

# Study on the Synergy of Information Technology Innovation and Marketing Innovation for Commercial Banks

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## **Abstract**

The competition among commercial banks is increasingly drastic, and the marketing innovation has been one of important strategic choices to make banks win in the market. At the same time, with gradual deepening of bank informationization, the information technology is gradually infiltrating into various innovation activities of the bank and becoming into the new headspring to realize innovation for the commercial bank. This article put forward the synergy between information technology innovation and the marketing innovation for commercial banks, analyzes key factors to realize both synergistic effect, and opens out both mutual relationships in the innovation activity.

**Keywords:** Commercial banks, Information technology innovation, Marketing innovation, Synergistic effect

## **1. Introduction**

The marketing is the root of survival for the commercial bank and the important measure leading the value direction of the bank service. To promote the marketing innovation is not only the necessary requirement to enhance the nuclear competition of the commercial banks, but also the essential guarantee to make the commercial banks step into the golden time of “service first”. However, with the quick development of information and network technology, every part of modern bank can not leave information technology, and the continual innovation and infiltration of information technology drive the enhancements of the whole management decision efficiency and comprehensive management level of commercial banks, and gradually bring along the optimization of operation system of commercial banks. Under this background, it possesses practical meanings to discuss the combined development of marketing innovation with information technology innovation.

## **2. The concept of synergy between the information technology innovation and the marketing innovation for commercial banks**

The information technology innovation and the marketing innovation are two important subsystems in the innovation system of commercial banks. On the one hand, the marketing innovation puts forward new requirement for the information technology on the applied layer, and it promotes the information technology continual mature and perfect whether for the foundation technology principle or for the top applied level and drives the innovation of information technology. On the other hand, the innovation of information technology provides increasingly mature information management platform, decision data and service marketing innovation, and the advancement of information security technology offers powerful guarantee for the transformation of marketing production. Both reciprocities are non-linear and complex, and to realize the innovation development of commercial banks together is the typical synergy.

## **3. The principal part of implementation of synergistic effect between the information technology innovation and the marketing innovation for commercial banks**

The object of marketing innovation is the new product, service and marketing technology that banks offer to the market. The object of information technology innovation is new technology, and the intention of whole activity is to devote new technology into the core of the bank, i.e. the marketing activity. The premise that both sides implement synergy is that their aims must be coherent. And the coherent aim is the maximization of payoff for commercial bank. The combination of both sides not only can make them produce better effect in their own dimensions, but also can bring the effect of “1+1>2”. In the relationship, the marketing is the final intention, and the innovation of information technology is means and approach. So to implement the synergistic effect between the marketing innovation and the information technology innovation, the “new technology” produced by the information technology innovation is firstly utilized in the marketing innovation and produce “new product” or “new service” and make the new product and service produce increment of economical benefit. So the main body of the implementation of the synergistic effect is the “new product” and “new service” which utilizes “new technology”.

To better combine “new technology” with “new product” or “new service”, we must see the essential through the phenomena to find out which innovational factors will produce synergistic effect in these two innovational activities. According to the principle from macro view to microcosmic view, this article summarizes the pivotally synergistic factors of the information technology innovation and the marketing innovation for commercial banks.

#### **4. The synergy of encouragement effect between the information technology innovation and the marketing innovation for commercial banks**

The commercial banks have strong power to implement marketing innovation and information technology innovation, which is presented in following aspects. (1) The encouragement of other financial institution. The quick development of information technology makes the efficiency that other financial institutions utilize technology innovation to expedite capital flow continually enhanced, promotes the capital of the market gradually flush, and the banks must actively research, develop and explore new technology of market demand to control capital shunting and solidify the status of traditional banks. (2) The encouragement of non-bank enterprise. Informationization extends the financial market and reduces the entry bulwark, and non-bank enterprises also utilize the innovation concept of information technology to implement network financial services such as the financing services based on electric business pushed by General Electron, General Auto, Toyota and other large-sized transnational companies. (3) The encouragement of foreign banks to domestic banks. After entering into WTO, depending on the information and network technology, foreign banks utilize advanced products and services to impact domestic bank industry and introduce impetus to the innovation of domestic banks at the same time. (4) Mutual encouragements among domestic banks. In order to stabilize their own markets, domestic banks should actively develop information technology and distribution channels, and optimize the product combination, which expedites the step of their own marketing innovation and information technology innovation. Above four sorts of innovation power forms interlink effect and brings synergistic function though mutual influences, which are the impetus headspring of various innovations for commercial banks.

#### **5. The synergy of idea between the information technology innovation and the marketing innovation for commercial banks**

The transformation and innovation of the concept is the root of innovation. The marketing concept of China commercial banks is transforming from “product oriented” to “customer oriented”. The traditional marketing mode is only to continually develop products which can bring profits for the bank and classify the customer groups according to different product sorts, which can not fulfill customers’ individual demands and make customers passively accept their unnecessary products and services, so customers will loathe the bank and reduce their loyalties to the bank. The concept of “customer oriented” is just to change this actuality, and let bank to actively form good reciprocity. On the one hand, the bank needs “studying”, i.e. finding customer demand and designing corresponding product and service completely, exactly and timely through the collection of information technology and integrated customer information. On the other hand, because customers’ decisions are decided by understandings, to transfer “new product” and “new service” to customers, banks need utilizing advanced information technologies such as cartoon simulation, network advertisement and telephone marketing to let customers deeply understand products and services.

The leading idea of information technology development is transforming from “account oriented” to “customer oriented” for commercial banks. Traditional leading idea is only to take the information technology as a sort of record tool, which objectively records data and replaces paper and pen. With the transformation of concept, the information system technology begins to exert large function to the marketing of the bank, and it can not only offer the answers of the problem that “what customers we have, what products they need, what products we develop, and how we transfer them to customers” to help marketing, but also can participate marketing innovation by different formations such as continually innovational informationization product and informationization channel. The synergy of innovational concepts will make the information technology innovation and the marketing innovation healthily develop to the coherent aim for commercial banks.

#### **6. The synergy of organization between the information technology innovation and the marketing innovation for commercial banks**

The transformation of management concept makes commercial banks urgently want to establish the organization system supporting their new concepts to enhance the market competition. China commercial banks simulated the layer system of “head office- branch- sub branch- outlets” in the past, which had numerous management layers and low efficiency. Afterward, the management concept of “product oriented” and the enterprise division system made that the interior information of the bank could not be favorably communicated and brought inconveniences to customers. Now, the management concept of “customer oriented” makes the bank possess numerous products and services, and the customer classification is more and more deep and delicate, so the organizational innovation of bank is very urgent. With the extensive application of information technology in the management of the bank, the organizational management of the bank is gradually flattening. Through the concentration engineering of the information science and technology system, the bank can establish uniform data center, customer management system, self-contained account trade information system and disaster backup center to put up informationization

platform for the marketing activity, so the “flow bank” emerges as the times require. It not only can realize the responsibility perspicuity, operation standardization, flow standardization of various posts in the interior of the bank, but also can better solve the problems of disunited system and unfavorable data connection induced by business differences and employee distribution differences among sub-branches and regions, and can effectively and reasonably deploy human resources and material resources in the bank and reduce the interior operation costs, and enhance the whole marketing quality and decision efficiency, and largely reduce the cycle of innovation activities such as the information technology innovation and the marketing innovation for the bank.

### **7. The synergy of core paths between the information technology innovation and the marketing innovation for commercial banks**

Path one: Deepening the customer relationship management and establishing the decision support system. The customer relationship management is the nuclear content of bank marketing activity, which can offer not only “new technology” to more conveniently approach and understand customers’ demands, but also decision supports of innovation for “new products” and “new service”. The bank needs to establish the customer value evaluation system which classifies customers according to their comprehensive contributions to the bank performance and their potentials of value increase. The bank needs to adopt different marketing strategies to find and realize the good quality customers’ values to maximum extents and increase bank profits from credit operation, credit card, individual financing and other aspects. The bank needs to further improve the uniform platform to associate customers and response customers. The bank needs to offer difference products and services in time aiming at customers’ individual demands, which can strengthen the base of marketing innovation and promote the development of information technology innovation. Therefore, to deepen the route of the customer relationship management can not only gradually integrate bank marketing and information technology management system, enhance the performance of the marketing and information technology innovation, but also improve other innovation activities for commercial banks.

Path two: Developing informationization marketing. The quick developments of modern internet networking technology, communication technology and information system management technology create the information transmission mode which has many characters such as numerous customers, quick speed, without time and geographic limits, highly equal information and flexible interaction and feedback system. When commercial banks select this innovation path, they can realize customers’ demands to services such as deposit, withdrawal and credit card, and the anticipated designs of soft products, implement information transmission among customers and lead them to select or put forward more demand information. The informationization marketing breaks the situation that traditional banks largely invest to contest outlets occupation, infinitely extends the distribution channels for the bank, provides “3A (anytime, anywhere, anyhow)” service to customers, and reduce the trade costs for commercial banks to some certain extent. The path of informationization marketing breaks the technical measure of traditional commercial banks, provides visual clues for the standard service, which can make customers identify bank brand, service concept, service quality and level and enhance depositors and customers’ loyalties.

Path three: The innovation of risk management technology. The typical “new technology” has important function for the security of marketing information. With large uses of information technology in the products, services and channels innovation of commercial banks, and because of the dummy and opening of computer network and communication network, they will bring risks to customers and bank. The customers’ risks are mainly the credit risks and information security risks, and the commercial banks can enhance the brand influences and customers’ loyalties through the construction of the brand. At the same time, the bank also should strengthen the customer information security management and ensure the security of individual information. The risks of bank mainly come from management risks, credit risks and operation risks. Foreign commercial banks have reduced the operation risks through the risk management software, but for commercial banks in China, how to collect data and establish the risk evaluation model and index system will become into the focus of innovation. To credit risks and operation risks, through some domestic banks have adopted some measures such as “2nd generation ID card networking identification system” and real name system to reduce risks, but the management systems of various commercial banks are not uniform, and the customer credit information base is relatively independent, so to solve the problem radically, the bank needs to further innovate the information technology.

### **8. The synergy of human resource between the information technology innovation and the marketing innovation for commercial banks**

The main body of innovation is commercial bank, but the executor is human, so the synergy of both innovations is the synergy of human resource. The “new technology” is not the blind result from the information technology department or simple “bring- it- here- ism” any more, and it must start from the character of the bank to fulfill the demand of marketing innovation. “New product” and “new technology” are more and more taking the understanding

and exertion of information technology as the premise. To better combine both sides, the bank must promote the integration of the information technology department and the operation department, and change the original orientation that the information technology department is service department and consumption department, and upgrade this department to the strategic altitude of science and technology marketing and make it become into the cooperator of the marketing department. At the same time, it is the important task to foster some integrated talents of “technology- operation” who not only understand the information technology but also know well bank operation through the method of post exchanging.

## 9. Conclusions

With the development of the time, the challenges faced by China commercial banks are larger and larger, and the former method that only passively receives depositors' savings and loan to enterprises and institutions needed to interest differences can not fulfill the requirement of survival and development of the bank. The modern commercial banks should actively win more customers' favor and obtain more profit resources by the innovational thinking and measures. Through clearing up the correlations between marketing innovation and information technology innovation, this article opens out the synergistic mechanism between both sides, and discuss both synergistic factors through five aspects including innovational encouragement effect, innovation concept, innovation organization, innovation nuclear path and innovation human resource, in order to provide references for the enterprise innovation for China commercial banks.

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