

Chapter 11

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.

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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).

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

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