

MARKETING FINANCIAL SERVICES

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Arthur Meidan

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Foreword © Michael J. Baker 1996

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To Rachel, with deep affection and love

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Foreword

Marketing Financial Services is the worthy successor to Arthur Meidan's *Bank Marketing Management*, which appeared in the Macmillan series *Studies in Marketing Management* in 1984. Since then major changes have occurred in the nature, structure and operations of the financial services sector that have had a significant impact upon both retail and commercial banking at home and abroad. It is against this background that one must greatly welcome the appearance of *Marketing Financial Services*, which incorporates much of *Bank Marketing Management* in an extensively revised and updated format, together with much new material with insurance, building societies, credit card and so on.

In the foreword to *Bank Marketing Management* I expressed the view that even the casual observer of the banking scene could not have helped becoming aware of the immense changes that had occurred and continued to take place. My opinion then, and now, was that money is the classical undifferentiated product and the only way in which those dealing in the commodity can secure any competitive advantage is through the range and quality of the services they offer. To determine what these service needs are they must undertake market research; to cater for these needs they require a product development function; to promote the existence of their new products they need advertising; and to sell them they need good packaging, competitive prices and sales incentives. I concluded that 'in sum, then, banks need a marketing approach to their business, and this book has been written especially to show how to develop and apply such an orientation'.

More than a decade later these views are seen to be just as valid as they were in the early 1980s. 1983 saw the first publication of the *International Journal of Bank Marketing*. In 1993 it published a special issue (volume 11, number 6) on the theme of 'Ten Years of Bank Marketing: Retrospect and Prospect'. The guest editors, Mike Wright and Chris Ennew, were kind enough to invite me to contribute to this theme and this I was pleased to do. As a generalist I would be the first to admit that I have not been closely involved with the detail of marketing financial services. That said, as a customer and interested observer I have come to the reluctant conclusion that there is a clear lack of marketing in both principle and practice in the UK banking system – a criticism that applies to a considerable degree to the broader field of financial services. In my article entitled 'Bank Marketing – Myth or Reality?' I came to the conclusion that the application of marketing to financial services is largely one of trappings rather than substance.

Among these trappings of marketing, first identified by Charles Ames in a *Harvard Business Review* article in 1970, may be numbered declarations of support from top management, the creation of marketing organisations containing numerous people with 'marketing' in their title, and increased marketing expenditure on advertising and publicity. While all these activities may contribute to improved performance, Ames went on to argue that they are 'no guarantee of marketing success. The kind of change that is needed is a fundamental shift in thinking and attitude throughout the company so that everyone in every function area places paramount importance on being responsive to market needs'.

To understand fully the true substance of marketing, this book offers an important point of departure. Arthur Meidan is eminently well qualified to write what I am sure will be seen as a valuable contribution to the growing literature on the marketing of financial services. As well as extensive knowledge of current thinking on the subject, Professor Meidan possesses two other distinct advantages. First, he has actively participated in management development programmes for people in the financial services sector, and so is more familiar with the philosophical problems of persuading professional people that 'marketing' is not an anodyne designed to disguise what was discarded as high pressure selling. By the same token he knows from personal experience just what topics are of interest to financial services managers and how to present these clearly and succinctly. Second, in preparing this much extended version of his earlier work, Arthur Meidan has had the benefit of direct comments and criticism from senior practitioners and, being a marketing man, he has incorporated this consumer feedback into his product design. In addition to an authoritative discussion and exposition of the subject matter this book also contains a number of 'exhibits', which consist of short case studies, illustrations, examples and descriptions of situations from various financial services sectors in the UK and abroad that both emphasise and elaborate on the issues under discussion.

For those seeking to put substance into their marketing effort, read on!

*University of Strathclyde
Glasgow*

MICHAEL J. BAKER

Preface

The original inspiration for this book came from two sources. Firstly, in the last few years there has been clear evidence of a need for a basic text in marketing financial services that could be used by students in various courses offered by universities and other tertiary institutions of education as well as by practitioners, and which incorporates and discusses in some depth the problems and issues relevant to the various financial services sectors: banking, insurance, building societies and credit cards.

Secondly, I have had substantial experience of teaching insurance and, separately, bank marketing courses to practitioners in these sectors of the financial services through post-experience courses and seminars in Western Europe, the Middle East and North and South America. This experience identified a gap in the literature: there are indeed very few books that present marketing problems peculiar to sectors such as insurance or building societies within one book cover, generalising when there is common ground amongst the various financial services sectors, yet discussing separately the special features, applicability, theories and practices that are relevant to one particular financial services category only.

This book recognises that the major function of the financial services marketer is decision making. It focuses, therefore, on the major types of decisions – and problems – facing financial services marketing executives in the present unstable and competitive environment, which is affecting this industry at both national and international level.

The text presents a large number of examples and applications, usually in the form of ‘exhibits’, which are short case studies, descriptions of situations, examples or the results of research and studies in both the UK and overseas.

Many people have been influenced in the successful completion of this book. It is with gratitude that these individuals are acknowledged here.

Acknowledgements are extended to Mr G. Burn for permission to reproduce some of the material from my book *Insurance Marketing*. To Professor Michael J. Baker, many thanks for writing the Foreword and for his general support of this initiative. I am indebted to Mr Kevin Gavaghan (former Director of Marketing and Communication at Midland Bank), Dr Barbara Lewis (former Editor of *The International Journal of Bank Marketing*), and Professor Adrian Payne of Cranfield Business School for writing supporting statements and comments on the book. I am also grateful to my colleague, Dr R. S. Minhas, for his comments in reviewing the manuscript.

Acknowledgements are also extended to a number of former and present students of mine at Sheffield University, and in particular to I. Lim, C. Kuen, N.

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Finally, I am indebted to Mrs K. Hewitt, Ms N. Keally and my secretary Ms M. Gleadall, who have all assisted with the typing of the manuscript.

Responsibility for any errors or omissions is mine.

Sheffield University, Management School

ARTHUR MEIDAN