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A Holistic Approach to Marketing in Montenegrin Banks

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Abstract: In modern conditions of market globalization and strong competition, it is necessary to improve a holistic approach to marketing in banks. This paper is based on the research conducted in the banks in Montenegro. The goal of this study was to determine whether the Montenegrin banks have clearly redefined the concept of marketing, recognized the specific nature of marketing in banking and adopted a holistic marketing concept in modern banking. The main purpose of marketing in banking is to attract, retain and develop long-term relationships with customers and other stakeholders. Also, the marketing concept in banking includes the achievement of full cooperation with customers through relationship marketing, customer relationship management (CRM), alternative distribution channels in modern banking and, in general, a holistic approach to marketing. Holistic marketing analysis will help identify the strengths and weaknesses in marketing in the banking sector of Montenegro and give platform for strategic planning for its further development.

Keywords: marketing, banking, CRM, relationship marketing, holistic approach, client

INTRODUCTION

Walter and Ostrom (2010) argue that to be competitive, service companies need to understand the uniqueness of their customers and what contributes to their value. Lanning (1998) further adds that the experience lies at the very core of the value propositions, and value of experience is derived from the intensity of the experience and feelings of enchantment associated with it (Poulsson and Kale 2004). Haeckel et al. (2003) also remark that competitive advantage cannot be achieved by looking at the traditional elements of price, quality and service but by focusing on customer experience (Johnston and Kong 2011; Pine II and Gilmore 1998).

Taking into account the globalization of business and current economic trends, marketing in banking is challenged to create marketing strategies that will suit modern trends of the XXI-century. In the whole world, and in Montenegro as well, banks strongly influence the flow of economic activities in the real economic sector. Therefore, it is very important to understand the specific nature and complexity of banking services from the perspective of their customers. According to earlier research, the need for financial services affects marketing in the banking industry and the way in which banks operate according to target segments and customers (Stevenson, 1989). In this regard it should be noted that the financial services as a broader concept are „activities connected with the sale of money, offered to users and customers, and are related to the financial value of the services" (Meidan,1998). Successful relationships with customers or owners require fundamental changes in the way of formulating the strategic objectives of marketing, aimed at creating value for the customer and value for the owner (Crawens, Nigel, 2006). Strategic marketing should not ignore relations with customers and with the owners. Customer relationships are established through the Customer Relationship Management (CRM) with the owners of the management of value. Thus, relationships are born of successive experiences of customer satisfaction (Barnes 2001). CRM is a strategy used in competitive environments that combines the information, systems, policies, processes, and employees of an enterprise in an effort to attract and retain profitable customers (Menconi 2001).The basic idea of CRM is not the bank's ori-

entation towards services and products, but increased customer care, while services and products must be adapted to the personalities, needs and preferences of users (Lovreta at all, 2010). Also, CRM at the end of the last century has been recognized as a „market of the future, which is going through a technological metamorphosis (Peppers, Rogers, 1995).

A new approach to strategic marketing and relationship with stakeholders is oriented towards a holistic approach. A holistic marketing approach gives opprotunity for better communication between banks and customers, through strategies of relationship marketing. (Babić - Hodović, 2012). Filipović and Janičić, (2010) point out that modern marketing trends are oriented towards a holistic approach. A holistic marketing concept covers development, design and implementation of strategic programs, processes and activities in order to create a broad and integrated unified strategy. This concept covers internal marketing, relationship marketing, integrated marketing and socially responsible marketing.

Competition is no longer happening between companies, but between marketing and network management, and awards are given to the company that has built the best network. Success will not fail if you build an efficient network of relationships with key stakeholders (Kotler, Keller, 2006).

This paper will be based on research results, an analysis of the current state on the basis of the research and recommendations in line with the modern theory. The results of this research can be beneficial to the countries that are at a similar stage of development as Montenegro.

1. IDENTIFICATION OF MAIN STRENGTHS AND WEAKNESSES OF MARKETING APPROACH IN THE MONTENEGRIN BANKING SECTOR

1.1. The Hypothesis, Research Questions and Main Goals of the Research

The hypothesis of the paper is as follows: a holistic approach to marketing and full cooperation with customers and shareholders through relationship marketing will lead to attraction and retention of customers and development of long-term relationships with customers and other stakeholders, and will also contribute to economic growth and development of the country.

Research questions relate to the question of whether the banks in Montenegro have clearly redefined the concept of marketing, recognized the specificity of marketing in banking and finally, whether they have adopted a holistic marketing concept.

The main goal of this research is to determine and improve a holistic marketing approach to marketing in Montenegrin banks.

Other objectives of the research are to:

- Obtain relevant information on the monitoring of modern marketing trends in the Montenegrin banking sector.
- Identify the main strengths and weaknesses in marketing in the banking sector in Montenegro.
- Analyse opportunities for the development of modern trends in a holistic marketing approach in Montenegrin banks.

## 1.2. Description and Methodology of Research

The research into the role of marketing in the banking business in Montenegro, through a questionnaire sent to Montenegrin banks, lasted eight months (June 2013 -January 2014). During this period, the questionnaire was filled in by the employees of seven Montenegrin banks out of the existing 11 commercial banks operating in the territory of Montenegro. The questionnaires were completed by Crnogorska Komercijalna Banka (CKB), a member of OTP group, Hypo Alpe Adria Banka, Erste Banka, Societe Generale Montenegro, Atlas Banka, Hipotekarna Banka and Prva Banka Crne Gore.

1.3. Results of the Research

The main characteristics of the respondents are:

- 72% of respondents were female and 28% were male.
- 28% of respondents were domestic banks while 72% of respondents were foreign-owned banks. Overall, the banking market of Montenegro includes 11 commercial banks, of which two banks are predominantly locally owned and the remaining nine are foreign-owned.
- 86% of respondents come from the marketing sector while 14% from the foreign exchange sector.
- The representatives of all seven banks (100%) claim that they are aware of the needs, attitudes and motives of their customers when it comes to using their services.

FIGURE 1:
Implementation of marketing research
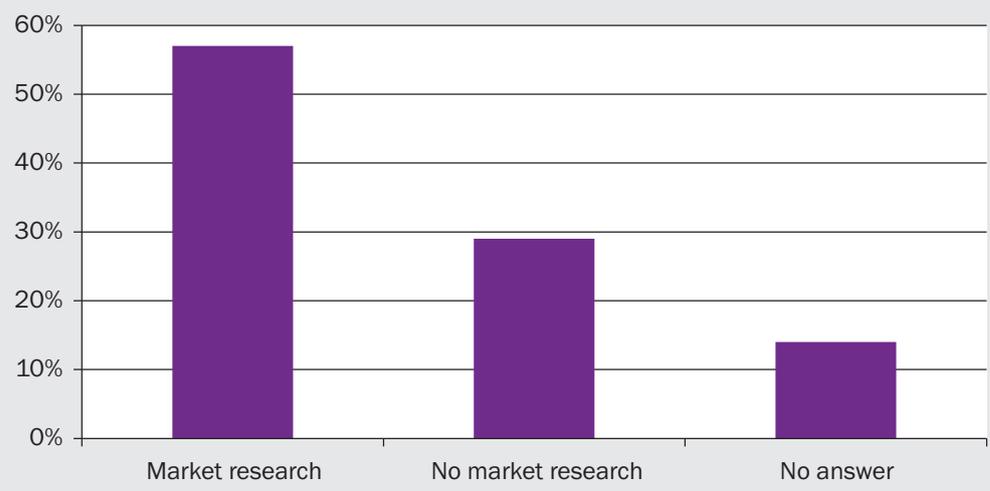
- Market research and the analysis of customer needs and competition, either within their own marketing sector or in cooperation with specialized agencies, is carried out by 43% of the representatives of the surveyed banks and an appropriate strategy is made on the basis of the obtained results. Of this percentage, the share of foreign banks in Montenegro is 100%.
- The representatives of the seven banks (100%) assert that they receive the information about the needs, motives and desires of customers on the basis of a direct contact with customers through discussions with the front office or call centre staff, filling in the questionnaires by clients or organizing events.

1.3.1. Marketing Mix in the Banking Sector

- When asked which elements of the marketing mix they use most for their appearance on the market, 86% of respondents gave the answer. Of this percentage, product, promotion, and people are the most important for all respondents, followed by price and sales channels.
- 57% of respondents said that they carried out market research before introducing new banking products and services, while 29% of respondents said they sometimes carried out marketing research before introducing new products or services. 14% of respondents did not answer this question (fig. No. 1).
- 43% of respondents believe that the supreme quality of products had the major influence on the client's perception of the bank's brand (all coming from foreign banks), while the same percentage

FIGURE 2: The impact on brand perception
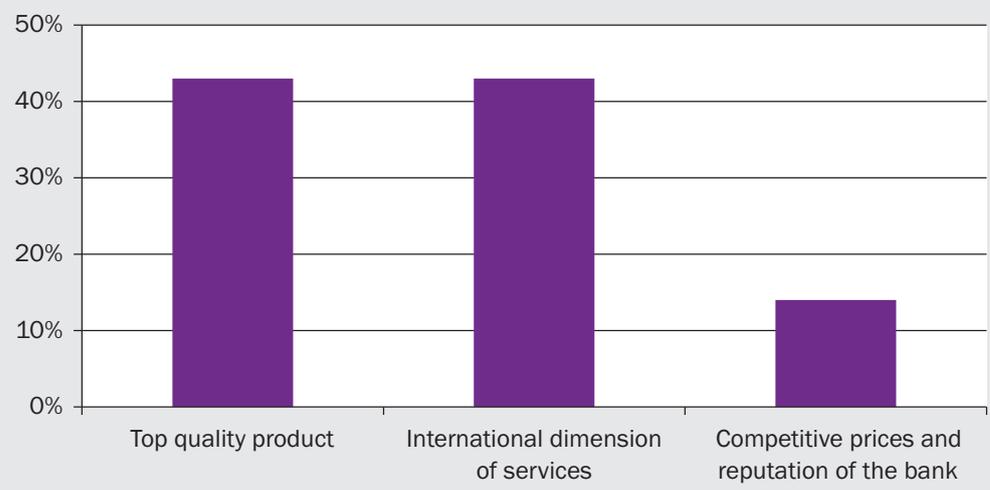
of respondents believe that the international dimension of services is the main reason for the good perception of the bank's brand. On the other hand, 14% of respondents believe that the innovative products, quality and fast service, competitive prices and reputation of the bank were the main preconditions for the creation of the perception of the bank's brand, which is presented in Figure 2.

- All respondents (100%) claim that they have reduced the prices of banking services and thus demonstrated the flexibility and adaptation to the existing market. When asked how they did it, 14% of respondents did not provide the answer. Other respondents (86%) mainly answered that they had reduced the prices of existing products. For example, Societe Generale Montenegro has reduced and abolished certain payment fees through the so-called Soge e-banking, by giving discounts for taking more products within a package of products, which are cheaper when used as a package than individually. They say in Hipotekarna Banka that they have demonstrated the flexibility and adaptation to the current market showed through a reduction in the prices of some products (interest rates, credit card maintenance fees), service packages with an expanded set of services included in the package, providing additional benefits to the client (discounts for using Premium cards). In CKB, certain banking services have preferential terms, so the first two withdrawals at ATMs are free of charge on a monthly basis in order to encourage clients to use modern-channels instead of physical presence in the branches. They say in Prva Banka Crne Gore that a healthy market competition prompts them to make the moves

which keep up with modern trends. In view of the previous and current credit expansion, there is a space for manoeuvre in terms of reducing credit interest rates, credit card maintenance fees, opening accounts with no fees or symbolic payments, combining the package of e-banking services under a single fee. In Erste Bank the deposit, as well as credit interest rates for certain products were cut, in accordance with market conditions and the long-term strategy while in Hypo AlpeAdria Bank the interest rates on cash loans were reduced during 2013 and partly during 2012.

- 71% of respondents (representatives of five banks) believe that modern branches where clients are welcomed represent the distribution channel through which they reach their clients in the fastest way. Electronic banking is for 57% of the respondents (representatives of four banks) the fastest distribution channel while POS terminals are the channel of reaching the customers in the fastest way for 43% of respondents (three banks). 14% of respondents (representatives of one bank) believe that social networks are the fastest channel to reach the client because they are available 24 hours, seven days a week. Direct contact with the client for 28% of the respondents (two banks) is the key and fastest distribution channel. More favourable lending conditions for clients compared to those who are not clients, including mortgage loans for individuals represent the key way of reaching customers faster for 28% of respondents (representatives of two banks). The distribution channels through which the bankers reach their clients fastest are shown in Figure 3 (fig. no. 3).

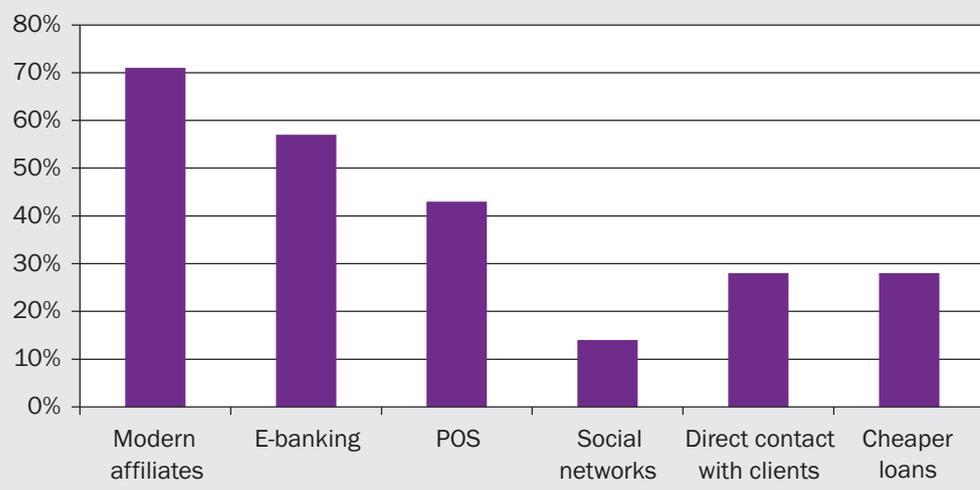**FIGURE 3:** The fastest distribution channel from banks to customers

FIGURE 4: Main indicators of the effectiveness of promotion/marketing communication

Legend:
- Increase of sales, number of new clients
- Increase of brand recognition
- Market share and number of renewed contracts

- When asked what new marketing tools have been introduced lately to be ahead of the competition, attract and retain customers, 14% of respondents said that the difference in fees was a tool used to be ahead of the competition. The same percentage of respondents answered that the use of marketing tools was not at a high level in their bank and that they did not have the Public Relation Sector (PR) or PR representative. Other 72% of respondents use modern marketing tools, such as social networks (Facebook and Twitter), e-reporting and other tools. For example, the CKB uses sensory branding (e.g. the advertisement – the taste of CKB coffee), Wi-Fi for customers, children's corner, a box for donations, the modern system of queuing that „invites" customers, exhibitions, CKB iCentar (the use of iPad devices in the branch), while Hipotekarna Banka, except for social networks, uses a virtual counter and Call contact. In Atlas Banka all the elements of the marketing mix are used.
- When asked how much was spent for promotion and advertising by years (it is desirable to show the structure), 72% of respondents did not provide the answer or did not give a specific answer, considering mainly this question as a trade secret as well. 28% of respondents said they spent more money on advertising than on promotion and half of this number of respondents said that 60% of money was spent on advertising and 40% on promotion.
- Key indicators of the effectiveness of promotion/ market communication are: the number of new customers, an increase in sales (revenues), an increase of the brand recognition rate, an increase of the market share in the targeted segment, an increase in the number of transactions and the number of renewed contracts with existing customers. When asked which of these elements

can be related to previous issues ROI (Return on Investment), 28% of respondents did not provide the answer. Of the remaining 78% of respondents, 60% cited an increase in sales (revenues) and the number of new customers as the key indicator of the effectiveness of promotion/ market communication, 20% of respondents considered an increase in the brand recognition rate as an indicator of the effectiveness of promotion/market communication, while 20% chose the number of renewed contracts with existing customers and an increase of the market share in the targeted segment as an indicator of the effectiveness of promotion/marketing communication (fig. no. 4).
- All respondents gave positive answers to the question of whether and how important the position of the front office staff was to ensure proper communication with customers and use all data in making future decisions. All respondents said that special attention was given to the front office staff because they are very important to ensure communication with customers, have the key role in data collection and communication with the client. The perception of the bank on the market depends on them to a large extent because the front office staff are ambassadors of the bank's brand. In the last few years some banks have invested heavily in staff training and improving their service/ sale skills, in order to provide even better quality service to all clients.
- When asked what the percentage of staff turnover was, as an important indicator of a bank's ability to build a culture of loyalty, 86% of respondents said that the number was minimal or negligible while 14% of respondents said that the number of employees was continuously, but carefully increasing.
- All respondents said that the lowest staff turnover was of operational staff or front office staff.

- When asked how the amount of deposit is related to dis/trust in the banking system, which exists in this region, and the fact that the deposit insurance is related to lower amounts, all respondents are satisfied with this business segment. Thus, they responded in Hipotekarna Banka that there had been a constant increase of deposit for years as well as the number of clients, in the percentage of over 10-30%, which is an indicator of trust of clients.
- None of the respondents answered the question of how much the marketing budget was for 2008, 2010 and 2012, believing that it is their trade secret.
- 86% of respondents said they planned the marketing budget, while 14% did not provide the answer. Of those who answered the question, 83% of them said that they planned the budget using the objective and task method and 17% of respondents said that the budget for the year was fixed and was based on planned projects and campaigns (January and December can be very different regarding the needs and the state of the market, so they plan the budget so that allocations can be changed at any time).

1.3.2. CRM and CLV in the banking sector

- 28% of the bankers surveyed learn about the needs, motives and desires of customers through - mail communication, 14% through the use of social networks and the same percentage of 14% of respondents use Customer Relationship Management (CRM). All these banks are foreign-owned. Other representatives of the banking sector (44%) did not provide an answer to the question (fig. no. 5).

- Today, the basic idea of CRM is greater care for customers, so the products and services must be adapted to the personalities, wishes and preferences of the clients (Lovreta et al, 2010).43% of respondents said they used Customer Relationship Management (CRM) as a marketing tool to attract and retain customers, 14% of them said they used CRM sometimes while 43% did not use CRM at all (fig. nr. 6).
- When asked how they use CRM as a marketing tool to attract and retain clients, 28% of the respondents explained that their CRM was automated through the information system of the bank and that they used the databases to create new tools of e-reporting. Other respondents from five Montenegrin banks (72%) did not adequately explain how they used CRM. It appears from the responses that the respondents do not understand the concept of CRM.
- When asked how they collect data about customers and how they use them, the answer was also given by 86% of respondents. Of this percentage, 67% of them analyse the structure and use of particular services in different target groups and gather data about customers based on their complaints and grievances which are appropriately put into the function of monitoring the service process, while others (33%) respond to the incentives of the bank and communication tools (electronic and print media, Internet marketing), and have a free phone number to call clients.
- Only if it knows its customers, it is able to satisfy their needs and desires better than the competition, build loyalty and trust of its clients (Maričić, 2002). It would be interesting to examine the impact of the level of the budget spent on customer retention and the impact it has on business

FIGURE 5: How to find out about the needs, motives and wishes of clients

28, 14, 14, 44

- E-mail communication
- Social networks
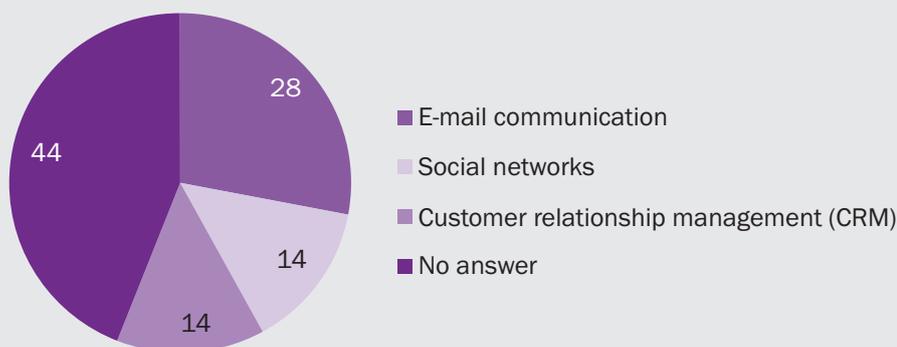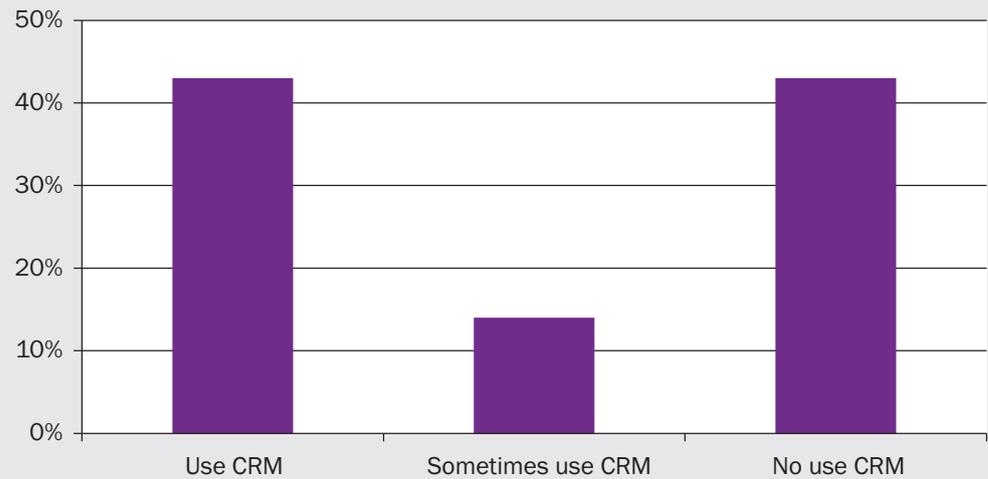- Customer relationship management (CRM)
- No answer

FIGURE 6: The use of Customer Relationship Management (CRM)

performance. All respondents gave positive answers to the question of whether the information about the buyer's dissatisfaction, according to the existing organization of complaint management, remains hidden from the manager, and if it does, whether it is dangerous. All respondents said that all information about customer dissatisfaction was directly forwarded to the competent staff within the sector, thus improving the quality of products and services as well as customer satisfaction, so the reports include the details of the complaints with appropriate solutions, and some banks have introduced the weekly reports on reputational risk.

- The majority of answers of the bankers suggest that the banks have not redefined the concept of marketing, or recognized the specific features of marketing in the banking industry, which has been developing dynamically lately. 43% of respondents answered the question of how the bank perceives the Customer Lifetime Value (CLV) and how this term affects the loyalty, profitability and growth of the bank. Of this percentage, only 33% of respondents recognized the term CLV and said there was special software to evaluate it through different scoring systems and that CLV, accordingly, must affect more moderate growth of the bank. These marketers achieve profitable growth by expanding customer share, building customer loyalty and using "Customer Lifetime Value (CLV)" (Babić-Hodović, 2012). Calculating the CLV (net present value of the flow of future profits expected from the long-term purchase) creates a formal quantitative framework for planning the investment in customers and it would help the

Montenegrin bankers consider the long-term perspective (Babić-Hodović, (2012).

- The key objectives of the marketing strategy of the bank were discussed by 57% of respondents. Accordingly, the main objective of the bank's marketing strategy for the CKB bank is to identify and meet the needs of customers while generating the profit for the bank, to constantly build a reputation and maintain a very high brand awareness; for the Societe Generale Montenegro, it is the recognition of the bank as an universal and reliable bank with a tradition that places the customer at the centre of its attention, while for Hypo Alpe Adria Banka, it is the sales support, brand development, reputational promotion while in Hipotekarna Banka, the process of development of the marketing strategy is under way.

1.4. SWOT Analysis of the Banking Sector in Montenegro

The main internal strengths and weaknesses of the Montenegrin banking, as well as the opportunities and threats in the environment show following SWOT analysis (Table1). SWOT analysis made through focus groups with managers in Montenegrin banks.

2. DISCUSSION OF FINDINGS

Montenegrin banking is based on the traditional view of marketing, and that is not oriented towards holistic marketing and providing long-term value for the customer. Each service industry has very specific features and differences in the way of creating the offer, motives and preferences of customers, the manner of

TABLE 1: SWOT analysis

STRENGTHS	WEAKNESSES
awareness of the needs, motives and wishes of customers	lack of awareness of the need to create long-term relationship with customers and stakeholders (relationship marketing)
perception of tradition and quality	lack of knowledge about modern trends in marketing (CRM, CLV, a holistic approach to marketing)
international dimension of service	short-term rather than long-term approach to the development of banking and the economy of the country in general
modern branches as a distribution channel	underdeveloped marketing sector in commercial banks
the use of social networks, e-reporting and virtual counters	limited use of IT technology in the function of modern bank marketing
low staff turnover	limited human resources (knowledge and skills)
fast and efficient service	high costs of the maintenance of branches
integrated approach to the client of the bank at all levels	marketing activities undertaken from the manufacturing sector rather than bank marketing
human resources are a competitive advantage of the bank and are the most difficult to copy by competitors	undeveloped 3P (people, process, physical environment)
OPPORTUNITIES	**THREATS**
"hunger" of the Montenegrin market for money	price competitiveness is unsustainable for the banking in the long-term period
development of small and medium-sized enterprises- the backbone of the European economy	conquest marketing (finding new clients)is expensive and unsustainable in the long –term period
advancing of e –banking sector	incompatibility with modern trends in marketing can be detrimental to the survival and further development of banks
employment growth, growth of banking services and loans	isolated market research is a trap for bankers
focus on expectations and perceptions of customers	competition that follows current trends and encourages long-term thinking
retaining existing clients and building a business based on relationships	emergence of alternative banking in the form of Islamic and eco-banking
economic growth of over 5% per year	global economic trends as a trap in seeking economic opportunities

making decisions about the use and purchase, and management of the processes in providing the service.

The research has shown that the most commonly used marketing tools are those related to the establishment of contact with customers through promotional activities, especially advertising and sales promotion, as the elements of the promotional mix. The important activities of support to other marketing tools through additional 3P elements of the service marketing mix (people, process, physical environment) are often lacking. People are essential for differentiation of the bank. The basic operations of the bank can be copied by competitors, and the only thing that cannot be copied is the people, who represent the personality of the bank and create competitive advantage, especially the front office staff. The research results showed that commercial banks had made an extensive network of branches, which are the fastest distribution channel for them (71% of respondents). However, in the long-term, maintenance of a large number of branches is very expensive.

For example, the large Austrian bank *Raiffeisen Bank International AG*, has a single department for the communication of the whole group, which is built in accordance with the optimization programs aimed at the synergy and coordination of all communication activities at the federal level. On the other hand, the bank has a new department for internal communica-

tion to monitor social media and corporate publishing. In addition, the newly established department is PR Austria which covers public relations for the following organizations within this large financial group *Raiffeisen Bausparkasse, Raiffeisen Capital Management, Raiffeisen Leasing, Valida Vorsorge (*Raiffeisen Bank International, 2014).

The results showed that the Montenegrin banks relied too much on price competitiveness, which is unsustainable in the long-term. All respondents (100%) claim that they have reduced the prices of banking services and thus demonstrated flexibility and adaptation to the existing market. When asked how they did it, the answer was not given by 14% of respondents, while 86% of respondents generally responded that they had reduced the prices of existing products. On the other hand, the statistics of the Central Bank of Montenegro show approximately the same figures when it comes to the weighted average effective interest rate on the total granted loans. At the end of 2012, this interest rate amounted to 9.47%, at the end of 2011 it was 9.73% and 9.63% at the end of 2010. For example, the weighted average effective interest rate on the loans granted to individuals was 11.55% in September 2013, and was slightly increased compared to the end of 2012 (11.51%) (Central Bank of Montenegro, 2012).

For example, the average interest rate on housing loans in Serbia is 5.82% per year, while it is 3.26% in the Eurozone countries. The average interest rate on investment loans to the commercial sector in Serbia is 7.89%, but it is 2.93% in the Eurozone area (Belgrade Institute of Economic Sciences, 2011). The main reasons for such high interest rates are currency risk and a high rate of bad debts owed by commercial entities. Since the banks are differently organized, the practice has shown that the banks which are financed from abroad enjoy most benefits.

Instead of price competitiveness, the Montenegrin banks should switch to CRM as a modern marketing tool (43% do not use CRM and 14% of respondents use it sometimes). While the relationship marketing emphasizes the importance of developing long-term relationships with all stakeholders - CRM focuses on building and developing long-term relationships with customers. It is assumed that it is several times more expensive for a company to attract new customers than to retain the existing ones. The authors have been deprived of this, because the banks did not provide an answer to this part of the questionnaire, explaining that the marketing budget is a business secret.

Likewise, researchers have been deprived of the answers regarding the performance indicators of promotion/marketing communication with ROI and gross profit per employee generated by the banks. Due to these circumstances, the researchers were not able to make a reliable conclusion about the cost-effectiveness of customer loyalty and building long-term relationships with clients and orientation towards customer retention. The research results confirm that the banks which have opted for the strategy of long-term relationships and which have the power to implement that strategy, even under the conditions existing in Montenegro, successfully operate.

Only 43% of respondents answered the question of how the bank looks at the CLV and how this term affects the loyalty, profitability and growth of the bank. Of this percentage, only 33% of respondents recognized the term CLV. This fact, as well as the previous one, shows that it is very difficult in the practice of majority of banks in Montenegro to find modern-oriented marketing in the banking sector. The research results showed that it was necessary to change the role of marketing in the organization of the bank. The truth is that the large banks can afford a separate marketing department while smaller banks usually use the services of marketing agencies.

Generally speaking, studies have shown that the trust also reduces the cost of acquiring new customers as it develops committed and loyal customers which give long lasting business for the banks (Kaur, 2013). A study conducted in UAE banking sector has shown that understanding how satisfaction is derived is important, and that certain factors contributing to satisfaction might have a greater or different (direct or indirect) impact on retention than others. First, given that satisfaction plays a dominant role in formulating retention assessments, marketers should continuously provide services that satisfy and delight customers. Secondly, this research identifies that satisfaction is not the sole determinant of customer retention. Caution should be taken with regards to the impact of image on retention. Image seems to be a construct that has a relatively important role too. The image has an impact on customer perceptions of the communication and operations of the firms in many respects (Kassim&Souiden, 2007).

When we speak of branches as a distribution channel and their prospects, the global research shows that 15% of bank branches generate 50% of profit, and that 50% of branches contribute only with 5% to overall profits (Berlon, 2009). It is expected that in the XXI century more attention is paid to the business through

ATMs (*Automated Telling Machines*), telebanking and e-banking (King, 2010). Currently, bank branches still require the most time and effort of the staff and management and are too expensive. It is anticipated that in the next 5-7years the branches will become too expensive to be able to financially sustain the behavioural changes caused by a strong tendency to increase revenues (an example of the Splitska Banka in Croatia). For now, customers in Montenegro are not sufficiently used to other forms of distribution offered by new information technologies. Possible new forms of distribution are: establishment of mini branches in smaller locations, pop up branches, bank shops, 1-2 consultants (consultants should be placed in the business class of the A380 air craft where customers can get the value from „mini-branches"), or the branches in shopping centres that are working until late in the evening (King, 2010).

In terms of distribution channels, based on the data obtained on a sample of 2,031 bank clients in the United States aged 18 to 34 years in 2014, the biggest advantage of traditional distribution channels relates to data security. The study also shows that a large number of clients, despite benefits provided by technological innovation, prefer personal contact. (The Statistics Portal, 2016).The process (as an element of the service marketing mix) refers to procedures, mechanisms and flow of activities from which the service is received (Jober&Fahy, 2006). In this context, e-banking allows the bank to offer its services in a manner that facilitates daily operations to both the bank and its clients (Kotler& Keller, 2006). King (2010) points out that "e-banking is gaining in importance and that banks should be more oriented towards this distribution channel and 57% of respondents in the research voted for e-banking" (p.365). Personal interaction with customers is mostly present only in solving some complex problems and the number of users of Internet and mobile banking is growing steadily. However, it does not mean that the mobile and Internet banking have replaced traditional distribution channels as the bank's clients do not see these channels as substitutes. The probability that the customers who use mobile or online banking once a week, use some form of traditional services banking (go to the bank counter) more often compared to customers who do not use these services, is 60% (Board of Governors of Federal Reserve System, 2015, p. 1).

3. RECOMMENDATIONS FOR THE IMPLEMENTATION OF MODERN TRENDS IN BANKING MARKETING

By analysing the statistical data on the movement of interest rates of the Montenegrin banks, it seems that high interest rates have existed since the arrival of foreign banks and have been rising or have stayed at the same (high) level for a decade. A similar situation exists in the neighbouring countries. The banks in Serbia charge the highest interest rates in Europe.

If we look at the well-known European banks, it is evident that they do not only follow current trends and build long-term relationships with clients, but also express a deep interest in the community and the country's economy in general. The Germany's *Commerzbank* has the role of a strong partner with the German small and medium-sized enterprises (Commerzbank AG Germany, 2014). The Germany's model is well known and instructive in theory and practice, as one of the most efficient models of cooperation between large and small business, where small companies specialize in the production and technological niches and a narrower product range, but sell on the global scale (Rakita, 2006). This large bank is famous for construction financing with independently developed comparison of markets for 250 service providers in this field.

Banks need a good marketing organization for healthy and long-term development. A holistic marketing concept, which is recommended as an imperative in the XXI century business must include a number of carefully planned and inter-related marketing activities. Relationship marketing, as an important part of holistic marketing concept, is specifically based on development of long-term relationships at the micro and macro level. The bank which applies the relationship marketing at the macro level recognizes that marketing activities affect the consumer market, labour market, supplier market and internal markets and institution markets. At the micro level, the relationship marketing recognizes that the focus of marketing is changing and redirecting from conducting individual transactions to building long-term relationships with customers. That is why followers of the relationship marketing believe that the products / services of their banks come and go, and that the real unit of value is a long-term relationship with customers.

The customer retention has a stronger effect on the profit than the market share, economies of scale and other variables usually associated with competitive advantage. The studies have shown that even 95% of profit comes from long-term clients, on the basis of sales, recommendations, and reduced operational costs. Increasing the retention rate can have a powerful effect on the profitability of the bank and its branches that carry out specific operations. The studies have shown that a 5% increase in customer retention rate can increase profits by 85% in a branch of the bank and, say, by 50% for broker insurance(Farquhar, J.,Meidan, 2010).

CRM is a strategy of advanced relationship marketing between banks and clients. The XXI century is more appropriate to call the century of customers than the century of technology. CRM means for the bank to be well informed and be able to interact with profitable and potentially profitable customers. Understood in this way, CRM is a business philosophy that cannot be solely reduced to the implementation of a single software solution, as it was, according to the research results, understood by the Montenegrin bankers.

One needs to be flexible and note that it is not necessary that marketing activities should be carried out exclusively within the marketing department. Banks have limited resources which should be rationally managed, which cannot be properly done without the marketing approach and marketing research. Due to the specific nature of the bank product, the performance of other departments in the bank which carry out marketing activities is not neglected (e.g. departments for human resources management, long-term relationship marketing), but they need to be more marketing oriented, so the role of the marketing department in banks is perceived more as the creator and coordinator of the mentioned activities, which should be strengthened and developed.

Financial institutions are leading the development in the application of market research. This area is particularly important for the sector of financial / banking services. Unfortunately, it must be noted that, according to this research, the status of market research in Montenegrin banks is fairly modest compared to the real needs for the information support in making strategic business decisions in the field of marketing.

CONCLUSION

This paper is based on the research conducted at the banks in Montenegro and looks at the achievements and strategic development of marketing in the Montenegrin banking sector. The research has shown that the banks in Montenegro have not clearly redefined the concept of marketing, have not clearly recognized the specific features of marketing in banking or accepted a holistic marketing concept. Modern marketing in the banking sector should be based mostly on relationship marketing aimed at building long-term relationships with clients and other stakeholders. Retention of clients has a stronger effect on profit than the market share, economies of scale and other variables usually associated with competitive advantage.

On the other hand, CRM is a strategy of advanced relationship marketing between banks and clients, since the most important characteristic of the business in the XXI century will be a move of the negotiating power in the value chain from producers to consumers. CRM should be seen as a business philosophy that cannot be reduced solely to the implementation of a single software solution as it was, according to the research results, understood by the Montenegrin bankers. Moreover, the Montenegrin banks are recommended not to expand the network of their branches because in the next 5-7 years their maintenance will become too expensive, so they are recommended modern alternative distribution channels. However, the marketing of today is not the only sector that is responsible for understanding customer needs and informing other departments of the bank about the customer attitudes. A holistic marketing approach, through the implementation of internal, relationship, integrated and socially responsible marketing, gives opportunities for interactive communication with customers.

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Apstrakt

Holistički pristup marketingu u bankama u Crnoj Gori

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U savremenim uslovima globalizacije tržišta i jake konkurencije, neophodno je unaprediti holistički pristup marketingu u bankarstvu. Ovaj rad je zasnovan na istraživanju sprovedenom u bankama u Crnoj Gori. Cilj ovog istraživanja je bio utvrditi da li banke u Crnoj Gori imaju precizno definisan koncept marketinga, prepoznatu specifičnu prirodu marketinga u bankarstvu i prihvaćen holistički pristup koncepta modernog marketinga. Glavna svrha marketinga u bankarstvu je privući, zadržati i razviti dugoročne odnose s klijentima i drugim akterima. Takođe, koncept marketinga u bankarstvu uključuje ostvarivanje pune saradnje sa kupcima kroz relacioni marketing, upravljanje odnosima sa kupcima (CRM), alternativnih kanala distribucije u modernom bankarstvu i, uopšte, holistički pristup marketingu. Marketinške analize pomoći će identifikovanju prednosti i nedostataka u marketingu u bankarskom sektoru Crne Gore i dati platformu za strateško planiranje za njegov dalji razvoj.

Ključne riječi: marketing, bankarstvo, CRM, relacioni marketing, holistički pristup, klijent

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