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APPROACHES TO THE FORMATION OF THE MARKETING STRATEGY OF INNOVATIONS IN THE BANKING SPHERE

Abstract. The article highlights issues related to the innovative activities of banking organizations from the point of view of developing and providing banking products and services. The need for objective research on the selection and classification of new banking products and services, which are brought to the market as objects of marketing activities of credit institutions, has been proven, since their properties are not the same. The conducted economic and theoretical analysis showed that despite the fact that banking services and products have a set of similar characteristics, they also have their own unique characteristics. The authors proposed an approach to identify classification features inherent in new banking products and services, which is key to the competent development of the bank's marketing activities. It is proposed to define the concept of "new banking products" from the point of view of innovative marketing activities of the bank based on the degree of their novelty, which allows to supplement the existing classifications with new features in order to develop a clearer chosen marketing strategy. It was determined that depending on the degree of novelty of the product, innovative processes in the bank can be classified as differential or diversified. This distribution also allows focusing attention on the formation of the bank's marketing strategy. When classifying banking products, it is recommended to provide detailed information about the target group of customers who use new banking products and consider the stage of the life cycle of banking products from the perspective of innovation. When classifying new banking products by life cycle stage, it is useful to consider the following stages: development of products and services; implementation of pilot projects or testing of new banking products; assessment of sales dynamics; maturity of new banking products; decrease in sales of new banking products. This approach makes it possible to take into account the specifics of the work of credit organizations and the interests of various groups of potential consumers in the process of introducing banking products and services.

Key words: *banking product, service, marketing strategy, innovation, banking institution, life cycle, customers.*

JEL Classification: G21

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Introduction. The current economic situation is characterized by uncertainty and dynamism. Therefore, the conditions of the world market may differ due to the influence of various geopolitical and socio-economic factors. In this instability of the external environment, innovative activity is an integral condition for the efficiency of both business as a whole and individual organizations. Therefore, innovative development is the basis of the economic development of the entire country and is considered an objective vector and priority of the domestic economy.

Adaptation to the changing conditions of economic activity is also an imperative of the credit and operational banking market. Banking institutions face increasing global challenges due to significant competition in an environment of volatility and uncertainty. Therefore, the development and implementation of innovations is an important condition for their survival and competitiveness, and the changes in the market that are currently taking place increase the relevance and importance of marketing research in the banking sector. Indeed, in an innovation-oriented economy, a successful banking business is impossible without constant improvement of the activities of credit institutions and providing the market with new products and services that meet the needs of consumers and modern trends. Therefore, the marketing strategy of innovation is to provide forecasts and understanding of customer needs, and the production of new products and their effective implementation to support target consumer demand prompts in-depth research. Actually, the study of the features of new banking products and services can contribute to the correct understanding by bank employees of the essence of their various types, modeling of marketing strategy and effective activity at all stages of the implementation of innovations, forecasting of final results.

Analysis of recent research and purpose of the research. The study of various aspects of the functioning of banking products and services markets attracts the attention of many theoreticians and practitioners in Ukraine and abroad, which is explained by the expansion of the sphere of services, renewal and modernization of banking activities in general. Among domestic scientists, it is worth highlighting the works of N. Vyadrova, O. Dzyublyuk, S. Ivanov, L. Katan, N. Koretska, N. Meda, R. Pavlenko, M. Shevtsova, and others. However, these scholars have studied certain aspects of the functioning of the domestic market of banking products and services, which does not provide a complete picture of their functioning, especially their innovative component and approaches to the formation of a marketing strategy.

The purpose of the research is to theoretically and methodologically demonstrate the principles and main approaches to building a marketing strategy for the introduction of innovative banking products and services.

Research results. Today, marketing in the banking sector involves solving a fairly wide range of issues, which include: identifying existing and potential markets, determining existing and new customer needs, choosing the most appropriate range of banking products and services, creating innovative products based on short-term and future analysis, establishing optimal directions of promotion of economically profitable banking products and services, search for segments, formation of consumer demand for innovative products, forecasting, analysis and control of bank profits through their implementation.

During the implementation of innovative activities by a credit organization, it is quite important that before developing new marketing research, an analysis of the banking market and specific target segments, a detailed study of the client base and demand for innovations, as well as the state of the competitive environment, is carried out. This will help the bank to determine its competitive advantage and identify areas of activity where it can outperform competitors and strengthen its position in the market.

In addition to the creation of new types of products, banks should pay special attention to the implementation of innovations on the application of progressive forms of customer service, including the use of advanced information technologies and the latest developments in technical means, which is dictated by the digitalization of the modern business environment.

In domestic legislative documents, there is no clear distinction between the concepts of "banking products", "banking services" and "banking operations" and they are often used as synonyms. Thus, Article 47 "Banking Operations" of the Law of Ukraine "On Banks and Banking Activities" lists the actions that banks can carry out on the market and specifies the concepts of "operations" and "contracts", among which there is also the concept of "services", which identifies these terms [1]. There is no single approach to the interpretation of these terms even among research scholars. Yes, N.S. Meda, and N. I. Koretska, S.V. Ivanov [2-4] identify these concepts. N.S. Meda considers the banking product "as a complex phenomenon... that satisfies the existing standard needs of the bank client and is sold on the market for the purpose of obtaining income and is a banking product" [2, p. 202], N.I. Koretska notes that "a banking product is the result of the bank's activity on the market, which is embodied in the form of services" [3], S.V. Ivanov notes that "the market of banking services is a complex environment for the formation of demand and supply for banking products, which is dynamically developing and acquiring new features in the context of modern global economic processes" [4, p. 69].

O. Dzyublyuk, R. Pavlenko, M. Shevtsova [5-7] define "banking service" as a part of the banking product, for example, O. Dzyublyuk notes that "banking services are the final result of the functioning of banks in terms of meeting the needs of customers, related to the movement of cash or the implementation of additional types of activities that are reflected off the balance sheet; involves carrying out certain operations and aims to satisfy the client's needs" [5], and R. Pavlenko points out that "the banking product, as the basis of the banking service, can play a key role in the socio-economic development of the region (in which it is introduced), is decisive in determining the acceptable level of risk and fundamental for building mutually beneficial relations with the target audience."

L.I. Katan offers the interpretation of "banking product" as an independent economic category, which "is defined as a product produced by the bank as a result of the main activity of the bank to satisfy the client's requirements during banking operations or to attract temporarily free resources, aimed at obtaining a profit" [8]. We support exactly this approach from the point of view of marketing, which is quite logical regarding the presentation of a banking product, in fact, as a product sold by a credit organization. At the same time, the process of providing consumers with a certain banking product may actually include not one, but a whole sequence (many) of banking services, which, in turn, involve the performance of one or more banking operations with the common goal of meeting the client's needs. Such a relationship is clearly demonstrated in Figure 1.

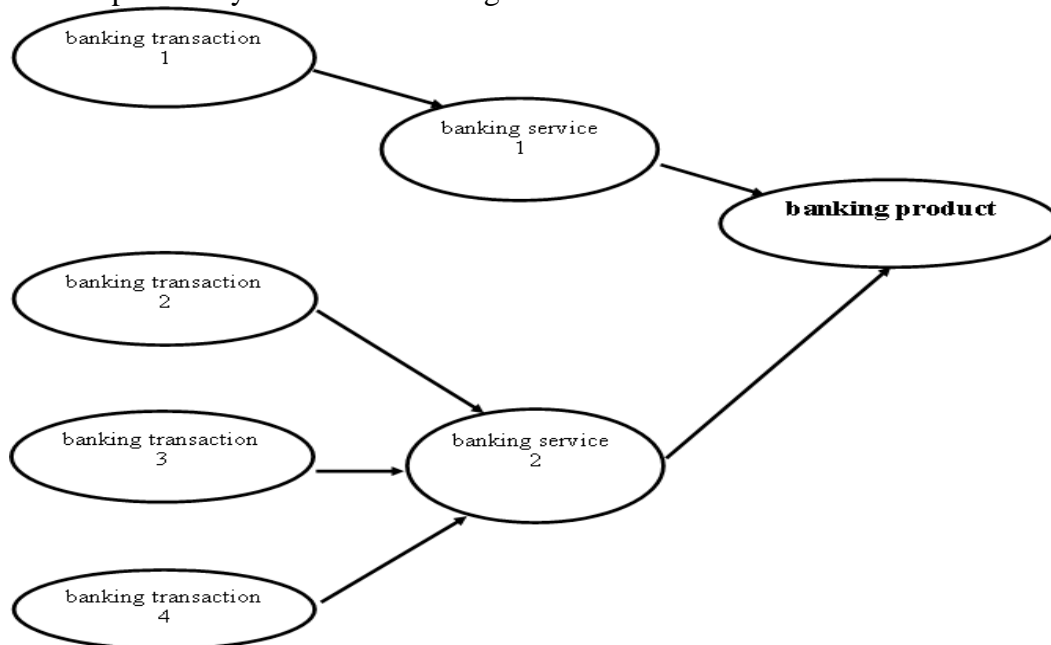


Figure: 1 – Relationship between banking operation, service and product
Source: compiled by the author

Next, we consider it logical to identify the main characteristic features inherent in banking services and products, the understanding of which is of key importance for the competent construction of the bank's marketing activities and strategy (Fig. 2).

Abstractness. The banking products themselves, as a rule, do not have a tangible form, which makes them similar to intangible assets. Their material form is various forms of documents (agreements, receipts, checks, etc.), which, in the context of digitalization, also lose their form of material media due to the introduction of Internet technologies.

Unpreservability. It lies in the impossibility of storing banking services and products, therefore banks encourage their clients to use remote service channels.

Contractual nature. It involves documenting and confirming the provision of banking services with the appropriate contract.

Connection with financial resources. For a banking product, money can be both its component and the payment for its provision.

Service period. It is explained by the fact that when purchasing banking products, the client enters into a relationship with the bank for a certain period equal to the validity period of his agreement.

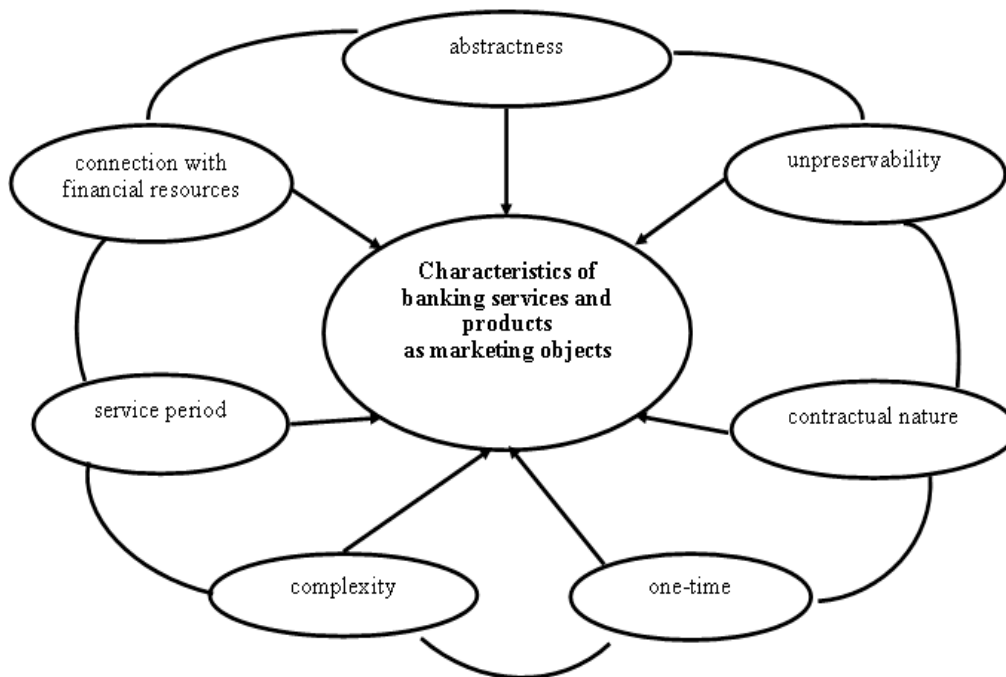


Figure 2. Characteristics of the general properties of banking services and products as marketing objects
Source: compiled by the author

Complexity. It is determined by the fact that clients need to explain the terms and contents of the contract, since all consumers have different levels of financial literacy.

One-time use. We have additionally highlighted such a feature inherent in banking services as “one-time use,” which is due to the disappearance of the service after its provision. When a specific banking service is completed, the client receives as a result a purchased banking product, which remains with him, for example, in the form of a formalized agreement or a plastic card.

If we consider the distinctive properties of a banking service and product, then, first of all, among them we can name the inconsistency or differences in the quality inherent in the services. After all, the quality of banking services is largely determined by the level of professional knowledge, skills and abilities of the bank employees who provide them. In addition, depending on personal characteristics, all people may approach the same job in different ways. But about banking products we can say that they are more standardized and unified.

The conducted economic and theoretical analysis clearly showed that banking services and products have a set of similar characteristics, but also have their own specific properties. Common features of banking services and products include: abstractness, unpreservability, contractual nature, connection with financial resources, service period, complexity. And to the specific features of banking services - one-time use, inseparability from the source, variability of quality. Therefore, in the course of marketing activities, credit institutions must take into account the identified features of banking services and products in order to further successfully promote them to the market.

At the same time, innovative banking products are particularly difficult to market due to their novelty and sometimes uniqueness, which can create problems for their perception by a potential buyer. It is competent marketing of innovations that allows a promising idea to be translated into a sought-after banking product.

Another problem of innovation marketing is the commercialization of innovative developments, that is, bringing them to the stage where they are able to bring real economic benefits.

The introduction of innovations provides credit institutions with the opportunity to develop new markets, significantly increase their customer base and, of course, profits. However, the level of modification of new banking products does not always meet the requirements for the developer to obtain a patent. In this regard, when a successful new product appears on the market, competing banks react very quickly to changes and copy it, trying to develop and offer their clients an equally popular analogue.

Analyzing the dynamics of economic development, it can be noted that most often banking innovations are technological, due to the development of scientific and technological progress, the intensive spread of Internet technologies (electronic payments, bank cards, Internet banking), and product innovations, which directly imply new banking products. It follows from this that new banking products belong to banking innovations, but are a narrower concept. N. Viadrova follows up on the innovative activities of banks through a broader approach, which adds additional services to innovative banking products, and thereby "satisfies the needs of bank clients" with them and clear banking products and services, with the use of current information and communication technologies, to achieve economic and social effect" [9, p. 21].

In our opinion, an innovative banking product can be understood as the result of a synergy of innovation and marketing activities of a bank in the form of a completely new or modified product with new qualities or improved characteristics that are more attractive to a potential buyer, satisfying previously unmet client needs.

From a client perspective, a product will also be considered new only if the client has not used it before. In this regard, we consider it appropriate, when classifying new banking products, to consider the degree of their novelty not only for the "issuing bank", but also for the client, third-party banks, and the country as a whole.

Therefore, according to the classification feature "degree of novelty", the following new banking products can be distinguished: unique - completely new products; the latest for Ukraine based on foreign experience; modified - were previously present in the product range of other organizations, but adapted by applying various marketing tools to the needs of clients of another bank and have improved characteristics. For example, in the banking sector, the "E-hryvnia" project was launched in September 2021. Its purpose is to determine the need for large-scale issues of the hryvnia in digital format in Ukraine and to develop its use options, optimal characteristics, design and architecture, which can characterize the e-hryvnia by the "degree of novelty" as a unique banking product. Currently, the National Bank is considering the following options for using the e-hryvnia, which it determined based on the results of a survey of participants in the financial market of Ukraine and the results of its own research and international experience: payments - features of "programmed" money and the possibility of targeted social payments; e-hryvnia for use in areas related to the circulation of virtual assets (for example, exchange, issuance and other operations

using virtual assets); e-hryvnia for cross-border payments, which allows cross-border payments to be made faster and cheaper [10].

From a marketing perspective, any product that is already in the bank's product portfolio and is sold on a certain market, but is expected to be introduced to another market, is also innovative. It is also important that the degree of novelty of the product is determined by the chosen marketing strategy. Depending on the degree of novelty of the product, innovative processes in a bank can be of the nature of differentiation or diversification.

Product differentiation implies the process of improving it and developing its various modifications, as a result of which it will have significant differences from similar products of other organizations and significant competitive advantages.

The portfolio of any credit institution contains various types of banking products, and their structure reflects the focus of banking activities. The diverse range of products provided by the bank contributes to the diversification of its activities. Therefore, diversification is one of the key marketing strategies. In relation to the banking sector, it represents the creation of new banking products and services, with which the credit institution subsequently plans to enter new markets.

Thus, it is advisable for modern credit institutions to expand their product lines based on a marketing strategy for the introduction of innovative banking products.

When starting to develop new banking products, banking organizations, as part of building a marketing strategy, must clearly determine for which clients they are intended. After all, each customer segment has its own individual needs that must be taken into account when creating a new banking product. This determines whether the new product will be in demand by consumers and, as a result, will be successful in the financial market and make a profit. Therefore, we propose to distinguish the following types of them according to the groups of clients to whom new banking products are aimed: for individuals or legal entities; for current or potential clients; for regular or high-status (VIP) clients; for the mass or wealthy segment; for residents or non-residents; for adult or minor clients; for corporate or retail clients.

Since each banking product goes through stages from development to termination of its implementation, we consider it appropriate to classify new banking products by phases of their life cycle:

development is the most labor-intensive stage, since it involves conducting a whole series of marketing research, analyzing the external environment, monitoring customer needs, searching for ideas, determining the properties of a new banking product, calculating profitability, studying the regulatory framework, obtaining appropriate permits for implementation, training staff, etc.;

a pilot project involves testing a new banking product by offering it to a limited number of clients (for example, in a certain region or a separate segment) and then introducing it to the market if there is a positive reaction to it;

implementation involves the direct promotion of a new banking product to the market using various marketing tools. At this stage, usually the income from sales of a new product is not high, and losses are also possible due to the bank's high level of costs and setting a low "entry price" for the product on the market;

sales growth is characterized by expansion of sales, an increase in the profit received by the bank, weak competition, but already the appearance of modified versions of the new banking product in other banks;

the maturity of a new banking product is manifested in maximum competition among issuing banks, its distribution to mass customers, the use of marketing techniques to provide discounts or a minimum price level;

the decline in sales is manifested in a decrease in the sales volume of a new banking product due to its prevalence and market saturation. In this phase, banks try to find alternative markets and ways to promote the banking product to clients, its multiple modifications are distributed, or sales of this product are stopped.

Thus, in order to make the right strategic marketing decisions that determine the success of innovation, the most detailed information is needed. One that gives a complete picture of the properties and characteristics of new banking products, their types and analogues on the market, and their perception by clients. We believe that the formation of a marketing strategy in a bank should be based on a competent product policy and the balanced formation of its product range, including various types of advanced banking products, in order to achieve the goal of making a profit and increasing the efficiency of all banking activities.

Conclusion. In times of crisis and unstable economic conditions, the main obstacles limiting the marketing of innovations remain the high cost of the development and implementation of marketing research and projects and the lack of financial resources from credit institutions for their implementation. However, despite the fact that marketing innovations in the banking sector is accompanied by certain difficulties, this should not be an obstacle to its implementation. After all, innovation marketing allows credit institutions to strengthen their position in the market, increase the competitiveness and efficiency of their business. And through the introduction of innovations across the country, the growth of the entire economy is ensured.

We believe that one of the important factors for the successful introduction of new banking products to the market is taking into account the characteristics of the phases of their life cycle when planning the bank's marketing activities. At the same time, strategic planning of innovation activities and the formation of a marketing strategy should be based on product life cycle management, which involves the choice of a specific strategy at each stage of its development. Taking into account the life cycle, a credit institution can form its product range by changing the combination of banking products, introducing new types and withdrawing those that can no longer meet the required level of demand.

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ПІДХОДИ ДО ФОРМУВАННЯ МАРКЕТИНГОВОЇ СТРАТЕГІЇ ІННОВАЦІЙ У БАНКІВСЬКІЙ СФЕРІ

Анотація. У статті висвітлені питання, пов'язані з інноваційною діяльністю банківських організацій з точки зору розробки та надання банківських продуктів і послуг. Доведено необхідність об'єктивного дослідження щодо виділення та класифікації нових банківських продуктів та послуг, які виводяться на ринок як об'єкти маркетингової діяльності кредитних установ, оскільки їхні властивості неоднакові. Проведений економічний і теоретичний аналіз показав, що не дивлячись на те, що банківські послуги та продукти мають набір подібних характеристик, вони також мають свої унікальні характеристики. Авторами запропоновано підхід до виявлення класифікаційних ознак, притаманних інноваційним банківським продуктам та послугам, що є ключовим для грамотної розробки маркетингової діяльності банку. Запропоновано визначення поняття «нові банківські продукти» з точки зору інноваційної маркетингової діяльності банку на підставі ступеню їх новизни, що дозволяє доповнювати існуючі класифікації новими ознаками в цілях розроблення більш чіткої обраної маркетингової стратегії. Визначено, що у залежності від ступеню новизни продукту інноваційні процеси в банку можуть бути віднесені до диференціальних або до диверсифікаційних. Такий розподіл також дозволяє акцентувати увагу на формуванні маркетингової стратегії банку. Під час класифікації банківських продуктів рекомендується надавати детальну інформацію про цільову групу клієнтів, які користуються новими банківськими продуктами та розглянути етапи життєвого циклу банківських продуктів в ракурсі інноватизації. Класифікуючи нові банківські продукти за стадією життєвого циклу, корисно враховувати наступні етапи: розвиток продуктів і послуг; реалізацію пілотних проектів або тестування нових банківських продуктів; оцінку динаміки продажів; зрілість нових банківських продуктів; зниження продажу нових банківських продуктів. Такий підхід дозволяє врахувати специфіку роботи кредитних організацій та інтереси різних груп потенційних споживачів у процесі впровадження банківських продуктів і послуг.

Ключові слова: банківський продукт, послуга, маркетингова стратегія, інновація, банківська сфера, життєвий цикл, клієнти.

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