

Impact of the economic downturn on the marketing of financial firms

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Abstract

Effective financial marketing is a necessary choice for financial enterprises to improve their competitiveness, and is an important management activity in the operation of modern financial enterprises. For modern financial enterprises, in order to obtain better development, it is necessary to recognize the current situation of financial marketing in China and collate countermeasures, which is of great significance to the development of financial enterprises themselves and the enhancement of international competitiveness. This thesis aims to explore the impact of economic downturn on financial marketing. We use quantitative analysis methods to collect economic indicator data and financial marketing data within a certain time frame, and carry out a systematic analysis to derive the impact of economic downturn on the marketing of financial enterprises, and finally put forward relevant suggestions to promote the implementation of marketing in financial enterprises.

Keywords

Financial marketing; Current state of the economy; Impact mechanisms.

1. Introduction

In recent years, the global economy has faced many challenges, including the financial crisis, trade wars and global pandemics. These uncertainties have had a profound impact on all industries, and in particular have had a significant impact on the marketing strategies of financial firms. During the downward economic phase, consumers' purchasing power may be compressed, credit markets tighten and financial risks rise. These factors pose a serious challenge to the market positioning, product innovation and branding of financial firms. Therefore, understanding and coping with the impact of economic downturn on the marketing of financial firms is of great significance in improving their competitiveness and sustainable development. This study aims to explore the impact of economic downturn on the marketing of financial enterprises and to analyse the effects of different coping strategies. Specifically, we will study the following questions: 1. What are the connotations and characteristics of financial marketing; 2. What is the current situation of the financial marketing industry; 3. What is the current economic situation in China; 4. What is the impact of the economic downturn on financial marketing; and 5. Propose financial marketing strategies to cope with the economic downturn. By answering these questions, we will provide a reference to decision makers and managers in the practice of financial enterprises about marketing strategies to cope with the economic downturn.

2. Principal Argument

2.1. Connotation and characteristics of financial marketing

Financial marketing refers to "the financial market-oriented financial enterprises, the use of overall marketing tools to provide financial products and services to customers, in the course of meeting customer needs and desires to achieve the interests of financial enterprises in the course of the social behaviour of the goal." Financial marketing belongs to the category of marketing, but different from general marketing, because the financial industry is a special service industry, the products and services provided by the obvious difference from the industrial and commercial enterprises, so the financial marketing and has some unique characteristics:

2.1.1. The intangibility of the marketing object

The object of financial marketing - financial products - is intangible, which makes financial marketing more difficult than general business enterprise marketing. In financial marketing, it is difficult for customers to see the form and function of the product at a glance, as they do when selecting a business enterprise product. This requires a great deal of description and explanation in marketing, and in order to make intangible products easy to remember, spicy and select, financial institutions need a large number of marketing staff and marketing tools to attract customers.

2.1.2. Non-storability of financial products

Once a normal tangible product is produced, it can be stored and wait to be sold. The production and consumption of financial products are the same process and cannot be stored. In financial marketing, customer participation is very strong, the communication between financial institutions and customers becomes very important, and process management is especially important for financial institutions.

2.1.3. Continuity of transactions

Long after a financial product has been purchased, the customer will continue to deal with the financial institution. A customer makes a deposit in a bank and may go back to renew it later, or may also take out some of it. A customer buys a fund, and if the fund performs well, it is possible that additional purchases will be made. If a person buys a pension insurance policy, he will have to keep making contributions or receiving pension payments for the remaining years of his life. The continuity of transactions makes it necessary for financial institutions to pay special attention to customer relationship management in their marketing.

2.1.4. Duality of sale and purchase

The special thing about financial institutions is that many of them are both buying and selling; the source of funds is related to the customer and the use of funds is also related to the customer. Customers to the bank can both deposit money, can also be a loan, the former is the customer to provide funds to the bank, the bank pays interest, buy the customer's right to use the funds; the latter is the bank to provide funds to the customer, the customer pays interest, buy the bank's right to use the funds. The same customer may also have both deposits and loans in the bank at the same time, and buyers and sellers can interchange their identities in different financial transactions. The same is true in the securities market, where it is possible for a securities company to buy shares today and sell them tomorrow.

2.2. The state of the financial marketing industry

2.2.1. Thinking and concepts are still outdated.

In financial business activities, some bank leaders and marketers are still relatively backward in their understanding of the concept of marketing, with some viewing marketing as the promotion of financial products, some understanding finance one-sidedly as advertising, and

others viewing marketing as merely the business of the marketing department and failing to recognise the importance of all-volunteer marketing.

2.2.2. Marketing awareness is not comprehensive.

Some in the business strategy, although also borrowed the concept of marketing and techniques, but often the marketing as marketing, only in the promotion of their own products sporadic use of advertising, publicity and public relations strategy, the publicity lack of integrity and consistency, not the bank's products and the bank's business philosophy of the image of the publicity combined, the more the lack of overall marketing.

2.2.3. Lack of strategic objectives in marketing.

General lack of a long-term perspective to grasp the analysis of the market. Positioning and control, in improving service attitude, optimise service quality, improve service level and other aspects of the work has not been linked to the strategic objectives of marketing and marketing strategy and the lack of targeting, initiative and creativity, although the use of high-tech channel design, but the expansion of distribution channels is still the main method of expanding the strategy to increase the number of business outlets, and it is difficult to form a highly efficient marketing channels.

2.2.4. Lack of professional financial marketing personnel.

Due to the late start of financial marketing in China, the current financial enterprise staff knowledge structure is basically a financial professional, very few marketing professionals into the enterprise, and enterprises in the recruitment and selection process is mostly biased towards the financial professional, and for the combination of financial and marketing talents is very little but this new type of composite talents, it is today's financial enterprises need the main force.

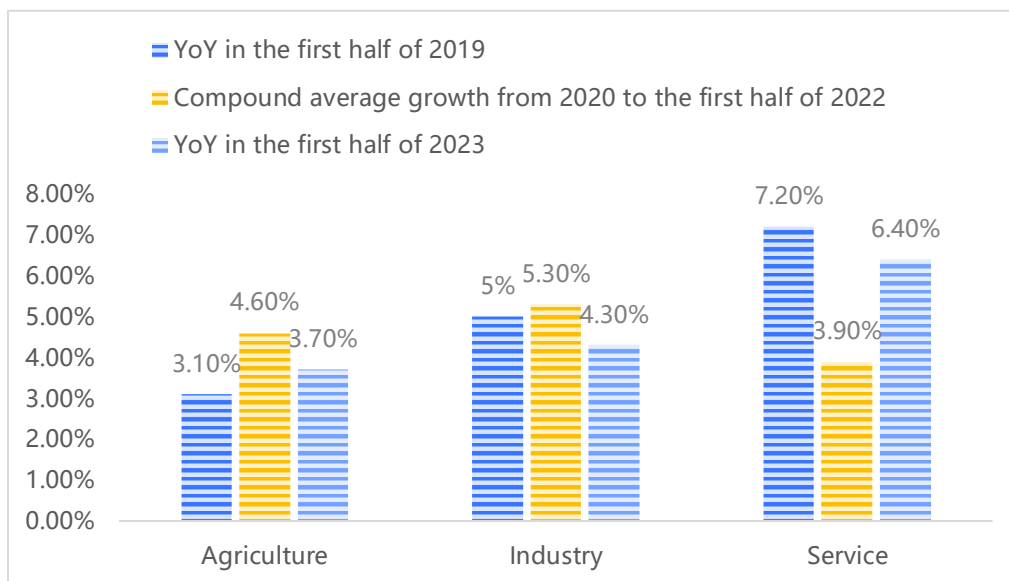
2.3. The current state of our economic downturn

Since 2022, the new downward pressure on the economy has been further intensified by the over-expected impact of a more complex and severe international environment and the obvious impact of the domestic epidemic. The current economic operation is facing new difficult challenges, mainly the lack of domestic demand, some enterprises operating difficulties, more risks in key areas, and a complex and severe external environment. After the smooth transition of epidemic prevention and control, economic recovery is a process of wave-like development and zigzagging.

Figure 1: Comparison of the growth rate of added value of various industries in China since the outbreak of the epidemic with the same period in 2019.

China's economy is generally in an upward restoration trend, but the slope of the restoration is gradually slowing down. Overall, in the first half of this year, the growth rate of China's primary industry still maintained a relatively fast growth rate, the growth rate of the secondary industry fell back to lower than that before the epidemic, and the growth rate of the tertiary industry, although significantly faster than that of the previous three years, was still lower than that before the epidemic. From the contribution rate of the three major demands to GDP growth, in the first half of the year, final consumption expenditure, gross capital formation, net exports of goods and services to GDP growth contributed 77.2%, 33.6%, -10.8%, respectively, the contribution rate of final consumption expenditure increased by 44.4 percentage points compared with last year's full year, the contribution rate was significantly increased, the gross capital formation, net exports of goods and services compared with the full year last year Gross capital formation and net exports of goods and services fell by 16.5 and 27.8 percentage points respectively, with a significant decline in the contribution rate. Under the circumstance that the growth rate of net export surplus of goods trade declined and the deficit of net export of services trade widened, the net export of goods and services pulled down the GDP growth by 0.6

percentage points, compared with an upward pull of 0.5 percentage points for the whole of last year.



Data source: National Bureau of Statistics

According to the latest data and reports, China's economy has slowed down, even though it is still growing at a relatively steady rate.

Table 1: Main data of national residents' income and expenditure in the first three quarters of 2023

Metric	Absolute volume (yuan)	Year-on-year growth of (%) (Real growth rate is given in brackets.)
(1) Per capita disposable income nationwide	29398	6.3(5.9)
According to the permanent residence:		
Urban dweller	39428	5.2(4.7)
Country dweller	15705	7.6(7.3)
By revenue source:		
Wage income	16747	6.8
net income from operations	4643	6.7
Net income from property	2554	3.7
Transfer net income	5454	5.8
(2) The median per capita disposable income nationwide	24528	5.4
According to the permanent residence:		
Urban dweller	35242	4.3
Country dweller	13396	5.7
(3) Per capita consumption expenditure nationwide	19530	9.2(8.8)
According to the		

permanent residence:		
Urban dweller	24315	8.6(8.1)
Country dweller	12998	9.3(9.0)
By consumption category:		
Food, tobacco and alcohol	5794	6.7
clothing	1055	6.5
live	4514	6.4
Daily necessities and services	1120	7.4
Traffic communication	2605	11.3
Education, culture and entertainment	2084	16.4
medical care	1835	15.0
Other supplies and services	522	17.4

Weak consumer demand is an important reason for the current economic downturn. Despite a series of policies adopted by the Government to encourage consumption, consumer confidence has been affected by a number of factors, leading to a slowdown in the growth of consumer spending.

Global trade uncertainty has also had a knock-on effect on the Chinese economy. Trade frictions, tariff measures and uncertainty about the international economic situation have all put some pressure on China's exports and imports.

In addition, the Chinese economy was facing a number of structural problems, such as overcapacity, debt problems and unbalanced regional development. These problems are difficult to solve in the short term and have created some obstacles to economic growth.

2.4. The Impact of the Economic Downturn on Marketing in Financial Firms

Decline in consumer confidence: During an economic downturn, consumers may become more cautious and wait-and-see, and there may be less demand for the purchase of financial products and services. A dissertation could explore the reasons for this consumer behaviour and its implications for the marketing strategies of financial firms.

2.4.1. Changes in demand for financial products and services:

In times of economic downturn, people may focus more on money management, financial planning and risk management. Financial firms may adjust their product and service portfolios to meet the new demands of consumers. The paper can explore how financial firms can identify and respond to these changes in demand and adopt marketing strategies accordingly.

2.4.2. Cuts in marketing budgets and resources:

In times of economic downturn, financial firms may face cuts in marketing budgets and resources. The thesis can examine how financial firms can develop practical marketing strategies with limited budgets and resources to improve efficiency and returns.

2.4.3. Trust and branding:

In times of economic downturn, the financial sector may be affected by public trust and reputation. A dissertation could examine how financial firms can restore and consolidate public trust in them through branding and increased transparency, and the impact of this process on marketing.

2.4.4. Digital marketing and innovation strategies:

Digital marketing and innovation strategies can be an important tool for financial firms to improve their competitiveness in times of economic downturn. The thesis could examine how financial firms can utilise new technologies and digital channels to increase their market share and explore the effectiveness of these strategies in times of economic downturn.

2.5. Financial marketing strategies to cope with the economic downturn

In the financial market, product strategy is one of the core of financial marketing. In order to formulate an effective product strategy, it needs to be analysed in depth from multiple dimensions such as market demand, product design and pricing strategy. In this paper, we will systematically discuss the product strategy of financial marketing in order to help financial enterprises better meet customer needs and enhance market competitiveness.

2.5.1. Market demand analysis

The first task in developing a financial marketing product strategy is to gain an in-depth understanding of market demand. Financial enterprises need to comprehensively analyse information such as customers' investment preferences, risk tolerance, and return expectations in order to determine the target customer groups and market demand. In addition, they need to pay attention to industry dynamics and competitors' product strategies in order to adjust their own product strategies in a timely manner and maintain market competitiveness.

2.5.2. Product design

On the basis of understanding market demand, financial firms need to design financial products that meet customer needs. Product design should focus on the following points:

Product innovativeness: Providing unique products or services to meet the diverse needs of customers. Innovation can come from a variety of sources such as product features, service processes, and technology applications.

Product customisation: providing customised financial products and services based on the individual needs of customers. This helps to increase customer satisfaction and loyalty.

Product Risk Management: Ensure that the product meets the needs of customers while effectively controlling risks and safeguarding the assets of enterprises and customers.

2.5.3. Pricing strategy

Pricing strategies for financial products need to take into account a number of factors, including product costs, market demand, and competitive conditions. The following are some suggestions:

Cost-orientated pricing: The price of a product is determined on the basis of the cost of the product plus the expected profit margin. This method is simple and easy to use, but may ignore market demand and competitive conditions.

Market-oriented pricing: determining product prices based on market demand and competitive conditions. This method better meets customer needs and enhances market competitiveness.

Value-based pricing: The price of a product is determined based on the value it creates for the customer. This method reflects the unique value of the product and increases customer satisfaction.

2.5.4. Channel strategy

Sales channels for financial products are important for product promotion and market expansion. Financial enterprises should choose appropriate sales channels, such as online platforms, offline outlets and partners, to cover a wider range of customer groups. Meanwhile, pricing and promotion strategies for different sales channels need to be adjusted according to the actual situation.

2.5.5. Branding

In financial marketing, branding plays a key role in increasing customer satisfaction and loyalty. Financial enterprises should focus on shaping and maintaining their brand image and establishing a good reputation by providing quality products and services. In addition, they need to strengthen brand publicity and promotion to improve brand awareness and reputation.

2.5.6. Continuous improvement and optimisation

As market conditions and customer needs change, financial firms need to continuously improve and optimise their product strategies. This includes regularly assessing product effectiveness, adjusting pricing and promotional strategies, and optimising sales channels. At the same time, they also need to pay attention to industry dynamics and competitor dynamics in order to adjust their strategies in a timely manner and remain competitive in the market.

In conclusion, the product strategy of financial marketing needs to comprehensively consider various aspects such as market demand, product design, pricing strategy, channel strategy, brand building and continuous improvement. By developing a systematic product strategy, financial enterprises can better meet customer needs, enhance market competitiveness and achieve sustainable development.

3. Conclusion

Based on the results of the research and analyses, the following conclusions can be drawn:

The economic downturn has had a marked impact on the marketing of financial firms. Economic downturns are often accompanied by declining consumer confidence and weakened purchasing power, which leads to financial firms facing greater challenges in market competition. Financial firms need to adopt flexible marketing strategies to adapt to changing consumer needs and market conditions. This includes adjusting product positioning, optimising service quality, and offering more attractive offers and incentives. Digging deeper into customer needs, reinforcing brand image, strengthening market research and competitive analysis are also important aspects that financial firms should focus on during the economic downturn. By better understanding customer needs and market changes, financial firms can develop more precise and effective marketing programmes. At the same time, effective brand management and image building are also aspects that financial firms need to pay attention to during the economic downturn. By building a credible and reliable brand image, financial firms can stand out in a competitive market environment and gain more consumer support and recognition.

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