Financial Services Marketing

An International Guide to Principles and Practice

Christine T. Ennew and Nigel Waite





Contents

Pre	Foreword Preface Acknowledgements			
Pa	rt I:	Context and Strategy	1	
1	The role, contribution and context of financial services			
	1.1	Introduction	3	
	1.2	Economic development	4	
	1.3	Government welfare context	4	
	1.4	Lifetime income smoothing	6	
	1.5	The management of risk	9	
	1.6	Financial exclusion	11	
	1.7	Mutual and proprietary supply	13	
	1.8	Regulation of financial services	17	
	1.9	Summary and conclusions	21	
2	The financial services marketplace: structures, products and participants		23	
	2.1	Introduction	23	
	2.2	Some historical perspectives	24	
	2.3	The geography of supply	26	
	2.4	An outline of product variants	28	
	2.5	Banking and money transmission	29	
	2.6	Lending and credit	32	
	2.7	Saving and investing	35	
	2.8	Life insurance	43	
	2.9	General insurance	45	
	2.10	Summary and conclusions	48	
3	Introduction to financial services marketing		51	
U	3.1	Introduction	51	
	3.2	Defining financial services	52	
	3.3	The differences between goods and services	53	
	3.4	The distinctive characteristics of financial services	54	

	3.5	The marketing challenge	64		
	3.6	Classifying services	65		
	3.7	Summary and conclusions	67		
4	Analysing the marketing environment				
	4.1	Introduction	69		
	4.2	The marketing environment	70		
	4.3	The macro-environment	72		
	4.4	The market environment	79		
	4.5	The internal environment	82		
	4.6	Evaluating developments in the marketing environment	84		
	4.7	Summary and conclusions	88		
5	Strategic development and marketing planning				
	5.1	Introduction	91		
	5.2	Strategic marketing	92		
	5.3	Developing a strategic marketing plan	94		
	5.4	Tools for strategy development	100		
	5.5	Summary and conclusions	110		
6	Internationalization strategies for financial services				
	6.1	Introduction	111		
	6.2	Internationalization and the characteristics of financial services	112		
	6.3	The drivers of internationalization	113		
	6.4	Firm-specific drivers of internationalization	114		
	6.5	Macro level drivers of internationalization	115		
	6.6	Globalization strategies	119		
	6.7	Strategy selection and implementation	122		
	6.8	Summary and conclusions	125		
7	Understanding the financial services consumer				
	7.1		127		
	7.2	Consumer choice and financial services	128		
	7.3	Consumer buying behaviour in financial services	135		
	7.4	Industry responses	140		
	7.5	Summary and conclusions	144		
8	Segmentation targeting and positioning				
	8.1	Introduction	145		
	8.2	The benefits of segmentation and targeting	146		
	8.3	Successful segmentation	148		
	8.4	Approaches to segmenting consumer markets	150		
	8.5	Approaches to segmenting business-to-business markets	155		
	8.6	Targeting strategies	156		
	8.7	Positioning products and organizations	159		
	8.8	Repositioning	164		
	8.9	Summary and conclusions	166		

Part II:		Customer acquisition	169
9	Custo	omer acquisition strategies and the marketing mix	171
	9.1	Introduction	171
	9.2	Short-term marketing planning	172
	9.3	The role of the financial services marketing mix	174
	9.4	The financial services marketing mix: key issues	176
	9.5	Customer acquisition and the financial services marketing mix	179
	9.6	Summary and conclusions	185
10	Prod	uct policies	187
		Introduction	187
		The concept of the service product	188
		Islamic financial instruments	194
		Influences on product management	196
		Managing existing product lines	199
		New product development	202
	10.7	Summary and conclusions	208
11	Prom		209
		Introduction	209
		Principles of communication	210
		Planning a promotional campaign	212
		Forms of promotion	218 225
	11.3	Summary and conclusions	220
12	Pricin		227
		Introduction	227
		The role and characteristics of price	228
		The challenges of pricing financial services	228
		Methods for determining price	232
		Price differentiation and discrimination	240
		Price determination	242
		Pricing strategy and promotional pricing	245
	12.0	Summary and conclusions	249
13		ibution channels: routes-to-market	251
		Introduction District the Control of	251
		Distribution: distinguishing features	252
		Distribution methods and models	255
		Distribution channels	258
	13.5	Summary and conclusions	278
Pa	Part III: Customer Development		
14	Customer relationship management strategies		283
		Introduction	283
		Drivers of change	284
		Customer persistency – acquiring the right customers	288
	14.4	Retaining the right customers	289

14.5	Customer retention strategies	292
		294
	•	298
14.8	Relationship marketing in specific contexts	300
		306
14.10	Summary and conclusions	308
Service delivery and service quality		311
15.1	Introduction	311
15.2	The service profit chain	312
15.3	•	315
		316
		322
		326
		329
15.8	Summary and conclusions	332
Customer satisfaction, customer value and treating customers fairly		
16.1	Introduction	335
16.2	Consumer evaluations: value and satisfaction	336
16.3		339
16.4		342
16.5	Treating customers fairly	349
16.6	Summary and conclusions	354
Customer relationship management in practice		355
17.1	Introduction	355
17.2	People and culture	356
17.3	Product considerations	357
17.4	Pricing and value	358
17.5		359
17.6	Distribution and access	360
17.7	Processes	366
17.8	Evaluating marketing performance	369
17.9		372
17.10	Towards a sustainable future	374
17.11	Summary and conclusions	378
Biblio	graphy	381
Index		391
	14.6 14.7 14.8 14.9 14.10 Service 15.1 15.2 15.3 15.4 15.5 15.6 15.7 15.8 Custor 16.1 16.2 16.3 16.4 16.5 16.6 Custor 17.1 17.2 17.3 17.4 17.5 17.6 17.7 17.8 17.9 17.10 17.11 Bibliog	14.6 The customer relationship chain 14.7 Lifetime customer value 14.8 Relationship marketing in specific contexts 14.9 Customer data management 14.10 Summary and conclusions Service delivery and service quality 15.1 Introduction 15.2 The service profit chain 15.3 Defining service quality 15.4 Models of service quality 15.5 The gap model of service quality 15.6 The outcomes of service quality 15.7 Service failure and recovery 15.8 Summary and conclusions Customer satisfaction, customer value and treating customers fairly 16.1 Introduction 16.2 Consumer evaluations: value and satisfaction 16.3 Managing customer expectations 16.4 The measurement of satisfaction 16.5 Treating customers fairly 16.6 Summary and conclusions Customer relationship management in practice 17.1 Introduction 17.2 People and culture 17.3 Product considerations 17.4 Pricing and value 17.5 Advertising and promotion 17.6 Distribution and access 17.7 Processes 17.8 Evaluating marketing performance 17.9 Corporate social responsibility (CSR) 17.10 Towards a sustainable future 17.11 Summary and conclusions Bibliography