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B.Com Honours | Semester V | Calicut University

SERVICES MARKETING IN BANKING AND INSURANCE

Course Code: COM5EJ304 • Module 1 Notes

Module I: Introduction to Services Marketing & Service Innovations

Covers the unique characteristics of services, Parasuraman's Service Gaps Model, market segmentation, positioning, cross-selling/up-selling, and digital banking service innovations.

Unit 1: Goods vs. Services & Features of Services Marketing

Core Characteristics (HIIP Framework):
1. Intangibility: Cannot be seen/touched prior to purchase.
2. Inseparability: Production and consumption occur simultaneously.
3. Heterogeneity / Variability: Service quality depends on human delivery.
4. Perishability: Services cannot be stored in inventory.

Unit 2: Services Marketing Significance & Service Gaps Model

Parasuraman, Zeithaml, & Berry (PZB) 5 Gaps Model:
Gap 1 (Management Perception Gap): Expected service vs management perception.
Gap 2 (Service Standards Gap): Management perception vs service specifications.
Gap 3 (Service Performance Gap): Specifications vs actual delivery.
Gap 4 (Communication Gap): Actual delivery vs external promises.
Gap 5 (Customer Satisfaction Gap): Expected service vs perceived service.

Unit 3: Market Segmentation, Positioning, Cross-Selling, & Up-Selling

Cross-Selling: Selling complementary products to existing customers (e.g., offering credit card to savings account holder).
Up-Selling: Encouraging customers to upgrade to premium tiers (e.g., upgrading classic debit card to Platinum/Wealth account).

Unit 4: Innovations in Banking Services

AI-driven chatbots (e.g., HDFC EVA, SBI YONO), biometric ATMs, contactless NFC payments, video-KYC, and automated credit scoring algorithms.

Practical Case Framework 1 (Goods vs Services Structural Comparison Matrix): Differentiate physical manufactured goods from financial services across marketing dimensions.

Physical Goods vs Financial Services Marketing Matrix:

Marketing Characteristic	Physical Manufactured Goods	Financial Services (Banking / Insurance)
Tangibility	Tangible; Can be inspected before buying	Intangible; Experienced during consumption
Production vs Consumption	Separated by time and space in factories	Inseparable; Simultaneously produced and consumed
Inventory & Storage	Can be stored in warehouse inventory	Perishable; Unsold capacity is lost forever
Standardization Quality	Standardized via quality control machinery	Heterogeneous; Varies with staff and channel
Customer Involvement	Low involvement during manufacturing	High involvement in service co-creation

Practical Case Framework 2 (PZB Service Quality 5 Gaps Model Matrix): Map the origin, cause, and mitigation strategies for service quality deficiencies in banks.

PZB Service Quality Gaps Diagnostic Table:

Service Gap ID	Gap Description & Root Cause	Bank Management Remedial Strategy
Gap 1: Management Perception	Inadequate market research on customer expectations	Conduct regular customer feedback surveys & focus groups
Gap 2: Service Standards	Poor service design & lack of clear SLAs	Set explicit Turnaround Times (TAT) for loan processing
Gap 3: Service Performance	Staff training deficiencies & system downtime	Empower frontline branch staff & upgrade Core Banking (CBS)
Gap 4: Communication Gap	Overpromising in bank ad campaigns vs actual delivery	Ensure marketing claims align strictly with operational reality
Gap 5: Perceived Quality Gap	Perceived service fails customer expectations	Close Gaps 1 to 4 to ensure high SERVQUAL score