

MARKETING OF FINANCIAL SERVICES

CHAPTER - V
ANALYSIS AND INTERPRETATION
OF DATA: COMPARISON AND
DIFFERENTIATION OF GROUPS

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ANALYSIS AND INTERPRETATION OF DATA: **COMPARISON AND DIFFERENTIATION OF GROUPS**

5.1 INTRODUCTION

This is the first of the two chapters in which the data collected are analyzed, interpreted and discussed.

In the present chapter, the different groups are compared and differentiated with respect of each of the marketing variables. In section I, the level of performance of the groups in each marketing practice is highlighted. Also, the variability in the practice of each of marketing decisions for each of the groups is discussed. The statistical techniques for analyzing the data utilized here are, arithmetic mean, standard deviation, co-efficient of variation and percentages.

In section II of the present chapter, each dichotomous classification is taken up for discussion at a time, and the groups are differentiated on the basis of marketing practices. The grouped t test is applied to test the difference between the two means. At first the F test is applied for testing the quality of variance, next either the pooled variance estimate t test or the separate variance estimate t test is applied (depending on the F value). Thus the two groups are discriminated on the basis of various marketing practices.

Section – I

5.2 PERFORMANCE OF THE SAMPLE ON DIFFERENT MARKETING PRACTICES

Before going into the group – wise discussion, the performance of the sample as a whole on the various marketing practices to be stated.

This facilitates better comparison on the performance level of the various sub-groups in respect of their marketing practices.

Table V-1 gives the mean, standard deviation and co-efficient of variation for the sample as a whole.

Table – V-1

Performance of the entire sample on different marketing practices

	Entire Sample (n = 52)		
Variable	X	$\sqrt{6}$	V
2 CDP	10.75	5.56	51.74
3 PDP	11.17	4.31	38.58
4 NPP	9.81	6.73	68.65
5 PRP	9.25	4.05	43.76
6 PMP	12.62	6.16	48.84

Note : X denotes mean
 σ denotes standard deviation, and
 V denotes co-efficient of variation

5.3 RISK TAKER GROUP (RTG) COMPARED WITH SAFE PLAYER GROUP (SPG) IN TERMS OF ADOPTION OF MARKETING PRACTICES

The first of the classifications taken up for analysis is the risk taker group and the safe player group. Table V-2 gives the following information* on the two groups.

- the mean scores on each of the marketing practices,
- the standard deviation on each of the marketing practices,
- the co-efficient of variation (V), in other word, the variability on each of the marketing practices,

* The same information for the different group classification is found in Table V-3, V-4 and V-5.

- the mean score of the variable expressed as a percentage of maximum possible score that is allotted to each variable (for maximum scores allotted to each variable, the annexure on the scoring technique may be referred), and,
- the overall mean (i.e. the mean of the 5 marketing variables taken together).

In interpreting the data presented in Table V-2, the following may be stated. (It may also be noted here that for the sake of clarity the possible reasons for the better / poor performance of the groups is discussed under the different marketing variables i.e., 5.3 C).

- a) Regarding the average scores which indicate the performance on the various marketing practices

Table V-2
Comparison of RTG-SPG groups on different Marketing Practices

	RTG Group (n = 34)			SPG Group (n = 18)			X as % of maximum score	
Variable	X	\wedge 6	V	X	\wedge 6	V	RTG	SPG
1	2	3	4	5	6	7	8	9
2 CDP	12.18	5.25	43.15	8.06	5.24	65.06	55.35	36.62
3 PDP	12.62	3.90	30.91	8.44	3.76	44.54	66.41	44.44
4 NPP	11.44	6.54	57.18	6.72	6.12	91.10	35.75	19.14
5 PRP	10.12	3.89	38.46	7.61	3.93	51.61	53.25	40.06
6 PMP	14.71	6.35	43.15	8.67	3.24	37.34	52.52	30.95
Overall Avg.	12.21	-	-	7.90	-	-	52.66	34.24

Note :- X denotes mean, \wedge 6 denotes standard deviation
V denotes co-efficient of variation.

- i) the RTG group secured a higher average than the SPG group on all the marketing variables;
 - ii) not only are the average scores of the SPG group lower than those of the RTG group, they are lower than the performance of the entire sample (on all the marketing practices). Table V-1 may be referred for average scores on entire sample;
 - ii) on all the marketing practices, the average of the RTG group were higher than that of the entire sample.
- b) Regarding the variability in the marketing practices, it is found that a fairly large heterogeneity exists in the practices of the two groups. It should be note here that higher the value of 'V' the greater the heterogeneity (i.e. less the homogeneity).
- i) In the risk taker group greater heterogeneity (i.e. maximum availability of 58%) is found in the marketing practice of new product/service decisions, and greater homogeneity (i.e. minimum availability of 31%) is found in the practice of product/service decisions.
 - ii) In the safe player group, greater heterogeneity (a maximum variability of 91%) is found in the practice of new product/service practices, and, greater homogeneity (a

minimum variability of 37%) is found in the practice of promotion decisions.

iii) For both RTG group and SPG group, the maximum variability is found with respect to new product/service practices.

c) Regarding the performance of the two groups – RTG and SPG – on the different marketing practices, the following observations are made.

i) Variable 2 : Competitive and demand practices:

The mean score of RTG group in this variable is 12.18, while that of the SPG group is 8.06. This clearly indicates the better performance of the RTG group on competitive and demand practices. In order to have an even clearer picture these average scores are converted to percentages on the maximum possible score of the variable. (Refer column 8 and 9 of Table – V-2). Here it is found that RTG group secured 55% while the SPG group secured 37% only.

In interpreting the performance of the two groups, it may be said that the performance of the RTG group is average and that of the SPG group is poor.

The possible reason for the poor performance of the SPG group can be drawn from the criterion of the group classification. The organizations

of the SPG group operate only when firm clients are in hand. Such organizations are busy rushing here and there to procure business, hence they are unsystematic in gathering knowledge on competitors and their strategies.

ii) Variable : 3 Product Practices:

The mean score of RTG group on this variable is 12.62 and that of SPG group is 8.44. These scores when converted as percentages of maximum score of the variable read as 66% and 44% respectively. Thus the performance of the RTG group may be said to be 'above average' and that of the SPG group 'low'.

From these percentages, it may be summarized that the organizations of the RTG group give considerable attention to service quality, customers requirements, etc. while taking decisions on the product/service.

The possible reasons for the low performance of the Safe Player Group could be, at times, such organizations in their anxiety to procure business sometimes overlooks the fact that they may not be in a position to provide quality services.

iii) Variable : 4 New Product/Service Practices :

In practices relating to new product/service decisions, the RTG group secured on average of 11.44, and, SPG group secured and averages of 6.72. These scores when converted as percentages of maximum score on the variable are 36% and 19% respectively. The performance of the RTG group may be considered to be average, while that of the SPG group is below average.

The innovation of products/services brings on the acceptance of the product life cycle. Any product/service has to go through 4 stages namely, Introduction, Growth, Maturity and Decline. Many financial service organizations find it difficult to accept the decline stage of the product life cycle.

Out of 34 organizations belonging to the RTG group only 21 (i.e. 61.76%) of them agree that every product/service has a decline stage. Yet, it is found that their practices on introduction of new product/service are average. In the safe player group 6 out of 18 member (i.e. 33.33%) accept the decline stage of the product/service. Thus it may be said that marketing practices regarding new product/service decisions are average in the financial service organizations.

The average performance on aspects concerning 'product (service) – idea – development', innovation, introduction and allied decisions on

new products/services could be due to lack of priority given to these aspects. Also, the facilities for development of new products/services are inadequate in the financial service organizations.

iv) Variable 5 : Pricing Decisions :

The RTG group secured on average of 10.12 while that of SPG group is 7.61. These when converted as percentages to the maximum possible score on the variable read as 53% and 40% respectively. The performance of the RTG group may be said to be average and that of the SPG group low.

Many products/services are becoming price competitive in the market. As the safe player groups function only when firm clients are in hand, it is difficult for the organizations to take stand on pricing. This may lead to unscientific adoption of pricing practices.

Another possible reason why the financial organizations are unable to undertake market oriented pricing may be due to constraints imposed by cost and availability of resource requirements.

(iv) Variable : 6 Promotion Practices

The RTG group secured an average of 14.71 as against 8.67 in the SPG group. These when converted as percentages to maximum possible score read as 53% and 31% respectively. Thus the

performance of the RTG group may be considered to be average, while that the SPG group may be said to be poor.

One of the quoted reason, is that the financial services organizations are unable to indulge in effective promotion strategies due to lack of proper management and allocation of funds. The attitude of the safe player group is conditioned and moves in the direction of securing business and they may not have any specific target market as their priority.

Having discussed the performance of the RTG and SPG groups on the different marketing practices, the discussion moves on to performance of the professionally managed group and traditionally managed groups.

5.4 PROFESSIONALLY MANAGED GROUP (PROF.MG) COMPARED WITH TRADITIONALLY MANAGED GROUP (TRAD.MG.) GROUP IN TERMS OF ADOPTION OF MARKETING PRACTICES

The performance of the professionally managed group and traditionally managed group, on the different marketing practices are given in Table V-3. The following comparisons are drawn regarding the two groups.

- (a) Regarding the average scores, which indicate the performance of the PROF.MG. and TRAD.MG. group on the various marketing practices:

- i) The average scores of the professionally managed group are higher than those of the traditionally managed group in practices relating to:
- Competitive and demand decisions,
 - Product/service decisions and,
 - Pricing decisions
- ii) The mean scores of the traditionally managed group are higher than those of the professionally managed group in practices relating to,
- new product/service decisions, and,
 - promotion decisions.

Table V-3
Comparison of PROF.MG. -TRAD.MG. Groups on
Different Marketing Practices

	PROF.MG. Group (n = 35)			TRAD.MG. Group (n = 17)			X as % of maximum score	
Variable	X	\wedge 6	V	X	\wedge 6	V	RTG	SPG
1	2	3	4	5	6	7	8	9
2 CDP	11.97	5.73	47.84	8.24	4.35	52.85	54.41	37.43
3 PDP	11.51	4.60	39.93	10.47	3.68	35.11	60.60	55.11
4 NPP	9.77	6.56	67.16	9.88	7.28	73.66	30.53	30.88
5 PRP	9.97	4.08	40.96	7.77	3.65	46.99	52.48	40.87
6 PMP	12.57	6.03	47.98	12.71	6.61	52.04	44.9	45.38
Overall Avg.	11.16	-	-	9.81	-	-	48.58	41.93

Note :- X denotes mean, \wedge 6 denotes standard deviation
V denotes co-efficient of variation.

(b) Regarding the variability in the marketing practices of the two groups:

- i) In the professionally managed group, greater heterogeneity (i.e. a maximum variability of 67%) is found in marketing practices relating to new product/service decisions, and greater

homogeneity (i.e. a minimum variability of 40%) is found in the practice of product/service decisions.

- ii) In the traditionally managed group, greater heterogeneity (a maximum variability of 74%) is found in the practice of product/service decisions.
- iii) It needs to be noted that for both groups maximum variability is found in new product/service practices and minimum variability in product/service practices.

(c) Regarding the performance of the two groups PROF.MG. and TRAD.MG. – on the different marketing practices, the following observations are made :

i) Variable 2 : Competitive and demand Practices :

The mean score of PROF.MG. group on this variable is 11.97, while that of the TRAD.MG. group is 8.24. These averages when expressed as percentages to maximum possible score of the variable read as 54% and 37% respectively. Thus it may be stated that the performance of the PROF.MG. group is average, while that of the TRAD.MG. group is poor.

The probable reason why the organizations of the TRAD.MG. group are unable to ascertain their competitive position in the market may be due to paucity and lack of time.

The professionally managed group, inspite of having an added advantage over the TRAD.MG. group, their performance on competitive and demand practices is average only. Probably the gains that may be realized in gathering information of competitors and their strategies, as also computing demand and market share is not known to them, or if they do, they don't know how to go about it or don't indulge in this practice due to other constraints.

ii) Variable 3 : Product Practices:

The mean score of the PROF.MG. group on this variable is 11.51 and that of TRAD.MG. group is 8.24. These scores when expressed as percentages of maximum possible score of the variable read as 61% and 55% respectively. The performance on this variable is better than it is in the earlier variable. This is to say that organizations of both groups are giving greater priority to marketing practices relating to product/service decisions. It may be recalled here that the variability figures for both groups are very close (PROF.MG. – 40%, and TRAD.MG. 35%).

iii) Variable 4 : New Product/service Practices:

In practices relating to new product/service decision, the PROF.MG. group secured an average of 9.77, and TRAD.MG. group secured an average of 9.88. These scores when expressed as percentages to the maximum possible score read as 31% and 31% respectively. It is very

surprising to note that the performances of both groups are practically the same, The performance of both groups may be considered to be poor. It is also found that both groups have greater heterogeneity in the practice of new product/service decisions. New product/service practices seem to be a 'weak area' for the financial service organizations. Probably one reason for it being so could be that the financial service organizations are not properly oriented on the importance, and introduction of new products/service.

iv) Variable 5 : Pricing Practices :

The PROF.MG. group secured an average of 9.97 and TRAD.MG. group secured an average of 7.77 on the marketing variable, pricing practices. These scores expressed as percentage to the maximum possible score of the variable read as 52% and 41% respectively.

The performance of the PROF.MG. group may be taken as average, while that of TRAD.MG. group may be said to low. The average secured by the TRAD.MG. group is lower than that of the average of the entire sample (Table V-1). One tends to feel that those financial service organizations who preferred to go in for full cost pricing are always anxious about growth rate, that they do not want to take a chance by going in for any other system of pricing. Yet, another trend among the financial service organizations is to follow the competitor. Sometimes this is done blindly without even working out the costs in their own organization.

v) Variable 6 : Promotion Practices :

The PROF.MG. group secured an average score of 12.57 as against 12.71 of the TRAD.MG. group. These scores expressed as percentages of the maximum possible score read as 45% and 45% respectively. These percentages may be said to represent low performance.

During the survey, it was found that a majority of the financial service organizations depended on their limited contacts to secure business. A few enlightened financial service organizations had more segments to serve.

The next set of groups taken up for discussion is the FBSG group and ABSG group.

5.5 FUND BASED SERVICES GROUP (FBSG) COMPARED WITH FEE BASED/ADVISORY SERVICES GROUP GROUP (ABSG) IN TERMS OF ADOPTION OF MARKETING PRACTICES.

The performance of fund based services group and Fee Based/Advisory Services groups are given in Table V-4. The following comparisons are drawn regarding the two groups.

Table V-4

Comparison of FBSG – ABSG Groups on Different Marketing Practices

	FBSG Group (n = 23)			ABSG Group (n = 29)			X as % of maximum score	
Variable	X	\bar{X}	V	X	\bar{X}	V	RTG	SPG
1	2	3	4	5	6	7	8	9
2 CDP	9.52	5.55	58.29	11.72	5.47	46.66	43.28	53.29
3 PDP	10.61	4.36	41.26	11.62	4.28	36.83	55.84	61.16
4 NPP	9.70	4.59	47.21	9.90	8.13	82.15	30.12	30.93
5 PRP	8.91	4.07	45.63	9.52	4.09	42.92	46.91	50.09
6 PMP	11.74	6.17	52.53	13.31	6.18	46.41	41.93	47.54
Overall Avg.	10.10	-	-	11.21	-	-	43.62	48.60

- (a) Regarding the average scores which indicate the performance on the various marketing practices, the following may be stated :
- The ABSG group secured a higher average than the FBSG group on all the marketing variables.
 - The average scores of FBSG group are lower than the average scores of the entire sample on all the marketing practices.

- iii) The average scores of the ABSG group are higher than the average scores of the entire sample.
- (b) Regarding the variability in the marketing practices of the two groups,
- i) In the FBSG group, greater heterogeneity (a maximum variability of 58%) is found in the practice of competitive and demand decisions, and greater homogeneity (a minimum variability of 41%) is found in product/service practices.
 - ii) In the ABSG group, greater heterogeneity (a maximum variability of 82%) is found in new product/service practices, and greater homogeneity (a minimum variability of 37%) is found in product/service practices.
 - iii) For both FBSG and ABSG groups minimum variability is found in product/service practices.
- (c) Regarding the performance of the two groups FBSG and ABSG – on the marketing practices the following observations are made.
- i) **Variable 2 : Competitive and demand practices :**

The mean score of the FBSG group on competitive and demand practices is 9.52, and that of ABSG group is 11.72. These averages expressed as a percentage of maximum possible score read as 43%

and 53% respectively. The performance of the FBSG group in the variable may be said to be low, while that of the ABSG may be considered to be average.

Organizations of the FBSG group, by virtue of they being ABSG group did not have to face severe competition on a day to day basis as the ABSG group. That is to say, that FBSG group had to be on the looks out for customers but once the fund based services provided for a period ranging from one to five years, till the expiry of that period the organization may not face much marketing problems. So probably this was one reasons why performance of the FBSG group in competitive and demand practices are low.

ii) Variable 3 : Product Practices :

The FBSG group secured an average of 10.61 on this variable and ABSG group secured an average of 11.62. These average scores expressed as a percentage of maximum score of the variable read as 56% and 61% respectively. There is not much difference in the performance of these two groups, also, the performance may be considered to be average.

iii) Variable 4 : New Product/service Practices :

The average secured by FBSG group in new product/service practices is 9.70, while that of ABSG group is 9.90. These scores expressed as

percentages to maximum score of the variable read as 30 % and 31% respectively. The performance of both these groups are poor and also their level of performance may be considered to be the same. Thus for most of the groups under the different classification have performed rather poorly on new product/service practices. This indicates the lack of orientation of the financial service organizations on this aspect.

iv) Variable 5 : Pricing Practices :

The FBSG group scored an average of 8.91 and ABSG group an average of 9.52. These scores expressed as percentages of the maximum possible score on the variable are 47% and 50%. Thus, it is seen that is not much of a difference in the performance of the two groups on pricing practices.

v) Variable 6 : Promotion Practices :

The mean score of the FBSG on promotion practices is 11.74 and that of ABSG group 13.31. These mean scores expressed as percentages of maximum possible score of the variable are 42% and 48% respectively. The performance of both the groups may be considered to be rather low.

It cannot be said, that FBSG group need not indulge in Promotion practices. In fact, their existence should be made known to all industrial/manufacturing organizations that require the services

offered by them. Thus effective and scientific promotion strategies does have a role to play in the marketing of FBSG.

It goes without saying that ABSG would do well to adopt the marketing concept in their promotion decisions.

The last of the groups to be compared here are the private organizations group and the nationalized organizations group.

5.6 PRIVATE ORGANIZATIONS GROUP (POG) COMPARED WITH NATIONALIZED ORGANIZATIONS GROUP (NOG) IN TERMS OF ADOPTION OF MARKETING PRACTICES.

The performance of the POG group in the different marketing practices is given in Table V-4. The following comparisons are drawn from the data given in the table.

- (a) Regarding the average scores of the POG and NOG groups on the different marketing variables, the following observations are made:
 - (i) Except in marketing practices relating to pricing decisions, the average scores of the POG group are higher than NOG group in all other marketing variables.
 - (ii) The average scores of the POG group are higher than the average scores of the entire sample

Table V-5

Comparison of POG – NOG Groups on Different Marketing Practices

	POG Group (n = 11)			NOG Group (n = 41)			X as % of maximum score	
Variable	X	\wedge	V	X	\wedge	V	POG	NOG
1	2	3	4	5	6	7	8	9
2 CDP	11.46	6.35	55.40	10.56	5.40	51.17	52.07	48.00
3 PDP	13.27	4.36	32.86	10.61	4.17	39.31	69.86	55.84
4 NPP	10.27	7.85	76.41	9.68	6.51	67.19	32.10	30.26
5 PRP	8.82	4.51	51.18	9.37	3.97	42.36	46.41	49.29
6 PMP	13.64	6.36	46.64	12.34	6.16	49.90	48.70	44.08
Overall Avg.	11.49	-	-	10.51	-	-	49.83	45.49

On all marketing variables except pricing practices.

- (iii) The average scores of the NOG group are lower than that of the average scores of the entire sample on all marketing variables except in the practice of pricing decisions in which it is higher.
- (b) Regarding the variability in the marketing practices of the two groups:
 - (i) In the POG group, greater heterogeneity (a maximum variability of 76%) is found in the practice of new

product/service practices, and, greater homogeneity (a minimum variability of 33%) is to be found in the practice of product/service practices.

(ii) In the NOG group, greater heterogeneity (a maximum variability of 67%) is found in the practice of new product/service practices, and greater homogeneity (a minimum variability of 39%) is found in the practice of product/service practices.

(iii) Thus for both groups, there exists greater heterogeneity in new product/service practices and greater homogeneity in product/service practices.

(c) Regarding the performance of the two group-POG and NOG- on the different marketing practices, the following observations are made.

i) Variable2: competitive and demand practices:

The POG group secured an average of 11.46 and NOG group an average of 10.56. these expressed as percentages on the maximum score of the variable are 52% and 48% respectively. These may be, considered to be average/low performance. The level of performance in competitive and demand practices is not what it should be, The possible cause for such situation could be the lack of awareness among financial service organizations as to the gains that can be

reaped by indulging in market oriented practices in competitive and demand decisions.

ii) Variable 3: new product practices:

The mean score of POG group on this variable is 13.27 and that of NOG group is 10.61. These mean scores expressed as percentages of maximum possible scores of the variable are 70% and 56% respectively. The mean score of the POG group may consider being good. This means that in financial services organizations which are POG, adequate care is taken by them to adhere to the marketing concept in their product/service practices. The performance of NOG on product/service practices may be said to be average.

iii) Variable 4: new product practices:

The mean score of the POG group on this variable is 10.27 and that of the NOG group is 9.68. These scores expressed as percentages to maximum score of the variable read as 32% and 30% respectively. The level of performance of both groups is more or less identical and at the same time may be considered to be poor. It is found that financial service organizations are lacking in the adoption of the marketing concept with respect to innovation and introduction of new products.

iv) Variable 5: pricing practices:

The mean score of the POG group on pricing practices is 8.82 and that of NOG group is 9.37. These mean scores expressed as percentages of maximum possible score on the variable are 46% and 49% respectively. There is not much difference in the marketing practices of the two group with respect their pricing practices, which may also be considered to be low.

v) Variable 6: promotion decisions:

The mean score of the POG group is 13.64 and that of the NOG group is 12.34. These scores expressed as percentages of the maximum possible score of the variable are 48% and 44% respectively. The level of performance of both groups is low.

The above discussion was on the comparison of the various groups in respect of their marketing practices. An attempt is made to bring out the salient features of the comparisons in the following paragraphs.

5.7 CONCLUDING REMARKS IN SECTION I

The performance of the financial service organizations on the different marketing practices is summarized in the following paragraphs.

- (i) The performance of the financial service organizations on competitive and demand practices may be said to be average.

The financial service organizations can improve upon their competitive and demand practices by taking into account certain aspects, such as,

- knowledge of the competitors is a MUST,
- the financial services organizations must endeavor to create new customers i.e. searching new market segments.
- they must be able to recognize, who, where and why of their customers.
- Competitive strategies may be used to penetrate substitute's gaps or penetrate directly the competitors position(s),
- Also, they must anticipate the extent of the market, so that they may not have to incur unnecessary cost.

(ii) The performance of the small financial service organizations on product/service practices ranges between average and good. This is the only variable where by and large most of the financial service organizations have better performance (in comparison to other marketing practices). It goes without saying that every financial service organizations must know the strengths and weakness of their product/service and must endeavor to match their product/service with the market.

(iii) The performance of the financial service organizations on new product practices may be said to be poor. A few indicators that may be borne in mind while making product/service choice are:

- absolute market share,
- market concentration,
- trends in market size,
- trends in market share,
- trend in the price of the product,
- competitive trends,
- productivity (sales per employee),
- trend in material cost,

(iv) The performance of the financial service organizations on pricing practices may be said to be low.

Often the so-called best pricing, from the view point of maximizing profit may not be the best selling price for the product/service. Where to fix higher prices or lower prices depends on the pricing criteria, to cite a few examples,

- when a firm goes in for little promotion the product/service may be low priced;
- when coverage is intensive, the product/service may be low priced;
- when turnover is fast, then the product/service may be low priced, and when it is slow it may be high priced;

- when the market is mature, the product/service may be low priced, and when new/declining it may be high priced, etc.
- (v) The performance of the small financial service organizations on promotion practices may be considered to be low.

Promotion may be used to stimulate non-users, light users, and increase frequency of usage of services.

Regarding the performance in the different groups the following is stated:

- (vi) The RTG group secured an overall average of 53% in marketing practices, while the SPG group secured 34% . the difference in the level of performance is 19%. Therefore, it may be said that the marketing practices of the RTG group are definitely better than those of the SPG group.
- (vii) The PROF.MG. group secured an overall average of 49% in marketing practices and TRAD.MG. group secured an average of 42% the difference between the two means is 7%. Although the mean of PROF.MG. group is higher than that of the TRAD.MG. group, the difference may be considered to be marginal.

- (viii) The FBSG group secured an overall average of 44% in marketing practices and ABSG group an average of 49%. The mean of the ABSG group is higher than that of the FBSG group by 5%. The difference in the performance level of both groups may be said to be nominal.
- (ix) The POG group secured an overall average of 50% in all marketing practices and that of the NOG group is 45%. The difference in the performance level is 5%, and this may be considered to be nominal.

SECTION – II

5.8 INTRODUCTION

Discriminate analysis may be applied in testing whether significant differences exist among the average score profiles of two or more a priori defined groups. In the present study, the two groups in each classification are tested to see if significant differences exist in their various marketing practices. The different predictor variables used in the analysis are the same as those under step-wise regression analysis undertaken in the next chapter. The different predictor variables are the various marketing practices (CDP,PDP,NPP,PRP and PMP). Variable 1, namely growth rate, which is treated as criterion variable under regression analysis, is treated as predictor variable under regression analysis is treated as predictor variable in the

present analysis. The first of the groups taken up for discussion are the RTG and SPG groups.

5.9 THE RISK TAKER AND SAFE PLAYER GROUPS

DIFFERENTIATED ON VARIOUS MARKETING PRACTICES

The statistical technique and procedure for differentiating two groups has already been described under para 5.1 in section I above. The results of the tests are given in Table v-6, and the following information pertaining to RTG and SPG group is found in the table.

- : the average growth rate of both the groups,
- : the mean scores on each of the marketing practices,
- : the value of t ,
- : the value of P , and
- : the significance at the respective confidence level.* (The confidence limits are restricted to .05 and .01 levels only).

The interpreting the data presented in Table v-6, the following observations are made.

(a) Significant variables :

The t value is found to be significant in all the marketing variables, namely,

- competitive and demand practices,
- product/ service practices,
- new product/ service practices,

- pricing practices, and
- promotion practices.

Thus the marketing practices of the RTG and SPG group are different from each other.

Table V-6
Differentiation of the RTG –SPG groups

Variable	Mean Value RTG SPG (n =34) (n =18)		T Value	P Value	Significance
1 (Growth rate)	13.89	7.99	1.80	.078	Not Significant
Marketing Practices					
2 CDP	12.18	8.06	2.69	.010	Significant P <.01
3 PDP	12.62	8.44	3.72	.001	Significant P <.01
4 NPP	11.44	6.72	2.53	.015	Significant P < .05
5 PRP	10.12	7.61	2.20	.032	Significant P <.05
6 PMP	14.71	8.67	4.54	.001	Significant P <.001

(b) variables –not significant

The only variable whose t has proved to be insignificant is growth rate. The mean value of growth rate for the RTG group is 13.89, while that of the SPG group is 7.99. The difference between the two means

is 5.90, yet the 't' result has proved that the two groups do not differ with respect to growth rate. The probable reason why this could be so, is that inspite of having a low performance on the different marketing practices, the financial service organizations of the SPG group are successful in securing and completing the activities of servicing the firm client in hand.

(c) Marketing variables

As all the marketing variables have turned out to be significant, each of them are taken up for discussion at a time and the differences in the practices of the two groups are brought out.

i) **Variable 2: Competitive and demand practices:**

The RTG and SPG groups differ in their competitive and demand practices at .01 level of significance, the difference in the average scores of the two groups is 18% (refer Table v-2, 55% minus 37%), with the RTG group performing better than the SPG group.

A few of the marketing practices which come under the purview of competitive and demand decisions are described with reference to the two groups.

Computing and gathering information on competitors and competitor's strategies is of vital importance to the financial service organizations. If the financial service organizations are operating in the specific market, then they ought to know who else is rendering similar services in the same market. If the financial services organizations are operating in the general market, then it is imperative that they know who they have to contend with. From the survey it was found that,

- : 50% (17) organizations of the RTG group, and,
- : 22% (4) organizations of the SPG group, definitely know who are their competitors.

Information gathered on competitors can relate to several aspects. First, regarding present activities of the competitors, the information is available with,

- : 24% (8) organizations of the RTG group, and,
- : 28% (5) organizations of the SPG group,

Second, information on market share of each of the competitors is gathered by,

- : 35% (12) organizations of the RTG group, and,
- : 22% (4) organizations of the SPG group

Third, information on the promotional activities of the competitors is gathered by,

- : 47% (16) organizations of the RTG group, and,
- : 22% (4) organizations of the SPG group.

Fourth, information on the quality of the competitor's products/ services is gathered by,

- : 79% (27) organizations of the RTG group, and
- : 56% (10) organizations of the SPG group.

Certain clarifications need to be made here, regarding the figures stated above. The percentages of the RTG and SPG group, on, 'who know their competitors' may not tally with other percentages regarding 'information on competitors' this is because under 'knowing their competitors' only those organizations who had a complete list of their competitors were included. Other organizations, who had information on one or a few of their competitors were not included in these figures. This accounts for the higher percentages (in some cases) while discussing 'information on competitors'.

At this stage one may question that if the financial service organizations have no much knowledge about his competitors, then why should they have any problem? The reason for this may be found in the erratic/unscientific/improper way of collecting this information. Or, the financial service organizations may not be able to use this information effectively to their advantage.

Two other aspects described here pertain to estimation of demand. It is necessary for the financial service organizations to estimate total demand and their market share, so that their services can be streamlined such that they do not have to face low growth rate, From the survey, it was found that,

- 76% (26) organizations of RTG group, and
- 44% (8) organizations of SPG group, try to

estimate the total demand for the product(s)/services they render. Also, approximation of their market share was undertaken by,

- 56% (19) organizations of RTG group, and
- 28% (5) organizations of SPG group.

The clarifications offered on the gathering the information on competitors, in the foregoing paragraphs is valid here also.

ii) Variable 3 : Product/ service Practices

The RTG and SPG groups differ in their product/ service practices at .01 level of significance. The difference in the mean scores of the two groups is 22% (Table V-2), with the RTG group performing better than SPG group.

Practices relating to product/service decisions are described below. The first aspect taken up is, the 'stages of the product – lifecycle'. The concept of the product – lifecycle is important to the financial service

organizations because they have to be ready with the either product/service alternations or new product/services so that the same may be introduced when their product/service reaches the decline stage in the cycle. The problem arises because many small financial service organizations do not accept all four stages of the product/service, namely, introduction, growth, maturity and decline. From the survey, it was found that, only,

- 62% (21) organizations of RTG groups, and,
- 33% (6) organizations of SPG group accept all the 4 stages in the product life cycle.

A certain amount of business analysis is a must for every firm. In the present survey, it was found that,

- 71% (24) organizations of RTG group, and,
- 61% (11) organizations of SPG group,

calculate the 'sales'(growth rate) generated by each and every product/service they render at the end of each year. It was also found that,

- 68% (23) organizations of RTG group, and,
- 56% (10) organizations of SPG group,

calculate the 'profit' generated by each product/service at the end of each accounting year.

iii) **Variable 4 : New product/service practices**

The RTG and SPG groups differ in their new product/service practices at .05 level of significance. The difference in the mean scores of the two groups is 17% (Table V-2) with the RTG group performing better than the SPG group. But it may be recalled here, that the performance of RTG group was considered to be poor (section – I). Although during the survey, organizations of both groups have indicated indulging in certain practices regarding new product/service decisions, yet, their overall performance on the variable has been poor.

A financial service organization needs to be prepared with new product/service(s), in the event of any of the existing product/service(s) not doing well for any reason whatsoever. Regarding the preparedness of the financial service organizations, it was found that

- 74% (25) organizations belonging to RTG group, and,
- 44% (8) organizations belonging to the SPG group had expressed they had alternate plans for adding / deleting a product/service, if such an eventually should arise.

The financial service organizations that had approached formal research organizations or scientists to secure new product/service are to be extent of

- 21% (7) in the RTG group, and,
- 6% (1) in the SPG group.

Financial service organizations that carry out in house some type of research activity are to the extent of,

- 32% (11) in the RTG group, and
- 39% (7) in the SPG group.



It needs to be noted here that, research activity in the financial service organizations is not along the lines found in large companies.

Once the product/services are developed, an important decision that needs to be taken is the pricing of the product/service.

iv) Variable 5 : Pricing practices

The RTG and SPG group differing in their pricing practices at, .05 level of significance. The difference in the mean scores of the two groups is 13% (Table V-2), with RTG group performing better than SPG group.

In the survey two types of costing were included. It was found that the organizations that priced their product/services on the basis of marginal costing were,

- 18% (6) from the RTG group, and
- 17% (3) from the SPG group.

Organizations who utilized the full cost method of pricing were,

- 76% (26) from the RTG group, and
- 67% (12) from the SPG group.

From the above figures it is evident that a greater percentage of financial services organizations preferred the method of full costing to marginal costing, while fixing the prices on their new product/services.

Most financial service organizations consider that recovery of costs and making a profit is of prime importance, which need to be taken care of, while fixing price for their product/services. Two other aspects which are of equal importance in price fixation are 'demand intensity' and 'consumer philosophy'. The result of the survey indicate that,

- 56% (19) organizations of the RTG group, and,
- 50% (9) organizations of the SPG group do take into consideration the demand intensity of the product/service during price fixation. The survey also brings out that,
- 47% (16) organizations of the RTG group, and,
- 56% (10) organizations of the SPG group take consumer philosophy into consideration during price fixation.

Often an organization is unable to fix the price it desires due to many factors that cause restraint. A few of these were taken up in the survey, and the results of the same are as follows. Competitors and

their strategies can be an important constraint in price fixation. Of the organizations who agree to the same,

- 71% (24) belong to RTG group, and
- 61% (11) belong to the SPG group.

It was found that,

- 59% (20) organizations of the RTG group, and
- 72% (13) organizations of the SPG group felt that

a considerable amount of constraints in price fixation was caused by suppliers of needed inputs.

Government regulations may in some cases protect the consumers and as such are a constraint in the price fixation. Financial service organizations that experience this constraints were :

- 53% (18) from the RTG group, and,
- 50% (9) from the SPG group.

The concept of 'break-even' has many utilities, such as determining the probable unit cost at varying levels of production; comparing the probable operating profits of different organizations at various levels of operation; it helps in comparing net sales, expenses and operating profits with a budget; it measures the effect of varying levels of sales secured at various levels of selling and manufacturing cost, etc. Of the financial service organizations that are aware of the concept of break-even.

- 79% (27) belongs to the RTG group, and,
- 61% (11) belongs to the SPG group.

v) Variable 6 : Promotion practices :

The RTG group and SPG groups differ in their promotion practices at .001 level of significance. The difference in the mean scores of the two groups is 22% (Table v-2) with the RTG group performing better than the SPG group. The level of significance indicates that the two groups differ absolutely and widely in their marketing practices relating to promotion decisions.

This result could rightly be so, because the RTG group has to appeal to the different market segments, while the target market for the SPG group could be confined to certain targets only. Organizations of the RTG group have to concentrate on various market segments. But for the SPG group, the task is more simplified. If the SPG organizations are operating in the specific market, then their target customers could be of one particular segment only.

Regarding promotion strategies, the importance of communication is to be discussed. Communications perform many functions, such as giving information on product/service existence, descriptions of the product features, boosting confidence level of the different market segments, establishing of firm's / brand image, communicating satisfying offers of buyers etc. only a few financial service

organizations accept all these functions are performed by communication. Of these,

- 35% (12) belongs to the RTG group, and
- 11% (2) belong to the SPG group.

The communication mix is inclusive of advertising, personal selling, sales promotion and publicity. From the survey, it was found that,

- 35% (12) organizations of RTG group, and ,
- Nil % (0) of the SPG group are aware that,

These four aspects together represent communication.

Having dealt with the differences in the marketing practices of the RTG and SPG groups, the discussion moves on professionally and traditionally managed groups.

5.10 THE PROFESSIONALLY MANAGED AND TRADITIONALLY MANAGED GROUPS DIFFERENTIATED ON VARIOUS MARKETING PRACTICES

The relevant data pertaining, to the PROF.MG. and TRAD.MG. groups can be found in the Table V-7 in interpreting the data presented in the Table the following observations are made.

a) **Significant Variables:**

- i) The first variable namely, growth rate is found to be significant at .05 level of confidence. The mean growth rate of PROF.MG. group is 14.27 and that of TRAD.MG. group is 6.86. Thus the growth rate of the PROF.MG. group are higher than that of TRAD.MG. group.

Table V-7
Differentiation of PROF.MG. – TRAD.MG. groups

Variable	Mean Value PROF.MG. (n=35)	TRAD.MG. (n =17)	T Value	P Value	Significance
1 (Growth rate)	14.27	6.86	2.43	.019	Significant P < .05
Marketing Practices					
2 CDP	11.97	8.24	2.37	.022	Significant P <.05
3 PDP	11.51	10.47	0.82	.418	Not Significant
4 NPP	9.78	9.88	0.06	.956	Not Significant
5 PRP	9.97	7.77	1.89	.065	Not Significant
6 PMP	12.57	12.71	0.07	.942	Not Significant

This means to say that the two groups significantly differ with respect to growth rate, with the PROF.MG. group performing much better than the TRAD.MG. group.

- ii) The only marketing variable whose t value is found to be significant relates to marketing practices in the sphere of competitive and demands decisions.

b) Variables – not significant :

Four marketing variables are not found to be significant. The first relates to product/service practices. The PROF.MG. group secured a higher average than the TRAD.MG. group by 6% (Table V-3). Yet, since the t value is insignificant the performance level of both groups with respect to product/service practices may be considered to be the same.

The second marketing variable whose t value is found insignificant relates to new product/service practices. Here it is found that both groups secure an average of 31% (Table V-3) which may also be considered to be poor.

The third marketing variable whose t value is found to be insignificant relates to pricing practices here the average of the PROF.MG. group is higher than that of the TRAD.MG. group by 11% (Table – V-3), yet

the level of performance in pricing practices for both groups may be considered to be the same.

The fourth marketing variable whose t value is found to be insignificant relates to promotion practices. Also, the mean scores expressed as percentage read as 45% for both groups (Table V-3)

c) Marketing Variables :

As indicated earlier, the only marketing practices that differentiate the two groups refer to competitive and demand practices. The t value is found to be significant at .05 level of confidence also the mean of the PROF.MG. group is higher than that of the TRAD.MG. group by 17% (Table V-3). A few of the aspects on competitive and demand practices are taken up for discussion and are related to the professionally and traditionally managed groups.

Every organization ought to know its target market. That the target market comprises actual and potential users is known only to

- 43% (15) organizations of the PROF.MG. group, and,
- 18% (3) organizations of the TRAD.MG. group.

Competition has become an important influence that the financial service organizations need to contend with. Thus every financial service organizations needs to gather information on its competitors

and their strategies. The information gathered under competitors is discussed under four aspects. Form the survey, it is found that,

- 29% (10) belong to the PROF.MG. group, and,
- 18% (3) belong to the TRAD.MG. group gather information on the 'present production/service' of their competitors. Apart from this the financial service organizations need to ascertain the market share of each of their competitors. This is done by
- 37% (13) organizations belong to the PROF.MG. group, and
- 18% (3) organizations belong to the TRAD.MG. group.

Further financial service organizations have to find out the promotional activities of their competitors, so as to out-maneuver them. Information relating to promotional activities of the competitors is generated by,

- 46% (16) organizations belong to the PROF.MG. group, and,
- 24% (4) organizations belong to the TRAD.MG. group.

Yet another aspect of importance pertains to the quality of the product/services rendered by the competitors, so that an organization may judge the weakness or strength of its own product/services. It is found that,

- 74% (26) organizations of the PROF.MG. group, and,
- 65% (11) organizations of the TRAD.MG. group.

Took note of the quality of the product/service rendered by their competitors.

Weather organization operates in the local market of outside it, it should have an idea of the total demand for similar product/services in the particular market. This exercise was undertaken by,

- 71% (25) organizations belonging to the PROF.MG. group, and
- 59% (10) organizations belonging to the TRAD.MG. group.

After estimating the total demand, it is necessary for the organization to find out how much of this forms its share. From the survey, it is found that,

- 57% (20) organizations of the PROF.MG. group, and,
- 24% (4) organizations of the TRAD.MG. group.

Try to estimate their market share.

Although the PROF.MG. and TRAD.MG. groups differ significantly with respect to on marketing variable only, i.e., competitive and demand practices, yet they seem to differ significantly with respect to growth rate. Therefore, an attempt is made to ascertain the growth performance in both of these groups.

Table V-8 describes the growth rate in both the PROF.MG. & TRAD.MG. groups.

Table V-8 :
Growth Rate in Professionally and Traditionally Managed Groups.

	PROF.MG. group (n=35)		TRAD.MG. group (n=17)	
Growth Rate (%)	Frequency	%	Frequency	%
0-5	9	25.71	10	58.82
5-10	11	31.43	3	17.65
10-15	5	14.29	3	17.65
15-20	4	11.43	1	2.86
20-25	1	2.86	-	-
25-30	3	8.57	-	-
-	-	-	-	-
50 and above	2	5.71	-	-
	35	100.00	17	100.00

The above table clearly brings out that the performance of PROF.MG. group is better – only 26% of their organizations have growth rate below 5% whereas 59% of organizations belonging to TRAD.MG. group have sales below 5%.

5.11 FUND BASED SERVICES GROUP AND FEE BASED/ADVISORY SERVICES GROUP DIFFERENTIATED ON VARIOUS MARKETING PRACTICES

The relevant data pertaining to the FBSG and ABSG groups can be found in Table V-9. In interpreting the data presented in the table, the following observations are made.

- (i) The mean value of growth rate in ABSG group is higher than that of FBSG group, but since the t value is not found to be significant, this difference in mean values is not taken into consideration. Therefore, it may be said, that there is no difference in the growth rate of both groups.
- (ii) As regards marketing variables, from the Table, it is found that the average scores of the ABSG group are higher than those of the FBSG group, yet not a single t is found to be significant. This means to say that, there is no difference in the level of practices of the two groups as regards the various marketing decisions.

The performance of the two groups on the different marketing practices and allied aspects have already been dealt with under section I, hence the same is not repeated here.

Table V-9
Differentiation of FBSG – ABSG groups

Variable	Mean Value		t Value	P Value	Significance
	FBSG (n =35)	ABSG (n =17)			
Growth Rate	8.38	14.60	1.60	.117	Not significant
Marketing Practices					
2 CDP	9.52	11.72	1.43	.158	Not significant
3 PDP	10.61	11.62	0.84	.406	Not significant
4 NPP	9.70	9.90	0.11	.911	Not significant
5 PRP	8.91	9.52	0.53	.598	Not significant
6 PMP	11.74	13.31	0.91	.366	Not significant

5.12 PRIVATE ORGANIZATIONS AND NATIONALIZED ORGANIZATIONS GROUPS DIFFERENTIATE ON VARIOUS MARKETING PRACTICES

The last classification taken up for analysis here is on capital intensity. An attempt is made to differentiate the POG and NOG groups in terms of marketing practices. The relevant data are presented in Table V-10. In interpreting the data presented in the table, the following observations are made.

- i) The mean value of growth rate for the POG group is more than twice that of the NOG group, but since the value of t is not significant, the level of growth rate for both groups may be considered to be the same.
- ii) In pricing practices, the NOG group has secured a higher average than the POG group. But in all other marketing practices the mean scores of the POG group are higher than those of the NOG group. Yet, since the t value is not significant on all the five marketing variables, these two groups cannot be differentiated on the basis of their marketing practices.

Table V-10
Differentiation of POG – NOG groups

Variable	Mean Value POG NOG (n =11) (n =41)		t Value	P Value	Significance
Growth Rate	21.27	9.32	1.46	.175	Not significant
Marketing Practices					
2 CDP	11.46	10.56	0.47	.641	Not significant
3 PDP	13.27	10.61	1.86	.068	Not significant
4 NPP	10.27	9.68	0.26	.799	Not significant
5 PRP	8.82	9.37	0.40	.694	Not significant
6 PMP	13.64	12.34	0.62	.541	Not significant

5.13 CONCLUDING REMARKS

The entire discussions in section I and section II of this chapter is concluded here.

- i) The maximum adoption of the marketing concept is found in product/service practices. This is followed by competitive and demands practices. In respect of other practices, the adoption of the marketing concept has been either low or poor.

- ii) The RTG was on the top in so far as the adoption of the marketing concept was concerned. All other groups were either low or poor in this respect.
- iii) Of the four classification in this study the groups in each of the two classifications, namely, FBSG – ABSG and POG-NOG, do not differ in terms of adoption of the marketing concept in marketing practices.

In the marketing remaining two classifications, it is found that differences are significant in respect of adoption of the marketing concept in marketing practices. The RTG-SPG groups may be differentiated in the practice of competitive and demand decisions, product/service decisions, new product/service decisions, pricing decisions and promotion decisions. The PROF.MG.-TRAD.MG. group may be differentiated on the basis of their growth rate, and competitive and demand practices.

- iv) The exercise on differentiation of groups has brought to the light two aspects that are of importance to financial services organizations namely,
 - Risk Takers Organization, & Safe Players Organizations.
 - Professionally & Traditionally Managed Organizations.

Regarding the first, risk takers is found conducive to better adoption of the marketing concept in marketing decisions. The second aspect indicates that professionally managed organization is preferable, as it is conducive to higher growth rate.

In the next chapter, the technique of step-wise regression is used to ascertain the association between growth rate and marketing practices.