

Marketing Innovation in Services

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Abstract

Innovation is at the center of many debates on the competitiveness of business services including financial institutions and banks' profitability. This paper focuses on innovation in marketing services including public banks in Algeria. In this paper we demonstrate that the relative dimensions of innovation in services is correlated with those of the marketing culture to be omni present in the bank. An empirical study allows us to evaluate and assess innovation in services particularly in the Algerian public banks, through a field study of qualitative and quantitative with leaders of Algerian public banks and private clients .

Keywords: Innovation, Service, Marketing Banking.

Introduction

For their contribution to the majority of employment and value added services are at the heart of modern economies, they now represent almost 70% of gross domestic product (GDP) and employment in all developed countries (OECD).The service employment is now a clear majority in so-called industrialized nearly 3 / 4 USA, 7 / 10 in France or the United Kingdom, more than 6 / 10 in Germany and Japan are in services. (OECD).

Through this vision, the services have been perceived until recently as a few innovative: the overall picture since they were little R & D and merely incorporate the technology produced upstream by the manufacturing sector (Frascati Manual) Although recognized today as the engine of economic growth and job creation in all industrialized countries, services have been the subject of recent investigations that have significant break with the image of refractory services innovation by clearly demonstrating that the services innovate, but often in other forms as in the manufacturing sector (Oslo Manual and third European Community survey on innovation (CIS3)

We are witnessing a stream of innovative banking products and services that fit more with the new preferences and expectations of customers, marketing is also called the bank, more than ever, to play a decisive role in this and field. Innovation capability gives the bank the extent of its survival and vigor. It requires energy, imagination, and creativity, sense of the market, its opportunities and its future. But this could be done through a strategic and operational effective marketing and strategy innovation.

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This paper presents a frame of innovation in financial services from the theoretical sources that faces an empirical case to reach a generalization based on our observations. The study was conducted in two parts: the first part deals with the concepts of innovation in general and in specific services and the creative process and strategic and organizational implications of new banking products and services, we have also discussed the strategic implications and operational innovation banking and the place of the function R & D structures. And we will finish with the prerequisites for successful innovation bank.

This reflection will take us to the Algerian context that we see in recent years. The development of means of information and communication, the character more and more open to the Algerian economy, consciousness and the requirement more or less awake consumer Algeria, all these are factors that continue upset or rather to revolutionize the classic work of Algerian financial institutions.

Literature review

Several researchers have studied and analyzed the success factors and causes of failures of innovations: AD Little (1997), Cooper (1979, 1982, 1993), studies of the PDMA (1993), Edgett Shplay and Forbes (1992), The IEEP (1990), Booz Allen and Hamilton (1982) ... The results of these studies are consistent and demonstrate a poor appreciation of market needs, lack of managerial skills including marketing, lack of communication, neglect of environmental problems, lack of flexibility in the organization, number growing financial institutions adopting the strategy of imitation, which are among the most important causes of failure of innovations. In contrast, and unlike these criteria, competence, experience and high marketing orientation, good market knowledge and screening, interaction with customers.... count, however, among the most important factors in successful innovation.

Factors Of Success And Causes Of Failure Of Innovation Bank

1) The conditions of success

The downstream processes including driving factors of successful innovation bank does not allow itself to pass a comprehensive strategic approach to innovation. Other success factors must be analyzed and taken into account: ADLittle (1997), PDMA (1993), Edgett Shiplay & Forbes (1992), IEEP (1990), Hoddok CL (1990), BAH 1982), Cooper (1982) ... We resume the main results revolve around three axes listed in order of decreasing importance, namely:

1.1 / A high sensitivity and attention to customer:

- The customer is considered the main source of ideas for new products. This marketing orientation contributes effectively to increase the chances of success of banking innovations.
- The primary cause of failure of new banking products and services it would be a lack of sensitivity and attention to customer needs or real? The work of Brilman (1997), J.Ph.

Deschamps & P. Ranganath Nayak (1997), Peppers & Rogers (1998), AG. Vukonic & R. Cooper (1991) and the method "Rubbermaid" rather give a positive answer to that question.

1.2/ A revitalization of the organization that takes into account the specificity of banking and who directed him to innovation:

- The quality of the organization and management that determines the success of innovations
- The support and encouragement of senior management are a driving factor for the development and success of innovation.
- Innovation is the result of synergy and cross-functional interface between technicians, salespeople and customers to be successful.

1.3 / Strengthening of strategic marketing in the bank:

- Only by enhancing strategic thinking early in the process of innovation that we hope will improve its effectiveness. Results of studies of BAH (1982), PDMA (1990), Theys (1994).
- Strengthen marketing strategy is profitable for the bank that significantly improves the productivity of its R & D.

2) The causes of failure

The causes of unsuccessful launches of new products and banking services are, therefore, unlike the previously mentioned conditions for success. However, among the many results from studies on this subject, we consider the main causes of failures of innovations. They revolve around three axes listed in order of decreasing importance, namely:

2.1 / A neglect of environmental problems:

- A banker must, before developing an innovation strategy, consider the environment. The bank most attentive to its environment is likely to be better equipped to cope with the unexpected and therefore more able to offer products and services that best meet the real needs of customers.
- A bank that does not fully know the needs and expectations of the market has little reason to be according to Mr V. (1991). So what if she tries to innovate. The analysis of the social and cultural environment of the bank is a necessary condition for successful innovation.

2.2/ An underestimation of the market and competition:

- Underestimating the competition, its location, speed and the increasing number of banks adopting the strategy of imitation, much easier in the field of banking services, especially due to the non-protection innovations by patents, is also a major cause of failure of new products.

2.3/ absence of a predetermined process of innovation and poor organization of the bank hinder the development and success of innovation:

- It must ensure consistency of process innovation with strategic objectives and skills, including marketing, banking. Good cross-functional relationships should exist between the R & D and marketing, between marketing and operations and commercial, etc. ...

- Poor organization of the bank or an organizational structure not suited to innovation or structural inertia and resistance to change.

These are key findings emerged from the conceptual analysis in this theoretical framework.

Algerian public banks must organize, innovate and be attentive to their environment that has become very volatile and their demanding clientele. Innovation in general and in services in particular plays the role of particular challenge for our banks. Faced with this transition to this new environment of the banking market.

- The Algerian-owned banks manage it this transformation? And by what processes?

- How-makers Algerian public banks perceive the innovation?

- Are they-depth studies of the Algerian banking customers?

- And what are the attitudes and expectations of individual customers to new products and banking services

Research Methodology

As part of the empirical study we conducted among the Algerian public banks and their clients from individuals, we opted for the completion of two questionnaires. The first is addressed to leaders of the Algerian state commercial banks (regional directors) in Oran who number 6 chosen as follows: BNA, BEA, CPA, BDL, BADR, BANK CNEP and the second to individual customers each bank is a sample of 600 customers.

These different public banks mentioned above will be the subject of our empirical research and constitute the sample selected from the Algerian banking market, knowing that there are other players (foreign private banks), as Baraka Bank Société Générale, Crédit Paribas, Natexis Bank, the Housing Bank offering new banking products to individuals.

The reason that foreign banks have not been addressed in our research is because they do not have a major influence on the results of our research in terms of space occupied by them in the Algerian economy upon the completion of fieldwork.

For the first questionnaire to the heads of directorates

We used the questionnaire by direct interview with each head of bank. We have found this method more appropriate and effective in this case, given the small size of the sample and the opportunity to benefit from direct contact with bank officials selected.

In our case, the context of a changing banking market as the Algerian market, we try to analyze the methodology and strategy to achieve the conditions for success of banking innovations and analyze their degree of application in the Algerian commercial banks.

Indeed, we will study the perceptions of the Algerian public banks towards banking innovations and the attitude of customers towards the new private banking products and services (convergence and divergence).

Results

The majority of Algerian public banks is not an organizational structure that promotes the success of new products and services.

- No bank surveyed do not achieve continuous and extensive studies on the behavior of bank customers. Almost all bank officials we interviewed, confirm the "lack of market information" and "lack of studies on the Algerian banking customers" who are ranked third and considered therefore as important as brakes that can prevent a bank of innovation. The major obstacles should be overcome, without a sound knowledge of the market in general and especially its customers, banks can not act, especially in innovation, or effectively or safely.

- All the Algerian public banks are unable to assess the cost. In addition, no bank has a system control and monitoring of new products and worse the majority of managers surveyed do not even remember the date of launch of new products.

- None of the banks polled does a strategy of communication products and services new and existing, specifies the objectives and overall marketing strategy of the bank.

- Nearly all Algerian public banks surveyed have a sparse distribution network, the network of banks is described very thin.

- However, the Algerian public banks reported a number of measures including launching new products as well as the generalization of Tele check clearing, installation of ATM Bank in the various agencies and development agencies of some banks but this is still limited compare.

For the second questionnaire for individual customers:

Customers individuals were chosen from different branches of banks selected. Given the technical nature of the questionnaire, we faced the problem of the mastery of the subject by customers, because we have noticed that most of them have absolutely no idea about new products and banking services, even those launched by their own bank. This difficulty is not a surprise to us, we have planned, but will have one result that is not so obvious.

It is for this reason that individual customers through the survey we conducted with individual customers reveals this attitude:

- Innovation Bank is seen by clients of private banks Algerian state, as the important factor of differentiation and especially of the choice of a bank.

- The customer is not satisfied with specific products and services offered by banks and prefer to find other products and services. According to the statement, the majority of customers, all banks taken together, are not satisfied with the products and services provided by their banks. (It seems that customers ask of black and white banks offer), dissatisfaction is the poor reception of clients by staff in contact.

- The direct marketing techniques in general, and mailing in particular are virtually nonexistent in the Algerian public banks. The Internet information is a very effective and less costly, especially for our banks to the development and market growth of information technology and communication (NTIC) in Algeria. Having said that state banks will have to develop this technique to better inform and educate customers to new products and banking services.
- Although some customers are aware of certain banking products and services, they refuse to subscribe because they are either misinformed or is not welcome or administrative procedures are very slow and complex.
- individual customers judge the pricing of their banks high enough and therefore calls for lower fees and interest rates, especially the quality of the service is mediocre qualified ie the value is missing. In other words, in the minds of customers with high charges for example, involves a high quality from the services (reception, after-sales service, speedy, new products and services, diversification of product range and services, the rapid execution of banking, information on products and services, the proliferation of agencies, the ease of obtaining credit, the sympathy of the host, the friendliness of the staff in contact. OF In our field study, these characteristics are absent in Algerian public banks.

Conclusion

In our study, we found a poor quality of basic services with a host misjudged by customers and delays in processing checks and the lack of new product launches and interbank funds transfers considered too long ". Continuing the momentum, several experts in banking, moreover, that "the main threats faced by public banks in particular from the redeployment of foreign private banks, most of which have staff trained and accustomed to evolve liberal economy with proven management skills.

Foreign private banks are a serious threat, they say, to public banks if they fail to upgrade. "The pace of banking reform in Algeria has not yet reached the desired time since the financial markets are underdeveloped, the quality of service is inefficient and very important in banking services for individual customers. Financial analysts have found that "the analysis of economic data is very favorable to the emergence of a population that uses more and more banks.

Finally, innovation in business in a particular bank is a diffuse process, collective, involving all business functions, and secondly, this process must be extremely fast to take advantage of the advance before be imitated by a competitor or otherwise to recover faster more innovative competitor. The utilities include the most innovative banking have also been called upon to develop a culture of innovation and human resource management and good marketing that motivates and rewards innovation.

Knowing that in the new global knowledge economy of the 21st century prosperity depends on innovation and the knowledge economy is maximizing their innovative capacity as the best performing banks internationally assoiront advantage competitive.

Limitations and research perspectives

In any academic research, the results of studies have limitations due to lack of human and material resources and time constraints.

For this reason, in our study we wanted our research can be extended to other foreign commercial banks engaged in the Algerian market, to find other results and thus to make analysis comparative.

The sample of individual customers Algerians could be expanded, and the provision of more time, material and human resources. A study of customers' business "BtoB sector could be considered along with that of individual customers and other service sectors such as transport in all its branches and the telecommunication sector.

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