

INNOVATIONS OF RETAIL BANKS – EXPRESSION OF RELATIONSHIP MARKETING OR PRODUCT ORIENTATION?

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Abstract. The goal of the paper is to identify innovative solutions implemented by retail banks in the context of assumptions of paradigm of relationships and features of product orientation. The paper is based on the analysis of the literature of the subject, and it applies documentation method including analysis of secondary sources concerning the studied sector, as well as qualitative case research of several banks that implement particularly active innovative policy. Thanks to conducted research it is ascertained that banks aim at providing customers with a broad scope of benefits while applying, for this purpose, active innovative policy and offer individualisation, frequently on the basis of new technologies. Even if it is convergent with the assumptions of the paradigm of relationships, it should be indicated that some banking products are based on advanced solutions that may surpass real market demands. In this case such operations are closer to implementation of assumptions of product orientation.

Key words: innovations, retail banks, relationship marketing, marketing orientations

INTRODUCTION

Retail banks currently supply the market with really developed, innovative product offer. It is often dictated by changes occurring in the structure of buyers' needs. Aiming to provide customers with broad range of benefits, often on the basis of active innovative policy and offer individualisation, is characteristic of the assumptions of the paradigm of relationships. At the same time, some banking products, particularly those that apply new technologies, are innovations, the advanced solutions of which sometimes surpass the real market needs. They can even be considered artificial innovations, often supported

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by aggressive promotional activities that ought to reinforce hard selling, and not the best satisfaction of needs. In this case the activities are closer to implementation of assumptions of product orientation.

The goal of the paper is to identify innovative solutions implemented by retail banks in the context of assumptions of the paradigm of relationship marketing and features of product orientation. It is assumed that in some areas of innovative policy of banks, qualities of regression (from the customers' point of view), as well as the return to assumptions of product orientation are observed. The paper is composed of two parts, where part one includes description of the essence of enterprise orientation as well as major assumptions of product orientation and relationship marketing. The second part is focussed on description of selected examples of innovations implemented by some banks in the context of the importance of use of new technologies as an essential condition for application of the assumptions of relationship orientation.

MATERIAL AND METHODS

The method of documentation, including analysis of secondary sources from the studied sector and qualitative *case research* (scientific case studies) illustrating the latest innovative practices of selected banks in the context of significance of application of new technologies are applied in the paper. For the purpose of general description of fundamental categories, the theoretical part is based on analysis of the literature of the subject.

ORIENTATION OF ENTERPRISE – FOCUS ON PRODUCT AND RELATIONSHIPS

Enterprise orientation is a set of particularly important criteria adopted by the entity, and supporting decision-making on all management levels. It is also a collection of principles guiding workers' conduct in their operational activity. It can be assumed that it is a set of fundamental behaviours in the enterprise [Knecht 2005].

In literature sources that describe the process of evolution of attitudes and market behaviours of entrepreneurs, four basic stages of this process and types of entrepreneurs' orientations corresponding to them are most often distinguished [Dietl 1985]. They are orientations that are broadly described in the literature: production orientation, sales orientation (distribution), customer orientation (marketing) and marketing strategic orientation [Garbarski (Ed.) 2011]. However, it ought to be indicated that the process of shaping of orientation is not finished with the classical marketing option.

These concepts change depending on many elements of broadly perceived environment. The determinants include for example progressing integration of national economic systems, creation of international and global economic structures but also excessive operational costs of enterprises that can be related to failures in implementation of innovations on market, their low quality, too high distribution costs or inappropriate promotional policy. Increasingly higher demands of customers who look for an offer adjusted to individual requirements and needs, and who present lower level of loyalty are also important.

Evolution of strategic orientations is a response to these changes among others. Moving from traditional marketing towards its successive, new types, including relationship marketing, is expressed mainly by profound changes in customer orientation, which allows for better satisfaction of customers' needs and expectations.

In product orientation it is assumed that for a particular price, consumers strive to buy products and services of the highest quality. This is accompanied by conviction of enterprises that customers expect that the products should have various sophisticated qualities and additional functions [Żurawik 1996]. Therefore enterprises adopting such a concept of activity mainly emphasise improvement in the offer quality, however, they do not always take into consideration really actual (or even real) customers' needs and preferences. Conducting own advanced research and development work or using innovative technologies that are made accessible, is typical of this orientation. Consequently, it is possible to implement innovative solutions that in their assumptions, serve improvement of the product quality and/or increasing the bundle of profits offered by the product to the customers. Recognising real changes in buyers' needs is an essential condition for success of this approach, so that resources are not wasted on implementation on useless changes. Otherwise, they can become "technologists' favourite child", without a real demand from customers.

Unstable market environment forced focussing on establishment of permanent relationships with customer, which contributed to the occurrence of changes in marketing orientation of enterprise. Currently, a lot of entities point at establishment and maintenance of relationships with customers in the way that ensures long-term profits for the enterprise. Innovations¹ constitute an important reason for establishment of long-term relationships with customers. According to the concept of relationship marketing, innovations are assessed from the point of view of customers – they provide them with new values through creation of new products, technologies, ideas, approaches and systems in such a way that they increase the level of satisfaction and loyalty [Dobiegała-Korona 2010].

Enhancing relationships with customers is also the basis for presumption that represents the possibility to perform two roles by the customer: of the producer and of the consumer. This can result in more complete use of their knowledge that constitutes an important determinant for creation of innovations adjusted to customers' needs [Kieźel 2015]. It is important for the concept of relationship marketing where customers are not only the recipients of new products and their direct users, but creators of a new product and technological concepts [Lettl and Gemunden 2005].

Tony Cram defines relationship marketing as a consistent application of updated knowledge about customers for designing a product/service that is communicated in an interactive way, for the purpose of development and continuation of mutually profitable relationships [Cram 1994]. The necessity of shaping products on the basis of information obtained from buyers is clearly emphasised here, thanks to which they can be individualised and they really correspond to their needs.

At the same time it ought to be indicated that currently, innovations are not only identified with implementation of innovations or changes in the product, process or tech-

¹ It is emphasised in the literature that the role of innovations in establishment of permanent relationships with customers is growing in circumstances of crisis [Makovec Brencic et al. 2012].

nology. They are becoming an integral part of functioning and development of every organisation. There occurs explicit integration of the function of innovation with other functions in the enterprise and increasingly more often with other cooperating entities [Sadkowska-Bień 2007]. Such cooperation ought to improve the process of creation of values on market, particularly in the case of systemic products offered within the network. It is often characterised by high level of technological advancement (particularly in the sphere of information and tele-communication technologies), and enterprises apply new, sophisticated designing techniques while creating them².

INNOVATIONS IMPLEMENTED BY BANKS AND BASED ON NEW TECHNOLOGIES IN THE CONTEXT OF DEMANDS OF ENTERPRISE ORIENTATION

New information technologies are extensively used by banks for the purpose of improvement of existing products and implementation of innovations. They also contribute to development of communication capabilities of banks, supporting data processing, storing information and constant development of knowledge about customer. These benefits enable banks to implement the main assumptions of the concept of relationship marketing while enabling collecting and processing information about customers, and thereby enhancing the chance for long-lasting cooperation and probability to offer products that will be attractive for customers.

Relationship marketing assumes that processes are customised to a particular customer and they should bring satisfaction of their needs. Development of information technology sector made it possible for banks to produce and provide customised products and services. Information technology solutions available nowadays allow for dividing markets into increasingly smaller segments, to the smallest one represented by individual customer. Thanks to devices that give both parties in the relationships the same chance to establish contact, it is not only possible to conduct individualised marketing operations, but frequently also to offer “tailored” services in cooperation with customer.

Really rapid implementation of innovations, mainly technological is observed in banking. Still a few years ago internet accounts were an exotic innovation, and currently there are over 20 millions of such accounts out of which a definite majority is active. Polish banking sector is nowadays one of the most innovative and most rapidly developing in the world. New solutions provided for customers’ use by domestic banks, more and more frequently gain recognition among sector specialists; they receive prestigious awards and are becoming a model to follow by competitors from the whole world. New services of Polish banks were described by prestigious “American Banker” among others (<http://natemat.pl/125031,innowacje-w-dziedzinie-bankowosci-elektronicznej>).

According to experts in the sector, high level of innovations in banking sector in Poland is determined by a series of factors. Without any doubts it is important that Polish

² At the same time it ought to be noticed that many systemic products, particularly complex systemic service products do not need to be characterised by the highest technological level in the sphere of all services – components they are formed of.

people willingly accept new technologies, both on demand and supply side. This can be confirmed by the data of Związek Banków Polskich (Association of Polish Banks) indicating that in the 3rd quarter of 2015 over 30 million customers had access to online banking. In comparison with the same period of the previous year this represents increase by 24.3%. The number of mobile banking users is also rapidly growing. Nearly 5 million customers use banking services on mobile devices (<http://prnews.pl/wiadomosc/ponad-5-mln-klientow-korzysta-z-bankowosci-w-telefonie-lub-tablecie-3473994.html>).

This trend is also used by banks while offering their customers applications for tablets and smartphones. Traditional money transfers, also those made through Internet transaction services are still most reliable solution, however they are slowly growing old. Nowadays more and more banks offer their customers the possibility to make money transfers to a phone number or e-mail address. The only thing needed to conduct such a transfer is the contact details to the recipient (their phone number or e-mail address). Other elements together with classical account number are unnecessary. For several months in some banks it has also been possible to transfer money via Facebook.

In mobile banking currently two main trends are effective: some banks focus on responsive web design (RWD), and some others on native applications. The second option was chosen by Bank Pekao among others. It developed a new program “Pekao24 na tablety” (Pekao24 for tablets), (<http://prnews.pl/hydepark/bank-pekao-udostepnil-aplikacje-na-tablety-z-managerem-finansow-6551885.html>). The application includes basic transactional functions that allow for everyday “banking”, including obtaining information about operations on the account, making money transfers, opening deposits or checking balance of possessed products. The tablet version has a new money transfer form in which the scope of necessary boxes is limited to minimum. Financial manager based on PFM module (Personal Financial Management) is the second function of the application. It is a tool for managing household budget. It automatically categorises customers’ expenditures and shows them in one of six groups: housing, transport, health, entertainment and recreation, bills, education and children. New solutions associated with the way loans are granted are examples of innovations implemented by banks. Customers of Millennium Bank, interested in such a product can apply online or via telephone, but also using a special option in the cash point menu. The amount of loan (up to 2 thousand PLN for the period of up to 2 years) is found on the customer’s account in a few minutes and is more profitable than the popular “short-term loans” with respect to the interest rate.

Lion’s Bank card, of Idea Bank brand, serving wealthy customers, is another interesting example of innovation. The card is the first metal credit card in the world (made from alloy of zinc, nickel and copper) of irregular shape that looks like a key. Master Key World Elite MasterCard has a very exclusive nature and is offered to the richest contractors, therefore it does not have an upper limit of debt. Apart from prestige, its user obtains the possibility to use many privileges including for example dinner with Dalajlama or climbing the opera building in Sydney (<https://masterkey.lionsbank.pl>).

The aforementioned Idea Bank also created an interesting innovation for entrepreneurs that so far has had no equivalent on market. Idea Hub is an unusually arranged space intended for co-working, where the bank customers can go to work, meet a contractor or use previously booked meeting room. The room is equipped with Wi-Fi, electronic and office equipment (including a printer) and also free coffee and current press. This is

a convenient solution for small and medium-size companies that not always have their own office spaces (<https://www.ideabank.pl/idea-hub>).

Idea Bank that is clearly focussing on innovations also surprised its customers and the whole banking sector with implementation of fully innovative solution in the form of mobile cashpoints on wheels. Vehicles of Idea Bank, in which it is possible to withdraw and deposit money, went to the streets of several Polish cities. With the use of an application on the smartphone, customers can also call for such a wheeled ATM to arrive at a specified address, just like they call for a taxi.

On the other hand, GetinBank offered its customers MasterCard Display, which is a card with miniature display unit showing the current account balance of the owner and various communications from the bank. It can also be used as a token to confirm a transaction in GetinBank internet banking services while replacing traditional text messages or scratch cards. MasterCard Display uses two separate PIN numbers, one is for confirming payments and the other one for using the display placed on the card. MasterCard Display, similarly to majority of currently issued payment cards, also has the function of contactless payment. The card is produced by Oberthur Technologies, the same company that supplies the Master Key World Elite metal card to Idea Bank (<https://www.getinbank.pl/klienci-indywidualni/oferta/karty/karta-debetowa-mastercard-display>).

DISCUSSIONS AND CONCLUSIONS

Currently banks aim at providing customers with a broad scope of benefits while applying active innovative policy and offer customisation for this purpose. It ought to serve satisfaction of needs in the best way. At the same time some banking products implement solutions that surpass actual customers' needs. They are a result of technological race of banks and are closer to implementation of product orientation. Self-service branches of Getin Bank that occurred in several shopping malls (for example in Warsaw and Katowice) can be indicated as examples here. Getin Point that in principle was to allow consumers to use its functionality independently (and bring the bank reduction of service costs), initially demanded more bank workers. They were necessary to explain the customers how it worked and to help customers use this innovation. The same is observed in the case of NFC payments implemented by banks. However, the scale of their application by individual customers is not as big as banks hoped for and expected.

Product innovations implemented by banks are also frequently encouraged by aggressive promotional activities that aim at supporting hard selling and not best satisfaction of customers' needs. This is the case of loans with "innovative" formulas of charging the interest that are accompanied by intense, friendly campaign. It aims at encouraging to use the benefits they offer, while actually they are not as attractive as it is shown in advertising communication. Similar conclusions can be formulated in the case of modified formulas of bank deposits.

Summing up, in innovative operations of banks, a lot of actions are convergent with the assumptions of the paradigm of relationships. Modernisation of offer thanks to new technological solutions allows banks for recognising, understanding, motivating and serving individual customer as never before. At the same time, the fact that banks seek

for technological innovations sometimes turns out to be the source of implementation of artificial innovations that mainly support interests of banks and not real needs of target groups, which can be considered an expression of regression to product orientation.

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INNOWACJE BANKÓW DETALICZNYCH – PRZEJAW MARKETINGU RELACJI CZY ORIENTACJI NA PRODUKT?

Streszczenie. Celem artykułu jest identyfikacja rozwiązań innowacyjnych wprowadzanych przez banki detaliczne w kontekście założeń paradygmatu relacyjnego oraz cech orientacji na produkt. W referacie wykorzystano analizę literatury przedmiotu oraz metodę dokumentacyjną obejmującą analizę źródeł wtórnych z badanego sektora oraz badania jakościowe *case research* dla kilku banków, ze szczególnym uwzględnieniem aktywnej polityki innowacyjnej. Dzięki przeprowadzonym badaniom ustalono, że banki dążą do zapewnienia klientom szerokiego zakresu korzyści, wykorzystując w tym celu aktywną politykę innowacyjną oraz indywidualizację oferty, bardzo często opierając się przy tym na nowoczesnych technologiach. Jest to wprawdzie zbieżne z założeniami paradygmatu relacyjnego, jednak należy zwrócić uwagę, że część produktów bankowych stosuje zaawansowane rozwiąza-

nia, które niekiedy przerastają realne potrzeby rynku. Działania takie są wówczas bliższe realizacji założeń orientacji na produkt.

Słowa kluczowe: innowacje, banki detaliczne, marketing relacji, orientacje marketingowe

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