Marketing – An Introduction

Module D: Support Services

Marketing of Banking Services/Products
Principles & Practices of Banking: Marketing – An Introduction
Contents

Coverage:

1. Marketing Concept
2. Marketing Management
3. Products and Services
4. Marketing Mix
1.

MARKETING CONCEPT
Market

- A situation where buyers and sellers of a commodity interact.
- Coming together of buyers and sellers of the same or similar commodities
Types of Market

- **Geographical Area**
  - Local
  - Regional
  - National
  - World/Global

- **Product**
  - Commodity
  - Shares
  - Bullion
  - Capital
  - Real Estate
  - Retail Loan

- **Nature of Transaction**
  - Cash/Spot
  - Futures
  - Commodity

- **Volume of Transaction**
  - Retail
  - Wholesale
Marketing is the process of determining consumer demand for a product or service, motivating its sale and distributing it into ultimate consumption at a profit.

It is:

- A management function
- A Business Philosophy
Evolution of Modern Marketing

- Barter System
- Product-Oriented Marketing
- Consumer-Needs Oriented Marketing
Selling vs. Marketing

Selling = Factory > Products > Selling and promotion > Profits

Marketing = Target market > Needs > integrated marketing > Profit by customer satisfaction
# Selling vs. Marketing

<table>
<thead>
<tr>
<th>Selling</th>
<th>Marketing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selling is an operational activity</td>
<td>Marketing is a total management</td>
</tr>
<tr>
<td>Selling is product focused</td>
<td>Marketing is customer focused</td>
</tr>
<tr>
<td>Selling is oriented to the needs of the firms</td>
<td>Marketing is oriented to the needs of the buyer</td>
</tr>
<tr>
<td>Selling encashes profitable opportunity</td>
<td>Marketing converts customer needs into such opportunities</td>
</tr>
<tr>
<td>Selling aims at maximizing sales volume</td>
<td>Marketing aims at maximizing customer satisfaction</td>
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MARKETING MANAGEMENT
Definition

• A process of planning and executing the conception, pricing, promotion and distribution of goods and services and ideas to create exchanges with target groups that satisfy customer and organizational objectives.
Functions

- Analysis
- Planning
- Implementation
- Control
"The relevance of aggressive marketing in banks has come to the fore as never before“

- M N Goiporia.
PRODUCTS AND SERVICES
Definitions

Product:
• Product is defined as “anything that can be offered to a market for attention, acquisition, use or consumption.

Service:
• A service is any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. It’s production may or may not be tied to physical product.
### Characteristics

<table>
<thead>
<tr>
<th>Products</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Tangible</td>
<td>• Intangible</td>
</tr>
<tr>
<td>• Homogeneous</td>
<td>• Heterogeneous</td>
</tr>
<tr>
<td>• Product and distribution separated from consumption</td>
<td>• Inseparable: Production, distribution and consumption simultaneous process</td>
</tr>
<tr>
<td>• Core value produced in factory</td>
<td>• Core value produced in buyer-seller interaction</td>
</tr>
<tr>
<td>• Customers do not participate in the production process</td>
<td>• Customers participate in production</td>
</tr>
<tr>
<td>• Can be stored</td>
<td>• Perishable: Cannot be kept in stock</td>
</tr>
<tr>
<td>• Transfer of ownership possible</td>
<td>• No transfer of ownership</td>
</tr>
</tbody>
</table>
Marketing of Financial Services

• Intangibility, inseparability and heterogeneity are manifested at both strategic and tactical levels in services marketing.

• Marketing strategy provides the organisation with a sustainable competitive advantage in the markets it operates.

• Organization should understand consumer needs and identify how those consumers should be grouped into different market segments.

• Product attributes, pricing decisions, methods of distribution and communication should all seek to reflect the chosen position.
Types of Financial Markets in India

- The credit market
- The money market
- Equity and term lending market
- Debt market
- Insurance market
- Foreign exchange Market
- Stock markets
- Mutual Funds
- Consumer finance market

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Marketing of Banking Services

- Aimed to satisfy customer’s needs and wants
  - Needs and wants may be non financial in nature
- Competitive element, efficiency and effectiveness
- Organizational objectives are still the driving force
  - Commercial objective to make profit
  - Social Objectives
- Organizational design should be oriented to the customer
- Customer satisfaction is affected by the performance of all the personnel of the bank.
MARKETING MIX
Definition

• It is the set of tools that the firm uses to pursue its marketing objectives in the target market
• Decisions must be made about both the distribution channels and the final consumers
Tools of Marketing Mix (Products)

**P’s**
- Product
- Price
- Place
- Promotion

**C’s**
- Consumer
- Cost
- Convenience
- Communication

**A’s**
- Acceptability
- Affordability
- Accessibility
- Awareness
Winning companies are those that can meet customer needs economically and conveniently and with effective communication.
Tools of Marketing Mix (Services)

- Product
- Price
- Place
- Promotion
- People
- Physical Evidence
- Process

Services Mix
Thank You!

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

Just mark and email to super.msahluwalia@yahoo.com
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