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MARKETING MIX AND THE CONCEPT OF PRODUCT LIFE CYCLE IN DEVELOPING RECOMMENDATIONS ON IMPROVING THE PERFORMANCE OF COMPANIES IN THE BANKING SECTOR

The product life cycle (PLC) is traced at all enterprises, including banks that presupposes the determination of the location stage of the suggested product to consumer/customer. The process of removal of disadvantages and the improvement of the activity of enterprise/bank by means of PLC model is not popular and is rather challenging. In this regard it is offered the use of this concept along with marketing mix that in many ways facilitate and concretize the goals. Analyzing each element of the marketing complex it is possible to identify strengths and weaknesses of enterprise/bank. For the removal of disadvantages the recommendations are developed aimed at a particular life cycle stage and for a certain element of marketing mix. They in turn will influence the operating efficiency of enterprise/bank in the future.

Keywords: product life cycle; marketing mix; product; price; promotion; bank.

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ВИКОРИСТАННЯ КОМПЛЕКСУ МАРКЕТИНГУ ТА КОНЦЕПЦІЇ ЖИТТЄВОГО ЦИКЛУ ПРОДУКТУ У РОЗРОБЦІ РЕКОМЕНДАЦІЙ ЩОДО ПОЛІПШЕННЯ ДІЯЛЬНОСТІ ПІДПРИЄМСТВ БАНКІВСЬКОЇ СФЕРИ

У статті підкреслюється, що життєвий цикл продукту (ЖЦП) простежується на всіх підприємствах, включаючи банки, та передбачає визначення етапу знаходження пропонуваного споживачеві/клієнтові продукту споживання. Процес усунення недоліків і поліпшення діяльності підприємства/банку за допомогою моделі ЖЦП є непопулярним методом роботи. У зв'язку з цим, пропонується застосування цієї концепції одночасно з комплексом маркетингу, що багато в чому спрощує і конкретизує задачі. Аналізуючи кожен елемент комплексу маркетингу, можна виявити сильні і слабкі сторони підприємства/банку. Для усунення недоліків розроблено рекомендації, націлені на поліпшення конкретного етапу життєвого циклу і для потрібного елемента комплексу маркетингу, які в свою чергу впливатимуть на ефективність діяльності підприємства/банку надалі.

Ключові слова: життєвий цикл продукту; комплекс маркетингу; продукт, ціна, просування; банк.

Табл. 4. Рис. 6. Літ. 10.

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ИСПОЛЬЗОВАНИЕ КОМПЛЕКСА МАРКЕТИНГА И КОНЦЕПЦИИ ЖИЗНЕННОГО ЦИКЛА ПРОДУКТА В РАЗРАБОТКЕ РЕКОМЕНДАЦИЙ ПО УЛУЧШЕНИЮ ДЕЯТЕЛЬНОСТИ ПРЕДПРИЯТИЙ БАНКОВСКОЙ СФЕРЫ

В статье подчеркивается, что жизненный цикл продукта (ЖЦП) прослеживается у всех предприятий, включая банки, и предполагает этап определения нахождения предлагаемого потребителю/клиенту продукта. Процесс устранения недостатков и улучшения деятельности предприятия/банка с помощью модели ЖЦП является непопулярной и затруднительной мерой. В связи с этим предлагается применение этой концепции наряду с комплексом маркетинга, что во многом упрощает и конкретизирует

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задачи. Анализируя каждый элемент комплекса маркетинга, можно выявить сильные и слабые стороны предприятия/банка. Для устранения недостатков разработаны рекомендации, нацеленные на улучшение конкретного этапа жизненного цикла и для нужного элемента комплекса маркетинга, которые в свою очередь повлияют на эффективность деятельности предприятия/банка в дальнейшем.

Ключевые слова: жизненный цикл продукта; комплекс маркетинга; продукт; цена; продвижение; банк.

To assess the activities of organization and development of marketing strategies, entrepreneurs use the concept of product life cycle (PLC). However, as practice shows, the use of only this concept seems to be insufficient. For more efficiency, along with the PLC concept the marketing mix usage is suggested, considering each element separately and all the elements in general.

The aim of this research is to develop the recommendations on the improvement of the life cycle of a banking product by means of using a marketing mix.

For this we defined the following tasks:

- to consider the theoretical aspects of the concept of product life cycle (PLC) and marketing mix in banking industry;
- to analyze the banking industry in Latvia;
- to analyze the marketing mix of a bank;
- to determine the condition of PLC and to recommend measures on the improvement of PLC for a bank.

The object of this research is Rietumu Banka.

With an idea of the possibility of applying and combining product life cycle (PLC) and marketing mix in practice, we initially considered the theoretical aspects of marketing mix and PLC independently on the example of the banking sector.

Under marketing mix we understand a set of controlled parameters, variables of marketing activity of organization by manipulating with which it tries to meet the needs of markets target. The structure of marketing mix consists of 4 elements. This combination of marketing elements is classically called the "four p's", or 4P (the first letters of their English names):

- "Product" – product/service;
- "Price";
- "Place" – distribution;
- "Promotion" (Kotler, Armstrong, 2003).

It should be noted here that to the classical model of 4 p's also other "P's" are often added:

- "People";
- "Personnel";
- "Personal Selling";
- "Presentation";
- "Participants".

Adding "p's" occurs in those cases where there is a distinctive organizational and other features appear (Golubkov, 2003). It should be noted that for banking, marketing mix includes 4 elements of the traditional approach – "Product" (banking service), "Price", "Place" (distribution), "Promotion" and additional two have a very substantial

impact on the efficiency of a bank – "Personnel", "People". Personal selling does not stand out as an element, as would be an element of promotion, and other specified items to some extent are reflected in the elements of the traditional approach.

In theoretical terms, the life cycle of a product/service represents the time since its initial appearance at the market until termination of its implementation. During PLC changes occur in the volumes of sales and profits, as well as in marketing costs. PLC notion applies to goods, services, businesses, markets (Kotler, Armstrong, 2003). In banking sector – to a product (banking service) and, respectively, to the bank using the model of the product life cycle (PLC).

For better perception, PLC is usually represented visually as a curve. In the educational and methodological literature on the subject, the curve on the graph is depicted as inverted parabola (Lysenko, Dmitrieva, 2006).

PLC consists of (4) clearly defined stages. 5 stages are considered by the organization when implementing new ideas, developing a new product, as often is in banking. This stage of PLC is called the stage of product development, in our case – the banking product. During this period, the volume of sales/offers equals 0 and expenditures increase as we approach the final stages of this process.

The next stage – Introduction or launch. In banking product launch at the market, starts when a bank offers a product to a target market. This stage is characterized by the slow pace of sales of the product, slow growth and, as a consequence of the absence or very low profits. In most cases, due to the fact that it takes high costs of marketing and the small volume of proposals, this stage is unprofitable. In some cases, a bank deliberately sacrifices part of its profits in order to gain new customers and their recognition of their new product, thus they expand the sales market. At this stage, a bank has almost no competitors. Duration of this stage, launching new product to the market, depends on the quality of this product and the correctness of a chosen marketing strategy.

The third stage of PLC in banking traditionally is the stage of growth. This stage is characterized by rapid growth of sales volume, caused by the recognition of product by clients and their interest in it, profit growth and reduced marketing costs. At this stage a bank seeks to expand the market for its products and to penetrate into new market segments. As a result, it attracts a significant number of new customers. This stage is marked by the desire of bank to extend it as long as possible.

The stage of maturity is the fourth stage of PLC. Traditionally, this stage is characterized by slowing and/or stopping the growth of sales, increased competition, increased marketing expenses and possible decrease of profits. This happens for several reasons: first, by the time of the maturity of a product the clients' needs may change significantly in the direction of modification; secondly, to replace this product, can come a better product; thirdly, a bank can't cope with competitive pressure; fourth, the product may not be enough profitable for this bank. At this stage, the efforts of the bank's are aimed at holding the market share by conducting active measures to improve the product, its marketing mix, product positioning etc. However, the bank is interested in the maximum extension of this stage so that last stage of PLC wouldn't come, that is the stage of "decline." At the last stage there is a sharp decline in sales and profits. At this stage, the bank in order to optimize the product range and balance the consumption carries out an indepth analysis. The results of this analysis

allow objectively evaluate the possibility for modifying the existing product or developing a new one.

Clearly, the shape of the curve of PLC is changing. This happens in the cases when a product is quickly gaining the market, quickly dies or remains at the stage of maturity for a long time. Some products reach the decline, but not die, because of marketing efforts, and may return to growth. This proves that for the development of marketing strategies to improve the organization and predicting product performance, there is a need to consider PLC model in combination with marketing mix.

For better perception, let us consider the above mentioned on a specific example. As an example we proposed the joint-stock company "Rietumu Banka" which is the object of our research.

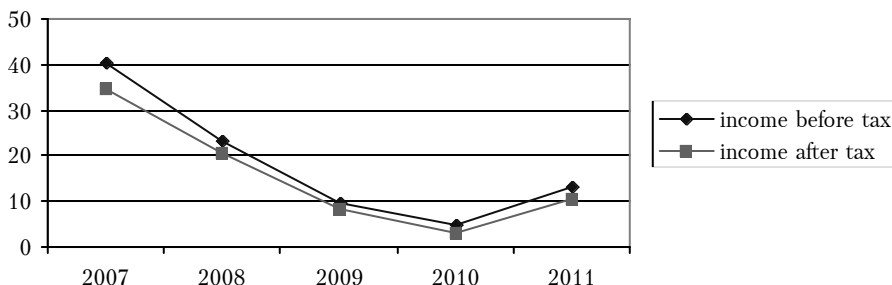
Latvian commercial bank "Rietumu" is among the largest private banks in Baltic States, specializing in services for business and private wealth. In the Register of Enterprises of Republic of Latvia it was registered on May 14, 1992 and from that moment began its activity. Its long tenure at the Latvian market proved its stability as a financial institution. Let's look at the financial performance of this bank in 2007–2011 which are presented in Table 1.

Table 1. The financial performance of the "Rietumu" bank

At the end of the year (LVL, 000)	2011	2010	2009	2008	2007
Total value of assets	1,388,401	1,116,323	981,645	1,117,276	1,226,059
Credits and accounts/debts receivables	605,432	535,849	490,471	571,057	598,699
Customer funds	1,234,827	971,004	681,521	670,611	885,879
The total share capital	136,057	137,909	132,757	132,497	122,210
Net profit before tax	13,057	4,887	9,810	23,411	40,290
Net profit after tax	10,613	3,187	8,137	20,494	34,755
Operating profit	47,411	44,460	50,716	67,750	64,565

Source: <http://www.rietumu.lv/documents/english/ar/ar2011.pdf> - p. 6.

As demonstrated in Table 1, the audited net profit in 2011 amounted to 10.6 mln LVL, which is more than 3 times higher than in 2010. The volume of the deposits increased by 27% in 2011. The volume of its assets increased by 24% and on 31.12.2011 amounted to 1.4 bln LVL, or 2 bln EUR, the credit portfolio – by 13% to 605 mln LVL, or 861 mln EUR. The equity and reserves of the bank amounted to 136 mln LVL, or 194 EUR. In 2010 "Rietumu" paid its last syndicated credit of \$120 mln raised in June 2007 to promote corporate lending. At present, the bank has syndicated loan commitments. Figure 1 clearly shows the net profit of the bank before and after tax in 2007–2011.



Source: <http://www.rietumu.lv/documents/english/ar/ar2011.pdf> - p. 9.

Figure 1. Net income of Rietumu Banka before and after tax

As seen in Figure 1, the net profit after tax from 2007 shows the tendency of decline. There has been a significant decrease in 2009, by 12.4 mln LVL as compared to 2008. In 2010, it was already 3.2 mln LVL, which was the lowest level in 5 years. However, in 2011 there has been a tendency of increase, with the net income of 10.613 mln LVL.

The presented analysis shows the dynamics of improved performance, but for the complete picture of the bank's position at the market, it is necessary to analyze the direct competitors and determine their individual shares at the market.

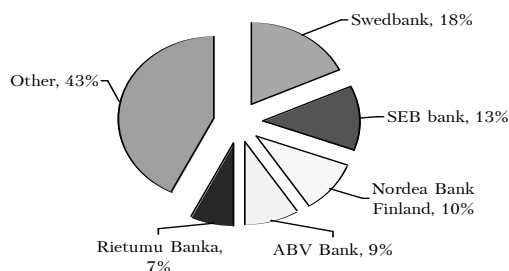
The main competitors at the market for Rietumu are Swedbank, SEB, the Latvian branch of Nordea Bank. Together they cover approximately 50% of the market. The other half of the market falls on 26 banks, whose share is only 4–0.5% (Association of Latvian Commercial Banks). For comparison, we present the assets of Rietumu's main competitors in 2007–2011 (Table 2).

Table 2. Assets and market shares, %

Bank/ Year	2007	2008	2009	2010	2011
Swedbank	21.7	22.7	22.8	20.7	17.7
SEB banka	14.1	13.0	13.6	13.2	12.9
Latvian branch of Nordea Bank Finland	7.9	10.0	10.4	10.0	10.4
ABLV Bank	5.1	4.3	4.8	6.6	8.9
Rietumu Banka	5.6	4.9	4.7	5.3	6.9

Source: Association of Latvian Commercial Banks.
<http://www.bankasoc.lv/ru/statistika/banki.html>.

From Table 2 we can see that during the five-year activity at the market the leading position occupies Swedbank, and Rietumu Banka is the last among the leaders in the industry. We present the same as a pie chart as of 2011 (Figure 2).



Source: Association of Latvian Commercial Banks.
<http://www.bankasoc.lv/ru/statistika/banki.html>.

Figure 2. Distribution of banks at the market share in 2011

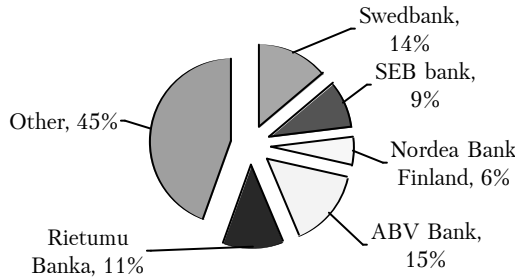
Let us analyze the main competitors for the position "deposits" during 2007–2011 (Table 3).

Table 3. Deposits in banks. Market share, %

Bank/ Year	2007	2008	2009	2010	2011
Swedbank	16.9	16.0	15.4	15.0	14.2
SEB banka	13.2	12.5	11.7	9.5	9.3
Latvian branch of Nordea Bank Finland	3.5	5.1	5.2	4.3	5.8
ABLV Bank	8.0	7.3	9.1	11.4	14.4
Rietumu Banka	8.9	8.3	7.8	8.7	11.0

Source: Association of Latvian Commercial Banks.
<http://www.bankasoc.lv/ru/statistika/banki.html>.

As seen in Table 3 by the deposits in 4 years, the leader still was Swedbank, but in 2011 this bank lost its position to ABLV, who was ahead Swedbank by 0.2%. The object of our study – Rietumu in 2011 significantly increased its share, ahead of SEB and the Latvian branch of Nordea Bank. Shareholding of the leaders at the market we represent in a structural diagram (Figure 3).



Source: Association of Latvian Commercial Banks.
<http://www.bankasoc.lv/ru/statistika/banki.html>.

Figure 3. Deposits in banks. Market share, % in 2011

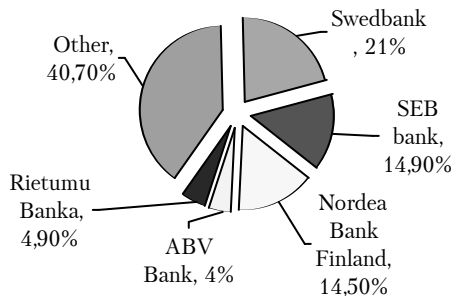
For the most complete analysis, we also present the data on the issued loans of the competitors during the same period (Table 4).

Table 4. Loans. Market share, %, 2007–2011

Bank/Year	2007	2008	2009	2010	2011
Swedbank	26.0	26.0	24.9	22.9	21.0
SEB banka	15.5	14.4	14.8	14.5	14.9
Latvian branch of Nordea Bank Finland	10.4	12.7	13.3	13.4	14.5
ABLV Bank	4.6	3.9	3.8	4.0	4.0
Rietumu Banka	4.0	3.4	3.2	4.2	4.9

Source: Association of Latvian Commercial Banks.
<http://www.bankasoc.lv/ru/statistika/banki.html>.

Figure 3 above shows that the leader among banks in the issued deposits is also Swedbank, but the object of study – Rietumu Banka holds the penultimate position, ahead of ABLV Bank. Distribution of the leading banks at the market by the issued loans is represented in Table 4, in the form of a structural diagram.



Source: Association of Latvian Commercial Banks.
<http://www.bankasoc.lv/ru/statistika/banki.html>.

Figure 4. Loans. Market share, % in 2011

The analysis has shown that the leading positions among the banks for 4 years, from 2007 to 2010, belongs to Swedbank, but in 2011 it passed the position on all 3

analyzed areas. The object of the study in 2011 improved its position as compared to the previous 2007–2010 years, and this is clearly reflected on Figure 5. However, in comparison with its competitors, Rietumu was still in the last position.

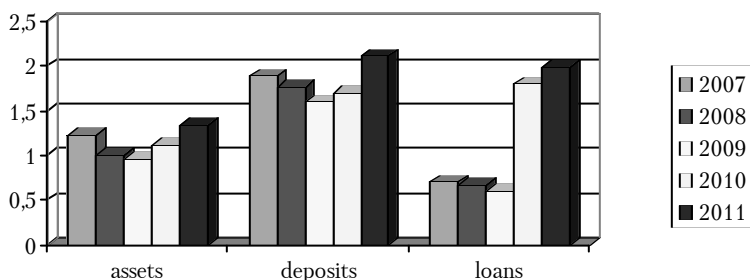


Figure 5. Market share in %, Rietumu Banka

To develop the recommendations on the improvement of the position of the object under study let's analyze the marketing mix of the bank and determine the status of its life cycle (PLC).

The first element (Product) of the marketing mix for the object under study is banking service (product). It may be noted that the activity of AS "Rietumu Banka" is carried out according to the statistical classification of economic activities (NACE). Main activities of the bank are: individual service for large corporate clients (legal entities) and wealthy entities (natural entities), deposits and loans, credit cards facilities, trading and e-commerce.

The strong side is that the Bank provides a full range of services for maintenance of regional and international business, focusing on high-quality personalization. However, the weak side of the bank is the absence of new product forms and no development of the assortment of the proposed products.

Analyzing the second element (Price) of the marketing mix, we can see that the price of products is formed with the bank's customer's demand on it, and that they conduct a permanent analysis of the competitors' prices. The procedure for price formation directly involves specialists of the departments responsible for each proposed product of the bank. The final decision on the prices is accepted by the Board. Not always the solution of the bank is in favour of the relatively low prices. This fact often leads to the loss of customers, which is the weak side of bank. However, the survey of regular customers has shown that the existing prices substantiated the quality of service and the reliability of the bank. And this fact is the strong side of the bank.

By analyzing the third element (Place) of the marketing mix we can be immediately note that the development of distribution channels and the choice of place were approached carefully. Bank's central office Rietumu Capital Centre is located in the centre of Riga on the street Vešetas and is the first in Latvia business complex with luxury class A+++.

Opened in 1992 Rietumu Capital Centre still is the model, not only with the modern architecture, but also as a functional office building in relation to both the consumption of energy resources and planning, where the needs for office use is about 90% of the plan. The building is built to have the minimal cost of maintenance and optimal microclimate throughout the year. This element is the strong side in the bank's distribution.

Further, it can be noted that the bank has 7 regional offices abroad, namely in Russia, in Moscow, in Ukraine – Kyiv, Belarus – Minsk, Kazakhstan – Almaty, in Romania – Bucharest, in Armenia – Yerevan and in Paris, France. Bank representatives for meetings with business partners regularly visit different cities abroad. Only in Russia such cities would be: Yekaterinburg, Kazan, Rostov-on-Don, Krasnodar, Novorossiysk, Kaliningrad, Vladivostok, Khabarovsk, Novosibirsk etc. In Uzbekistan – Tashkent, in Tajikistan – Dushanbe, in Azerbaijan – Baku. Another important fact is that in Rietumu Banka significant role is assigned to regional managers, whose functions includes the consultations on all the aspects of the bank work, maintaining the relationships with existing and attracting new customers. The geography of the countries with regional managers is important. Not only the above-mentioned countries, but also Kazakhstan, Kyrgyzstan, Armenia, Romania, Germany, Luxembourg, Austria, Spain, Israel have such managers (www.rietumu.ru). The main partner of Rietumu Banka is "RB Investments", which "RB Investments is a big financial structure, with the head office located in Russia, St. Petersburg, and the representative offices in Samara, Kazan, Yekaterinburg, Vladivostok, Perm, Dnipropetrovsk (Ukraine) etc. It should also be noted that Rietumu Banka is collaborating with more than 31 correspondent banks in North America, Europe and the CIS countries. Among them should be mentioned:

North America, Europe and Asia:

- RAIFFEISEN ZENTRAL BANK OESTERREICH AG (RZB) (Vienna);
- JPMORGAN CHASE BANK (New York);
- COMMERZBANK AG (Frankfurt on Main);
- DEUTSCHE BANK AG (Frankfurt on Main);
- VTB Bank (Deutschland) AG (Frankfurt am Main);
- UBS AG (Zurich);
- UNICREDITO ITALIANO SPA (Milano);
- UniCreditBank AG (Munich);
- JPMORGAN CHASE BANK (London);
- LLOYDS TSB BANK PLC (London);
- SVENSKA HANDELSBANKEN (Stockholm).

The main disadvantage of this element of the marketing mix, and this is the weak side of the bank, is that the Bank's ATMs are located only on the territory of Riga, and their number is very limited, i.e. 14 in the whole city. In other cities of Latvia, there are none. However, the cardholders of Rietumu Banka for cash withdrawal can use the ATMs of SEB, Hipotekubanka on equal terms with the ATMs Rietumu.

The element of the marketing mix "Promotion" is used by the bank in full. Rietumu Banka applies all communication tools, such as: advertising, sales promotion, personal selling, public relations. Let's present this element in detail.

The bank uses the full set of media mix. Advertising appears in magazines, on television, radio and in the Internet. Every advertisement is targeted and aimed at a specific market with the concept and the philosophy of the bank. However, the weak side of this aspect is the fact that major investment is limited to product advertising in the CIS and Russia in particular, i.e. targeted territoriality limits the position a product in other foreign countries.

Rietumu Banka actively using sales promotions, introducing a range of benefits, bonuses not only for regular customers. For example, the owner of World Signiacard

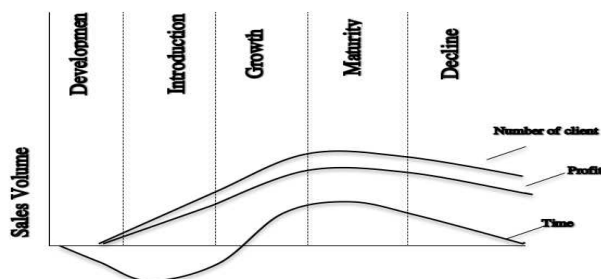
that provides full service including qualitative level, efficiency, reductions in local services for VIPclients around the world.

The purpose of the PR activities is to maintain the bank's reputation as an authoritative and professional. In the last 2 years the PR policy of the Bank has become more "aggressive" and is more aimed at the international market. For example, as "bank-expert" who regularly participates in the RBC "Markets" on Russian television, a bank representative gives his opinion on current topics and gives consultations on various issues. Note that Rietumu Banka is actively involved in the cultural life, as in Latvia and other countries to sponsor various events.

In placing tools to promote the product by priorities the first position is occupied by personal sales. The key to the philosophy of the bank is to serve corporate clients and wealthy individuals, which is quite a challenge. In this the bank has succeeded. Each client has an individual approach in decision-making and what is important – the guarantees of confidentiality. Each client has its own bank account manager who, irrespective of client location, decides all the necessary issues, including telephone and Internet connection. The main advantage of personal sales, and it is the strong side of the bank is that specialists have specific social and cultural factors that allow communicating with clients at any level, of any national or social origin on a convenient for them language.

The element of marketing, personnel has an important place in the activities of the bank. By working directly with corporate clients and wealthy individuals, managers have a special responsibility. This responsibility increases with geographical boundaries of the target segment. In the analysis of the elements of the marketing mix place bears the role of regional managers, however, the question of the involvement of employees in the same activities, remains always actual.

If such an element of marketing as personnel is an important element of marketing mix then human resources (people) have a key role in the banking sector in general and in particular in Rietumu Banka. As shown in the analysis, despite the increase in deposits (Figure 5), the number of customers has decreased. The decrease was mainly due to corporate clients. This aspect is a serious, if not the main drawback or the weak side of the bank.



Source: Constructed by the authors.

Figure 6. The life cycle of a banking product AS "Rietumu Banka"

After the analysis of indicators of Rietumu Banka competitors at Latvian market of banking services and the marketing mix, it can be noted that the life cycle of the bank (PLC) moved from the stage of maturity to the stage of decline. Figure 6 clearly shows the curve of PLC, which shows that the stage of maturity of the bank reached in 2007,

when the bank by the number of customers and profits achieved good results. These results were achieved thanks to the formed group of regular customers and expansion of warranty and service. This transition from the stage of maturity to the stage of the decline that had fallen on the year 2010, caused by a decrease in demand and a sharp reduction in profits. This aspect is linked to the definition of weak points in the analysis.

Having determined that Rietumu Banka is not in the best PLC stage, there is a need to develop recommendations to retain market position, preserve regular customers and attract new ones, i.e. to improve the bank's PLC.

In order to improve the product, the first element of marketing mix at this stage assumes a modification. Modification of the product lies in the change of characteristics such as a high level of quality and properties of the product. For Rietumu Banka we will recommend POS-terminals.

POS-terminal is an electronic device that can read information from the magnetic strip/chipcards and communicate with the bank for the authorization in order to implement operations on the bank card. The results of the authorization are issued by a message on the screen with a few more copies of the check. Unlike ATM, POS-terminal is serviced by a cashier (www.finam.ru). This recommendation is relevant for the bank because the proposed product is currently not in use. The effective use of POS terminals in Latvia, in the absence of branches and representative offices, can increase recognizability and competitiveness of the bank. With that, the recommendation will strengthen the position of the other elements in the marketing mix, such as HR (people) and personnel.

Improvement of price, the second element of marketing mix should apply price differentiation, the flexible system of discounts and promotion of integrated sales. The analysis of competitors and the item showed that commission fee for service payment for purchases with payment cards today is 0.8–3% of the total sum. Most often, the fees for transactions directly related to the financial requirements of companies Maestro, MasterCard and Visa. Information on the eligibility of payment systems is a commercial secret and it is usually difficult to obtain the information on the true state of affairs. However, the available information allows still recommend the imposition of new commissions:

- VISA, MasterCard – 1% min 2 LVL | 5 USD | 3 TUR | 3 GBP for the cards of Rietumu Banka;
- VISA, MasterCard – 1,8% min 2 LVL | 5 USD | 3 EUR | 3 GBP for the cards of other banks.

After 1–2 months it is recommended to reduce this rate. In this case, if the turnover of purchases for 3 months will be less than 1,000 LVL, the proposed introduction will bring the subscription fees in the amount of 10 LVL per month.

In the analysis of the third element of marketing mix (place) its weak side was the lack of ATMs in Latvia and a small number of ATMs in the city of Riga. This deficiency has the potential to be resolved and, accordingly, it is proposed to eliminate it. However, the solution of this problem for the bank at the moment is not relevant, because of the presence of the target segment, i.e. wealthy private individuals and corporate clients. However, it is recommended to consider the increasing geography of consultation of regional managers, for example, in the countries such as the Czech Republic, the Netherlands and Switzerland.

To improve promotion as the fourth element, the most significant element is the sales promotion, and advertising should be used as a reminder of the bank presence at the market and the proposed complex of products (Praude, 2004). First of all, it concerns the bank's website that requires extended and detailed information about the benefits of the recommended product and constantly acting discounts on the already offered products. It is recommended to improve advertising, reminding about the bank's reputation as a reliable bank, as "European bank", as "bank expert" in Latvia, Russia, the CIS and other countries.

To improve such elements of marketing mix as people and personnel, the bank should join forces and strengthen the involvement of resources, providing high-quality, highly qualified, on an individual-based approach to the customer. And also improve the performance of the internal system of the exchange of operational information to improve services.

In conclusion we should say that the proposed recommendations for each element of marketing mix for Rietumu Banka at this stage of PLC (Figure 5) will allow:

- a) the increase of sales and demand;
- b) the reach a new level of service and higher quality of customer service by improving technologies;
- c) the increase the competitiveness of the bank at Latvian market;
- d) securing the Bank's share at the market.

In summary, it should be noted that in practice marketing mix should be used along with the model of PLC, i.e. at the initial stage of improvement of PLC it is assumed to identify a stage in the life cycle and the related elements of marketing mix. Furthermore, the analysis of each element of marketing mix allows identifying their weaknesses or shortcomings and as a result, we recommend measures on their elimination or improvement. With that, recommendations should be aimed at improving a specific stage of the product life cycle, as each stage of PLC has distinctive features and characteristics.

Thus, the assessment of the current situation of a company, in our case the bank, with the help of the PLC model combined with marketing mix can help developing recommendations that are most useful for a particular stage of the life cycle and for the corresponding elements of marketing mix. This, in turn, will influence the effectiveness of the company in the future.

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