

EDITORIAL

In this editorial, the first of 2016, we introduce the President of the Steering Committee (SC) of the Italian Marketing Association (SIM), who will describe the 2016 program. Luca Bonansea is responsible for the Retail Banking of BNL – BNP Paribas and has 20 years' experience of the banking industry.

The SIM SC is composed of representatives of various companies¹ and forms the interface between the academic and the business communities. The main purpose of the SC is to encourage exchanges between SIM academic members and corporate partners, and to promote joint research and education programs.

Luca, would you, from the SC's viewpoint, tell us what you think of the SIM?

Three adjectives allow me to answer this question: rich (in competences), useful (for the business community), and faint (in terms of communication). First, I found outstanding competences in the field of marketing, which is very important for companies today. And these competences are concentrated in a specific "place": The Association with its outlets, events, and activities. These competences originate from scholars from different universities and fields with local and international experience. Second, as a consequence of these competences' concentration, the SIM provides academy and business with an extraordinary opportunity to meet, collaborate, and grow together. In order to promote these activities, it is necessary to improve these fields' goal

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Mercati e Competitività n. 1, 2016

convergence. We have to convince companies to invest in knowledge and competence and persuade universities and business schools to improve their interaction with external agencies and the business field in general. It is possible for research and business to progress together toward these very promising goals. Third, I think it is necessary to improve the SIM communication's effectiveness. It may seem paradoxical, but I have a feeling that the SIM should market itself better: It should improve public awareness of its activities, competences, and services. This would strengthen the relationship between scholars and professionals. The latter should be given more convincing details and information about the kind and amount of value that the former are able to contribute to the business system.

I see the point. As the editor of this journal, I recognize the paradox you mention. Simultaneously, I am optimistic about the competences we can provide for the business community. More specifically, in order to guide the SIM's academic members toward more effective integration into and interaction with the "corporate side," could you tell us what the corporate partners' most important requirements are?

In order to understand corporate needs, it is necessary to examine their competitive context and how it has changed. Globalization and digitalization have strongly influenced the way in which we run our businesses, as this requires new competences, skills, and knowledge. As professionals, we need up-to-date empirical research on emerging areas and topics, we need a continuous assessment of the best marketing practices in a diverse set of industries, and we require updates in terms of theory, management competences, publications, etc.

One of the most important drivers of innovation and competitiveness is reliable and relevant empirical research, something on which we can rely and – at the same time – actually employ in our daily management processes. Academic institutions are firmly linked with the market and the socio-economic context; hence, they are able to identify new trends and opportunities that match corporate needs.

Beyond this, the SIM could help corporate partners recruit the best talents from marketing courses, who can be hired as interns, or for joint research programs. From this perspective, companies are willing to develop employer branding programs and introduce themselves at master and undergraduate courses.

Companies today need young people who have mastered technical competence, have the capability to build relationships, can deal with autonomous decision making, planning, and information management. They have to be proactive, open minded, curious, energetic, and entrepreneurial. This applies even more in terms of large companies, which

are often global, complex, multi-cultural, and multi-sited. Academics usually get to know students over a long period and they can assess their abilities, attitudes, and characteristics, which is very important for companies that normally rely on selection interviews of maximum an hour.

As academics, we are, of course, very interested in promoting and supporting our students' careers and this field is a very promising one for collaboration between the SIM and the business community.

Could you please tell us more about the emerging projects and activities within the SC?

At this very moment, the most important objective is to widen the network of SIM companies, managers, and consultants. We need many more business partners (corporates and individuals) to gain popularity and fuel the debate between marketing academics and professionals. During the last weeks, we have developed a new "value proposition" that the SIM is going to present with the objective of increasing the number of business members. The SC members are responsible for presenting and emphasizing the SIM service offering's attractiveness in their networks and communities. In a sense, the SC works as a SIM marketing agency, redesigning its positioning and promoting its services with their customer-centric approach.

This is definitely a big challenge for the SIM: Having matured naturally in academia, we now need to improve its penetration of the professional and business communities.

But, let's change perspective and look more specifically at the banking industry and – within it – at the role that marketing plays. When I was a student (about 30 years ago), our banking professors mentioned marketing as a type of luxury, or voluntary feature, of banking firms' competitive strategy. Things have changed a lot since then and marketing plays a major role in this industry, partly due to the M&As and globalization that characterize the Italian banking industry. From the perspective of a large, international group such as BNP Paribas, can you tell us what are the most important aspects of banking marketing?

In the banking industry, customers' value creation guidelines were stable for years (if not decades). Companies employed more or less the same business models. Under those conditions, marketing might often have been conceived as a luxury device. But a new scenario led to new risks and threats in terms of competition and regulation: Companies were forced to cope with the disruptive power of innovations, to grasp the enabling features of new competitive variables, and to rapidly adapt their processes and technologies. New business models were developed that are more

flexible and have shorter life cycles than those of the past. Global companies, such as BNP Paribas, began considering the marketing concept, function, and related processes as essential dimensions for driving the company and no longer as optional dimensions.

The marketing challenge today is even more demanding than in other industries for at least two reasons. The first is related to this industry being highly regulated: During the last 5 years, we have seen more than 500 legislative acts (about two per week) with significant implications for corporate resource allocation, for relationships with actual and potential customers, and for related marketing activities.

The second major challenge is related to the banking industry structure still being rigid and its competitive pattern being strongly path dependent: Past conditions affect the way in which companies compete today and limit their flexibility and adaptability to the contextual conditions.

In this scenario, there should be a kind of common and coherent competition pattern according to which various companies compete by following the same strategies. Is this true? Can you see differences in the way in which different companies invest their resources in marketing strategies and programs?

Environmental changes force companies to invest more resources in marketing in general, but we can see differences in their behaviors regarding the amount of resources on which each company can rely, but this also depends on the specific management team's sensitivity regarding marketing. From my point of view, it is necessary to master emerging market trends and – at the same time – to look ahead and invest strongly in product and service innovations. And these activities are strongly rooted in marketing models and tools, which have to be adapted and implemented.

How does this implementation occur? What are the main marketing areas on which banking marketing will focus in the near future? Could you suggest research topics that young marketing scholars could address?

Looking at the near future, I see three main areas of research, although each upcoming marketing strategy has a common denominator – digitalization. Customers' engagement will increase, as will the scope and variety of company-customer interactions. Distribution and communication are largely moving toward the digital world, and also technical and personal resources are increasingly going in the same direction.

As a group, we are working toward three research priorities, which we believe could also be interesting from an academic perspective:

- First, we have to rethink the relationship with the customer – we have to move from customer loyalty to customer engagement and

empowerment. During the last few years, banks were developing their models of customer relationship management (CRM) when, all of a sudden, they realized that the competitive and social environment was changing more rapidly than their models and strategies were. While most of the companies were working on CRM, other, more innovative, companies were developing multichannel e-CRM (web based) and s-CRM (social media based). Today, even newer models need to be developed that will focus on the *customer engagement and empowerment* concept. The development has to start with the largely acknowledged assumption that the customer is the core asset for promoting brand awareness and, hence, he/she needs to be involve as a brand promoter. This strategy is grounded in consumer behavior's societal implications and it is strongly dependent on social endorsement: Consumers trust each other and a huge number of satisfied (delighted) customers act as promoters and provide a level of brand advocacy that is impossible to obtain via traditional advertising. Moreover, digital marketing led to lower customer acquisition costs, lower entry barriers, and developed a new and diverse set of acquisition leads (banners, promo, pop ups, etc.). Thanks to new regulations, migration costs were reduced to zero, increasing the churn rates. Consequently, *cherry picking* behaviors increased and customers' portfolios became increasingly fragmented when more informed and selective consumers took a more responsible stance regarding purchasing financial products and services.

The traditional bank marketing can be defined as outbound; that is, flowing from the company toward the customer, who is considered a target. New bank marketing is a mix of outbound and inbound: Sending messages, but also creating value and content, which extant customers and prospects can address, and through which it is possible to generate debate and buzz, as well as create new customer/creator networks.

Loyalty programs are no longer sufficient: Loyalty is associated with involvement and engagement and – as banks – we have to promote customers' empowerment in terms of our goods and services. In particular, we have to improve on traditional service provision and apply a new *experience provision* logic. Goods and services can be valued, compared, and imitated, while experiences evolve, are subjective, often intimate, and usually personalized. They can be memorable and, as such, can be narrated. Experiences can also be repeated and generate habits and dependence. In this domain, individuals are not willing to save money at the expense of involvement and memorability. When a product is no longer available, the customer finds another one, but this does not happen with experiences: They cannot be easily substituted and, once lost, they leave an unbridgeable gap in our memory.

For this reason, we are developing an outright customer *experiential ecosystem*, through which we promote engagement and involvement at various level of the customer's cognitive and affective systems (values, opinions, preferences). We therefore plan to influence his/her decision making and – most importantly – ability to influence others: We believe that the customer, once properly engaged, will act as an endorser of our brand, thus invigorating its reputation and credibility.

- Second, we have to rethink the way in which we allocate the resources we employ in such a development – we have to move from ownership toward access and sharing. Recently, this industry devoted much effort to gaining and owning the best resources (mainly technology and process-related ones) for competition purposes. We have regarded the ownership and control of these resources as central elements of the core business, often because of the scarcity of computing power, memory, disk space, back office, call center size, etc. Given the unpredictability of the social and economic scenarios, as well as their complexity, these resources are no longer central. Those solid assets are now only sporadically employed at their highest capacity and are considered to limit our systems' and processes' flexibility. In fact, products often appear obsolete the very moment they are launched on the market, because their development cycle was longer than the life cycle of the need that contributed to their creation. Sometimes the life cycle also depends on changes in regulation. Hence, structural efficiency and technical abilities are no longer sufficient in order to be competitive, although they may be necessary. We have to integrate our processes into our insight and *smart choice* abilities, which allow our processes to be reoriented and reorganized in real time. This is very difficult to obtain with the extant structure; we need to integrate the Web and related digital technologies into our systems in order to manage resources in a different, more flexible and effective, way.

We are in the process of turning toward easy and low cost access to a number of different technical and organizational resources (cloud, open access, data storage facility management). We can rely on collaborative work, remote co-creation, and sharing platforms. And, because of this, we are actually reducing sourcing costs and rationalizing resource employment, which are leading us toward a better company image and successful marketing of our products. We still have much work to do in this direction by using other industries as an inspiration: Think of the Tesla experience in terms of collaborative working.

- Third, we have to rethink the value of *data* – we have to move from data analysis toward *data advantage*. One of the key features in this industries is the amount and the quality of the data which a company has. The problem is that we do not always appreciate and exploit the

potential of the information we have in order to better design a solid *customer journey*. The data and analytic tools on which we rely today require the combination of three elements: a) a huge amount of data, structured in databases and unstructured; b) sophisticated analytic models to better exploit such data and enable more effective and detailed decisions; c) technologies that enable us to deal with an enormous amount of data within a reasonable time and at a reasonable cost. Extant investments, regulation, and the stratification of several technological systems are slowing the required evolution and the full exploitation of these possibilities. However, it is clear that we have to develop in this direction: *Data advantage* could provide benefits in terms of commercial and marketing tactics, a profound understanding of the rules of value generation in the value chain, and a combination of data from different streams (customer touch points) to better design the customer journey.

As you can imagine, we need further research efforts in these directions, which could have several implications and applications.

I see interesting opportunities for my colleagues in terms of research opportunities. Let's turn to the labor market: Do you see exchange opportunities between the banking industry and other sectors? I mean, is there a significant turnover between careers in banking and in other industries?

The industry barriers have decreased. Today, we see new entrants in this industry, such as web designers, data scientists, and marketing managers, who deal with the digital dimension of bank management and communication. Nevertheless, this industry is very complex and hard to learn, giving banking managers who can move to other industries, a very good opportunity. The real point is, however, related to employees' and professionals' ability, passion, curiosity, and commitment to learning. Today, more than ever, it is absolutely necessary to continue studying in order to become and remain a good manager.

Thank you very much Luca for your comments; I am looking forward to seeing scholars, students, as well as managers, actually acting on your suggestions.

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