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BACKGROUND OF INTERACTION MECHANISM FORMATION BETWEEN A BANK AND CUSTOMERS

ПЕРЕДУМОВИ ФОРМУВАННЯ МЕХАНІЗМУ ВЗАЄМОДІЇ БАНКУ З КЛІЄНТАМИ

Summary. The article investigates the development of conceptual approaches of the banking marketing management in a competitive environment that is increasing. The comparative characteristics of the relations marketing and a concept of omni-channel (integrated) communications of a bank have been carried out. The semantics of such categories as relations, communication, interaction, relationships has been developed. A new set of marketing mix tools has been proposed. A theoretical model of the organizational-economic interaction mechanism between banking institutions and customers has been formed.

Keywords: a bank, development of conceptual marketing approaches, relations, interaction, communication, omni-channel, relationships, marketing mix, an organizational-economic mechanism.

Introduction. The development of domestic banks in today`s conditions is significantly affected by changes occurring in the global financial markets. They are caused by intensification of globalization, internationalization, the rapid development of information and communication technologies, increasing innovation activity and the emergence of the knowledge-based economy.

Analysis of recent research and publication. The emergence and development of information systems at a bank is largely associated with the spread of Internet and information and computer technologies aimed at obtaining and using new knowledge (marketing of knowledge) as the most important competitive advantage. And economic globalization accelerates the renewal and transfer of technology and knowledge, overcoming the traditional geographical and political boundaries between countries.

Knowledge management involves the formation of the bank`s management policy of systematic profit gain from intellectual assets based on knowledge (professional qualities of employees, a brand, customer databases, a network of partners and agents, a corporate culture and a quality of business performance).

Setting objectives. Issues of formalization and access to practical knowledge of expert data that create the possibility of improvement, promotion of innovation (creating new products and services and businesses) and increase of customer value have been developed in many works of academic economists, including: G. Assel, E. Golubkov, P. Doyle, B. Kostogryz, V. Kurach, S. Hollensen, Joel R. Evance, P. Kotler [2; 7; 9; 16; 18; 19; 24; 27; 28]. However, issues related to the formation of relations, their purposeful management, creation of mechanisms for internal and external interaction are not studied enough, which resulted in the choice of research theme and setting objectives.

The article is to study the factors of the formation of interaction mechanism between a bank and customers in the changing paradigm of marketing management.

The main material research. Information technologies allow the banks to provide services to customers in other countries without restrictions and changes in quality. Continuous convergence of needs and requirements to provide services to

customers of different countries has a dual significance: simplifying the entrance to international markets, on the one hand, and facilitating the search for new markets for banking groups in order to obtain a higher margin, on the other hand. The emergence and development of a foreign capital in the Ukrainian banking market are presented in Table 1.

Table 1

Changes in the number of banks and the share of foreign capital in the Ukraine banking system for the period 2008-2015

Index	As of 01.01:								
	2008	2009	2010	2011	2012	2013	2014	2015	2016
Number of operating banks, units	175	184	182	176	176	176	180	163	117
Ones with foreign capital, units	47	53	51	55	53	53	49	51	41
Including the ones with 100% foreign capital, units	17	17	18	20	22	22	19	19	17
Share of foreign capital in the banks' authorized capital, %	35.0	36.7	35.8	40.6	41.9	39.5	34.0	32.5	43.3

Source: composed by the author on the basis of data from [3]

The largest number of banks with foreign capital fell on 2011. There were 55 units. As of 01.06.2016 a share of foreign investors in the banks' authorized capital was 43.3%. The arrival of foreign banks is accompanied by the spread of international experience in implementing marketing approach to customer interaction and increased competition. The level of competition in the market, in its turn, is a fundamental aspect when choosing a marketing strategy which is reflected in the development of marketing concepts (Table 2).

Dynamic marketing development process cannot produce various achievements of its effectiveness. That is why all of these paradigms in the Table have the right to exist in a certain period. And they do not just exist, but have an effective use of their positive benefits.

Table 2

Evolution of marketing concepts in the banking market of Ukraine

Stages, years	Usage period of prevailing concept	Economic conditions	Goal achievement method	Concept disadvantages	Main marketing tools
The era of mass production (1990-1994)	<i>Improvement of banking technologies</i>	The transition from a monopoly to a competitive market	Improved methods of the banking organization, reducing costs and prices	Not satisfied requests and needs of customers are above average level	Price, cost, production technologies, automation
The era of mass marketing (1995-1997)	<i>Marketing perfection of banking product</i>	Capital concentration Product competition	The advantage of banking services of superior quality, improvement of customer service	Not considered low rate of effective demand for banking services of some clients	Product differentiation, distribution, stimulating innovation
	<i>Marketing intensification of commercial efforts</i>	Over accumulation of capital within the industry Fall of products sale rate	Making a profit by increasing sales volumes, approaching to a customer	Slight effect of promotional actions. Everyday needs of customers are not considered	Sales promotion, development of distribution network
Post-industrial Society (1998-2002)	<i>Net marketing</i>	Intercompany competition The emergence and spread of foreign capital	Preliminary identifying needs in unique and more efficient products in comparison with competitors	Lack of the bank`s interest in creating a positive image in the eyes of publicity and in meeting long-term consumers` needs	Integrated use of all instruments 4P, technological innovation, information, knowledge-based marketing
The era of information technology (2003- present)	<i>Relations Marketing</i>	World competition Active development of technologies Standardization of products, services, repetition of marketing solutions	Creating value: individualization of relations with customers, building long-term partnerships, businesses, creating the client-oriented approach	Complexity of creating marketing system and stakeholders groups	Marketing research, segmentation, positioning, differentiation, CRM, Data Mining, LTV, PRICT
	<i>The concept of omni-channel (integrated) communications</i>	Oligopolistic competition Anticipating of interaction between a bank and a customer in any points of contact	Integrating communications into a single customer profile, personalization of offers, multi, omni-channel, loyalty to the bank	The difficulty in developing a strategy in all areas of customer service; creating communications system (IM, turndown, personal remote)	Predictive analytics, customer journey, sales, unified standard of customer service, support, feedback

Source: composed by the author on the basis of data from [1; 2; 8; 9; 12-15; 18; 20-23; 25; 28]

Factors that affect the development of marketing concepts in banking depend on the stage of economic development: pre-industrial, industrial and post-industrial society, which is based on such categories as information, knowledge, science, creative (social) persons, needs, technology, communications and innovations.

Thus, the period of 1998-2002 corresponds to the appearance and implementation of post-industrial society concept [17]:

- the “knowledge-based society” which focuses on knowledge as a decisive factor of production. Knowledge-based economy creates, expands and uses knowledge to provide its growth and competitiveness. Knowledge enriches all industry sectors and all economic stakeholders;

- the information society is a socio-economic system in which production and consumption of information are the basis of the economic system and social structuring of society.

Information is considered to be the major productive force, the main product of production and consumption. In the era of information technology marketing is regarded as management activities aimed at establishing relations for increasing the brand equity. A market is considered as an entire system of long-term relations that create the added value of cooperation. The only basis for consideration of this concept is the following:

- Specificity of business entity (networks, chains for values creation, quasi-companies [1];

- Relations (communications, dealing) are links that arise between people, business units, societies, countries in the process of communication or any other activity) [29, p. 741; 30];

- Communications are means of socializing, the information transferred during socializing, the contacts [29, p. 515; 30];

- Interaction is a set of cooperation processes that combine, coordinate various independent economic units and direct them to achieve the final result [29, p.627; 30];

– Relationships (relevance) are intangible assets that are created as a result of long-term and stable interaction between a business entity and customers) [29, p. 741; 30].

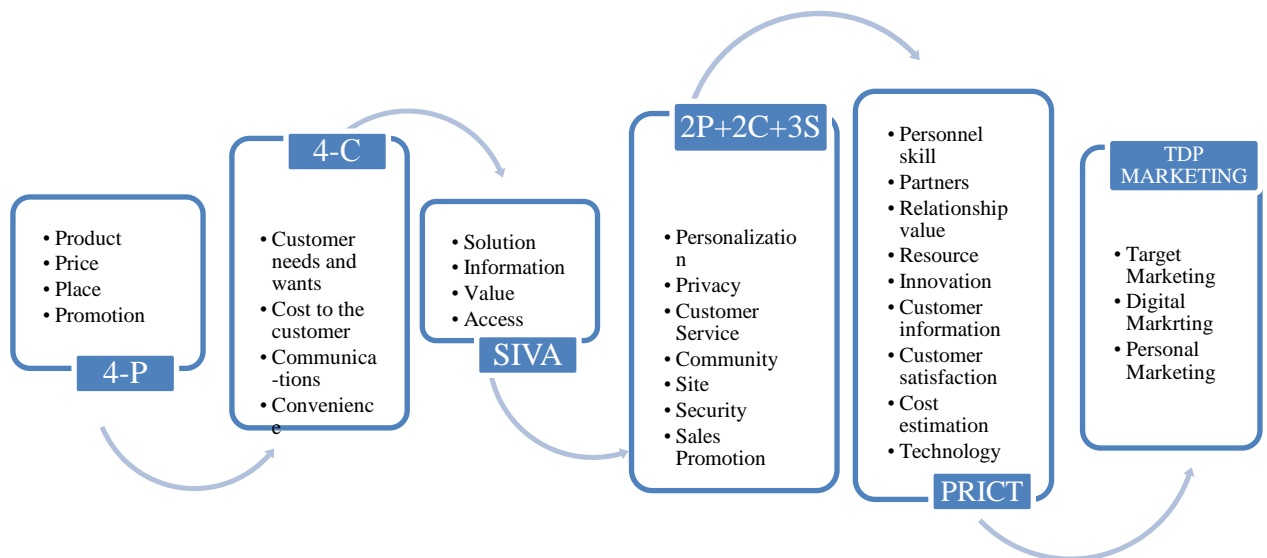
The use of the concept of relations marketing by banks (during the period 2003-2012) leads to the development of network structures, moving from client`s manipulation to the creation of consumer interest (communication and knowledge sharing, search for ways to attract consumers to interaction). This assumes reorganizing business processes. Orientation of banking institution for long-term targets is aimed at a successful interaction as with suppliers of resources, intermediaries, employees, so as with customers who are regarded as valuable partners. This requires careful identification of the customers` needs and development of loyalty to the bank by providing a quality service. The relations appear to be the object of marketing management. The responsibility for implementing the interaction mechanism with customers is distributed among the bank staff, including the employees from a front office, a marketing department and an IT department.

However, the principles of the concept of relations marketing are not enough to manage the gradual growth of core loyal customers, together with increasing the value of relationships with them. The development of modern banking information technology promotes standardization of financial products and complicates customers` retention. The importance of personalization, personal contacts in the system of effective communication is increased.

There comes a time for a concept of omni-channel (integrated) communications (2013-2016). It changes the quality characteristics of relations between a bank and a client, namely, the speed of creation and delivery of banking products, saving on the consumer costs. The main objective of the concept is unification (integration) of different channels together. This approach gives customers the opportunity to start buying from the online mode (using a mobile device, for example) and finish it off-line (visiting a bank branch) and vice versa. A comfortable business environment is developed for both customers and producers (banks). More opportunities are provided by offering an easy access to financial services.

Omni-channel format (the integrated perception of a product or a service by a customer through the use of all “points of contact”) is based on the following approaches [23]: *Virtual Banking* (no branches); *Specialty Branch* (transforming branches into “department store”); *Streamlined Branch* (establishment of self-service offices with a small number of employees-consultants and special equipment for HD-conferences); *Banking Pod* (a small automated video kiosk which is easily placed in different locations); *Agent Branch* (a franchise service on behalf of the bank); *Mobile Branch* (a personalized service, taking into account a customer`s location and other additional information); *Social Media* (a client can manage the services through social networks); *Customer Sensing* (creates a personalized approach by using the history of customer transactions and loyalty programs from partners); *Digital Footprint Management* (management over a customer`s digital track, supply of secure operations in the Internet).

Based on the above mentioned, the existing set of marketing tools is not sufficient to maintain long-term relations with customers. The concept of traditional marketing mix (“4-P”) is limited, although it is composed of elements and features that are the major components of marketing activity (Fig. 1).



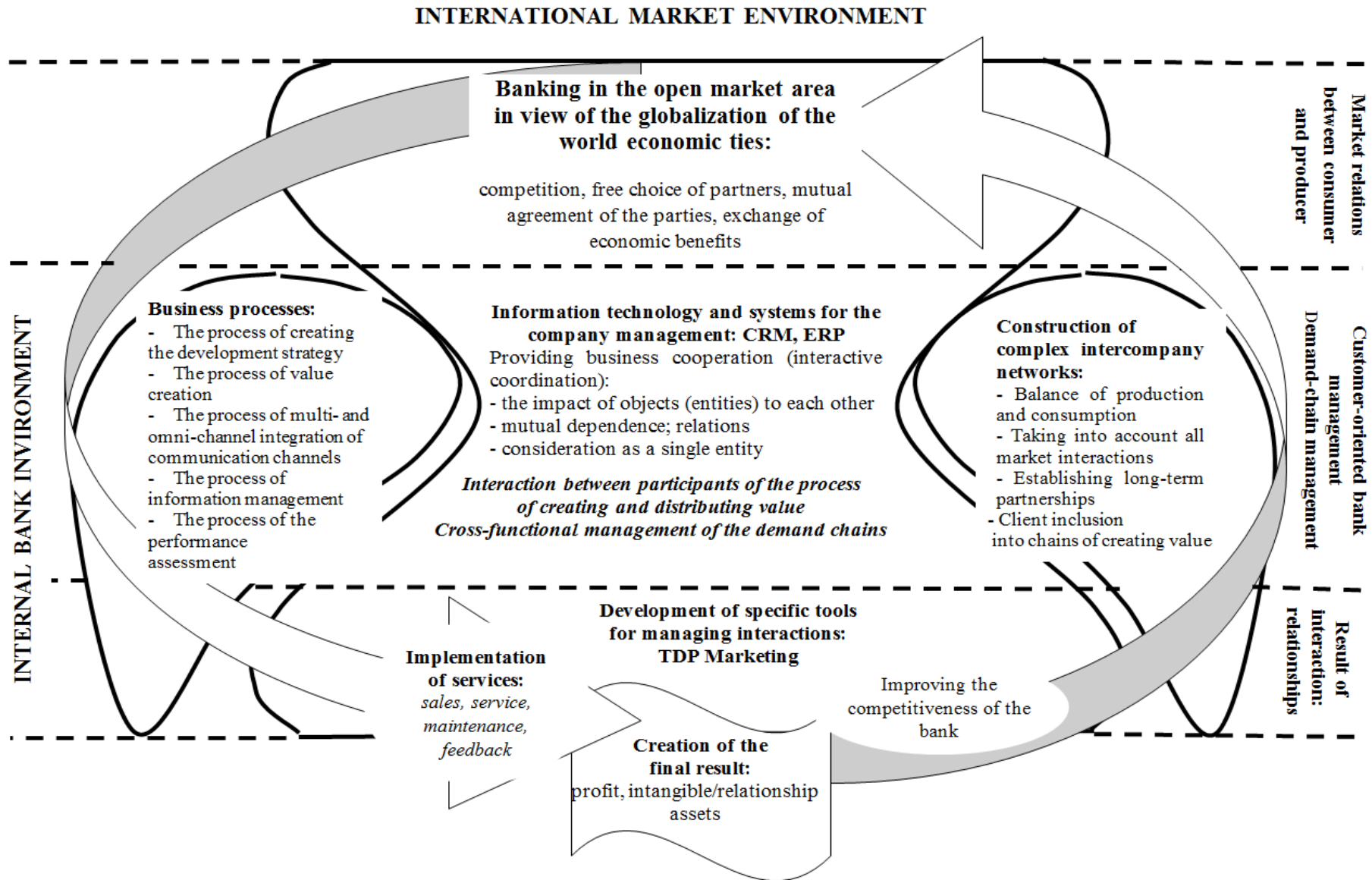
* Compiled by the author in accordance with the sources [4-6; 8; 10-15; 25-27]

Fig.1. Evolution of the main components of a bank`s marketing impact

New types of financial products led to cultural and economic changes. In terms of the competition that increases the opportunity for banks to do business depends on a market division, accuracy in possession of information about customers and modeling their behavior. We suggest that a new marketing mix (“TDP Marketing”) can be regarded as follows: T – *target marketing*: “points of contact”, positioning, insight, trigger, targeting; D – *digital marketing*: databases, e-commerce, mobile applications, advertising, analytics, sales funnel; P – *personal marketing*: duplication of an individual (nomophobia), fusion with human consciousness, tunnelization of information flows.

Creating a marketing mix “TDP Marketing”, in our opinion, will prevent a loss of products value, will provide ownership, maintenance and increase of values rate available for clients, where the key asset is information, knowledge and communication. The mechanism of values formation is based on the use of resources. After all, during the development and implementation of products and services a purposeful change of inputs initial properties takes place, so that they become useful for consumers. These changes occur within the flow of information in the performance of the bank`s business processes. The main purpose of rationalization and integration processes of marketing activities is the focus on improving the efficiency of preparation and decision making at all stages of business and organizational levels of the banking institution, which promotes the development and implementation of integrated technology for a quality service through the effective use of information and communication and marketing systems (Fig. 2).

The figure shows a set of successive elements, stages and processes that are in certain connections, relations and determine the order of the specific type of banking operations on the basis of marketing management. Based on the fact that the ultimate goal of market relations is the meeting of customers` needs by providing financial services, the interaction mechanism between a bank and clients can be seen as an organizational and economic mechanism.



Source: created on the basis of research conducted by the author

Fig.2. Theoretical model of the organizational-economic interaction mechanism between a bank and customers

The organizational-economic interaction mechanism between a bank and customers presents a series of stages, that taken together create a comprehensive system of functional linkages between objects, entities, means, methods and other elements of interaction with customers and aims to achieve a wide range of banking purposes such as the creation of the final result (a profit, relationships), developing competitive advantages, enhancing competitiveness.

The current bank management based on the concept of omni-channel (integrated) communications is focused on horizontal processes: on a cross-functional teamwork, statistical process control, creating organizational structures of “client-producer”, structuring features of quality, developing a mechanism of interaction with customers (Table 3).

Table 3

Comparative characteristics of relations marketing and a concept of omni-channel (integrated) communications

Comparison criteria	Relations Marketing	Concept of omni-channel (integrated) communications
Management facility	Relations with a customer (emphasis on assessment of customers flow, customer profitability)	Communications (emphasis on a value of customer`s life cycle, creating consumer experience, providing continuous interaction with partners)
Management Tools	Tools of the marketing mix aimed at forming a system of attraction, retention and increase of customers` loyalty; monitoring the effectiveness of the marketing budget	Marketing tools aimed at reorganizing business processes, application systems integrated channel delivery of products and services, in-depth analysis of the needs of the target market
IT-technologies	Tools for generation of consumers information (CRM)	Technological innovations. Channels for choosing a single solution become a central element of customer service system
Main idea	Customer-oriented approach: positioning and differentiation from competitors (personnel, product, service and processes, rules and standards, customer relations)	Omni-channel approach: providing the sustainable customer perception of service quality; creating the perfect coherent customer experience in all channels

Source: created on the basis of research conducted by the author

Conclusions and prospects for the further research. Summing up we should say the following:

1. The introduction of the organizational-economic interaction mechanism between a bank and customers is resulted in conducting a deliberate policy of attraction, retention and development of customers. It implies the assessment of a lost customer`s “value”, identifying the most interesting types of clients in real time, the use of a personalized approach to a client, the opportunity to enter the international markets with minimal costs.

2. The key success factors for development of a Ukrainian bank`s marketing strategy are as follows: implementation of a customer-oriented approach in banking; reorganization of business processes; development of information and communication technologies; forecasting of consumer behavior using different mathematical models; use of IT-areas experience for providing safe operations.

3. A characteristic feature of the bank which operates in an unstable market environment based on the concept of omni-channel (integrated) communications is the understanding that it is necessary to manage not only the production of products and services, but also the process of creating value for clients and all relations participants. The carriers of created value are products and methods of delivery in accordance with customer requests.

4. The introduction of a new set of bank marketing (“TDP Marketing”) is caused by the globalization of banking operations, where the creation of new financial tools and technologies raises the speed of international operations, increases their volume, promotes innovation in communications and information processing.

5. The success of a new type of marketing is not determined in advance. It requires serious considerations about the structure and mentality of Ukrainian banks. Such success largely depends on the efficient cooperation between all departments and services, which will create a framework for integration of internal and external bank communication.

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Анотація. Стаття присвячена дослідженню розвитку концептуальних підходів маркетингового управління банку в умовах конкурентної боротьби, що посилюється. Проведено порівняльну характеристику маркетингу відносин та концепції омні-каналних (інтегрованих) комунікацій банку. Розкрито семантику категорій відносини, комунікації, взаємодія, взаємовідносини. Запропоновано новий набір інструментів комплексу маркетингу. Сформовано теоретичну модель організаційно-економічно механізму взаємодії банківської установи з клієнтами.

Ключові слова: банк, розвиток концептуальних маркетингових підходів, відносини, взаємодія, комунікації, омніканальність, взаємовідносини, комплекс маркетингу, організаційно-економічний механізм.

Анотація. Стаття посвящена дослідженню розвитку концептуальних підходів маркетингового управління банку в умовах посилюючоїся конкурентної боротьби. Проведено порівняльну характеристику маркетинга відносин і концепції омні-каналних (інтегрованих) комунікацій банку. Розкрито семантику категорій відносин, комунікації, взаємодія, взаємовідносини. Представлено новий набір інструментів комплексу маркетингу. Сформульовано теоретичну модель організаційно-економічного механізму взаємодія банківського закладу з клієнтами.

Ключевые слова: банк, развитие концептуальных маркетинговых подходов, отношения, взаимодействие, коммуникации, омниканальность, взаимоотношения, комплекс маркетинга, организационно-экономический механизм.