

CONSUMER'S EVALUATION OF SUPPLEMENTARY SERVICES IN THE PRE-PURCHASE OF CREDIT CARD SERVICES (WITH SPECIAL REFERENCE TO MUMBAI)

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**Abstract**

Service products being intangible and experiential in nature are different to evaluate prior to purchase and consumption. Consumers perceive risk while purchasing services and rely on various information sources to make a purchase decision. In services, personal sources of information are considered more than non-personal sources of information. The present study focuses on understanding the significance of supplementary services to consumers for pre-purchase evaluation of credit card services. In other words, whether information regarding supplementary services can help consumers make pre-purchase evaluation of credit cards. Supplementary services being a part of full service product offer by marketers can be utilized as a beneficial tool to create interest and developing awareness among consumers

*Key words: supplementary services, credit cards, consumer behavior.*

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## Introduction

The different form of services developed over time includes: Financial services (like banking, insurance mutual funds) Tourism, travel and transportation (like airlines, railways,) etc. Present study is one step toward better understanding of services marketing in relation to financial services marketing. Financial services as, classified is a branch of services where services products deals with financial matters for example insurance ,banking, merchant banking ,mutual funds, lease financing etc. The rate of growth and the size of the financial services as proportion to the over all economy is good reason to single out the sector for special consideration. Within financial services sector, the banks have a particular importance to operation of the economy and to conduct of government economic policy. Moreover, financial services sector cover a range of banking and bank related services. Credit card system is one which comes under the umbrella of financial services as general, a unit of banking services. The development of credit card is probably the most significant phenomenon of the modern banking scene. It embodies two essential aspects of a basic banking function- traction of payments and the granting of credit .Credit card is a product which gained importance and popularity as plastic money or safe money. Credit card is considered as a convenient way of making payments for one's day to day purchase.

Objective of the study:

**The main objective of the study is to understand the influence of supplementary services on consumer evaluation process with special reference to credit cards.**

Secondary objectives:

To understand the influence of demographics i.e age, gender, marital status in pre-purchase evaluation of supplementary services of credit card

**Definition of terms:**

**Consumers:** Credit card holders-respondents

**Core services:** Core benefit-it is the fundamental services or benefit that the customer is really buying .Credit card core benefit is revolving

### **Knowing Customer**

“Know your Customer” is a concept which is easier said than practiced. Banks face several hurdles in achieving this. In order to understand customer it’s very important to understand their needs, wants, preferences, their lifestyles, values, attitudes and behavior. For this demography is an important determinant, customers with different demography's exhibit difference in choice and behavior.

Age being basic demographical factors, retail banks need to understand the difference in Choice of retail banks w.r.t age. It is imperative that age based studies are conducted on banking customers in India, in order to study and understand the preferences of different age groups for better strategic marketing purposes. Thus, this study aims at analyzing the factors that influence the choice of male and female customer for credit cards.

### **RESEARCH METHODOLOGY**

The **descriptive research design** was selected for this purpose. The basic purpose was to present the detail picture of influence of the supplementary services on pre-purchase of credit cards. The design of research is descriptive in nature and all the possible ways of describing the subject matters about customer have been attempted.

The research has employed a **questionnaire based survey to describe the customer’s characteristics, attitudes, preferences and behaviour**. The study has been implemented as a survey of around **150 customers located in Mumbai**.

The **sampling method** and sample technique used for selecting the sample is **simple random sampling method** under which each sample unit in the defined target population has a known, non zero probability of being selected for the sample. **Questionnaire contains open and closed ended question. To test the significance difference in importance of various factors w.r.t age, Chi Square test, using.SPSS package is applied at 95 % level of significance.**

Table 1: Chi- Square values to check the significance of various factor w.r.t age

Factors	Chi-	square	Value
	Age	Gender	Marital Status
1. Credit card is convenient mode of payment	0.003	0.212	0.143
2. It enhances the status in society	0.298	0.004	0
3. No. of features which increases the utility	0.163	0.256	0.006
4. ATM FACILITY	0.01	0.187	0.006
5. Cash withdrawal with in cash limit	0.003	0.065	0.223
6. Cash advance	0.006	0.047	0.638
7. Accidental insurance	0.012	0.153	0
8. Teledraft		0.89	0.89
9. Travel benefits	0.003	0.565	0.143
10. Add-on cards	0.002	0.003	0.155
11. Limited card liability	0.013	0.214	0
12. Photo on card	0.001	0.1	0
13. Receiving bills	0.003	0.565	0.143

- Data analysis reveals that there are many differences in terms of importance in context to the characteristics exhibited by the different age groups while pre-purchase evaluation of credit card.
- From the above data we can observe that gender does has high impact on the pre-purchase evaluation of credit –card.
- Considering the impact of age:
  1. “Credit card is convenient mode of payment
  2. No. of features which increases the utility
  3. Teledraft
  4. Travel benefits

5. Limited card liability,
6. Receiving bills”

Are various supplementary services of credit card which male customers considered more important as compared to female customers.

- As far as Marital status is considered
  1. Cash advance
  2. Cash withdrawal with in cash limit
  3. Teledraft

Are the some of the supplementary services of credit card which unmarried customers consider more important as compared to married customers.

- Enhancement of status in society is not considered to be an important or influencing factor for any of the age group in the study.
- As age factor has an influence on the choice of an individual, this study also reveals the same results. From the results we can conclude that in pre-purchase evaluation of credit card on the basis of respondent's age the emphasis to supplementary services is being given by younger age group.
- From the data analysis we also observe that there are certain supplementary services of credit card which is not influenced by the demographics considered in this study.e.g Accidental insurance, add-on cards etc.

## Suggestions

- As per the study ,significant no. of respondents have taken into consideration the supplementary services prior to purchase for making the credit card purchase decision.

- Marketers can develop their promotional theme on availability of various supplementary services with their credit card by including and highlighting the presence and role of supplementary services.
- Marketers should provide enough information to the customers to make the credit card purchase decision in favor of their offering.

- Marketers should give more number of beneficial supplementary services, (like acceptance of credit card for paying bills etc.in order to increase the amount and quality of information.
- Supplementary services can not always remain evaluative criteria. Kotler has also highlighted that augmented features become expected features with time & marketers have to look for more potential features which can be considered as augmented features of the product. Therefore it is necessary on the part of the marketers to identify and introduce new supplementary services in addition to the present one.
- Markets should add new supplementary service to the credit cards from time to time so that supplementary services can be viewed as distinct feature of the product.
- Study indicates the youth as a promising –target market. Therefore the marketers can develop the relevant supplementary services for this age group.
- Preference of different supplementary services vary between two gender groups has also been revealed in this study. So marketers can consider the different requirement & priorities of males and females and can develop credit card with different supplementary services for males and females.

## Conclusion

This can be safely said that supplementary services have great bearing upon the customer mindset with regard to evaluation of credit card system. Therefore more facilities/supplementary services are required to be provided to the credit card holders so that the society can reap the benefits of financial services marketing

## Limitation of the Study

The study intends to cover respondents only from Mumbai and may not give similar results when generalized to other region

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