



# **The Ministry of Education of Azerbaijan Republic**

## **Service marketing in banking**

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# ABSTRACT

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The application of marketing in the banking sector has been rapidly developing in recent years. As a result, there is a strong competition among the banks. They are constantly trying to be one step ahead by implementing innovative activities.

It is impossible to make a deep research of the market in the field of marketing in our country in modern times. The reason is that statistical data is scarce. That's why we cannot make a deep research on the market, there are some problems with measuring marketing effectiveness and marketing planning.

At the same time, it should be noted that marketing in our country has not yet been fully developed. Many businesses still recognize marketing as advertising and pr. But that is not the case. Marketing incorporates more functions. If you want the enterprise to succeed, it will be more effective to build your business on analytics.

In this paper, first of all I have emphasized data analysis of customers, how it can be measured, what methods the company use and etc. After analyzing the market the company need think about their strategy and customer segment. and develop or change their behavior to them. In addition to customer satisfaction, it can be more effective to think about staff encouragement. Because the road to customer satisfaction goes through the enthusiasm of the employees and it also has an impact on service quality.

Another important point is this, after making an exact analysis of market and your segment, think about what are your customer's expectations and needs, then make a decision to cover their needs in the most perfect way. Believe yourself, make the best of your hand, and finally analyze the results and market, and then compare the results with the initial analysis.

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## **I.1. INTRODUCTION**

The purpose of this section is generating background, statement of problem, purpose of the thesis and research questions of the topic that being studied.

## **I.2. Background**

Bank marketing is comprehended as an arrangement of association and administration of a bank to accomplish most extreme fulfillment of the requirements of capital and additionally different items and administrations of the bank for at least one gatherings of focused clients. What's more, those objectives were chosen through arrangements went for a definitive objective with the most astounding benefit amplification. (BANK MARKETING MANAGEMENT, Autumn 2013)

Marketing is the medium made in business to offer products and relate input to administration on the apparent information or idea of clients about given products and services. These products/services planned are to be conveyed to the consciousness of the bank clients through the marketing department. The personnel dealing marketing issues are prepared to do these capacities in corporate and proficient behavior consistently. (Poet. Okundaye Israel Osarenagharu, Jan 26, 2018)

Same as the capacity of promoting in some other organization: To get more clients and income. Banks generally spend a great deal of cash on promotion - email, direct mail, online promoting, offline publicizing, sponsorships, and so on. The greater part of that is operated by marketing. (Alex Andrade-Walz, March 30, 2018)

## **I.3. Statement of problem**

Marketing theory and practice as market science are not widely used and less applied in our country's economy. There are a number of objective and subjective reasons. However, despite these reasons, the main purpose of marketing is the organization of the most effective economic activity of economic subjects and the solution of the problem of application of marketing principles in the activities of economic entities of our country becomes an objective reality.

In connection with the transition to the market economy of the country economy for decades, the marketing literature has been eroded in the economic literature, investigations are being carried out, textbooks and monographs are published. In developed Western countries, there is a great history of marketing, and this is due to the "wild" production, the evolution of market relations from "civil" to market relations. Hence, marketing is an isolated system of special relationships that are developed and regulated by market entities. Marketing is a comprehensive management and organizing system of production and social spheres, and banking operations.

The Bank's marketing: a) specific features of banking services that are related to services; b) characteristics of banking operations that are derived from the financial nature; c) the performance of both active and passive transactions; and d) there are a number of specific features that arise from the fact that banking activities are related to both bank risks and customer risks. That's why bank marketing is a special area of marketing. Marketing is a philosophy of entrepreneurship, strategy and governance aimed at solving the present and future challenges of the bank.

Today, there is no doubt that the application of marketing in the activities of banks, the organization and management of its activities on the basis of marketing principles. Introduction of marketing concept in the activities of Western countries a) development of scientific and technical progress (in particular, changing technology of banking operations as a result of electronics, automation and telecommunication development); b) aggravation of competition between banks and non-bank financial and credit institutions as a result of "mitigation" or elimination of restrictions and prohibitions existing in financial activity; c) regular changes in interest rates and exchange rates; d) the struggle for the clients is a tougher one, and e) the need for banks to recognize the need for market orientation to their operations. As a result, banks began to focus on customer segmentation and priority market segments, and learn the needs and needs of these segments, to provide services that allow them to pay more and improve their customer service culture.

#### **I.4. Purpose of the thesis**

The object of the research is to study the features of marketing in the field of banking services and to study the possibilities for its application. The object of the research is the commercial banks of the country.

The main purpose of the research is to study the essence and features of banking marketing, its function and principles, and to develop recommendations and recommendations for improving the organization of banking marketing. Implementation of proposals and recommendations in the activity of commercial banks in the activity of the dissertation will increase the volume of sales of their services and increase the effectiveness of their activity.

Scientific innovations of the research can be summarized as follows:

- Determination of bank marketing characteristics of financial products of the bank products, performance of both active and passive operations of banks and consideration of banks 'consumers' risk;
- incentive forms of encouraging the sale of banking services, including the co-ordination of paid services with free services, the use of lotteries and prizes;
- calculating the effectiveness of advertising banking services; - preparation of a system of rewarding employees of the Bank's functional and divisions;
- a methodology for determining the price of banking services and so on.

#### **I.5. Research questions**

Research questions that given below have been generated to analyse the bank marketing innovations of banking sector in foreign countries and Azerbaijan.

##### **Study 1**

Marketing strategies and instruments banks use to analyse the market, identify their customer segment, and develop their products and services.

##### **Study 2**

New banking trends and innovations banks use to impact customers' mind.

### II.1. Evolution of bank marketing activities and new banking trends in the world

The bank marketing is a specific part of the marketing. It has appeared after the development of the general marketing and after the appearance, separation, and improvement of services marketing.

The bank marketing is "the marketing that applies in the universal banks' sphere (commercial banks as savings and cooperative banks) and in the specialized banks' sphere (actual credit institutions, investment companies, etc.). The banks are the most important offerors on the financial services' market. Today, on the bank services' market, there is a strong competition, the transparency is more pronounced and the customers have become more critical and less rigorous, being well-informed about the monetary and financial issues. Therefore, many banks accepted the need to develop and perform professional and efficient bank marketing in the relationship with their customers".

On the other hand, we can call bank marketing with other names written in the specialty literature: marketing for services or for immaterial goods. Comparison with other services, the banking products differ from the fact that they are complex and abstract.

Many customers don't really understand what the financial services consist of, what advantages they bring and how they can differentiate from each another. There is the fact that the benefit of a banking service is incurred to a foreign insecurity, more than the other goods. There are some factors that have an impact on the evolution of national and world economy and the progress of banking, monetary and capital markets. The exogenic insecurity and the immateriality produce a lack of insecurity of the banking products for consumers. Many banking products are mostly merging. It means that the customer takes part in their realization, no matter they are more or less active.

Bank services specialist Kaas K.P. underlines that costumers who give brief information about their standard financial data, financial objectives, their behavior to risk, the intended term of obligation and etc. are important in communication with the bank employees.

There are some opportunities that generate competitiveness of banks. For instance, qualitative services of banks, customer loyalty development, customer orientation and etc. Banks match their services to customer wants and restrictions with attentively selected, motivated and formed costumers.

The modern specialty literature indicates a lot of definitions of bank marketing. They differ due to the growth level of bank marketing and the economic conditions in the author's native land. On the other hand, it depends on the sight of view if their concept has been perceived and approached.

Belgian specialist Claessens R., in his article "Marketing of retail banking products" mentioned that "The banks should define the future wants, needs and desires of customers and should utilize their distribution channels and services for the purpose of effectively improve the marketing concept during the long-term". Romanian specialist, Dedu V. emphasized that "the bank marketing aims to the activities which taken by banks for the purpose of satisfying the customer needs and wants: private and companies". The English specialists T. Watkins, C. Ennew and M. Wright, in their article "Marketing Financial Services", stated that the bank marketing concept means "the success of the bank objectives by generating the wants, needs, and wishes of the target mass and the provision of the required satisfaction in a more effective manner than their rivals".

The bank marketing shows that the bank enterprises should encompass themselves in the expanded and complicated study of the costumers (market share, income level, financial condition, lifestyle, market position and etc. ), they must experiment to impact their attitude and to maintain a regular and effective communication for getting better information about their options and demands,

suggesting to them new, developed and various products, frequently improved in quality, working with a highly-skilled personnel and at the same time efficiently utilizing their own resources and thereby providing their profitability increase.

Modern bank marketing has not reached this level suddenly. It has a long and rich history. Let's take a look at the stages of bank marketing evolution:

- during the 70s; A lot of bank institutions did not pay attention using marketing in their activity and also their management was market-oriented. When the competition increased, several banks have started to use the marketing activities, starting some highly expensive promotional campaigns. The banks were counting on the fact that they could deceive the customers by different advertising activities, by which they could cover the negative sights belonging to their own bank services. After experimenting the marketing in the bank sphere, it proved to them that, on the one hand, it's harmful for their institution, on the other hand, the major problem did not contain only attracting new customers, but also holding them. During this period, the advertisement was the banks' most significant marketing activity.

-during the 80s; The banks improved programs to assist the business, they promoted the bank marketing on a large measure, attracting all its creator sights: installing and regulating the offer of products and services to fulfill the actual needs; supporting and conducting the products and services towards responding to the considered demands of the business. It is a time when the banks no longer stress the trade, the short-term sale of bank products and their capacity increase; instead of this, they focus on the durable value of the customer, following the earning of new customers.

-during the 90s; The banks paid attention to their attempts for the purpose of generating some excellent bank products and services. On the one sight pursuing the assurance of the consumer needs' satisfaction and on the other sight creating permanent relationships with them. During the term, the financial sphere and

unquestioningly the bank sector experiments a substantial growth in the developed countries.

-during the 21st century; In this century the banks behave in an energetic environment, where the market and the other factors (economic, components of the political, social, cultural, juridical, technological and demographical environment) constantly eliminate problems, inducing them to supplementary efforts or suggesting them opportunities; they need to connect their present actions to their lasting objectives which were previously defined by the bank marketing policy. Adjusting the bank institution's actions to the environment needs a constant following of the structural amount and quality variation.

In conclusion, for successfully accomplishing the objective of marketing process, the banks should:

- generating communication strategies for the shareholders, customers and personnel.

- impact the customers' behavior since the profitability rate of the banks is associated to their customers' profitability.

- make analyses in order to identify the bank customers to the highest possible grade, so suggested bank products and services combining their requirements and the sale is provided. Therefore the banks require to encompass as possible in their customer's activities, by logistical and financial support, qualification assistance and consultancy.

- determine and implement their strategies in their connection with market, efficiently utilizing their resources in order to establish new bank products and services and to differentiate them due to the customers' desires and anticipations.

- perform systematical analyses of the financial market, studies identifying the markets that are profitable, the new agencies, their actions and performances, the

capital flows on the financial markets, sellers and intermediaries that performing on the market.

- define special indicators with the support of financial - bank marketing such as ability to pay, liquidity, the volume of the production and investment expenses, interest rate and quantity measures (specially inside the credit bank product), bank capital adequacy rate, the quality of credit portfolio by which to remove or to decrease the financial risk and to rise the profitability.

- try to get a long-lasting competitive advantage by promoting products and services with high quality, by customer loyalty progress and customer orientation.

## **II.2. Bank Marketing modern Functions**

### **Big Data Analysis**

One of the essential innovations in statistical surveying is the rise of instruments that empower beginners to analyze market research information. This is particularly important for looking at similar informational indexes in ways and endeavoring to gather new and intriguing bits of knowledge.

While these devices have different strength and weaknesses – i.e. some are less demanding to utilize, others offer more highlights and capacities, et cetera – as a rule, they cover the greater part of the following statistical methods:

### **Factor Analysis**

This technique is utilized to set up what are the strongest underlying measurements of a greater arrangement of intercorrelated factors. For instance, this factor analysis can reveal insight into what blend of angles, qualities or needs are most vital to a specific kind of client gathering. Furthermore, this analysis can be limited to a modest bunch of factors versus handfuls, which is more practical and actionable.

### **Cluster Analysis**

This technique is utilized when the objective is to group an arrangement of information questions together into homogenous gatherings (i.e. a bunch). For instance, a business may direct market research to recognize its different customer segments, and after that lead bunch investigation to check whether any such fragments share comparative attributes (e.g. objectives, pain points, perceptions, socioeconomics, preferences, and so on.) that are particularly not quite the same as other segments.

## **Conjoint Analysis**

This strategy is utilized when the reason for existing is to recognize how market research respondents see and assess distinctive factors that are a piece of a product or service. For instance, conjoint analysis can enable a business to understand to what extent clients settle on a purchasing decision in view of value versus quality, or service versus brand recognition, etc. In some situations, conjoint analysis uncovers insights that are not in any case known to respondents themselves, which can be so important (i.e. clients may trust that quality is their most vital decision-making criterion, when in fact price or brand recognition may, in reality, be more compelling in view of how they act).

## **Multiple Regression**

This technique is utilized to anticipate the value of a variable, in light of changes to at least two distinct factors. For instance, multiple regression can reveal insight into how sales revenues may rise in light of the amount of money spent on an advertising.

## **Discriminant Analysis**

This technique is utilized for foreseeing participation in a gathering based on estimated qualities of different factors. For instance, a business can utilize discriminant analysis to glean whether a factor, for example, income level is valuable for distinguishing clients who buy their products versus clients who buy from competitors. In the event that such a classification exists, at that point, a advertising and marketing campaign can be intended to use this knowledge.

## **Chi-square test**

The Chi-Square statistic is normally utilized for testing relationships between absolute variables. The null hypothesis of the Chi-Square test is that no relationship exists on the absolute variables in the populace; they are independent.

The Chi-Square statistics is most ordinarily used to assess Tests of Independence when utilizing a cross-tabulation. Cross-tabulation displays the distributions of two absolute variables at the same time, with the intersections of the classes of the factors showing up in the cells of the table. The Test of Independence evaluates whether an affiliation exists between the two factors by looking at the watched example of reactions in the cells to the example that would be normal if the factors were genuinely autonomous of each other.

The calculation of the Chi-Square statistic is so simple and is calculated as follows:

$$X^2 = \sum \frac{(f_o - f_e)^2}{f_e}$$

$f_o$  = the observed frequency,

and  $f_e$  = the expected frequency, if there is shown that there is NO relationship among the variables.

As portrayed in the equation, the Chi-Square statistic depends on the contrast between what is really seen in the data and what might be normal if there was genuinely no connection between the factors.

The Chi-Square statistic shows up as a choice while asking for a cross-tabulation in SPSS. The yield is marked Chi-Square Tests; the Chi-Square statistic utilized as a part of the Test of Independence is named Pearson Chi-Square. This statistic can be assessed by contrasting the real value against a basic value found in a Chi-Square circulation, yet it is simpler to just look at the p-value gave by SPSS.

## **RFM Analysis**

RFM is a strategy utilized for analyzing customer value. It is generally utilized as a part of database marketing and direct marketing and has gotten specific consideration in retail and expert services industries.

RFM means:

**Recency** - How frequently did the customer purchase?

**Frequency** - How often do they purchase?

**Monetary Value** - How much do they spend?

Client purchases might be spoken to by a table with sections for the client name, date of purchase and purchase value. One way to deal with RFM is to allocate a score for each measurement on a scale from 1 to 10. The most extreme score represents to the favored conduct and an equation could be utilized to figure the three scores for every customer.

The following datasets are needed to begin with RFM customer segmentation:

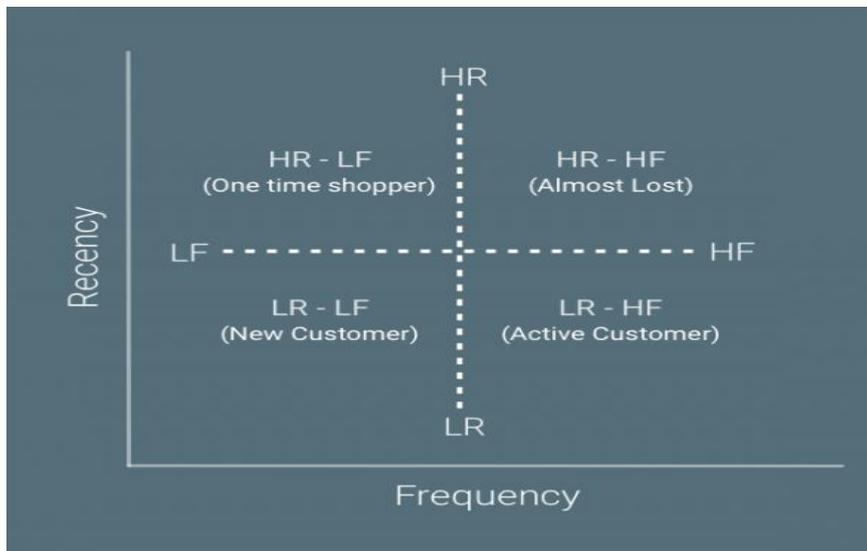
1. Transaction identifier
2. Transaction Date
3. Transaction Value
4. Customer Identifier

After this you have to sub-categorize information further to characterize diverse buckets for every factor.

Contingent upon the volume of information, nature of repurchase and variety in normal ticket size you can characterize pails in view of Quartiles or even Deciles. For effortlessness, we have characterized three values – High, Medium and Low to every one of the dimensions - Recency, Frequency, and Monetary.

	Recency	Frequency	Monetary	
High	HR	HF	HM	
Medium	MR	MF	MM	
Low	LR	LF	LM	

**Figure 3. RFM cross-table**



**Figure 4. RFM analysis graphics**

Variety of RFM incorporate RFD and RFE, replacing Monetary Value by Duration and Engagement individually. These varieties are by and large utilized by content sites that value metrics like time spent, viewership on their platform.

RFM segmentation centers around only three factors while there could be others that are basic for a business. Another drawback of RFM customer segmentation is it just takes historical information focuses in consideration while there are advanced settings like prescient investigation that utilization AI to anticipate future customer behavior.

### **II.3. Marketing Mix in Bank Sector : how do they interact to each other**

When talking about the advertising blend of administration organizations, by and large, it must be borne at the top of the priority list that execution of showcasing in the administration area requires making modifications. This outcome from the idea of administrations and procedures of intelligence administration, so the conventional idea of the promoting blend is extended with regards to individuals and their method for managing clients. This essentially identifies with the primary line representatives, who are in coordinate contact with clients, i.e. customers, influencing the discernment and making of the picture among the clients. It is the reason the advertising blend of administration associations, notwithstanding the initial four Ps (item, value, put (dispersion) and advancement), is changed to incorporate extra three Ps, as shown below:

- provision of service,
- integrated market communication,
- pricing and payment conditions,
- promotion
- physical evidence,
- place(ment), i.e. channels of service sale,
- people, and
- the process of service provision.

The keeping money advertising blend is a result of countless mixes of showcasing blend instruments when entering markets or their portions where they are endeavoring to accomplish a synergetic mix of instruments, and the point is accomplishing the ideal extent between the aggregate expenses of promoting blend and the bank's aggregate income. These advertising blend instruments of

administration associations can be seen through particular appearances with regards to banks. Item as a showcasing blend in keeping money indicates the offer of managing account items and administrations that the bank characterizes as per the requirements of particular target gatherings (retail customers, organizations, singular ventures).

A bank's capacity to obtain stores at bringing down costs, i.e. financing costs, and advance them at the most noteworthy conceivable edges amongst resource and obligation loan costs decides the benefit of saving money activities. What's more, deciding the cost is additionally constrained by certain outside elements, for example, the rate of statutory stores, expansion, levels of improvement of the saving money advertise, with the subsequent level of rivalry, and the dangers innate to managing account tasks.

Appropriation alludes to banks' exercises whereby their administrations are set at the transfer of clients in the ideal place and at the correct time. Notwithstanding conveyance through a system of branches and counters, the improvement of electronic managing an account brings extra channels, for example, ATMs, web focuses, call focuses, video correspondence, versatile saving money, and so forth.

Advancement in keeping money assumes a unique part in reinforcing corporate notoriety, altruism and different components of immaterial resources, where, with regards to the last mentioned, advancement assumes the most conspicuous part given that there isn't much space for separation of generally institutionalized managing account administrations.

Another limited time instrument is close to the home deal. Individuals as an advertising blend instrument in keeping money incorporate the staff of the branch offering administrations and offering going with administrations, assistant staff, and in addition different clients who end up in the branch right now of administration version.

Physical condition is critical for framing the clients' impression about the bank, and specific principles characterize the external and inward appearance of branches. The primary goal is for the clients to have an indistinguishable affair of administration arrangement at each branch.

Procedures in managing an account demonstrate a bank's capacity to play out the undertakings endowed to it, and a representation can be the way toward dispensing credits in the feeling of terms, intricacy and aggregate hazard.

Product Promotion is basic for each business because of the enduring effect promotion has on the customers. The promotion mix is basically what advancing involves and additionally how advancing is viably done. It contains individual offering, publicizing, advertising, deals advancement, and direct promoting. Utilizing the correct mix of the limited time blend guarantees that a business will keep picking up clients and making progress in both the short and long run.

### **Personal Selling**

This is normally the most costly tool however is a standout amongst the best apparatuses in the limited time blend. It is viable since it manufactures a long haul connection between the customer and worker that will keep returning. This is of awesome advantage particularly when managing customers that spend expansive measure of money. The customer could need an inn for fifty individuals or he or she may purchase vehicles for every one of his 30 organizations. Developing this relationship will build the odds of future openings if his or her desires are met.

In any case, this strategy involves a few dangers. The customer may conclude that he or she needn't bother with the administrations or items any longer along these lines making the organization lose cash. Organizations put vigorously in this technique go out on a limb since they rely upon the development of an association with a customer that could vacillate in the end. Coordinate Marketing is practically identical to individual offering.

## **Direct Marketing**

Direct Marketing utilizes innovation to target customers independently. Illustrations incorporate phone calls, applications, email, and indexes. Direct Marketing is valuable since it targets people that spend little measures of cash at various circumstances since they don't spend as much money as often as possible.

Distinctive organizations utilize email to convey specials and arrangements to customers. A few organizations, for example, Amazon utilize past buys to offer suggestions. Others simply convey suggestions to everybody on their mailing list. Direct Marketing is awesome particularly when promoting to the majority however customizing the message for each beneficiary.

## **Public Relations**

Each business needs public relations yet numerous organizations frequently neglect it since they normally connect it with managing negative circumstances that can influence an organization.

A decent Public Relations director for a business ought to be dynamic to deal with both positive and negative circumstances.

On the positive side, a Public Relations battle is executed through bulletins, online networking, official statements, great openings, and significant occasions. Online networking is especially a helpful device for public relations since the majority utilize it and adore it.

On the negative side, managing those negative circumstances is something that public relations chief ought to be in a situation to deal with viably.

## **Sales Promotions**

These give an extraordinary method to inspire clients to purchase a specific management or item.

## **Attraction factor**

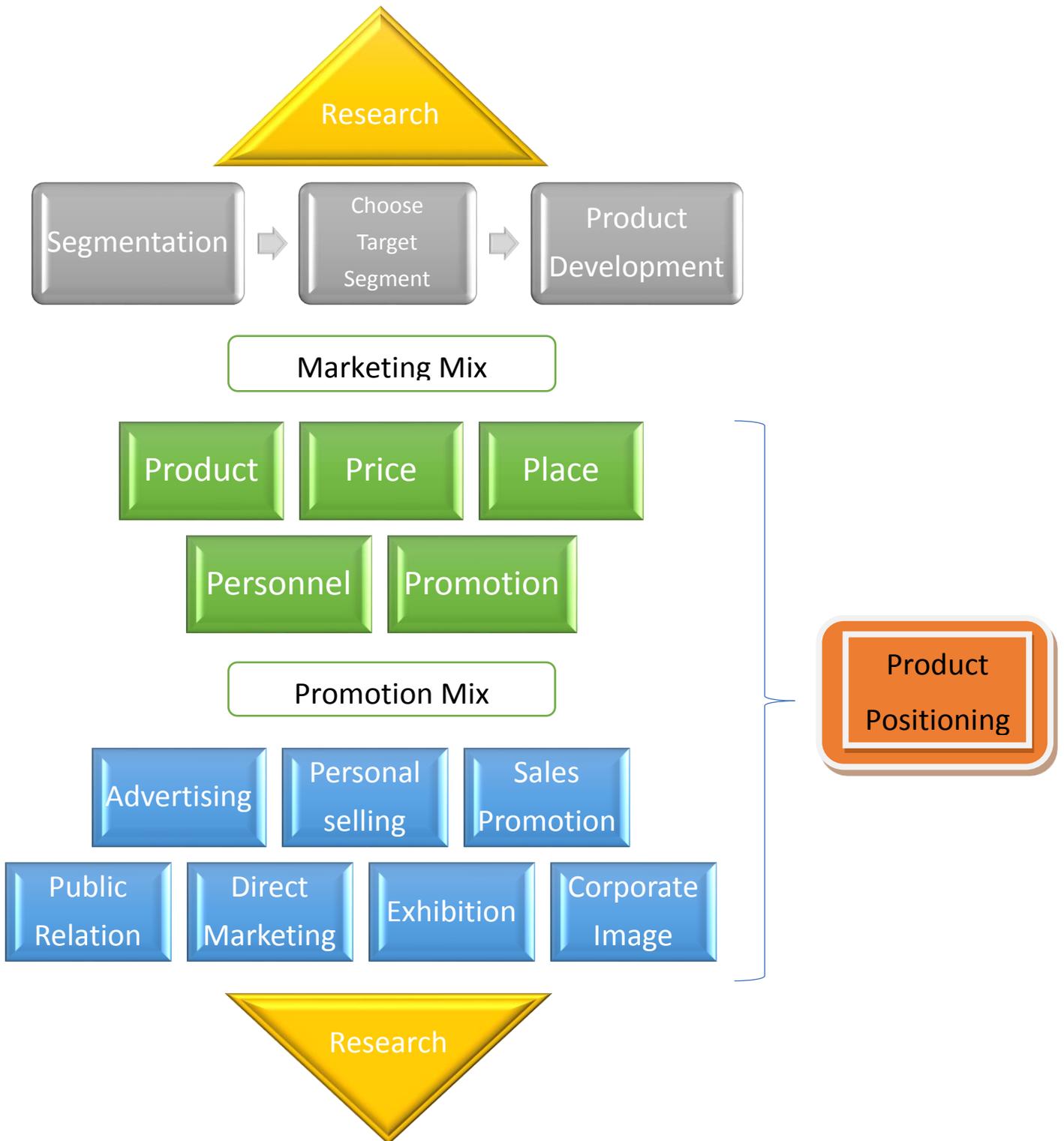
Sales promotion are especially valuable in the administration business since numerous individuals are not willing to pay the maximum for an excursion bundle. Be that as it may, once they get sales promotion of 20% off they move toward becoming pulled in to the offer quickly. Eateries can likewise make utilization of offers sales promotion to support deals by carrying more individuals into the eatery. Sales Promotion work for different enterprises as well. You can discover stores offering 20% rebates on chosen things et cetera.

## **Bundling**

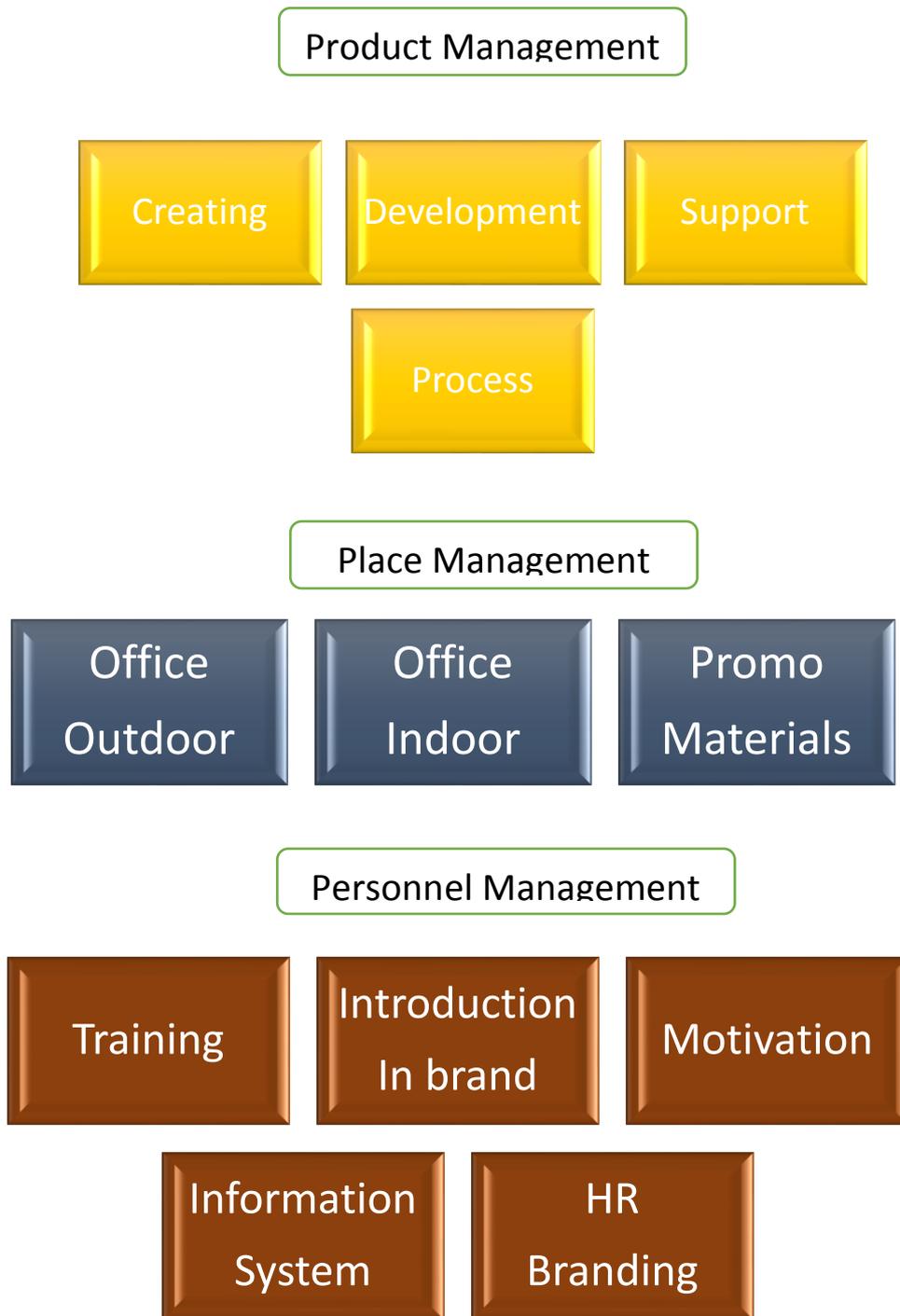
You will likewise discover organizations bundling offers. For example, you can discover an eatery offering two full suppers, a hors d'oeuvre, and dessert at a set cost. The immense thing about this is the menu costs don't need to change in light of the advancement. Additionally, you can discover stores bundling together unique things at a similar cost, for example, bread that accompanies a cut of spread at a similar cost. This implies bundling is appropriate crosswise over various ventures.

## **Advertising**

Advertising assumes a key part while advancing a business. Daily papers, Radio, TV, and Social Media promoting all assume a critical part in deciding how to target clients and additionally how they will react to the advertising message.



**Figure 1. Marketing Mix structure**



**Figure 2. Product, Place and Personnel Management**

**Product Management** is a vital hierarchical part. Product managers are ordinarily found at organizations that are building items or innovation for client or interior utilize. This part advanced from the brand manager position that is frequently found at customer packaged goods organizations.

The product manager is in charge of the system, guide, and highlight definition for that item or product offering. The position may likewise forecast, marketing, profit and loss responsibilities. Exercises traverse from vital to strategic and include the following objectives:

- Set a product vision and technique that is separated and conveys one of a kind esteem in view of customer demand. This includes characterizing personas and analyzing the market and competitive conditions.

- Characterize what the item group will convey and the course of events for execution. This incorporates making a discharge design, catching significant input and thoughts, and organizing highlights.

- Give cross-functional leadership, most outstandingly between engineering groups, marketing and sales, and support. A key part of this is communicating the product guide and keeping everybody informed of updates.

The idea of **place management** is presently immovably settled the world over. From the marketplace through main streets, downtowns, town centers and downtown areas to entire urban areas, locales, and nations, there is a developing understanding that there are real advantages from place-led rather than discipline based management approaches.

Place-led activities should be community-focused and community responsive on the off chance that they are to be reasonable. They additionally should be expert dynamic. All places change and the groups they serve additionally change. In the event that a place is to stay significant to its groups then it needs to get change going as opposed to being a casualty of outside powers.

Experience the world over demonstrates that the best place management activities are organizations. These associations need to mirror the diverse partners who are worried about or connected with the place. Growing such associations requires significant investment and there is no set equation that will work crosswise over various types of spots or crosswise over various societies. In spite of the fact that places are individual and distinct, there are lessons that can be gained from the trading background. Those occupied with put administration perceive this.

**Personnel management** is characterized as a regulatory specialization that spotlights on contracting and creating representatives to end up more significant to the organization. It is at times thought to be a sub-classification of HR that exclusive spotlights on administration.

Managing personnel focuses on certain managerial human resource classifications. It incorporates job analysis, strategic personnel planning, performance appraisals and advantage coordination. It additionally includes recruitment, screening and new worker orientation and training him. In conclusion, it includes wages, dispute resolution, and other record keeping obligations.

### **Costumer Journey Map**

The design is a problem-solving task in itself. The solution of the problem is in fact related to how we define it. Most of the problems are manifested in a clear way, and the problem is solved by making the negativity in the load positive. However, there are situations where some problems do not manifest themselves, are passed on in an ordinary way, or are ignored, often creating opportunities for solving these situations.

There are many ways to identify problems; personas, elevator pitch, affinity diagram, brief ... The ideal way to see the picture in the big frame and discover hidden problems is to map the journey.

Customer journey maps; are planned trips that are presented meaningfully by combining step-by-step stories that customers have gone through while using a product or service, combined with fragmented stories.

These maps may serve all or part of the experience, as well as the way in which different types of customers pass or the steps they take. What makes customer journey maps basically usable is that customers set their minds, thoughts, and emotions on a certain timeframe, revealing moments of interaction with the product. In short, you have defined the maps, sub-problems, opportunities, and priorities used to describe the problem.

Nobody wants an unfortunate accident caused by irresponsibility while walking on the road. Although the gaps (in the map) for all products are not deadly or dangerous; customers expect a smooth flow when using the product offered to them.

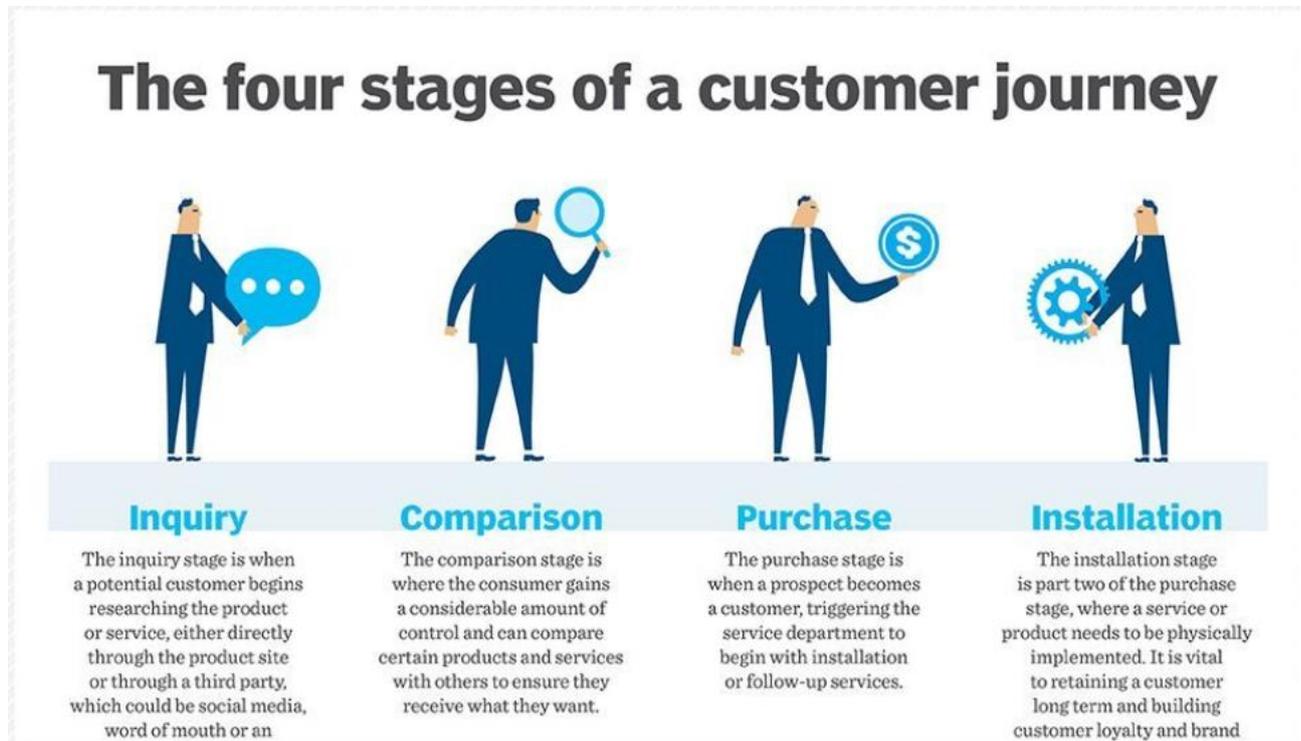
The product owners have absolute insight into the missing aspects of the product or the features that can be developed. Customer journey maps may say nothing you do not know, but it is a problem to see what you know as a route map and helps to prioritize by weighing the values.

In summary, mapping customer experience;

- See the points of interaction that force the missing product or service in the service and cause it to escape,
- Discover opportunities and innovations related to the product or service,
- Prioritize developments and regulations, can be used for.

Once you experience the customer journey map, you will see that the important thing is the mapping process, not the output. Because customer experience maps force you to think of people in a certain way independent of the type of data used, mapping them, even assumptions alone, helps you make certain decisions.

To quickly picture the general situation; you can get help from platforms where customers on complaint-oriented sites leave a lot of comments about the product. You can have an idea about customer behavior by going out from the comments here.



**Figure 3. The Stages of Customer Journey Map**

### **Customer Lifecycle Management**

Customer lifecycle management is required to alter an online affair after some time. This is imperative for your business development. Understanding the customer's force is vital for any organization that expects to succeed.

There are 5 stages of customer lifecycle management:

#### **Reach**

It includes connecting for prospects and makes them aware of your product, brand or firm. As a marketer, you make them mindful of your items and afterward survey the likelihood of changing over them to dynamic clients. In this stage, you

give them certainty, security or that they require defeating any test that may restrict them from getting to be dynamic clients.

### **Acquisition**

In the wake of catching your potential client's consideration, your next target as an advertiser is to make them repetitive buyers. The way you speak with your clients and the quality of your products will decide your accomplishment in changing over them prospective or one time purchasers to loyal customers.

### **Conversion**

It is where you change over the intrigued customer into a real customer. It is advisable to build up a strong relationship with the client at this phase as this will have a long-term impact in holding the client.

### **Retention**

It includes keeping up the relationship through setting up contact and imparting now and again at this stage you do everything possible to hold your association with your customer.

### **Loyalty**

At this stage, your client has turned into a pal and he prescribes your brand to different customers. It is essential to take note of that few out of every customer will achieve this stage and thus you ought to acquire a couple of faithful clients at each product lifecycle.

## **Chapter III. Development of marketing trends in the sphere of banking in Azerbaijan**

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### **III.1. Effectiveness (advantages) of marketing services in banking**

#### **Customer needs**

The accomplishment of each organization relies on its ability to generate products and services that address satisfied consumer needs. In spite of this reality, in more than 95 percent of all organizations, development and marketing managers don't concur on what a client "require" even is. More specifically, they don't admit to what attributes a consumer need statement ought to have, what data it ought to contain, its aim, and how it might be organized. The initial step in turning into a customer-centric association is concurring on a customer needs description.

Before you begin promoting your business you have to get information about what your clients need and why. Deep customer research helps you work out how to persuade your clients that they require your products and services.

Each business needs a purpose behind their customers to purchase from them and not their rivals. This is known as a Unique Sales Proposition (USP). Your USP can be distinguished by completing the expression "Clients will purchase from me because my business is the only..."



**Figure 4. Top 5 Myths about customer needs**

Supervisors and workers in almost every organization hold some of these mistaken beliefs about recognizing client needs. They are a key motivation behind why organizations battle to develop. These myths have kept for decades since organizations regularly mistake solutions and customer needs. The key point to recall is that a customer need and solutions are not equal, product property or idea. Customers do not have any information about which solutions will enable them to complete their activity best, nor should they. Clients are not scientist, engineers and materials specialists. It's up to the organization to come up the best arrangements once the client's needs, or wanted results, are known.

Clients are changing their expectations of everybody. Particularly banks. The Connected Customer needs bank services that coordinate with their associated life. If banks trying to understand their clients, yet in the event that they don't react, they will lose clients by the millions.

The figure shown below lists customer expectations and attitudes that emerge from the present associated customer. A large number of these apply to all organizations. Yet, some are curious to banks. In any case, banks need to comprehend and react to them. If they don't, the risk of interruption from specialty Fintech service providers and challenger banks will turn into a reality.

A large number of these client desires will look well-known. Be that as it may, they take a significant distinctive frame in an associated society, and particularly for digital natives who have grown up with online networking.



**Figure 5. Customer needs and expectations**

### **Customer Service Quality**

The client is at the core of any successful activity. Business achievement regularly depends on client advocacy and customer loyalty. Understanding the variables that impact client attitude is a key source of competitive difference. Client quality demands us to comprehend the last customer journey, the client's emotions towards their experiment and how this suits the objectives of the business.

A fulfilled client remains with an organization longer, spends more and may extend the relationship. Real expenses are related to giving customer service and organizations go through in accordance with a client's value. If you consider that you

are a highly valued client or have the capability of being highly valuable, they will pay more attention to you.

Organizations decrease the cost of customer service by utilizing phone voice reaction system, self-servicing on the web, and outsourcing call centers to less expensive areas. Organizations risk distancing clients through giving an impersonal service.

In order to know your client's needs, simply listen to the "voice of the client" and start performing.

Listening to customers should be done in anyways, for instance, satisfaction analysis, mystery shopping, and feedback structures. A few organizations include senior workers in customer listening to guarantee decision advantage the customer as much as the organization.

The management of quality development brought the idea of inside and outside customers. Traditionally the emphasis was on outer clients with little idea given to how inward offices associated. Developing relations with internal clients and suppliers helps delivering better client service to outer clients, through decreased lead-times, expanded quality and better correspondence.

There are several ways that customers can contact you. For instance, phone, mail, face to face, social media and etc. Also, they require and expect all these communication channels to be easy and open.

This introduces a specialized test, as it requires an incorporated, streamlined arrangement giving the representative the data they have to viably benefit the client.

## **Customer Relationship Management**

One of the challenges of business banking is meeting expectations of clients. You can't simply have an awesome checking account or loan terms. You should offer sound financial counsel. Also, in the data age, that implies having deep information

about learning of every client's industry, adopting a tailored strategy, and doing everything speedier than at any other time. The company's corporate clients need target oriented planning, proactive intuition, personalized effort, and so on. As fintechs make consistent, easy, personalized encounters for clients, comprises into the bank space, business banks ought to track suit or risk falling behind in the competitive scene.

With all expectancy from banks, a Customer Relationship Management (CRM) arrangement is never again optional. It's crucial to your prosperity. An extraordinary CRM can enable any organization to market to new clients, shut down the deal, and support great customer service, however, the advantages for business banking are particularly lucrative. There is a part of those advantages and how you can turn into the bank that clients adore with the direct CRM solution.

Customer Relationship Management has several strong features that allow banks to connect with their customers and create everlasting relationship. They're shown in the following:

### **Cross-Selling Opportunities**

Consumers can profit by reciprocal solutions for the ones they are as of now using. With OnContact CRM, cross-selling is facilitated with a database and accessible client historical information.

### **Up-Selling Opportunities**

The solution of the CRM will give more resources to following restoration periods and give reps an inner look at site traffic. With significant information, up-selling turns out to be more pragmatic for a bank and valuable to a client.

## **Manage Centers of Influence**

Operating centers of impact need consistency and a planned relationship building and stoppage process. CRM gives the assets expected to everlastingly stay in contact with key influencers.

## **Sales Forecasting and Visibility**

Forecasting and visibility are so important to prosperous sales and development of the company. Having instruments like pipeline following an entire funnel visibility and announcing make it simple to follow sales, forecast and make sales objectives, and know where your leads are in the pipe.

## **Manage Commercial Lending Products**

Complex risk measurements and regulatory] consistency needs regularly become into play. Commercial lenders use CRM programming to automate consistency and support visibility into the regulations and credits that they handle.

## **Schedule Follow-Ups**

Bankers should physically recall to track with clients and track the development of a relationship. With one, they're ready to set up warnings and envision discussions and touch points with the client.

## **Track Sales and Activity**

Except customer relationship establishing and retention, CRM excels at information following and perception. Inside your database, track sales development and sales representatives by consumer profiles.

## **Track Products/Services**

You're ready to track particular products and services too, utilizing that information to make forecasts and statements on main sales measurements.

## **Marketing Management Tools**

Email marketing and site visitor following can have vital roles in influencing your financial corporation to remain over the rest. OnContact CRM comes completely accoutred with highlights like email designer and lead following structures to enable your bank to develop and hold its client base.

## **Segment Commercial and Consumer Data**

Financial corporations aren't simply working with an audience, banks manage different regions, including customer, commercial, mortgage, and etc. With CRM, you can divide these key audience into their own community, guaranteeing the two are different, vital consumer information is kept unique, and reps have focused on records to work with.

## **Increased Customer Touches**

When it's simple to contact a client and know the status of a customer relationship, you should do it more regularly. CRM improves the probability your reps will connect with customers, regardless of whether that is to up-sell, cross-sell, forward marketing materials, or just keep in contact. In the future, these touch points will help hold clients pleased for a long term.

## **Customer Retention**

No industry depends on the strengths of client and customer retention than the bank. Retention is regularly an important purpose why organizations search out sales, consumer service robotization solutions and marketing. You need to hold profitable clients, and a CRM program gives you the instruments you may require to do so.

## **III.2. Digital Banking**

### **Open API System**

Open API is an ecosystem that allows customers to receive information and services in real time, and also gives the opportunity to manage financial accounts through a single digital platform.

The main purpose of the Open API:

The main purpose of the API is to enable customers to send payments to the Internet Bank without logging in to it.

We provide a format by which customers can remotely send payments from their accounting systems without delay and without errors if they integrate it into their systems.

With the help of the API at the moment, all types of payments and transfers (except salary project and mass payments) take place in Internet-Banking:

- Transfer from account to account
- From account to card
- From card to account
- From an account in a foreign bank to a local bank
- From local account to foreign
- Government payments
- Payment of Azercell
- Payment of VAT

In addition, thanks to the API client all information about his cards and accounts is available. One platform allows the client to view all of his accounts and manage financial accounts, ie the information is available on a single resource.

The system allows you to facilitate the work of a client who has several bank accounts. Using the API, you can move money from one account to another. There are some advantages of Open API:

- Open APIs provide complete data security

- This system is convenient for the client by creating a payment in its accounting system, it does not need to create an identical payment in the IB, it will be created automatically

- APIs are a tool for attracting new customers, as well as maintaining the loyalty of existing customers.

## **Internet banking**

This service is a banking service that is becoming more and more attractive every day and is used in a very active form. This service has a lot of benefits for its customers.

Internet Banking - is a banking service that allows you to manage your accounts online and conduct various banking transactions without leaving your bank.

After accessing Internet banking in our lives, we have been working in many areas. For example, we were relieved of going to the bank's branches using utility bills, expense tracking, and many other areas of Internet banking. The only thing that needs to be done is the Internet.

Bank Republic has also provided internet banking services to its customers. Internet Banking service allows the customer to watch his / her accounts in Bank Republic from any computer with Internet access every 24 hours anywhere in the

world. Customers, companies and organizations may also use this service. Additional knowledge is not required to use the Internet Banking service.

#### Advantages of using Internet Bank service

Operativeness - The Internet Bank lets you quickly get all the necessary information, which is undoubtedly important in financial matters

Accessibility - The Internet Banking service can be used anywhere in the world anywhere with 24 hours a day access to the Internet

Simplicity - The client uses a standard Internet browser to communicate with the bank, which allows the system to be an independent platform and to use any computer with Internet access.

### **Mobile Branch**

Bank Republic's Mobile Branch is a service that enables customers to manage from anywhere in the world with very simple, convenient and operative banking services.

#### Advantages of Mobile App:

-  Plastic Cards Report
-  Automatic payment and transfers  
(NEW)
-  Current account statement
-  Saving account
-  Increasing Plastic Cards and  
Accounts
-  Card to Card transactions
-  Card to Account operations
-  Credit schedules
-  Credit repayments
-  Utility payments
-  Mobile Services Payments
-  Public service payments (DYP /  
Mortgage)
-  Creating payment templates
-  Card blocking
-  List of partner

After compiling the templates in the required form with the "Auto-pay" service, the user will always release himself from the necessity to fill in the same payment order. The new functional arrangements allow them to be determined both on the date and on the basis of the debts. Mobile App also determines the debts created and implements the payment.

You can pre-reserve your bank visit using the Bank's "Mobile Visit" service. This service allows customers to plan their workdays more efficiently and set the appropriate service time. As long as the customer chooses a bank product that will appeal to the Mobile Branch, this service will automatically offer the most appropriate branches to set the service time in the shortest possible time.

### **Internet branch**

The Bank Republic is a service that enables customers to manage from anywhere in the world with very simple, convenient and operative banking services.

Through this service, it is possible to carry out most financial transactions in "24-hour" mode safely in the day without returning to the bank.

By utilizing the "Internet Branch" service it is possible for customers to increase their plastic card balance, obtain information about plastic card order and card balance, make a credit online order and credit repayments, and pay utility bills. and possibilities for easy access to services such as buying requisites.

How to use "Internet Branch"?

- 1) With the ID number
- 2) With Login and Password (By applying to the Bank's offices)
- 3) With Asan Signature

## Mobile Office

Mobile Office App is the virtual office that informs you about all transactions with bank accounts. With push-notifications, this is not the case when it's in background mode.

Mobile Office provides detailed information about current, credit, deposit and card accounts of a legal entity. Also, it is possible for several legal entities to join at the same time.

Legal entities that are Bank Republic's customers may also be able to connect the Mobile Office service to the appropriate branch of the bank. Mobile Office Application - Ensures more convenient business management.

### Advantages of mobile application

- ✚ Plastic Cards Report
- ✚ Current account statement
- ✚ Saving account
- ✚ Attachment at the same time several legal entities
- ✚ Push-notifications

## Office24

Office24 is the Bank Republic division for customers who can not come to the bank at the time. Office24 is the first branch of the bank that serves individuals 24 hours a day, including Saturdays and Sundays in Azerbaijan.

The operations carried out at OFIS24 are as follows:

- ✚ Current accounts opened in all branches and departments of the Bank, plastic card accounts, current accounts of legal entities, income from notary accounts.
- ✚ Money Transfers through All Transfer Systems
- ✚ Post Credit (via POS Terminal) instant deposit or Cash-in service

- ✚ Utility payments
- ✚ All branches and branches of the Bank extract from Client's card and current accounts
- ✚ Plastic card transactions - income, cash, plastic card order, etc.
- ✚ FX-transactions - USD, EUR and GBP

The following transactions are not performed at OFFICE24:

- ✚ Depreciation of current account
- ✚ Issue of account statement balances
- ✚ Deposit placement

### **III.3. Analyzing of the Business portfolio of Bank Republic**

#### **Brief information about Bank Republic**

The Bank Republic started operating on 22 May 1992 under the license of the National Bank of the Republic of Azerbaijan and became one of the leading banks in Azerbaijan during these years.

At present, Bank Republic provides various types of banking services to its customers - settlement and cash services, various consumer and business loans, documentary operations, deposits, plastic cards, money transfers, rent of bank safes, remote banking services based on Internet technologies and etc.

The Bank Republic establishes its relationship with its customers based on the principle of maximum benefit. This is reflected in the Bank's slogan - “Sizə faydalı” (Beneficial to You), as well as its activities and specific services. One of the Bank's major goals is to continually increase the customer service quality, expand the services and improve the terms.

The Bank Republic is the first bank to offer 24 hours of continuous banking services to individuals in Azerbaijan within the framework of the Office24 project, which is an indication of special attention and care to customers.

Thus, the Bank Republic, one of the leading banks in Azerbaijan, further strengthens its position in the banking sector.

If we look at the bank's annual report, the bank has ended a loss of AZN 10,518 thousand in 2017. Looking at the report of the first quarter of 2018, we see 211,000 AZN profit. This is based on a successful marketing strategy for the development of the bank.

According to the bank's annual report, the marketing expenses of Bank Republic in 2017 was about AZN 500 000, and for the current year (2018) until May it consisted of about AZN 230 000. In 2018, due to the development of technology, their active SMM performance, Corporate Social Activity, successful and considered marketing strategy and etc. the profit of bank growing day by day.

## **Plastic Cards**

At present, plastic cards are an integral part of every person's life. With the help of cash, paying without cash and goods and services, make electronic payments online and so on. operations are possible.

However, Bank Republic offers you a broader look at our card - a multifunctional financial instrument that allows you to manage your money on the Internet or mobile phone, send money to your relatives, secure your payments through the Internet, and always be aware of your account status. All these are possible through these additional services such as "Mobile Bank", "Home Banking", "Card-to-Card", "Cash by code", "SMS Notification", "PIN Change", "3D Secure", Mobile Department and "Internet Branch". In addition, Bank Republic offers MasterCard International and VISA International payment cards free of charge and without annual fee.

Bank Republic has various type of plastic cards. They are as following:

### **Virtual Card**

VirtualCard is a VISA system virtual card used to pay for goods and services on the Internet as well as for wager operations on the Internet.

### **First Card**

The First Card is a plastic card of VISA system presented by Bank Republic to 14-18-year-olds. The First Card is the first card in Azerbaijan for individuals and it is reflected in the name of the card.

The First Card is convenient if a juvenile is living or studying in another city or country because cash is easily dispatched so that the parent can deposit money on the card account.

### **Vector card**

Now, the country-wide money transfer customers will be able to get a direct plastic card, which can easily be used to cash out, spending online or buying at any ATM. The new card is free and can be used as a full-featured bank card. No interest is charged when cash is deposited on the card, which excludes the cardholder from the double-money transfer commission.

### **Priority Pass**

Bank Republic provides cardholders with Priority Pass service card. Priority Pass card holder allows you to access first-class halls and VIP-lounges in over 500 international airports around the world.

### **Visa Infinite**

Visa Infinite - is the highest in terms of its prestige in the Visa payment system products.

This card is a symbol of elitism, and there are several Visa Infinite cards available all over the world. Among cardholders, there are a lot of monarchs, prominent political and public figures, but at the same time, the card is largely met with major entrepreneurs and top managers.

Visa Infinite owners are offered exclusive services that satisfy the highest requirements of VIP clients with an exclusive release card. The Visa Infinite card can easily connect you with all the beauty of life.

## **MasterCard World Elite**

*WORLD ELITE MASTERCARD* - very different from the ordinary bank card. With this card, you can enjoy unlimited opportunities at the elite level and at any time worldwide.

### *7/24 Support*

Whenever you have World Elite MasterCard, you can always rely on the MasterCard global support service at any point on our planet. You can apply for MasterCard support at the time that suits you.

### *UNDENIABLE ADVANCES*

You can spend a great amount of time in the VIP waiting rooms of the world's largest airports. Concierge service for various types of questions and issues and special privileges within 24 hours of 365 days a year.

## **MasterCard Black Edition**

MASTERCARD BLACK EDITION is a premium card type and is matched to MasterCard Platinum and MasterCard World Elite cards for its prestige during MasterCard payment system products.

MasterCard Black Edition card is designed for those who like to travel, enjoy comfort and the highest level of service. Black Edition category bank cards are a combination of exclusive designs and exclusive discounts. It is safe to say that the capabilities of this card will exceed all expectations of the cardholder.

## **Paykart Credit Card**

"PayKart Credit" is a convenient and efficient payment tool with some advantages.

The PayKart Credit card has a renewable credit line, which, in its turn, provides many opportunities for purchasing and cashing in Azerbaijan and abroad.

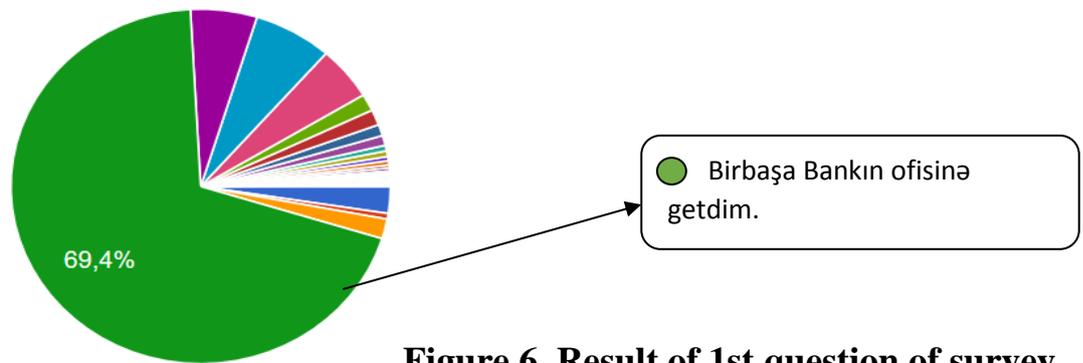
The main advantages of the new product:

- ✚ Sharing of goods and services received in equal shares by months.
- ✚ Interest-free credit facility within the partner network.
- ✚ Opportunity to cash out funds in case of necessity.
- ✚ Ability to make purchases and cashback in more than 200 countries.

### III.4. Analysis of Survey

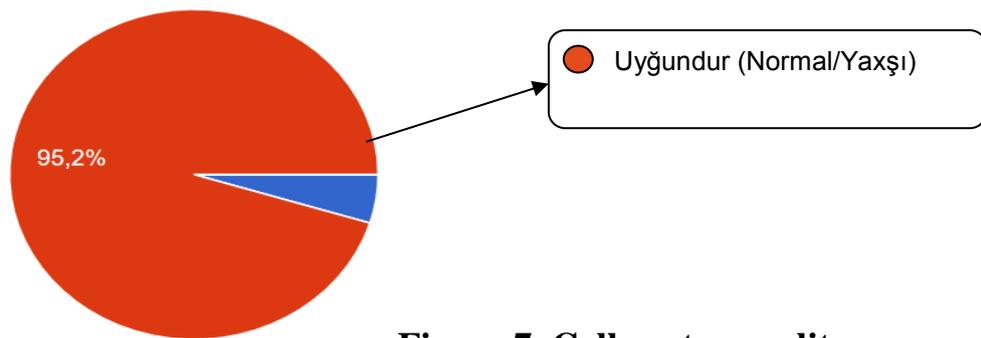
I have conducted a survey among 780 people about newly loan borrowed customers in order to get deep information about Bank Republic (about their service quality, products, customer satisfaction and etc.).

My first question was about how they contacted with bank to learn initial data. According to the data, 539 persons (69,4%) answered that they went directly to the head office. For my opinion, location of the head office of the bank have big impact on the people's mind. The head office of Bank Republic located near the city center.



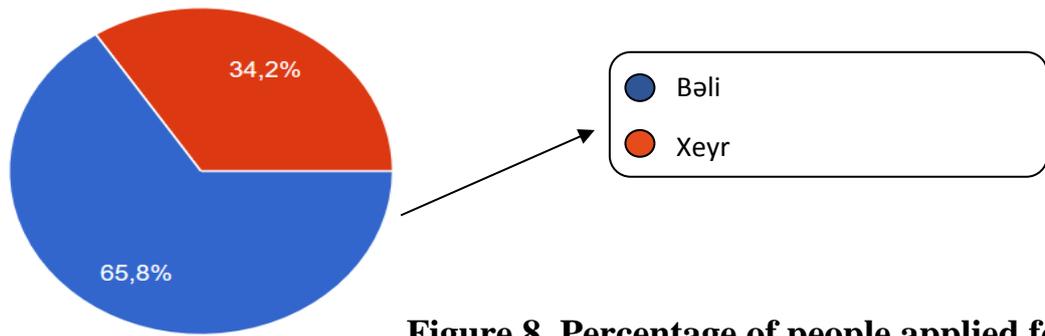
**Figure 6. Result of 1st question of survey**

Next, I have asked about call center's quality matches their expectations or not. 95,2% people answered that it's normal. This result shows the strong side of the service that created customer satisfaction.



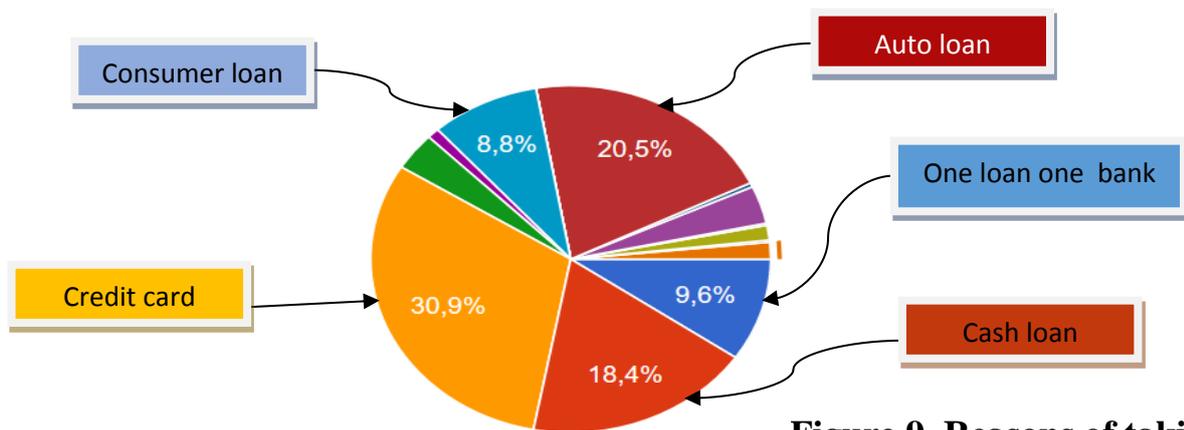
**Figure 7. Call center quality**

Another question that was interested to me how many people applied for loan to Bank Republic. 780 people have answered the questions. And the result:



**Figure 8. Percentage of people applied for loan**

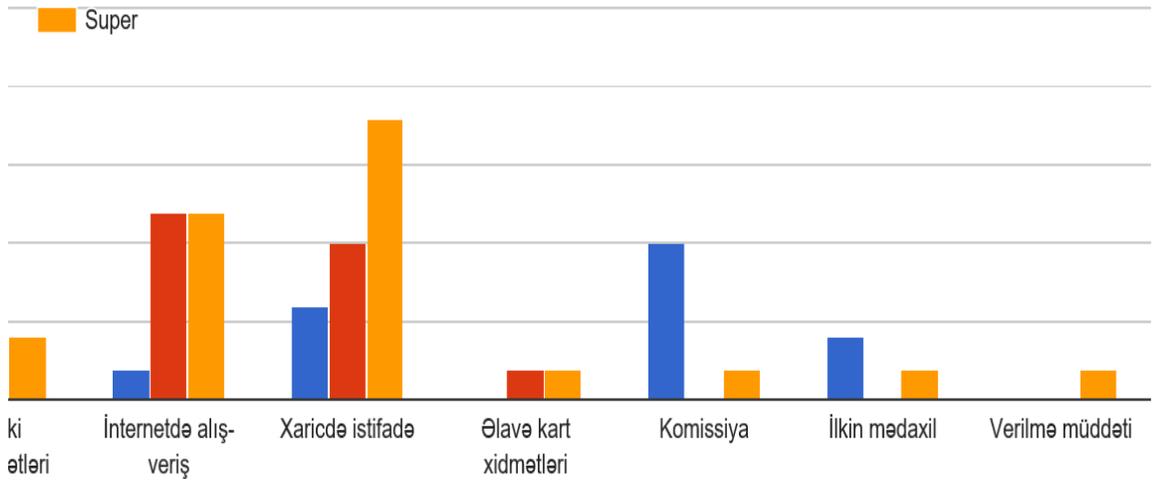
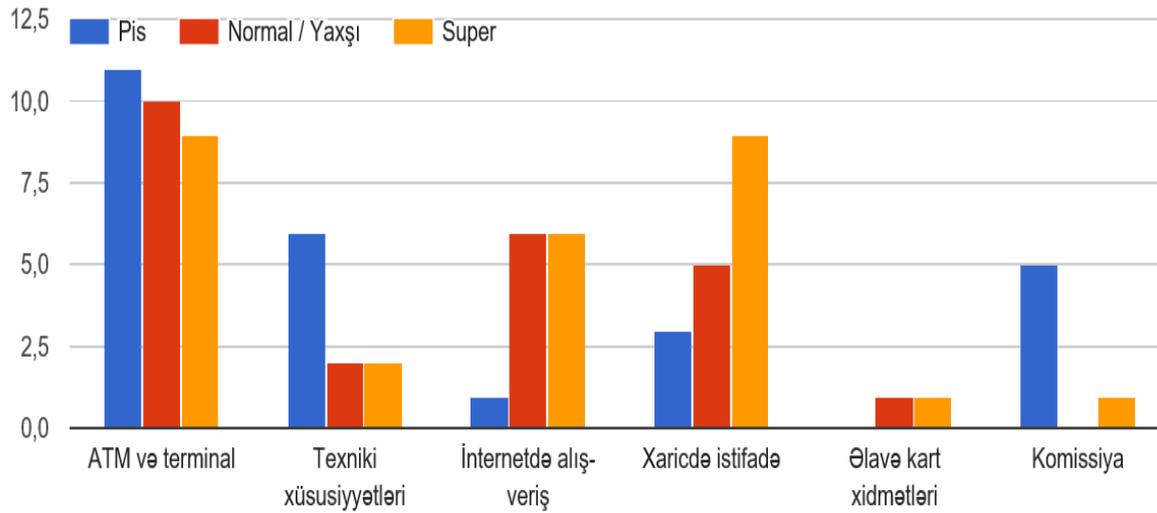
The number of people who applied for loan are increasing day by day. Because the bank generating new marketing campaigns and customers are attracted in this way.



**Figure 9. Reasons of taking a loan**

Due to the result of this question it is clear that the majority of people's reasons for taking loan from bank are credit card, auto loan, cash loan, one loan one bank and consumer loan.

I have written brief information about Bank Republic's various plastic cards and it was interesting to me that what other people think about their plastic cards, service quality, specific features and etc. For the purpose of my opinion I asked people about their opinion and the result is as following:



**Figure 10. Impressions of customers on plastic cards of Bank Republic**

According to our survey we can say that Bank Republic is growing day by day, their customers are increasing, their service quality is getting better, but as other institutions, there are also some gap that have to be fulfilled. As other organizations, Bank Republic's main priority is gaining customer satisfaction. In order to achieving this goal the team should work hard, they always have to connect with their customers and know exactly what are their expectations and the deep research will show them the beginning to the way of success.

# Conclusion

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The implementation of marketing in banking sphere should simplify accomplishing competitive advantage on progressively competitive financial markets. Marketing in banking sphere ought to support building a banking culture and support achieving a high quality of bank services. Challenges in managing on the contemporary financial market have ended in the development of the part and importance of relationship marketing, a similarly new model in keeping bank marketing, which empowers retention of the current customers by upgrading relations with them, and attracting in new customers by strengthening marketing activities aimed for satisfying their wants and expectations.

Marketing experiences in bank sphere additionally point to a specific level of the duality of tasks: marketing actions are coordinated towards enticing getting the attention of funds, at the same time pulling in the clients of these funds. It must be borne as the main priority that banks work simultaneously on corporate markets and markets of end clients of bank activities. Usage of bank marketing is troubled by high data asymmetry between service organizations and end clients. Basically, customers don't have a tendency to have specific knowledge, and in this way, given the elusiveness of money financial organizations, they predominantly trust on quality based on experimentation and confidence.

Applying marketing to other spheres is so important, also in the banking sector. According to my research and observations, I can say that the key issue is the proper research and segmentation of the market. The product should be offered for each of the segments in the most appropriate conditions and should be constantly updated. The main goal is customer satisfaction.

I think that the prejudice of the clients towards the banks comes from the late process of documenting and loss of time. In order to eliminate this, banks offer

different proposals. For instance, Bank Republic has launched the "Sphere" program to lend customers more quickly. Through this program, every employee can already document the customer himself. It means , before the credit lent 30-40 minutes to the customer, now it was reduced to 10 minutes.

Another point of my attention was to get a queuing number without coming to the bank through the mobile app. Also, you will learn how many minutes after the queue is reached.

In addition, it is possible to give a credit or card order easily and quickly, using the bank's website.

All of these innovations have been created entirely for customers. Intensive development of banking in the banking sector is noticeably increasing. If the right step is taken, the banks operating in our country will not be left behind by foreign banks in the future, and even they will achieve great success.

In conclusion, modern bank marketing is additionally creating towards virtual banks and progressively introduce electronic money, which may suggest the rise of non-bank services associated with the arrangement of bank services. At last, bank marketing strolls in the venture with the universalization of managing an account, with the making universal of banking aggregates ready to offer an expansive range of innovating bank activities.

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