Chapter 8
Marketing Financial Services and Products in Different Cultural Environments
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ABSTRACT
In this chapter, an analysis is presented of the conditions for effective marketing of financial services/products in different cultural environments. It is argued that financial services/products are not like other conventional goods and services/products: they exhibit special characteristics (i.e. intangible and risky). Thus, they should not be marketed to all financial consumers alike for they incur risks that are unsuitable for all consumers. Any associated capital loss may lead not only to consumer reaction but also might impair the normal operation of the financial market as a whole. Marketing efforts owe to take into consideration these characteristics and risks and effectively integrate marketing strategies with the carefully regulated issuance and distribution of financial products/services. Effective marketing of financial services requires a concerted effort on behalf of governments and financial service/product providers. Finally, marketing efforts must take into consideration the cultural environment within which marketing takes place.

INTRODUCTION
The essence of modern marketing is the identification and satisfaction of the requirements of the financial consumer. Adam Smith put it succinctly when he wrote: “Consumption is the sole end and purpose of all production and the interests of the producer ought to be attended to, only so far as it may be necessary for promoting that of the financial consumer” (Adam Smith (1776), Book IV, Chapter VIII, IV.8.1). More recently, Philip Kotler, a well-known marketing scholar, defined marketing as a social and managerial process whereby individuals and groups obtain what they need and want through creating and exchanging products and value with others (Kotler, 1988, 2004).

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The concept and practice of marketing has been influenced by the course of evolution of western market organization from commercial to industrial to financial capitalism. Accordingly, the marketing framework developed as an economics discipline influenced by Adam Smith’s view of free markets and laissez-faire, Marx’s view of historical materialism of societal evolution, Weber’s view of the rational economic man and Darwin’s view of the survival of the fittest. These views broadly assume secular, rational and socially competitive financial consumers with materialistic worldviews, serving self interest and pursuing wealth maximization and want satisfaction.

In this world, most producers operate in complex and competitive environments in which financial consumer demands are continually changing and increasing levels of resources and management attention are devoted to attracting and retaining financial consumers. This setting has promoted the marketing concept and practice as the identification and subsequent satisfaction of financial consumer desires and wants more efficiently and effectively than one’s competitors (Kotler, 1988). Marketing has followed a dynamic path and represented the instrument through which financial consumer satisfaction has been delivered and grown over the past decades (Cooke et al. 1992).

The marketing of financial services and products is a unique and highly specialized branch of marketing and presents a particularly interesting challenge. Financial services and products are quite different from standard financial consumer goods and services and have been evolving into more and more sophisticated and diversified forms over the course of development of modern competitive capitalism. Today, financial service providers cannot afford to simply continue supplying the same products to the same markets to the same financial consumers without consideration of the longer-term implications of the changing opportunities and threats that have confronted them, both at the micro level (capital loss) and at macro level (financial instability). The challenges thrown open by the changes in the financial environment have to be effectively tackled. And this necessitates continual exploration to identify financial consumer needs and their evolution over time. The practice of marketing and selling of financial products and services is in many ways far more complex than the selling of financial consumer packaged goods, automobiles, electronics, or other forms of goods or services. The environment in which financial services and products are marketed is becoming more competitive and global, making the task of marketing these services and products increasingly challenging and specialized.

The development of effective financial services and products marketing strategies requires a two-fold approach. First, the growing globalization of finance requires a marketing strategy based on effective mass communication with generalized and comprehensive advertising and promotion messages (Bird, 1989). Second, as financial consumer sophistication and competition among service providers lead markets to break down into heterogeneous segments and financial products become more and more specialized and tailor-made, precisely targeted marketing strategies are required that create interaction with smaller groups of financial consumers and address individual needs and wants. This development, coupled with changing demographics and lifestyles, decreasing data processing costs and escalating media and sales force costs, has contributed to the growth of more direct marketing strategies (Holder and Owen-Jones 1992). Along with other advertising and promotion activities, modern marketing creates and reinforces brand awareness, maintains financial consumer loyalty and sells goods and services directly. Consequently, direct marketing both fulfils a promotion role and serves as a distributive function. This functional diversity has made direct marketing a potent marketing tool for the promotion of financial services and products in recent decades.

However, it is now evident that, due to their special characteristics of financial services and products and the occasionally significant side effects (uncertainty, capital loss, corporate default) and social costs
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