

SERVICE MARKETING IN BANKING SECTOR AND RECENT PERCEPTIONS IN MARKETING THOUGHTS OF SERVICES

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MARKETING IN BANKING

Marketing approach in banking sector had taken significance after 1950 in western countries and then after 1980 in Turkey. New banking perceptiveness oriented toward market had influenced banks to create new market. Banks had started to perform marketing and planning techniques in banking in order to be able to offer their new services efficiently.

Marketing scope in banking sector should be considered under the service marketing framework. Performed marketing strategy is the case which is determination of the place of financial institutions on customers' mind. Bank marketing does not only include service selling of the bank but also is the function which gets personality and image for bank on its customers' mind. On the other hand, financial marketing is the function which relates uncongenialities, differences and non similar applications between financial institutions and judgement standards of their customers.

The reasons for marketing scope to have importance in banking and for banks to interest in marketing subject can be arranged as:

Change in demographic structure: Differentiation of population in the number and composition affect quality and attribute of customer whom benefits from banking services.

Intense competition in financial service sector: The competition became intense due to the growing international banking perceptiveness and recently being non limiting for new enterprises in the sector. Increase in liberalization of interest rates has intensified the competition.

Bank's wish for increasing profit: Banks have to increase their profits to create new markets, to protect and develop their market shares and to survive on the basis of intense competition and demographic chance levels.

The marketing comprehension that are performed by banks since 1950 can be shown as in following five stages:

1. Promotion oriented marketing comprehension
2. Marketing comprehension based on having close relations for customers
3. Reformist marketing comprehension
4. Marketing comprehension that focused on specializing in certain areas
5. Research, planning and control oriented marketing comprehension

STRUCTURE OF BANK MARKET

Marketing activities of firms begin with determination of the market that they offer their services or goods. Firms must find out the features of the market that it facing market condition. While marketing manager is arranging the variables under firm's control, she/he should also adopt the external variables. We could call the factors that affect banks' market as technological developments, legal arrangements and competition.

THE MARKETING MIX IN BANKING SECTOR

SERVICE

Recently, banks are in a period that they earn money in servicing beyond selling money. The prestige is get as they offer their services to the masses.

Like other services, banking services are also intangible. Banking services are about the money in different types and attributes like lending, depositing and transferring procedures. These intangible services are shaped in contracts. The structure of banking services affects the success of institution in long term. Besides the basic attributes like speed, security and ease in banking services, the rights like consultancy for services to be compounded are also preferred.

PRICE

The price which is an important component of marketing mix is named differently in the base of transaction exchange that it takes place. Banks have to estimate the prices of their services offered. By performing this, they keep their relations with extant customers and take new ones. The prices in banking have names like interest, commission and expenses. Price is the sole element of marketing variables that create earnings, while others cause expenditure. While marketing mix elements other than price affect sales volume, price affect both profit and sales volume directly.

Banks should be very careful in determining their prices and price policies. Because mistakes in pricing cause customers' shift toward the rivals offering likewise services.

Traditionally, banks use three methods called "cost-plus", "transaction volume base" and "challenging leader" in pricing of their services.

DISTRIBUTION

The complexity of banking services are resulted from different kinds of them. The most important feature of banking is the persuasion of customers benefiting from services. Most banks' services are complex in attribute and when this feature joins the intangibility characteristics, offerings take also mental intangibility in addition to physical intangibility. On the other hand, value of service and benefits taken from it mostly depend on knowledge, capability and participation of customers besides features of offerings. This is resulted from the fact that production and consumption have non separable characteristics in those services. Most authors argue that those features of banking services makes personal interaction between customer and bank obligatory and the direct distribution is the sole alternative. Due to this reason, like preceding applications in recent years, branch offices use traditional method in distribution of banking services.

PROMOTION

One of the most important element of marketing mix of services is promotion which is consist of personal selling, advertising, public relations, and selling promotional tools.

PERSONAL SELLING

Due to the characteristics of banking services, personal selling is the way that most banks prefer in expanding selling and use of them.

Personal selling occurs in two ways. First occurs in a way that customer and banker perform interaction face to face at branch office. In this case, whole personnel, bank employees, chief and office manager, takes part in selling. Second occurs in a way that customer representatives go to customers' place. Customer representatives are specialist in banks' services to be offered and they shape the relationship between bank and customer.

ADVERTISING

Banks have too many goals which they want to achieve. Those goals are for accomplishing the objectives as follows in a way that banks develop advertising campaigns and use media.

1. Conceive customers to examine all kinds of services that banks offer
2. Increase use of services
3. Create well fit image about banks and services
4. Change customers' attitudes
5. Introduce services of banks
6. Support personal selling
7. Emphasize well service

Advertising media and channels that banks prefer are newspaper, magazine, radio, direct posting and outdoor ads and TV commercials. In the selection of media, target market should be determined and the media that reach this target easily and cheaply must be preferred.

Banks should care about following criteria for selection of media.

1. Which media the target market prefer
2. Characteristics of service
3. Content of message
4. Cost
5. Situation of rivals

Ads should be mostly educative, image making and provide the information as follows:

1. Activities of banks, results, programs, new services
2. Situation of market, government decisions, future developments
3. The opportunities offered for industry branches whose development meets national benefits.

PUBLIC RELATIONS

Public relations in banking should provide;

1. Establishing most effective communication system
2. Creating sympathy about relationship between bank and customer
3. Giving broadest information about activities of bank.

It is observed that the banks in Turkey perform their own publications, magazine and sponsoring activities.

SELLING PROMOTIONAL TOOLS

Another element of the promotion mixes of banks is improvement of selling. Mostly used selling improvement tools are layout at selling point, rewarding personnel, seminars, special gifts, premiums, contests.

DEVELOPMENT IN MARKETING SCOPE AT THE ASPECT OF SERVICE MARKETING

Marketing scope develops day to day. These developments carry special significance for service sector in which customer and service producer interact closely.

INTERNAL MARKETING

Especially in service sector like external relations, internal relations also have significance. It requires finding and keeping successful personnel.

For personnel of the organization to be considered their own goals and service situation, values of the organization are sold to them. The communication techniques carried out for customers are also performed for the personnel in internal marketing and this two techniques go together. For example, the ads that aim creating firm's image should be prepared with regarding to audience which is composed of firm's personnel.

NETWORK MARKETING

This approach takes the organization as a sequence which involves producer and customer that market services to each other in the organization. In this structure, the activities of departments that compose organization would be more focused on market. This will also affect the structure of organization.

RELATIONSHIP MARKETING

It was mentioned that close relationship was established between producer and customer in service sector. In addition to this, life cycle of a customer relationship was also mentioned under the product outline.

According to the researchers, maintaining the relationship for extant customer increases the profit of firms. It should be emphasized that this fact has an importance for service sector.

Life cycle of a customer relationship is composed of three stages. At the first stage, firms try to be well known and to acquire new customers. At the second stage, the connection between customer and firm has been achieved. During the stage, firms intensified their activities on acquired customers and both of them promises mutually. At the third stage, these promises are accomplished and the service is consumed. During the stage, firms face “Reality Instants” which could possibly achieve satisfaction of customer and continuous relationship. This could be also true for second stage. So, these instants should be managed successfully.

Implementation of close relations with customer successively and true applications at reality instants could not be accomplished by responsibilities of a marketing personnel. Besides, it should be remembered that consumption and production of service are closely interrelated. At this context, marketing should have role not only in production-consumption between instants, but also at points that these intersect. In this case, 4P that was mentioned at second section would be insufficient. So, we could divide service marketing into two parts as specialist function (marketing mix, marketing researches) and marketing function (buyer-seller interactions)

Efforts in first stage in which customers are not so clear, at the customer relationship life cycle could be minimized for lasting customers. This is achieved by successful customer relations. In this approach, marketing may be defined as; “Marketing is for establishing, keeping, developing relationship with customers in a manner that profit is got (especially in long term). So, objectives of two relevant sides would be achieved. This would be accomplished by shared promises and carrying out the promises.”

CONCLUSION

The achievements in communication techniques and e-trade gave rise to many results for marketing practices and perceptions. But, one of them is especially important that occurred in banking sector in marketing. Today, marketing services are of great emphasis on both customer and bank. The quality and quantity of banking products increased and a result of this, recent developments in marketing thoughts in services such as internal marketing, network marketing, data base marketing and relationship marketing became more favorable practices.

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