



# Consumer Behaviour and Product

Module D: Support Services

Marketing of Banking Services/Products

Principles & Practices of Banking: Consumer Behaviour and Product

# JAIIB – SUPER NOTES

# Contents

## Coverage:

1. Consumer Behaviour
2. Understanding “Product”
3. Product Strategies
4. Other aspects of Product Development



1.

# CONSUMER BEHAVIOUR

# CONSUMER BEHAVIOUR

- Planning of a marketing mix commences with formulating an offering to meet the target customer's needs or wants.

# Maslow's Hierarchy of Needs



# Financial Situation versus Banking Needs

Stage	Financial situation	Banking needs
<b>Young bachelor</b>	Per capita income high, as no dependants. Few family burdens	Credit cards, auto loan, low cost banking services
<b>Half nest (married with young children)</b>	Home buying priority, low liquidity	Mortgage loan, credit card, overdraft, durable loans
<b>Full nest (older couple, grown up children)</b>	Income stabilized, good financial position	Home improvement, equity investment
<b>Empty nest (older couple)</b>	Significantly reduced income	Social security services, some loans

# Learning and Habit Development

- The marketers break habit by giving free samples, introductory trial offer and special discount on opening and generate new clientele.
- Once consumer makes the purchase, the habit reinforcement is done to get them to remain habitual users.



# Influence on Decision Making

- The decision making of an individual is influenced by the reference groups. These may be:
  - Friends
  - Colleagues
  - Neighbours
  - Other reference groups.

# Customer Relationship Management

## Objectives:

- Long term customer retention
- Relationship with external market which influences or provides referrals
- Integrating marketing activities, customer service and quality standards

# Gap Analysis

The CRM tries to close the gap in the customer perception and the firm's perception by finding and analyzing the "GAP"

1. The first gap is between the service expected by the customer and company's perception of consumer expectations.
2. The next is between the customer driven service designs and standards vs. company perception of consumer expectations about the service designs and standards.
3. The third is about delivery of service perceived by the customer and the firm's perception about customer expectations.
4. The gap between the service delivery to the customer and external communication to the customer by the firm.
5. The ultimate gap between expected service and perceived service.

2.

# UNDERSTANDING “PRODUCT”

# Definition

- A product is anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need

# Product Personality

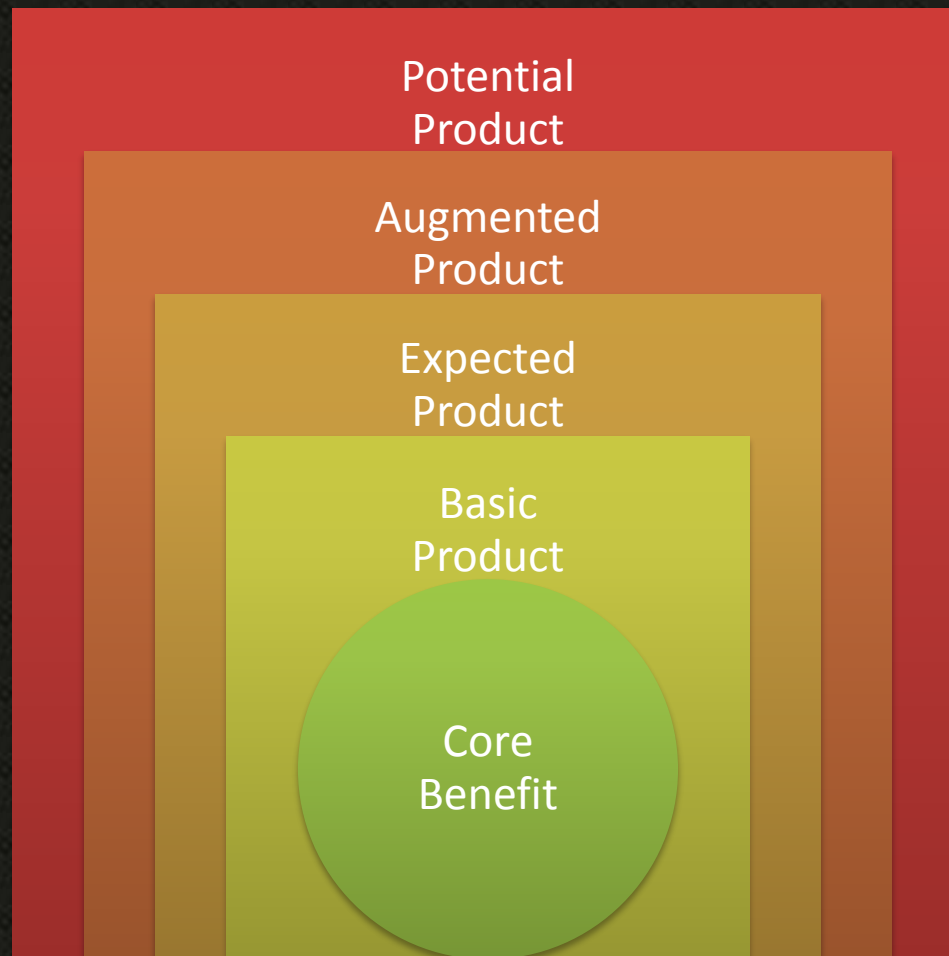
The Core Features

The Associated Features

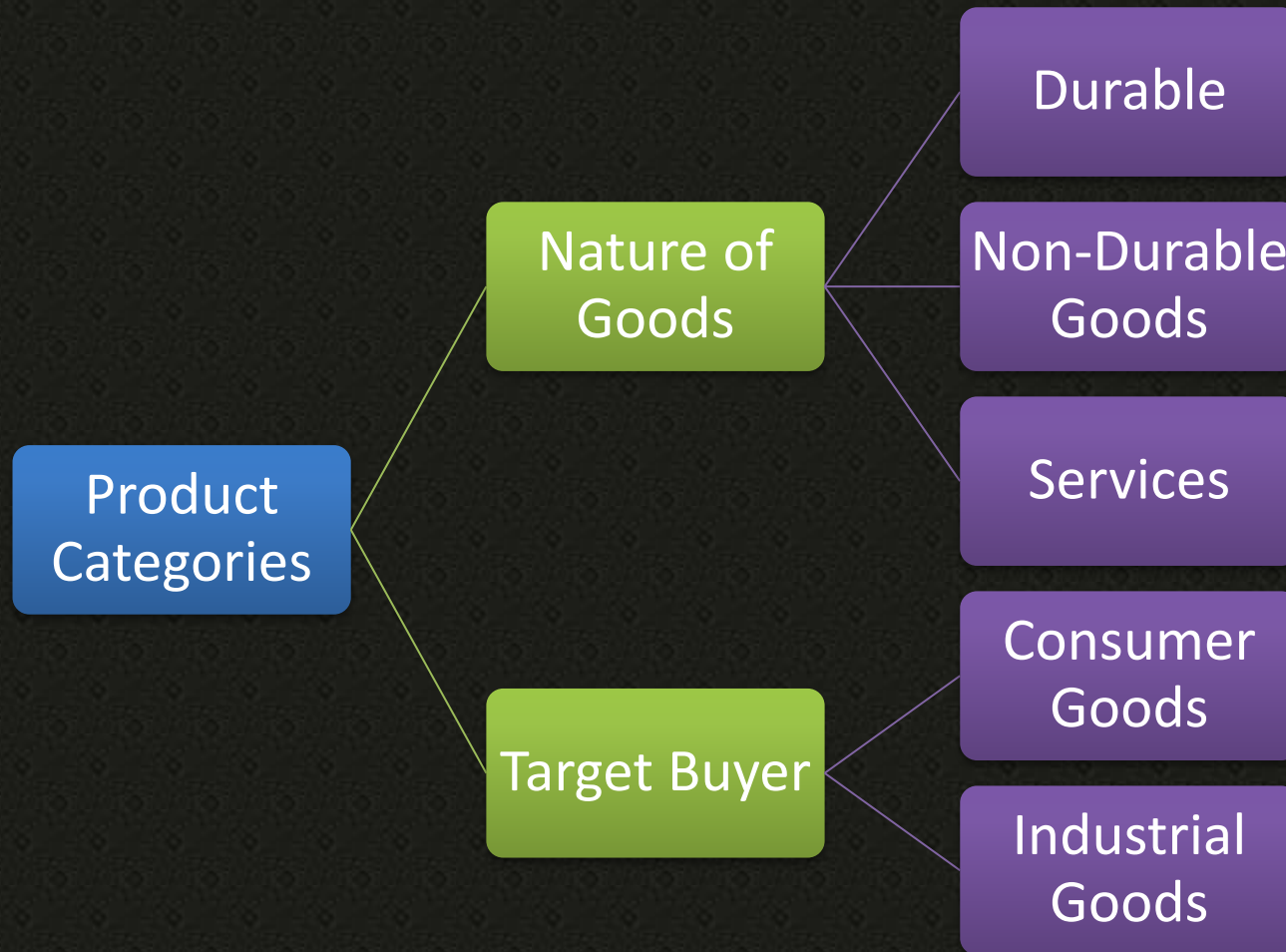
The Brand Name and Logo

The Package and Label

# Product Levels



# Product Categories

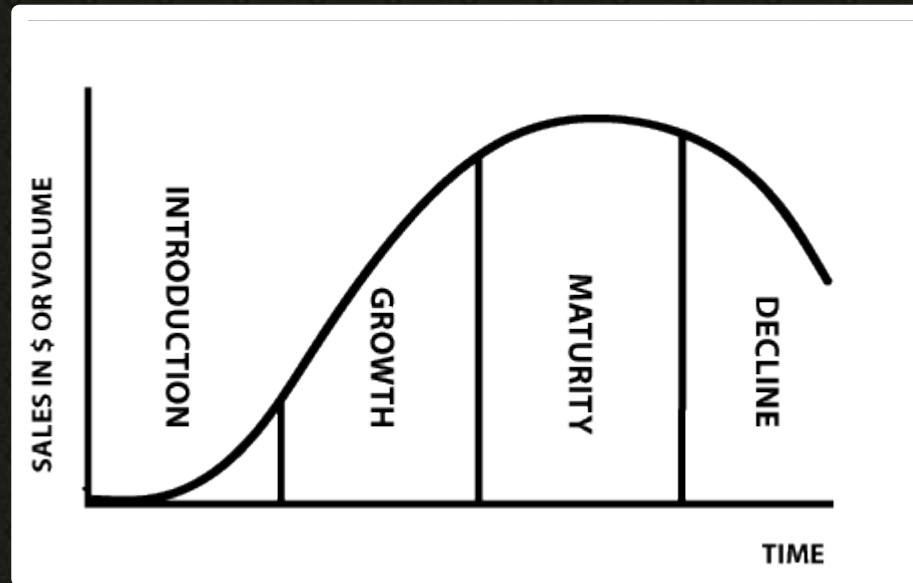




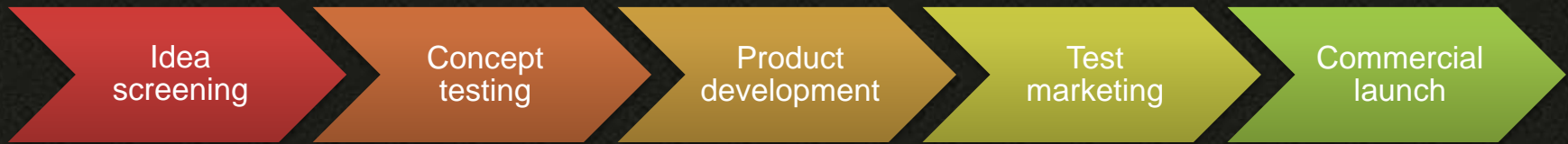
# Product Planning

- The process of product planning consists of determining the strategies in respect of various elements:
  - Product Line
  - Product Mix
  - Branding
  - Packaging
  - New product development.

# Product Life Cycle



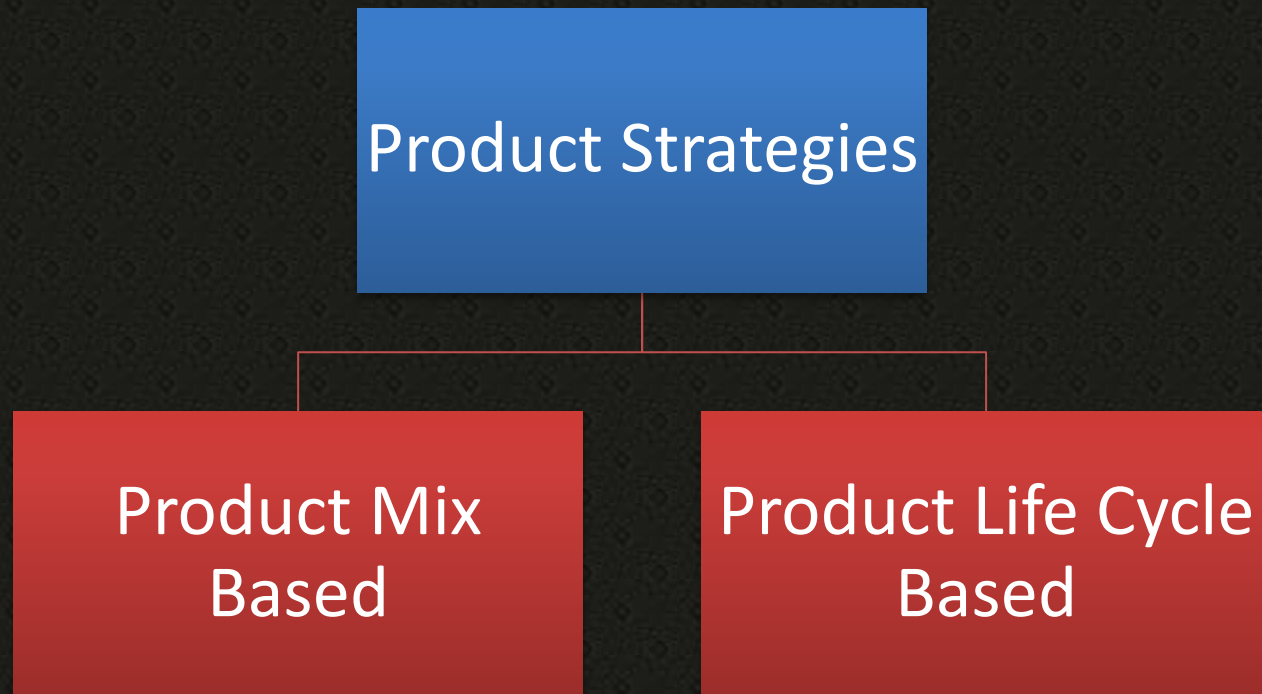
# New Product Development



3.

# PRODUCT STRATEGIES

# Product Strategies



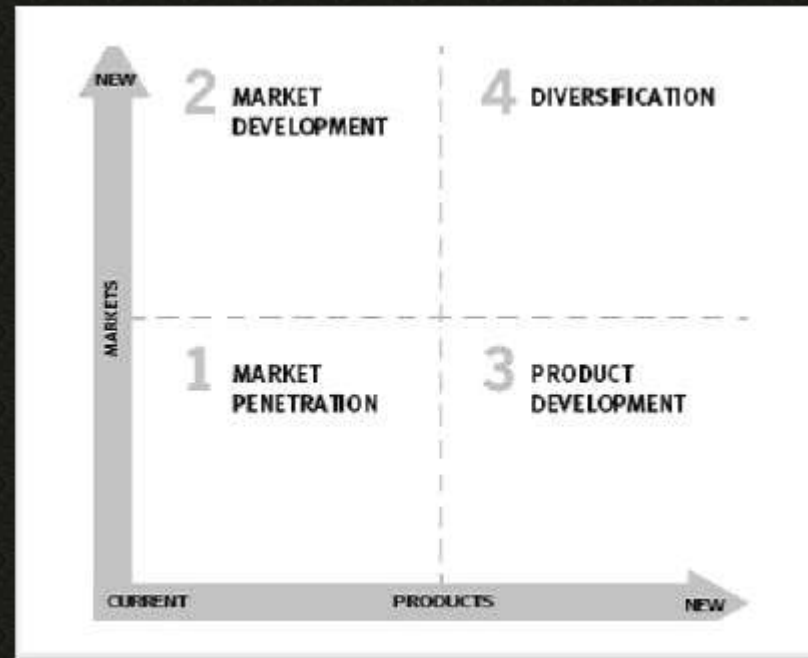
# Product Modification

Quality  
Improvement

Feature  
Improvement

Style  
Improvement

# Identifying Growth Opportunities



# Diversification

## Concentric Diversification:

- Technologically related but the target customers are entirely different

## Horizontal Diversification:

- Technologically unrelated but the target customers are same

## Conglomerate Diversification:

- No relationship with the existing product



4.

# OTHER ASPECTS OF PRODUCT DEVELOPMENT

# Branding

## Brand Development Strategies

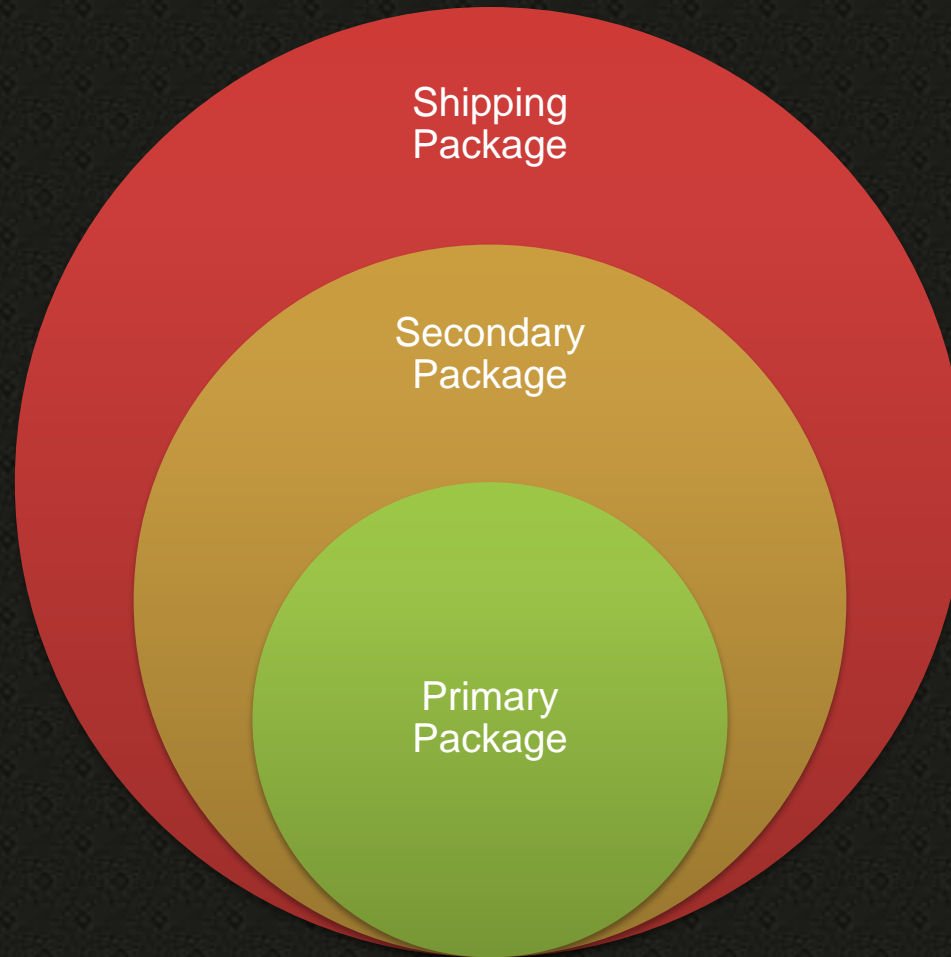
Line Extension

Brand Extension

Multi brands

New Brands

# Packaging



# Labelling

- Identify the product or brand
- Provide information about the product
- Promote the product through 'attractive graphics'

# Thank You!

Do you have any questions or queries or some feedback to give?

Just mark an email to [super.msahluwalia@yahoo.com](mailto:super.msahluwalia@yahoo.com)

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