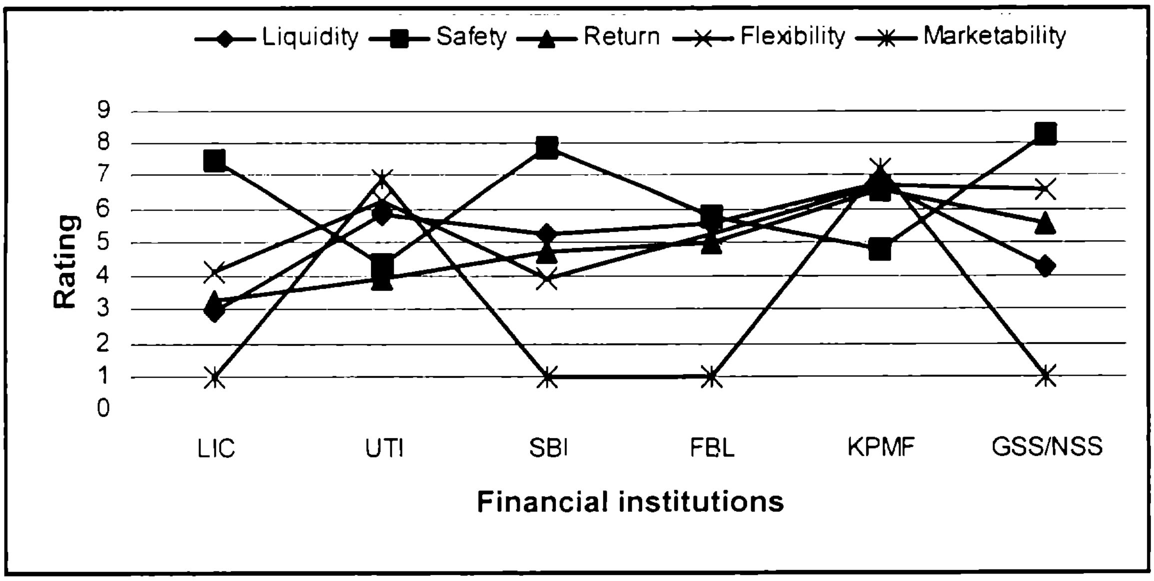


Table 4.31

Customers perception on product lines – LIC, UTI and KPMF

(Mean score: 1 minimum score 10 maximum score)

Product lines LIC	Preference (score)	Product lines UTI and KPMF	Preference (score)
Whole life policy	3.58	Growth fund	5.24
Endowment policy	7.84	Growth and income fund	5.89
Policy with profit	7.95	Growth and income	7.28
Policy without profit	4.54	Sector fund	4.85
Money back policy	7.28	Balanced fund	6.67
Sample size	189	Sample size	143

Source: Primary data

Since the respondent customers have dealings with different FIs simultaneously, sample sizes in respect of all the six FIs are more than 50. Table 4.30 and 4.31 and Figure 4.25 present the customer's perception on products of FIs in terms of the rating of the above mentioned attributes and the preference of product lines. As per the result of the table 4.26 and figure 4.25, in terms of product liquidity, mutual fund products get the highest rating from the customers. The rating of LIC, with regard to liquidity, is very low and that shows the negative feelings of the customers regarding the quality of the liquidity of the insurance products.

In terms of safety NSS, SBI and LIC get the highest rating. Interestingly, all these FIs are in the government sector which shows that even in the liberalisation era customers have more faith in government sponsored financial intermediaries. Considering the return, the rating of KPMF is high with regard to this attribute which is a real motivating factor in the purchase of financial products.

Perception on the product lines of LIC shows that customers have very high preference for endowment policies and policies with profit. Even though the primary objective of insurance products is risk coverage, customers perceive saving objective as an important factor.

Similarly, with regard to the customer's perception of product lines of mutual fund, they have high preference for growth and income fund and balanced fund. This shows that customers have a cautious and balanced approach in the purchase of financial product marketed by mutual fund.

Product analysis - Life Insurance Corporation

In this section, it is proposed to analyse the life insurance products targeted to various segments of household customers. Since life insurance products are sold, not bought, LIC, from the very beginning of its inspection, has been following market segmentation in its marketing programmes by developing variegated insurance products. In the context of LIC, which is a contractual intermediary, products offered to different segments referred to as 'policies' or 'plans.' Customers buy insurance products offered by LIC, with the main objective of insurance coverage to their life, which is exposed to risk. In addition to risk coverage, certain financial motives like savings, income-tax relief, financing personal and housing needs, social security at the old age, welfare motives in the form of childrens education and marriage also influence customers in buying life insurance products.

Product line of Life Insurance Corporation

The conscious and consistent effort by LIC to incorporate market segmentation approach in its marketing programme, is very clearly manifested in its diversified product range, wide network of branches and service centres, individualised service through agents and development officers, from the very beginning of the nationalisation in 1956. At the time of nationalisation, LIC decided to retain all the products of Oriental Government Security, Life Assurance Limited which were very popular amongst different segments of customers during that period. The product range of LIC at the time of nationalisation is listed in the following table.

Table 4.32

Product profile of LIC on nationalisation

Sl.No.	Name of Plan	Nature
1.	Whole Life Policy	With and without profit
2.	Limited Payment Whole Life Policy	With and without profit
3.	Endowment Assurance Policy	
4.	Joint Life Endowment on two lives	
5.	Double Endowment Policy	Without profit
6.	Fixed Terms (Marriage) Endowment Policy	
7	Educational Annuity Policy	
8.	Pure Endowment	
9.	Guaranteed Triple Benefit 15, 20 and 25 years	
10.	Anticipated Endowment Policy 15, 20, 25 years	With profit
11	Convertible whole Life Policy	With and without profit
12.	Multi-purpose policy	
13.	Children's Deferred Endowment Assurance	With profit
14.	Children' Deferred Limited Payment	
15.	Two Year Temporary Assurance	
16.	Immediate Annuity Policy	Without profit
17	Deferred Annuity Policy	

Source: Marketing department, LIC

Life Insurance Corporation of India has been evaluating and assessing various insurance products to see how far these products to meet the insurance needs and requirements of different segments. LIC has a practice of conducting periodic audit to ascertain the deficiencies of the existing products to incorporate necessary modifications in them and to withdraw products that have totally failed in the market. LIC has also been conducting marketing research to develop new products by diagnosing the changing needs of customers caused by economic, social and cultural transformation. Thus the responsiveness of LIC to changing marketing conditions is very clear from the policy of product withdrawal, modification of existing products and introduction of new products.

Product mix of Life Insurance Corporation

The range and diversity of the product mix of LIC is really great, and to understand the various dimensions of the product mix, it should be analysed from different angles. In the context of the marketing of life insurance product, each products offered to different segments can be considered as specific product version. Since there is a high degree of flexibility in the product mix to adjust it according to specific insurance and financial needs of individual customers.

The product-mix of LIC can be classified into four categories each category having certain specific attributes to satisfy the specific insurance requirements of the targeted customer segments. Analysis of the components of the product mix offered by LIC clearly reveals that Whole Life Policies, Endowment Policies, Children's Policies and Pension plans are the four broad categories into which all the products of the LIC included.

Table 4.33

Product mix of LIC - Classification

Whole life policies	Endowment policies	Childrens policies	Pension policies
A. Whole Life Policy B. Whole Life Limited Payment Policy C. Convertible Whole Life Policy	A. Endowment Assurance Policy B. Joint Life Policy C. New Janaraksha Policy D. Jeevan Mithra Policy E. Bhavishya Jeevan Policy F Bima Sandesh G. Two year Temporary Assurance Policy H. Convertible Term Policy I. Mortgage Redemption. J. Jeevan Griha Policy (double cover) K. Money Back Policy L. Jeevan Sathi Policy M. Double Endowment Policy N. Jeevan Surabhi O. Jeevan Shree (Guaranteed addition	A. Children Deferred Policy B. Children Anticipated Policy C. Marriage Endowment/Education Annuity Policy D. Jeevan Balya Policy E. Jeevan Kishore Policy F Jeevan Chaya Policy G. New Children Deferred Assurance Policy H. Jeevan Sukanya Policy I. Children's Money Back Policy J. Bal Vidya	A. Jeevan Saritha policy B. Jeevan Dhara Policy C. Immediate Annuity Policy D. Jeevan Akshay Policy E. Deferred Annuity Policy F Deferred Annuity Policy (with return of cash optional) G. Immediate Annuity with return of purchase price

Table 4.33 continued................

	P Jeevan Vishwas Q. New Jeevan Akshay – I R. New Jeevan Surakhsha – I S. New Jeevan Dhara – I T Jeevan Anand U. New Bima Kiran V Jeevan Asha II W. Jeevan Sneha X. Jeevan Sanjay Y Bima Plus Z. Jeevan Aadhar (whole life) AA. Jeevan Griha Triple cover BB. Mortgage Redemption Assurance Policy		

Source: Marketing department, LIC

The above table clearly depicts product lines and product variants offered by LIC in each product line to attract prospective customer segments. Analysis of the above table shows that the breadth (number of product liens) of the product mix of the corporation consists of four categories and the total length (total number of products in the product mix) is 50. The depth (the product variants in each line) is also depicted in the table and the variants are designed on the basis of terms of the period of policy, premium rates, sum assured etc. In the context of the marketing of insurance products, it is possible to design separate products, by incorporating different product attributes, to satisfy the insurance needs of each individual customer. Thus Life Insurance Corporation can apply the market segmentation approach to the maximum possible extent in its marketing programmes, for better market penetration and maximum customer satisfaction and retention.

Insurance products with and without profit

Generally, insurance products provide risk coverage to customers who are ready to play a premium to LIC in exchange of insurance cover. However, if the period of life insurance contract is a long one, it has an element of savings also in which premium payable by the insured has two component i.e. one in respect of buying risk coverage and the other of getting return from the investment component of the insurance product. In order to satisfy the insurance requirement and investment requirements of different customer segments, the LIC issues insurance policies with or without profits in the various product lines offered. In case of product with profit, the customer gets a share for the profit of the corporation, which will be declared as bonus at intervals, and it is credited to the account of the customers. Naturally the customer gets an extra financial return from products with profit, for which he must pay extra premium. Thus, insurance products with profit designed by LIC are very suitable to those customer segments that want both risk coverage and financial return. But customers who buy plans without profit have no right to share profit. However, premium rates will be lower in respect of such plans.

Analysis of distribution of new business in India according to insurance plans with profit and without profit is very useful to diagnose the extent of difference in the motives of risk coverage and financial return by purchasing insurance product.

Table 4.34
Distribution of new Business according to Insurance plans (with profit) 2001-02

Sl. No.	Insurance plans	Number of policies (in Thousands)	Sum assured (Rupees in lakhs)
1	Whole Life Assurance	2	2,566
2.	Whole Life Limited	5	7,992
3.	Endowment Assurance	5,100	22,57,866
4.	Joint Life	Nil	Nil
5.	Children's Deferred	2	1,313
6.	Money Back Policy	4,383	20,86,132
7	New Jana Raksha Policy	1,406	2,84,338
8.	Jeevan Mithra	3,82	2,28,849
9.	Jeevan Sathi	1,43	72,549
10.	Marriage Endowment Policy	355	1,73,626
11	New Children Deferred		
12.	Bhavishya Jeevan	4	2081
13.	Jeevan Balya	5	79
14.	Jeevan Kishore	2,95	1,50,934
15.	Jeevan Chaya	145	4959
16.	Jeevan Surabhi	1686	9,30,781
17	Jeevan Sukanya	5	2,829
18.	Asha Deep II	53	44,800
19.	Jeevan Mithra-Triple cover	330	202426
	All plans	14296	65,45,120

Source: Marketing department, LIC

Table 4.35

Distribution of New Business According to Insurance plans (without profit) 2001-02

Sl. No.	Insurance plans	Number of policies (in Thousands)	Sum assured
1	Convertible Whole Life	7	9,329
2.	Double Endowment	2	2,17
3.	Two Years Temporary Assurance	1	7,64
4.	Convertible Term	1	6,58
5.	Mortgage Redemption	1	202
6.	Bima Sandesh	9	10,110
7	Jeevan Saritha	2	1,355
8.	Jeevan Griha	66	63,490
9.	Bima Kiran	1,107	1,22,9966
10.	Jeevan Shree	93	48,2734
11	Children's Money Back	327	1,90,795
12.	Jeevan Adhar	1	1,588
13.	Jeevan Sanchay	8,44	4,47,035
14.	Jeevan Sneha	1,13	67,155
15.	Jeevan Asha II	1	1,451
16.	Bima Nivesh	83	39,958
17	Bal Vidya	1	171
18.	Jeevan Vishwas	1	1024
19.	Nav Prabhat	7	7224
	All plans	2684	25,76,305

Source: Marketing Department, LIC

Analysis of Tables 4.34 and 4.35 clearly suggests high degree of preference of customers for insurance products with profit and their strong motive to get financial gain in addition to risk coverage through the purchase of policies. Products showing outstanding performance are with profit policies and get overwhelming response from all customer segments which is reflected in the sale of the large number of policies in the category with huge sums assured. The results of the survey also reinforce the above findings.

As per the analysis of motives of the different customer segments that participated in the survey, a financial return from the product is the primary consideration for purchase of products and risk coverage is considered secondary. They are prepared to pay a higher premium to the LIC to provide more financial gain and prefer products with saving component even though, they have a long maturity period. In order to satisfy more liquidity conscious customers, LIC's marketing department also incorporates liquidity to its various profit plans to make them more attractive. Since endowment plans combine both risk coverage and savings they become very popular amongst policyholders.

In order to have a better understanding of the product-mix of LIC, an objective analysis of distinctive characteristics of each of the insurance product, the target customer segment benefits offered etc. may be very useful. To make the analysis more focussed and perceptive it is presented in the form of a table in which different dimensions of analysis are highlighted.

Table 4.36

Product analysis - Life Insurance Corporation

Insurance product type, profile, features	Target segment and profile	Benefits available
Whole Life Policies		
• With and without profit • Premium payable for 35 years or till 80 years of age whichever is more • Min. Sum assured: Rs. 30000 • Min. Age at entry: 18 years • Max. Age at entry: 60 years • Mode of premium: Yearly, half-yearly, quarterly, monthly	• Households engaged in intermediate and skilled occupation with risk exposure • Average low income • Risk-averse • Young and middle life cycle stage • Breadwinner with dependents	• Insurance coverage for important phase of life period • Risk coverage with low premium • High bonus for with profit plans • Protection to dependents • Payment of paid up amount for reduced sum assured for defaulted plans.
Limited Payment Whole Life Policy		
• With and without profit • Payment of premium during the most productive years of life • Min. Sum assured: Rs. 30000 • Max. Premium ceasing age: 70 years • Mode of premium: Yearly, half-yearly, quarterly, monthly	• Households who are not interested in paying premium for a long period • Middle class household • Medium industrial or commercial employees • Medium to low income • Medium risk tolerance • Dependent children	• Facility to pay premium during the earning period of life • Risk coverage even after premium paying period • Bonus addition for with profit plans till the death of the assured

The Convertible Whole Life Insurance Policy		
• With or without profit • Flexible insurance contract with provision for conversion • Conversion into endowment policy after five years • Paid-up assurance in case of default • Min. sum assured: Rs. 50000 • Min.age at entry: 12 years • Max. age at entry: 45 years • Mode of payment: yearly, half yearly, quarterly, monthly	• Higher professional managerial ad white-collar employees who are on the threshold of their career • Upper middle class households • Young life cycle phase • Medium risk tolerance with saving motive • Minors aged between 12 to 17 years of age • Long term financial goal	• Maximum insurance protection at minimum cost • Low premium when the earning is low at the beginning of the career. • Provide risk coverage and financial gain • No medical examination on conversion • Participation in profit from the date of conversion • Paid up assurance is automatically secured on default
The Endowment Assurance Policy		
• Endowment plan with or without profit • Payment of the assured sum on death or at any desired age • Accident benefit • Min.sum Assured: Rs.20000 • Min. age at entry: 12 years • Max. age at entry: • 15 years term: 55 years • 20 years term: 50 years • 25 years term: 45 years • Single premium: 60 years • Mode of premium: yearly, highly, quarterly, monthly	• Middle class households • Middle and retirement life cycle stage • Dependent children • Savings conscious • Medium and long-term financial goals • Medium commercial employees, intermediate professionals, and other white-collar employees • Fairly good financial position with low liquid assets	• High flexibility with simple terms and conditions • Reasonable premium and high bonus • No medical examination upto assured sum of 1 lakh • Double assured sum in case of accidental death • Both insurance coverage and financial security at old age • Option for single premium payment • More liquidity on old age phase

<table>
<tr><th colspan="3">The Double Endowment Policy</th></tr>
<tr>
<td>• Endowment plan without profits
• Double the amount of the original sum assured if insured survives term of policy
• Premium vary according to term of policy
• Min. sum assured: Rs. 50000
• Min.age at entry: 12 years
• Max. age at Entry: 55 years
• Max. premium ceasing age: 65 years
• Mode of payment: All</td>
<td>• Suitable for household to whom LIC denied other type of plans due to any physical disability
• Least bothered about risk coverage
• Dissatisfied with financial position and amount of money saved.
• Higher professional managerial and top civil servants
• Long-term financial goals
• Dependents</td>
<td>• Double amount of the original sum assured, on insured surviving endowment period
• No premium after 65 years
• Comfortable financial position at the old age
• Paid-up assurance on default of premium payment
• Beneficial for households having some physical disability</td>
</tr>
<tr><th colspan="3">Marriage Endowment Educational Annuity Plan</th></tr>
<tr>
<td>• Endowment/Children's plan with profit
• Insurance coverage to parent
• Payment of sum assured only on the expiry of period
• Accident benefit on payment of extra premium
• Min.sum assured: Rs. 20000
• Max. term: 25 years
• Min. age at entry: 18 years
• Max. age at entry: 60 years
• Mode of premium: All</td>
<td>• Medium and intermediate commercial employers ad other white-collar employees
• Dependent children both male and female
• Young and middle life cycle stage
• Risk-conscious with long-term financial goals.
• More concerned about the children
• Low risk tolerance</td>
<td>• No financial difficulty to meet childrens educational and marriage expenses
• Payment of insured sum in lumpsum or in instalments
• The bonus will accrue upto the end of the term
• Insured can avail accident benefits
• Sound financial position at old age
• No premium after death but all benefit till the period of policy</td>
</tr>
</table>

<table>
<tr><th colspan="3">New Jana Raksha Plan</th></tr>
<tr>
<td>• Endowment plan with profit
• Sum assured with accrued bonus payable on maturity or on premature death
• Policy issue for term of 12 to 30 years
• Accident benefit is in-built in the policy
• Min.sum assured: Rs. 20000
• Max.sum assured: Rs. 50000
• Max. term: 30 years
• Min. age at entry: 18 years
• Max. age at entry: 50 years
• Mode of premium: All</td>
<td>• Lower-middle class customers
• Skilled and semi-skilled working class
• Workers in the unorganised sector
• No regular income
• Illiterate or only primary education
• Dissatisfied with financial position and amount of money saved
• Short-term financial goals
• High risk tolerance
• High propensity to consume</td>
<td>• Beneficial to under privileged sections with irregular income
• Insurance coverage even for defaulted policies
• No need for age proof for illiterates
• Simple procedures for revival of policies
• Accident benefit without any extra cost
• Proposals with physical disability permitted
• Flexibility for premium payments</td>
</tr>
<tr><th colspan="3">The Money Back Policy</th></tr>
<tr>
<td>• Endowment plan with profit
• The most popular endowment plan
• Payment of sum assured in instalment starting after 5 years
• Min. sum assured: Rs.40000
• Min. age at entry: 13 years
• Max. age at entry: 50 years
• Max. sum assured: No limit
• Mode of premium: all</td>
<td>• Middle class households
• Large and medium scale businessmen substantial farmers
• Need short-term financial solvency
• High/medium risk tolerance
• High propensity to save
• Medium-term financial goals
• Comfortable financial position</td>
<td>• Maximum liquidity
• Both risk coverage and savings
• Availability of money at periodical intervals
• Housing loan facility
• Monthly payment of assurance sum in case of physical disability on account of accident
• Payment of full sum assured on premature death without any deductions
• Provide liquidity throughout the period</td>
</tr>
</table>

Jeevan Surabhi		
• Endowment plan with profit • Improved version of money back plan • Policy offered for three different terms 15, 20 and 25 years • Additional risk cover in case of death • Non-medical special scheme • Min. Sum assured: Rs. 4000 • Min.age at entry: 14 years • Max. Age at entry: 55 years • Max. sum assured • Mode of premium payment: All	• Higher professionals businessmen, top business executives • Upper middle class/upper class • Higher income and wealth • Well educated and risk-conscious • High multiple use of FIs • Dependent children • Few financial burdens • Medium propensity to save • High priority for children's education	• Beneficial for businessmen on account payment of assured sum at different intervals • Survival benefits within a short period • Flexible premium payment terms • Bonus till the end of the policy term • No deduction of survival benefit on death • Accident benefit • Guaranteed surrender value • Simple procedures for revival of policies
Jeevan Sathi Double Cover Joint Life plan		
• Endowment plan with profit • Insurance cover to both on the lives of husband and wife • Modified form of Joint Life Endowment assurance plan • Calculation of age as per mean age chart • Min.age at entry:20 years • Max.age at entry: 50 years • Max. maturity age: 70 years • Min. sum assured: Rs.20000 • Max.sum assured: No limit	• Employed couples • Lower professional managerial and others white-collar employees • Low risk tolerance • Middle class • High propensity to save • Uncomfortable financial position • Middle aged married couple with at least one child • Highly civic-minded	• Insurance cover for both husband and wife with single premium • Payment of sum assured on first death and again on the death of the survivor • Accident benefit available to both lives • Premium payment ceases on the first death • Paid-up in proportion to basic sum assured on default • Bonus accrue even after the cessation of premium on the first death

Jeevan Mithra		
• Double cover endowment plan with profit • Cover male lives and female lives • No coverage to persons engaged in hazardous occupation • Policies for terms of 15 to 30 years only • Min.sum assured: Rs. 20000 • Min. Age at entry: 18 years • Max. Age at entry: 50 years • Max. term: 30 years • Max. assurance amount: No limit	• Households who needs higher insurance cover but having difficulty in paying higher premium • Women employees in government department • Women with income tax liability • Middle class • Average income with some financial burdens • Average propensity to save and invest • Average use of FIs • Persons having physical impairment	• Maximum insurance cover with minimum premium • In case of triple cover policies, insurance cover in the event of death by accident four times the basic sum assured • Payment of assured sum in 120 instalment in case of permanent or temporary disablement • No need for payment of premium in case of accident • Paid-up assurance value
Bhavishya Jeevan		
• Endowment plan with profit • High premium during the first five years • Similar to endowment assurance plans, terms and conditions • Min.sum assured: Rs.20000 • Max. Sum assured: No limit • Period: 15 years, 20 years and 25 years • Min. age at entry: 12 years • Max. age at entry: 55 years • Premium payment: All	• Individuals having very short span of high earnings • Film stars, higher professionals, persons employed abroad • Large industrial and commercial employers • Comfortable financial position • Middle upper socio-economic class • Status conscious and adventurous in leisure time pursuits • Attracted to intellectual and artistic achievement	• All benefits of endowment plan with maximum convenience • Low premium after five years • Provide both insurance cover and savings • Financial security during the period of low earnings • High flexibility • Paid-up assurance value

Jeevan Shree		
• Endowment assurance policy with profit • Insurance plan with number of peculiarities • Popular amongst the higher income group • Min. assurance: Rs.5 lakhs • Max. sum assured: No limit • Min. age at entry: 18 years • Max. age at entry: 60 years • Premium payment: yearly, half-yearly, quarterly, single	• Households who expect maximum financial gain from investment • Higher professional businessmen, contractors, Estate owners • Well educated upper socio-economic group • Social elite who live on inherited wealth • Leading businessmen who need huge investment in future • Active in social and civic affairs	• Higher bonus and maximum financial gain • Freedom to select premium payment period • Loan facility after two years • Use as keyman insurance • Availability of white money without any tax liability at the end policy term • Suitable avenue of investment to transfer wealth to future generations • Facility for single premium payment
Money Back Children's Assurance Plan		
• Children's plan without profit • Guaranteed addition money back • Risk commences after 2 years from date of entry • Parents with income would be the proposer • Min.sum assured: Rs.40000 • Max. sum assured: Rs. 40 lakh • Min. age at entry: 0 • Max. age at entry: 10 years • Premium payment: yearly, half-yearly, quarterly, single	• Children both boys and girls upto 10 years • Middle class households with average earnings • Fairly good financial position • Parent desirous of providing better education to children • High propensity to save • Spending more money on worthwhile purpose for their children • Primarily concerned with career	• Provisions for anticipated educational expenses • Close relatives can give 'single premium policy' as gift to children • No medical examination • Sum assured will be paid in four instalments • Guaranteed additions • Loyalty addition • Premium waiver benefit • Insurance cover to proposer by family benefit

Table 4.37

Product Analysis - Unit Trust of India

<table>
<tr><th colspan="2">Unit Scheme 1964</th></tr>
<tr><th>Product profile</th><th>Target segment</th></tr>
<tr><td>• The first scheme introduced by UTI
• Open-ended scheme
• Minimum initial investment Rs. 5000. No upper limit
• Transferable with the help of transfer form
• Income and growth scheme
• Offers both income and growth options
• Sales price not exceeding 103% of NAV
• Repurchase price not less than 97% depending on period of investment</td><td>• Companies registered under Companies Act
• Co-operative societies
• Charitable trusts
• Non-resident Indians
• Hindu-undivided families
• Individuals at the higher income strata like professionals, top executives in the public and private sector
• Individuals in other occupation with fairly good income</td></tr>
<tr><th>Investment strategy</th><th>Product objectives</th></tr>
<tr><td>The fund manager designs strategy to create a portfolio consisting of both equities and debts so as to ensure generation of income and appreciation of capital</td><td>The primary aim of the product is to provide the unit holders a regular and growing income, easy encashability and capital appreciation</td></tr>
<tr><th colspan="2">Portfolio Composition</th></tr>
<tr><th>Debt component</th><th>Equity component</th></tr>
<tr><td>Not more than 75% of the fund will be invested in debt instrument. For investment in corporate debt, the minimum rating would be of 'AA' grade of these 7.5% investment would be in government of India securities</td><td>Not less than 25 per cent of the fund will be in equities. Maximum investment in equities may be upto 75 per cent of the fund. Currently, 61% of the fund in the scheme is in equities and the balance 39% in debts including government securities and money market instruments.</td></tr>
<tr><th colspan="2">Benefits</th></tr>
<tr><td colspan="2">• Facility to buy product throughout the year
• Provision for hedging through derivatives
• High liquidity and flexibility
• Cash management service (CMS) for sale and purchase of shares</td></tr>
</table>

<table>
<tr><th colspan="2">Scheme for Charitable and Religious Societies 1981</th></tr>
<tr><th>Product profile</th><th>Target segment</th></tr>
<tr><td>• An open-ended scheme
• Sale of units at NAV
• Minimum investment Rs. 10000
• Units under the scheme are not transferable
• Units are one of the trustee securities under the Indian Trust Act 1882
• Tax exemption
• Exclusive product for trusts, societies etc.
• Repurchase at a price not lower than 97% of NAV depending on period of investment
• Periodical distribution of income to unit holders</td><td>• Charitable and religious trusts
• Societies registered under the societies registration act 1860
• Educational trust, schools, colleges, universities
• Non-profit making companies set up under section 25 of the companies act
• Any other body established under state or Central Act for charitable purposes</td></tr>
<tr><th>Investment strategy</th><th>Product objectives</th></tr>
<tr><td>The fund manager creates a portfolio consisting of both debts and equities having different risk profile so as to ensure regular income and adequate capital appreciation</td><td>To provide stable regular income with some tax benefits, reasonable capital appreciation to trusts and similar institutions by investing their savings in capital market instruments.</td></tr>
<tr><th colspan="2">Portfolio composition</th></tr>
<tr><td colspan="2">Portfolio of this product is composed of 40-60 per cent in debt instruments with a low to medium risk profile and 40-60 in equity instruments having medium to high risk profile. The proportion of debts and equities to be included in the portfolio will be determined in accordance with change in market conditions.</td></tr>
<tr><th colspan="2">Benefits</th></tr>
<tr><td colspan="2">• Income is totally tax free as per section 10 (33) of the Income Tax Act
• Total exemption from levy of gift tax and wealth tax.
• Periodic distribution of a minimum of 75% of the income.
• High flexibility and liquidity</td></tr>
</table>

Children's Career Plan	
Product profile	**Target segment**
• Open end unit scheme • Give return after the beneficiary child attains age of 18 • Distribution of returns in the form of scholarship in instalment • Periodic Investment Plan (PIP) available • Sale ad repurchase prices are announced every week • The scheme has two options a) Scholarship option b) Growth option	• Intermediate professional managerial and white collar employee with good salary • Salaried class both in the public and private sector • Self-employed individuals • Bodies corporate etc. All these segments should buy these product for the benefit of a child below 15 years of age
Investment strategy	**Product objective**
The portfolio manager strives to provide optimum return from investment in the form of income and capital appreciation by blending debts and equities in the right proportion	The product seeks to fulfill parents dream of good education of their children through payment of scholarship on yearly/half yearly basis to meet expenses of higher education when the beneficiary attain 18 years of age
Portfolio composition	
To attain the investment objective of the product, 40-60 per cent of the fund of the product will be allocated to debt instruments having low to medium risk profile, and 40-60 per cent in equities having medium to high-risk profile. No fixed allocation to be made to the money market instruments.	
Benefits	
• An excellent gift for shaping the career of a child • Total exemption from the levy of gift tax and wealth tax • Income tax exemption under section 10(16) of the Income Tax Act • Provision to name alternate child to receive benefits in the event of death of beneficiary • Low minimum investment of Rs. 2000 • Availability of periodic investment plan (PIP).	

<table>
<tr><th colspan="2">UTI Variable Investment Scheme</th></tr>
<tr><th>Product profile</th><th>Target segment</th></tr>
<tr><td>• Open ended variable investment scheme
• Multiple "plans" for different segments
• Face value Rs. 10 per unit
• Minimum amount of investment Rs. 5000 with no upper limit
• Sale price not more than 102% of NAV
• Repurchase price at NAV
• Declaration of NAV on daily basis
• Growth and income options</td><td>• Individual investors having medium to high risk tolerance engaged in various occupations like businessmen, professionals employees with high income, self-employed with high investment higher managerial and white collar employees
• Non-resident Indians
• Foreign FIs
• Trust and other institutions
• Corporate bodies</td></tr>
<tr><th>Investment strategy</th><th>Product objective</th></tr>
<tr><td>The fund manager formulates strategy to provide superior risk adjusted return through dynamic asset of UTI variable allocation process i.e. higher allocation to equity in depressed market and more allocation to debt when market goes up.</td><td>The product aims at providing income distribution/accumulation of income and capital appreciation over a long period from a prudent portfolio mix of equity and fixed income securities.</td></tr>
<tr><th colspan="2">Portfolio composition</th></tr>
<tr><td colspan="2">Portfolio design proposes to allocate not more than 75 per cent of fund in debts with a minimum rating of 'AA' category. At least 7.5 per cent of the total investment in Government of India securities. Minimum investment in debt including Government of India securities and money market instrument should be 45 per cent of the asset. Investment in equities with good rating between minimum of 25 per cent to a maximum of 55 per cent.</td></tr>
<tr><th colspan="2">Benefits</th></tr>
<tr><td colspan="2">• Variable allocation process ensures high return with maximum safety.
• Flexibility in investment
• Automatic balancing of debt-equity ratio to maximise return
• Investment only in highly rated securities ensure safety and fund
• Investment in equity shares of pre-defined universe</td></tr>
</table>

<table>
<tr><th colspan="2">UTI Regular Income Scheme</th></tr>
<tr><th>Product profile</th><th>Target segment</th></tr>
<tr><td>• Open-ended debt oriented scheme
• No guarantee for return
• Periodic distribution of income
• Face value Rs. 10 per unit
• Minimum investment Rs. 10000
• Minimum investment under a portfolio shall be in multiples of Rs. 1000
• Two options i.e. growth option and income option
• Declaration of NAV on daily basis
• Sales price not more than 102 per cent of NAV</td><td>• Self-employed individuals
• Landed proprietors
• Agriculturists
• Retired
• Professionals in the old age category
• Non-resident Indians
• Charitable trust and similar institutions
• Registered societies
• Corporate bodies
• Individuals engaged in other occupations who seek regular income</td></tr>
<tr><th>Investment strategy</th><th>Product objective</th></tr>
<tr><td>The fund manager maintains a diversified portfolio with maximum allocation of fund to debt instrument and a fairly good amount in equities so as to ensure both capital appreciation and regular income</td><td>The product seeks to provide the unit holder either income distribution or capital appreciation, according to the option they selected under the scheme</td></tr>
<tr><th colspan="2">Portfolio composition</th></tr>
<tr><td colspan="2">UTI Regular income scheme is a debt-oriented scheme with maximum allocation of the fund to debt instruments with high rating. A portion of the fund allocated to Government of India securities. To ensure capital appreciation reasonable fund from the scheme is also allocated to equities.</td></tr>
<tr><th colspan="2">Benefits</th></tr>
<tr><td colspan="2">• Periodic distribution of income
• There is a systematic withdrawal plan (SWP) under the growth option in which the unit holder is permitted to withdraw money in monthly or quarterly intervals.
• Re-investment of income distribution under income option
• Roll over facility is available under growth option by which members can repurchase entire or part of their outstanding holding and simultaneously investing in the same scheme. This facility enables the unit holders to recognise the capital appreciation as income/gain in their book periodically.
• The unit holders are also permitted to switch over their investment to other schemes.</td></tr>
</table>

<table>
<tr><th colspan="2">UTI Bond Fund Income Option and Growth Option</th></tr>
<tr><th>Product profile</th><th>Target segment</th></tr>
<tr><td>• Open-ended no load pure debt scheme
• Entire investment of the fund in debt and money market instrument
• Income plan and growth plan options available under the scheme
• Sale and repurchase at NAV
• Minimum investment Rs. 5,000/- for growth plan and Rs. 20,000/- for income plan
• Book closure not exceeding 15 days</td><td>• Individuals engaged in different occupations having low risk tolerance
• Mentally handicapped persons
• Hindu undivided families
• Charitable trusts
• Bodies corporate including banks and companies
• Army, navy airforce paramilitary funds
• Overseas corporate bodies
• Companies on repatriation benefits</td></tr>
<tr><th>Investment strategy</th><th>Product objective</th></tr>
<tr><td>The fund manager creates a portfolio by combining debt and money market instruments with low to medium risk profile and not even a single pie is allocated to equities. Ploughing back of income and growth is the main feature of the strategy by which the NAV will be enhanced</td><td>The product aims to provide the unit holder regular saving facility, easy liquidity, and a fair post-tax return through capital gains</td></tr>
<tr><th colspan="2">Portfolio composition</th></tr>
<tr><td colspan="2">Since UTI bond fund is a pure debt investment scheme and entire fund available with the portfolio manager is allocated to debt and money market instruments will low to medium risk profile. Debts and other money market instruments selected under this portfolio will be of high rating, which naturally ensures the safety of the fund. As per the portfolio policy no allocation will be made towards equities.</td></tr>
<tr><th colspan="2">Benefits</th></tr>
<tr><td colspan="2">• Indexation benefit of the cost inflation index as per tax laws
• Provision to changeover from growth plan to income plan or vice-versa
• No deferred sales charges on change over
• Tax benefits under section 48; 112 of income tax act
• Tax exemption for eligible trusts under section 11; 13 of IT act
• Total exemption from the gift and wealth tax
• Sale/repurchase on an ongoing basis at NAV</td></tr>
</table>

Small Investors Fund (SIF)	
Product profile	**Target segment**
• Open-ended debt fund • Minimum investment of Rs. 1000 and multiples of Rs. 500 thereof • No income distribution of income or dividend • Repurchase facility only after one month of closing of initial offer period • No allocation of fund towards equities	• Lower professionals and managerial personnels • Self-employed individuals with small capital investment • Small and marginal farmers • Small industrial and commercial employers • Supervisory, minor official and employees in the public and government sector • Hindu undivided families • Association of persons or body of individuals • Mentally handicapped persons
Investment strategy	**Product objective**
The fund manager designs strategy to generate maximum return as is possible through investment in a debt portfolio with high degree of safety	The product aims to build up a capital base with small investable surpluses of small investors who look for very safe investments

Portfolio composition
Small investors fund is a pure debt fund and targeting risk-averse small investors and the portfolio of this plan comprises securities like government bonds, treasury bills, corporate debentures and corporate instruments with AA ratings or equipments. No investment would be made in equities and related instruments.

Benefits
• Requirement of minimum investment is low • Switch over facility to other plans • Tax benefits under section 48 and 112 of Income Tax Act • Total exemption from the levy of gift and wealth tax • High safety and flexibility

Table 4.38

State Bank of India - Product analysis

<table>
<tr><th colspan="2">Savings Bank Account</th></tr>
<tr><th>Product features</th><th>Target segments</th></tr>
<tr><td>▪ Interest at 3.5 per annum
▪ Maximum of 50 withdrawal per half-year
▪ Account can be opened in single or joint names
▪ Interest is compounded half-yearly
▪ A minimum balance of Rs. 500 should be maintained in the account
▪ Minimum formalities for opening account</td><td>▪ No trading customers
▪ Lower and middle income group customers
▪ Salaried class
▪ Small and medium farmers
▪ Self-employed
▪ Small traders
▪ Retired
▪ Housewives
▪ Students
▪ Secretaries, treasurers etc. of non trading organisations</td></tr>
<tr><th colspan="2">Product Objectives</th></tr>
<tr><td colspan="2">Savings Bank Account are mainly designed and marketed for non-trading customers who have some potential for saving but do not have numerous transactions. Through wide network of branches, the bank aims at promotion of banking culture in different segments of society by marketing this product</td></tr>
<tr><th colspan="2">Special benefits of the product</th></tr>
<tr><td>▪ Low minimum balance requirements
▪ Liquidity with interest earnings
▪ Nomination facility
▪ Routine payments in respect of rent, telephone charges etc.
▪ Free account transfer facility between branches
▪ Cheque collection in cheque book account</td><td>▪ Unlimited credit
▪ Free ATM cards
▪ Free telebanking facilities
▪ Free internet banking
▪ Privilege of pass book
▪ Option of special saving account
▪ Guardian can open account on behalf of minor</td></tr>
</table>

<table>
<tr><th colspan="2">Savings Plus Account</th></tr>
<tr><th>Product features</th><th>Target segments</th></tr>
<tr><td>

- Interest at the rate of term deposit on balance exceeding a predetermined limit
- Special savings account to provide maximum financial benefits to ordinary customers
- Option to open account in single or joint names
- Customers have the freedom to fix the limit and term of deposit
- Available only at computerised branches
- Minimum requirement is fixed at Rs.10000

</td><td>

- Intermediate and lower professional and managerial personnel
- Skilled manual workers
- Government, semi-government and other white collar employees
- Self-employed personnel with medium size investment
- Small industrial or commercial employers

</td></tr>
<tr><th colspan="2">Objective in designing the product</th></tr>
<tr><td colspan="2">To ensure productive investment of surplus fund in the savings bank account which remains idle for long period and to provide the financial advantage of term deposits to savings bank account holders with flexibility and convenience.</td></tr>
<tr><th colspan="2">Special benefits of the product</th></tr>
<tr><td>

- Benefits of term deposit without opening term deposit account
- Surplus fund in the savings bank account never remain idle
- Money remain fully secure and productive at all times
- Unlimited credit
- High liquidity and high interest
- Free account transfer facility between branches

</td><td>

- Routine payments on behalf of customers
- Nomination facility
- Free ATM cards
- Free telebanking facilities
- Free internet banking

</td></tr>
</table>

<table>
<tr><th colspan="2">Salary Plus Account</th></tr>
<tr><th>Product features</th><th>Target segments</th></tr>
<tr><td>▪ Special savings bank account to meet unforeseen expenses of salaried customers
▪ Savings bank account holders who are permanent employees of corporates or government are eligible
▪ Existing savings bank account holder should transfer his balance to salary plus account
▪ Overdraft facility will be granted in the account
▪ The account holder gets saving bank interest rate on credit balances
▪ Interest on overdrawn amount at the rate of 3% above prime lending rate
▪ Overdraft limit will be 50% of the salary
▪ The loan interest will be liquidated automatically by the next salary
▪ The over-drawings can be paid at any time</td><td>▪ Permanent managerial and other white-collar employees of corporate, mid-corporate, central/state government departments whose salary is credited by their employer to the savings bank account maintained with State Bank of India and having minimum take home salary of Rs. 6000 per month.</td></tr>
<tr><th colspan="2">Objectives of designing the product</th></tr>
<tr><td colspan="2">To provide temporary accommodation to permanent employees to meet unforeseen expenses and thereby win and retain more valuable customers to improve business through segment penetration i.e. selling existing product to existing customers and product development i.e. developing new product for existing customers.</td></tr>
<tr><th colspan="2">Special benefits of the product</th></tr>
<tr><td>▪ The account holder will be permitted to draw from his salary plus account even before the disbursement of salary
▪ The salary and other credits will be automatically credited in the salary plus account
▪ Overdraft facility at any time without any formality to take overdraft
▪ Account holder will be provided the transaction details of debits and credit in chronological order</td><td>▪ The interest on overdrawn amount will be applied, at the stipulated interest rate on daily product basis only
▪ Account holder can avail free ATM facility</td></tr>
</table>

<table>
<tr><th colspan="2">Current Account</th></tr>
<tr><th>Product features</th><th>Target segments</th></tr>
<tr><td>

- A running account with amount being paid into and drawn out of the account continuously
- Demand liability-money in such deposits payable on demand
- The account never becomes time-barred
- Account can be overdrawn by special arrangement with the bank
- Account can be opened free of charge for firms or individuals known to the bank
- Minimum balance of Rs. 5000 is to be maintained to keep the account running
- No interest will be paid on credit balances in the current account
- Only cheque book supplied by the bank should be used
- The bank reserves to itself the right of closing an account

</td><td>

- Business houses
- Public institutions
- Corporate bodies
- Large industrial or commercial employers
- Rich landed proprietors
- Higher professional and managerial personnel
- Self-employed individuals with expensive capital equipment
- Upper class and upper middle class
- Individuals whose banking transactions are numerous and frequent

</td></tr>
<tr><th colspan="2">Product Objectives</th></tr>
<tr><td colspan="2">To provide regular financial accommodation to industrial, trading, non-trading organisations, public institutions and wealthy customers to meet urgent financial obligations and to maintain wealthy and affluent customer segments with excellent banking culture with numerous and frequent banking transactions.</td></tr>
<tr><th colspan="2">Special benefits of the product</th></tr>
<tr><td>

- Unlimited number of withdrawals
- Security of cheque payment through prearranged limit
- Interest on overdrawn amount is levied only for the days the account is overdrawn
- Facilities of sending bills, notes and cheques for collection including third party cheques
- No charge for opening the account

</td><td>

- Immediate loan without any complicated formalities
- Free ATM cards
- Free telebanking facilities
- Free internet banking

</td></tr>
</table>

<table>
<tr><th colspan="2">Special Term Deposit Scheme or Reinvestment Plan Deposit</th></tr>
<tr><th>Product features</th><th>Target segments</th></tr>
<tr><td>▪ Available at all branches for maturities of 6 months and over
▪ Interest is calculated quarterly and reinvested
▪ Auto renewal of deposit on maturity
▪ Permit partial premature withdrawal
▪ Loan on deposit at very nominal next cost (just 2% per annum)
▪ Facility to link the account with savings bank account
▪ Accounts can be opened in the names of any individuals singly or jointly
▪ Account can be opened by minors, by themselves if they are at least 10 years of age
▪ Interest rate on term deposit is 6.5% per annum
▪ Issue of deposit receipts</td><td>▪ Middle and upper class customers
▪ Higher and intermediate professionals like doctors, CA
▪ Intermediate managerial and white collar employees
▪ Top and middle level government and semi-government officers
▪ Substantial farmers
▪ Charitable institutions with surplus funds
▪ Skilled workers with fairly good seasonal income
▪ Hindu undivided families</td></tr>
<tr><th colspan="2">Product Objective</th></tr>
<tr><td colspan="2">To raise and maintain adequate financial resources for the bank to conduct banking operations since bank need not keep greater liquid resources to meet demand of customers in respect of such deposit and to channelise surplus fund to productive activities.</td></tr>
<tr><th colspan="2">Special benefits of the product</th></tr>
<tr><td>▪ More liquidity
▪ Safety and security for fund
▪ Secured high rate of return
▪ Auto renewal ensures continuity in interest earning after maturity
▪ Facility to available loan at nominal cost
▪ Low minimum balance requirements
▪ Free account transfer facility
▪ No introduction for opening account</td><td>▪ Earn regular income annually, quarterly or monthly
▪ Interest payments through cheque without any charge
▪ Calculation of interest at quarterly intervals provide interest on interest
▪ Nomination facilities</td></tr>
</table>

Multi Option Deposits Scheme SBIMODS	
Product features	**Target segments**
▪ Deposits which are repayable subject to a period of notice ▪ Maturities of 1,2, and 3 years ▪ Designed to give greater convenience and still higher return for customers ▪ Provision to link SBIMODS with savings bank account and current account ▪ Accounts can be opened in the names of any individuals singly or jointly ▪ Premature withdrawal ▪ Calculation of interest at quarterly intervals ▪ Deposit receipt for the amount placed in the MODS will be issued ▪ When the deposit is in joint name the amount should be withdrawn jointly ▪ Amount becomes payable to the survivor on death of one of joint depositors	▪ High and middle income group ▪ High and intermediate professional with few financial burdens ▪ Senior civil servants and business executives ▪ Managerial personnel and white-collar employees with surplus funds ▪ Hindu undivided families with high liquidity ▪ Substantial and middle class farmers with decent earnings ▪ Employed and self employed women with children ▪ Charitable institutions with liquid cash ▪ Non-trading organisations which create special fund through collection
Product Objective	
To motivate customer segments with huge savings but reluctant to deposit money in ordinary fixed deposits scheme due to their rigidity for premature withdrawals by offering greater convenience and flexibility to in withdraw money without any financial loss and formalities.	
Special benefits of the product	
▪ Greater convenience and still higher returns ▪ Facility to withdraw money from MODS linked with a saving account ▪ Facility to withdraw upto 75% of MODS liked with current account ▪ No penalty for premature withdrawal if the deposit is for less than Rs. 1 lakh and for maturity period of less than three years ▪ Free account transfer facilities between branches ▪ There are no charges or hidden	▪ No dishonour of cheques even when there is deficiency of funds in savings bank account ▪ The facility of taking loan at a very nominal net cost (just 2% p.a) ▪ Auto renewal ensures continuity in interest earnings even after maturity ▪ Nomination facilities ▪ Free ATM facility ▪ Free telebanking facility

costs	
Senior Citizen's Deposit Scheme	
Product features	**Target segments**
▪ Term deposit scheme exclusively for senior citizens ▪ Residents with age of 60 years or above on the date of acceptance of deposit are eligible ▪ Available at all branches accepting 'personal segment' deposits ▪ Tenure of deposit may be 1 year and above ▪ Minimum amount Rs. 10000 and thereafter in multiples of Rs.1000 ▪ Rate of interest between 5.5 to 6.75 for different terms	▪ Senior individual households with surplus funds for investment ▪ Senior members of upper class and upper middle class family with dependents ▪ Retired top civil servants who have surplus cash by way of retirement benefits ▪ Higher and intermediate professionals who are at the peak of their career with high income and wealth
Product Objective	
To motivate senior individual households to save more, who have low propensity to save, by offering extra financial benefit and special considerations. To ensure decent regular income for senior citizens to whom interest earning constitute the major part of their income.	
Special benefits of the product	
▪ Higher rate of interest ▪ Periodical payments of the interest at quarterly or monthly intervals ▪ Premature withdrawal without much financial loss ▪ Simple account opening procedure ▪ Nomination facility ▪ Number of options for proof of age	▪ No proof of age for renewal of deposit ▪ Free ATM cards ▪ Free telebanking ▪ Free interest banking

Long-term Floating Rate Deposit Scheme	
Product features	**Target segments**
▪ Interest @ 3.5 per cent per annum ▪ Minimum amount for opening savings account Rs. 20 ▪ Account can be opened in single or open name ▪ Maximum amount – single name Rs. one lakh in joint name Rs. two lakhs ▪ Minimum formalities for opening the account ▪ Interest per annum on public account ▪ No maximum limit on group/institutional or official capacity account	▪ Non-trading customers ▪ Lower and lower middle class group ▪ Small and marginal farmers ▪ Self-employed with low capital investment ▪ Small traders ▪ Housewives ▪ Old age pensioners ▪ Skilled and unskilled agricultural workers ▪ Factory workers ▪ Individuals employed in other occupations with lower/average income
Product Objective	
To mobilise huge surplus funds of middle and lower class individual households by offering a depository product having the quality of financial product with i.e., variability in return on account of fluctuations in interest rate.	
Special benefits of the product	
▪ Financial gain in case of upward movement in interest rate ▪ Nomination facility ▪ Assured return and safety of principal ▪ Premature payment subject to certain conditions ▪ Loan facility against the security of deposit	▪ Opportunity to create diversified portfolio with

Table 4.39

Product analysis - The Federal Bank Limited

Savings Bank Account	
Product features	**Target segments**
▪ Interest @ 3.5 per cent per annum ▪ Maximum of withdrawals per half-year ▪ Account can be opened in single or joint names ▪ Half-yearly interest compounding ▪ A minimum balance of Rs. 1000 to be maintained in the a/c	▪ Non-trading customers ▪ Higher and intermediate professionals ▪ Intermediate managerial personnel and other white collar employees ▪ Retired ▪ Securities and treasures of non-trading organisations ▪ Housewives ▪ Agriculturists and landed properties
Objectives in designing the product	
To facilitate the financial transaction and satisfy the banking requirements of different segments mainly that of non-trading customers through saving product with liquidity and flexibility. This account aims at inducting new customers to banking network.	
Special benefits of the product	
• Low minimum balance requirements • Liquidity and flexibility a reasonable rate of return • Payment of rent, telephone charges and other routine payments as per instructions • Free account transfer facility • Free ATM card to customers with a minimum balance of Rs.750 • Internet banking facilities • Facility for online viewing of account through internet • Outline shopping • Quick cash facility to withdraw money within 10 seconds. • Fed mobile for hassle-free banking through mobile phone • Instruction for stop payment through internet	

<table>
<tr><th colspan="2">Current Account</th></tr>
<tr><th>Product features</th><th>Target segments</th></tr>
<tr><td>

Highly liquid running account with facility for continuous withdrawal
Money payable on demand
Overdraft facility with special arrangement with the bank
No charge for opening the current account
Requirement of a minimum balance in the account
No interest on credit balance
Provision to use cheque book issued by bank

</td><td>

Industrialist and traders
Corporate bodies
Partnership firms
Landed proprietors
Higher and intermediate professionals and managerial personnel
Hindu undivided families
Self-employed individuals with high investment
Rich agriculturists
Trust and other institutions

</td></tr>
<tr><th colspan="2">Objectives in designing the product</th></tr>
<tr><td colspan="2">To provide a highly liquid and flexible product to meet the special financial requirements of business people and some other segments with a facility of continuous withdrawal. To establish relationship with financially sound customer segments.</td></tr>
<tr><th colspan="2">Special benefits of the product</th></tr>
<tr><td colspan="2">

Facility for unlimited number of withdrawals to meet urgent and immediate financial requirements
Interest charges only on for the days the account overdrawn
Facilities for sending bills, notes and cheques for collection
Immediate loan without any formalities
Providing internet banking for online verification of accounts, statement of account
Facility to give instructions for stop payment.

</td></tr>
</table>

<table>
<tr><th colspan="2">Fixed Deposit Account</th></tr>
<tr><th>Product features</th><th>Target segments</th></tr>
<tr><td>

- Interest upto 6.5 per cent per annum
- Maturities ranges from 30 days to 10 years
- The maturity can be extended to 20 years for institutions, corporate bodies
- Minimum amount for opening the account Rs. 1000
- Account can be opened in the name of any individuals singly or jointly
- Issue of deposit receipt which is not transferable

</td><td>

- Intermediate professional managerial and other white collar employees
- Middle income class having risk aversion, in all occupation
- Medium and small commercial employers and farmers
- Institutions and trust
- Government undertaking
- Corporate bodies
- Hindu undivided families
- Partnership firms

</td></tr>
<tr><th colspan="2">Objective in designing product</th></tr>
<tr><td colspan="2">To provide a flexible and high yielding saving product to financially affluent customers whom have low risk tolerance. To argument financial resources of the bank through this term deposit scheme in respect of which less cash reserve is required.</td></tr>
<tr><th colspan="2">Special benefits of the product</th></tr>
<tr><td colspan="2">

- Freedom to choose maturity profile
- Suitable for corporate bodies to create specific reserve fund in respect of amortisation of preliminary expenses, depreciation
- Facility of loan upto 90% of the deposit amount
- Reasonable flexibility and liquidity
- No introduction for opening the account
- Nomination facilities
- Free account transfer facility

</td></tr>
</table>

<table>
<tr><th colspan="2">Federal Saving Fund</th></tr>
<tr><th>Product features</th><th>Target segments</th></tr>
<tr><td>

- Interest @ 4.25 per cent per annum
- No tax deduction at source
- Interest compounded on quarterly basis
- Minimum instalment Rs.50 and multiples of Rs. 10 and no maximum amount
- Photograph not compulsory
- Account can be opened in single joint name
- Maturity period upto maximum of 120 months
- Recurring deposits scheme

</td><td>

- Employees in the government, public and private sector
- Self-employed with regular income
- Pensioners
- Students
- Housewives
- Medium and small agriculturists
- Lower professional and managerial personal

</td></tr>
<tr><th colspan="2">Objectives in designing the product</th></tr>
<tr><td colspan="2">Reviewing deposit scheme specifically tuned to meet the future financial needs of regular income group by incorporating attractive elements of marketing mix.</td></tr>
<tr><th colspan="2">Special benefit of the product</th></tr>
<tr><td colspan="2">

- Income tax to be paid by the depositor not deducted at source
- Low minimum balance requirements enables even low income group to deposit money
- Complicated formalities not required to open this account
- Free transfer of account to any branch of customers choice
- Premature withdrawal of deposit is allowed
- Facility to take 90 per cent of the deposit amount available as loan
- Nomination facility
- Facility for internet banking for online viewing of accounts, statement of account
- ATM services with latest technology

</td></tr>
</table>

<table>
<tr><th colspan="2">Super Saving Fund</th></tr>
<tr><th>Product features</th><th>Target segments</th></tr>
<tr><td>▪ Recurring deposit scheme
▪ Minimum monthly core instalment Rs. 50
▪ Monthly instalment can be 10 times of the core instalment subject to a maximum of Rs.10000
▪ Account can be opened in single or joint name
▪ Maximum period 120 months
▪ Minimum 6 months</td><td>▪ Intermediate professional and business people with irregularity in earning
▪ Self-employed
▪ Large and medium level farmers
▪ Small/medium industrial and commercial employers
▪ Government/private employees
▪ Managerial and other white-collar employees</td></tr>
<tr><th colspan="2">Objectives in designing the product</th></tr>
<tr><td colspan="2">To provide an attractive recurring deposit product with more flexibility in instalments so as to mobilise the savings of customer segments without any uniformity in amount of their earnings i.e. variable income.</td></tr>
<tr><th colspan="2">Special benefit of the product</th></tr>
<tr><td colspan="2">• Convenient and highly flexible instalments
• Higher liquidity, return and maximum safety
• No penalty for default in the payment of instalments
• Free account transfer facility
• Premature withdrawal facility
• Internet banking services for transfer of money, renewal of deposit etc.
• Free ATM services</td></tr>
</table>

Multi Benefit Deposit Scheme	
Product features	**Target segments**
▪ Term deposit scheme for different maturities ▪ Cheque book facility ▪ Minimum amount of deposit Rs. 5000 and over in multiples of Rs. 100 ▪ Minimum period of deposit 12 months ▪ Maximum period 10 years ▪ Quarterly compounding of interest	▪ Large, medium, commercial and industrial employers and other businessmen with variable income ▪ Higher and intermediate professional and top executives ▪ Self-employed with expensive capital equipment ▪ Substantial farmers and landed proprietors
Objective in designing the product	
To provide a highly liquid and flexible term deposit scheme with cheque book facility to higher income group to tap their huge surplus fund.	
Special benefit of the product	
• High liquidity and flexibility • Advantages of both savings and term deposit scheme • Remittance of overdrawn amount –similar procedure for overdraft account • No penalty for default in payment of instalments • Option to fix amount of instalment according to the convenience of the depositors • Free account transfer facility • Facility to take loan against the deposit amount	

<table>
<tr><th colspan="2">Aiswarya Deposit Scheme</th></tr>
<tr><th>Product features</th><th>Target segments</th></tr>
<tr><td>
▪ Short-term time deposit scheme
▪ Interest @ per cent per annum
▪ Minimum amount of deposit Rs. 1000
▪ Term of deposit, 46 days and automatic renewal after this period
▪ Interest compounding at every cycle
▪ Latest interest rate on renewal
▪ Account can be opened in single or joint name
</td><td>
▪ Small industrial or commercial employers
▪ Lower professionals
▪ Supervisory, minor official and service employees
▪ Self-employed with average income
▪ Small farmers and landed proprietors
▪ Other segments in lower income strata
</td></tr>
<tr><th colspan="2">Objective in designing the product</th></tr>
<tr><td colspan="2">To provide a short-term fixed deposit product to customer segments in the low income group and busy with their occupation. To ensure mobilisation of saving of this segments comprising large number of customers by offering fairly good return, and maximum liquidity.</td></tr>
<tr><th colspan="2">Special benefits of the product</th></tr>
<tr><td colspan="2">
• High liquidity and flexibility
• Automatic renewal with latest interest benefit ensure continuity
• Low minimum requirements of deposit
• Customers need not instruct bank to renew the account
• Internet banking of online viewing of account and to transact other dealings.
</td></tr>
</table>

Federal Flexi Deposit Scheme	
Product features	**Target segments**
▪ Time deposit scheme with benefits of savings bank ▪ Interest @ % per cent per annum ▪ Minimum amount required to open account Rs. 10000 ▪ Minimum period of deposit 30 days for resident customer and 6 months for non-resident customer ▪ Deposits are kept in units of Rs.1000 each ▪ Linked to current a/c in case of companies and savings bank account in case of individuals	▪ Corporate bodies partnership firms and other institutions ▪ Non-resident Indians ▪ Hindu undivided families ▪ Higher professionals and managerial personnels

Objective in designing the account
To provide a highly flexible term deposit scheme with fairly good return to higher income and corporate segments of customers and motivate them to put their savings in a term product by integrating the benefits of savings banks.

Special benefits of the product
• Flexibility and liquidity of a saving account as well as higher return • Cheque book facility for withdrawal of units • No penalty for withdrawal of amount after 30 days • Automatic renewal of account for a minimum period on due dates • Nomination facility • ATM facilities for cash dealings • Quick cash facility to withdraw money within 10 minutes • Free internet banking

Table 4.40

National saving schemes – Product analysis

<table>
<tr><th colspan="2">Post office savings account</th></tr>
<tr><th>Product features</th><th>Target segments</th></tr>
<tr><td>
▪ Interest @ 3.5 per cent per annum
▪ Minimum amount for opening savings account Rs. 20
▪ Account can be opened in single or open name
▪ Maximum amount –single name Rs. one lakh in joint name Rs. two lakhs
▪ Minimum formalities for opening the account
▪ Interest per annum on public account
▪ No maximum limit on group/institutional or official capacity account
</td><td>
▪ Non-trading customers
▪ Lower and lower middle class group
▪ Small and marginal farmers
▪ Self-employed with low capital investment
▪ Small traders
▪ Housewives
▪ Old age pensioners
▪ Skilled and unskilled agricultural workers
▪ Factory workers
▪ Individuals employed in other occupations with lower/average income
</td></tr>
<tr><th colspan="2">Objective in designing the product</th></tr>
<tr><td colspan="2">To provide an opportunity to underprivileged section of the society to associate with financial intermediation through government sponsored savings programme. To ensure participation of all segments of the society in saving mobilisation by inculcating saving habits and banking culture through a simple and manageable product.</td></tr>
<tr><th colspan="2">Special benefits of the product</th></tr>
<tr><td colspan="2">
• Low minimum balance requirements to open and operate the account
• Liquidity of investment with reasonable rate of earnings
• Nomination facility
• Privilege of pass book and cheque book facility
• Tax-free interest on savings account
</td></tr>
</table>

<table>
<tr><th colspan="2">Post office Recurring Deposit</th></tr>
<tr><th>Product features</th><th>Target segments</th></tr>
<tr><td>

- Interest @ 8.5 per annum compounded quarterly for 5 year and 3 year terms
- Account can be continued for another five years on year to year basis
- Minimum amount of deposit Rs. 10 per month or any amount in multiples of Rs.5
- No maximum limit
- One withdrawal upto 50% of the balance allowed after one year

</td><td>

- Lower grade white collar employees
- Agricultural labourers
- Industrial workers
- Small agriculturists
- Students
- Housewives
- Self-employed
- Skilled labours like craftsman, carpenters etc.
- Partly skilled workers like plumbers, painters building workers etc.

</td></tr>
<tr><th colspan="2">Objectives in designing the product</th></tr>
<tr><td colspan="2">To motivate lower and lower middle income group to enhance the saving propensity by offering higher rate of interest of term deposits without the requirement of depositing single large amount.</td></tr>
<tr><th colspan="2">Special benefits of the product</th></tr>
<tr><td colspan="2">

- Facility to withdraw upto 50% of balance in the account after one year
- Savings scheme admissible in case of death with full maturing value
- Exemption of tax on interest
- Rebate for 6 months and 12 months advance deposits
- Loan facility after the expiry of one year
- Nomination facility available
- Simple formalities and procedures
- Interest compounding at quarterly intervals

</td></tr>
</table>

National Saving Certificate VIII Issue	
Product features	**Target segments**
▪ Interest @ 8.5 percent per annum compounded six monthly payable at maturity ▪ Minimum amount of deposit Rs. 100 ▪ Maximum amount of Rs. 50000 for individuals account and Rs. 1 lakh for joint account ▪ No limit on group/institutional or official capacity account ▪ Available in face values of Rs. 100, Rs. 1000, Rs. 5000 and Rs. 10000	▪ Government sector, public sector and private employers ▪ Higher and intermediate professionals ▪ Charitable trust and institutions ▪ Higher managerial and other white collar employees ▪ Medium industrial or commercial employers ▪ Landed proprietors with tax liability ▪ Banking companies excluding co-operative banks ▪ Companies /local authorities
Objective in designing the account	
To mobilise savings of different customer segments having decent income, within the tax net, by marketing an attractive product with tax benefits and integrate these segments with national savings products.	
Special benefits of the product	
• Single-holder type certificate can be purchased by an adult for himself or on behalf of a minor • Benefits of tax rebate under section 88 of Income Tax Act • The interest accruing annually deemed to be reinvested also qualify for tax rebate • Reasonable and affordable minimum amount and other denomination • Simple and transparent procedures for the purchase of certificate • Highly safe and secured financial product	

<table>
<tr><th colspan="2">Kisan Vikas Patra</th></tr>
<tr><th>Product features</th><th>Target segments</th></tr>
<tr><td>
▪ Deposit doubles in 7½ years
▪ No limit on deposit
▪ Deposit certificate available in denominations of Rs. 100, Rs.500, Rs. 1000, Rs. 5000 and Rs. 10000 in all post offices
▪ Denomination of Rs. 50000 available in head post office
▪ Provision for encashment before maturity date
▪ Single holder certificate to an adult for himself or on behalf of a minor
▪ No tax benefits
</td><td>
▪ Intermediate industrial or commercial employers
▪ Professional, managerial and other white-collar employees
▪ Substantial and medium agriculturist
▪ Landed proprietors
▪ Banking companies
▪ Joint stock companies
▪ Associations, institutions registered as a society
▪ Partnership firms
▪ Charitable trust
▪ Self-employed
▪ retired
</td></tr>
<tr><th colspan="2">Objective in designing the product</th></tr>
<tr><td colspan="2">To satisfy the requirements of liquidity and flexibility in the financial instrument with long term maturity, which are attractive to all segment and to enhance the popularity of National Saving Schemes by incorporating widely acceptable ingredients of marketing mix.</td></tr>
<tr><th colspan="2">Special benefits of the product</th></tr>
<tr><td colspan="2">
• Attractive and fairly good rate of return
• Facility for premature encashment
• Transferability of the instrument
• Minimum formalities for investing and encashment
• More flexibility and convenience in dealings
• Premature encashment ensure more liquidity
</td></tr>
</table>

<table>
<tr><th colspan="2">Monthly Income Scheme</th></tr>
<tr><th>Product features</th><th>Target segments</th></tr>
<tr><td>
▪ Interest @ 8.5% per annum
▪ 10 per cent bonus on completion of maturity period
▪ Interest will be paid every month
▪ Minimum amount of deposit Rs. 100
▪ Maximum deposit Rs. 3 lakh in single account and Rs. 6 lakh in joint account
▪ Six years maturity period
▪ Premature withdrawal at 5% discount within three years
▪ Premature withdrawal without any penalty after five years
</td><td>
▪ Self- employed individuals
▪ Medium and marginal agriculturist
▪ Landed proprietors
▪ Medium and small industrial and commercial employers
▪ Middle-aged employer in the private sector
▪ Retired employee with out any pension
▪ Skilled manual workers
▪ Intermediate and lower professionals
▪ Trusts and Institutions
</td></tr>
<tr><th colspan="2">Objective in Designing the product</th></tr>
<tr><td colspan="2">To present a financial product providing regular monthly income to those customer segments who don't have adequate regular income from any other sources and thereby to ensure financial security of customers of National Saving Schemes.</td></tr>
<tr><th colspan="2">Special benefits of the product</th></tr>
<tr><td colspan="2">
• Ensure financial security by providing regular monthly income
• Attractive 10 per cent bonus on completion of maturity period
• Facility for premature withdrawal without financial loss after five years
• Tax concessions under section 80L of the Income Tax Act
• Reasonable liquidity and flexibility
• Simple producers for opening the schemes and withdrawal
• Services of authorised agents to conduct dealings
• Very suitable for customers without any consistent income
</td></tr>
</table>

<table>
<tr><th colspan="2">National Saving Scheme 1992</th></tr>
<tr><th>Product features</th><th>Target segments</th></tr>
<tr><td>▪ 8.5% interest per annum
▪ Minimum deposit Rs. 100
▪ No limit for the maximum amount
▪ Available in all head post offices and selected sub post offices
▪ Available in different denominations starting from Rs. 100/-
▪ Tax incentives and financial concessions</td><td>▪ Government, semi government and private sector employees with income beyond tax limit
▪ Higher and Intermediate professional and managerial personnel
▪ White-collar employees with higher salary
▪ Substantial agriculturist and landed proprietors with tax liability</td></tr>
<tr><th colspan="2">Objective in designing the product</th></tr>
<tr><td colspan="2">To provide a tax saving National Saving product with more flexibility, liquidity and convenience mainly to customer segments who are in the tax net and also to other segments who have high preference for safety and security of investment.</td></tr>
<tr><th colspan="2">Special benefits of the product</th></tr>
<tr><td colspan="2">• Low minimum balance requirements
• Customers can buy the product without any limit
• High flexibility in denominators since product is in multiples of Rs. 100.
• Facility for premature withdrawal on expiry of 4 years without penalty.
• Eligibility for rebate under section 88 of Income Tax Act.
• Exemption of interest income under section 80L of Income Tax Act.
• More liquidity and convenience.</td></tr>
</table>

Public Provident Fund Scheme

Product features	Target segments
▪ Interest @ 8 per cent compounded yearly ▪ Minimum account of deposit Rs. 100 in one financial year ▪ Maximum limit Rs. 60000 ▪ Deposit permitted 12 times in a financial year ▪ Deposit can be made in lumpsum or in monthly instalment ▪ Maturity period 15 years ▪ Loan facility	▪ Self-employed individuals ▪ Medium and marginal agriculturists ▪ Employees and workers in the unorganised sector ▪ Professionals and managerial personnel ▪ Salaried classes both in Govt. and organised private sector. ▪ Housewives with some earnings ▪ Hindu undivided families

Objectives in Designing the Product

To extent the benefits of provident fund account mainly to customer segments in the unorganised sector and also to employees in the organised sector who want more financial security through provident fund product.

Special Benefits of the Product

- Low minimum requirements makes the product accessible to even individuals in the lower income strata
- High flexibility in fixing amount of deposit
- Minimum legal formalities in opening the account
- Benefit of tax rebate under section 88 of Income Tax Act.
- Complete exemption of deposit from wealth Tax Act.
- Tax free interest
- Withdrawal facility every year after the completion seven years of opening the account
- Loan facility available from 3rd financial year
- No attachment under court decree

<table>
<tr><th colspan="2">Deposit Scheme for Retiring Government Employees</th></tr>
<tr><th>Product features</th><th>Target segments</th></tr>
<tr><td>▪ Interest @ 8.5 per cent per annuals payable half yearly
▪ Minimum deposit of Rs. 1000 and in multiples thereof
▪ Maximum amount not exceeding the total retirement benefits
▪ Entire balance or part thereof can be withdrawn after the expiry of three years from the data of deposit
▪ Only one withdrawal in multiples of Rs. 1000 can be made in an year
▪ The account can be opened within 3 months from the date of receiving retirement benefits</td><td>▪ Retired state and central government employees</td></tr>
<tr><th colspan="2">Objectives in designing the product</th></tr>
<tr><td colspan="2">To provide an appropriate pension saving schemes suitable for retired government employees to enhance their financial security at old age and to mobilising their retirement benefits by offering attractive elements in the product mix.</td></tr>
<tr><th colspan="2">Special benefits of the product</th></tr>
<tr><td colspan="2">• Complete exemption of interest from tax liability
• The scheme can be operated through the branches of the State Bank of India and its subsidiaries
• Liquidity on account of the provision to withdraw the amount after three years
• Premature withdrawal before maturity
• Ensure safety and security of pension benefits
• Locational convenience for old age customer segment in financial dealings</td></tr>
</table>

Product analysis – Kothari pioneer mutual fund

Table 4.41

Product Analysis – Kothari Pioneer Mutual Bluechip fund

<table>
<tr><th colspan="2">Bluechip fund</th></tr>
<tr><th>Product profile/features</th><th>Target segments</th></tr>
<tr><td>▪ Open-end diversified growth scheme
▪ Minimum investment for new/existing investors Rs. 5000/Rs. 10000
▪ Repurchase price not less than 98 per cent of NAV
▪ Offers both growth plan and dividend plan</td><td>▪ Higher professionals and businessmen
▪ Non-resident Indians
▪ Top executives
▪ Landed properties
▪ Self employed with high capital investment</td></tr>
<tr><th>Investment strategy</th><th>Product objective</th></tr>
<tr><td>▪ The fund manager seek steady and consistent growth of fund by focussing on well established and large companies</td><td>▪ Aims to provide long-term capital appreciation to investors</td></tr>
<tr><th colspan="2">Portfolio composition</th></tr>
<tr><td colspan="2">60 per cent of the fund in equity shares of large and reputed companies and upto 40 per cent in debt instruments and upto 15 per cent in money market instruments</td></tr>
<tr><th colspan="2">Benefits</th></tr>
<tr><td colspan="2">▪ Facility to purchase the product throughout the year
▪ Zero per cent exit load
▪ Liquidity and flexibility
▪ Consistent growth of fund</td></tr>
</table>

Prima Fund	
Product profile/features	**Target segments**
▪ Open-end scheme ▪ Minimum investment for new/existing investors Rs. 2000/ Rs.500 ▪ Entry load 2 per cent ▪ Diversified allocation of fund ▪ Periodical distribution of income	▪ Higher professionals and industrialists ▪ Executives in the public and private sector ▪ Foreign FIs ▪ Managerial and well-paid white collar employees
Investment strategy	**Product objective**
Aggressive growth of fund through investment in fast growing medium and small size companies	Aims to provide long term capital appreciation as primary objective and income as secondary objective
Portfolio composition	
Portfolio consisting of at last 40 per cent fund in equities upto 40 per cent in debt and upto 20 per cent in money market instruments	
Benefits	
▪ Low minimum investment ▪ Periodic distribution of income ▪ No exit load ▪ High safety and flexibility ▪ Scheme is open throughout the year	

Prima Plus	
Product profile/features	**Target segment**
▪ Open-end diversified growth scheme ▪ Both growth plan and dividend plan ▪ Entry load 2 per cent ▪ Balanced allocation of fund in equity and debt ▪ Declaration of NAV periodically	▪ Intermediate professionals ▪ Managerial personnel and executives ▪ Self employed individuals having higher earnings ▪ Businessmen
Investment strategy	**Product objective**
The fund manager seeks capital appreciation over the long term by focussing on wealth-creating companies in all sectors	Aim to provide growth of capital plus regular dividend
Portfolio composition	
The fund has a balanced composition of equity and debt with allocation of at least 40 per cent in equities and upto 40 per cent in debt and upto 20 per cent in money market instruments.	
Benefits	
▪ Low minimum investment ▪ Periodic distribution of income under dividend plan ▪ No exit load ▪ Steady growth of fund ▪ Automatic balancing of debt-equity ratio to maximise return	

<table>
<tr><th colspan="2">Infotech Fund</th></tr>
<tr><th>Product profile/features</th><th>Product objective</th></tr>
<tr><td>Open-end sector specific scheme
Minimum investment for new/existing investors Rs. 5000/ Rs.10000
Entry load 2 per cent and exist load nil
Repurchase price at NAV
Growth and income option</td><td>Businessmen, professionals employees with high income
Self employed with high investment
Foreign FIs
Non-resident Indians</td></tr>
<tr><th>Portfolio strategy</th><th>Product objective</th></tr>
<tr><td>The fund manager seeks above normal capital appreciation through investment in high quality, fast growing companies in the infotech sector.</td><td>Seek to provide long term capital appreciation by investing primarily in infotech companies</td></tr>
<tr><th colspan="2">Portfolio composition</th></tr>
<tr><td colspan="2">Portfolio of infotech fund comprises of equities upto 100 per cent and money market instrument upto 35 per cent.</td></tr>
<tr><th colspan="2">Benefits</th></tr>
<tr><td colspan="2">High return
Flexibility and marketability
Investment in highly rated securities
No exit load
Periodic distribution of income for income option</td></tr>
</table>

<table>
<tr><th colspan="2">Tax Shield</th></tr>
<tr><th>Product profile/features</th><th>Target segment</th></tr>
<tr><td>▪ Open-end equity linked saving scheme
▪ Minimum investment for new/existing investors Rs. 500/ Rs. 500
▪ Growth and dividend plan options
▪ Repurchase at NAV
▪ Tax rebate</td><td>▪ Businessmen, professionals and employees who are in the tax net
▪ Self employed individuals with income tax liability</td></tr>
<tr><th>Portfolio strategy</th><th>Product objective</th></tr>
<tr><td>The fund manager seeks steady growth by maintaining a diversified portfolio of equities across sectors.</td><td>Seek to provide growth of fund and tax saving with a three year time horizon.</td></tr>
<tr><th colspan="2">Portfolio composition</th></tr>
<tr><td colspan="2">The portfolio of fund consists of equities/PSU bonds upto 100 per cent debentures upto 20 per cent and money market instrument upto 20 per cent.</td></tr>
<tr><th colspan="2">Benefits</th></tr>
<tr><td colspan="2">▪ Investment upto Rs. 1000 in a financial year qualify for tax rebate
▪ Very low minimum investment
▪ Higher effective return due to tax rebate
▪ No exit load</td></tr>
</table>

<table>
<tr><th colspan="2">Children's Asset Plan</th></tr>
<tr><th>Product profile/features</th><th>Target segment</th></tr>
<tr><td>▪ Open and income scheme
▪ Minimum investment for new/ existing investors Rs. 2000/ Rs.500
▪ Gift plan and education plan
▪ No entry and exit load
▪ No lock-in period</td><td>▪ Businessmen, professionals and employees with dependent children
▪ Landed proprietors and self employed individuals with dependent children</td></tr>
<tr><th>Portfolio strategy</th><th>Product objective</th></tr>
<tr><td>The portfolio seeks to attain optimum return from investment in the form of income and capital appreciation.</td><td>Seek to fulfill the dreams of parents who want to secure children's future through appropriate financial products.</td></tr>
<tr><th colspan="2">Portfolio composition</th></tr>
<tr><td colspan="2">The portfolio design composed highly rated debt instrument upto 40-60 per cent and upto 40-50 per cent in money market instrument.</td></tr>
<tr><th colspan="2">Benefits</th></tr>
<tr><td colspan="2">▪ Tax free dividend
▪ Favourable capital gain tax treatment
▪ No entry and exit load
▪ Overnight redemption facility
▪ Low minimum investment
▪ Safety and liquidity</td></tr>
</table>

<table>
<tr><th colspan="2">Balanced Fund</th></tr>
<tr><th>Product profile/features</th><th>Target segment</th></tr>
<tr><td>

- Open-end equity linked saving scheme
- Minimum investment for new/existing investors Rs. 5000/ Rs.1000
- Entry load 2 per cent
- Multiple 'plans' for different segments
- Growth plan and dividend plan

</td><td>

- Intermediate professionals and managerial personnels with medium risk tolerance
- Self employed individuals
- Retired employees who want stable return
- White-collar employers

</td></tr>
<tr><th>Portfolio strategy</th><th>Product objective</th></tr>
<tr><td>The fund manager seeks to strike an optimum balance between growth and stability by maintaining a diversified portfolio of equities and debt.</td><td>Seek to provide long term growth of capital and current income.</td></tr>
<tr><th colspan="2">Portfolio composition</th></tr>
<tr><td colspan="2">Portfolio composition of the scheme consists of high quality equity upto 60 per cent, debt upto 40 per cent and government securities upto 10 per cent.</td></tr>
<tr><th colspan="2">Benefits</th></tr>
<tr><td colspan="2">

- Long term capital appreciation with stability
- Tax free dividend
- Favourable capital gains tax treatment
- No lock-in period
- Sale/purchase on ongoing basis at NAV.

</td></tr>
</table>

Section Five

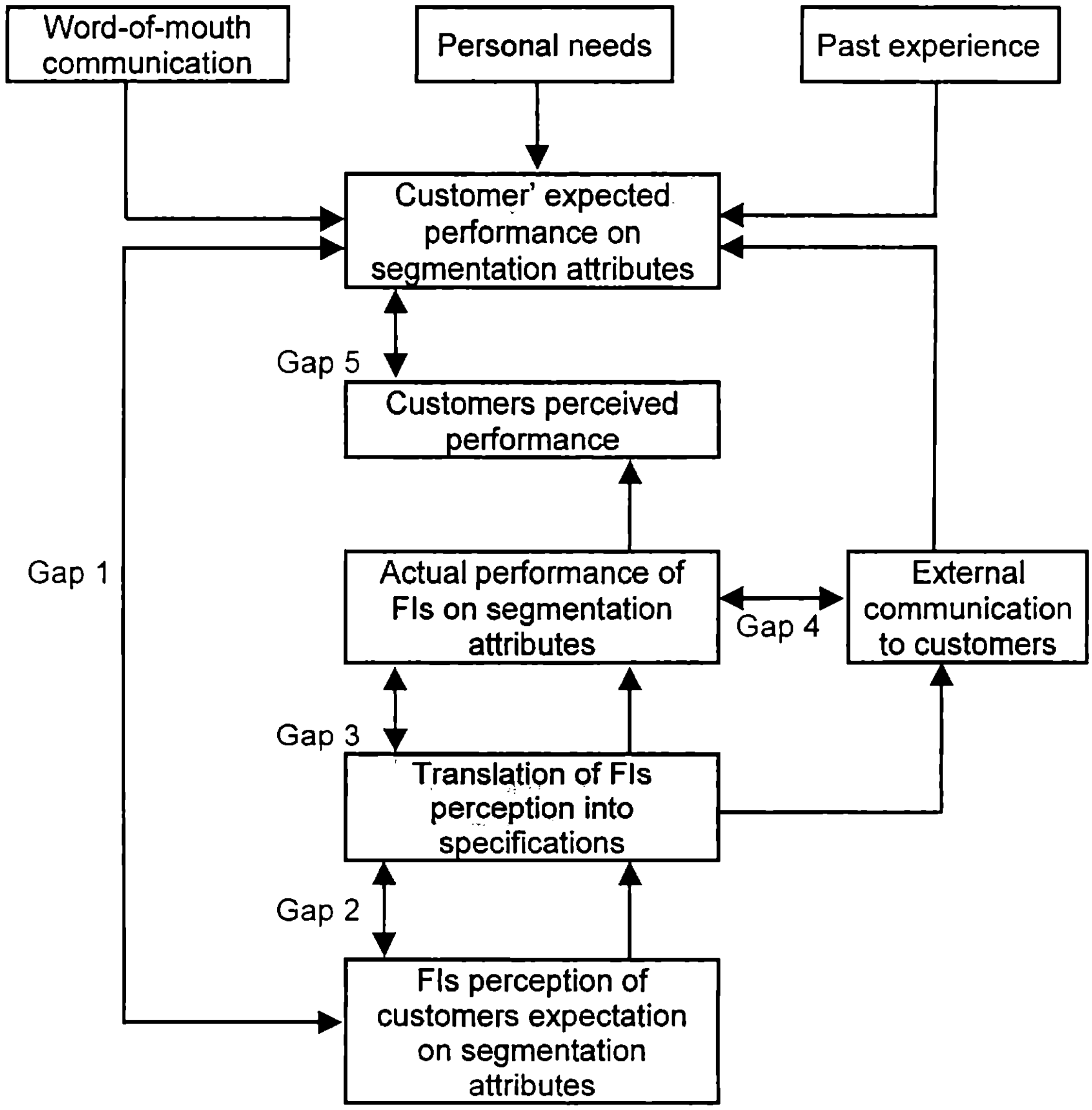
Gaps/deficiencies in market segmentation by financial institutions

Analysis of gaps/deficiencies of FIs in respect of market segmentation is an important objective of the research study. Questions on measuring gapes were included in the questionnaire administered on customers. In this section, the result of the analysis of this data would be presented. Segmentation gaps analysis offers a detailed framework, which can be used to measure and analyse the deficiencies in the performance of FIs in terms of various attributes on market segmentation. For this purpose a segmentation gap analysis framework was designed on the basis of the research findings on market segmentation and financial product marketing. Theories formulated by Weinstein (1987), Engel et al., (1972) on market segmentation and its application are also adopted with certain modification in framing the framework for gap analysis. In this framework, the gaps/deficiencies on market segmentation was measured by comparing the customers perceived performance of FI in respect of some segmentation attributes and their expected performance. The presence of these attributes is a prerequisite for framing the marketing strategies and tactics on a specific and micro approach to the market and a sophisticated and dynamic approach to segmentation. Any gaps/deficiencies in these attributes results in dissatisfaction of customers and negative post-saving and investment behaviour.

The segmentation gap framework identifies gaps as depicted in Figure 4.26.

Figure 4.26

Market segmentation gap analysis framework



The first gap/deficiency in market segmentation is the difference between customer's expectation on segmentation attributes and FIs perception on customer's expectations. Financial institutions often treat certain attributes as relatively irrelevant in fulfilling the requirement of a particular segment, whilst customers earnestly want them. In this analysis these gaps were measured in terms of score assigned by customers in respect of these attributes.

The second gap is the difference between financial institution's perceptions of customer's expectations and segmentation attributes specification. FIs set specifications for attributes based on their feelings on the requirements of customer segments and it may result in inaccurate specifications and consequent deficiency in segmentation.

The third gap in segmentation is on account of difference between specifications and actual performance of FIs in respect of these attributes. Since actual performance depends on number of factors, it is extremely difficult to ensure that actual performance is in accordance with specifications. A major reason for this gap is the deficiencies in the performance of people who render financial services to customers, since different segments expect different levels of performance from the staff.

The fourth gap is the difference between performance in respect of attributes and communication to customer segment about performance. This communication creates an expectation in the mind of customers, which may not materialise and results in dissatisfaction of customers.

The fifth gap presents the difference between actual performance and customer perception on segmentation attributes. In this context customer perception on performance would be influenced by subjective judgement and there is difference among different segment in the perception of same performance.

The last gap is the difference between customers expected performance and perceived performance. Customers/expected performance in respect of attribute is influenced by number of factors such as words of mouth communication, personal needs, past experience and communication from FIs about performance. Thus other gaps presented in the gap framework contribute the last gap.

In this segmentation gaps analysis, the deficiency in segmentation is measured in terms of some attributes, which are used in research on market segmentation. The research studies of Speed and Smith (1990), Anderson and Fulcher (1976) have presented some attributes, which are very useful in identifying various attributes selected for this segmentation gap analysis.

As FIs are often perceived to be extremely similar to each other, it is very important to understand which attributes are particularly important to customer segments. The deficiencies/gaps in respect of these attributes was measured by comparing customers perceived value of these attributes and expected value on the basis of score assigned to these attributes by customers. Scores assigned by customers in respect of these attributes were presented in terms of unity where '1' would be the maximum value. Assigned scores would be equal to unity or one and less than unity are considered as the index for expected performance and perceived performance of FIs in respect of these attributes.

As mentioned earlier, the gap in segmentation attributes was the result of various forms of gaps presented in the gap analysis framework. Customers of different segments have different expectation ,on these attributes and their perception on these attributes is also different. The result of this type of analysis could help FI to have a better understanding of financial needs and requirements of different customer segment and to diagnose the deficiencies in fulfilling the expectations of customers in respect of these attributes which are considered as very important by customers.

Gap analysis - Life Insurance Corporation of India

As already discussed, the gaps/deficiencies of FIs in marketing segmentation is measured in terms of segmentation attributes. In this section the segmentation gaps, deficiencies of LIC is measured in terms of these attributes. For this purpose respondents who are the customers of LIC are asked to assign score to the twelve attributes which are descriptively presented in the questionnaire. The result of the analysis is presented in Table 4.42 and Figure 4.27

Table 4.42

Segmentation gap analysis - Life Insurance Corporation of India

Expected and perceived value indices of attributes

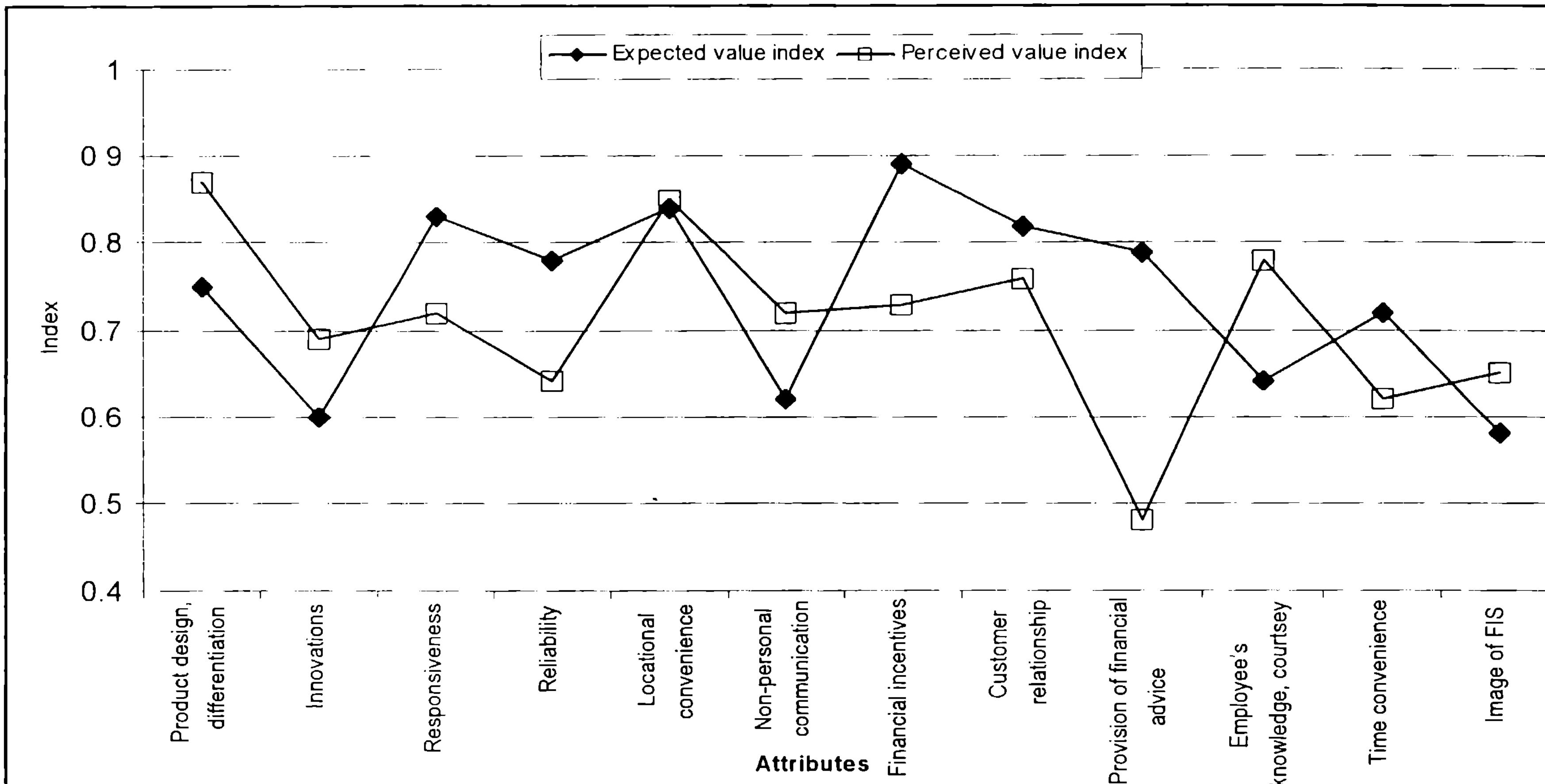
Attributes	Expected value index	Perceived value index
Product design, Differentiation	0.75	0.87
Innovations	0.60	0.69
Responsiveness	0.83	0.72
Reliability	0.78	0.64
Locational convenience	0.84	0.85
Non-personal communication	0.62	0.72
Financial incentives	0.89	0.73
Customer relationship	0.82	0.76
Provision of financial advice	0.79	0.48
Employee's knowledge, courtesy	0.64	0.78
Time convenience	0.72	0.62
Image of FIs	0.58	0.65
Sample size 189		

Source: Primary data

Figure 4.27

Segmentation Gap Analysis - Life Insurance Corporation of India

Expected and perceived value indices of attributes



Results of the gap analysis to diagnose deficiencies in market segmentation by LIC in respect of selected attributes reveal that financial incentives, locational convenience, responsiveness are very important to different customer segments and the expected value index in respect of these attributes are high. However, the analysis shows that in respect of responsiveness and financial incentives there are deficiencies on the part of LIC because it cannot perform according to the expectation of different customer segments in respect of these attributes. Similarly, customers of different segments have high expectation in respect of provision of financial advice, but from the low perceived value index the poor performance of LIC in providing financial advice to the customers can be understood. This deficiency/gap is very clear from the noticeable difference between expected value index of 0.79 and perceived value index of 0.48.

But in respect of product design, differentiation, innovations, employee's knowledge courtesy, image etc., LIC performed much above the expectations of customer segments. There should be match between expected value and perceived value to satisfy different customer segments to ensure optimum utilisation of resources. In order to attract customers of different segments, the LIC should infuse more innovations in the offerings and show more responsiveness by providing prompt service. LIC is almost successful in creating good image about company and its offerings, which is very clear from the higher perceived value in respect of the attribute of image. However, generally, the customer segments are dissatisfied with the present hours of service and the corporation should allocate more resources in respect of this attribute to remove its deficiency

Segmentation gap analysis – Unit Trust of India

The results of segmentation gap analysis of UTI with regard to 12 attributes are presented in Table 4.43 and Figure 4.28. The comparative analysis of expected values and perceived values in respect of various attributes brings out deficiencies/gaps of UTI in market segmentation.

Table 4.43

Segmentation gap analysis - Unit Trust of India

Expected and perceived value indices of attributes

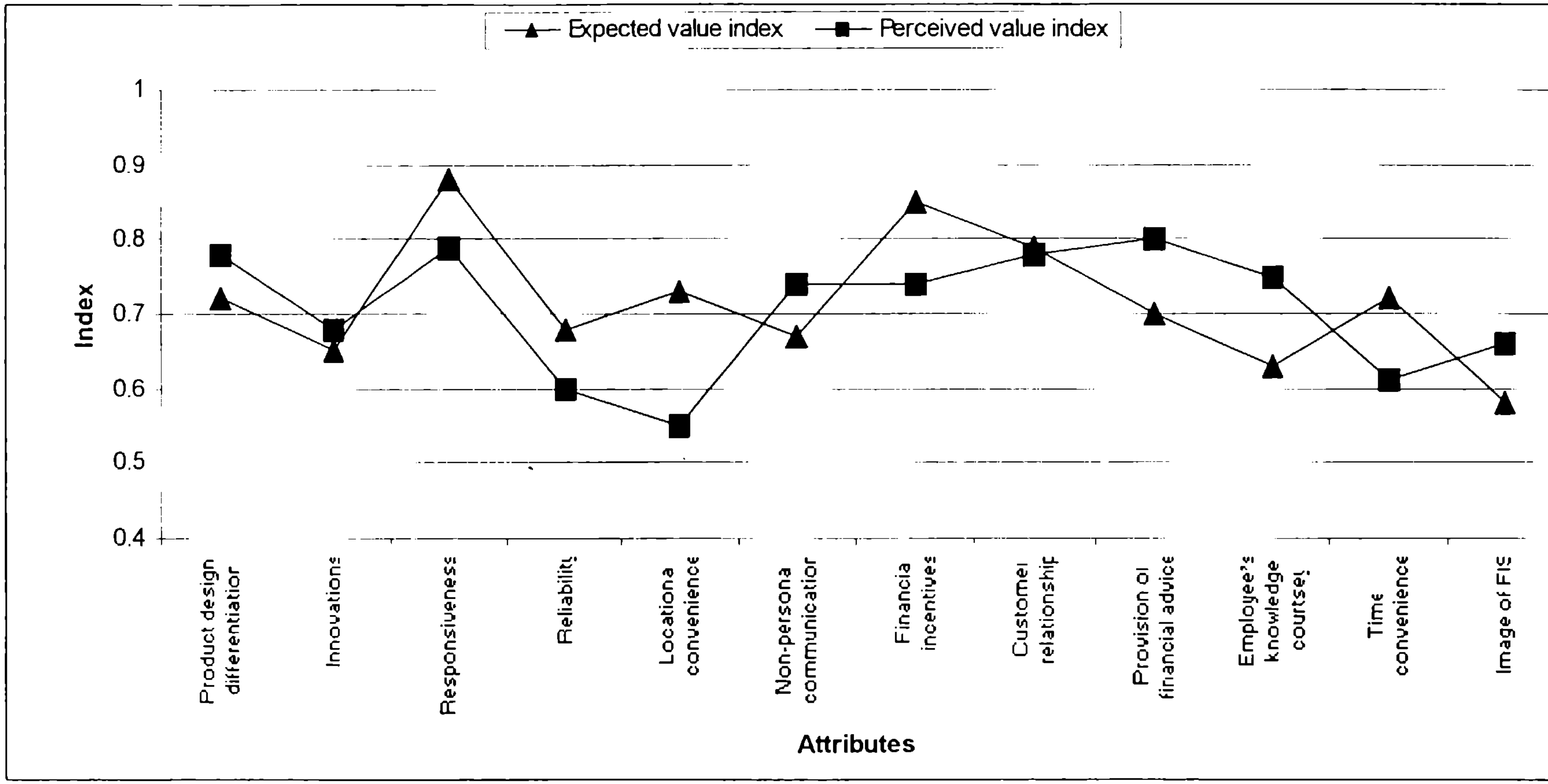
Segmentation Attributes	Expected value index	Perceived value index
Product design, differentiation	0.72	0.78
Innovations	0.65	0.68
Responsiveness	0.88	0.79
Reliability	0.68	0.60
Locational convenience	0.73	0.55
Non-personal communication	0.67	0.74
Financial incentives	0.85	0.74
Customer relationship	0.79	0.78
Provision of financial advice	0.70	0.80
Employee's knowledge, courtesy	0.63	0.75
Time convenience	0.72	0.61
Image	0.58	0.66
Sample size 143		

Source: Primary data

Figure 4.28

Segmentation Gap Analysis- Unit Trust of India

Expected and perceived value indices of segmentation attributes



As depicted in Table 4.43 and Figure 4.28 the deficiencies of Unit Trust of India in respect of responsiveness and reliability, which are very important attributes sought by different customer segments. However, by putting little effort, UTI can improve its position in respect of each attributes, which help UTI to render dependable and reliable financial service to different customer segments. The UTI is successful in market segmentation in terms of customer relationship, provision of financial advice, employee's knowledge and courtesy to which UTI get higher perceived value. The achievements of UTI in designing innovative financial products to satisfy the financial needs of customer segments is very clear from the perceived value index of 0.78 against this attribute. The weakness of UTI in respect of certain prominent segmentation attributes such as time convenience and locational convenience also need special attention.

Therefore, UTI should analyse the deficiencies the above mentioned attributes and it should allocate more resources to enhance the performance. In fact, UTI have the resources of competence in addressing such deficiencies which is very urgent considering the challenges posed by the private players in the mutual fund market.

Segmentation gap analysis – State Bank of India

The result of segmentation gap analysis of State Bank of India with regard to 12 attributes are presented in Table 4.44 and Figure 4.29. The gap/deficiencies in the segmentation approach of SBI can be studied by comparing expected value index and perceived value index in respect of different attributes.

Table 4.44

Segmentation gap analysis – State Bank of India

Expected and perceived value indices of attributes

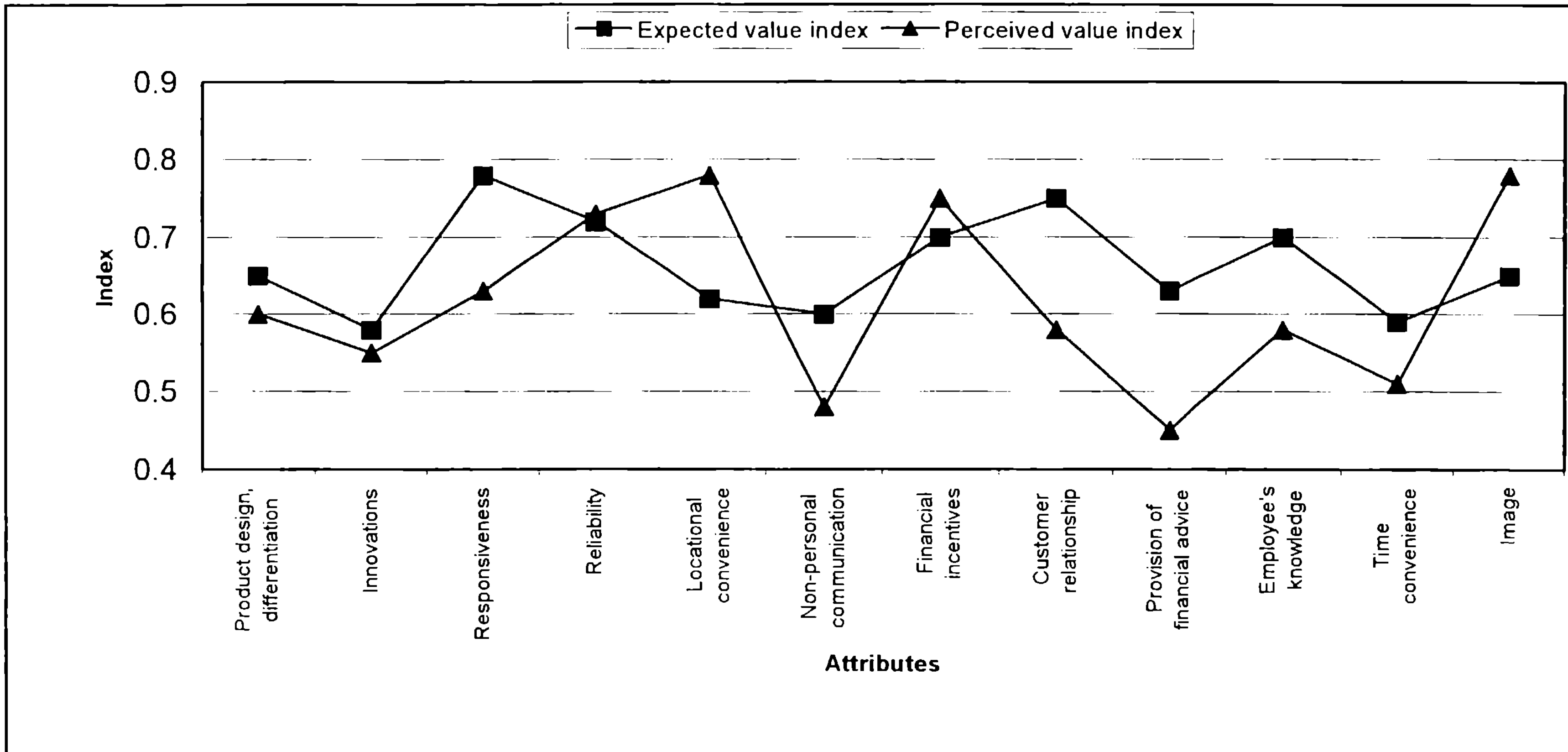
Segmentation Attributes	Expected value index	Perceived value index
Product design, differentiation	0.65	0.60
Innovations	0.58	0.55
Responsiveness	0.78	0.63
Reliability	0.72	0.73
Locational convenience	0.62	0.78
Non-personal communication	0.60	0.48
Financial incentives	0.70	0.75
Customer relationship	0.75	0.58
Provision of financial advice	0.63	0.45
Employee's knowledge, courtesy	0.70	0.58
Time convenience	0.59	0.51
Image	0.65	0.78
Sample size – 157		

Source: Primary data

Figure 4.29

Segmentation Gap Analysis- State Bank of India

Expected and perceived value indices of segmentation attributes



Analysis of deficiencies/gaps of State Bank of India in market segmentation suggests that, SBI is very weak in providing prompt service (responsiveness) customer relationship (individual care and attention), provision of financial advice etc. However, State Bank of India is performing well in distribution of branches (locational convenience) in creating better impression in the mind of different customer segments (Image) and reliability. In maintaining knowledgeable and courteous employees the bank is very close to the expectation of their customer segments because perceived value index and expected value index in respect of these attributes are 0.68 and 0.70 respectively. Even though advertising (non-personal communication) is not a very important attribute influencing customers the perceived value index in respect of this attribute is only 0.48 in comparison to the expected value of 0.60 shows the deficiency of the bank in designing suitable promotion strategies.

Overall the SBI needs to improve it performance with regard to various attributes by judicious allocation of resources to the areas of deficiencies. It is to be noted that there is lot of scope for improvement in respect of these attributes since the SBI is the leading public sector bank in India having substantial financial and physical resources and expertise to excel in any area.

The Federal Bank Limited – Segmentation gap analysis

The result of segmentation gap analysis of FBL is presented in Table 4.45 and Figure 4.30 through a comparative analysis of expected value and perceived value index in respect of 12 attributes.

Table 4.45

Segmentation gap analysis - The Federal Bank Limited

Expected and perceived value indices of segmentation attributes

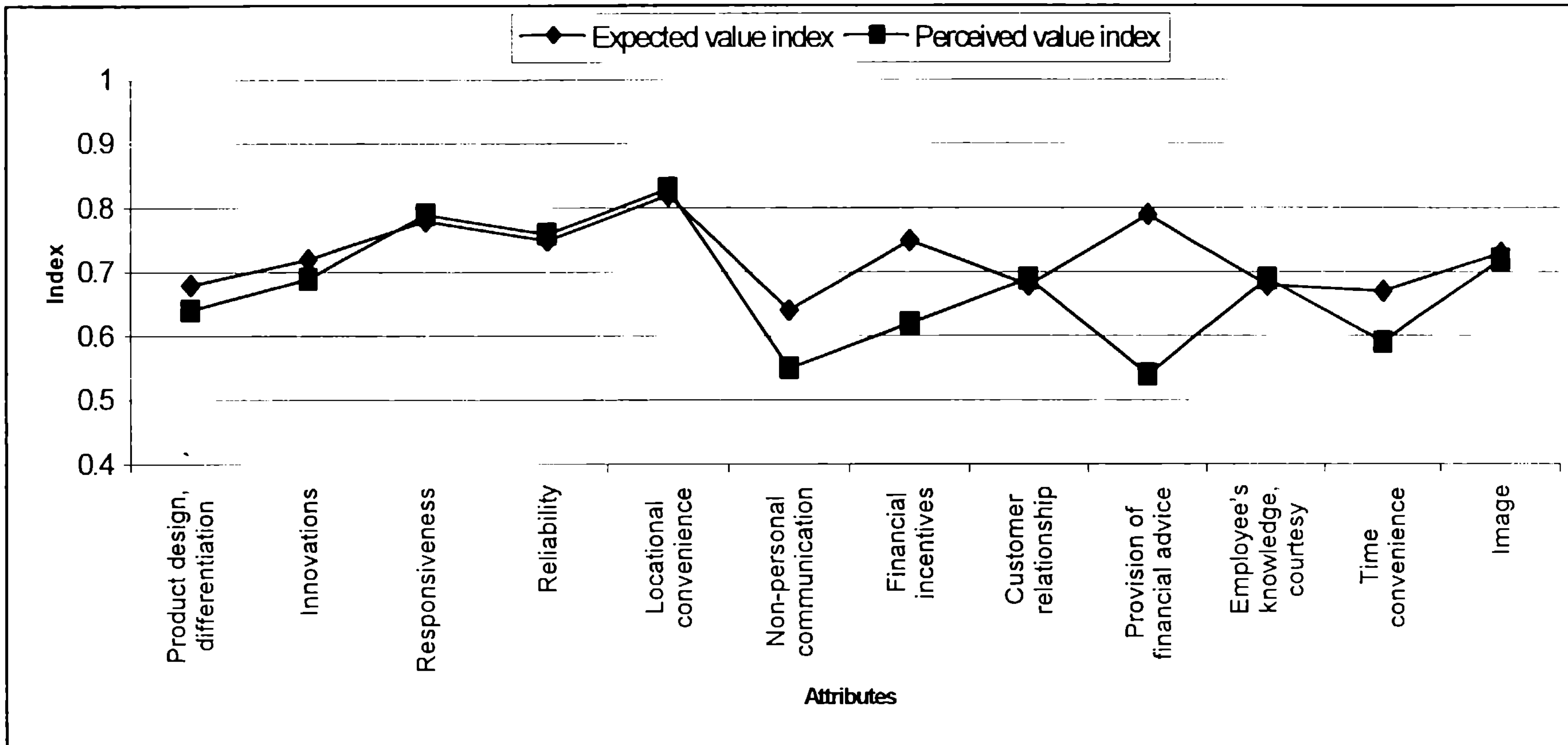
Segmentation Attributes	Expected value index	Perceived value index
Product design, differentiation	0.68	0.64
Innovations	0.72	0.69
Responsiveness	0.78	0.79
Reliability	0.75	0.76
Locational convenience	0.82	0.83
Non-personal communication	0.64	0.55
Financial incentives	0.75	0.62
Customer relationship	0.68	0.69
Provision of financial advice	0.79	0.54
Employee's knowledge, courtesy	0.68	0.69
Time convenience	0.67	0.59
Image	0.73	0.72
Sample size – 154		

Source: Primary data

Figure 4.30

Segmentation Gap Analysis – Federal Bank Ltd.

Expected and perceived value indices of segmentation attributes



The aggregate results of the gap analysis of FBL suggests that there are a number of segmentation attributes in respect of which expected values of FBL are higher than the perceived value index. However, the difference between the two values is not very significant which suggests that competence and competitiveness of FBL in market segmentation can be enhanced by resorting to course of actions to do away with the reasons for these deficiencies.

As per the Table 4.45 and Figure 4.30, the deficiency of the FBL with regard to product design and differentiation, innovations, personal communications etc. it is evident from the fact that customers assign lower perceived value in respect of these attributes in comparison to expected values. However, the excellence of FBL with regard to responsiveness, locational convenience, customer relationship and employees knowledge and courtesy can be inferred from the perceived value obtained by FBL in respect of these attributes. Particularly, FBL is successful in matching the expectations of customers with the perceived performance in respect of these attributes, which naturally eliminates overutilisation of the resources for the creation of higher perceived value, which do harm to FI in the long run.

Segmentation gap analysis - Kothari pioneer mutual fund

The results of segmentation gap analysis of KPMF with regard to 12 attributes are presented in Table 4.46 and Figure 4.31. The segmentation deficiencies/gaps are examined through a comparative analysis of expected value index and perceived value index assigned by respondent in respect of different attributes.

Table 4.46

Segmentation gap analysis - Kothari Pioneer mutual fund

Expected and perceived value indices of segmentation attributes

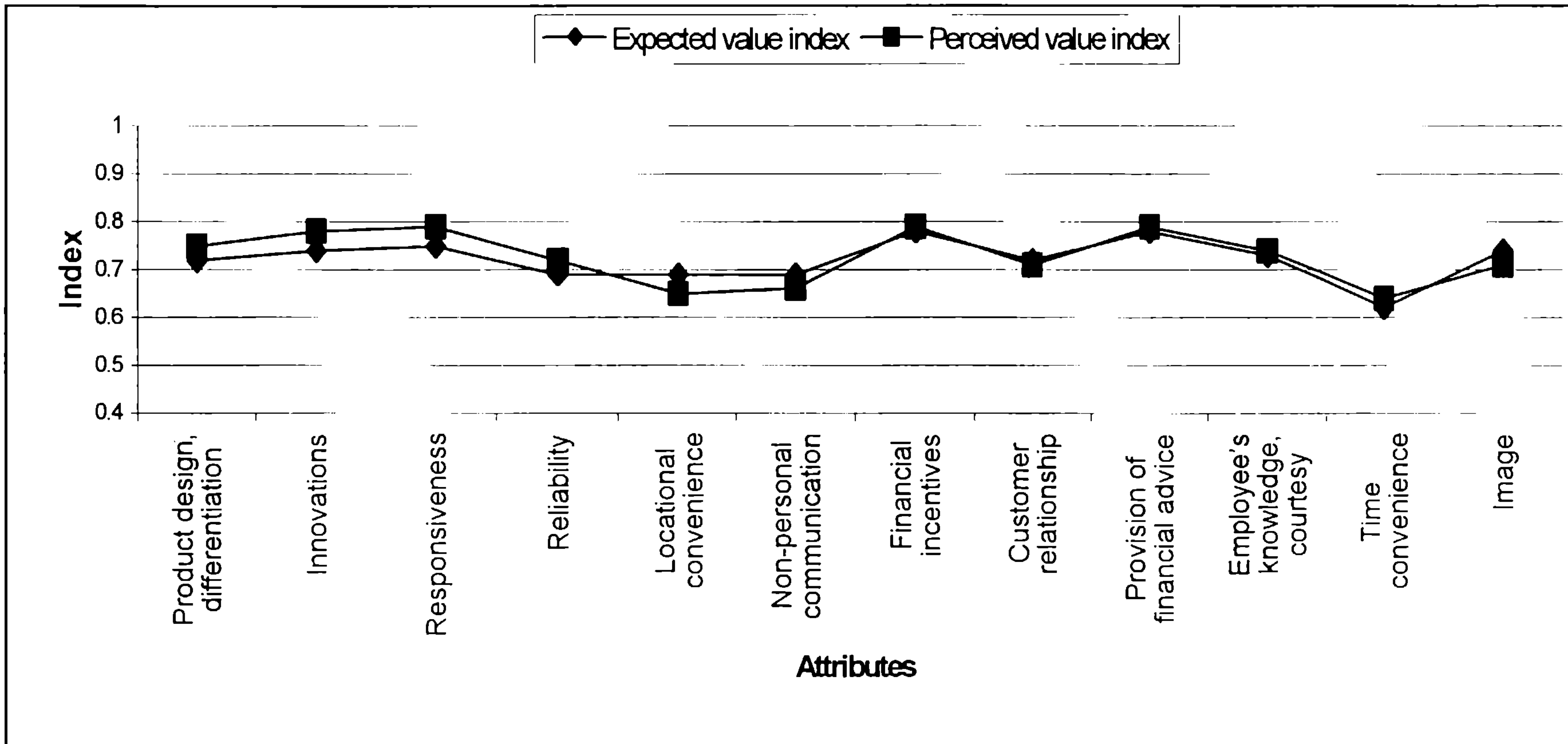
Segmentation Attributes	Expected value index	Perceived value index
Product design, differentiation	0.72	0.75
Innovations	0.74	0.78
Responsiveness	0.75	0.79
Reliability	0.69	0.72
Locational convenience	0.69	0.65
Non-personal communication	0.69	0.66
Financial incentives	0.78	0.79
Customer relationship	0.72	0.71
Provision of financial advice	0.78	0.79
Employee's knowledge, courtesy	0.73	0.74
Time convenience	0.62	0.64
Image	0.74	0.71
Sample size – 105		

Source: Primary data

Figure 4.31

Segmentation gap analysis - Kothari Pioneer Mutual Fund

Expected and perceived value indices of segmentation attributes



The competence of KPMF in fulfilling the expectations of customers in respect of various attributes is depicted in Table 4.46 and Figure 4.31. Being a private player in the financial market, KPMF exhibits high degree of professionalism and innovations in segmentation approach by infusing the most attractive elements in attributes, which are very important from the point of view of customers.

In product design and differentiation the straight of KPMF is very clear from the higher perceived value assigned by customers which slightly higher than the expected value index in respect of this attribute. Similarly, the superior position of KPMF in delivering higher customer value is evident from the higher perceived value assigned by customers to innovations, responsiveness, reliability and financial incentives. Customers who maintain portfolios having equities and mutual fund products used to seek the advice of FIs to select the most suitable financial product to design their portfolio. Since locational convenience in terms of network of branches and service centres is not an important consideration for the customers of investment intermediaries, the deficiency of KPMF in respect of this attribute may not be a serious matter considering the higher, perceived value obtained by it in respect of other attributes. However, the lower perceived value assigned to KPMF in respect of image should be viewed more seriously since image and credibility of the FIs are the important attributes influencing various customer segments in the selection of FIs and financial products.

Segmentation gap analysis – National Saving Scheme

The segmentation gap/deficiencies of NSS are also measured in terms of 12 attributes and the results of the analysis is presented in Table 4.47 and Figure 4.32.

Table 4.47

Segmentation Gap Analysis – National Saving Scheme

Expected and perceived value indices of segmentation attributes

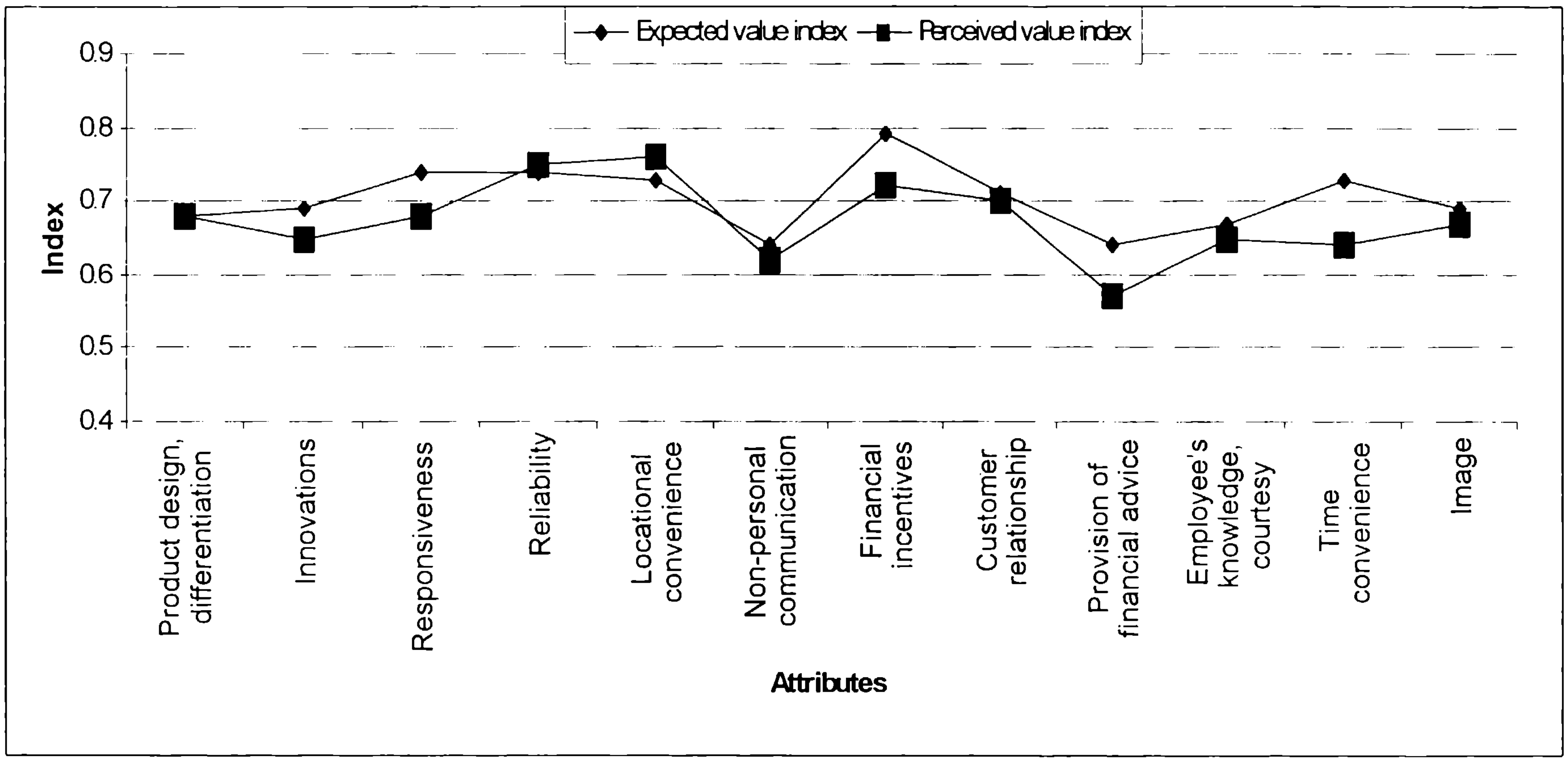
Segmentation Attributes	Expected value index	Perceived value index
Product design, differentiation	0.68	0.68
Innovations	0.69	0.65
Responsiveness	0.74	0.68
Reliability	0.74	0.75
Locational convenience	0.73	0.76
Non-personal communication	0.64	0.62
Financial incentives	0.79	0.72
Customer relationship	0.71	0.70
Provision of financial advice	0.64	0.57
Employee's knowledge, courtesy	0.67	0.65
Time convenience	0.73	0.64
Image	0.69	0.67
Sample size – 198		

Source: Primary data

Figure 4.32

Segmentation Gap Analysis – National Saving Scheme

Expected and perceived value indices of segmentation attributes



As per the analysis expected value index and perceived value index presented in Table 4.48 shows the superiority of NSS in respect of product design, reliability and locational convenience. The perceived value index in respect of the above attributes are 0.68, 0.75 and 0.76 respectively which are matched with the expected value index. However, the perceived value index of NSS with regard to the other attributes are comparatively low that reflects the underutilisation of resources in respect of these attributes. Especially, the gaps/deficiencies of NSS in respect of time conveniences, provision of financial advice and financial incentives are very high considering the wide gap between expected value index and perceived value index. Therefore, more allocation of resources is needed to these attributes to do away the above gaps.

Discussion

In the earlier part of this research report, it was reported that market segmentation by financial institution is the area of this study. Identification and analysis of segmentation variables employed by FIs, segmentation competitiveness analysis, cluster analysis, product analysis and segmentation gap analysis are the various dimensions of the topic circumscribed in the framework of this study.

The identification and analysis of the various segmentation variables employed by FIs brings to highlight certain facts, which are informative and interesting. As per table 4.2, 4.3 and 4.4 all the six FIs selected in the study have been using demographic variable in market segmentation. Related studies also suggest the same approach by all çategories of FIs without any regional constraints. This finding is consistent with the result of the study by Berry (1969) Burnett (1996) in which they investigated the approach of FIs in employing demographic segmentation variables. Sex, age, occupation, income life cycle stages etc. are demographic variables successfully employed by FIs. Product analysis also confirms these findings because some products designed by FIs target various customer segments created on the basis of demographic variables. Salary plus account by SBI for employees, Mahila Unit Scheme by UTI for women, Jeevan Sukanya by LIC for children between 1 to 12 years Pioneer ITI Monthly Income Plan by KPMF, for middle income segments are certain examples of financial products meant for different demographic segments.

Psychographic variables are also appeared to be very popular in FI's market segmentation. Even though psychographic variable cannot express in clearly defined quantitative measures, these are found to be very effective if other traditional means of segmentation do not produce the expected results. The observations made by William (1975) Bickley (1985) in their illustrious studies also confirm the suitability of psychographic variables in conjunction with demographic variables. In his study, saving motives, attitude towards risk, some life style characteristics have been identified as prominent forms of psychographic variables in FIs market segmentation. Moutinho et al., (1989) in their studies examined the impact of some psychographic variables in bank marketing and their findings which are consistent with the findings of this study.

Table 4.6 clearly suggests that the impact of age on customer behaviour is very significant. The pattern and preferences of customers' financial needs, propensity to save, risk tolerance etc., have relationship with age which is depicted in the tables. The high saving propensity of the middle-aged segments irrespective of other demographic differences, high risk tolerance of customers belonging to the lower age group high preference for regular income and liquidity preference of the old age group are very interesting results derived from the analysis of the present study. Guptha (1987) in his studies, also investigated various issues of savings behaviour of customers' belonging to household sector and his observations are in conformity with the result of this study. Mason (1987) in his study also found a strong relationship between savings behaviour and demographic variables. Even though age is considered to be a traditional variable in market segmentation, FIs have been employing it successfully in market segmentation. Senior citizen deposit schemes introduced by SBI and FBL, deposit scheme for the retiring employees launched by NSS, retirement benefit plan by UTI and children's career plans by UTI are the various products tailored by FIs to satisfy the requirements of various age groups.

Analysis of segmentation variables also shows the popularity of variable sex in the marketing of financial products by FIs. An analysis of composition of customers of FIs indicates clear domination of male segment. However, FIs have been exploring the possibility of tapping the potential of the female segments by effecting certain strategic changes in segmentation approach. Because the financial independence and increasing involvement of the female segment in the saving decision is increasing with the liberation of women and the consequent equal opportunities in education and employment. Jeevan Sneha of LIC and Mahila Unit Scheme of UTI and some other offers exclusively designed for the female segments suggest the feminine touch in the segmentation approach of FIs. The study by Yam (1991) on women's banking behaviour reports results which are almost similar to the results of this study. In the past when male domination was the pattern of social life, FIs had neglected this dark horse. However, the recognition of financial independence and commercial influence of women segments by FIs is a welcome trend in the market segmentation approach.

Table 4.7 reveals the strong relationship between education and customer behaviour. It suggests that the more the education the more the saving propensity, solvency consciousness, risk tolerance etc. Even though the level of education of customers has not been individually employed in market segmentation, this variable is rather important in designing the offers to different segments. For example while selling financial products to customer segments with low education, FIs adopt more helpful approach to execute the transaction since customers in the segment do not know even how to fill up the necessary forms. For this, FIs may integrate the necessary modification in the routine processes and customer services that are important elements in the financial marketing mix. Thus education, is an important person-specific demographic variable which exerts significant influence on saving decisions of customers. The study of the impact of the level of education of customers in market segmentation by FIs by Dupoy et al., (1976) also suggests valuables clues for effective segmentation.

An analysis of the behaviour of the occupation segments as per table 4.8 indicates that there are five occupation segments targeted by FIs i.e employees, professionals, businessmen, the retired and the self-employed. The analysis reveals that businessmen have the highest propensity to save and long term financial goals which is reflected in their high rate of saving and preference for growth oriented financial products. FIs offers special financial products to satisfy their specific requirements. Salary plus account by SBI, super saving account of FBL designed for employees and professionals, deposit scheme for retiring government employees by NSS, saving product for employees under VRS schemes are certain specific examples of financial products designed by FIs for the occupational segments. All these products are analysed in the product analysis section, which furnishes a descriptive picture of different products offered by FIs. Observations of Langrehr (1982) in his study on the special characteristics of various occupational segments indicate that FIs try to identify the occupational groups that have an above average interest in various financial products and they even specialise in designing products demanded by a particular occupational segment. Any way, in the financial market, the use of occupation in single variable and multivariable segmentation definitely help to create and maintain more precise and satisfying marketing mix.

As per table 4.6, income is yet another powerful demographic variable widely employed by FIs for market segmentation. Study of this person-specific variable indicates that, it causes noticeable variations in customer behaviour, brand preferences, risk tolerance, saving motives etc. of different customer segments. High saving propensity, favourable attitude towards growth-oriented financial products, high preference for mutual fund products of customers belonging to high income strata and low saving propensity and irrational spending habits, high liquidity preferences of low income strata are the main highlights of the analysis in respect of this variable. Findings consistent with the present study is reported by Javalgi (1992) in his illustrious study on the saving behaviour of financially affluent customer segment. He observes that because of a favourable financial attitude and a positive attitude towards savings and credit, the FIs always try to tailor financial products to satisfy the affluent customer segment. Thus as per this study also, FIs have a special liking to the higher income group. Consequently, the low income group is neglected by FIs that clearly suggest the untouchability of financially backward segments in the financial market, especially in the post-liberalisation period.

An analysis of life cycle segmentation as per table 4.9 reveals some interesting findings on market segmentation by FIs. Analysis indicates that, whilst other variables are very important in financial market segmentation, the age and the family composition of life cycle stage are widely recognised as valuable predictors of savings behaviour and the banking habits of customers. Five major life cycle segments that have distinctive characteristics are diagnosed in the analysis. As observed by Rajarajan (1998), the financial needs of households customers change significantly from the bachelor and the young married expecting easy credit with low saving propensity, to older empty households, who have a credit aversion and a relatively higher saving propensity.

There are slight differences in the characteristics of different lifecycle segments as per the different studies (Rajaran, 1998; Javalgi, 1999). The present study also reveals distinctive characteristics of life cycle segment in respect of financial attitude and customer behaviour Bachelor empty nest, young married empty nest, young married full nest and older full nest and older empty nest are the major life cycle segments identified in the analysis, which reveal some interesting and informative clues about the characteristics of these segments. FIs should be pragmatic in investigating the behaviour of the lifecycle segments so that the segmentation approach may be mutually beneficial to the customers and the FIs.

Table 4.10 presents the degree of the influence of the different saving motives on customers in the purchase of financial products. As per the result of the analysis, safety has been identified as the most influencing motive followed by liquidity and return. In the liberalised financial market that is controlled by market forces the tremendous influence of this motive on the customer's decision process needs the special attention of FIs. Even though, some greedy customers may go for abnormal return from financial products launched by fly-by-right FIs, in the long run FIs that can fulfill the requirement of safety of fund will definitely get recognition and acceptance from customers.

An important highlight of this analysis is the influence of liquidity factor in customer decision with regard to financial products. Even though return is an important consideration of customers, the mean score of degree of influence of liquidity suggests that customers are not prepared to wait for long period to get the benefits of a financial product. In the fast changing market environment customers consider long term financial instruments as 'dead investment' Table 4.11 that presents the segment-wise analysis of the influence of savings motives confirms the results of aggregate analysis as per table 4.10. The difference in the degree of influence of saving motives on different customer segments is ascertained by measuring P values in respect of the scores. As per the result of the table 4.12 there exists a significant difference in the degree of influence of different saving motives on the purchase decision of customers.

The results of the analysis of risk tolerance of customers is presented in table 4.13. As per the analysis, there are three categories of customer segments in term of their attitude towards risk. Categorisation of majority of the customers in the risk averse and the moderate risk-loving segments is an important finding that the FIs must look into. The finding is especially important for mutual fund which develops various products mainly on the basis of risk tolerance of customers. Similarly this finding also confirms the finding on the degree of influence of safety consideration of customers because the high safety consciousness of customers shows the low risk tolerance and vice versa.

Table 4.14 depicts the level of risk tolerance of different customer segments. As per the table, in the age group segments, customers within the age group of 20-35 exhibit more risk tolerance and those belonging to the age group above 65 years exhibit a low risk tolerance. It is a fact that individuals in the lower age groups are comparatively more adventurous and it is naturally reflected in their behaviour in the purchase of financial products too.

Similarly males have more risk tolerance than female because females, are less aggressive and more cautious in financial matters. Analysis of risk tolerance of occupational segments shows that businessmen exhibit a high degree of risk tolerance than the employees, the retired etc. This finding is in conformity with the risk appetite of individuals engaged in different occupations. Everybody knows that usually individuals who have the capacity to assume high risk, undertake business. Therefore in the purchase of financial product also they follow an aggressive strategy and prefer to buy products with high equity components and high return.

Analysis of risk tolerance of customers in the life cycle segments as per table 4.14 suggests that bachelor empty nest has the highest risk tolerance followed by young married full nest. Other life segments exhibit comparatively low risk tolerance. When the individuals have less responsibility and more independence at the lower stages of the life cycle, they would like to assume more risk in the purchase of financial products. That may be a probable reason for the high risk tolerance of the above segments.

Tables 4.18 to 4.22 portray the results of the analysis of market segmentation competitiveness of FIs. Table 4.18 presents the mean score of different factors measuring the segmentation competitiveness of FIs. Customers attach the highest importance to the price attributes in the marketing mix offered by FIs. Monetary return from products, financial incentives and the terms and conditions of payment are the various components considered for measuring segmentation competitiveness. The result of the analysis is an indication of the top priority given by customers to the monetary aspects of financial products in their purchase decisions.

Similarly, according to the importance rating, transparency, simplicity, quickness and convenient hours are also important to customers. It shows that the traditional style of functioning does not help FIs in retaining customers. An interesting finding with regard to the importance of attributes on segmentation competitiveness of FI, is that, as far the promotion factor is concerned, the customers do not feel that the promotion and advertising is a very important factor in the marketing of financial products.

Tables 4.20 and 4.21 that show the segmentation competitiveness of FIs suggests that both the panel of judges and customers view the competitiveness of FIs in a similar way. The overall perceived indices by both the panel of judges and the customers indicate same result that shows the reliability of the measure of segmentation competitiveness. It is interesting to note that as per the tables, the FIs in the private sector have a better segmentation competitiveness than that of the FIs in the public sector. The better performance of FIs in the private sector may be on account of their high spirit of competition, which generally helps private players in business to reach the orbit of excellent performance in a competitive marketing environment. However, sensing the danger of challenges posed by private players, the FIs in the public sector have also been rising upto the occasion to present a better performance by streamlining their market segmentation approach.

A pertinent question, investigated in the study, was on the relationship between the segmentation competitiveness of FIs and post purchase customer behaviour and customer actions. Tables 4.25 and 4.26 present the results of the relationship between these variables. As per the result, a higher segmentation competitiveness definitely leads to positive post purchase customer behaviour and actions, which are reflected in the higher customer satisfaction, positive word-of-mouth decisions, continued patronage and loyalty to the FIs.

The probable reasons for this correlation seems to be the high degree of the market segmentation appeal of FIs, which have a higher segmentation competitiveness. Because better segmentation competitiveness can be achieved only through judicious designing of each component of the marketing mix with the support of an indepth study of customer behaviour.

The FIs must have a diversified customer base - not a handful of big customers. In the latter case, there is the risk of its product objective and strategy skewed to suit a few large customers, which would definitely have a negative impact on the segmentation competitiveness of FIs. Especially, mutual funds should avoid products that have an appeal only to a limited number of customers.

Tables 4.27 – 4.29 present the cluster analysis, which is the technique employed in the study for segmenting customers. Discussion of the result of cluster analysis is already presented in detail in this chapter and in this section, it is proposed to highlight only certain points that are not covered in that chapter. Cluster analysis in respect of three different categories of FIs i.e., depository, contractual and investment is made since customers of different categories of FIs show difference in demographic, psychographic and behaviouristic characteristics.

Cluster analysis with regard to contractual financial institution i.e., LIC reveals seven prominent clusters with distinctive characteristics. Insurance conscious risk-avoiders, saving-conscious reassurance seekers, childrens-future conscious solvency seekers, financial-security conscious regular income seekers, less-risk conscious wealth accumulators, ailment-conscious calculative investors and family-conscious financial planners are the clusters emerged from the cluster analysis in respect of life insurance customers. Among these clusters, cluster I is the most preferred segment of LIC since the customers of this group strongly feel that life insurance is inevitable for life and financial security and the primary motive of this segment is risk coverage. In cluster VI the ailment conscious calculative investors also are insurance conscious and the positive financial attitude of its members towards insurance products considerably reduces the marketing effort of LIC to sell its products to this segment.

In recent years LIC have been popularising the tax benefits of insurance products to attract customer segments that do not believe in insurance protection. Thus, payment of maturity value without any tax liability and other tax incentive during the contract period influence the members of cluster II to invest their savings in an insurance product.

Basically, conventional insurance products offer only protection and sensing the change in the perception of customer segments on insurance, LIC is now introducing sophisticated insurance product variants to satisfy the less insurance conscious customers belonging to cluster II, cluster III and cluster V. Rajkumar (1985) in his study also stresses the importance of creative advertising in insurance to capture the attention of all segments of customers and to communicate the message of insurance to the less insurance conscious customer segments. The same feelings were also expressed by officers of the research wing of LIC, in the interview. Tait et al., (1989) also in their study on marketing by LIC, emphasise the need for innovative approach in product development to develop products, which specifically identify the insurance needs of customer segments.

The emergence of private players in the life insurance market has dramatically changed the way the customers perceive the insurance products. In the changed scenario, personalisation and customisation for better customer relationship, are the new rules of the game and products are being tailor-made for different customer segments having diversified risk-return perceptions. As a matter of fact, there is a shift towards need-based selling of life insurance policies selling a financial security product. Some of the innovative product variants that the LIC have launched will influence the quantum and time-schedule of the returns that the customers get on endowment policies. For example on 'with-profit' policies offered by LIC, bonuses are reversionary in the sense that they are declared every year but are paid out cumulatively on maturity.

On the contrary, some private life insurers offer non-reversionary option in which customers can encash bonuses during the tenure of policy. In the new life insurance market scenario characterised by proliferation of insurance companies and larger number divergent products, different people view life insurance in different ways. Some customer segment may view insurance as a protection, providing financial security, satisfying investment needs. Members of segments, who are financially disciplined and calculative, may be able to manage their investment portfolio with different insurance products successfully. However, some other segments without any sound financial planning may consider endowment plans as ideal product which provide risk coverage and offer tax free returns to serve their financial goals.

The customers of some other segments view insurance plans as pure risk protection tool totally disassociated with investment requirements. Such customers may not be oscillated by the offer of guaranteed return or bonuses on endowment products. Portfolio of financial products bundled with insurance plans, do not have the flexibility or scope for high returns that, say a mutual fund product has. Similarly, life insurance products are long term investment with low return, but the majority of customers, usually prefer to keep money in liquid financial products. Consequently that put the LIC in a disadvantageous position.

Furthermore, uncertainly and inconsistency of long term investment have also increased the reluctance of customers to buy financial products with very long-term maturity period. In these circumstances, LIC have been exploring new ways and means to draw away potential customers from traditional FIs either by guaranteeing surrender value or granting loans against insurance plans. This approach infuses a feeling that money is not locked up in insurance policies for long periods. Presently, LIC is vigorously practicing market segmentation to face the challenges and threats confidently by turning challenges in to opportunities and by gaining immunity against threats.

Analysis of customers' perception on the product, especially with regard to certain specific attributes that they expect from the product, is very important in market segmentation. As per table 4.30 that presents the perception of customers on different products of all the six FIs, clearly shows that customers give a high rating to the liquidity of financial products marketed by mutual funds and depositories. Thus customers who want high liquidity cannot realistically hope to get high returns from products with long term maturity. That is why liquidity conscious customers mainly depend on saving bank account and mutual fund product that are marketable.

Similarly as per table 4.30, the perception of customers with regard to safety, clearly suggests that the financial products of FIs under government sector have the highest rating for safety. The highest rating of NSS, SBI, LIC and UTI shows that even in the liberalisation era, the customers still repose their confidence in FIs in the public sector in spite of the latter's deficiencies in marketing. This perception of customers on safėty is definitely a very positive stimuli that can be imaginatively employed by FIs in the public sector to trigger desired responses from target segments.

Tables 4.42 4.47 present the results of the analysis of gaps/deficiencies in market segmentation in respect of all the six FIs. As already mentioned the segmentation gaps/deficiencies had been analysed and measured in terms of twelve attributes.

As per Table 4.42 LIC's gaps/deficiencies with regard to segmentation innovations, responsiveness, reliability, financial incentives, provision of financial advice, time convenience are very noticeable, considering the difference between the expected value index and the perceived value index between these attributes. In fact, LIC has the competence and resource to eliminate all these deficiencies, provided the top management has the real commitment and long-term strategy to do away with these gaps. Considering the excellent financial soundness and extensive network, the challenges posed by the private insurance sector is not a threat to LIC. The only thing LIC must do is to streamline the existing marketing segmentation approach by allocating some more resources to the above mentioned attributes. Consequently, customers may get real satisfaction from the products that will naturally enhance the perceived value index in respect of these attributes.

The segmentation gaps/deficiencies of UTI are presented in table 4.43. The gaps of UTI in respect of segmentation attributes are in respect of reliability, locational convenience, financial incentives, customer relationship and time convenience. It is unfortunate to see that in spite of overall strength of UTI, it has certain weaknesses in the above mentioned attributes that are some of the probable reasons for dissatisfaction of customers. Allocation of some more resources to the above attributes will definitely improve its position. However, with regard to low perceived performance in respect of locational and time convenience, UTI should be more cautious because it needs enormous financial resources to establish full-fledged service centres.

Analysis of segmentation gaps/deficiencies of SBI, which is a leading public sector commercial bank in India, shows that it has certain weakness that create some problem in its marketing. As per table 4.44 the deficiencies of SBI with regard to responsiveness, customer relationship, employee's knowledge, courtesy, time convenience are very damaging in the long run. Even though, SBI has been streamlining its market segmentation approach in the light of the challenges posed by new generation banks, it failure in service related attributes is very clear from the above analysis. In the new marketing environment, success lies in enhancing the perceived value of attributes that are considered by customers as very important and SBI should look into this matter more seriously.

As per table 4.45 that presents the gaps/deficiencies in the segmentation of FBL, product design, differentiation, innovation, time convenience are the areas of gaps, deficiencies of FBL. Since FBL is the leading commercial bank in the private sector, even insignificant gaps/deficiencies will be conspicuous. However, recently the FBL introduced technology based banking to infuse more innovations and dynamism in the marketing of its products, which are helpful to eliminate the above mentioned deficiencies to a certain extent.

Table 4.46 measures the segmentation gaps/deficiencies of KPMF The analysis suggests that, KPMF has deficiencies/gaps in segmentation with regard to location convenience, time convenience and image. Being a private player in the mutual fund industry, KPMF is very responsive and market sensitive in fulfilling the expectation of customers. Therefore in respect of the other attributes no deficiencies are found. The deficiency of KPMF with regard to the locational convenience and the time convenience may seem a major problem for same customers.

The segmentation gaps/deficiencies of NSS/GSS are presented in the table 4.47 that clearly indicate its gaps in responsiveness, provision of financial advice, time convenience etc. Even though customers appreciate the safety and credit worthiness of this government sponsored depository, these deficiencies may be the probable reason for avoiding this depository by affluent customers belonging to the household sector. Considering the popularity of NSS on account of its high degree of safety and wide network, a slight improvement in the above mentioned attributes may be instrumental in enhancing the level of satisfaction and loyalty of its customers remarkably.

CHAPTER FIVE

SUMMMARY OF FINDINGS AND RECOMMENDATIONS

Summary of Findings and Recommendations

Summary of findings

In this section the major findings of the study have been presented with reference to the objectives framed for the same. The major findings of the study presented here have been derived from the fourth chapter, wherein the findings of the study are presented in a detailed way. Here, it is proposed to present the findings under five sections — each covering a major finding in a sequential order with regard to the objectives of the study.

The first part of this section covers the major findings on the first objective of the study and that is concerned with identification and analysis of segmentation variables. In the second part, major findings on the market segmentation competitiveness of FIs have been presented. The findings on the cluster analysis are presented in the third part that mainly highlights the distinctive characteristics of the different clusters identified in the cluster analysis. The major findings of the study on product analysis, constitute the fourth section, wherein, the result of the product analysis in terms of customer's perception, product features, objectives etc. have been represented. Finally, in the fifth and last part, the findings with regard to segmentation gaps, deficiencies have been presented with reference to segmentation attributes that are dominant in influencing customer behaviour.

Market segmentation variables employed by FIs

In this part, the result of the analysis of the first objective of the study is presented that includes the major segmentation variables employed by FIs in market segmentation and the relationship between these variables. The major findings being:

1 Demographic, behaviouristic, psychographic and socio-economic variables are the major segmentation variables employed by FIs in market segmentation. Among these, the demographic variable, that is an objective and straight forward variable, has been identified as the most prominent variable widely employed for market segmentation. Behaviouristic, psychographic and socio-economic variables are the other variables identified in the order of importance as per the weightage given by executives of FIs.

2. Demographic variables employed by FIs in market segmentation include family life cycle stages, level of income, level of education, occupation, marital status, family size, age, gender etc. of customers belonging to the household segment. Demographic segmentation variables greatly influence the customer behaviour in the context of purchase of financial products marketed by different categories of FIs.

3. Behaviouristic segmentation variables that have been identified as the second important variables employed by FIs include benefits sought by customers, customers' loyalty pattern, financial product usage rate, preference for different forms of return and preference for different categories of financial products.

4. Psychographic segmentation variables, which are also very prominent in market segmentation by FIs, include saving motives of customers, attitude of customers towards risk (risk tolerance), attitude towards

financial product and credit, saving propensity and life style of customers. Among these, saving motives of customers have been found to be a very influencing psychographic variable that includes the return from financial product, safety, liquidity, hedge against inflation, marketability risk coverage, tax concessions, financial security at old age and welfare objectives.

5. The socio-economic segmentation variable that divide the customers in terms of income, education, occupation and wealth into four classes consisting of upper class, upper middle class, middle class and lower class. Socio-economic segments exhibit significant difference between risk tolerance, saving propensity and preference for financial products in purchase decision process.

6. Life cycle stages of customers, a prominent demographic variable that is very suitable for segmenting customers in the marketing of financial products divides customers into bachelor empty nest, young married empty nest, young married full nest, older full nest and older empty nest. These segments exhibit significant difference in saving propensity, risk tolerance and preference for return in the purchase of financial products.

7 Similarly, in multivariable segmentation analysis, it is found that young full nest that belonging to the life cycle segments, upper class and middle class segments belonging to the socio-economic segment, businessmen and professionals belonging to the occupational segment exhibit a high degree of risk tolerance and saving propensity in comparison with other customer segments.

8. Customers who belong to the young full nest, businessmen, professionals and upper class segments exhibit a remarkable

preference for insurance and mutual fund products with higher equity components, that show their aggressive strategy in creating portfolios with diversified financial products with a higher equity component. On the contrary, employees, retired individuals, customers belonging to the lower income group prefer depository products.

9. Among saving motives, which is a prominent psychographic variable, safety has been identified as the most influencing one followed by liquidity and return that are placed in second and third position respectively in terms of the degree of influence. Segment-wise analysis of influence of the saving motives on different customers in the purchase of financial products also shows the same pattern of influence. The significant difference in the degree of influence of different saving motives is also found in the analysis, which is substantiated by the test of significance.

10. Risk tolerance analysis based on risk tolerance test suggests a low risk appetite of customers because hardly 10 per cent of the customers are grouped in the risk loving segment. As per analysis more than 80 per cent of the customers have a low to medium risk appetite and are not comfortable with risky financial products. Analysis shows that 48 per cent of customers belong to the risk averse category, 42 per cent to the moderate risk loving segment and it is very interesting to note that only 10 per cent of customers belong to the risk loving segment. However customers in all segments having high income and good education exhibit high risk tolerance.

11. Segment-wise risk tolerance analysis reveals that customers belonging to the 20-35 years age group, males, businessmen, bachelor empty nest, young married full nest, upper class segments exhibit a high degree of

risk tolerance whereas the customers above 65 years of age, females, retired employees and old empty nest exhibit low risk tolerance.

12 Segment-wise analysis of saving propensity of customers belonging to different segments indicates that the upper middle class, customers in the middle age group, customers with higher education, businessmen and young full nest have a high saving propensity in comparison with other segments.

13. Customers belonging to different segments exhibit different patterns of preference for financial product, forms of return and benefits. When customers in the young full nest, businessmen, middle aged and upper class have a high preference for insurance and mutual fund products and growth of fund, other segments prefer depository products and income from financial products.

14. Analysis of relationship between segmentation variables in terms of Karl Pearsons correlation indicate a strong relationship among some variables. Of these relationships, the correlation between income and saving propensity, income and risk tolerance, age and saving propensity, age and risk, tolerance, level of education and saving propensity/risk tolerance are significant.

Market segmentation competitiveness of FIs

In this part, it is proposed to present the results of the analysis of market segmentation competitiveness of FIs, which is measured in terms of seven competitiveness factors. The major findings derived from the analysis are:

1 Analysis of segmentation competitiveness factors shows that different customer segments attach the highest weightage to price policies and strategies of FIs. The ranking of these segmentation competitiveness

factors reveals that transparency, simplicity and quickness of procedures, proximity and accessibility to FIs are very important factors for the customers belonging to different segments.

2. In the analysis of market segmentation competitiveness in terms of perceived performance score by both the customers and a panel of judges, it is found that KPMF gained the maximum score in respect of different factors and its overall score is the highest, followed by FBL, LIC, SBI GSS/NSS and UTI respectively

3. Competitiveness factor-wise analysis suggests that the performance of GSS/NSS in respect of the service related attributes is very low in comparison to the performance of other FIs. However, the performance of NSS with regard to location of service centres and return is satisfactory.

4. A high degree of correlation is found between market segmentation competitiveness and customer satisfaction, customer repurchase intention and word- of – mouth -decisions. The higher the market segmentation competitiveness of FIs, the higher the customer satisfaction and customer retention.

5. The results of Fishbein formula of brand preference standing also reveals the same pattern of competitiveness of FIs in respect of various factors. According to this analysis the overall competitiveness index of FIs is calculated as – LIC – 56.97, UTI – 50.39, SBI – 52.92, FBL 60.44, KPMF 71 41 and GSS/NSS 51.69. Thus the performance of financial institutions in the private sector is better than the performance of FIs in the public sector

Cluster analysis

Cluster analysis performed to diagnose various clusters of different categories of FIs and to analyse distinctive characteristics of these clusters. The major findings of cluster analysis are presented below

1 Cluster analysis for contractual intermediaries i.e., LIC reveals that insurance conscious risk-avoiders, saving conscious reassurance seekers, children's future conscious solvency seekers, financial security conscious regular income seekers, less risk conscious wealth accumulators, ailment conscious calculative investors and family conscious financial planners are the major clusters/segments constituting the customer base of LIC.

2. Saving conscious return seekers, liquidity conscious quality service seekers, safety conscious conservatives, solvency conscious wealth accumulators are the major clusters identified in the cluster analysis of depositories viz., SBI, FBL, GSS/NSS.

3. Risk averse conservative investors, moderate risk loving professional investors, risk loving aggressive investors are the major clusters that have been identified from the cluster analysis of investment intermediaries viz., UTI and KPMF

4. Cluster analysis in respect of the above form of financial institutions presents a clear indication of differences amongst the clusters in terms of some cluster profiles viz., principal benefit sought from financial product, distinctive characteristics, demographic characteristics, saving behaviour, banking habits and preferred financial products.

5. Amongst the clusters diagnosed in respect of LIC, insurance conscious risk avoiders is the most dominant cluster (22 per cent of sample) that primarily buy insurance products for risk coverage which is the main target of LIC. Financial protection of the dependent, convenient terms of

premium payment, individualised attention and care are certain primary consideration of the cluster in the purchase of insurance products.

6. 'Saving conscious return seekers' is the dominant cluster (32 per cent of sample) that has been diagnosed from the customers of depository intermediaries that exhibit a high saving propensity and price sensitivity. 'Liquidity conscious, quality service seekers' is another favourite of depositories, who seek high liquidity and flexibility from financial offerings.

7 'Risk-averse conservative investors' is the most dominant cluster diagnosed from the customers of investment intermediaries who seek highly safe mutual fund product with very low equity component. In the analysis, it is found that 'risk-loving aggressive investors' is another cluster that exhibit high risk tolerance. Even though the size of this cluster is comparatively small (14 per cent) it is the favourite of mutual funds.

Product analysis

Products offered by all the six FIs, have been analysed in this part in terms of customers perception on product, product objectives, features and portfolio strategies etc. The main findings of product analysis are presented below

1 Analysis of customer perception on products suggests that, in terms of liquidity of product, depositories and mutual funds have the highest rating. In terms of safety, product of LIC, SBI and NSS are the highly rated and NSS come first with a rating of 8.25. In terms of return from the products, KPMF and NSS are in the first and second position respectively

2. Overall, endowment policies and policies with profit are the most sought after products, marketed by LIC whereas the demand for whole life policies and policies without profit is not so enthusiastic.

3. Whole life plans are preferred by risk averse customers engaged in intermediate and skilled occupation with a high risk exposure with average and below average income. They belong to young and middle life cycle stage with dependent children.

4. Large and medium commercial employers, higher and intermediate professionals and white-collar employees drawing a high salary prefer endowment policies.

5. Customer segments of LIC exhibit a high degree of preference for insurance products with profit. The customers have a strong motive to get financial return from insurance products in addition to risk coverage.

6. Large and medium scale businessmen, higher professionals, substantial farmers and the self-employed with a fairly high investment are the various customer segments demanding money back policies offered by LIC

7 Children's policies with guaranteed addition money back are preferred by the middle class customer segment engaged in different occupations having children below ten years of age. Their primary financial goal is associated with the children's career and future.

8. Similarly with regard to the preference for mutual fund products, the demand for growth and income fund and balanced fund is high followed by growth fund and sector fund. Risk tolerance of customers, preference for forms of return, liquidity consciousness, flexibility etc. are the major considerations for these FIs in the design of financial

products and for the formulation of investment and portfolio strategies of the products.

9. Intermediate professionals and managerial personnel, white-collar employees and the self-employed are the target segments of UTI and KPMF for income fund and liquid fund. Periodic distribution of income and tax benefits is the main benefits incorporated in these financial products to attract the target segment.

10. Equity fund, growth fund and liquid fund products are offered to higher professionals, businessmen, top executives and self employed individuals who belong to higher income strata. Income accumulation and steady growth of investment and consequent capital appreciation are the main financial benefits of these products that influence the target segments.

11. Liquidity, guaranteed return, safety etc. are the main product benefits offered by depositories viz., SBI, FBL GSS/NSS to attract target segments. Savings bank account, savings plus account, salary-plus account are special form of demand deposit products in the product mix of SBI to satisfy the liquidity requirements of customers. Reinvestment Plan Deposit, Multi Option Deposit, Senior Citizens Deposit Scheme, Long-term Floating Rate Deposit scheme are the various financial product versions in the term deposit product line of SBI targeting risk averse customer segments.

12. Federal Saving Fund Account, Super Saving Fund Account, Multi Benefit Deposit Scheme, Federal Flexi Deposit Scheme are various product versions in time and demand product lines offered by FBL which satisfy the savings motives of liquidity, return and flexibility of target segments.

13. Post Office Savings Account, Post Office Recurring Deposit Scheme, Monthly Income Scheme, Indira Vikas Patra etc. are the most sought after financial products in the product mix of GSS/NSS. High safety and fairly good return are the main reasons for the popularity of GSS.

14. Financial products of GSS/NSS are the most popular products among the lower middle class and lower class segments because of the accessibility to a wide network of post offices located even in the remote areas and the very low amount required for opening accounts.

Gaps/deficiencies in market segmentation by FIs

In this part, the gaps/deficiencies with regard to market segmentation, all the six FIs are examined in terms of 12 attributes, which different customer segment consider as important in purchasing a financial product. The major findings are:

1 Financial product design and differentiation, innovations, responsiveness, reliability, locational convenience, non-personal communication, financial incentives, provision of financial advice, employees' knowledge, time convenience and image of FIs are the attributes identified for diagnosing the gaps/deficiencies of FIs in market segmentation.

2 Gap analysis in respect of LIC reveals that customers of different segments do not feel that there are any deficiencies in respect of product design and differentiation of insurance products. However, customers find deficiencies in respect of financial incentives and customer service. Gap analysis suggests that LIC does not provide dependable and consistent service, personal care and individualised attention according to the expectation of customers.

3 Segmentation deficiency analysis of UTI shows that even though UTI has a wide product range and diversity in product mix; customers of different segments find deficiencies in product design and diversity Customers are dissatisfied with the failure of UTI in fulfilling promises in respect of certain financial products like MEP and especially the failure in providing timely financial advice for the creation of portfolios.

4 The most prominent segmentation gaps or deficiencies of SBI identified are in respect of responsiveness, customer relationship, employees' courtesy, knowledge etc., which is very clear from the low perceived performance score assigned to these attributes. However, the superiority of SBI on locational convenience, financial incentives, image etc., are revealed in higher perceived values of these attributes.

5 FBL shows segmentation gaps/deficiencies in non-personal communication, provision of financial advice and financial incentives. The difference between the expected value indices and the perceived value indices with regard to these attributes are significant.

6 Segmentation gaps/deficiencies of KPMF are with regard to locational convenience, non-personal communication and image in respect of which it gets a low perceived performance index.

Recommendations

Although a single research study with limited objectives cannot provide a scientific basis for effective implementation of market segmentation in financial product marketing, findings of this type of researches may be helpful to give some suggestions for practice. The results of the analysis may throw light on certain dimensions of financial market segmentation especially in understanding the customer behaviour by analysing various variables influencing customers in respect of the purchase decision process for financial products.

In the light of the implication of the research findings, some specific recommendations are given in the following points for successful implementation of market segmentation by FIs for marketing of financial products.

1. To achieve excellence in market segmentation, FIs should adopt a more dynamic and prognostic approach in market segmentation by giving more weightage to multivariable segmentation involving behavioural and psychographic variables. Single variable segmentation is found to be ineffective in certain contexts in which only one variable is taken into account for creating micro segments.

2. FIs should conduct in-depth periodic customer surveys to diagnose the interactive impacts of demographic, psychographic, behavioural and socio-economic variables in multivariable segmentation through cluster analysis, determinant attribute analysis, factor analysis etc.

3. While selecting additional segmentation variables in multivariable segmentation, it should be ensured that additional variables are really useful in improving the perceived value of financial product mix, so that there is no wastage of resources, time and energy to collect data on such additional variables.

4. Well planned marketing promotion programme should be framed attaching more importance to innovative promotional programmes to motivate upper class and upper middle class segment, young full nest, old full nest professionals, businessmen etc. who have substantial savings and exhibit a high saving propensity. Special attention should be given to convince these segments the distinctiveness and special benefits of financial product since they look for real difference in the product offerings.

5. FIs should attach more weightage to behaviouristic segmentation variables in multivariable segmentation, when financial products are similar to other competing products and customers' needs are not affected significantly by other variables because behaviouristic variables are very powerful in effecting differentiation in financial product offering.

6. Customers who belong to the young full nest, business, profession and self-employment should be the main target of LIC and UTI. Instead of following pressure tactics in marketing insurance products, the LIC should formulate a positive and educative promotional approach in creating insurance consciousness and product awareness among these potential segments and to sell insurance products.

7 Risk tolerance being the most dominant psychographic segmentation variable employed by investment intermediaries and risk appetite of customers varies in accordance with change in economic conditions and other extraneous variables, UTI and KPMF should conduct objective and scientific risk tolerance tests periodically, to ascertain the level of risk tolerance of customers so as to effect necessary modifications in financial products in respect of risk dimensions.

8. Yet another important dimension which needs special attention is the consideration of saving motives in designing financial products. Safety, having emerged as one the most important saving motives of the customers in all segments, FIs should formulate a long term marketing strategy to enhance their reputation, image and credit - worthiness.

9. Since customers of different segments attach a high priority to services, elements in marketing mix, maximum efforts should be put in incorporating transparency, convenient hours, commitment, accuracy and punctuality of employees, personal care and individualised attention in the creation and delivery of financial services.

10. Though customers do not give much importance to non-personal communication in financial product marketing, lack of awareness of the availability of diversified products and their financial need satisfying capacity, FIs may undertake aggressive promotional programmes to create positive responses to offers and for inculcating a rational saving behaviour among target customers.

11 Since customers of depositories give more weightage to locational convenience, more attention is to be given to improve locational convenience by ensuring adequacy of branch offices, physical facilities and accessibility to branch offices. Though E-Banking to a great extent reduces the necessity for branch offices, the need for branches and other physical facilities continue to be an important factor for personal and face to face customer service which is definitely an added advantage for market segmentation.

12. Since customers' satisfaction, retention, word-of-mouth-decisions are positively correlated to market segmentation competitiveness, FIs should infuse more innovations to product offers, offering more financial incentives and concessions. They should use more creative and educative advertisement in the appropriate media including TV commercials and provide reliable and quick customer service to improve the competitiveness of market segmentation.

13. While designing financial products, FIs should take special care to create differentiation in the financial product offered since core product offered by FIs in the same category appear to be similar Therefore differentiation should be achieved by infusing more transparency, simplicity, quickness in procedures and by showing sincerity, friendliness, personal care and induvidualised attention in customer service.

14. Since liquidity is one of the main considerations of customers of the different segments and since insurance products have long term maturity, contractual intermediary i.e., LIC should design more money back policies in different product lines.

15. Similarly, since customers of LIC expect both risk coverage and fair return from insurance products, LIC should design more attractive and customer-friendly product with profit options.

16. Since risk tolerance of the different customer segments in general irrespective of their demographic psychographic difference is moderate and below average, mutual funds, viz., UTI and KPMF should formulate more mutual products with low equity component and guaranteed minimum return.

17 Effective personal and non-personal promotional programmes should be implemented by investment and contractual intermediaries to popularise tax saving financial products among those customers having income tax liability because a large number of customers are not fully aware of the various tax concessions available from these financial products.

18. Depository intermediaries viz., SBI, FBL and GSS/NSS should introduce more product versions having more liquidity and flexibility in the demand and time deposit product lines similar to salary-plus account designed by SBI for the salaried class which is a classic example of segment-specific financial product.

19 FIs should initiate appropriate measures to eliminate various segmentation deficiencies to ensure optimum utilisation of resources among various attributes, which are the basic controllable variables for marketing financial products. This can be accomplished by achieving a fairly good match between the customer's expectation and the perceived performance in respect of these attributes.

Suggestions for future research

Analysis of the finding of this study shows that there is scope for further investigation on this topic and the study provides some benchmark for future research in the field. In this study only certain aspects on market segmentation by FIs are dealt with and some other issues on this topic not covered in the study may encourage new research in the area. In fact, such studies may be useful to substantiate the findings and conclusions of the present study and to provide conclusive evidence on the probable reasons behind these findings.

The present research study on market segmentation by FIs is conducted with a special focus on customer behaviour The study mainly examines segmentation variables employed by FIs in market segmentation in the context of the marketing of financial products meant for savings mobilisation. The universe of the study is limited to the customers of FIs belonging to household sector Also the study is circumscribed within the objectives framed and there are a number of issues on the topic, which need further investigation and exploration.

The study of customer behaviour in the context of marketing of financial products is a complex one and all aspects of this issue are not addressed in this study An important objective of the study is an investigation on customer behaviour to diagnose different segmentation variables employed by FIs. However, variables are not fully covered in their entirety in this study Further investigation in to psychographic variables such as life style of customers, attitudes and behaviouristic variables such as loyalty status and benefits sought by customers will definitely bring to light valuable clues on market segmentation by FIs.

Similarly in market segmentation there are a number of techniques that are widely employed by FIs to create clusters/segments of customers. In this study only cluster analysis is employed to diagnose various clusters of different categories of FIs and to analyse distinctive profiles of different clusters. Thus, further research on the other techniques of market segmentation such as determinant attribute analysis, factor analysis etc. may be employed to dig out the other dimensions of market segmentation techniques.

As already mentioned, the principal rationale for using segmentation approach by FIs is that in a heterogeneous market, an FI that develops an appropriate marketing mix can provide higher customer satisfaction. Therefore in this study, this dimension of segmentation approach is also examined. However, more studies with focus on the relevance of marketing mix in segmentation are needed to bring to light the other dimensions of relationship between marketing stimuli and customer response in the context of marketing of products by FIs.

In this study, the market segmentation approach of the new generation FIs are not examined. Therefore future studies on market segmentation by FIs may focus on such institutions also. Comparative studies may also be undertaken to examine the difference in the segmentation approaches of the new generation FIs and existing FIs.

It is hoped that the present study in conjunction with future studies on the topic, may reveal new insights on the market segmentation by FIs. Also, research by academicians and FIs should simultaneously be carried out to enable its scientific critical testing.

Managerial implications of the study

Clamoring for ways to ensnare new customers and squeeze out more revenue from the ones they already have, FIs have to practice the market segmentation approach with greater vigour and enthusiasm. However, in the globalised economic scenario, the task of market segmentation approach demands drastic and pragmatic change in FIs market orientation, because in the new economic environment, customer behaviour is fast changing and various other new FIs pose new challenges in marketing.

In this situation, marketing managers of FIs should address the problems of market segmentation with the support of reliable results derived from the investigations covering different facets of marketing. The results of the present study also may have certain practical implications for marketing managers and top executives of FIs since it enables them to identify key customer segments to develop segment – specific products and for communicating the most motivating messages to customers.

For many FIs, a futuristic approach in market segmentation provides the right platform for winning initiatives. For this, the first and foremost task of the FIs is to diagnose the heterogeneous characteristics of customers and to identify the right customer segments on the basis of similarity in the characteristics of customers.

The results of the study on customer behaviour suggest, to marketing managers of FIs, certain important implications. The study reveals that there exist significant differences in the demographic, psychographic, behavouristic and socio-economic characteristics of customers, which are illustrated in the findings of the study This insight on the customer behaviour may help marketing managers of FIs to look beyond traditional segmentation approach to provide an indepth understanding needed to make a well defined portrait of target segments.

Similarly, the analysis of saving motives of customer segments also reveals valuable clues to marketing managers on these powerful internal stimuli, influencing customers in saving decisions. The ranking of nine saving motives on the basis of their degree of influence on the customers' decision making, reveals important clues to managers to reshape segmentation strategies and to blend together various elements of marketing mix in an effective way

The result of risk tolerance analysis is also very important from a managerial point of view, especially for portfolio managers of mutual fund to develop innovative financial products. As per the financial planning fundamental, the mutual fund manager has to ascertain risk tolerance of different segments to design and market suitable financial package in accordance with the customers' risk tolerance. Any way, risk tolerance analysis of this study may be useful for marketing managers of FIs to perceive the risk assumption capacity of customers belonging to different segments and to determine the risk components to be infused in different financial products.

The findings of the study also suggest several strategic implications with regard to product, pricing and location in the marketing of financial products. As deregulation of financial system infuse necessary autonomy to FIs to develop diversified financial products, managers can increase the width and depth of their product mix for better market penetration and the market development. From the strategic perspective, marketing managers should consider product strategy as the corner stone of building an enduring relationship with their customers and in enhancing reputation for their financial offers. The result of product analysis of the study may be examined by marketing managers to view financial product in totality to understand the components of the core product.

Similarly, market segmentation gap analysis reveals the gap between the expected performance and the perceived performance of FIs from the point of view of customers regarding certain segmentation attributes. From the aggregate results of the segmentation gap analysis, the managers can diagnose the areas where FI is failing to rise upto the expectation of customers and where more resources allocation is required. Similarly, where the perceived performance is greater than the expected performance in respect of certain attributes, naturally, marketing managers can understand that there is misallocation of resources with regard to such attributes.

Analysis of the segmentation competitiveness factors, which are basically various components of the marketing mix, suggests that in developing a marketing mix strategy, FI managers should consider the impact of marketing mix element on the target segment. This clearly implies that for successful market segmentation there should be a match between marketing mix and target segments and FIs strategic capabilities.

Even though the marketing of financial products based on segmentation approach poses a great challenge to FIs, it enables them to market their financial products in the most effective way. Those FIs which develop an integrated and responsive segmentation approach by properly studying and imbibing the implications of different research studies will be much ahead of their competitors in attracting, winning and retaining customer segments which naturally enhance their profitability and prosperity by leaps and bounds.

In conclusion, the results of the study demonstrate that in the marketing activities of FIs, the segmentation is at the heart of the marketing strategy which maximizes the strength of FIs in marketing financial products and ensure optimum allocation of resources to different elements of marketing mixes and related factors. Market segmentation helps FIs positively to identify the most attractive market segments wherein they have the strength and to tailor the right financial products to meet the specific needs of target segments in a better way

As per the study, the identification and selection of a specific customer segment for targeting a distinctive financial product depend on a number of internal and external factors. The size and accessibility of the segment, its specific financial needs, the extent to which the needs are being met by the FIs and whether the FI has the resources and the competence to satisfy the requirements and wants are particularly very important in market segmentation. Anyway, the findings of this study may provide some practical hints to solve the above issue with a focus on total customer satisfaction.

From the results of the study it can be inferred that in FIs market segmentation, logical combination of demographic, psychographic, behaviouristic and socio-economic variables are needed to create the appropriate segments and for the right blending of various elements of mixes to satisfy each segments' needs. Because in market segmentation, the main thrust of marketing mix involves the creation of preferential advantages, which enables FIs to make different offers much more preferable to the segments than those of the competitors.

The present study examined the different issue of market segmentation by FIs, covering the major segmentation variables and their relationship in multivariable segmentation, financial products, segmentation gaps in terms of performance of FIs in respect of certain attributes, market segmentation competitiveness and prominent clusters of different categories of FIs. Even though different issues cannot be covered elaborately in this type of study some of these issues are investigated to derive certain results which are useful both for FIs and different customer segments belonging to the household sector

The results of identification and analysis of segmentation variable clearly depict the level of the sophistication in the segmentation approach of FIs. Several factors should be taken into account for the selection of appropriate variables. Segmentation variables employed by FIs should be related to the customers' needs for, use of or behaviour toward the financial product since customers needs, wants, uses, behaviour, attitude etc., cannot be changed significantly by marketing efforts. Results of segmentation variable analysis of this study may be useful for FIs to select the appropriate segmentation variables to design a suitable financial product. As already mentioned, the selection of the right segmentation variables is a crucial step in market segmentation. The result of this study may help FIs to gain a better understanding of the possible segmentation variables and to satisfy the financial needs and requirements of different customer segments in a better way.

Cluster analysis of this study brings out the main aspects of the profile of different customer segments which will help FIs to study their customers more deeply. It also helps them to develop a customer focus culture by infusing more dynamism and novelty in the market segmentation approach.

The present study attempts to show how market segmentation can be a useful tool for marketing financial products of FIs by knowing what financial packages should be offered and which customer segment are more likely to demand these offers. However resource, time, organizational constraints associated with this type of study confines the empirical investigation within certain boundaries and naturally it affects the results derived from the study It is to be noted that the market segmentation is not a panacea for solving all marketing problems and for effective and better customer satisfaction. Several other variables directly or indirectly affecting the marketing activities of FIs should also be considered for effective marketing of financial products.

The reward can be great if FIs practice market segmentation with enthusiasm and vigor The 21st century will be a period of market segmentation and customisation wherein FIs have to satisfy the requirements of more demanding, calculative and sensitive customer segments. Unlike in the past, FIs may not be able to ensure their continued existence and growth simply because of the worst performance of their competitors. Realising the challenges and opportunities, FIs have been increasingly practicing customer-centered approach in the marketing activities and they view market segmentation as one of the most prominent success factors even in the worst economic disasters. The results of this research work may contribute something to the FIs, which recognizes the strengths of market segmentation, for successful marketing of their financial products. Results of this study may also help customers belonging to the household sector to view financial matters more seriously and judiciously to develop better banking habits, rational and balanced saving behaviour, so that their financial portfolios reap maximum rewards for their and the society's well-being.

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APPENDICES

APPENDIX - I

QUESTIONNAIRE : CUSTOMER SURVEY - Ph. D. Programme

MARKET SEGMENTATION BY FINANCIAL INSTITUTIONS

POST GRADUATE DEPARTMENT OF COMMERCE
ST. THOMAS COLLEGE
KOZHENCHERRY
PATHANAMTHITTA (DISTRICT) – 689 645

P. ANTONY GEORGE
Senior Lecturer

Dear Sir,

Financial Institutions design different savings schemes to satisfy the specific requirements different of segments of investment community These institutions follow the same market segmentation approach of general market in which business concerns produce even different toilet soaps for different segments. (For children, lades, etc.) Financial Institutions also market different financial products to meet specific requirements various segments of customers. That is why Life Insurance Corporation designs different policies for different segments of population.

There are seven critical marketing influencing factors of investment such as wide range of savings schemes having different advantages, reasonable return, adequate office facilities, attractive promotion programmes, committed employees, simple procedures in dealings, efficient service. A successful saving scheme originates from the right combination of these critical factors according to the expectations and preferences of different segments of customers.

In this questionnaire an attempt is made to understand your attitude towards financial institutions and their products and to assess effectiveness of their market segmentation approach by measuring the satisfaction you derive from the dealing with the financial institutions. Kindly read the questions carefully and answer them. This exercise may be helpful to you in selecting rewarding savings schemes in future.

Sincerely,
Sd/-

P. Antony George
(Research Fellow)

MARKET SEGMENTATION BY FINANCIAL INSTITUTIONS

Ph.D. Programme

Questionnaire Part I

Kindly furnish the following information in the space provided for.

1. Name & Address	
2. Sex	
3. Age	Years
4. Educational Qualification	
5. Marital Status	
6. Year of Marriage (if Married)	
7. If Married, respond if you have children	

	No	Age 1	2	3	4
a. No. of Boys, & Age — Not applicable					
b No. of Girls & Age — Not applicable					

8. No. of dependent children	
9. Number of other dependents	
10. Occupation	
11. Number of members having income (including you)	
12. Approximate annual income of the family	Rs.
13. Approximate saving in percentage of income	

14. Place of residence	Village	Town	City

15. Properties & Assets owned	Residential home, Car, Phone, Business assets, Land,
	Air conditioner, Computer, Washing machine, Two wheeler.

MARKET SEGMENTATION BY FINANCIAL INSTITUTIONS

Ph.D Programme

Questionnaire – Part II

1. If you have a fairly good amount of savings, in which of the following purposes, would you utilise your savings? Please mark '**X**' in the box against the most appropriate option.
   - i. Buy a new vehicle if you have no vehicle or replace old one with a new model if you have vehicle. ☐
   - ii. Renovate and modify home ☐
   - iii. Buy Gold, Diamond other valuables ☐
   - iv. Buy land, flat ☐
   - v. Earmark some amount for necessary needs and balance will be invested in some good savings schemes. ☐
   - vi. Invest in business ☐
2. If you have dealings with the following financial institutions, kindly assign values 1, 2, 3, 4, 5, 6, 7 on the basis of size of investment and your preference for these institutions in the appropriate boxes.
   - i. Commercial Banks ☐
   - ii. Life Insurance Corporation ☐
   - iii. Unit Trust of India ☐
   - iv. Private Financial Dealers ☐
   - v. Government Savings Schemes ☐
   - vi. Chit Funds ☐
   - vii. Others ☐
3. If you acquired some property or durables on loan or instalment basis, kindly put 'X' mark in the boxes provided against the following items.
   - i. Land Buildings ☐
   - ii. Vehicles ☐
   - iii. Washing Machines, T.V. etc. ☐
   - iv. Gold and other valuables ☐
   - v. Business assets ☐
   - vi. Other things ☐
4. If you have liability in respect of above loan or instalment system the amount to be paid per month.

   Rs. ____________________

5. Imagine that you are the winner of a TV programme. If the organisers offer the following prizes which prize would you choose? Put 'X' mark against the option most suitable to you.
   - i. Rs.2000 in cash ☐
   - ii. A 50 per cent chance to win Rs.4000 ☐
   - iii. A 20 per cent chance to win Rs.10,000 ☐
   - iv. A 2 per cent chance to win Rs.1,00,000 ☐

6. You have bought some land from your savings as an investment. After some days you get an information from a reliable source on the possibility of developmental work in the area and consequent increase in the value of land. During these days a person offers a price for this land which is 25 per cent more than the amount you spent. What will be your reaction? Please put '**X**' mark in the box against the option most suitable to you
   i. Sell the land immediately ☐
   ii. Won't sell expecting further increase in price ☐
   iii. Buy another plot in that locality, if available and also retain plot already bought ☐
7. You are associated with a venture with a possibility of earning profit or incurring loss at very short-term intervals. If you lost Rs.1000/- in this venture how much amount you will invest to recover this loss.
   i. Spend more than Rs.1000 ☐
   ii. Spend Rs.1000 ☐
   iii. Spend only Rs.500 ☐
   iv. Spend Rs.200 only ☐
   v. Don't spend anything ☐
8. Some statements are given below. Please read these statements carefully and put '**X**' mark in the box against the statement which is most applicable to you.
   i. I certainly stick on to same financial institution for investment. ☐
   ii. I may favour other financial institutions if it is necessary ☐
   iii. I will shift to other financial institutions if better opportunities are available. ☐
   iv. I used to switch over from one institution to another. ☐
9. Amongst the following statements choose the statement, which you think is most applicable to you. Put '**X**' mark in the appropriate box.
   i. I have fairly large investment with regular dealings ☐
   ii. I have moderate investment with less frequent dealings. ☐
   iii. I have only low investment with occasional dealings ☐
   iv. I have no investment now, but plan to invest in good savings schemes in future. ☐
10. Please indicate your liking towards the following forms of returns in the order of preference by marking 1, 2, 3 in the respective boxes.
   i. I like regular income in the form of interest and dividend. ☐
   ii. I like growth of invested money lump sum amount on maturity. ☐
   iii. I like both regular income and growth of investment. ☐
11. Some commonly demanded benefits by investors from the financial institutions are given below. Please mark 1, 2, 3, 4 in the boxes to express your order of preference for these benefits.
   i. Dealings with large and well-known institutions ☐
   ii. Quick and efficient service without any time constraint (24 hours) ☐
   iii. Personalised and caring service according to the investment preferences. ☐
   iv. Courtesy, knowledge and commitment of employees. ☐

12. When you take decisions to invest money in savings schemes, how much do the following factors influence your decisions? Put 'X' mark in the boxes appropriate to you

	Factors	Not at all	Some what	Extremely
a.	Return from investment			
b.	Repayment of money invested and payment of return without any default			
c.	Conversion into cash without any difficulty and loss			
d.	Protection against inflation and reduction in the purchasing power of money			
e.	Facility to sell or buy saving instruments in the financial market			
f.	Protection against possibility of injury, damage or loss			
g.	Savings in income tax			
h.	Ensuring financial security at old age			
i	Meeting expenses in connection with education/marriage of children			

13 Kindly rate the products of the FIs in respect of the following attributes
Assign 1 for low rating and 10 for highest rating.

No.	Product's attributes	LIC	UTI	SBI	FBL	KPMF	NSS(GSS)
1	Liquidity						
2	Safety						
3	Return						
4	Marketability						
5	Flexibility						

14. Please assign scores against the product lines of LIC and UTI to express your preference for products. Assign 1 for least preference and 10 for the highest preference.

Product lines LIC	Preference (score)	Product lines UTI & KPMF	Preference (score)
Whole life policy		Growth fund	
Endowment policy		Income fund	
Policy with profit		Growth and income	
Policy without profit		Sector fund	
Money back policy		Balanced fund	

Questionnaire Part III

1. Please specify total amount of investment and name of investment and name of the saving schemes if you have investment in any of the following institutions.

	Institutions	Total amount and year of investment		Name of the schemes
		In the past	At present	
i.	Life Insurance Corporation			
ii.	Unit Trust of India			
iii.	State Bank of India			
iv.	Federal Bank Ltd.			
v.	Kothari Pioneer Mutual Fund			
vi.	Government Schemes			

2. If you are aware of any of the following savings schemes floated by above institutions kindly put 'X' mark against it.

	Life Insurance Corporation	
i.	Money Back Policy	
ii.	New Jana Rakhsha Policy	
iii.	Asha Deep	
iv.	Children's Money Back	
v.	Endowment Policy	

	Unit Trust of India	
i.	Unit 64	
ii.	Master share	
iii.	Unit Linked Insurance	
iv.	UGS 2000	
v.	Master Equity Plan	

	State Bank of India	
i.	Special Term Deposit	
ii.	Multi Option Deposit	
iii.	Gold Deposit Scheme	
iv.	Deposit Scheme for Farmers	
v.	Recurring Deposit	

	Federal Bank Ltd.	
i.	Fixed Deposit Scheme	
ii.	Cash Certificate	
iii.	Multi-Benefit Deposit	
iv.	Aiswarya Deposit Scheme	
v.	Federal Saving Fund	

	Kothari Pioneer Mutual Fund	
	Monthly Income Plan	
	Prima Plus	
	Bluechip Fund	
	Infotec Fund	
	Children's Assets Plan	

	Govt. Savings Schemes	
	Postal Life Insurance	
	National Saving Certificate	
	Kisan Vikas Pathra	
	Indira Vikas Pathra	
	Recurring Deposit	

3. IN your opinion which of the following promotion media are effective in creating awareness about saving products and encouraging investments. Mark '1' against the item which is most effective in your view and 2, 3, 4, 5. against other items in the order of degree of effectiveness.

	Promotion Media	
i	Agents, Officers, Brokers	
ii	Advertisement through Television, Newspaper, Banners, Signboard	
iii	Words of month (Recommendation from others)	
iv	Reports and Articles on saving schemes	
v	Others	

4. Please carefully read the following matters described in the main table and assign values to them on the basis of the importance you give to these matters in your dealings with financial insulations. Values are given in the first table such as 4 3 2 1.

   For example if you consider the first item in the main table as extremely important give value 4 in the box provided against first item

	Ratings	Value
i.	Extremely Important	4
ii.	Important	3
iii.	Slightly Important	2
iv.	Not Important	1

	Description of Factors	Value
i	• Number and diversity of savings schemes. • Innovation to existing schemes • Introduction of news schemes in tune with latest development	
ii	• Monetary return from savings schemes considering amount of investment • Financial incentives and concession offered • Terms and conditions of payment	
iii	• Knowledge provided by promotion and advertisement media • Familiarity and relation with media used • Creativity of the media in encouraging savings	
iv	• Number and facilities of offices and service enters • Proximity and accessibility to them • Number, efficiency and friendliness of agents and brokers	
v	• Transparency, simplicity and quickness of procedures • Absence of unnecessary delay and red tapism in dealings • Hours of service (24 Hours or not)	
vi	• Commitment, courtesy and knowledge of employees • Their accuracy and efficiency in dealing • Co-operation and punctuality of employees	
vii	• Friendliness and sincerity in customer service • Personal interest individualised attention in service • Promptness in taking action on complaints	

5. Please rate the actual performance of these financial institution in respect of the matters given in the card and assign values 4,3,2,1 as given in the first table. For example if you think performance in respect of first item is excellent assign values 4 in the box. Comparison between instillations may be made while rating performance. Kindly refer card attached to this questionnaire for description of these matters. [In the card the same matters described in question number 4 are given]

	Ratings	Value
I	Excellent	4
ii	Good	3
iii	Average	2
iv	Below Average	1

No.	Item	LIC	UTI	SBI	FBL	KPMF	NSS/GSS
i.	Item No. One						
ii.	Item No. Two						
iii.	Item No. Three						
iv	Item No. Four						
v	Item No. Five						
vi.	Item No. Six						
vii.	Item No. Seven						

6 Kindly express your expectations from FIs and actual performance of FIs in terms of score, in respect of following matters using a 10 point scale where 10 means very high score and 1 means very low score.

No.	Attributes	LIC	UTI	SBI	FBL	KPMF	NSS/GSS
i.	Financial needs satisfying capacity and benefits of the products						
ii.	Sophistication and technological advantages in market offerings						
iii.	Willingness to provide prompt service to customers						
iv	Ability to provide desired services dependably and consistently						
v	Location of offices and service centres at convenient places						
vi.	Informative and truthful advertisements						
vii.	Financial incentives and concessions, favourable terms and conditions of dealings						
viii.	Individualised attention and care						
ix.	Provision of financial advice						
x.	Employees knowledge and courtesy						
xi.	Time convenience						
xii.	Image of the FI						

7 Please assess the matters described in the card to measure level of satisfaction you derived from them in your dealings with financial instillations. Rating scales for satisfaction are given in the first table as 0,1,2,3. For example if you are very satisfied with item number one put '3' in the box titled satisfaction Comparison between institutions may be made while assessing level of satisfaction. Please refer card for description of matters

Similarly as you did in the previous question please express difference in the level of satisfaction you experienced compared to past in respect of these items using are '+' for increase in satisfaction '=' no change '–' for decrease. Put these signs in the box titled 'change' in the main table

	Ratings scales for satisfaction	Value
i	Very dissatisfied	0
ii.	Dissatisfied	1
iii.	Satisfied	2
iv.	Very satisfied	3

	Items	Life Insurance		Unit Trust		State Bank		Federal Bank		Kothari Pioneer		Govt. Schemes	
		Satisfaction	Change	Satisfaction	Change	Satisfaction	Change	Satisfaction	Change	Satisfaction	Change	Satisfaction	Change
I	Item No. One												
	Item No. Two												
	Item No. Three												
Iv	Item No. Four												
V	Item No. Five												
vi	Item No. Six												
vii	Item No. Seven												

8. Kindly rate the matters described in the card by comparing your expectation on them with actual experience in respect of these matters the ratings given in the first table, may be used to assign values such as 3,2,1,0. Comparison between institutions may be made while assigning values

Please refer card for description of matters

	Ratings scales for satisfaction	Value
i	Much better than expected	3
ii	About as expected	2
iii	Worse than expected	1

	Items	Life Insurance	Unit Trust	State Bank	Federal Bank	Kothari Pioneer	Govt. Schemes
i	Item No. One						
ii	Item No. Two						
iii	Item No. Three						
iv	Item No. Four						
v	Item No. Five						
Vi	Item No. Six						
Vii	Item No. Seven						

9. How likely you continue to deal with these financial institutions in future for investing in saving schemes. Put 'X' in the box suitable to you.

	Chance	Life Insurance	Unit Trust	State Bank	Federal Bank	Kothari Pioneer	Govt. Schemes
i	100 per cent						
ii	80 per cent						
iii	60 per cent						
iv	40 per cent						
v	20 per cent						
vi	0 per cent						

10. How likely you refer these institutions and their saving schemes to others?

	Chance	Life Insurance	Unit Trust	State Bank	Federal Bank	Kothari Pioneer	Govt. Schemes
i	Very likely						
ii	Somewhat likely						
iii	Neither likely nor unlikely						
iv	Somewhat unlikely						
v	Very unlikely						

11. What are your suggestions to these institutions to design and market different saving schemes in more effective manner to meet specific financial needs of different segments of investing community so as to improve the overall effectiveness of market segmentation.
    (i)
    (ii)
    (iii)
    (iv)
    (v)
    (vi)
    (vii)..

Thank you

APPENDIX - II

ഗവേഷണ പഠന ചോദ്യാവലി
ധനകാര്യസ്ഥാപനങ്ങളുടെ കമ്പോള വിഭജനം

പോസ്റ്റ് ഗ്രാജുവേറ്റ് ഡിപ്പാർട്ട്മെന്റ് ഓഫ് കൊമേഴ്സ്
സെന്റ് തോമസ് കോളേജ്
കോഴഞ്ചേരി, പത്തനംതിട്ട ജില്ല - 689 645

പി. ആന്റണി ജോർജ്
സീനിയർ ലക്ചറർ

സർ,

ലൈഫ് ഇൻഷുറൻസ് കോർപ്പറേഷൻ, ബാങ്കുകൾ, മുതലായ ധനകാര്യ സ്ഥാപനങ്ങളുമായി ബന്ധപ്പെട്ട ഈ ഗവേഷണപഠനത്തിന് ചില അടിസ്ഥാന വിവരങ്ങൾ ശേഖരിക്കുവാനാണ് ഈ ചോദ്യാവലിയുമായി താങ്കളെ സമീപിക്കുന്നത്. ഈ സ്ഥാപനങ്ങൾ ഓരോ നിക്ഷേപകന്റേയും ആവശ്യങ്ങളറിഞ്ഞ് വിവിധ നിക്ഷേപപദ്ധതികൾ പുതുമയോടും ആധുനിക യന്ത്രങ്ങളുടെ സഹായത്തോടും കൂടി അവതരിപ്പിക്കുന്നു.

സാധാരണ മാർക്കറ്റിൽ കുട്ടികൾ, സ്ത്രീകൾ എന്നിവർക്ക് ഓരോതരത്തിലുള്ള സോപ്പുകൾ, മറ്റ് വസ്തുക്കൾ എന്നിവ തയ്യാറാക്കി നൽകുന്ന കമ്പോള വിഭജനതന്ത്രം തന്നെയാണ് ധനകാര്യസ്ഥാപനങ്ങളും ഇവിടെ അവലംബിക്കുന്നത്. അതുകൊണ്ടാണ് ലൈഫ് ഇൻഷുറൻസ് കോർപ്പറേഷൻ വിവധതരം പോളിസികൾ പല വിഭാഗം നിക്ഷേപകർക്കായി തയ്യാറാക്കുന്നത്. വിവിധ നിക്ഷേപപദ്ധതികൾ ന്യായമായ വരുമാനവും മറ്റു ആനുകൂല്യങ്ങളും, വിപുലമായ ഓഫീസ് സേവനകേന്ദ്ര സംവിധാനങ്ങൾ, പ്രചാരണ തന്ത്രങ്ങൾ, സൗഹൃദപരമായ സേവനങ്ങൾ, കഴിവുള്ള ഉദ്യോഗസ്ഥർ, സുതാര്യമായ നടപടിക്രമങ്ങൾ മുതലായ നിക്ഷേപകരെ സ്വാധീനിക്കുന്ന ഘടകങ്ങൾ ഒരോ വിഭാഗത്തിനും ആകർഷകമായ രീതിയിൽ അവതരിപ്പിക്കുന്നതിന് സ്ഥാപനങ്ങൾ മത്സരിക്കുകയാണ്. മേൽപറഞ്ഞ കാര്യങ്ങളിൽ സ്ഥാപനങ്ങളുടെ മികവ് താങ്കളുടെ അനുഭവത്തിൽ വിലയിരുത്തുവാനും അതിൽ നിന്നും ലഭിക്കുന്ന സംതൃപ്തി എത്രമാത്രമുണ്ടെന്ന് മനസ്സിലാക്കുവാനും വേണ്ടിയാണ് ഈ ചോദ്യാവലി തയ്യാറാക്കിയിരിക്കുന്നത്.

ഈ ചോദ്യാവലി ശ്രദ്ധയോടെ വായിച്ച് അതിന്റെ ഉത്തരങ്ങൾ ദയവായി രേഖപ്പെടുത്തിതരണമെന്ന് അപേക്ഷിക്കുന്നു. ചോദ്യാവലിയിലുള്ള ഉത്തരങ്ങൾ കണ്ടുപിടിക്കുമ്പോൾ താങ്കൾക്കു ലഭിക്കുന്ന ആശയങ്ങൾ ഒരു പക്ഷെ ഭാവിയിൽ പ്രയോജനകരമായ നിക്ഷേപങ്ങൾ നടത്തുന്നതിന് താങ്കളെ സഹായിച്ചേക്കാം.

ആദരവോടെ,

ഒപ്പ്

ആന്റണി ജോർജ്

ധനകാര്യസ്ഥാപനങ്ങളുടെ കമ്പോള വിഭജനം

ചോദ്യാവലി ഭാഗം-ഒന്ന്

താങ്കളെ സംബന്ധിച്ച് താഴെ ചോദിച്ചിരിക്കുന്ന ചോദ്യങ്ങൾക്ക് ദയവായി അനുയോജ്യമായ ഉത്തരങ്ങൾ അതിനായി തയ്യാറാക്കിയിരിക്കുന്ന സ്ഥലത്ത് എഴുതുക

1. പേരും മേൽവിലാസവും
2. പുരുഷനോ സ്ത്രീയോ
3. വയസ്സ് — വർഷം
4. വിദ്യാഭ്യാസം
5. വിവാഹിതൻ, അവിവാഹിതൻ വിധവ, വിഭാര്യൻ
6. വിവാഹിതനെങ്കിൽ വിവാഹം കഴിഞ്ഞിട്ട് എത്ര വർഷം? — വർഷം
7. വിവാഹിതനെങ്കിൽ കുട്ടികളുണ്ടോ? ഉണ്ടെങ്കിൽ

	എണ്ണം	വയസ്സ് 1	2	3	4	5
(1) ആൺകുട്ടികളുടെ എണ്ണം, വയസ്സ്						
(2) പെൺകുട്ടികളുടെ എണ്ണം, വയസ്സ്						

8. ജോലി
9. വിവാഹിതനെങ്കിൽ താങ്കളെ ആശ്രയിച്ച് കഴിയുന്ന കുട്ടികളുടെ എണ്ണം
10. ആശ്രയിച്ചു കഴിയുന്ന മാതാപിതാക്കളും മറ്റുള്ളവരും
11. വീട്ടിൽ സ്വന്തമായി വരുമാനമുള്ളവരുടെ എണ്ണം
12. കുടുംബത്തിന്റെ ഏകദേശ വാർഷിക വരുമാനം — രൂപ
13. താങ്കളുടെ വാർഷികസമ്പാദ്യം വരുമാനത്തിന്റെ എത്ര ശതമാനം — ശതമാനം
14. താമസ സ്ഥലം ഗ്രാമം, പട്ടണം, നഗരം
15. ഉടമസ്ഥതയിലുള്ള വസ്തുവകകൾ, വീട്, കാർ, ഫോൺ, കമ്പ്യൂട്ടർ, വാഷിങ്ങ്മെഷീൻ, ഇന്റർനെറ്റ് കണക്ഷൻ

ഗവേഷണപഠന ചോദ്യാവലി

ധനകാര്യസ്ഥാപനങ്ങളുടെ കമ്പോള വിഭജനം

ഭാഗം രണ്ട്

1 താങ്കളുടെ വരുമാന മാർഗ്ഗങ്ങളിൽ നിന്നും സാമാന്യം നല്ല ഒരു തുക താങ്കളുടെ കൈവശം മിച്ചം വന്നാൽ ആ തുക താഴെ പറയുന്ന ഏതു കാര്യത്തിനു താങ്കൾ വിനിയോഗിയ്ക്കും?

അനുയോജ്യമായ ബോക്സിൽ ' X ' അടയാളം ദയവായി രേഖപ്പെടുത്തുക.

- i വാഹനമില്ലെങ്കിൽ പുതിയ വാഹനം വാങ്ങും അഥവാ പഴയതുണ്ടെങ്കിൽ അതു മാറ്റി പുതിയ വാഹനം വാങ്ങും. ☐
- ii വീട് നന്നാക്കുവാനും മോടി പിടിപ്പിക്കുവാനും വിനിയോഗിക്കും ☐
- iii സ്വർണ്ണമോ രത്നങ്ങളോ വാങ്ങി സൂക്ഷിക്കും ☐
- iv വസ്തുക്കൾ വാങ്ങുവാൻ ഉപയോഗിക്കും ☐
- v അത്യാവശ്യകാര്യങ്ങൾക്ക് കുറച്ചു തുക മാറ്റിവച്ചിട്ട് ബാക്കി ഏതെങ്കിലും നല്ല ധനനിക്ഷേപപദ്ധതികളിൽ നിക്ഷേപിക്കും. ☐
- vi ബിസിനസ്സിൽ നിക്ഷേപിക്കും ☐

2. താങ്കൾ താഴെപ്പറയുന്ന ധനകാര്യസ്ഥാപനങ്ങളിലോ അവയുടെ പദ്ധതികളിലോ നിക്ഷേപം നടത്താറുണ്ടോ? ഉണ്ടെങ്കിൽ നിക്ഷേപതുകയുടേയും ഇടപാടുകളുടേയും തോത് അനുസരിച്ച് കൊടുത്തിരിക്കുന്ന കോളങ്ങളിൽ 1,2,3,4,5,6,7 എന്നിങ്ങനെ ദയവായി രേഖപ്പെടുത്തുക (1 ഏറ്റവും കൂടുതലിനെ കാണിക്കുന്നു)

- i ബാങ്കുകൾ ☐
- ii ലൈഫ് ഇൻഷുറൻസ് കോർപറേഷൻ ☐
- iii യൂണിറ്റ് ട്രസ്റ്റ് ഓഫ് ഇന്ത്യാ ☐
- iv ഗവൺമെന്റ് പദ്ധതികൾ ☐
- v സ്വകാര്യ പണമിടപാട് സ്ഥാപനങ്ങൾ ☐
- vi ചിട്ടി ഫണ്ടുകൾ ☐
- vii മറ്റുള്ളവ ☐

3. ഏതെങ്കിലും വസ്തുവകകൾ സ്വന്തമാക്കാൻ താങ്കൾ ഏതെങ്കിലും വായ്പയെടുക്കുകയോ തവണ വ്യവസ്ഥാപദ്ധതിയിൽ **ചേരുകയോ ചെയ്തിട്ടുണ്ടോ? ഉണ്ടെങ്കിൽ താഴെപ്പറയുന്ന എന്തൊക്കെ** യാണ് ഇങ്ങനെ സ്വന്തമാക്കിയിട്ടുള്ളത് എന്ന് അതാതു ബോക്സുകളിൽ ' X ' അടയാളം ഇട്ട് രേഖപ്പെടുത്തുക.

- i വസ്തു, കെട്ടിടം ☐
- ii വാഹനങ്ങൾ ☐

iii വാഷിങ്ങ് മെഷീൻ, ടി.വി. മുതലായവ

iv സ്വർണ്ണം

v ബിസിനസ്സ് വായ്പകൾ

vi മറ്റുള്ളവ

4. വായ്പയോ തവണവ്യവസ്ഥയോ ഉണ്ടെങ്കിൽ ഒരു മാസം അതിനുവേണ്ടി അടയ്ക്കേണ്ടി വരുന്ന തുക ദയവായി താഴത്തെ ബോക്സിൽ എഴുതുക (രൂപയിൽ)

5. ഒരു ടെലിവിഷൻ പ്രോഗ്രാമിൽ താങ്കൾ വിജയിയായാൽ താഴെക്കൊടുത്തിരിക്കുന്നതിൽ ഏതു സമ്മാനം സ്വീകരിക്കും? യോജിച്ച ഉത്തരത്തിനു നേരെ 'X' അടയാളം ബോക്സിൽ ഇടുക.

i 2000 രൂപ ഉടനടി കിട്ടുന്നതിന് സ്വീകരിക്കും

ii 4000 രൂപ കിട്ടുവാൻ അമ്പതുശതമാനം സാദ്ധ്യതയുള്ളത് സ്വീകരിക്കും

iii 10,000 രൂപ കിട്ടുവാൻ 20 ശതമാനം മാത്രം സാദ്ധ്യതയുള്ളത് സ്വീകരിക്കും

iv 1,00,000 രൂപ കിട്ടുവാൻ 2 ശതമാനം മാത്രം സാദ്ധ്യതയുള്ളത് സ്വീകരിക്കും

6. താങ്ങളുടെ സമ്പാദ്യമുപയോഗിച്ച് ഒരു നിക്ഷേപമെന്ന നിലയിൽ കുറച്ചുവസ്തു വാങ്ങി കുറച്ചു ദിവസം കഴിഞ്ഞപ്പോൾ ആ പ്രദേശത്തുണ്ടാകുവാൻ പോകുന്ന ചില വികസനങ്ങളെപ്പറ്റിയും, അതു മൂലം വസ്തുവിനുണ്ടാകാവുന്ന വിലവർദ്ധനവിനെപ്പറ്റിയും താങ്കൾക്ക് അറിവ്കിട്ടി. അപ്പോഴാണ് താങ്കൾ മുടക്കിയതിനേക്കാൾ 1/4 തുകകൂടി തന്ന് ആ വസ്തു വാങ്ങുവാൻ ഒരാൾ താല്പര്യം പ്രകടിപ്പിക്കുന്നത്. അപ്പോൾ താങ്കൾ എന്തുചെയ്യും ? ശരിയെന്നു തോന്നുന്ന ഉത്തരത്തിനു നേരെ 'X' അടയാളം ഇടുക.

i ഉടൻതന്നെ വസ്തു വിൽക്കും

ii വില്പനനടത്താതെ വസ്തുവിന്റെ വില വീണ്ടും വർദ്ധിക്കുവാൻ കാത്തിരിക്കും.

iii വില്പനനടത്തുകയില്ലെന്നു മാത്രമല്ല ആ പ്രദേശത്ത് ലഭ്യമെങ്കിൽ കുറച്ചു സ്ഥലം കൂടി വാങ്ങും.

7. ചുരുങ്ങിയ കാലയളവുകളിൽ ലാഭനഷ്ടങ്ങളുണ്ടാകുവാൻ സാദ്ധ്യതയുള്ള വിശ്വസിക്കാവുന്ന ഒരു സാമ്പത്തിക സംരംഭത്തിൽ പങ്കാളിയായി താങ്കൾ പ്രവർത്തിക്കുമ്പോൾ താങ്കൾക്ക് 1000 രൂപയുടെ നഷ്ടമുണ്ടായാൽ ഈ നഷ്ടം തിരിച്ചു പിടിക്കുവാൻ എത്ര തുക മുടക്കുവാൻ താങ്കൾ തയ്യാറാകും? ബോക്സിൽ 'X' അടയാളം ഇടുക.

i 1000 രൂപയിൽ കൂടുതൽ മുടക്കും

ii 1000 രൂപ മാത്രം മുടക്കും

iii 500 രൂപ മാത്രമേ മുടക്കും.

iv 200 രൂപ മാത്രം മുടക്കും

v ഒന്നു മുടക്കുവാൻ തയ്യാറാവുകയില്ല

8. താഴെ കൊടുത്തിരിക്കുന്ന പ്രസ്താവനകളിൽ താങ്കളെ സംബന്ധിച്ച് ബാധകമായി തോന്നുന്ന പ്രസ്താവനയുടെ നേരയുള്ള ബോക്സിൽ ' X ' അടയാളം ദയവായി ഇടുക.

i എല്ലായിപ്പോഴും ഒരേ ധനകാര്യസ്ഥാപനങ്ങളുമായി ഇടപാടുകൾ നടത്തുവാൻ ഞാൻ ഇഷ്ടപ്പെടുന്നു.

ii ആവശ്യമെന്നു തോന്നുന്നെങ്കിൽ മാത്രം മറ്റു സ്ഥാപനങ്ങളുമായി ഇടപാടുകൾ നടത്തുവാൻ ഞാൻ തയ്യാറാക്കും

iii കൂടുതൽ പ്രയോജനം ലഭിക്കുമെങ്കിൽ മറ്റു ധനകാര്യ സ്ഥാപനങ്ങളിലേക്ക് ഇടപാടുകൾ മാറ്റുവാൻ ഞാൻ തയ്യാറാകും

iv ഒരു ധനകാര്യസ്ഥാപനത്തിൽ നിന്നും മറ്റൊന്നിലേക്ക് മാറി മാറി ഇടപാടുകൾ നടത്തുന്നതാണ് എനിക്കിഷ്ടം.

9. താഴെപ്പറയുന്ന പ്രസ്താവനകളിൽ താങ്കളെ സംബന്ധിച്ച് അനുയോജ്യമെന്നു തോന്നുന്ന പ്രസ്താവനയുടെ നേരെ കൊടുത്തിരിക്കുന്ന ബോക്സിൽ ' X ' അടയാളം ഇടുക

i എനിക്ക് നിക്ഷേപപദ്ധതികളിൽ നല്ലതുക നിക്ഷേപവും സ്ഥാപനങ്ങളുമായി എല്ലായിപ്പോഴും ഇടപാടുകളുമുണ്ട്.

ii എനിക്ക് മിതമായ നിക്ഷേപവും ഇടയ്ക്കിടക്കു മാത്രം സ്ഥാപനങ്ങളുമായി ഇടപാടുമുണ്ട്.

iii എനിക്ക് ചെറിയ നിക്ഷേപവും സ്ഥാപനങ്ങളുമായി വല്ലപ്പോഴുമുള്ള ഇടപാടുകളുമേയുള്ളു.

iv എനിക്ക് ഇപ്പോൾ കാര്യമായ നിക്ഷേമില്ല. ഭാവിയിൽ നല്ല നിക്ഷേപപദ്ധതികളിൽ നിക്ഷേപിക്കുവാൻ ആഗ്രഹിക്കുന്നു.

10. നിക്ഷേപം നടത്തുമ്പോൾ താങ്കൾക്ക് ലഭിക്കണമെന്ന് ആഗ്രഹിക്കുന്ന സാമ്പത്തിക നേട്ടത്തിനു നേരെയുള്ള ബോക്സിൽ താങ്കൾ കൊടുക്കുന്ന പ്രാധാന്യമനുസരിച്ച് 1,2,3 എന്നിങ്ങനെ ദയവായി രേഖപ്പെടുത്തുക.

i പലിശയുടേയോ ലാഭവീതത്തിന്റേയോ രൂപത്തിൽ ലഭിക്കുന്ന തുടർച്ചയായ വരുമാനം.

ii നിക്ഷേപത്തുക വളർന്ന് അവസാനം ഒന്നിച്ചു ലഭിക്കുന്നത്

iii മേൽ പറഞ്ഞ രണ്ടു നേട്ടങ്ങളും ഒരുമിച്ച് ലഭിക്കുന്നത്.

11. ധനകാര്യസ്ഥാപനങ്ങളുമായുള്ള ഇടപാടിൽ താങ്കൾക്ക് ലഭിക്കണമെന്നാഗ്രഹിക്കുന്ന പ്രയോജനങ്ങളുടെ നേരേ താങ്കൾ അവയ്ക്ക് കൊടുക്കുന്ന മുൻഗണനയനുസരിച്ച് 1,2,3,4 എന്നിങ്ങനെ ബോക്സുകളിൽ രേഖപ്പെടുത്തുക.

i പ്രശസ്തമായ വൻകിട ധനകാര്യ സ്ഥാപനങ്ങളുമായുള്ള ഇടപാട്

ii എല്ലാ സമയത്തും ലഭിക്കുന്ന വേഗത്തിലുള്ളതും കാര്യക്ഷമവുമായ ഇടപാടുകൾ ☐

iii വ്യക്തിപരമായ നിക്ഷേപതാൽപര്യങ്ങൾ നോക്കി സൂക്ഷ്മതയോടെ ലഭിക്കുന്ന സേവനം ☐

iv മര്യാദയും അറിവും നിക്ഷേപകരോട് കരുതലോടുകൂടിയും പെരുമാറുന്ന ഉദ്യോഗസ്ഥർ ☐

12. താഴെപ്പറയുന്ന എന്തെല്ലാം കാര്യങ്ങളാണ് നിക്ഷേപ തീരുമാനമെടുക്കുന്നതിൽ താങ്കളെ സ്വാധീനിക്കുന്നത് ഓരോ കാര്യവും താങ്കളെ എത്രമാത്രം സ്വാധീനിക്കുന്നുണ്ടന്നുള്ളത് അനുയോജ്യമായ കോളത്തിൽ ' X ' അടയാളമിട്ട് ദയവായി വ്യക്തമാക്കുക.

	സ്വാധീനിക്കുന്ന കാര്യങ്ങൾ	സ്വാധീനത്തിന്റെ തോത്		
		അല്പംപോലുമില്ല	കുറച്ച്	വളരെ
i	നിക്ഷേപത്തിൽ നിന്നു കിട്ടുന്ന വരുമാനം			
ii	വീഴ്ചകൂടാതെ നിക്ഷേപം തിരിച്ചു കിട്ടുമെന്നുള്ള ഉറപ്പ്			
iii	ബുദ്ധിമുട്ടുകൂടാതെ നിക്ഷേപം പണമായി മാറ്റുവാനുള്ള സൗകര്യം			
iv	വിലക്കയറ്റം മൂലം പണത്തിനുണ്ടാകുന്ന മൂല്യശോഷണത്തിനെതിരായ മുൻകരുതൽ			
v	ധനകാര്യകമ്പോളത്തിൽ നിക്ഷേപരേഖകൾ ക്രയവിക്രയം ചെയ്യാനുള്ള സൗകര്യം			
vi	അപകടവും മറ്റും മൂലം ഭാവിയിലുണ്ടാകാവുന്ന നഷ്ടസാദ്ധ്യതകൾക്കെതിരായ മുൻകരുതൽ			
vii	വരുമാനനികുതി ഒഴിവാക്കുവാനോ കുറയ്ക്കുവാനോ			
viii	വാർദ്ധക്യകാലത്ത് സാമ്പത്തിക സുരക്ഷിതത്വം ഉറപ്പാക്കുക			
ix	കുട്ടികളുടെ വിദ്യാഭ്യാസം വിവാഹം മുതലയാവയ്ക്ക് മുൻ കരുതൽ			
x	മറ്റുള്ളവ			

13 ധനകാര്യ സ്ഥാപനങ്ങളുടെ നിക്ഷേപ പദ്ധതികൾക്ക് താഴെ പറയുന്ന കാര്യങ്ങളിലുള്ള മികവ് എത്രയെന്ന് രേഖപ്പെടുത്തുക. 1. ഏറ്റവും കുറഞ്ഞ മികവിനേയും 10. ഏറ്റവും കൂടിയ മികവിനേയും സൂചിപ്പിക്കുന്നു.

പരിഗണിക്കേണ്ട കാര്യങ്ങൾ		ലൈഫ് ഇൻഷുറൻസ് കോർപ്പറേഷൻ	യൂണിറ്റ് ട്രസ്റ്റ് ഓഫ് ഇൻഡ്യ	സ്റ്റേറ്റ് ബാങ്ക് ഓഫ് ഇൻഡ്യ	ഫെഡറൽ ബാങ്ക്	കോത്താരി പയനിയർ	ദേശീയ സമ്പാദ്യ പദ്ധതികൾ
1.	പണമാക്കി മാറ്റുന്നതിനുള്ള എളുപ്പം						
2.	നിക്ഷേപത്തിന്റെ സുരക്ഷിതത്വം						
3.	നിക്ഷേപത്തിൽ നിന്നുള്ള വരുമാനം						
4.	ക്രയ വിക്രയത്തിനുള്ള എളുപ്പം						
5.	അയവുള്ള നടപടിക്രമങ്ങൾ						

14 താഴെ പറയുന്ന നിക്ഷേപപദ്ധതികളിൽ താങ്കളുടെ മുൻഗണനാ ക്രമം ദയവായി രേഖപ്പെടുത്തുക.

ലൈഫ് ഇൻഷുറൻസ് കോർപ്പറേഷന്റെ പദ്ധതികൾ	മുൻഗണനാ ക്രമത്തിന്റെ മൂല്യം	യൂണിറ്റ് ട്രസ്റ്റ് ഓഫ് ഇൻഡ്യ കോത്താരി പയനിയർ എന്നിവയുടെ പദ്ധതികൾ	മുൻഗണനാ ക്രമത്തിന്റെ മൂല്യം
വോൾ ലൈഫ് പോളിസി		മൂലധന വർദ്ധനാ പദ്ധതികൾ	
എൻഡോവ്മെന്റ് പോളിസി		വരുമാന പദ്ധതികൾ	
ലാഭവിഹിതത്തോടു കൂടിയ പോളിസി		മൂലധന വരുമാന പദ്ധതികൾ	
ലാഭവിഹിതം ഇല്ലാത്ത പോളിസി		വ്യവസായ മേഖല പദ്ധതികൾ	
മണി ബാക്ക് പോളിസി		ഷെയറും കടപത്രങ്ങളും ചേർന്ന പദ്ധതികൾ	

ഭാഗം മൂന്ന്

I. താഴെ പറയുന്ന ധനകാര്യ സ്ഥാപനങ്ങളിൽ താങ്കൾക്ക് നിക്ഷേപമുണ്ടെങ്കിൽ നിക്ഷേപത്തുകയും നിക്ഷേപത്തിന്റെ പേരുമെഴുതുക.

സ്ഥാപനം		ആകെ നിക്ഷേപം, വർഷം (രൂപയിൽ)		നിക്ഷേപ പദ്ധതിയുടെ പേര്
		നേരത്തെയുള്ളത്	ഇപ്പോഴുള്ളത്	
I.	ലൈഫ് ഇൻഷുറൻസ് കോർപ്പറേഷൻ			
ii.	യൂണിറ്റ് ട്രസ്റ്റ് ഓഫ് ഇൻഡ്യ			
iii.	സ്റ്റേറ്റ് ബാങ്ക് ഓഫ് ഇൻഡ്യ			
IV	ഫെഡറൽ ബാങ്ക്			
V	കോത്താരി പയനിയർ മ്യൂച്വൽ ഫണ്ട്			
VI.	ദേശീയ സമ്പാദ്യ പദ്ധതികൾ			

2. ധനകാര്യസ്ഥാപനങ്ങളുടെ അറിയപ്പെടുന്ന ചില നിക്ഷേപപദ്ധതികൾ താഴെ കൊടുത്തിരിക്കുന്നു. താങ്കൾക്ക് അറിയാവുന്ന പദ്ധതികളുടെ നേര 'X' അടയാളം രേഖപ്പെടുത്തുക.

ലൈഫ് ഇൻഷുറൻസ് കോർപറേഷൻ		
a	മണിബാക്ക് പോളിസി	
b	ബീമാ കിരൺ	
c	ന്യൂ ജനരക്ഷാ പ്ലാൻ	
d	ആശാ ദീപ്	
e	എൻഡോവ്മെന്റ് പോളിസി	

യൂണിറ്റ്ട്രസ്റ്റ് ഓഫ് ഇന്ത്യാ		
a	യൂണിറ്റ് 64	
b	മാസ്റ്റർ പ്ലാൻ	
c	യൂണിറ്റ് ലിങ്ക്സ് ഇൻഷൂറൻസ് പ്ലാൻ	
d	യു.ജി.എസ്. 2000	
e	മാസ്റ്റർ ഇക്വിറ്റി പ്ലാൻ	

സ്റ്റേറ്റ് ബാങ്ക് ഓഫ് ഇന്ത്യാ		
a	സ്പെഷ്യൽ ടേം ഡിപ്പോസിറ്റ്	
b	മൾട്ടി ഓപ്ഷൻ ഡിപ്പോസിറ്റ്	
c	ഗോൾഡ് ഡിപ്പോസിറ്റ് സ്കീം	
d	ഡിപ്പോസിറ്റ് സ്കീം ഫോർ ഫാർമേഴ്സ്	
e	റിക്കറിങ്ങ് ഡിപ്പോസിറ്റ്	

ഫെഡറൽ ബാങ്ക്		
a	ഫിക്സഡ് ഡിപ്പോസിറ്റ് സ്കീം	
b	ക്യാഷ് സർട്ടിഫിക്കേറ്റ്	
c	മൾട്ടി ബനഫിറ്റ് ഡിപ്പോസിറ്റ് സ്കീം	
d	ഐശ്വര്യ ഡിപ്പോസിറ്റ് സ്കീം	
e	ഫെഡറൽ സേവിങ്ങ് ഫണ്ട്	

കോത്താരി പയനിയർ		
a	മൻത്തിലി ഇൻകം പ്ലാൻ	
b	പ്രൈമാ പ്ലസ്	
c	ബ്ലൂചിപ്പ് ഫണ്ട്	
d	ഇൻഫോടെക് ഫണ്ട്	
e	ചിൽഡ്രൻസ് അസറ്റ് പ്ലാൻ	

ഗവൺമെന്റ് നിക്ഷേപപദ്ധതികൾ		
a	പോസ്റ്റൽ ലൈഫ് ഇൻഷുറൻസ്	
b	നാഷണൽ സേവിംഗ് സർട്ടിഫിക്കേറ്റ്	
c	കിസാൻ വികാസ് പത്ര	
d	ഇന്ദിരാ വികാസ് പത്ര	
e	റിക്കറിംഗ് ഡിപ്പോസിറ്റ്	

3. താഴെപ്പറയുന്ന ഏതൊക്കെ വില്പനപ്രോത്സാഹന മാദ്ധ്യമമാണ് താങ്കളുടെ അഭിപ്രായത്തിൽ നിക്ഷേപ പദ്ധതികളെപ്പറ്റി ആളുകൾക്ക് അറിവ് നൽകുന്നതിനും അവരെ നിക്ഷേപത്തിനു പ്രോത്സാഹിപ്പിക്കുന്നതിനും ഫലപ്രദമാണെന്നു തോന്നിയിട്ടുള്ളത്. ഏറ്റവും ഫലപ്രദമെന്നു തോന്നു മാദ്ധ്യമത്തിനു നേര 1 രേഖപ്പെടുത്തുക അല്ലാത്തവയുടെ നേരെ ക്രമത്തിൽ 2,3,4,5 എനിങ്ങനെ ബോക്സിൽ രേഖപ്പെടുത്തുക.

വില്പന പ്രോത്സാഹന മാദ്ധ്യമങ്ങൾ		
a	ഏജന്റുമാർ, ഓഫീസറന്മാർ, ബ്രോക്കേഴ്സ്	
b	ടി.വി., പത്രം, ബാനറുകൾ, സൈൻബോർഡ് എന്നിവയിലൂടെയുള്ള പരസ്യങ്ങൾ	
c	മറ്റ് ഇടപാടുകാരുടെ ശുപാർശകൾ	
d	പദ്ധതികളെ സംബന്ധിച്ച ലേഖനങ്ങളും റിപ്പോർട്ടുകളും	
e	മറ്റുള്ളവ	

4. താഴത്തെ വലിയ പട്ടികയിൽ പറയുന്ന കാര്യങ്ങൾ ശ്രദ്ധയോടെ വായിച്ച് താങ്കൾ ഓരോന്നിനും കൊടുക്കുന്ന പ്രാധാന്യമനുസരിച്ച് ബോക്സിൽ മൂല്യം കൊടുക്കുക. പ്രാധാന്യത്തിനു കൊടുക്കേണ്ട മൂല്യങ്ങൾ 4,3,2,1 എന്നിങ്ങനെ ഒന്നാമത്തെ പട്ടികയിൽ കൊടുത്തിരിക്കുന്നു.

ഉദാഹരണമായി ഒന്നാമത്തെ കാര്യത്തിന് താങ്കളുടെ അഭിപ്രായത്തിൽ ഏറ്റവും പ്രധാനപ്പെട്ടതാണെങ്കിൽ 4 ബോക്സിൽ രേഖപ്പെടുത്തുക.

	പ്രാധാന്യത്തിന്റെ തോത്	മൂല്യം
i.	വളരെ പ്രാധാനപ്പെട്ടത്	4
ii.	പ്രാധാനപ്പെട്ടത്	3
iii.	കുറച്ച് പ്രാധാനപ്പെട്ടത്	2
iv.	പ്രാധാനപ്പെട്ടതല്ല	1

	വിവരണം	മൂല്യം
i	• സമ്പാദ്യപദ്ധതികളുടെ എണ്ണം, വൈവിദ്ധ്യം, പുതുമ • നിലവിലുള്ള പദ്ധതികളുടെ കാലോചിതമായ പരിഷ്ക്കരണം • നവീനങ്ങളായ പദ്ധതികളുടെ അവതരണം	
ii	• സമ്പാദ്യപദ്ധതികളിൽ നിന്നും ലഭിക്കുന്ന സാമ്പത്തികനേട്ടം • സമ്പാദ്യപ്രോത്സാഹനത്തിനുള്ള ഇളവുകളും ഓഫറുകളും • പണം അടയ്ക്കുന്നതിനുള്ള വ്യവസ്ഥകളുടെ പ്രത്യേകതകൾ	
iii	• ഓഫീസുകളുടെയും സേവന കേന്ദ്രങ്ങളുടേയും എണ്ണം, സൗകര്യങ്ങൾ • അവയുടെ സാമീപ്യം, ബന്ധപ്പെടുവാനുള്ള എഴുപ്പം • ഏജന്റുമാരുടേയും ബ്രക്കറന്മാരുടേയും കഴിവും സേവനസന്നദ്ധതയും	
iv	• സമ്പാദ്യപദ്ധതികളെപ്പറ്റി വില്പന പ്രോത്സാഹനപരസ്യാ സംവിധാനങ്ങൾ നൽകുന്ന അറിവ് • സമ്പാദ്യത്തിന് അവ നൽകുന്ന പ്രേരണ, പ്രോത്സാഹനം • അവയുമായുള്ള പരിചിതത്വം	
v	• നടപടിക്രമങ്ങളുടെ സുതാര്യത, ലാളിത്യം, വേഗത • അനാവശ്യമായ കാലതാമസത്തിന്റേയും ചുവപ്പുനാടയുടേയും അഭാവം • പ്രവർത്തന സമയം (24 മണിക്കൂർ, ആണോ, അല്ലയോ)	
vi	• ഉദ്യോഗസ്ഥന്മാരുടെ അറിവ്, മര്യാദ, അർപ്പണബോധം • ഇടപാടുകളിൽ അവരുടെ കൃത്യത കാര്യക്ഷമത • അവരുടെ സഹകരണം, കൃത്യനിഷ്ട	
vii	• സേവനങ്ങളിലെ സൗഹൃതത്വവും, ആത്മാർത്ഥയും • സേവനങ്ങളിലുള്ള വ്യക്തിപരമായ താല്പര്യം, വ്യക്തിഗതമായി ലഭിക്കുന്ന സേവനം • പരാതികൾ പരിഹരിക്കുന്നതിനുള്ള സന്നദ്ധത, വേഗത	

5. മേൽപ്പറഞ്ഞ ഏഴുകാര്യങ്ങളിലുമുള്ള ധനകാര്യസ്ഥാപനങ്ങളുടെ മികവ് അവയുടെ പ്രവർത്തനങ്ങളുമായി ബന്ധപ്പെടുത്തി നോക്കുമ്പോൾ എത്രമാത്രമാണെന്ന് പരിശോധിച്ച് ഒന്നാമത് കൊടുത്തിരിക്കുന്ന നിലവാര പട്ടികയനുസരിച്ച് 4,3,2,1 എന്നിങ്ങനെ മൂല്യം വലിയ പട്ടികയുടെ ബോക്സിൽ കൊടുക്കുക.

ഉദാഹരണമായി ഒന്നാമത്തെ കാര്യത്തിൽ സ്ഥാപനങ്ങളുടെ മികവ് വളരെ നല്ലത് എന്ന് താങ്കൾക്ക് തോന്നുന്നെങ്കിൽ ബോക്സിൽ 4 എന്ന് രേഖപ്പെടുത്തുക. മികവ് വിലയിരുത്തുമ്പോൾ സ്ഥാപനങ്ങൾ തമ്മിൽ താരതമ്യം ചെയ്യാവുന്നതാണ്.

വിവരണത്തിനായി ഈ ചോദ്യാവലിയോടൊപ്പമുള്ള വിവരണത്തിന്റെ കാർഡ് ദയവുചെയ്ത് വായിക്കുക. നാലാമത്തെ ചോദ്യത്തിലുള്ള വിവരണം തന്നെയാണ് കാർഡിൽ പറഞ്ഞിരിക്കുന്നത്.

	നിലവാരത്തിന്റെ തോത്	മൂല്യം
i	വളരെ നല്ലത്	4
ii	നല്ലത്	3
iii	ശരാശരി	2
iv	ശരാശരിക്ക് താഴെ	1

പരിഗണിക്കേണ്ട കാര്യങ്ങൾ		ലൈഫ് ഇൻഷൂറൻസ് കോർപ്പറേഷൻ	യൂണിറ്റ് ട്രസ്റ്റ് ഓഫ് ഇൻഡ്യ	സ്റ്റേറ്റ് ബാങ്ക് ഓഫ് ഇൻഡ്യ	ഫെഡറൽ ബാങ്ക്	കോത്താരി പയനിയർ	ദേശീയ സമ്പാദ്യ പദ്ധതികൾ
		നിലവാരത്തിന് കൊടുക്കേണ്ട മൂല്യം					
I	ഒന്നാമത്തേത്						
ii	രണ്ടാമത്തേത്						
iii	മൂന്നാമത്തേത്						
iv	നാലാമത്തേത്						
v	അഞ്ചാമത്തേത്						
vi	ആറാമത്തേത്						
vii	ഏഴാമത്തേത്						

6. താഴെ പറയുന്ന കാര്യങ്ങളിൽ ധനകാര്യ സ്ഥാപനങ്ങളുടെ പ്രവർത്തനം എത്രമാത്രം മികവുള്ളതാണെന്ന് മൂല്യത്തിന്റെ അടിസ്ഥാനത്തിൽ വിലയിരുത്തുക. 1. ഏറ്റവും കുറഞ്ഞ മികവിനേയും 10 ഏറ്റവും കൂടിയ മികവിനേയും കാണിക്കുന്നു.

പരിഗണിക്കേണ്ട കാര്യങ്ങൾ	ലൈഫ് ഇൻഷൂറൻസ് കോർപ്പറേഷൻ	യൂണിറ്റ് ട്രസ്റ്റ് ഓഫ് ഇൻഡ്യ	സ്റ്റേറ്റ് ബാങ്ക് ഓഫ് ഇൻഡ്യ	ഫെഡറൽ ബാങ്ക്	കോത്താരി പയനിയർ	ദേശീയ സമ്പാദ്യ പദ്ധതികൾ
	മികവിന് കൊടുക്കേണ്ട മൂല്യം					
സാമ്പത്തിക ആവശ്യങ്ങൾ തൃപ്തിപ്പെടുത്തുവാനുള്ള നിക്ഷേപ പദ്ധതികളുടെ മികവ്						
പദ്ധതികളുടെ പുതുമയും സാങ്കേതിക മേന്മയും						
കൃത്യമായ സേവനം നൽകുവാനുള്ള സന്നദ്ധത						
സേവനങ്ങൾ വിശ്വാസ്യതയോടെ നൽകുവാനുള്ള കഴിവ്						
സൗകര്യപ്രദമായ സ്ഥലങ്ങളിലുള്ള സേവന കേന്ദ്രങ്ങൾ						
സത്യസന്ധവും വിജ്ഞാനപ്രദവുമായ പരസ്യങ്ങൾ						
സാമ്പത്തിക ഇളവുകളും ആനുകൂല്യങ്ങളും						
ഇടപാടുകളിലുള്ള വ്യക്തിപരമായ ശ്രദ്ധ						
സാമ്പത്തിക ഉപദേശങ്ങൾ						
ഉദ്യോഗസ്ഥരുടെ അറിവും മര്യാദയും						
സൗകര്യപ്രദമായ പ്രവർത്തിസമയം						
സ്ഥാപനത്തിന്റെ പ്രശസ്തി						

7 മേൽ വിവരിച്ച ഏഴുകാര്യങ്ങളിൽ (വിവരണത്തിന് കാർഡ് നോക്കുക) നിന്നും ധനകാര്യസ്ഥാപനങ്ങളുമായി ഇടപാടു നടത്തിയ ഒരാളെന്ന നിലയിൽ താങ്കൾക്ക് എത്രമാത്രം സംതൃപ്തി ലഭിച്ചിട്ടുണ്ടെന്ന് താഴെ ചെറിയ പട്ടികയിൽ കൊടുത്തിരിക്കുന്ന പ്രകാരം 0, 1, 2, 3 എന്നിങ്ങനെ വലിയ പട്ടികയിലെ ബോക്സുകളിൽ മൂല്യം നൽകി രേഖപ്പെടുത്തുക.
ഉദാഹരണമായി ഒന്നാമത്തെ കാര്യത്തിൽ താങ്കൾക്ക് ഒട്ടും തൃപ്തികരമല്ലെങ്കിൽ 0 രേഖപ്പെടുത്തുക. സംതൃപ്തി വിലയിരുത്തുമ്പോൾ ഓരോ സ്ഥാപനത്തിൽ ലഭിച്ചത് താരതമ്യം ചെയ്യാവുന്നതാണ്.
അതുപോലെ ആറാമത്തെ ചോദ്യത്തിൽ ചെയ്തതുപോലെ കഴിഞ്ഞ കാലവുമായി താരതമ്യം ചെയ്യുമ്പോൾ സംതൃപ്തിയിലുണ്ടായിട്ടുള്ള മാറ്റം + (കൂടിയിരിക്കുന്നു). (മാറ്റമില്ല) – (കുറഞ്ഞിരിക്കുന്നു) എന്നീ ചിഹ്നങ്ങളുപയോഗിച്ച് വലിയ പട്ടികയിലെ മാറ്റം എന്നു തലക്കെട്ടുള്ള ബോക്സുകളിൽ രേഖപ്പെടുത്തുക.

	സംതൃപ്തിയുടെ തോത്	മൂല്യം
i.	ഒട്ടും തൃപ്തികരമല്ല	0
ii.	തൃപ്തികരമല്ല	1
iii.	തൃപ്തികരം	2
IV	വളരെ തൃപ്തികരം	3

പരിഗണിക്കേണ്ട കാര്യങ്ങൾ		ലൈഫ് ഇൻഷുറൻസ് കോർപ്പറേഷൻ		യൂണിറ്റ് ട്രസ്റ്റ് ഓഫ് ഇൻഡ്യ		സ്റ്റേറ്റ് ബാങ്ക് ഓഫ് ഇൻഡ്യ		ഫെഡറൽ ബാങ്ക്		കോത്താരി പയനിയർ		ദേശീയ സമ്പാദ്യ പദ്ധതികൾ	
		സംതൃപ്തി	മാറ്റം	സംതൃപ്തി	മാറ്റം	സംതൃപ്തി	മാറ്റം	സംതൃപ്തി	മാറ്റം	സംതൃപ്തി	മാറ്റം	സംതൃപ്തി	മാറ്റം
i	ഒന്നാമത്തേത്												
ii	രണ്ടാമത്തേത്												
iii	മൂന്നാമത്തേത്												
iv	നാലാമത്തേത്												
v	അഞ്ചാമത്തേത്												
vi	ആറാമത്തേത്												
vii	ഏഴാമത്തേത്												

8. മേൽപറഞ്ഞ ഏഴുകാര്യങ്ങളിൽ (വിവരണത്തിന് കാർഡ് നോക്കുക), താങ്കൾക്കുണ്ടായിരുന്ന പ്രതീക്ഷയും യഥാർത്ഥത്തിൽ ലഭിച്ചതുമായി താരതമ്യം ചെയ്യുമ്പോൾ അവയ്ക്ക് കൊടുക്കാവുന്ന മൂല്യം താഴെ ചെറിയപട്ടികയിൽ കൊടുത്തിരിക്കുന്നതുപോലെ മൂല്യം നൽകി രേഖപ്പെടുത്തുക.
ഉദാഹരണമായി ഒന്നാമത്തെ കാര്യത്തിൽ താങ്കൾ പ്രതീക്ഷിച്ചതിലും നല്ലതാണെങ്കിൽ 3 എന്ന് ബോക്സിൽ രേഖപ്പെടുത്തുക. മൂല്യം കൊടുക്കുമ്പോൾ സ്ഥാപനങ്ങളെത്തമ്മിൽ താരതമ്യം ചെയ്യാവുന്നതാണ്.

	തോത്	മൂല്യം
i.	പ്രതീക്ഷിച്ചതിലും നല്ലത്	3
ii.	പ്രതീക്ഷിച്ചതുപോലെ	2
iii.	പ്രതീക്ഷിച്ചതിലും മോശം	1

പരിഗണിക്കേണ്ട കാര്യങ്ങൾ		ലൈഫ് ഇൻഷുറൻസ് കോർപ്പറേഷൻ	യൂണിറ്റ് ട്രസ്റ്റ് ഓഫ് ഇൻഡ്യ	സ്റ്റേറ്റ് ബാങ്ക് ഓഫ് ഇൻഡ്യ	ഫെഡറൽ ബാങ്ക്	കോത്താരി പയനിയർ	ദേശീയ സമ്പാദ്യ പദ്ധതികൾ
i.	ഒന്നാമത്തേത്						
ii.	രണ്ടാമത്തേത്						
iii.	മൂന്നാമത്തേത്						
iv.	നാലാമത്തേത്						
v.	അഞ്ചാമത്തേത്						
vi.	ആറാമത്തേത്						
vii.	ഏഴാമത്തേത്						

9 ഭാവിയിൽ ഈ സ്ഥാപനങ്ങളുമായി താങ്കൾ നിക്ഷേപ ഇടപാടു നടത്തുവാനുള്ള സാദ്ധ്യത എത്രമാത്രമാണെന്ന് താഴെപ്പറയുന്ന സാദ്ധ്യതാ സൂചിക നോക്കി അതാതു സ്ഥാപനങ്ങളുടെ താഴെ കൊടുത്തിരിക്കുന്ന ബോക്സുകളിൽ x അടയാളം രേഖപ്പെടുത്തി വ്യക്തമാക്കുക.

സാദ്ധ്യതാ സൂചിക		ലൈഫ് ഇൻഷുറൻസ് കോർപ്പറേഷൻ	യൂണിറ്റ് ട്രസ്റ്റ് ഓഫ് ഇൻഡ്യ	സ്റ്റേറ്റ് ബാങ്ക് ഓഫ് ഇൻഡ്യ	ഫെഡറൽ ബാങ്ക്	കോത്താരി പയനിയർ	ദേശീയ സമ്പാദ്യ പദ്ധതികൾ
i.	100 ശതമാനം സാദ്ധ്യത						
ii.	80 ശതമാനം സാദ്ധ്യത						
iii.	60 ശതമാനം സാദ്ധ്യത						
iv	40 ശതമാനം സാദ്ധ്യത						
v	20 ശതമാനം സാദ്ധ്യത						
vi.	0 ശതമാനം സാദ്ധ്യത						

10. ഈ ധനകാര്യ സ്ഥാപനത്തിൽ നിക്ഷേപം നടത്തുവാൻ താങ്കൾ മറ്റുള്ളവരോട് ശുപാർശ ചെയ്യാനുള്ള സാദ്ധ്യത എത്രത്തോളമാണെന്ന് താഴെകൊടുത്തിരിക്കുന്ന പട്ടികയിൽ നോക്കി ഓരോ സ്ഥാപനത്തിന്റേയും നേരെ താഴെകൊടുത്തിരിക്കുന്ന ബോക്സുകളിൽ x അടയാളം ഇട്ടു രേഖപ്പെടുത്തുക.

സാദ്ധ്യതാ സൂചിക		ലൈഫ് ഇൻഷുറൻസ്	യൂണിറ്റ് ട്രസ്റ്റ്	സ്റ്റേറ്റ് ബാങ്ക്	മഫഡറൽ ബാങ്ക്	കൊത്താരി പയനിയർ	ഗവൺമെന്റ് പദ്ധതികൾ
i..	തീർച്ചയായും സാദ്ധ്യതയുണ്ട്						
ii.	ചിലപ്പോൾ സാദ്ധ്യതയുണ്ട്						
iii.	ഇതു രണ്ടുമില്ല						
iv.	ചിലപ്പോൾ സാദ്ധ്യതയില്ല						
v	ഒരിക്കലും സാദ്ധ്യതയില്ല						

11 കമ്പോള വിഭജന തത്വമനുസരിച്ച് ഓരോവിഭാഗത്തിലുള്ള നിക്ഷേപകർക്കും ആവശ്യമായ തരത്തിലുള്ള നിക്ഷേപപദ്ധതികൾ എല്ലാ കാര്യങ്ങളിലും ഓരോനിക്ഷേപകരേയും തൃപ്തിപ്പെടുത്തുന്ന രീതിയിൽ കൂടുതൽ മികവോടെ ആവിഷ്കരിക്കുന്നതിലും കൂടുതൽ മെച്ചപ്പെട്ട സേവനം കാഴ്ചവയ്ക്കുന്നതിലും ഈ ധനകാര്യസ്ഥാപനങ്ങളോട് താങ്കൾക്ക് എന്തെല്ലാം നിർദ്ദേശങ്ങൾ നൽകാനുണ്ട്.

(i)

(ii)

(iii)

(iv)

(v)

(vi)

(vii)

താങ്ക് യൂ

APPENDIX - III

Ph.D Programme

Market segmentation by financial institutions

Interview schedule to executives of financial institutions

Please give answers to the following questions given below:

1 Kindly rate the following segmentation variables in the order of weightage given to them in market segmentation by FIs. Assign 1 for the least weightage and 10 for the highest weightage.

Variables	**Rating (for weightage)**
Demographic variables	
Behavioursitic variable	
Psychographic variables	
Socio-economic variables.	

2. In your opinion, what are the prominent demographic, behaviouristic, psychographic and socio-economic variables employed by FIs in market segmentation.

Demographic variables

1

2.

3.

4.

5.

Behaviouristic variables

1

2.

3.

4.

5.

Psychographic variables

1

2.

3.

4.

5.

Socio-economic variables

1

2.

3.

4.

5.

APPENDIX - IV

Ph.D Programme

Market segmentation by financial institutions

Interview schedule for panel of judges

Kindly give answers to the following questions:

Please rate the actual performance of the following financial institutions in respect of the matters given in the table and assign values 4,3,2,1 as given in the first table. For example if you think performance in respect of first item is excellent assign values 4 in the respective box. Comparison between institutions may be made while rating performance.

No.	Description of factors	LIC	UTI	SBI	FBL	KPMF	NSS/GSS
1.	• Number and diversity of products • Innovations to products • Introduction of new product						
2.	• Monetary retum from product • Financial incentives and concessions • Terms and conditions of payment						
3.	• Knowledge provided by advertisement • Familiarity with media • Encouragement of media for saving						
4.	• Number and facilities of offices • Proximity and accessibility • Number and efficiency of agents						
5.	• Transparency, simplicity and quickness of procedures • Absence of delay and red-tapism • Hours of service						
6.	• Commitment, courtesy • Accuracy and efficiency • Co-operation and punctuality						
7	• Friendliness and sincerity • Personal interest and individualised attention • Promptness in taking action against complaint						