

EXTENDING VALUE THROUGH PROMOTION IN TRANSFORMING SERVICES: EMPIRICAL STUDY OF PRIVATE AND PUBLIC SECTOR BANKS IN INDIA

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ABSTRACT

This paper discusses the nature and impact of the relationship between the bank's promotional strategies and its performance and seeks to determine the importance of promotional strategies in explaining the bank's performance. Promotional strategies include advertising, personal selling, direct marketing, sales promotion which are very important for every banking organization for long run success. In today's cut throat competition in banking sector promotional strategies play vital role to attract potential customers. Promotional strategies become more crucial when they are executed to design, distribute and promote banking services. The present study is descriptive in nature and takes out significant differences in the promotional strategies adopted by private and public sector banks in India. This paper explains various promotional strategies which are necessary for a banking sector organization for effective performance in today's competition.

KEYWORDS: *Promotional Strategies, USP, Promotional Strategies.*

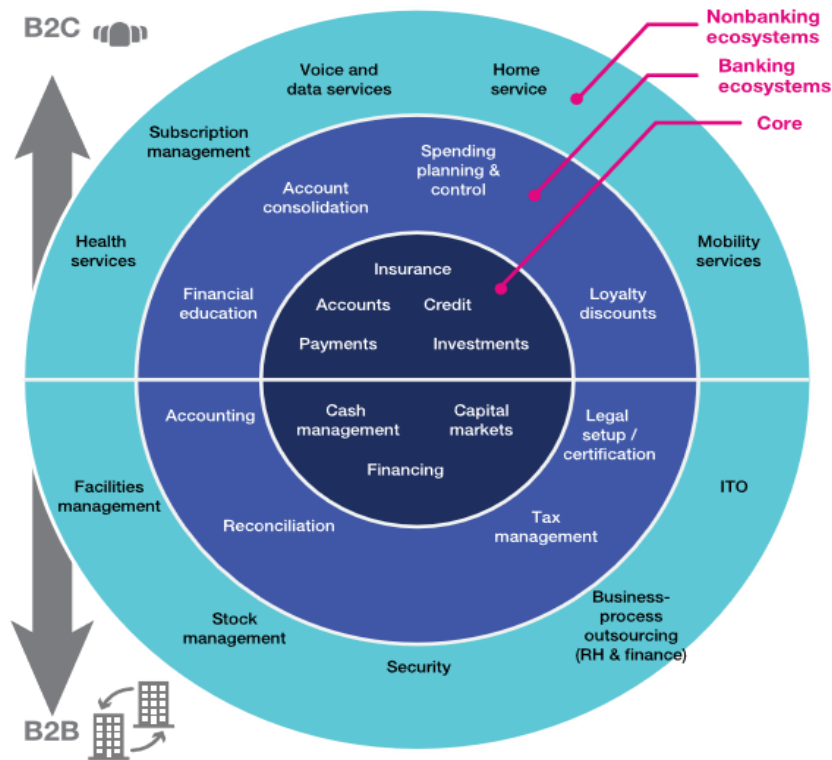
Introduction

Promotion is the direct way an organization attempts to reach its publics and is performed through the five elements of promotion mix including advertising, sales promotion, personal selling, public relations, and direct marketing (Czinkota & Ronkainen, 2004). Promotional strategies are the direct way in which an organization tries to reach its public. This is performed through the five elements of the marketing mix. With the growing importance of the financial services, there is requirement for more effective promotional strategy management of the financial services. Effective promotional strategies are the key to frontline sales performance. Banking institutions typically use a variety of techniques and processes to achieve their sales goals. Among the best practices of those with highly successful sales programs is having the promotional strategies provided to management and front line staff at all branches that describes tools and processes in detail, helping to ensure that everyone involved in sales, no matter how remotely, operates on a coordinated basis. Promotional strategies and sales performance has been grounded on marketing mix theory and theory of push and pull. Marketing mix theory is still used today to make important decisions that lead to the execution of a Promotional plan. The idea of a marketing mix theory is to organize all aspects of the marketing plan around the habits, desires and psychology of the target market (McCarthy, 2004). The theory of push and pull is applied in today's market; pushing solutions are not good for the organization and sometime they ignore by the customers due to information overload. Pulling solutions has always been a part of most organizations. Through pull Solutions Company attract customer toward their product and customer visit organization and ask question and someone would answer them. Banking institutions that emphasize the push theories often do so to increase efficiency. They believe that if, for instance, they create the penultimate user manual that will cover all the questions the customer might have; they will limit the amount of contact the customer needs to make to the Banking institutions (Richard, 2009).

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Banking ecosystems extend out from the core business into three levels.



McKinsey&Company

Source: <https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/six-digital-growth-strategies-for-banks>

Review of Literature

The financial services sector is continuing to grow in terms of turnover and profits and thus, has a supreme impact on the other spheres of the economy. Consequently, there is currently growing interest in applying marketing techniques and tools in financial services (Meidan, 1996). In spite of major changes on the market of financial institutions, there are indications that banks have not yet successfully implement marketing and promotional strategies to achieve higher profit and sale with satisfied customers. Financial institutions are realizing that their established promotion practices are inadequate for new market conditions as levels of customer defection in the sector grow. Traditionally, banks have tried to reach out to everyone in the community, but recent research proposes that banks should aim to identify and serve micro segments (Dawes & Brown, 2000). The role of promotion has been redefined into managing long-term relationship with carefully selected customers, including construction of learning relationship where the marketer maintains a dialogue with an individual customer (Dawes & Brown, 2000). Due to this fact, the personnel are one of the most important resources of a bank. In financial services, people are primarily bothered about security of their funds and default risks. After the year 1969, the deposits of banks increased more than 80 times as a result of the nationalization of banks. Cox (2007) contends that financial service providers are not perceived highly trusted, so that they might have difficulty in selling risk-based products. The effort to promote banking business is quite a distinguished affair. At present, it has become very tricky due to the changing trends of the industry, increasing competition and efficiency of regulatory environment, and the financial system. The complexity in the

banking services is also an issue of vital importance. This is the time when banks are offering new and innovative services; frequently in the market. The most frustrating aspect of bank marketing are lack of management support, lack of inter-departmental co-operation, crisis management, government intrusion and advertising and media problems (Berry et al.,1980).

Role of Promotional Strategies

These are some major role promotional strategies in organization:

- **To Target the Market:** Promotion is the communicated on by marketer to its target customers regarding its product or services. In advertising, sales promotion and publicity it is unilateral. In personal selling it fully bilateral, but in public relation it is up to some extent bilateral. No marketer can depend fully on any form of promotion. The marketer must use effective mixture of three basic elements of sales promotion, advertising, personal selling, sales promotion tools keeping in view the type of product, number of customers, geographical area of market.
- **To Provide Effective Communication:** Advertising is a non-personal communication of the message regarding a product of service, product by the media. The role of advertising is important in the when they are consumer goods. Personal selling is contacting prospective buyers personally by the salesman. In the case of banking services, seven p's are taken care and personal selling becomes more effective.
- **To Appropriate Selection of Various Techniques:** In the promotion, the role of effective technique is very important. There are several techniques to motivate the consumers and dealers to purchases the company's product in more quantum. Public relation also plays a significant role in promotion of banking services. The role of promotional strategies likes advertising, sales promotions and public relations are used to increase sales. Through promotions, people attention and interest are aroused to create a positive attitude towards banking products. Promoting high-value products or services main focus on get customers to return and spend more money. Ultimately, banks use promotions to gain a loyal customer base, which increase both sales and profits. Promotions like television, radio and magazine advertising used to provide information related to the services and products. If people frequently hear and see about company's brand and product then they become aware about various banking products and services offered to the customers.

Application of Promotional Strategies in Banking Sector

- **To Provide Appropriate Information:** Promotional strategies are used by banks to provide appropriate information to potential customer about the banking product.
- **To increase brand awareness:** Application promotional strategies are to creating brand awareness. With the help of various media like the TV, billboards, radio or local newspaper news, you can provide information about your brand and company, which helps people to find out more about you and look into your products and make purchases.
- **To increase Customer Traffic:** Use of promotional strategies in increasing customer traffic. The more you promote your brand, the more will the customers know about you and your company and the more will they be interested in your products. In promotion company give free sample to customer, they use the product and finally come to you and make purchases.
- **To build sales and profits:** Use of promotional strategies is to create awareness about the banking product which help in increase the sale and profit of the banking institution.
- **To Segment Identification:** Application of promotional strategies is to identify target segment. Promotional strategy and marketing plan can help you identify different segments of consumers in the market which provide better results.

Promotional Strategies Used by SBI and ICICI Bank

Following table show promotional strategies used by SBI and ICICI bank:

Promotional Strategies:	SBI	ICICI
Newspaper	✓	✓
TV/Movies	✓	✓
Radios	✓	✓
Indirect Promotion	X	✓

SBI uses various promotional strategies like Print media and audio visual media such as Radios, Hoardings, Newspaper advertisements, TV-commercials, movies, etc. Its tagline, 'The Banker to every Indian' which shows its presence all over the India. SBI use modern advertisement to convey the message. Famous personality or person used by SBI to reinforce the idea of trust and Place SBI brand in the mind of customers. Public relation and sponsorship largely used by SBI for creating good image of bank. The promotion strategy of ICICI Bank includes direct and indirect communication to the customers. Besides emphasizing on the modernization of its banking facilities main focus on benefits provide to customers by using the banks services. ICICI bank highlights their products in term of quality and benefit so customer become impressed and they motivate show their interest in services of this bank. Under the promotional strategy, ads have been placed in the print media and famous personalities have been roped in for visual media. It has been a huge boost for ICICI Bank to hire Amitabh Bachan, the famous actor, in the advertisements. All the ads related to the bank denote 'trust' and this has helped them immensely as trust is a rare commodity in today's world.

Promotions are also done through films like Baghban. Technology has been used to identify the unsatisfied demand and wishes of potential customers. For internationalization of banking services, ICICI and Amway have formed an alliance for a credit card. The bank has also patched with Indian Railways and many services are provided for the benefit of the customer. ICICI Bank give charity and donation to various social institutions to build its good image to the public. ICICI Bank's tag line is very appropriate 'Hum Hain Na' because it promotes credibility, trust and financial solutions to every customer. It has been successful in its endeavor to project a sophisticated image with modern concept.

Strategy for Effective use of Promotion in Banking

- Banking institution must determine the most effective media, tactics, tools, channels to reach target audience.
- Banking institution should use of online marketing to reach potential customers.
- Need to identify the communication tools required at each stage of the services.
- Banking institution should determine media, channel best suited for communicate the message effectively to target customer.
- Need of Grow Business using Social Media like Meta, twitter, whatsapp and instagram.
- Banking institution should use public relation tool like press release, sponsorship etc. to create positive image of banking institution.
- Need of Proper use of direct marketing to reach customer.
- Banking institutions need to identify the flow/continuum of actions from inquiry to sale to customer retention.

Get the Edge in Leveraging Customer and Managerial Insights

- How do others see your brand? Explore perceptions both internally and externally.
- Gain a better understanding of your customers' needs through the lens of behavioral economics.
- Learn how to apply a customer-centric strategy without bias.
- Test the impact of branding decisions using experimental research in a safe environment.

Develop your Brand Strategy

Define your brand promise. Embed the customer voice within your organisation's strategy, clarify your identity and resonate with your target audience.

Implement your Brand Strategy to Drive Growth

- Examine the principles and practices to design and manage the customer experience across several touch points.
- Create communication tools to deliver customer value, and pricing tools to capture value.
- Implement consistent brand strategies to generate business growth based on consumer and management's insight. Banks have to seize the opportunities brought by the digital revolution and turn challenges into possibilities.

Conclusion

Promotion has different aspects for different industries, products and services. Its final goal is to communicate positive words and image among existing and potential customers about the corporate, product and service. In banking the customers must be ensured that services provided by a particular bank have been designed to give them maximum value of their money. It can be stated that in India, the dilemma of private and public sector comes always in people's perception, two things are considered at large. Public sector is more reliable but not so good in the quality and innovativeness. Private sector is not reliable as compared to public sector because of hidden charges in services and ambiguous promises about the product to the customers are made but they provide better service quality in terms of behavior, time and access. Private sector banks must be more true and reliable first. They have to win the hearts of the customers, after that they will be able to win minds as well. In traditional tools of promotion both sectors banks are almost same. Private Sector banks are adopting more 'Push strategies' to attract the customers whereas public sector banks use 'Pull approach' to attract customers in long run.

There is need to focus on non-banking ecosystem rather than core banking only. This may help the banks a lot to the existing and future requirements of the customers. The transformation towards traditional core banking to nonbanking and banking ecosystem, the banks will be able to tap their existing customer base adding more and appropriate products to their customers' needs.

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