International Journal of Trend in Scientific Research and Development (IJTSRD)
Volume 5 Issue 1, November-December 2020 Available Online: www.ijtsrd.com e-ISSN: 2456 – 6470

Financial Services Organizations Marketing Mix

Gediminas Dubauskas[1], Margarita Išoraitė[2]

[1]General Jonas Žemaitis Military Academy of Lithuania
(Generolo Jono Žemaičio Lietuvos Karo Akademija), Vilnius, Lithuania
[2]Vilniaus Kolegija/University Applied Science, Vilnius, Lithuania

ABSTRACT

The article analyzes the theoretical aspects of the marketing complex, the elements of the marketing complex, the elements of the marketing complex in financial institutions. In order to survive in the market, financial institutions need to expand the range of services, improve their quality and be attractive to customers, and optimize costs. It is necessary to harmonize and use the tools of the marketing complex and their solutions to achieve maximum profit. Financial institutions need to have a good command of all the tools of the marketing complex in order to achieve their goals. When designing the marketing complex of financial institutions, it is necessary to take into account that there is a connection between the individual instruments.

KEYWORD: *marketing, marketing mix, 4P, 7 P, product, price, promotion, place*

How to cite this paper: Gediminas Dubauskas | Margarita Išoraite "Financial Services Organizations Marketing Mix" Published in International Journal of Trend in Scientific Research and Development (ijtsrd), ISSN: 2456-6470, Volume-5 | Issue-1, December 2020, pp.1075-1079, URL: www.ijtsrd.com/papers/ijtsrd38151.pdf

IJTSRD38151

INTRODUCTION:

Marketing mix of financial services analyses the activities which covers 4Ps (Product, Price, Place, Promotion) and explains marketing strategy. As of the last decade, there are several marketing strategies like product/service innovation, marketing investment, customer experience etc. which have helped the financial service grow. Marketing strategy helps companies achieve business objectives and marketing mix (4Ps) is the widely used framework to define the strategies. This article presents the product, pricing, advertising and distribution strategies theoretical and practical approaches. On the other hand the marketing complex in the scientific literature is understood as 4P (product, price, sponsorship, location). Commodity is products, but also services, ideas, products of intellectual activity. A product is a set of physical and functional characteristics designed to meet the needs of a consumer. In this case, the practical features of the product relevant to marketing are emphasized. All of them are important to the consumer only insofar as they help to meet the need. The range of goods, which is partly determined by the manufacturing and technical capabilities of the firm, is understood as the totality of all groups of goods, including related goods, for sale. Price is a monetary expression of the value of a product. Price is one of the elements of a marketing complex. Price includes decisions and actions related to setting and changing prices. Presentation is an element of the marketing complex that includes decisions and actions that affect the movement of goods from producer to consumer. Promotion is a consumer-oriented information and persuasion action that influences purchasing decisions. The aim of the article is to analyze the marketing complex in financial institutions. Objectives of the article: to analyze the theoretical aspects of the marketing complex, to examine the elements of the marketing complex, to examine the peculiarities of the marketing complex in financial institutions. The object of the article is a marketing complex in financial institutions. The article uses methods of comparison and analysis of scientific literature.

1. Marketing mix literature review

A marketing mix is a set of interconnected actions and solutions that allow to meet the needs of consumers and achieve the company's marketing goals. The marketing mix was developed by McCarthy in 1964. The marketing mix includes 4 P. 4P consists of product, price, promotion and place or distribution. Marketing mix definition is presented in table 1. According to Thabit, H. , Raewf, M.,B. (2018) marketing mix is a combination of variables, strategies and tactics of different marketing decisions. Singh, M. (2012) define that marketing mix is a combination of different marketing decision variables. Pour, B., S., Nazari, K., Emami, M. (2013) stated that marketing mix is an organizational performance using a set of managed variables; and uncontrolled environmental factors. Bahador, M.H., H. (2019) define that marketing mix is all the company's responses ensuring that the target market has a positive impact on their operations product demand. Goi, Ch., L. (2009) stated that marketing mix has two benefits: an important tool used to see that marketing the manager's job is largely to benefit from the strengths of trade competition and that it helps to reveal another "dimension" marketing manager job. Constantinides, E. (2006) mentioned that marketing mix is based on publications referring to five traditional and one emerging marketing management sub-disciplines: consumer marketing, relationship marketing, services marketing, retail marketing, industrial marketing and e-commerce. Eavani, F., Nazari, K. (2012) stated that marketing mix is a set of managed marketing items tools and marketing strategies with the company in its marketing strategy by combining these elements. According to Londhea, B., R. (2014) marketing mix is a conceptual system that can be identified key decision-makers manage their offerings to meet user needs. Pogorelova , E., V., Yakhneeva , I., V., Agafonova, A., N., Prokubovskaya, A., O. (2016) define marketing mix is mainly developed measures to improve the competitiveness of service organization (see table 1).

Table 1 Marketing mix definition

Author	Definition	Higlight
Thabit, H. , Raewf, M.,B. (2018)	Marketing mix is a combination of variables, strategies and tactics of different marketing decisions used by the organization's management to market its goods and services.	a combination of variables, strategies and tactics of different marketing decisions
Singh, M. (2012)	A marketing mix is a combination of different marketing decision variables that a company uses trade in their goods and services.	combination of different marketing decision variables
Pour, B., S., Nazari, K., Emami, M. (2013)	The concept of a marketing mix is defined as an organizational performance using a set of managed variables and uncontrolled environmental factors.	an organizational performance using a set of managed variables; and uncontrolled environmental factors
Bahador, M.H., H. (2019)	Marketing mix strategies includes all the company's responses ensuring that the target market has a positive impact on their operations product demand. Companies that seek to meet customer needs often need to focus, understand customers and develop appropriate strategies for their improvement performance (Muchiri, 2016).	all the company's responses ensuring that the target market has a positive impact on their operations product demand
Goi, Ch., L. (2009)	Marketing mix concept also has two important advantages. First, it is an important tool used to see that marketing the manager's job is largely to benefit from the strengths of trade competition. The second benefit of a marketing mix is that it helps to reveal another dimension" marketing manager job.	Marketing mix have two benefit: an important tool used to see that marketing the manager's job is largely to benefit from the strengths of trade competition and that it helps to reveal another "dimension" marketing manager job.
Constantinides, E. (2006)	"The Marketing Mix will be reviewed based on publications referring to five traditional and one emerging Marketing Management sub-disciplines: Consumer Marketing, Relationship Marketing, Services Marketing, Retail Marketing, Industrial Marketing and E-Commerce."	based on publications referring to five traditional and one emerging Marketing Management sub-disciplines: Consumer Marketing, Relationship Marketing, Services Marketing, Retail Marketing, Industrial Marketing and E-Commerce.
Eavani, F., Nazari, K. (2012)	"Marketing mix is a set of managed marketing items tools and marketing strategies with the company in its marketing strategy by combining these elements."	a set of managed marketing items tools and marketing strategies with the company in its marketing strategy by combining these elements.
Londhea, B., R. (2014)	The combination of marketing is not a scientific theory, but only a conceptual system that can be identified key decision-makers manage their offerings to meet user needs.	a conceptual system that can be identified key decision-makers manage their offerings to meet user needs.
Harsono, R. (2016)	Marketing mix is a marketing tool used the company pursues marketing goals target market.	a marketing tool used the company pursues marketing goals target market.
Pogorelova , E., V., Yakhneeva , I., V., Agafonova, A., N., Prokubovskaya, A., O. (2016)	The 7P concept developed by B.H. Booms (1981) and M. J. Bitner (1981) was a system marketing concept (1981). Classic marketing model 4P (product price, location, advertising), extended by J. McCarthy and E. Jerome (1964) authors 7 P (+ process, people, physical evidence) mainly developed measures to improve the competitiveness of service organizations.	mainly developed measures to improve the competitiveness of service organizations

2. Marketing mix elements

In the scientific literature of foreign and Lithuanian scientists there are elements of the 4 P marketing complex: product, price, promotion, place (see Figure 1). Companies that provide services use 7 P marketing complex, which includes product / service, price, place, promotion, people, processes, physical visibility. The elements of the marketing complex must work in unison and be mutually compatible. All elements of the 7 P marketing complex are very important for the company and the company relies on them in the implementation of its activities. Important decisions for the company are related to the development and updating of the product range, brand identification, packaging development, product range formation. Under market conditions, companies strive to create goods that are in demand and sold to consumers that meet consumer needs and expectations. In a market economy, the quantity and range of goods is increasing. The most important goal of the product of the marketing complex element is to find out what the target customer is, what his wishes and expectations are, what benefits he brings to the target customer, what is the competitive advantage of the brand. Price is an element of the marketing complex that brings revenue to the company. Sponsorship is an important element of the marketing complex. With the help of sponsorship, the customer learns about the brand. Location or distribution also influences the customer's desire to purchase the product.

Marketing mix consists of 4 P elements. 4 P are product, price, promotion, place (see Figure1).

Product: The product is the most important element of the marketing complex. The product includes decisions and actions related to the creation and modification of the sales object. A product is anything that can meet the desires and needs and what is offered to the market to attract the attention of consumers, to develop consumption, services and ideas. The buyer buys only the product that meets his needs. Each company strives to improve its product range. The range of products depends on the company's goals, the chosen consumer group and environmental conditions. In shaping their range, companies strive to best meet the needs of consumers and to enable them to choose the shape or type of goods. A product is any commodity that can be offered to the market for attention, purchase, use or consumption and to satisfy a desire or need. These can be tangible objects, services, persons, places, organizations and ideas. The product has its own brand, quality, design, features, packaging, additional services, warranty.

Price is an element of the marketing complex that includes decisions and actions related to pricing and change. Price is most effectively used when it is applied in conjunction with other elements of the marketing complex: product, distribution, and sponsorship. Price is a summary of the result of an activity, with which the company seeks to establish itself in the market. Price informs about the demand for a product in the market and indicates whether the company needs to take measures to expand or reduce sales of certain goods. Price directly contributes to the achievement of the company's goals, such as achieving a certain profit. A price is an amount of money paid for a product or service that consumers exchange for the benefits of owning or using the product or service.

Promotion is an element of the marketing complex that includes decisions and actions that inform the intended groups of people about the company and encourage them to buy its products. Integrated marketing communications include:
1. Sales promotion is a set of consumer-oriented promotional activities that facilitate the purchase of a product.
2. Advertising is the non-personal transmission of information presenting and supporting goods, services or ideas paid for by the customer.
3. Public relations is a company's relationship with various organizations, sections of society and individuals, which helps to create a positive image of the company and creates favorable conditions for its activities.
4. Personal sale is a direct communication between the seller and the buyer, during which the seller influences the buyer's decisions.

Promotion is the decisions and actions that aim to inform consumers about goods and encourage them to buy those goods.

Place. One of the most responsible and complex marketing marketing decisions is choosing the location of the trade object. The location of a trade object is the geographical location where the economic activities are carried out by combining the factors of production (personnel, goods, capital goods and capital).Place or distribution - decisions and actions that choose the ways of presenting the product to consumers, organize the physical movement of the product from the manufacturing plant to the consumer.

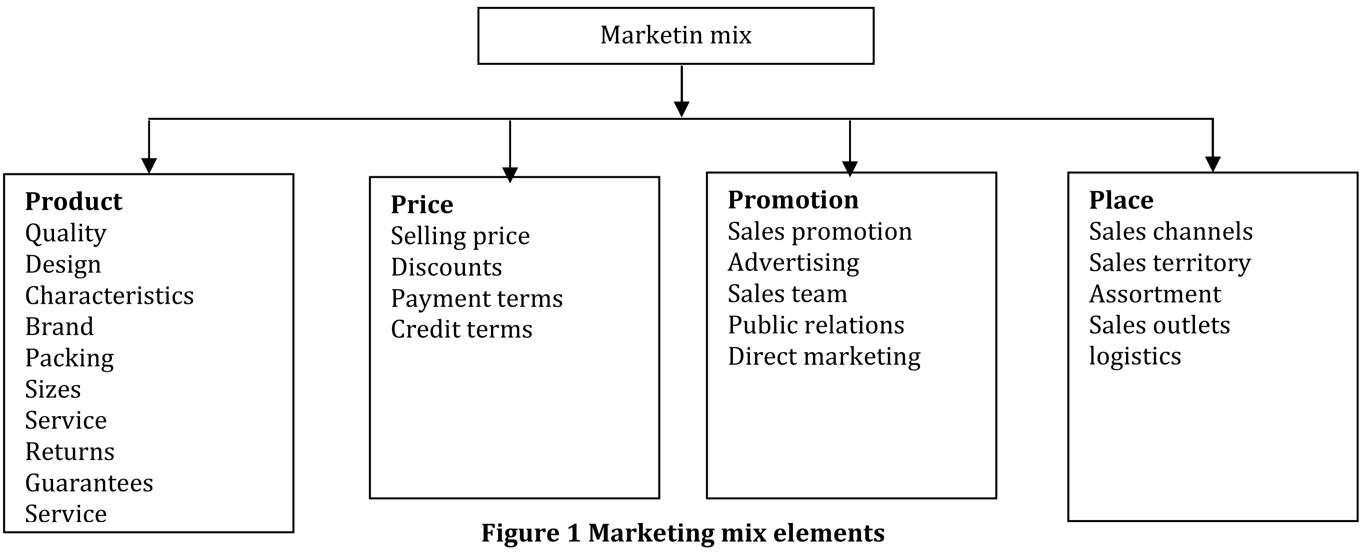

Figure 1 Marketing mix elements

3. Marketing mix in financial institutions

A financial product is a product (usually in the form of a contract) provided to consumers and businesses or other organizations (municipalities or governments) by financial institutions such as banks, insurance companies, brokerage firms, consumer finance companies, and investment companies. However the main component of the marketing mix is the product. For this reason, the marketing strategy must be designed around financial products or services.

The product strategy and marketing strategy of financial institutions can be explained as follows. Financial services are the core business of any financial institution that offers a wide range of solutions. One of the main potential financial services products is virtual wallet, which is a combined check and savings account that allows unlimited payments by check. Its marketing complex offers various services: 1. Individual banking; 2. Corporate banking; 3. Credit cards; 4. Investments; 5. Loans; 6. Capital management; 7. Investing and retiring.

Some banks have also issued smart cards for secure and flexible debit or credit card payments. Moreover the renowned banks have a large footprint in online banking. To ensure high reliability and maximum security, banks have started using their own banking program. These financial services include risk management, outsourcing of investment systems, financial advisory services, asset planning and retirement are some of the important services provided by financial institutions.

Obviously, the key component of a marketing combination is the product. For this reason, the marketing strategy should be based on products or services. For a product (service) to be successful, it must emphasize the benefits offered to the buyer (Carson, 2004). In tangible products, the perception of quality and added value is much easier to identify by the senses. However, there are some problems in the services sector. The value cannot be seen, smelled or felt, so it can be difficult for the buyer to evaluate it. When buying a product or service, the customer must trust that company and the person who sells the service.

Another element of the marketing mix is the price the consumer pays for services provided by financial services companies. However price is the only element of the marketing mix that generates revenue for the company (Kotler, 2014). As for the pricing strategy of financial services are action plans, they have changed in recent years. Financial institutions offer different prices for different services. The banking sector and the financial sector are risky in their operations and for profit. Depending on the investment risk factor, a bank or financial group cannot invest anywhere to increase its assets. It is not possible to charge more to customers in this sector because they are investors. The leading financial institutions are renowned for its risk management services, which is why financial services are managed at the highest level. Pricing strategy is competitive and service dependent. Low operating costs and a strong strategic decision-making team can increase wealth and confirm low institution costs.

The following is a distribution strategy for financial services. With millions of clients and small business customers around the world, financial institutions often operate at cash machines and physical bank branches. Each country with bank branches has different rules and regulations. Bank sales have grown significantly in recent years. The bank has a traditional operating model for domestic and international operations in different countries, therefore banks follow different strategies. Banks now provide services around the world through a digital platform and physical branches. The digital platform is one of the main reasons for a better customer presence.

Advertising and financial services marketing strategy are also key issues. Many financial institutions pay special attention to the quality of their services, so attractiveness is the main means of fascinating new customers. Finance companies place great emphasis on customer satisfaction with the highest quality services. Advertisements in well-known magazines are also part of the advertisements of financial institutions. The digital platform is currently best suited for the target customer segment. Digital platforms such as online banking and banking applications help banks better understand customers using analytics tools. Besides, other means of advertising are multimedia.

Conclusions

Financial services marketing analysis examines activities covering product, price, location, advertising, and explains the overall marketing strategy for the financial sector. In the first decades of this century, several newer marketing strategies emerged, such as service innovation, marketing investment, customer service, and more, that helped financial services grow. A successful marketing strategy helps financial services companies achieve business goals, and the marketing mix is widely used in marketing strategy systems. This article presents and reviews theoretical and practical approaches to product, pricing, advertising, and distribution strategies. As mentioned, the marketing mix is understood in the scientific literature as 4P (product, price, promotion, place). Goods as physical products may in part have different aspects of the marketing mix consisting of product, promotion, and location, where services are more products of thought, idea, and intellectual activity. Of course, a financial product is a set of functional features that are designed to meet the needs of the user. This paper focuses more on the practical features of this financial product related to service marketing. However, all these services are important to the consumer only insofar as they help to meet his or her needs. At the same time, the range of the same financial goods, which is partly determined by the company's production and technical capabilities, is understood as the sum of all the services or groups of goods offered for sale, including the related goods. Also, the price of a financial service is a monetary expression of the value of the product offered. As mentioned, price is one of the elements of a marketing combination. Of course, the price includes decisions and actions related to setting and changing prices. The presentation of a product or service is also an element of the marketing mix, encompassing decisions and actions that affect the movement of goods from producer to consumer. Financial service promotion is a consumer-oriented communication and persuasion activity that influences purchasing decisions.

References

[1] Bahador, M.H., H. (2019). The effect of marketing mix on organizations performance. Conference Paper, p.p.1-11.

[2] Carson, E., Ranzijn, R., Winefield, A. & Marsden, H. (2004), Intellectual Capital: Mapping Employee and Work Group Attitudes, Journal of Intellectual Capital, 5 (3), (443-463).

[3] Constantinides, E. (2006). The Marketing Mix Revisited: Towards the 21st Century Marketing. Journal of Marketing Management 2006, 22, 407-438

[4] Eavani, F., Nazari, K. (2012). Marketing mix: a critical review of the concept. Marketing Management. p.p.9914-9920.

[5] Harsono, R. (2016). The impact of marketing mix (4p's) on customer loyalty towards Toyota Avanza. iBuss Management Vol. 4, No. 1, (2016) 1-7

[6] Goi, Ch., L. (2009). A Review of Marketing Mix: 4Ps or More? International Journal of Marketing Studies, p.p.2-15.

[7] Iancu I. A., (2016) Marketing mix in financial investment services companies. SEA -Practical Application of Science Vol. IV, 1(10), Cluj-Napoca, (59-64)

[8] Kotler, P., Armstrong, G. (2014). Principles of Marketing, 14th edition, Pearson, London (736).

[9] Londhea, B., R. (2014). Marketing Mix for Next Generation Marketing. Procedia Economics and Finance 11 (2014) 335 – 340.

[10] Pogorelova , E., V., Yakhneeva , I., V., Agafonova, A., N., Prokubovskaya, A., O. (2016). Marketing Mix for E-commerce. International journal of environmental & science education, VoL. 11, No. 14, p.p.6744-6759.

[11] Pour, B., S., Nazari, K., Emami, M. (2013). The effect of marketing mix in attracting customers: Case study of Saderat Bank in Kermanshah Province. African Journal of Business Management. Vol. 7(34), pp. 3272-3280,

[12] Singh, M. (2012). Marketing Mix of 4P'S for Competitive Advantage. IOSR Journal of Business and Management, Volume 3, Issue 6 (Sep,-Oct. 2012), p.p. 40-45.

[13] Thabit, H., Raewf, M., B. (2018). The Evaluation of Marketing Mix Elements: A Case Study. International Journal of Social Sciences & Educational Studies. Vol.4, No.4, p.p.100-109.