

# Strategic marketing plan for Sampath Bank

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## Executive summary

Sri Lankan financial industry is highly competitive since there are more than 20 commercial banks and more than 50 financial institutes operate in Sri Lanka. Sampath bank is one of leading commercial bank among them which operate since 1986. The purpose of this report is to comprehensively analysis the strategic marketing plan of Sampath bank. Secondary data such as business journal, magazine and subject related books have been referred to conduct this study. Further strategic marketing tools such as PESTLE, marketing mix, Ansoff's matrix, 4Ps have been used for this study.

## Introduction

Sampath Bank is one of leading commercial banks in Sri Lanka which has more than 230 branches all over the Sri Lanka. Sampath bank has product range covering personal banking, corporate banking, international banking, project financing, treasury and many banking sectors targeting different customer segments. Strategic marketing management use to implement company mission through focused processes to get the best out of current market plan. Strategic marketing can be defined as the process of creating superior customer value that create a great shareholder value and competitive advantage. The purpose of this report is to critically evaluate the strategic marketing plan of Sampath Bank.

### 1.1 Role of the strategic marketing in the organization

Strategic marketing is a role of strategic level in the organization. Strategic marketing is directly linked to the overall business direction and market and portfolio decisions. Further investment decisions, new product development and the overall competitive positioning are based on the strategic marketing. A strategic marketing support to identify the potential markets, define business objectives and also develop the growth strategies and execution programs (Kotler and Keller, 2008). Further it support to reduce the threats from competitors and reduce the uncertainties in dynamic external environments. Strategic marketing plan is used to improve the company's capabilities by allocating resources and developing core competencies to achieve the competitive advantage. It establish a framework to function, monitor, control and integrate all the efforts of the company.

### 1.2 Processes involves in strategic marketing

Main thing that management keep in mind is strategic management plan need to be aligned with vision, mission and values of the business. Further management need to define the corporate long term goals. Then company need to conduct environmental analysis. Company need to conduct internal and external marketing audit. PESTEL analysis can be used for external environment analysis. Competitor analysis is also come under external environmental analysis. Porter's five forces and competitor analysis can be conducted to perform task environment

analysis. Portfolio analysis and value chain analysis need to be conducted to perform internal analysis. Further SWOT and TOWS need to be performed to conduct situational analysis. Based on all these analysis, gap need to be analyzed between current status and desired outcomes (Kotler, 1996). Key issues need to be identified based on the gap analysis. Then company need to develop financial and marketing objectives to fill the gaps. Further management need to identify the critical success factors to achieve these objectives.

Then strategic direction need to be defined. Bank need to conduct the market segmentation which bank to identify the different customer categories. Bank need to allocate resources requirements to serve the different customers' segment well. Different growth strategies need to use for different customers' segments to achieve the competitive advantages. Strategic marketing plan need to do divide different marketing tactics and need to implement them. Further strategic marketing plan need to monitor time to time. Key performance indicators need to be developed to monitor the performance. Further methods such as benchmarking and balance scorecard can be used to monitor the performances.

## 1.3 Strategic marketing and corporate strategy

Sampath bank's vision is to be the growing force of in Sri Lankan financial services. And bank mission is to create large pool of customer base by providing personalized, professional and secured service with cutting edge quality and standards. Bank will delight their customers and make them life time advocates of the business.

Corporate strategy of the bank is to decide the overall business direction. According to Sampath bank vision, bank follows market and product development as growth strategies. Strategic marketing helps to achieve the corporate strategy of the company through marketing mix decisions to develop new products and new markets. Mainly strategic marketing focus on customer segmentation, targeting and product positioning.

## 2.1 Models used in strategic marketing planning

Different models are used in various stage of the strategic marketing planning. Following models are used to conduct the marketing audit.

Porter's five forces analysis – this mode is used to comprehensively analysis the micro environment of the business. Factors such as bargaining power of the customers, bargaining power of the suppliers, threats of the rivalry, threats of new entrance and threats of substitutes are considered in this model (Porter, 2005). According Porter's five forces model, it can be identified that industry competition is considerably high in Sri Lankan banking industry.

PESTLE analysis – PESTLE analysis is evaluated the macro environment of the analysis. This analysis gives broad view of the whole environment in six different angle such as political, economical, social, technological, environmental and legal. All these aspects are highly important to any business in any industry. This analysis represent important part of the strategic management more than just understanding the market.

SWOT analysis – SWOT analysis is technique which use to identify the strengths, weaknesses, opportunity and threats that bank face. Strengths and weaknesses are internal aspects and opportunity and threats are external aspects.

Customer analysis – currently customers have many option in the banking sectors. Following factors can be identified as important factors in the banking sector.

- Level of security.
- Reputation of the bank
- Service and accuracy of the service.
- Service quality and convenience.

Cristal success factors – below factors have been identified as critical success factors which helps higher business growth.

- Proper customer engagement.
- Visionary leadership.
- Technological leadership
- Operational excellence
- Strong marketing and promotion arms

## 2.2 Strategic positioning and marketing tactics

Positioning drives marketing strategy since it create the target audience. Positioning outline the product according to the requirements of the customers. Marketing tactics need to be developed according to the overall strategic positioning. 4Ps model can be used to identify the marketing tactics (Kotler, 2009).

Products – sampath bank has many products which cover different customer segments such as personal banking, corporate banking, development banking, credit card, debit card and e banking facilities. Following table shows the main products offering by the bank.

Table – 01 product portfolio of Sampath bank

Personal banking	Corporate banking	Development banking	E banking	Credit card and debit card
Saving accounts	Corporate credit	Sampath bank micro finance program	Sampath net	Visa credit card
Current accounts	Commercial credit	SME development loans	PAYEASY	SET card
Children account and teenage accounts	Corporate finance		E- wallet	SET plus
Leasing	Trade services		SMS banking	SET family cards
Housing loans	Sampath treasury		Tele banking	

Price – pricing of the product need to be decided based on the target market. Value based pricing strategy us used in the bank to identify the needs of the different target markets. Bank has different products to cover different customer segments such as children, youth, professionals and etc. different pricing strategies need to be used for these different customer segments.

Place – products of sampath bank has been positioned in different customer segments all over the Sri Lanka. Therefore bank network is highly important to the bank. Currently bank has more than 230 branches all over the Sri Lanka. Further in current business environment, bank need to take every possible steps towards enhancing the convenience digital marketing channels. Further bank need to develop the facilities of website to improve the online banking capabilities.

Promotion – Mainly ATL (Above the line) and BTL (Below the line) promotional techniques are used for marketing. ATL promotions such as TV, press and radio advertising can use to cover the all the customer segments. Further social media can also use to promote the product among young customers. On the other hand, BTL promotion such as sales promotions, direct marketing and public relations also can use to target different customers' segments.

### 3.1 Appropriate marketing techniques to ascertain growth opportunities in the market

Ansoff's matrix can be used to understand the growth strategies of Sampath Bank. The bank currently follow market penetration, market development and product development strategies. In market penetration strategy, bank need to increase the usage of existing loyal customers. Bank need to mainly introduce strong loyalty scheme. Interesting sales promotion such as gift item, special offers can be targeted existing customers. Sampath bank should consider more attention to loyal and more profitable customers. Well target direct marketing method such as emails, phone calls and personal selling can be used to promote existing products in existing markets. Further bank need to promote new channels such as online banking and e banking. Further bank improve their coverage year to year. In 2017 bank has opened 4 new branches.

New product development support to bank to expand into new market segments and diversify the target customer range. Sampath bank recently introduce three new products called ladies first, sampath my bank and visa paywave. Ladies first account is personal account which introduce to empower the women. My bank account was introduced to provide convenient banking solutions in rural and suburban areas. TV, radio and press advertisement can be used to improve the product awareness.

### 3.2 Strategic marketing objectives for a market.

Proper marketing objectives should be SMART and refer the qualities such as specific, measurable, achievable, relevant and time bound. Marketing objectives need to be developed to help the corporate objectives (Graham, 2008). These objectives are mainly concerned about market and products. Currently mainly bank consider to develop the digital banking and few objectives are related to digital banking.

- decrease the overall customer churn rate by 15% at the end of 2018
- improve the revenue generated from digital banking services by 40% within next two years
- improve the customer retention by 15% within next two years
- increase the advertising expenses by 20% for digital banking
- Increase the market share by 10% within next two years

## 4.1 Impact of changes in the external environment on a marketing strategy

Macro environment refer the main external and uncontrollable factors that could impact to the organization strategy (McDonald, 2008). Management need to highly consider the macro environmental changes before make any strategic decision. PESTLE analysis can be used to evaluate the external environment.

Table 02 – Macro environment analysis

Macro factor	Implication
Political and legal	Increase of financial services VAT will impact to the profitability.
	Banking services are expanding to the northern and eastern province due to peaceful environment.
Economic	Instability of the share price due to downturn of share market.
	Recent steady interest rate cause to encourage the investment.
	Instability of the financial policy of the government has negatively impact to the investment decision.
	Sri Lankan rupee has been depreciated significantly
Social and cultural	IT knowledge of the people has been considerably improved and people quickly move to e- banking from traditional banking. Further busy life style of the people also cause to shift to the e- banking.
	Increase the migration
Technological	E- Banking can be further developed due to availability of new software.
	Smart phone penetration has been increased significantly.
Ecological	Customers are willing to work with environmental friendly companies.

All these factors impact to marketing strategy of the bank and management need to change the marketing strategies according to these environmental factors. Sri Lankan rupee is depreciated against main currencies and therefore it would encourage outward remittance and discourage outward remittance. Further mitigation also cause to increase the inward remittance.

## 4.2 Strength and weakness of the marketing strategy

Below strengths and weaknesses can be identified in the marketing strategy.

### Strength

- Focus on development of infrastructure, technology and people.
- Strong brand positioning.
- Having rich and broad customer base.
- Management recruits employees from different fields not only banking sector due to there will be different kind of perspective.
- Ability to mitigate the threats of competitors and uncertainties.

### Weaknesses

- Regular IT malfunction could be increase the customer satisfaction
- Lack of control due to some functions has been outsourced.
- Lack of consistent marketing strategy for digital marketing
- Too much analysis and planning but lack of execution

## 4.3 Key emerging themes in marketing strategy

Marketing strategy of Sampath bank highly consider on apply the new technology to the operation. Digital banking is one of the main aspect of the strategy of the bank. According to BCG matrix, digital marketing is a question mark which relatively market is low and market growth rate is high. Therefore bank has taken new steps to enhance more digital channels. Web side need to be improved with new features to make online banking much easier and effective. Further interface of the website need to be user friendly and it should available with main three languages.

On the other hand, call center activities should be reorganized more effective way to provide better service to customers. Digital marketing tools can also be used to effectively engage with young generation.

## Conclusion

Strategic marketing plan has been specifically focused on being growing force of the Sri Lankan banking industry. Macro and micro factors were comprehensively analyzed to identify the gaps between current situations to desired outcomes. Few important issues of Sampath bank marketing strategy also have been identified and marketing tactic for growth strategies also have been discussed here. Clear marketing objectives should be there in line with vision of the bank. Therefore in this report has been identified marketing objectives which has SMART characteristics.



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