MKTG2003
Financial Services Marketing
Semester 2, 2014

The objective of this course is to introduce students to an analytical approach useful for the marketing of financial services. All financial institutions, including consumer banks and corporate finance services, engage in some form of marketing. Some firms market themselves better than others, as evidenced in the competitive value of their brands.

This course will demonstrate to students the benefits of using an analytical approach to marketing in the financial services industry, and will show students how to undertake that analysis and make effective decisions. An analytical approach helps firms to (1) identify marketing options, (2) calibrate the opportunity costs associated with each option, and (3) choose the best option to achieve the firm’s business goals.

This course covers and operationalizes several marketing concepts relevant to marketing of financial services, such as segmentation, targeting, positioning, pricing and promotion. The pedagogic philosophy in this course is that of learning by doing.
Mode of Delivery | Combination of Interactive Class Sessions and Workshop Sessions, the latter being held in class.
---|---
Prerequisites* | Completion of an introductory statistics course such as STAT1008 Quantitative Research Methods or STAT1009 Business Statistics
Incompatible Courses | Nil
Course Convenor: | Professor André Bonfrer
Phone: | 61257323
Email: | Andre.bonfrer@anu.edu
Office hours for student consultation: | Friday 3pm-5pm or by appointment
Research Interests | Advertising, marketing analysis, database marketing
Student administrator/s | RSM Student Office (Monday to Friday 9am to 5pm)
Phone: | +61 2 6125 9839 +61 2 6125 6737
Email: | enquiries.rsm@anu.edu.au
Tutors | Tutors will be available for some consultation
* These courses are strongly recommended.


COURSE OVERVIEW
Learning Outcomes

Upon successful completion of the requirements for this course, students will be able to:

1. define, explain and illustrate some of the frameworks and approaches that are helpful in marketing financial services;
2. describe how:
   a. marketing contributes to success in modern financial institutions;
   b. the marketing of services like financial services differs from tangible goods marketing;
3. discuss how:
   a. segmentation is used to understand and manage customer behaviour;
   b. to position value propositions, products and brands in customers’ minds;
   c. to develop new products (goods and services) that add value to consumers and firms;
   d. to price financial products;
4. outline how to identify which customers to target; and,
5. outline how to efficiently manage multiple product or brand portfolios across multiple customer segments, and how to develop an effective marketing strategy in modern financial service organisations.

There are many approaches and frameworks available to understand customers, develop products, and manage multiple products and segments. At the end of this
course, you should have obtained a flavour for some of the frameworks and approaches that are helpful in marketing financial services. By the end of this course, students should know:

- how to segment customers,
- what kind of data are required to do so,
- what are the different ways to segment,
- which customers to target,
- how to determine the best positioning of your brand in customers’ minds,
- how to develop new products/services that add value to consumers and firms,
- how to price products and services, and
- how to promote products and services to targeted customers.

**Research-Led Teaching**
The material in this course will draw on the latest advances in research in the discipline of marketing science, and will be based largely on the research strengths of the instructor.

**Feedback**
Students will be given feedback in the following forms in this course:

- Written comments on assignments.
- Answer guides to questions.
- Verbal comments in class.
- Discussion with groups.

**Student Feedback**
ANU is committed to the demonstration of educational excellence and regularly seeks feedback from students. One of the key formal ways students have to provide feedback is through Student Experience of Learning Support (SELS) surveys. The feedback given in these surveys is anonymous and provides the Colleges, University Education Committee and Academic Board with opportunities to recognise excellent teaching, and opportunities for improvement.

For more information on student surveys at ANU and reports on the feedback provided on ANU courses, go to:

http://unistats.anu.edu.au/surveys/selt/students/ and
http://unistats.anu.edu.au/surveys/selt/results/learning/
**Policies**

ANU has educational policies, procedures and guidelines, which are designed to ensure that staff and students are aware of the University’s academic standards, and implement them. You can find the University’s education policies and an explanatory glossary at: [http://policies.anu.edu.au/](http://policies.anu.edu.au/)

Students are expected to have read the [Code of Practice for Student Academic Integrity](http://policies.anu.edu.au/) before the commencement of their course.

Key policies include:

- [Student Assessment (Coursework)]
- [Student Surveys and Evaluations]
- [Assessment of Student Learning]
**COURSE SCHEDULE**
Below is a proposed course schedule. Updates to this schedule, and any further information will be made available on Wattle, as the course progresses.


** ** **LRD** – Principles of Marketing Engineering. Authors: Gary L. Lilien, Arvind Rangaswamy, and Arnaud De Bruyn.

**PART A: MARKETING STRATEGY AND CUSTOMER ANALYSIS**

<table>
<thead>
<tr>
<th>Date</th>
<th>Topics</th>
<th>Detailed topics</th>
<th>Assignments</th>
<th>Suggested Background Readings</th>
</tr>
</thead>
</table>
| July 25  | Introduction             | Introduction
Course overview                                |                                  |                               |
|          | August 1: Class cancelled |                                                      |                                  |                               |
| Aug 8    | Business analytics       | Overview of basic analysis concepts and tools needed for this class.
Introduction to strategic planning for marketing success. | Bring device with Excel and/or R. | Ch 1-2,14 AADK                |
|          | Marketing Strategy       |                                                      |                                  |                               |
| Aug 15   | Marketing Strategy       | Marketing strategy discussion.
Citibank Case: application of marketing strategy | Organise groups.
Read Citibank case and prepare notes. | Ch 3,4,6 Citibank case         |
| Aug 22   | Understanding customers  | Group project administration.
Understanding customer decision making.
Marketing success: segmentation, targeting, positioning. | Case study write up DUE. | Ch 5, AADK Ch 2,3 LRD**       |
<p>| Aug 29   | Market segmentation      | The why and how of identifying homogeneous groups of customers |                                  |                               |
| Sep 5    | Mid term exam            | Coverage of topics mainly from lectures.             | STUDY!                           |                               |</p>
<table>
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<th>Assignments</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Sep 26</td>
<td>Valuation of customers</td>
<td>How much are your customers worth to you?</td>
<td></td>
<td>Ch 4 LRD</td>
</tr>
<tr>
<td>Oct 3</td>
<td>Integrated Marketing</td>
<td>Advertising and promotions</td>
<td>Read Charles Schwab case and prepare notes.</td>
<td>Ch 11-13 AADK, Ch 7 LRD</td>
</tr>
<tr>
<td></td>
<td>Communications</td>
<td>Brands and brand valuation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oct 10</td>
<td>Pricing</td>
<td>Strategy and tactics of pricing, and selected topics in pricing</td>
<td>Individual assignment DUE.</td>
<td>Ch 9 AADK, Ch 6 LRD</td>
</tr>
<tr>
<td>Oct 17</td>
<td>New product introduction</td>
<td>Innovation, Product design, Market testing</td>
<td></td>
<td>Ch 7,8,10 AADK</td>
</tr>
<tr>
<td>Oct 24</td>
<td>TBA</td>
<td></td>
<td>Project write up DUE.</td>
<td></td>
</tr>
<tr>
<td>Oct 31</td>
<td>Wrap-up and integration</td>
<td>Closing remarks</td>
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ASSESSMENT REQUIREMENTS

Summary of Proposed Assessment: Assessment for this course will be confirmed after consultation with students at the first lecture of the semester. If there are any changes to the assessment, those changes will be publicised on Wattle. Due dates are the dates by which the student must submit the assignment for grading. Any assignments submitted after the specified date will incur penalties. The return date is the date by which you will receive your graded assignment.

<table>
<thead>
<tr>
<th>Assessment Task:</th>
<th>Total Value (percent of final grade):</th>
<th>Due Date, by 5.00pm on:</th>
<th>Return Date, by 5.00pm on:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case write-up (Individual)</td>
<td>10%</td>
<td>August 22</td>
<td>August 29</td>
</tr>
<tr>
<td>Take home assignment (individual)</td>
<td>10%</td>
<td>October 10</td>
<td>October 17</td>
</tr>
<tr>
<td>Final project report (team)</td>
<td>20%</td>
<td>October 24</td>
<td>October 31</td>
</tr>
<tr>
<td>Mid term exam</td>
<td>20%</td>
<td>September 5</td>
<td>October 2</td>
</tr>
<tr>
<td>Final exam</td>
<td>40%</td>
<td>TBA</td>
<td>TBA</td>
</tr>
</tbody>
</table>

Notes:
1. All components of the above assessment are compulsory and must be submitted.
2. You must obtain 50% or more as an aggregate mark to be eligible for an automatic pass grade in this course.
3. You must obtain 50% or more in the final exam to be eligible for an automatic pass grade in this course.

Case write-up: Students are required to analyse the Citibank case. Restrict your write-up to an analysis of events/data described in the case. I will show you an example of a case write-up in the first or second week. The write-up should be 2 pages maximum (double-spaced, 12 pt Times New Roman font, 2.5 cm margin on all sides), with an additional 4 pages maximum for an appendix. The appendix can be used to detail/describe your calculations or for additional tables/figures. The rule for any item in the appendix is that the relevance of such material be made clear and explicit in the main body of the report (i.e. excluding the appendix).

Better write-ups will identify the issue at hand, do a thorough, yet concise, strategic assessment of the organisation, include relevant calculations to inform about options, identify options to go forward, identify criteria to select an option, and finally recommend an action. Worse write-ups will regurgitate material from the case, do a superficial strategic assessment by laundry listing strengths/needs/objectives/market...
characteristics, do irrelevant or no calculations to inform the audit, and/or recommend an action without first identifying options and criteria for selecting an option.

**Take home assignment:** This course will include one take-home assignment, to be completed individually. To perform well in the take home assignment, you will be required to demonstrate deep knowledge and critical analysis of this knowledge, as well as the application of concepts to making effective marketing decisions. Worse reports will be shoddy and done for the sake of completing an assignment. Details will be provided at a later date, but as a guideline, the maximum length for any written component of the assignment should be two pages (double-spaced, 12 pt Times New Roman font, 2.5 cm margin on all sides). Details of the take home assignment will be covered in the first class.

**Course Project:** Student teams (up to 4 students) will work on projects relevant to marketing in the financial services industry. More detail will be provided on the expectations of this project, at a later date. For grading, more weight will be given to the justification of the design and brand positioning than other elements of the marketing mix. The maximum length of the report should be 15 pages, (double-spaced, 12 pt Times New Roman font, 2.5 cm margin on all sides), with an additional 5 pages maximum for an appendix.

Better projects will do a thorough job of collecting data, valid analysis, calculate costs for different attribute levels (if available), identify best product/service design in terms of both customer preference/profitability/organizational fit, and develop a coherent brand positioning. Worse projects will put in little effort in collecting data, do a shoddy analysis, identify product design on the basis of intuition rather than evidence, and develop brand positioning that is incoherent.

I will reward student teams that go beyond the stated requirements for the project, similar to how the “real world” rewards additional effort. Meeting all requirements for the course project qualifies your team to a decent grade (i.e., a pass grade), but not necessarily an exceptional grade because that depends on how much more you put into the course as well as the relative performance of all teams in the class. This note holds for all components of your overall course mark, whether individual or team-based. Additionally, I retain the right to reduce the team component grade of any student by up to 100% if I have sufficient reason to believe that the student is free-riding on the efforts of other team-members. If you do not contribute to the team effort, you could fail the course.

**Mid Term and Final Exam:** In the next few weeks, I will provide more detail on how to prepare for your mid term and final exams. The mid-term will be held at the usual time (Friday from 12pm), in class and will be set at 1.5 hours duration. There will be no class in that week. Details of the final exam will be provided later.

**Submission of Assignments**
All assessed components of the course, other than the mid-term and final exams, should be handed in via Wattle. A link will be provided on Wattle that you will be expected to use for this purpose. You must ensure that all files you want assessed, are on Wattle before the time they are due.
The ANU is using Turnitin to enhance student citation and referencing techniques, and to assess assignment submissions as a component of the University’s approach to managing Academic Integrity. For additional information regarding Turnitin please visit the ANU Online website.

Students may choose not to submit assessment items through Turnitin. In this instance you will be required to submit, alongside the assessment item itself, copies of all references included in the assessment item.

**Identify your Assignment with your Student Number only**

When submitting your assignment please ensure that it contains your student number in the **file name** and on the **first page**. Please do not put your name anywhere in your assignment.

**Use of Assignments as exemplars and grade moderation**

An important resource for enhancing educational quality is a stock of student work which can be de-identified and used as exemplars for future students in ANU courses, and for grade moderation exercises for teaching staff. If you do not wish your assignment to be used for such purposes please include a note to that effect on the front page of the assignment.

**Late submission of Assignments**

If an assignment is submitted after the due date it will not be marked unless an application for Special Consideration is approved. An application for Special Consideration must:

- where relevant include a medical report completed by a medical practitioner (an ordinary "medical certificate" is not sufficient);
- include a copy of as much of the assignment as has been completed by the due time and date; and
- be submitted as soon as practicable, preferably before or on the due date.

In general, a successful application for Special Consideration will result in the marking of the work completed at the due date with some upward adjustment of the mark, rather than an extension of time. However, in extenuating circumstances, supported by appropriate documentation, an extension **may** be granted.

Note that decisions about Special Consideration are **not** made by the teaching staff for this course.
Returning assignments
Unless otherwise specified, assignments will be returned via the student office, or via Wattle.

Resubmission of assignments
Students may not resubmit any assignments after the due date.

Referencing requirements
Please reference all cited work in full, if the cited work is not in the class prescribed/recommended reading lists. If the cited work is in the prescribed/recommended reading lists, then simply state the authors, and page number.

Examination material or equipment
The examinations (mid term and final) will be open books and open notes. No devices that can be used to communicate with anyone else will be permitted.

Workload
Students taking this course are expected to commit at least 10 hours a week to completing the work. This will include 3 hours per week in class and at least 7 hours a week on average (including non-teaching weeks) on course reading, research, writing and assignment work.

Finalisation of Marks and Grades
After marking is concluded the lecturer will submit a report to the Committee of Examiners for the course recommending final marks and letter grades for each student. The Committee comprises, at a minimum, the Director of the Research School of Management, the lecturer, and at least one second examiner. The lecturer’s recommendations are based on the points accumulated by each student and judgments about individual student performance, guided by the ANU Policy on Coursework Assessment:


The Director of the Research School of Management then forwards the marks and grades to the Executive of the College of Business and Economics for final approval.

Prescribed Texts and Reference Materials
Cases: the following cases from Harvard Publishing will be used in class and can be purchased at http://hbr.org. Search by the number provided below.

1) Citibank: Launching the Credit Card in Asia Pacific (A): 9-595-026. Required in class before August 1.
There are no mandatory texts for this class. From time to time, I will make available reading materials (or links to reading material) on Wattle. A non-exhaustive list of background reading material can be found in the library, and includes the following:

1. **Title:** Principles of Marketing, 5th edition
   **Authors:** Gary Armstrong, Stewart Adam, Sara Denize & Phillip Kotler.
   **Publisher:** Pearson Education Australia
   **Date:** July 2012 **ISBN:** 9781442531109

2. **Title:** Principles of Marketing Engineering
   **Authors:** Gary L. Lilien, Arvind Rangaswamy, and Arnaud De Bruyn
   **Publisher:** Trafford Publishing
   **Date:** 2007; **ISBN:** 1-4251-1314-1

3. **Title:** Marketing Financial Services
   **Author:** Hooman Estelami
   **Publisher:** Dog Ear Publishing, Llc
   **Date:** July 2006; **ISBN-13:** 9781598581898

4. **Title:** Marketing for Financial Advisors: Build Your Business by Establishing Your Brand, Knowing Your Clients and Creating a Marketing Plan
   **Author:** Eric T. Bradlow, Keith E. Niedermeier, Patti Williams
   **Date:** July 2009; **ISBN-10:** 0071605142; **ISBN-13:** 9780071605144

These texts are available as ebooks (e.g. via Amazon) or, in some cases, as books in the library. Reading #1, provides good background reading, but many other principles of marketing will do. I will expect students to prepare for class by reading the background material, and the discussion will go in depth and beyond this background reading.

To gain a relevant background in quantitative analysis, I highly recommend the following textbooks:

1. Larry Gonick and Woollcott Smith, *The Cartoon Guide to Statistics*, New York: Collins Reference. 1993. **ISBN:** 978-0062731029: this is a great way to learn statistics and probability! I would recommend you read this from cover to cover (a great way to wind down at the end of a long day of learning) but focus on chapters one through five.

2. Silvanus P. Thompson, *Calculus Made Easy*: The parts that are most important for this class are the Prologue, Chapters 1-4, Chapters 10-12, and, most importantly, Chapters 17-19. Really, Chapters 17-19 are key because they discuss integration, but you might need to skim some earlier chapters for it all to make sense.

**Support for Students**
The University offers a number of support services for students. Information on these is available online from [http://students.anu.edu.au/studentlife/](http://students.anu.edu.au/studentlife/)