



**KOMUNIKASI BISNIS**  
**MAKING THE CHANNELS**  
**DELIVER**

# TUJUAN PEMBELAJARAN

**SETELAH MEMPEJARI SESSI INI MAHASISWA DAPAT :**

**1**

- **Menjelaskan aktivitas Kom. Bisnis dlm (New) Product Delivery.**

**2**

- **Menjelaskan peran Kom. Bisnis dlm penciptaan Opini dlm bidang Pricing**

**3**

- **Menjelaskan peran Kom. Bisnis dlm mensosialisasikan saluran distribusi.**

# Agenda

Changing Banking Paradigm

Growing Importance of Channels

Channels of Future

Making the Channels Deliver

Challenges

In Conclusion

# Agenda

## *Changing Banking Paradigm*

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# Market Realities – In Past



Market Realities

In past,

Regulatory restrictions helped keep competition at bay

Proximity to potential customers was the key competitive advantage

Customers were satisfied with one branch and restrictive timings

Easy comparison of products & services was not possible

# New Banking Paradigm

**Bank**

**Customer**

**Anywhere Anytime Anyway customer convenience**

**Online banking**

**24/7 service**

**8 to 8 branch service**

**365 days branch service**

**Instant comparison of products and services**

**Reduced Turn Around Time**

**Enriched interactivity through customized services**

# New Banking Paradigm

## Customer Bank

### Redefine

- Traditional concepts
- Role of the branch
- Business processes

Wider and more focused market reach

Reduced distribution costs

Cross Sell

Leverage customer database

Customer acquisition / retention

Credit screening and data mining

# Agenda

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# Growing importance of channels

Development of  
Alternate  
Channels is  
Important to

Reach out to new customers

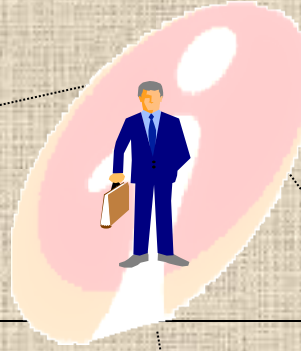
Reach out to remote geographies

Improve our existing offerings by providing faster processing through cost effective solutions

Deliver new products

Data collection and mining

# Extended Reach by Multi-channel Offerings



## *Multi-channel delivery model*



m-Banking



Internet Bank



ATM Network



Branch Network

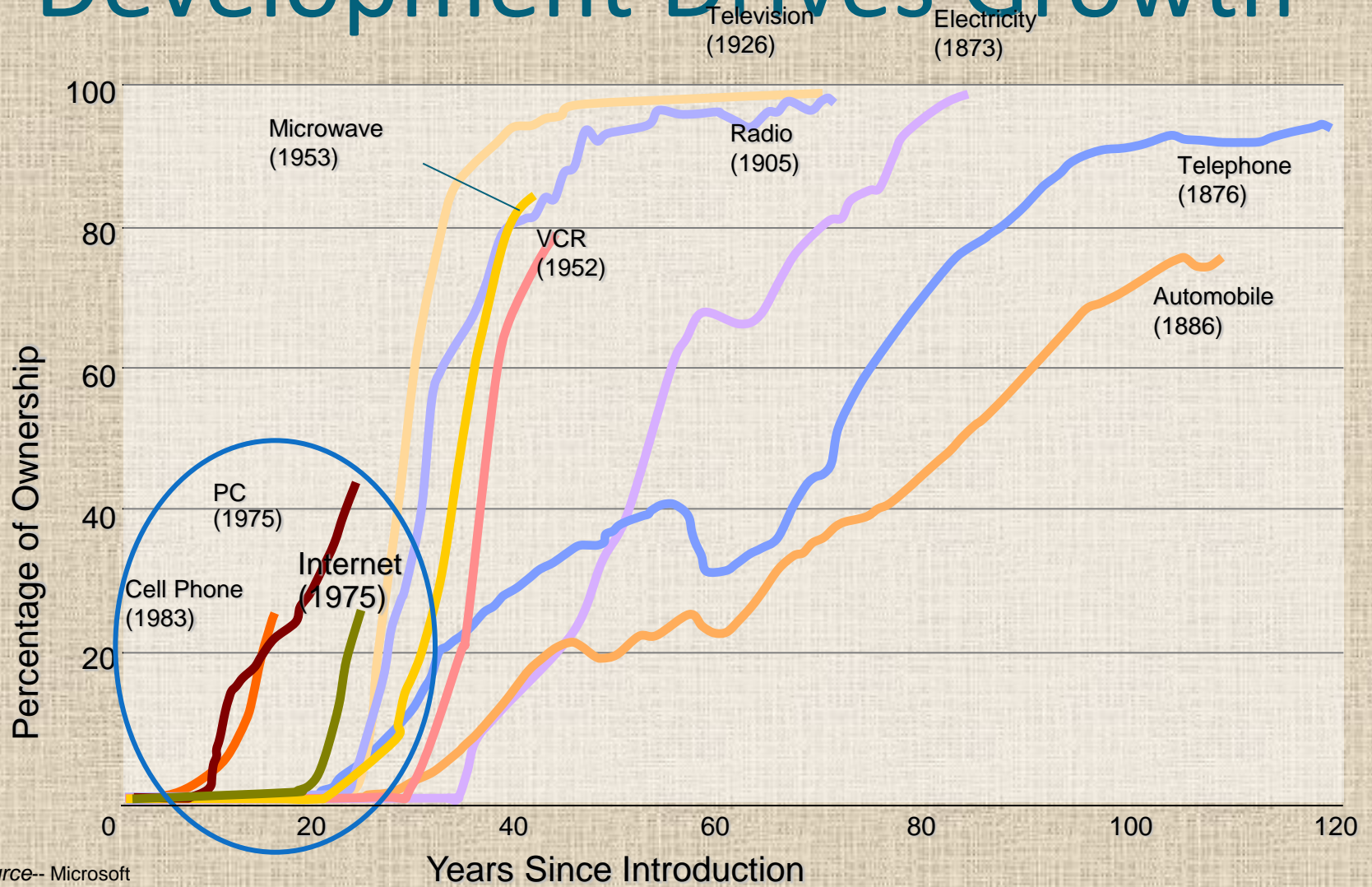


Call centre



Agent Network

# Development Drives Growth

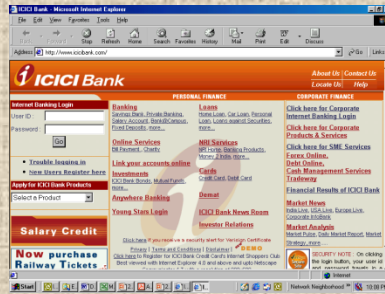


Source-- Microsoft



# Push & pull strategy...

Customer transactions moved to ATMs, Internet and call centre



Larger deposit market share with fewer branches  
Freeing branch resources for cross-selling and non-routine servicing



Central & Regional Processing Hubs

Processing moved to processing hubs

# ICICI

Reach @ ICICI Bank

We redefined the meaning of “reach”  
Transaction banking

Anywhere, Anytime banking

Pioneered electronic channels

Retail finance

Offer “home delivery” of loans

Created an infrastructure of

Branches - 564

ATMs - 1950

Call centre - 2948 seats

Delivery Channels \* - 4396

Feet on street - 39338

Manufacturer tie-ups - 90

\* Delivery Channels defined as the number of DMA, Dealers and other product delivery channels for retail assets



# Transforming channel usage...

Channel	Share of transactions in March 2000	Share of transactions in March 2005
Branches	94%	25%
ATMs	3%	38%
Internet & mobile	2%	27%
Call centre	1%	10%

*...scaling up to handle rapid volume growth*

# Growing customer base & transactions

Channel	March 2001	March 2002	March 2004	March 2005
Retail customers (mn)	1.9	3.0	8.0	12.5
Internet customers (mn)	0.5	1.1	5.8	8.2
ATM transactions (mn/ day)	0.1	0.2	0.5	0.6
Call centre contacts (mn/ day)	0.02	0.05	0.15	0.17

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High speed, User Friendly

# Mobile Financial Services



## Features

- Complete Financial status information like account balance, transaction history, stock quotes, etc. and processes requests like 'stop cheque', etc.
- Small denomination transactions executed instantly

## Applications

- Useful for small transactions in places like petrol pumps, toll booths, etc.
- Mobile to mobile payments



Specific and Secure

# Octroi Cards



## Features

- Closed user group card that allows transfer only with select merchants
- In use at Ahmedabad Municipal Corporation for Octroi collections

## Applications

- Used by transport agencies for paying octroi. Ensures that there is no misuse
- Could be combined with other cards for multi-service usage



Offline, low risk, low cost

# Stored Value Card



## Features

- Prepaid cash card with value stored in the card
- Ability to recharge
- Eliminates cash replenishment

## Applications

- Travel cards
- Public Transportation

# Enhanced POS Usage



## Features

- Banking Transactions
  - Balance Enquiry
  - Cash Withdrawal
  - Cash Deposit
- Utility payment
- Proprietary payment devices – PCs/Cash Registers

## Applications

- Wide reach to provide financial transactions
- Increased customer convenience

Multipurpose, Cost Efficient, Wide Reach

# Agri-Business Kiosks



## Features

- Wireless / telephone line based internet access. Could be solar-based for India

## Applications

- Extend reach of our products to rural customers in remote areas at low costs
- Supplement by value-added services like video-conferencing for loan disbursement, online health checkup for insurance, etc.

Convenient, authentication, fast processing

# Handheld Devices



## Features

- Storage as well as processing capabilities
- Easy to carry and useful for offline processing

## Applications

- Can be used by Agents to carry out transactions on behalf of the users
- Ideal for simple processing like generating insurance illustrations and rural banking



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# Creating superior channel network

Creating  
Superior  
Channel  
Network

Foundation of creating superior channel is superior insight into customer behaviour

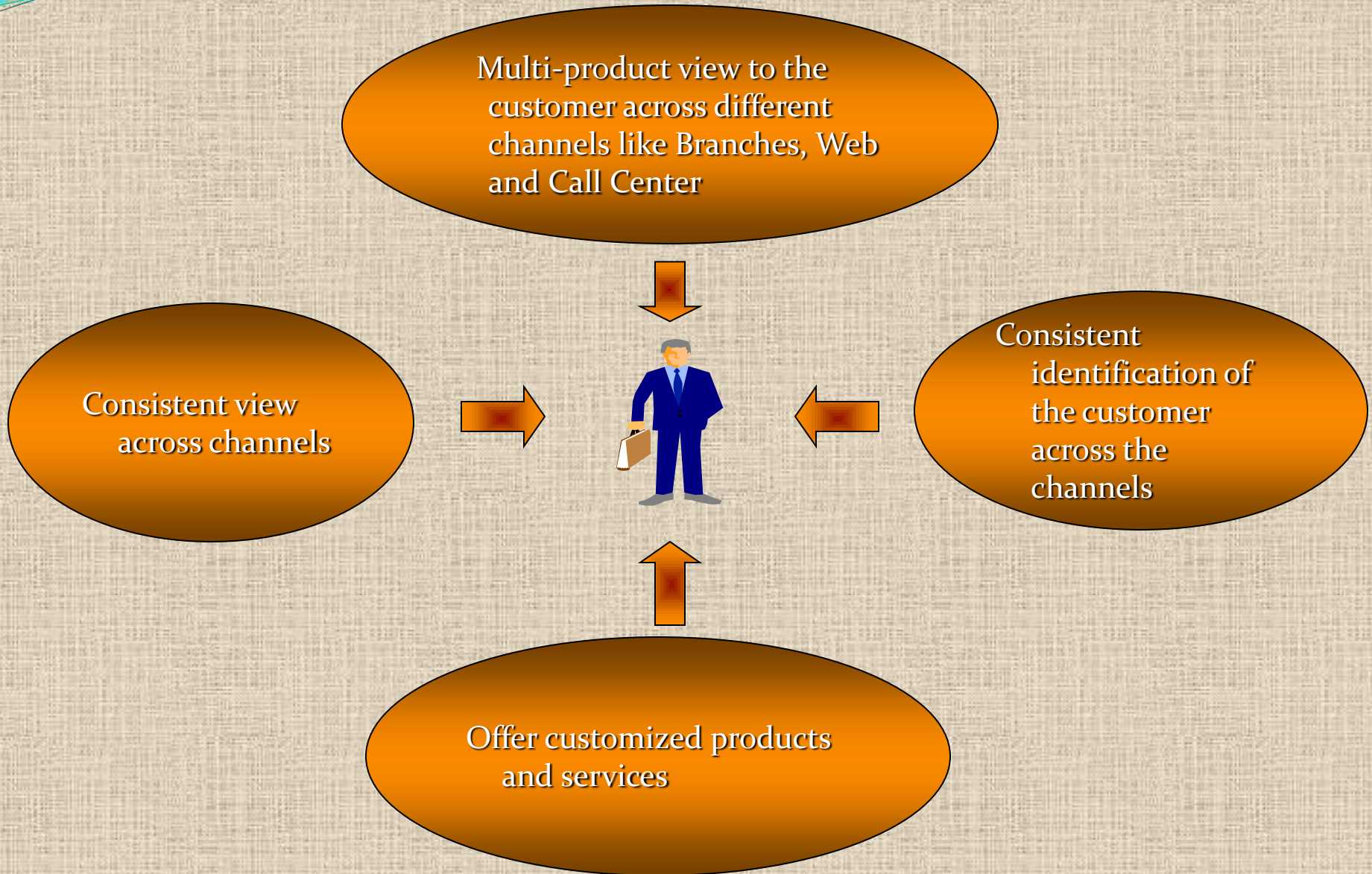
Channel requirement for delivery of different products vary with

- Customer Type

- Customer Behaviour

- Customer Profitability

# Customer Centric Architecture



# Channel Effectiveness



The channel should be readily available to customers

Location

1950 ATMs spread across the country for easy accessibility

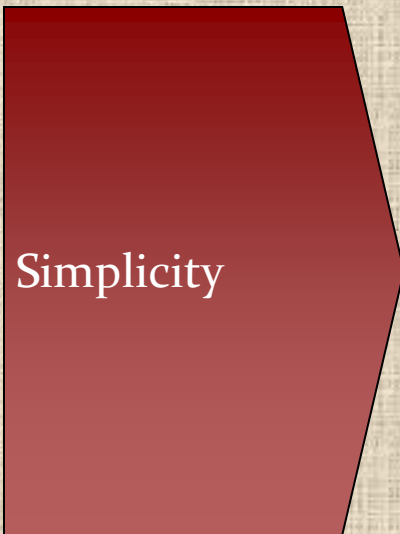
Time

24X7 ATM access

24x7 Internet Banking access

Extended 8 to 8 branch access

# Channel Effectiveness



## Simplicity

Technology should be simple and user-friendly  
Customer should feel comfortable with the technology

Simpler process for authentication and Verification

Regional language ATMs

# Channel Effectiveness



Reliability

Expected service levels to be met at all times  
Customer confidence must be built over a period of time

When ATMs were introduced managing cash replenishment to ensure ready availability of cash at any time was of utmost importance  
Sizing systems for Peak load where the difference between peak and lean periods can widely vary





# Channel Effectiveness

Consistency

Customer should not have conflicting experiences across various channels

Need to provide integrated platform that can accept information from various other platforms used by various product groups of the Bank

# Channel Effectiveness



Value-added  
services

Channels must continuously strive to add greater value to customers in terms of services

Mobile top-ups at ATMs

Benchmark innovative products / services across the world to add newer perspectives to electronic transactions

Card to Card funds transfer

# Channel Effectiveness

## Customer Education and Migration Plan

Customer education on  
Channel potential  
Channel usage through hand-holding for the initial period

Channel migration plan  
Clear plan on migrating customers and scale-up of new channel  
Accordingly incentivise customers to shift to the newer channels

# Channel Effectiveness

Avoiding  
Inconvenience

Continuous improvement to remove customer inconvenience

Avoid calls at odd hours

Avoid mobile alerts at odd hours

Process and systems improvements for reducing prolonged wait times at Phone Banking



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# Challenges

Integration  
across channels

**Integration** with back-end to deliver a one-bank experience to the customer

Across various channels

Across various product lines

# Challenges

Service  
integration

**Seamless service integration** between the front-line (branches/ Phone Banking) and back-office (Operations units)

# Channel Integration

## Product Systems

Banking

Credit Cards

Auto Loans

Home Loans

Bonds

Web Trade

Middleware

## Channels

Internet Banking



Branches



ATMs



Cyber Centers



Call Center



m-Banking



Agents



Customer





# Challenges

Channel  
placement

Complementary placement of various channels – branches / ATMs to be located judiciously to ensure maximum coverage at minimum costs

# Challenges



Logistics

**Managing the logistics** involved in servicing the customers across the various channels

Cash filling and replenishment across 1950 ATMs even at remote locations

Handling drop-box requests at every nook and corner of country

8 to 8 banking

Managing huge number of Phone Banking seats

# Challenges

Trade off  
between  
security,  
convenience  
& cost

**Added convenience** Vs. compromise on **security or quality** aspects

**Latest technologies** and complex logics to avoid fraud Vs. **Simplicity** and user-friendliness

**Scale** Vs. **Affordable cost**

# Challenges

Employee  
Training and  
Customer  
Education

**Training** of front-line staff manning all service points across branches, Phone Banking, sales force to handle customer queries and service expectations

**Educating customers** to encourage multiple channel usage



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# In Conclusion

Recipe to  
Develop  
Successful  
Channel

Multi-channel is now a reality  
Potential for further introduction of new  
channel types  
Each new channel should add value both to  
Bank and to Customer  
Each new channel should make economic  
sense

# In Conclusion

Recipe to  
Develop  
Successful  
Channel

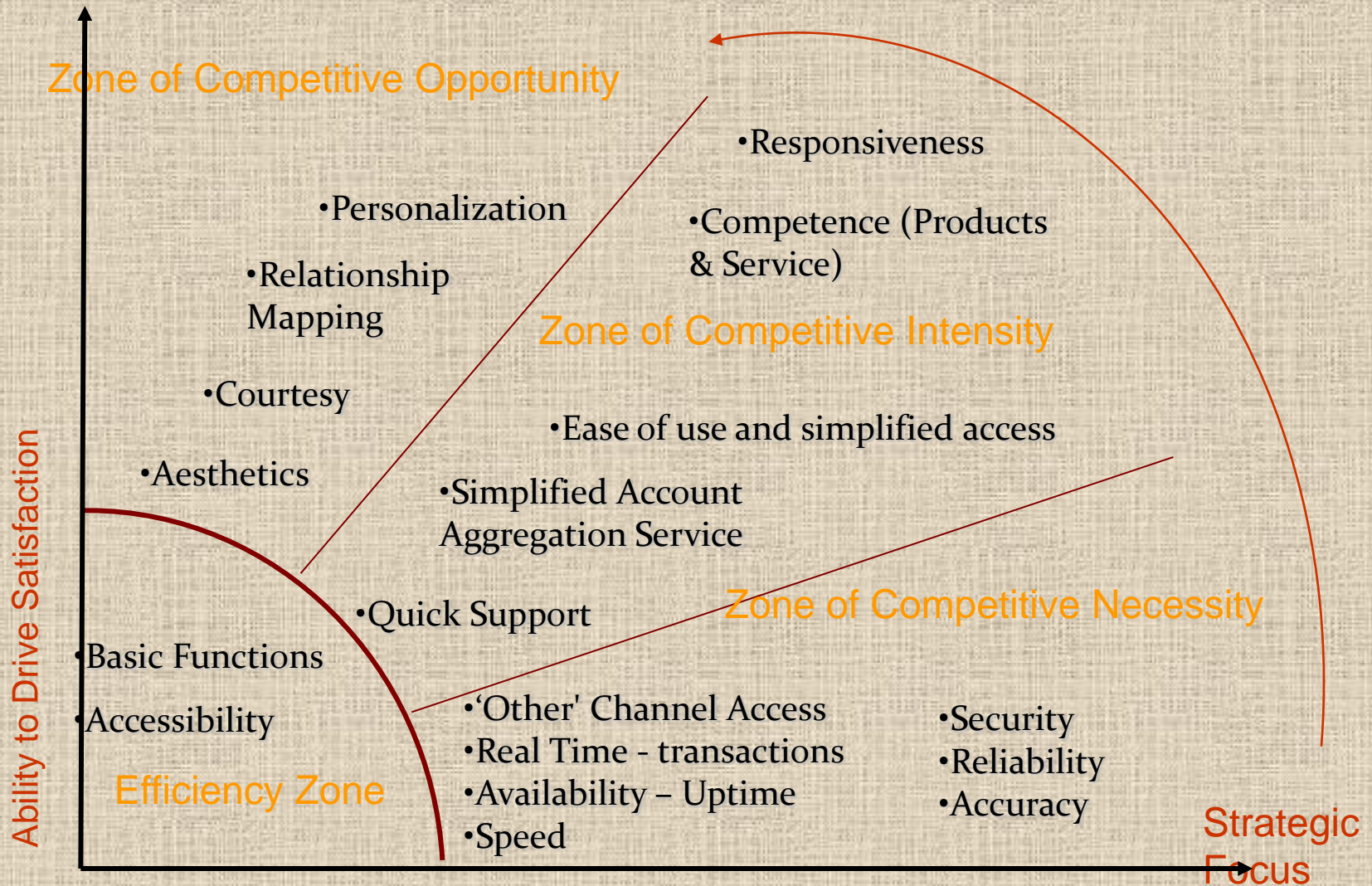
Understand customer's transaction behavior and underlying attitude

Use ability of e-channels to attract new customers and create differentiation in market

Do not lose focus from personalized interactions to counteract decreased loyalty among remote customers

Assess and review channel migration strategy on an ongoing basis

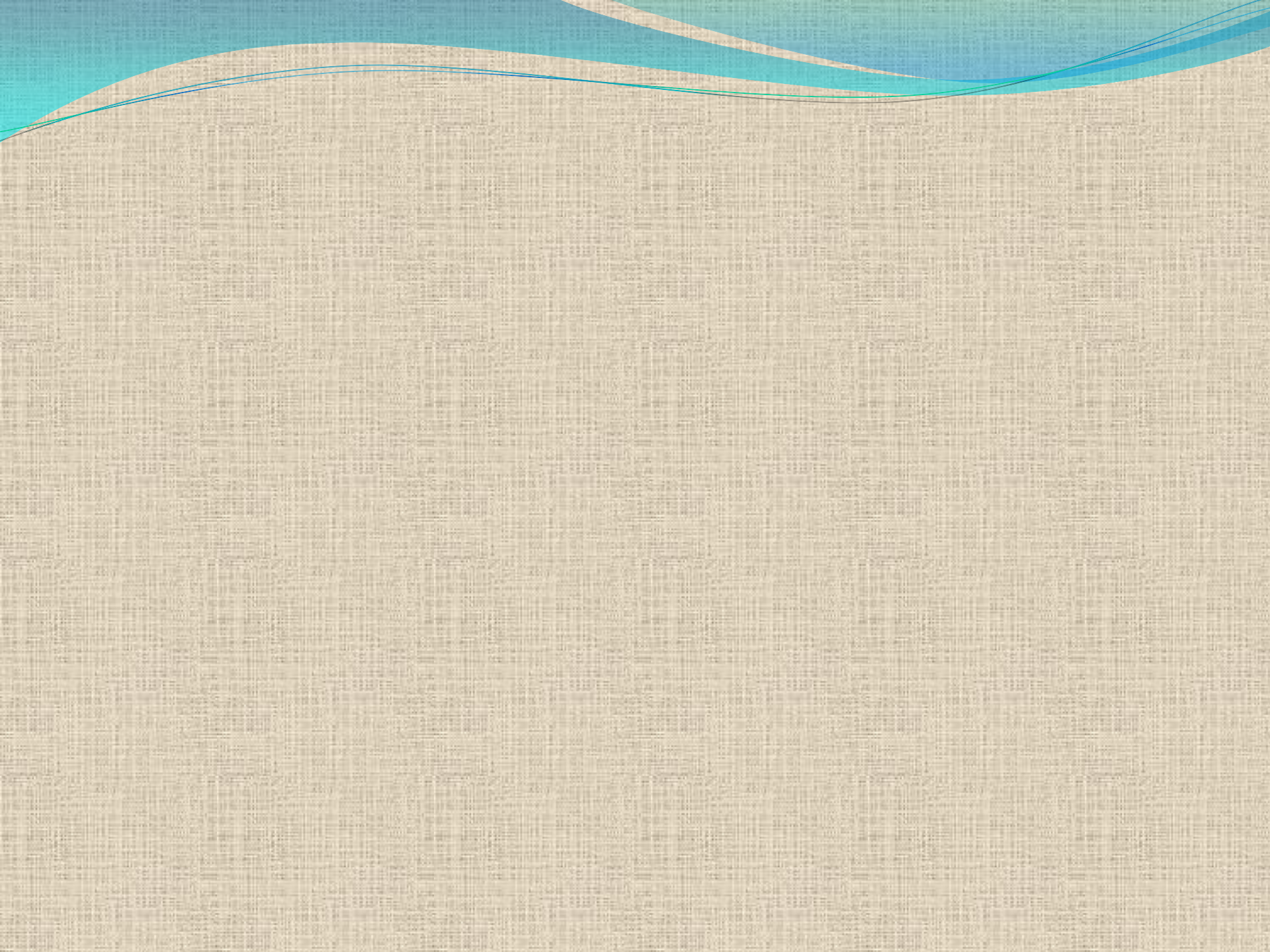
# Channel Delivery scorecard







Thank You





# Promotion and Pricing Strategies

# Learning Goals

**1** Discuss how integrated marketing communications relates to a firm's overall promotion strategy.

**2** Explain promotional mix and outline the objectives of promotion.

**3** Summarize the different types of advertising and advertising media.

**4** Outline the roles of sales promotion, personal selling, and public relations.

**5** Describe pushing and pulling promotional strategies.

**6** Outline the different types of pricing strategies.

**7** Discuss how firms set prices in the marketplace, and describe the four alternative pricing strategies.

**8** Discuss consumer perceptions of price.



# Promotion

- **Promotion** is the function of informing, persuading, and influencing a purchase decision.
- **Integrated marketing communications (IMC)** is the coordination of all promotional activities—media advertising, direct mail, personal selling, sales promotion, and public relations—to produce a unified customer-focused message.

## “They Said It”

“Doing business without advertising is like winking at a girl in the dark. You know what you are doing, but nobody else does.”

—Stewart Henderson Britt  
(1907–1979)  
American educator

# Integrated Marketing Communications

- ✓ Must take a broad view and plan for all form of customer contact.
- ✓ Create unified personality and message for the good, service, or brand.
- ✓ Elements include personal selling, advertising, sales promotion, publicity, and public relations.

# Promotional Mix

- **Promotional mix** - combination of personal and nonpersonal selling techniques designed to achieve promotional objectives.
- **Personal selling** - interpersonal promotional process involving a seller's face-to-face presentation to a prospective buyer.
- **Nonpersonal selling** - advertising, sales promotion, direct marketing, and public relations.



# Components of the Marketing Mix

**Table 14.1**

**Comparing the Components of the Promotional Mix**

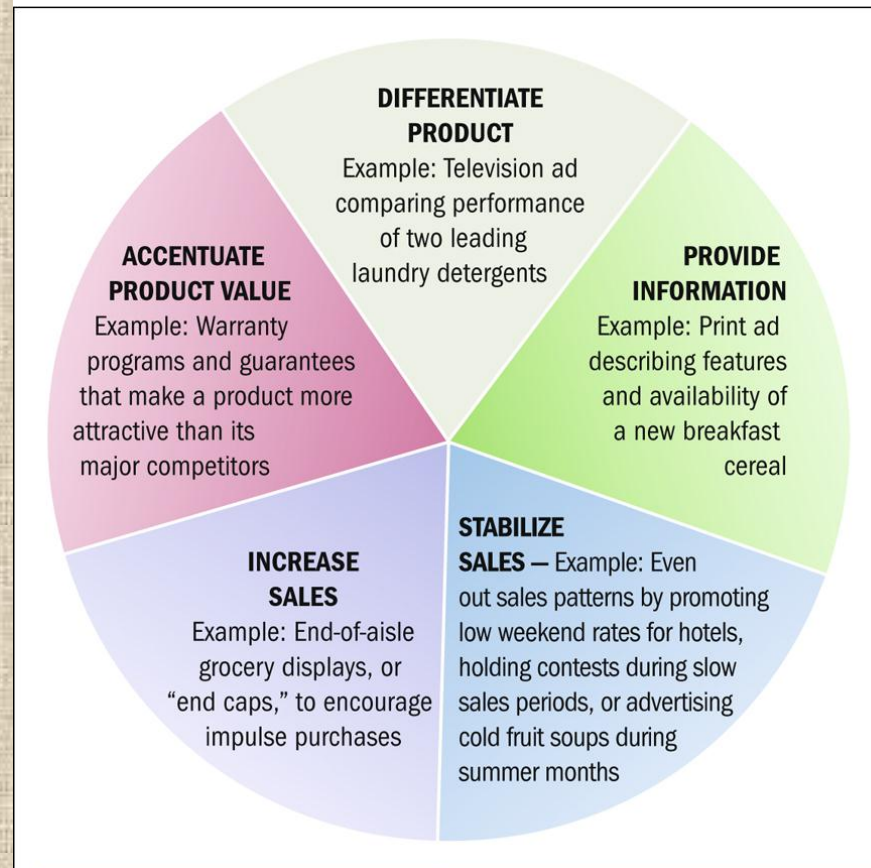
Component	Advantages	Disadvantages
Advertising	Reaches large consumer audience at low cost per contact Allows strong control of the message Message can be modified to match different audiences	Difficult to measure effectiveness Limited value for closing sales
Personal selling	Message can be tailored for each customer Produces immediate buyer response Effectiveness is easily measured	High cost per contact High expense and difficulty of attracting and retaining effective salespeople
Sales promotion	Attracts attention and creates awareness Effectiveness is easily measured Produces short-term sales increases	Difficult to differentiate from similar programs of competitors Nonpersonal appeal
Public relations	Enhances product or firm credibility Creates a positive attitude about the product or company	Difficult to measure effectiveness Often devoted to nonmarketing activities
Sponsorships	Viewed positively by consumers Enhances brand awareness	Difficult to control message



# Objectives of Promotional Strategies

Figure 14.1

## Five Major Promotional Objectives



# Promotional Planning

- *Product placement* - marketers pay placement fees to have their products showcased in various media, ranging from newspapers and magazines to television and movies.
- *Guerilla marketing* - innovative, low-cost marketing efforts designed to get consumers' attention in unusual ways.

# Advertising

- *Advertising* - paid nonpersonal communication delivered through various media and designed to inform, persuade, or remind members of a particular audience.
- Consumers receive *5,000 marketing messages* each day.
- Firms need to be more and *more creative and efficient* at getting consumers' attention.

# Types of Advertising

- ***Product advertising*** - messages designed to sell a particular good or service.
- ***Institutional advertising*** - messages that promote concepts, ideas, philosophies, or goodwill for industries, companies, organizations, or government entities.
- ***Cause advertising*** - institutional messaging that promotes a specific viewpoint on a public issue as a way to influence public opinion and the legislative process.



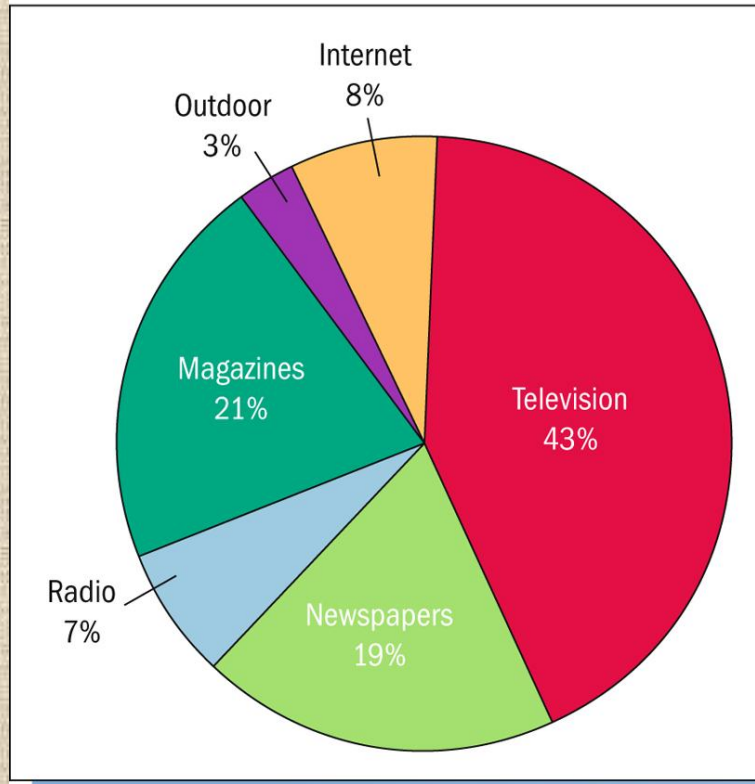
# Advertising and The Product Life Cycle

- *Informative advertising* - used to build initial demand for a product in the **introductory phase**.
- *Persuasive advertising* - attempts to improve the competitive status of a product, institution, or concept, usually in the **growth and maturity stages**.
- *Comparative advertising* - compares products directly with their competitors either by name or by inference.
- *Reminder-oriented advertising* - appears in the late **maturity or decline** stages to maintain awareness of the importance and usefulness of a product.

# Advertising Media Pie

Figure 14.2

Carving up the Advertising Media Pie



# Types of Advertising

## *Television*

- Easiest way to reach a large number of consumers.
- Most expensive advertising medium.

## *Newspapers*

- Dominate local advertising.
- Relatively short life span.

## *Radio*

- Commuters in cars are a captive audience.
- Satellite radio offers new opportunities.

## *Magazines*

- Consumer publications and trade journals.
- Can customize message for different areas of the country.

## *Direct Mail*

- Average American receives 550 pieces annually
- High per person cost, but can be carefully targeted and highly effective.

## *Outdoor Advertising*

- \$3.2 billion annually
- Requires brief messages.



# Types of Advertising

## *Online and Interactive Advertising*

- *Viral advertising* creates a message that is novel or entertaining enough for consumers to forward it to others, spreading it like a virus.
- Many consumers resent the intrusion of *pop-up ads* that suddenly appear on their computer screen.

## *Sponsorship*

- Providing funds for a sporting or cultural event in exchange for a direct association with the event.
- Benefits: exposure to target audience and association with image of the event.

## *Other Media Options*

- Marketers look for novel ways to reach customers: infomercials, ATM receipts, directory advertising.

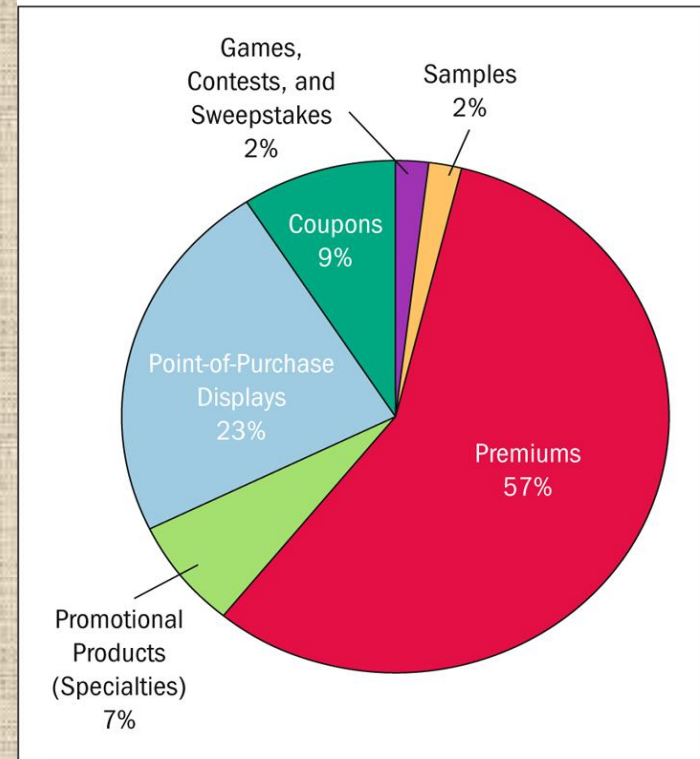


# Sales Promotion

**Sales promotion** - nonpersonal marketing activities other than advertising, personal selling, and public relations that stimulate consumer purchasing and dealer effectiveness.

Figure 14.3

Spending on Consumer-Oriented Promotions



# Consumer-Oriented Promotions

## *Premiums, Coupons, Rebates, Samples*

- *Coupons* attract new customers but focus on price rather than brand loyalty.
- *Rebates* increase purchase rates, promote multiple purchases, and reward product users.
- Three of every four consumers who receive a *sample* will try it.

## *Games, Contests, and Sweepstakes*

- Introduction of new products.
- Subject to legal restrictions.

## *Specialty Advertising*

- Gift of useful merchandise carrying the name, logo, or slogan of an organization.

# Trade-Oriented Promotions

- Sales promotion geared to marketing intermediaries rather than to consumers. Encourage retailers:
  - to stock new products.
  - to continue carrying existing ones.
  - to promote both new and existing products effectively to consumers.



# Personal Selling

## “They Said It”

“I learned something early in life. If you sell, you’ll never starve. In any other profession, you can find yourself out on the street saying, ‘They don’t want me anymore.’ But if you can sell, you’ll never go hungry.”

—George Foreman (b. 1949)

American boxer and celebrity spokesman

- A person-to-person promotional presentation to a potential buyer.
  - Customers are relatively few in number and geographically concentrated.
  - The product is technically complex, involves trade-ins, and requires special handling.
  - The product carries a relatively high price.
  - It moves through direct-distribution channels.
- ***Example: Selling to the government or military.***



# Sales Tasks

## *Order Processing*

- Identifying customer needs, pointing out merchandise to meet them, and processing the order.

## *Creative Selling*

- Promoting a good or service whose benefits are not readily apparent or whose purchase decision requires a close analysis of alternatives.

## *Missionary Selling*

- Representative promotes goodwill for a company or provides technical or operational assistance to the customer.

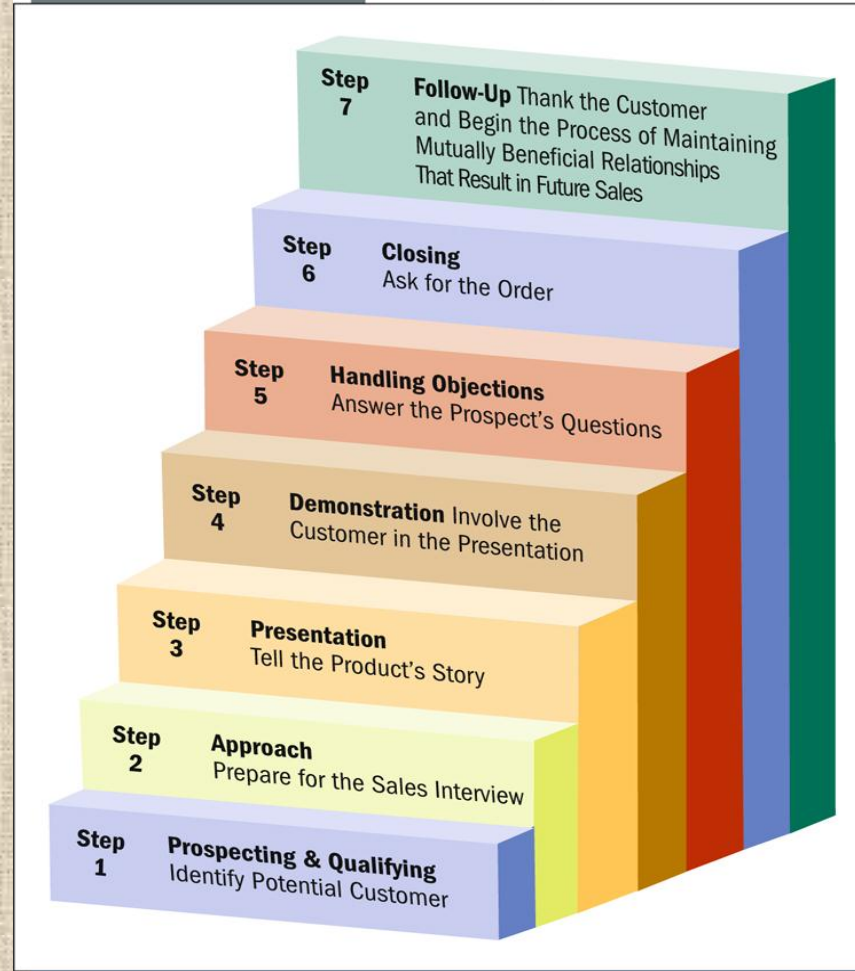
## *Telemarketing*

- Personal selling conducted by telephone; regulated by the Federal Trade Commission's 1996 Telemarketing Sales Rule.

# The Sales Process

Figure 14.4

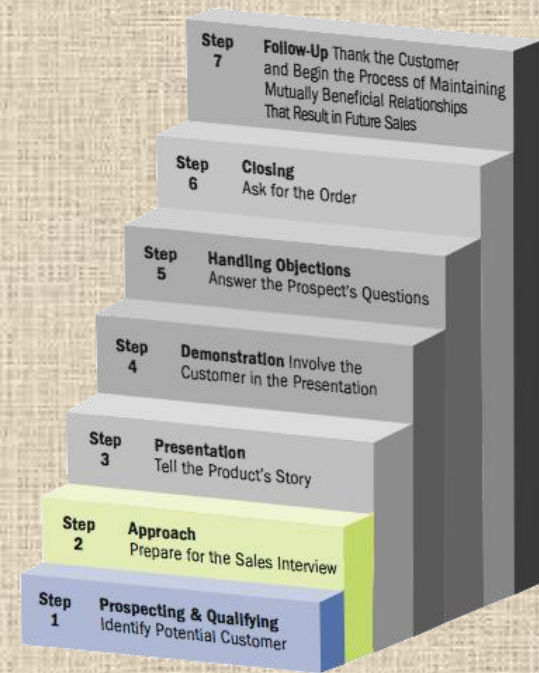
Seven Steps in the Sales Process



# Prospecting, Qualifying, and Approaching

- A good salesperson varies the sales process based on customers' needs and responses.
- **Prospecting** - identifying potential customers.
- **Qualifying** - identifying potential customers.
- **Approaching** - analyzing available data about a prospective customer's product lines and other pertinent information.

Seven Steps in the Sales Process

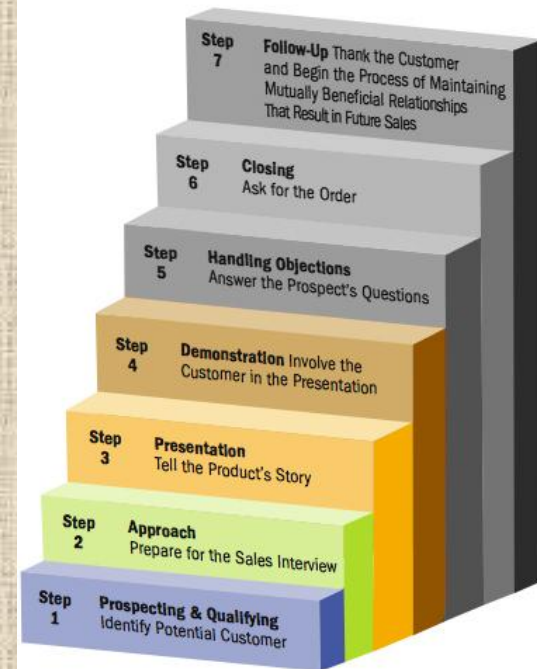




# Presentation & Demonstration

- **Presentation** Salespeople communicate promotional messages. They may describe the major features of their products, highlight the advantages, and cite examples of satisfied consumers.
- **Demonstration** Reinforces the message that the salesperson has been communicating.

Seven Steps in the Sales Process





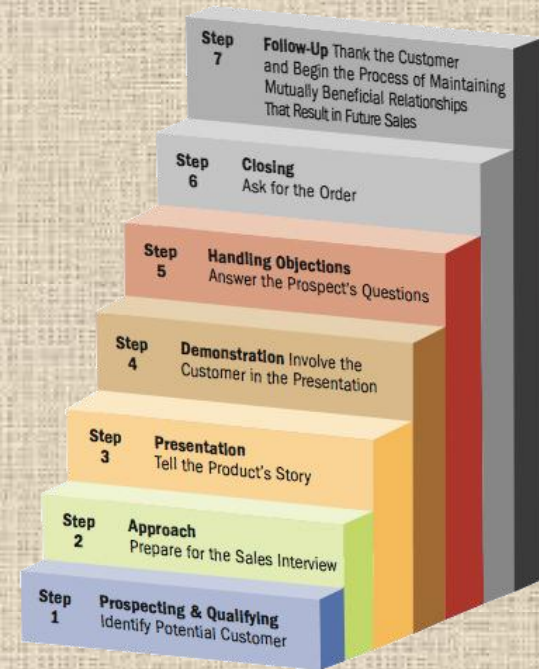
# Handling Objections & Closing

- *Use objections as an opportunity* to answer questions and explain how the product will benefit the customer.
- The *closing* is the critical point in the sales process.
- Even if the sale is not made, the salesperson should regard the interaction as the *beginning of a potential relationship*.

Seven Steps in the Sales Process

Figure

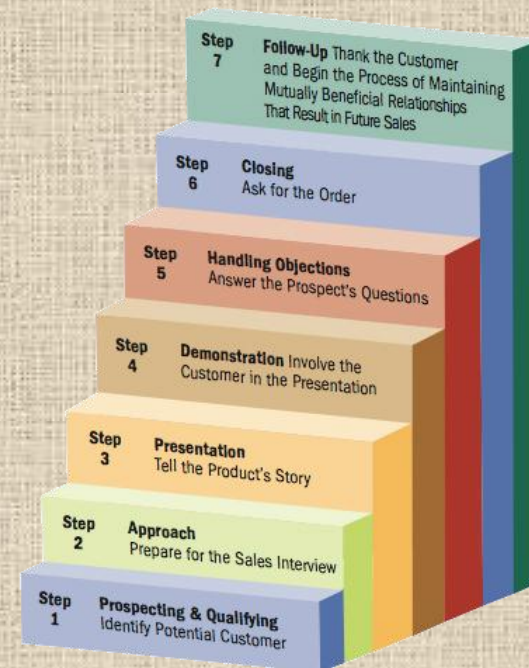
14.4



# Follow-up

- An important part of building a *long-lasting relationship*.
- May determine whether the customer will make *another purchase*.

Seven Steps in the Sales Process



Figure

144

# Public Relations

- *Public relations - a public organization's communications and relationships with its various audiences.*
  - Helps a firm establish awareness of goods and services and builds a positive image of them.
- *Publicity - stimulation of demand for a good, service, place, idea, person, or organization by disseminating news or obtaining favorable unpaid media presentations.*
  - Good publicity can promote a firm's positive image.
  - Negative publicity can cause problems.



# Promotional Strategy

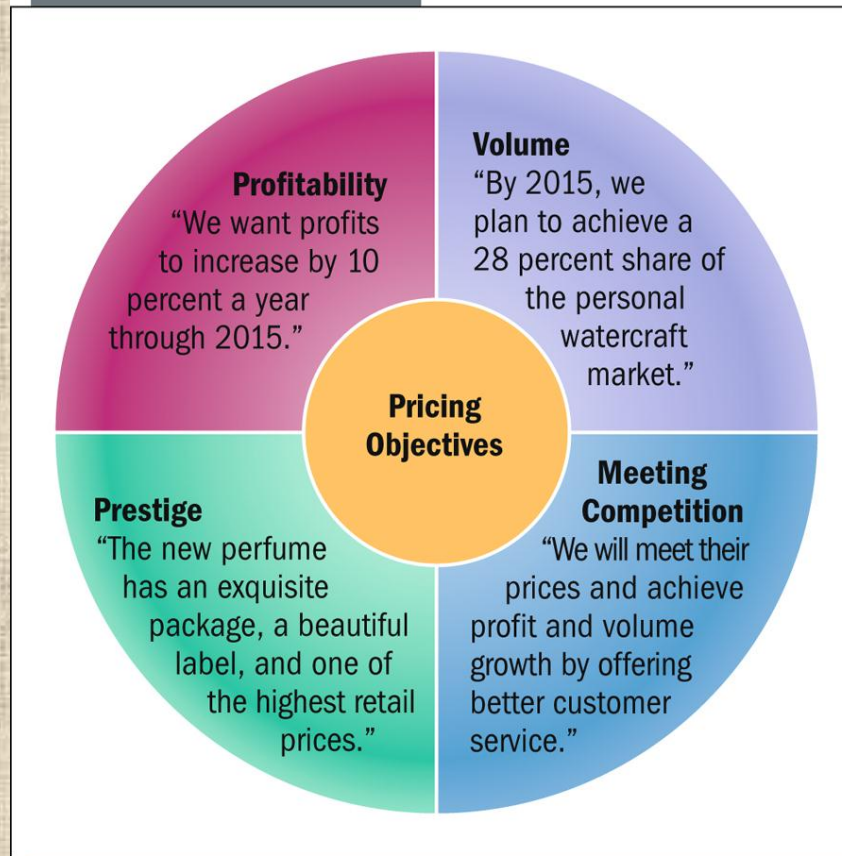
- **Pushing strategy** - relies on personal selling to market an item to wholesalers and retailers in a company's distribution channels.
  - Companies promote the product to members of the marketing channel, not to end users.
- **Pulling strategy** - promote a product by generating consumer demand for it, primarily through advertising and sales promotion appeals.
  - Potential buyers will request that their suppliers—retailers or local distributors—carry the product, thereby pulling it through the distribution channel.
- *Most marketing situations require combinations of push and pull strategies*



# Pricing Objectives in the Marketing Mix

Figure 14.5

Pricing Objectives



# Pricing Objectives

## *Profitability Objectives*

- Maximize profits by reducing costs.
- Maintain price while reducing package size.

## *Volume Objectives*

- Base pricing decisions on market share goals.

## *Pricing to Meet Competition*

- Meeting competitors' price.
- Competitors cannot legally work together to set prices.
- Competition can result in a *price war*.

# Pricing Strategies

## *Prestige Objectives*

- Establishing a relatively high price to develop and maintain an image of quality and exclusiveness.
- Recognition of the role of price in communicating an overall image for the firm and its products.
- Pricing is influenced by people in different areas of a company.





# Break-even Analysis

Breakeven analysis -pricing technique used to determine the minimum sales volume a product must generate at a certain price level to cover all costs.

$$\text{Breakeven point (in units)} = \frac{\text{Total Fixed}}{\text{Contribution to Fixed Costs per Unit}}$$

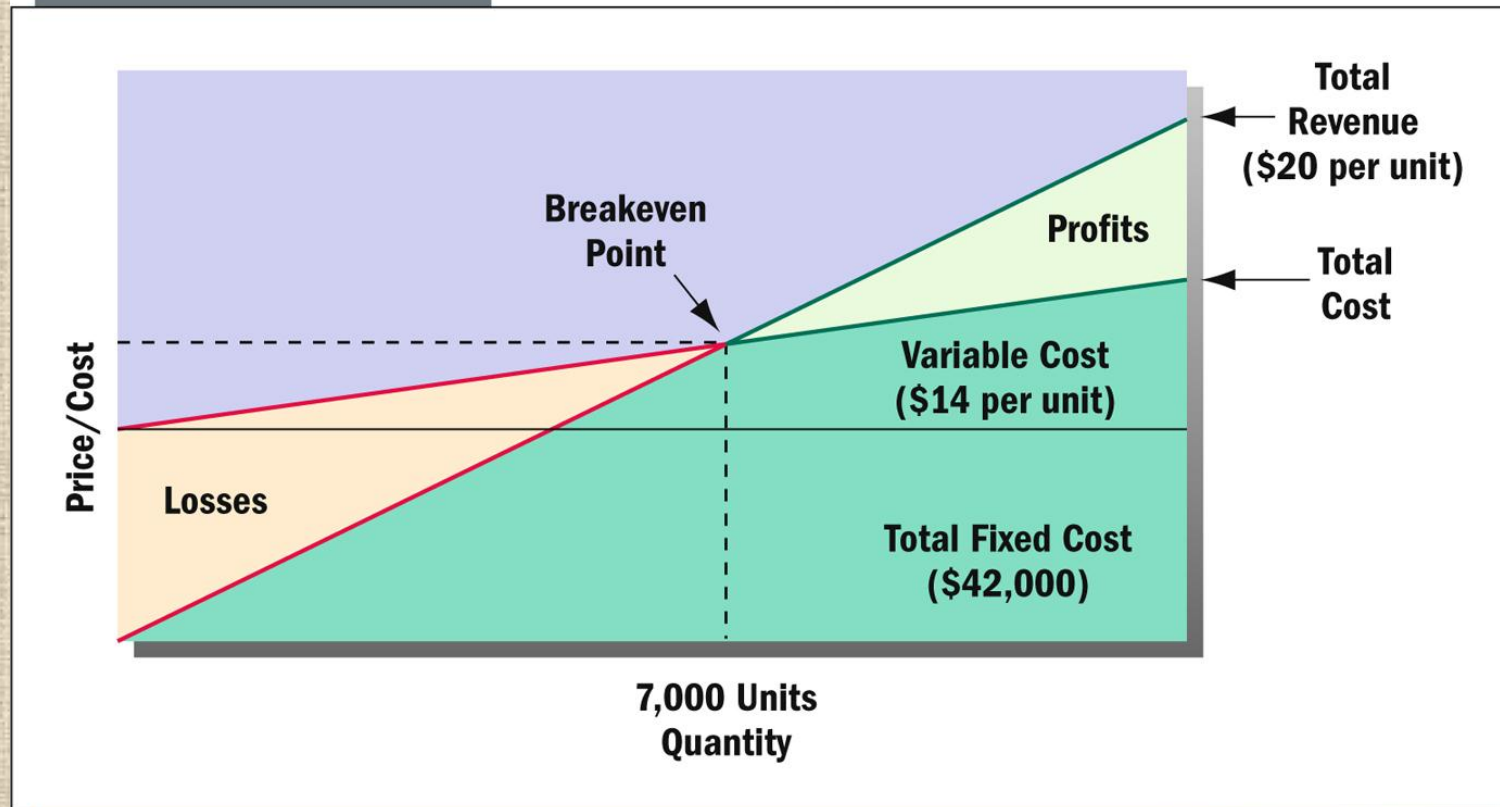
$$\text{Breakeven point (in dollars)} = \frac{\text{Total Fixed Costs}}{1 - \text{Variable Cost per Unit/Price}}$$



# Break-even Analysis

Figure 14.6

## Breakeven Analysis



# Alternative Pricing Objectives

## *Skimming Pricing*

- Setting an intentionally high price relative to the prices of competing products.
- Helps marketers set a price that distinguishes a firm's high-end product from those of competitors.

## *Penetration Pricing*

- Setting a low price as a major marketing weapon.
- Often used with new products.

## *Everyday Low Pricing and Discount Pricing*

- Maintaining continuous low prices.
- Discount pricing - attracting customers by dropping prices for a set period of time.

## *Competitive Pricing*

- Reducing the emphasis on price competition by matching other firms' prices.
- Concentrating marketing efforts on the product, distribution, and promotional elements of the marketing mix.

# Consumer Perceptions of Price

“They Said It”

“Price is what you pay. Value is what you get.”

—Warren Buffett (b. 1930)  
American investor

## Price-Quality Relationships

- Consumers’ perceptions of quality closely tied to price.
- High price = prestige and higher quality.
- Low price = less prestige and lower quality.

## Odd Pricing

- Setting prices in uneven amounts or amounts that sound less than they really are.
  - *Example: \$1.99 or \$299.*



LOGO

# Thank You!



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