

INTERNSHIP REPORT

BUS-699

TOPIC: “Service Marketing of Agrani Bank Ltd.”

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Date of Submission: 16 SEP 2017

Letter of Transmittal

16 SEP 2017

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Dear Sir,

Please find this report which has been prepared by me as per our MBA program requirement. I was asked to prepare a report on “Service Marketing of Agrani Bank Ltd.” and I have tried my best to fulfill the requirements of the report. The preparation of this report was quite interesting as it has provided me with the opportunity of applying what I have learned in my MBA program and all of my text books to a real life example.

I hope that you will find this paper as per your given guideline. I truly appreciate this opportunity that you have given to me.

Thank You

Sincerely Yours

Md. Ashfak Ullah

Acknowledgement

First and foremost, I want to thank the almighty God for giving me the ability to conduct my regularities and complete the internship report within the due time period. Without his grace and sympathy, all my tasks would have been impossible to complete.

It is my concession to thank, the honorable course supervisor of BUS-699, MOHAMMED TAEQRUE AZIZ, Ph. D, Associate Professor, BRAC Business School, BRAC University for providing me his expertise knowledge, guidance and giving me the opportunity for practical exposure through this report.

Last but not least, thanks to all the colleagues and seniors of Agrani Bank Ltd. who gave me the opportunity to learn about Agrani Bank and express those required information to make the paper complete.

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Executive Summary

The progress of today's business world is unthinkable without a true functioning banking sector especially commercial banking. As a leading commercial bank in Bangladesh Agrani Bank Ltd. (ABL) is playing a major role in the growth of healthy business sector and a vibrant economy of Bangladesh. This paper is based on the services marketing techniques that ABL provides to its clients. In the GAPS model of service quality, ABL has a negative gap in knowledge, service design and standards, service performance and communication. After analyzing the 'consumer behavior in services' we can see the need for recognition of the consumers of ABL is nearly fulfilled but the information exchange is not good enough. At the 'customers expectations of services' part we can find that most of the people want high-social support and dependency or reliable needs from ABL service and their 'adequate service expectation' is fulfilled through the latest ERP T-24 and BMS software. At past customers use to have hard core perception about the services that the government banks use to deliver but these days the perceptions are changing and ABL is leading the way of this change. ABL is far behind from private banks when it comes to the research but still they are doing their best by using the limited resources they have. As a commercial bank ABL give its priority to the corporate level clients most and their research is mainly focused on them. To prepare this paper I have conduct a research and the outcome is more positive towards ABL. Building customer relationship is main priority for all service oriented businesses these days and ABL dose understand this and for that they are running various training programs and motivational tours to make proper use of relationship marketing process. ABL also considers the service recovery and for that it takes several strategies like- make the service fail safe, encourage and track complaints, act quickly, provide adequate explanations, treat customers fairly and learn from the recovery experience. For service development and design the ABL follow strategies of - major or radical innovation, initiatives for start up business, new services for currently served market, service line extension, service improvement and style change. The concept of integrated marketing communication is relatively new especially for the government banks in Bangladesh but the ABL is trying its best to adapt the concept and try to make proper use of it through its personnel, latest technologies and adequate knowledge. Agrani Bank is the largest commercial banks in Bangladesh but still they have long way to go and the current policy makers

are competent enough to take the bank to its deserved and desired position in the financial sector of Bangladesh.

Introduction

In this fast growing business world, companies need banking services that fully meet their expectations for speed, convenience, efficiency and security. To ensure their optimum level of satisfaction, regarding their necessity for this type of affluent banking services, different types of local and as well as multinational banks are coming up with diverse and dynamic corporate banking services in Bangladesh. Banks are playing a vital role in the economic progress of our country.



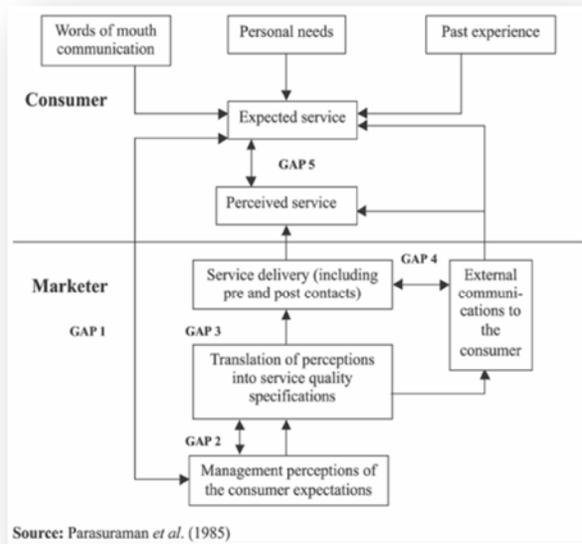
This paper is based on Agrani Bank Limited (ABL) and focused on several aspects related to service marketing of the bank and to do that the paper concentrated the study on Bangabandhu Avenue Corporate Branch, Dhaka. This paper will focus on ‘the GAPS model of service quality’ of ABL, consumer behavior in services, customer expectations of services, customer perception of services. The paper will also focus on how ABL conduct research to ‘listen its customers’, how it builds customer relationship, how they recover services, how they develop and design their services, and how they implement integrated marketing communication. At the end part of this paper we will see the way forward for the bank and some recommendations which can be helpful for the bank if they want to succeed more in the financial market.

In Bangladesh we have eight state owned commercial banks, and they are - [Agrani Bank Limited](#), [Janata Bank Limited](#), [Rupali Bank Limited](#), [Sonali Bank Limited](#), [Bangladesh Development Bank](#), [BASIC Bank Limited](#), Bangladesh Krishi Bank, Rajshahi Krishi Unnayan Bank (www.bb.org.bd). Agrani Bank Limited, a leading commercial bank with 935 outlets strategically located in almost all the commercial areas throughout Bangladesh, overseas exchange houses and hundreds of

overseas correspondents, came into being as a ‘Public Limited Company’ on May 17, 2007 with a view to take over the business, assets, liabilities, rights and obligations of the Agrani Bank which emerged as a nationalized commercial bank in 1972 immediately after the emergence of Bangladesh as an independent state. Agrani Bank Limited started functioning as a going concern basis through a Vendors Agreement signed between the ministry of finance, Government of the People's Republic of Bangladesh on behalf of the former Agrani Bank and the Board of Directors of Agrani Bank Limited on November 15, 2007 with retrospective effect from 01 July, 2007. Agrani Bank Limited is governed by a Board of Directors consisting of 12 members headed by a Chairman. The Bank is headed by the Managing Director & Chief Executive Officer; Managing Director is assisted by Deputy Managing Directors and General Managers. The bank has 11 Circle offices, 34 Divisions in head office, 62 zonal offices and 935 branches including 27 corporate and 40 AD (authorized dealer) branches (www.agranibank.org/about). The vision of Agrani Bank is to become a leading bank of Bangladesh operating at international level of efficiency, quality and customer service, and the mission of Agrani Bank is the “ideas and lessons from best practice to explore new avenues to stay stronger and more efficient and competitive as well as applying information and communication technology for the benefit of customers and employees. The values of Agrani Bank are - believes in integrity, transparency and accountability, and also value professionalism that will provide a high standard of service to all customers and stakeholders. (Agrani Bank Web Portal/ About)



THE GAPS MODEL OF SERVICE QUALITY



The customer gap is the difference between customer expectations and customer perceptions. Customer expectation is what the customer expects according to available resources and is influenced by cultural background, family lifestyle, personality, demographics, advertising, experience with similar products and information available online. Customer perception is totally subjective and is based on the customer's interaction with the

product or service. Perception is derived from the customer's satisfaction of the specific product or service and the quality of service delivery. Perceptions reflect the service as actually received. In "A conceptual model of service quality and its implications for future research" (**The Journal of Marketing, 1985**), A. Parasuraman, VA Zeithaml and LL Berry, identified this gap model, through which organizations seeking to meet customer's expectations of the customer experience can successfully achieve its target.

The four gaps that organizations should measure manage and minimize:

The Knowledge Gap: Knowledge gap is the difference between customer expectations and the service firm's perception of the customer's expectation, needs etc. In other word, the gap between consumer expectation and management perception arises when the management or service provider does not correctly perceive what the customers want or need (**Boundless Marketing, 2015**). At Agrani Bank Ltd. (ABL) market research activity is minimal and based on a certain group of targeted buyers' opinions, mostly business rather than a broad sample of general people, so they are not really carrying out an effective market research which ultimately resulted in their



failure to develop an effective business strategy for general people. Therefore, they have a negative gap in customer's expectation and perception. As a nationalized bank ABL has a huge responsibility and hope for the mass people but they failed to meet customer specific requirements and expectations in many cases. They have lack of service variety to meet the expectations of different customer groups. The management is aware of increasing demand of general banking among mass people but there is a lack of knowledge about customer

expectations of general banking services.

The Service Design & Standards Gap: This indicates the difference between the service providers' perception of the customers' expectations and the customer service standards it set. It is the "gap between management perception and the actual specification of the customer experience - Managers need to make sure the organization is defining the level of service they believe is needed" (Cardozo, 1965). The ABL itself has created some obstacles to its business through the company's terms, conditions and also because of government's influences over its policies. Individually ABL cannot do anything without the help of the government, to be precise the finance ministry of this country. Due to strong Banking guideline of Bangladesh Bank, ABL requires longer period of time to provide standard customer services. So, there is absence of customer-define service standard.



The Service Performance Gap: This is the difference between the firm's service standards and the actual service provided to customers. This gap arises from a discrepancy between the experience specification and the delivery of the experience. Managers need to audit the customer experience that their organization currently delivers in order to make sure it lives up to customer expectations (Cardozo,

1965). ABL has many highly-qualified people working within the organization in many different roles, from the front-line deposit collectors, accounts, sales and marketing functions to top level policy makers. However, there are areas where it may require supplementary skills like persuasion skills, willingness to learn and tenacity skills to bridge the gap between its existing human resources. As a largest commercial bank in Bangladesh, ABL has set standards for itself but because of few lacking in skills they are unable to meet the standards.

The Communication Gap: This is the difference between the actual service provided to customers and the service promised in the firm's promotions and external communications. All too often, organizations exaggerate what will be provided to customers, or discuss the best case rather than the likely case, raising customer expectations and ultimately harming customer perceptions (Cardozo,

1965). ABL does not go for aggressive promotion or campaigns. Though they have an official Facebook page, but they have very less promotional campaigns over there to notify customers where customers are mostly business and export oriented people so they try to ignore mass media and try to reduce cost also. As a result, they are usually less quick in responding to changing customer needs and wants. Moreover, because this is a competitive segment, their market share growth is limited. The motto of ABL is "Committed to Serve the Nation" but they are unable to serve the mass people because of lack in infrastructures and human resources. ABL is introducing ATM services with a hope to provide better customer service followed by increasing number of clients. Moreover, the bank currently provides different banking service and products like - green banking, e-banking and different investment schemes. Due to lack communication with the potential customers and promotion of their existing portfolios, people are unaware that it is a bank equipped with smart products, banking solutions and investment schemes.



CONSUMER BEHAVIOR IN SERVICES

Consumer behavior includes the processes and motives that drive consumer buying activities. Consumers typically make purchases in a systematic way, with the time frame and nature of the process dependent on the type of purchase. The standard consumer buying process with a service has some specific differences from a product-based purchase situation (Neil Kokemuller | **Consumer Behavior in Services (smallbusiness.chron)**). The behavioral pattern of the consumers that the ABL is concerned with which lead to a purchase of a particular service is divided into five categories:

1. **Need Recognition:** The first step in the consumer decision-making process is need discovery.



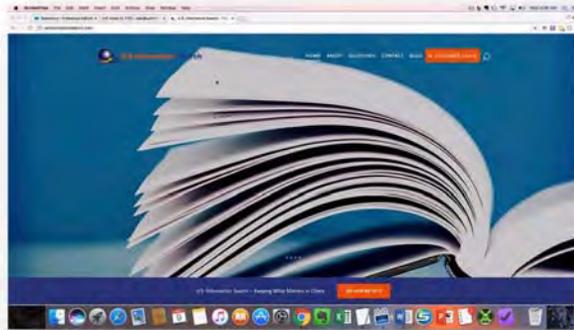
Fig: Purchasing Behavior

This stage is where a consumer realizes he has a functional or emotional need or want. In engaging in a service scenario, consumers recognize several common needs. For ABL the common need of customers that they recognized is the availability of branches of the bank, and because of that till now ABL opened 935 branches all across the country's commercial areas, and

even in abroad to collect foreign remittance.

2. **Information Search:** The second phase of the buying process is information search. During this stage, the buyer looks for information and evaluates providers on certain criteria. Services

are intangible, so buyers often need to consult to company websites and talk with sales reps to evaluate options. Services are often highly involved purchases for buyers because of the costs and importance. The customers of ABL has the access of the well organized web portal where they can get all necessary information and if necessary they can go to any branches where there is a help desk to serve them.



- **Personal and Non-Personal Sources:** Customers take suggestion from family, friends, and colleagues as a part of information search. From different sources I came to know that most of the people learned about ABL through family, friends, colleagues, relatives, and neighbors on the other hand the non-personal sources can be internet/service providers and other sources.
3. **Evaluation of Search Alternatives:** After the information search customers have a list of similar banking services among what they tend to compare one with the other. Among all the names, consumer considers their acceptance or rejection. As a state owned bank ABL has good brand equity and often offers services with minimal cost which the customers desire most and these services keep ABL ahead of other competitors.
 4. **Service Purchase:** Finally consumers make the decision to choose the most competent banking service considering the aforementioned behavioral aspects. At ABL they have various types of services not only for the commercial personnel but also for the rural people. In fact, 70% of the total customers of ABL are from rural areas where majority of them are farmers. ABL serve the government by addressing ‘farmers account’ with the cost of only tk. 10 per account opening and government allocate several incentives to the farmers through these

accounts.

5. Post Purchase Evaluation: After taking service there are four ways consumer evaluate services - word of mouth communication, attributes of dissatisfaction, positive or negative biases and brand loyalty. After consuming the ABL's services, consumers more often become pleased and they usually do not regret for not going to a competing service, and this type of behavior is called cognitive dissonance or conflict. People thesedays prefer online banking more than 'Bkash' or 'Rocket' money transfer services.

CUSTOMER EXPECTATIONS OF SERVICES

Customer satisfaction reflects the expectations and experiences that the customer has with a product or service. Expectations reflect both past and current product evaluation and use experiences. Customers hold both explicit and implicit performance expectations for attributes, features, and benefits of products and services. The nature of these expectations will dictate the form and even the wording of customer satisfaction survey questions. (**Scott Smith, Ph.D.**December 10, 2012). ABL has a strong market attendance because of its strong points are based on attracting and developing good quality staff who are able to exceed customer expectations so that, customers stay loyal to the business. However, customer expectations are always changing and this is something ABL should consider. In this regard there are certain factors to focus on.

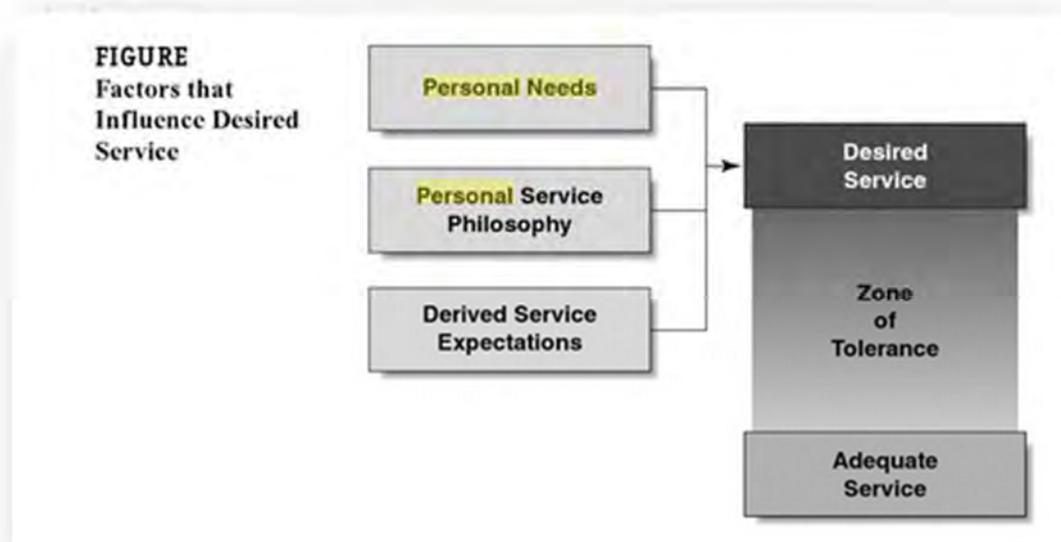


Sources of Desired Service Expectation

There are two important factors which influence that desired level of service. These factors are:

- **Personal needs:** Personal needs are those states which are essential to physical and psychological aspects of human being. These factors give a shape of what customer's

desire in services. Personal needs can fall into many categories including physical, social, psychological, and functional (ZEITHAML| **Services Marketing: Integrating Customer Focus Across the Firm**). In this report when I asked the customers about the kind of service they expect from ABL, based on the need theory of Maslow; most of the people replied that they want high-social support and dependency or reliable needs from ABL service.



- **Lasting service intensifiers:** Lasting service intensifiers refer to the stable service factors that allow the customer to have a higher understanding of the service (Liu, et al., 2000). This may happen when customer expectations are driven by another person or group of people.

As a state owned banking service provider in our country most of the customers expect that ABL to improve their service and also service quality.

Sources of Adequate Service Expectation

A different set of determinants affect adequate service, the level of service the customer finds acceptance. There are five factors that influence adequate service. **(ZEITHAML| Services Marketing: Integrating Customer Focus Across the Firm).**

- **Temporary service intensifier:** This is a short-term individual factor that makes a consumer want more of the service. Several questions have been asked regarding these individual factors. One is ABL's service promises on time delivery. The majority of the customers said that ABL more often maintains their promised delivery time. In this case online banking services are helping their cause of fast and reliable transaction of money, e.i. - use of t24 ERP software for whole banking services and solutions.
- **Perceived service alternatives:** It means other service provider from whom the customer can obtain service. I asked few existing customers about perceived service alternatives. Most of them replied that ABL has strong geographical coverage and the location of the branches is easy to find.
- **Customer's self-perceived service role:** It is a degree to which customers have an influence on the level of service they receive. In case of ABL; customers more often can influence the level of service they receive.
- **Situational factors:** Service performance conditions that customer view as beyond the control of the service provider. When I asked few customers of the bank about the action of ABL's ability to understand customer queries regarding the service provided by the bank; majority of them answered that the bank staffs provide good response about the services and quite customer friendly compared to the past.
- **Predicted service:** It means the level of service that customers believe they are likely to get. Customers of ABL do not draw conclusions about the overall service quality of bank by evaluating one or two services, like an individual transaction.

CUSTOMER PERCEPTION OF SERVICES

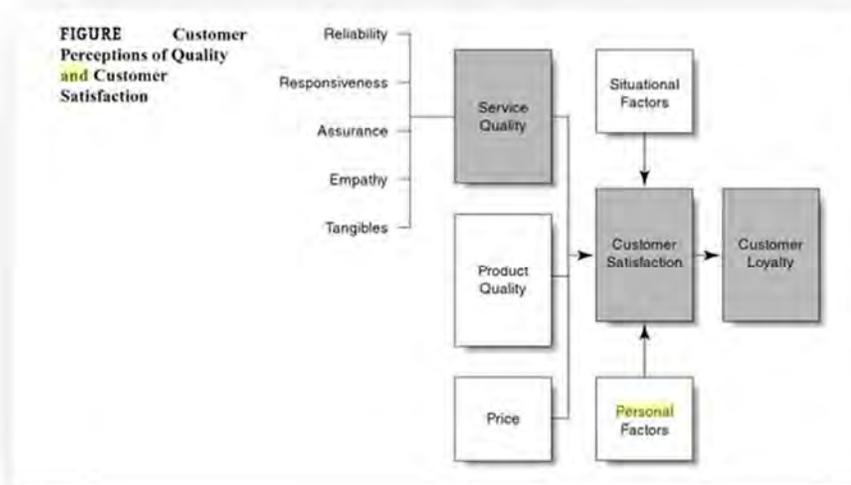
Perception is an image that is created in the customers minds through reference and actual consumption of those services. Each individual interprets the meaning of stimulus in a manner consistent with his/her own unique biases, needs and expectations. The Three stages of perception are exposure, attention and interpretation. In this regard, they must focus on the five dimensions of service quality: Reliability, Responsiveness, Assurance, Empathy and Tangibles (**ZEITHAML| Services Marketing: Integrating Customer Focus Across the Firm**).



Reliability: It is statistical term which is based on past experience. It means ability to perform the promised services effectively and efficiently. After observing the bank data I found that majority of the customers believe that ABL is reliable but not exceptional when it comes to services delivery. ABL maintains customer data bases on the basis of which they manage customer requirement. In this case the ERP Database Management System (DMS) and Temenos 24 (T24) support them in a big way.

Responsiveness: It means willingness to help customer and provide prompt service. A majority of customers said that they feel the same and few customers said that they are having much better feelings regarding willingness to help of ABL.

Assurance: Assurance means Referrals, to refer others to take this service. Consumers are giving assurance to others to take this service with referral. It is the ability to inspire trust and confidence. As it is a commercial bank and most of the people of Bangladesh are from rural areas, so the customers of the bank recommend the service to others. These customers also said this type of banking is helpful, dependable as Bangladesh is becoming economically more sustainable and industrialization helping as a forehead.



Empathy: Empathy means understanding customer situation, caring, individualized attention which is given to customers from a company. Majority of the customer said that ABL took neutral position regarding customers' thinking and feelings, which

indicates a not so good level of empathy. However, they believe that people are their asset, and so the services are flexible so that clients get service at any time.

Tangibles: Tangible refers to the appearance of physical facilities, equipment, personnel and written materials. Few of the customers agreed that ABL's locations are not that easy to find while majority of them told that they easily find the location. In this aspect I can say overall tangible services of ABL are not enough for customers.

LISTENING TO CUSTOMERS THROUGH RESEARCH

There are basic 10 research objectives for service sectors. Among all the objectives the main objective of this research is to assess gaps between customer expectation and perception. As per the requirement of the internship report on GB Services based on given topics of the paper. I talked with two different categorized customers. One category is based on the potential customers who do not still use the service of ABL. I've tried to find out their expectation from the ABL. Another category, I've chosen, is based on the existing consumers of ABL. From this I've tried to extract their perception on the service delivery of ABL. So the basic and prime objective of my research is to find out the gaps between customer expectation and perception. And from our survey report I have successfully assess the required gap.

Criteria for the research on GB SERVICE of ABL:

There are seven basic criteria for an effective service research program. All the criteria are effectively being maintained for the heavy consumer research that the organization itself who normally conduct the research. I've talked with few customers as per the project requirement. For example I put some questions based on the expectation and perception of the consumers and I prioritized on some key attributes of ABL.

Feedback of the Research and Interpretations:

I have talked with the customers, based on 2 (two) main categories: expectation and perception, to compare the expectation along with the perception of the consumers regarding the service quality of ABL. The main purpose of this is to find out the gap and Service Quality Index for ABL. For example I've talked with 20 customers. Among these 10 customers are selected for the expectation category who had not taken any kind of service from the ABL yet. The reason behind selecting these 20 is to extract and gather their expectation from ABL. And the rest 10 customers are chosen for the perception category that has already taken the service from ABL and I tried to

find out their actual perception. In the perception section, I mainly tried to assess what customers actually want and what their expectations are from ABL and for this reason I have asked different types of questions regarding the service charge, service recovery, customer support, product packaging quality, etc. The basic reason for asking these questions is to know what should be the quality of ABL in the eye of customers. On the other hand in the perception part, I mainly tried to focus on the actual perception of the ABL based on the same attributes so that I can compare the result with the result of expectation. In this section customers were asked almost the same questions from expectation part but just in different way and meaning. Also they are requested to share their feelings. From the perception part I actually wanted to know the actual service quality ABL delivered in the eyes of their consumers. However, when I have interpreted the results and tried to focus on some key issues which are much relevant to my project report. First, the basic information of ABL consumers generally may gather for their use could be collected through friends/family/relatives/neighbors, Website/internet or other relevant sources. Majority of customers said that they came to know about ABL through friends/family/relatives/neighbors and few said from the Website and internet. This result specifically indicates that the source of information and the issue of awareness are quite dependent on the word-of-mouth communication.

According to the marketing division of ABL, they are not currently communicating with their target customers through TVC, billboard or print ads or others. They try to focus on the website or online communication to reach their customers. When I went for matching the result with the information I have gathered from the office of ABL, I saw that the result is almost same. However word-of-mouth is a good technique for communicating with the people but it has some bad side as well. If ABL is able to keep their promises and meet the expectations of the consumers then it is ok but in case, if things go wrong then it would be a disaster for them and the customers who are dissatisfied will discourage others to take the service of ABL.

However, when I asked customers about their first impression, regarding the service of the ABL, majority of them said that the expected service should be somewhat positive and neutral respectively and few stated that the service should be very positive. But from the perception part (in terms of the quality), the maximum customers go with the option of high quality service. This outcome is really tremendous for ABL as they are able to meet the expectation in terms of quality because it is really tough for the organization to hear such high quality precise of service from the

customers. Again when I asked the question to the customer about the expectation regarding the quick response of customer service representative to handle customers' queries, maximum of them stated that ABL is quick regarding response and the expectation from few customers is that response time will be very quick. And for the same question in the perception, the result is almost same with expectation. Majority of them stated that they strongly agreed and neutral with the question of waiting time for having their questions answered was satisfactory. From this result I can say that may be they are happy but not much satisfied with the response time. Again, when the issue of service charge came into the point, Majority stated that they expect ABL will offer good and average service charge respectively. And few of them stated the service charge should be excellent. The consumers who already took the service from ABL, the result is also almost same with the expectation. Compared with the other available banking services, majority of them stated that ABL is better and much better, respectively.

BUILDING CUSTOMER RELATIONSHIP

Money cannot buy one of the most important things one needs to promote ones business: relationships. In fact customer relationships drive our business and it is all about finding people who believe in our products or services. ‘Relationship marketing’ is defined as a form of marketing development tool from direct response marketing campaign which emphasizes customer retention and satisfaction rather than focus on the sales transaction. The more satisfaction of consumers on a service tends to lead them to have trust on the firm, the more trust leads them to become the loyal consumers to the service. As a service provider company, ABL is completely dedicated and committed to understanding and fulfilling consumer needs and it is doing whatever it takes to provide customers with highest level of reliability and service quality. According to the top management of ABL, the bank has already decided to focus on the acquiring customers, satisfying them and retaining them through creating professional and in some context personal relations rather than focusing on just the sales volume. According to the Planning, Development and Human Resource department officials of ABL, they have already organized different training programs for the employees regarding how to make and maintain very smooth and effective relations with the customers. In this regard it would appear that ABL will be successful in achieving the following through relationship marketing.

Attract New Customers: Agrani Bank Ltd. Is enjoying brand image of being nationalized bank and it is well accepted among mass people. Besides this they have strong customer base at the



rural areas. As the largest commercial bank in Bangladesh ABL always on a find for big corporate clients and recently it is signed a treaty with PRAN RFL Group to work together and manage their every kind of transactions. To attract new general customers, they sometimes offer different promotional tools like price bonds, lottery ticket, and insurance facility with account opening.

Customers Satisfaction: Happy customers are loyal customers and they offer positive word of mouth advertising which can be invaluable. Customer satisfaction is the primary goal of

relationship marketing which is the surest way to improve the bottom line. To satisfy the customers ABL has some specific dimensions like the service charge, after sales support, easy service recovery process, etc. Their service charge is more competitive than others as it is a state owned bank the service charge is minimal. Their after sales support was fantastic. After taking the service from ABL the customers can check their money transaction through online by visiting the nearest branch.

Build Trust on Consumers' Mind: ABL is one of the biggest names in the banking sector of Bangladesh. They have been successfully operating their business in Bangladesh for many years. Over the period of this time they have successfully established a brand image in the mind of customers. This brand image builds trust in consumers' minds. Their recovery options also make them trustworthy to the consumers.

Promise Fulfillment: Promise fulfillment is one of the most important dimensions of relationship marketing. Just making promises is not enough, but delivering them by action is also very important. ABL is not an organization which just not only promises to the customers but also try to keeps it with honesty. ABL promises to the consumers that the money they transact will be delivered to a specific location within a given specific time. Unless, any case of natural or man-made disaster, ABL usually deliver services within the promise time. Otherwise, they compensate against any legal and logical complaints. ABL also keeps promises about their recovery option.

Retaining Customers: Relationship marketing help to retain existing customer who already decided to leave the firm. At ABL, retaining process of the existing customers is confidential. However they stated a process of retaining like first they find out why the customers left the firm through some internal and external research, then they try to contact these customers and try to negotiate with them to persuade them to avail the services of the bank like they used to.

Service Recovery

‘Service recovery’ is converting a previously dissatisfied customer into a loyal customer. It is the action a service provider takes in response to service failure. By including also customer satisfaction into the definition, service recovery is a thought-out, planned, process of returning aggrieved/dissatisfied customers to a state of satisfaction with a company/service Fitzsimmons (2011 - p136). For business organization, customers are the king. But for any reason if these kings are dissatisfied with the organizations then a disastrous situation will be created for those firms. So, to satisfy the dissatisfied customers, there is a term appears in service marketing called ‘service recovery’. In a simple meaning service recovery refers to the compensation to consumers if any service taken by the consumers is being compromised. It looks like a very easy process but honestly this is one of the greatest challenges for any service provider to design a method for proper service recovery. It is more important for the service provider that they should focus on service recovery rather than ensuring the flawless service because it has been proven that it is technically not possible to satisfy all the customers no matter how hard one tries. Additionally, while delivering service, there is always a very high risk of the service being compromised. Keeping that in mind it is essential to focus on the measure which will be taken to compensate the customer when the service is being compromised. While any kinds of services taken by consumers are being compromised the first reaction from the consumers, is anger. The angry customers may leave the organization if the problem is not being resolved. There are basically six ways of getting angry customers to calm down with success. Those ways are to apologize, kill their anger/frustration by using diplomacy, go into computer mode, transfer or shift the responsibility to the company, show empathy and last one is to show appreciation. In this case, ABL uses ways to apologize, show empathy and show appreciation. At ABL, if any kind of problem arises from the customer regarding service failure they first apologize and show some empathy for the problem and lastly they appreciate him/her for coming forward.



Service Recovery Strategies:

ABL is the largest commercial banking network in the banking service industry. They are very conscious about customer satisfaction and try to ensure service delivery. However, sometimes

service failure does happen. To recover the service failure ABL has service recovery strategies. By following these strategies ABL tries to resolve the problems.

- **Make the Service Fail Safe:** The best strategy for service recovery is to make the service fail safe. ABL tries their best to make their service very effective and efficient for the customer so that any kind of failing situation does not arise. However if any service is compromised then ABL find out the problem and help the consumers to go to the concerned department. Then the concerned department hear the problem of the consumers and within a very short time the employees try to resolve the problem if the problem is legal and logical.
- **Encourage and Track Complaints:** ABL always encourages the consumers to say about their problem as they are concerned about the consumers' satisfactions. For encouraging and tracking complaints ABL often arrange different program with the customers and try to extract the inner words form the consumers' mind to know the actual scenario of the firm and for that they have complaint box, help desk in each branches of the bank.
- **Act Quickly:** Majority of the customers believes that ABL does not try hard to resolve their problem immediately and few stated more than a day and very said about 2-4 days. Though ABL trying their best but still most of the time they fail to resolve the problem because of huge number of customers and inadequate human resources.
- **Provide Adequate Explanation:** Whatever situation arises regarding service failure ABL first gives proper and adequate explanations to the consumers for the loss. Then they go for the service recovery process. However sometimes for different conditions, rules and regulations they cannot provide any compensation to the consumers. In these situations they try to make them understandable the situation of the company by giving them proper explanation.
- **Treat Customers Fairly:** To some extent service failure means unfair treatment of customer and justice should be restored from customer perspective. But in case of ABL, they always try to treat all the consumers in the same manner. Even ABL organizes

different training and motivational programs for their employees on behavior with consumers.

- **Learn From the Recovery Experience:** This is the most important strategy for the service recovery because in service organizations service failure occurs. ABL always try to learn from each service failure and try to implement some new ideas regarding the service delivery so that the same types of service failure do not happen again.

Service design is the activity of planning and organizing people, infrastructure, communication and material components of a service in order to improve its quality and the interaction between the [service provider](#) and its customers. Service design and development is one of the core important sectors in service marketing. It's not easy to develop and design a new service in the related service sectors. History says billions of dollars had been spent for developing a new service but the projects never reached a successful outcome. And of course for the banking industry it's tougher than any other industry to develop a new service. However the ABL also tried these before and still trying to design a new service in banking sector. There are six types of new service available in the service industry.

- **Major or Radical Innovation:** Basically it's not impossible to create a new major service or a radical innovative service product but it is related with money, people, experience and above all being brave and looking for opportunity. Because, if the project fails then all the related issues with the project will face difficult situation. In case of ABL the situation is not different but they are trying to innovate something different which is not available in the market through their planning and development (PD) department.
- **Start up Business:** It relates with the new geographical area coverage by the bank. ABL has expanded its business all over Bangladesh. Currently the bank has 935 branches and it is looking for new areas to open new branch to serve the people.
- **New Services for Currently Served Market:** This factor is quite related with the introduction of new service for the currently served market at a same service line. ABL is has launched ATM facility for the existing customers and it is increasing the number of booths across the nation.
- **Service Line Extension:** It's related with the establishment of various services related with the same category service. ABL has introduced online banking for their consumers

with the help of the ERP
Temenos-24.



- **Service Improvement:** Service improvement refers to the numerical improvements of any service. At past ABL use to take 3-4 days to encash an FDR, but now it is taking only 1-2 days for encashing an FDR.
- **Style Change:** It's very difficult to change the style and design the service for any service provider because the service is invisible. But it can be possible to change the way of delivering the service, change the design of the infrastructure etc. ABL, Bangabandhu Avenue branch recently installed centralized air-conditioning, changed the decoration of the outlook of the branch.

New Service Development Process:

There are lots of structured and unstructured ways of developing a new service. Among all the theories of developing new service the best and the most certified ways are the followings. ABL does not follow this process to develop any new services. If any kind service is needed to be developed the authorities in the head office has the power only to decide about it. And especially for any branches if any service is needed to be developed the zonal head office authorities talk with the authority of the head office and decide to launch the service. After testing for certain period if the new service is not being financially profitable they just close the project.

If ABL is deciding to develop a new service in Bangladesh, they just need to follow the below steps.

Front End Planning: The front end planning is fully related with the service concept and the

people who will work for the project and also the idea generation and the analysis of the concept.

- ✚ **Business Strategy Development and Review:** When just a concept is created by any of the policy makers of ABL with research and development then the concept are being presented in front of the board through a memo and explain the board about the importance of the concept.

- ✚ **New Service Strategy Development:** This is one of the most important parts of the new service development. Here the committee forms a team of people who will work under the project and define some responsibility about the contribution. It clearly defines who will do what for developing the concept and how each individual member will do what.

- ✚ **Idea Generation:** The team leader of the project calls for a meeting with all the team members and tries to extract the related idea about the concept from the members. The related idea will be the named in which service line category should be applied to the price strategy and all other related idea. Then the project leader gives a formal presentation in front of the BOD without reviewing any other facts except the idea of the concept.

- ✚ **Concept Development Evaluation:** In this part the concept and idea get a proper shape. Here the concept is being reshaped with some extra and brief facts like the new pricing strategy, the core target people and the way of delivering the new service etc. this is the pre-step of before checking the board.

- ✚ **Business Analysis:** This is the final step of front end planning. Here the project go through some feasibility test like the financial test, market test, operation test etc. Once the project is passed successfully then it is ready for the communication. As ABL does not go for any other communication option like TVC, Print Ads or any other media so it is quite tough for them to implement the Integrated Marketing Communication.

Implementation: In this part all activities are related with the service implementation and certification.

- ✚ **Service Development and Testing:** It's all about the core materials related with the project. Banner, festoon, flyers and all other material are needed to develop but in a small sample size. Because till now the project is not successfully completed and all the materials for small target customers.

- ✚ **Market Testing:** In this part the banks staffs go to the core targeted customers with the materials and try to convince them to take the new service. It's about the soft launching of the new service in the core areas where the targeted customers are available and the success rate is being determined.

- ✚ **Commercialization:** In this part ABL completely launched the project among the big group of target customers. This is for a time of six months.

- ✚ **Post Introduction Evaluation:** This is the final step of completing the project successfully. All the report that are collected from the commercialization and the overall documents of the project have to be submitted to the high authority in the main head office once again. Once they approve the project, ABL successfully transforms the concept into the new service.

INTEGRATED MARKETING COMMUNICATION

The American Marketing Association (AMA) defines integrated marketing communications

(IMC) as "planning process designed to assure that all brand contacts received by a customer or prospect for a product, service, or organization are relevant to that person and consistent over time". Integrated Marketing Communication (IMC) is a communications strategy used by service providers, which integrates all relevant media and communications channel to establish a uniform message in the mind of the customer, within a specific time period. The three most important components of an IMC are:

- **Message** – one consistent message that the service provider is trying to communicate to the customers
- **Media** – the channels and outlets through which the message is to be communicated / delivered to the customer
- **Time** – the time period over which this communications campaign will last

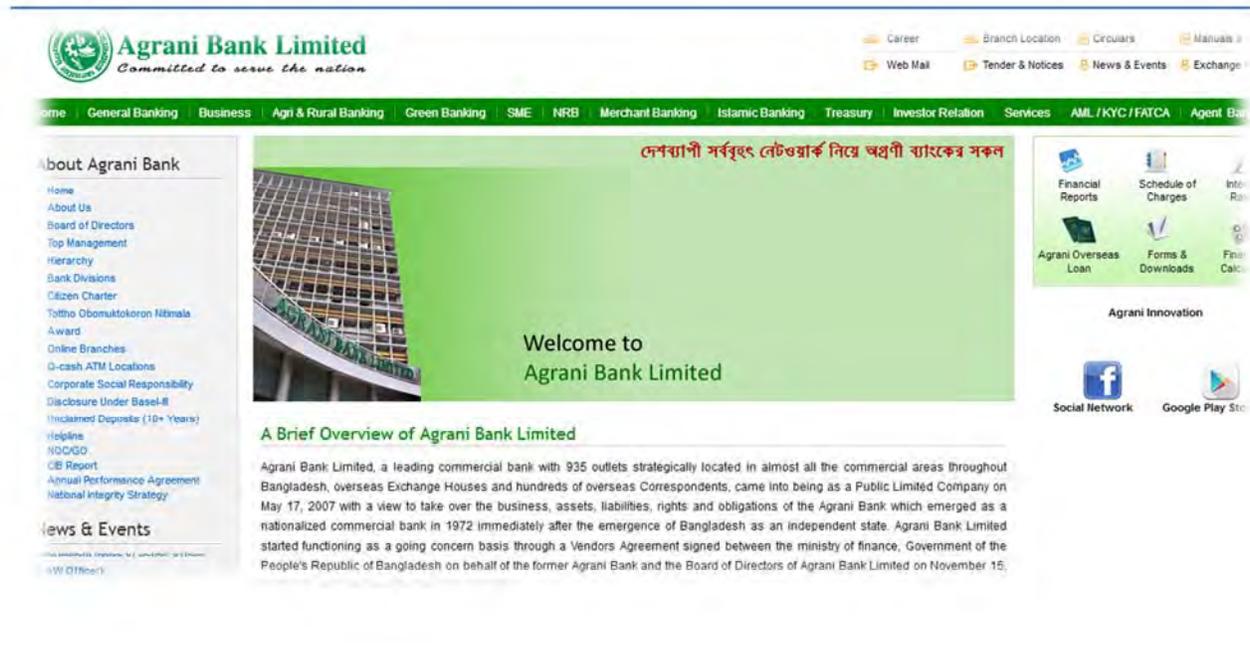
A successful IMC integrates these three elements to communicate a clear consistent message that is intended to establish the service provider as a viable option in the mind of the customer. Nowadays, customers are bombarded with a wide variety of communication from different sources; therefore, in order to differentiate itself from all the other messages out there, ABL must continue its IMC where each communication channel/outlet reinforces its intended message.

Communications and Service Marketing Triangle: The Service Marketing Triangle is a marketing model that outlines three key categories of marketing and communication - internal marketing, external marketing and interactive marketing. These three stages represent the process by which a company creates, develops and delivers on its message, or “promise” to its customers (ZEITHAML| Services Marketing: Integrating Customer Focus Across the Firm). As a banking service provider, ABL promises to its customer’s money, transactions within a specific time.

- *Internal Marketing (Enabling the promise)*

Marketing Information to the employees of the company must be accurate, complete & consistent. It involves training, motivational, and teamwork programs. It enables employees to perform the service effectively, and keep up the promise made to the customer. From the study point of view,

ABL has some periodical training program to enhance their employees' efficiency. Their employees are well educated and smart enough to handle the customers and deliver the service as promised.



➤ *External Marketing (Making the promise)*

This is marketing to end-users. It includes promotions, advertising, public relations & so on. External marketing is performed to capture the attention of the market. From the study point of view, in external marketing ABL apparently does not use any tool to reach the customers other than an official Website and Facebook page, and some of the business magazines. Therefore, they should consider their clients as a marketer or promoter since better services induces customers to promote your product at least by word of mouth. Sometimes price is used as a promotional tool in the market. Once the awareness spreads to the potential customers, automatically the footfall increases.

➤ *Interactive marketing (Delivering the promise)*

This is real time marketing and known as moment of Truth and Service Encounter. This refers to the decisive moment of interaction between the front-office employees and customers, i.e. delivery of service, services capes etc. From the study point of view, in interactive marketing real service delivery takes place. This is the time when employee get in touch with potential customers. This is the most critical and significant step when it comes to assess the quality of services. When I have conducted survey on perception regarding service quality I have got the following data.

Service Communication Challenge: The Communication GAP

This is a gap that is created when the service provider fails to perform or deliver to the customer's expected standards. The communication gap arises from a discrepancy in what was communicated to the customer about a service and the actual service that the customer receives. The communications gap presents a major challenge for any organization running an IMC. It can arise from the following key factors:

- *Inadequate management of service promise*

As mentioned before, when a service provider communicates to the customer, it makes a promise to deliver. When it cannot fulfill this promise, it loses the trust of the customer.

- *Inadequate management of customer expectations*

Customers form certain expectations based on the communication they receive from service providers. However when the actual service experience does not match the customers' expectations, the service provider can expect customer perception of service to shift unfavorably.

- *Inadequate customer education*

Service providers have to educate their customers appropriately on how to access and enjoy their services. Lack of education can lead to a negative service experience for the customer, for which they will blame the service provider.

➤ *Inadequate internal marketing communication*

If a service provider expects its employees to provide the best service, it must ensure that they have been properly oriented with its messages, and have bought in to the service philosophy. Inadequate internal marketing can lead to service compromise and lost business.

Designing an effective Integrated Marketing Communication (IMC):

➤ *Managing Service Promise*

In order to deliver on its service promise, a service provider must focus on building a strong brand identity, and coordinating all external communication. ABL has a strong presence in terms of word of mouth marketing/communication. Most the respondents of our survey had come to know of the brand through a friend, family member, colleague or some other acquaintance.

➤ *Managing Customer Expectations*

The 'promise' made by the service provider creates expectations from the customers. ABL's service delivery must live up to this promise. Managing the customers' expectations requires the following:

1. Making realistic promises:

ABL appears to make realistic promises and deliver on them. The results of the expectations and perceptions survey indicate that for a majority of the respondents, the service perception was quite close to their service expectation for ABL.

2. Offering Service Guarantee:

ABL has to provide a guarantee to its customers that their money is secure and that the transactions will be performed safely and on time.

3. Offering Choice:

By offering choice to their customers, ABL can alter their expectations. This might even help in creating more realistic expectations from customers.

➤ *Improving Customer Education*

There are certain aspects of ABL's service delivery process that are dependent on customers playing certain roles. Customers must therefore be educated on their roles. For ABL, this means properly preparing their customers for using ABL's services. Customers should be properly educated for example, on the proper way to fill in the forms/applications.

➤ *Managing Internal Communication*

ABL must improve its vertical and horizontal communication, so that all its employees are on the same page. Internal coordination is necessary to prepare ABL's staff, so that they become more knowledgeable and helpful, and able to provide the best customer service experience.

WAY FORWARD

During my internship at the Agrani Bank Ltd, Bangabandhu Avenue Corporate Branch, Dhaka, following things are been found from my observation:

- Commercial Area But the Agrani Bank Ltd Lt., Malibag Branch from these, Branch is successfully operating its activities.
- Recently , this Bank has come into competition with the other commercial Bank .

- Branch Manager puts Conscious efforts to achieve the targets and knows how to motivate employees and how to represent the Bank well in the local community.
- As the bank uses some modern technology such as: Fax, Telex & other electronic devices, hence its service is better than other banks.
- The controlling officers are effective in providing necessary guidance and support to the branch.
- The strategy and policy of Branch Manager are effective. So in spite of cut throat competition, the bank has a sound position in the competitive environment
- Employees are very friendly about customer service in ABL
- Account opening process is very hazardous. It discourages people to open new accounts.
- Customers are not satisfied about the congested area of the branch.
- Strict controlling of Central Bank in on the local bank
- Customers are not treated equally; persons referred by higher official get priority. This disrupts the normal process of the service.
- ABL is not upgrading them with market. Where newer banks are coming with newer dimension of banking. It might encourage other bank take away its position.
- Day by day new upcoming banks are coming with many new services, which are a threat for the bank.

However the satisfaction level of Agrani Bank Ltd is good enough. But some customers have expressed their dissatisfaction about the Agrani Bank Ltd in various aspects. It has a profound effect on the overall satisfaction level of Agrani Bank Ltd. Recommendations for ABL are followed:

- Label of adoption to the modern technology is poor. Though ABL recently installed ERP T24 for every kind of transaction but the use of these are still minimal. At Agrani Bank Ltd there is absence of Credit Card, Debit Card services but they have online banking service.

Online banking service means any one can deposit or draw money in any branch of Agrani Bank Ltd.

- Agrani Bank Ltd is giving the lowest interest rate to its saving account holders. Lowest interest rate makes them demoralize and consequently they are shifting their accounts to other banks to make more money. ABL need to focus on their spread.
- There is a lack of promotional activity that is responsible for the decline of the Brand equity of the company. It has been found that people could hardly recall any advertisement of Agrani Bank Ltd.
- Some customers said that the service time, of Agrani Bank Ltd are comparatively higher than other private banks but good enough compared to the nationalized banks.
- As the bank is moving towards semi-multinational culture, some employees are resisting the change, as they are accustomed to traditional banking system and do not want to change. ABL need more training programs to motivate its employees towards change.
- Most of the people of the Bangladesh are poor but Agrani Bank Ltd does not provide any special facility to them. They do not have any short-term scheme even. Like Micro credit for poor people. Moreover they do not have merged some rural areas like Grameen Bank did.
- Interest rate is more like same for both high-risk borrowers and low-risk borrowers which should address Agrani Bank Ltd.
- There is lack of Training program which necessary for the officials to update themselves.
- Maximum Employees are older so they do not serve as young guns could do.

Conclusion

Thesedays, the banking sector of Bangladesh is booming and changing its attitude towards relationship marketing rather than bureaucratic in nature. Many banks including foreign, multinational, nationalized and private banks are competing with each other in the race of reaching the top. With the 935 strong branches network, all over Bangladesh the Agrani Bank Limited is holding a good market share in the commercial sector. Customer loyalty is an important

factor influencing the long term survival and success of a business. This is particularly true in the service industry, where the human element is very important. ABL has been in business for many years. During this time, it has established a reputation as a reliable service provider. While ABL has been successful, customer expectations are always changing and evolving. In order to remain relevant, ABL must also adapt change with the times and learn to evolve. This means an increased focus on customer satisfaction and service improvement. As ABL moves forward, some key points it might consider include. Sometimes ABL fails to keep promise on delivery time. In some cases, ABL 1 or 2 days more than the mentioned delivery time to the customer. In this case, I would suggest ABL to promise according to the actual delivery time and to their potentials. It would further enhance consumers' trust on The Bank. ABL should go for Research in the market that is to be conducted locally and it should be face to face with the local clients. It would make ABL understand customer's expectations even better. The gap between the Management's perception and customer's expectation can be reduced this way. Upon discussion with ABL; I found the service recovery procedure from ABL is easy but recovery is given only when customer asks for it. I believe, whenever ABL is at fault; it should admit it to its client and talk about service recovery which can be settled in quickly with small hassle from the client's side. Although ABL does not go for mass promotion, but the promotions they have are not clear about what service they are offering. The management of ABL should take it into consideration. Good External communication is essential in presenting a united image in front of the customer, and in providing them with the best possible service. ABL should boost up their social networking communication and advertise themselves through different media so that more market they can capture. A unique experience to the customers should be provided as it would be a way to increase the success. As a result there would be more customers happily using the ABL's services. ABL should have a review option for their customers which they could add to their official site by software. So that, customers can write their experiences, comments, suggestions for the betterment of the customer service. ABL should follow the thumb rule to launch any new service in the market. The future planning and the successful operation needed in this competitive environment. I hope this report can provide a good guideline. I wish continuous success and healthy business portfolio of Agrani Bank Ltd.

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Dhaka