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EFFECT OF PROMOTIONAL STRATEGIES IN THE MARKETING OF BANK

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ABSTRACT:

This paper explores the impact of promotional strategies on the marketing of banks, emphasizing their critical role in attracting and retaining customers in the competitive financial services industry. The banking sector, governed by regulatory frameworks such as the Banking Regulation Act of 1949 in India, functions as a vital intermediary for capital flow within the economy. As banks transition to a customer-centric approach, effective marketing strategies become essential to meet evolving consumer needs. This study delves into the banking marketing mix, particularly focusing on the promotion mix, which includes advertising, personal selling, sales promotion, public relations, and direct marketing. It highlights how these strategies contribute to creating awareness, building brand trust, generating sales, and enhancing customer engagement. Additionally, the paper discusses the effects of promotional activities on loan awareness, product visibility, and the bank's reputation. By illustrating the interconnectedness of promotional strategies and customer perceptions, this research underscores the significance of tailored marketing initiatives in fostering customer loyalty and driving profitability in the banking sector.

KEYWORDS: *Banking Marketing, Promotional Strategies, Brand Image, Marketing Mix.*

INTRODUCTION:

Financial systems are one of the most important and popular industries in the world. They provide essential services to both individuals and businesses, and their marketing strategies are important and essential to gain new customers and retaining current customers.

The financial system is a network of institutions and markets operating in India in which businesses and individuals can access capital. These institutions and markets act as a conduit for the transfer of funds—from savers to borrowers—in order to finance investments in business and other opportunities. The financial system also encompasses the laws, regulations, and organizations that govern the different types of financial activities and markets. The financial system is a complex network involving commercial banks, insurance companies, pension funds, mutual funds, government banks, central banks, and more. Together, these institutions manage the cost, quantity, and direction of the flow of capital in the form of savings, investments, and credit among households, businesses, and governments in an economy. Banks are the primary agents of financial systems, allowing individuals and businesses to store their funds, make payments, and borrow and lend sums of money Finally, banks also serve as financial regulators, setting and enforcing financial laws and regulations. Banks play a very important role in the growth of the financial system of any nation and the economy by facilitating payments between buyers and sellers, borrowing and lending money, and offering financial services, such as insurance and investment products. Making deposits is one of the primary functions of a bank, which can be done through various channels, such as in-person, online banking, and over the phone. When a customer deposits money into their bank account, it is recorded on their statement and then credited to their account balance. This money can then be used to make payments, withdrawn in cash and can even earn interest, as long as the customer meets all requirements from the bank.

BANKING INSTITUTIONS

The Banking Regulation Act of 1949 (India) is an Act that regulates the Indian banking industry. It empowers the Reserve Bank of India (RBI) to supervise and regulate banks in India. In its simplest form, it defines banking as "accepting deposits of money from the public for the purpose of lending or investment". It also outlines the procedure for issuing and operating banking licenses, audits, and inspections of banks, as well as setting prudential regulations such as capital adequacy ratios and limits on lending. A bank is a financial institution that allows individuals and businesses to accumulate, borrow, and manage funds. Banks provide a variety of financial services including accepting deposits, granting loans, providing credit cards, and providing other financial services like investments and insurance. Issuing letters of credit, guarantees and undertaking any business mentioned in the Second Schedule to the Banking Regulation Act, 1949.

BANKING MARKETING

The marketing concept signifies a dramatic change in the approach of organizations toward their services, products, and customers. In marketing, the company should focus on understanding the needs and wants of its customers and then designing its operations to meet all the needs and wants in the most efficient and effective way possible. This includes both the marketing strategy as well as the products and services that the company offers. The key idea is that by satisfying customers and understanding their needs, a company can create loyalty and long-term relationships that benefit the company financially. The banking marketing concept is a marketing strategy that focuses on customer-centric approaches that meet the customer's needs and wants with the bank's offerings. It entails identifying customer segments, understanding their needs, and creating products, services, and programs to meet their requirements. The banking marketing concept stresses the importance of building a strong relationship with the customer in order to fully understand their needs. Banking marketers need to conduct research to truly understand the customer's needs and balance them with the goals of the organization. Additionally, the concept emphasizes the need for the bank to be proactive in the market, creating and delivering financial solutions that meet customer needs.

According to Kotler, Philip (2005). "Marketing is nothing but the series of human activities aims at facilitating and consummating exchanges".

Marketing is -

1) To Identify the most profitable markets in the present and future.
2) To assess the needs of customers in the present and future.
3) Setting up goals for the development of business and marketing plans to achieve goals.
4) Managing services and promoting them to achieve the plans.

Initially, marketing was associated only with consumer products. However, the concept was subsequently accepted by various organizations working in service sectors also. Customer service in banks means satisfying the customers' attitude, attention, assistance and guidance provided to customers during banking transactions without losing one's balance and patience. Banks are striving to ensure that customers are getting the best possible service, as customer service is essential to any bank's success. The concept of marketing banking services is significant as the customers wants, needs, desires, expectations, and problems are changed.

In the present environment, bankers operate in a ''buyer market'' and here they are at the mercy of the customers, so, there is a need for the application of planned marketing approaches to find proper outlets for banking services. The concept of marketing in banks relates to the design and delivery of customer-needed services in a way that satisfies them. The banking industry is a customer-oriented, buyer's market because customer needs, preferences and loyalty increasingly affect decision-making. Banks are under pressure to provide personalized products and services that match customer needs and preferences. Competition is tightening in the banking industry, and customer relationships are playing an increasingly important role. Banks must invest in research, advertising, and customer service to better serve their customers and build loyalty. Banks are adapting to the buyer's market by offering innovative products and services, personalized services, and improved customer service.

Bank Marketing Mix

The bank is one of the important service providers in the economy and the banking system in India is governed by the Reserve Bank of India (RBI). The RBI formulates the country's monetary policy and acts as the regulator of the banking system and the financial markets. The banking services mainly involve accepting deposits & granting a loan to both an individual & Businessmen at a specified rate of interest. The bank plays a very important role as an intermediary, creating a link between savers and borrowers for the circulation of money in the Nation's economy. The banking system helps foster inclusive growth in the economy by providing access to finance to those who would otherwise not be able to access it.

According to Kumar, S., & Almoula, T. S. (2019) the 7 P's of the marketing mix are Product, price, place, promotion, process, people, and physical evidence, and are also the seven pillars of a bank marketing mix.

1. Product: Banks typically offer a wide range of financial services, such as consumer banking, credit cards, loans, investments, and wealth management. Depending on the dimension, products can be tailored around technology and user experience.

2. Place: Banks typically have physical branches and online banking platforms, and they develop innovative strategies to reach more customers at different points of access.

3. Promotion: Banks use a variety of promotional tactics, including advertising, direct mail, digital advertising, social media, and sponsorship.

4. Price: Banks offer competitive services with various fees and loan rates.

5.People: Banks rely on efficient and knowledgeable personnel to provide customers with a positive experience.

6. Process: Customers must go through a comprehensive process to open bank accounts, purchase financial products, and obtain loans or other credit products.

7. Physical evidence: Banks often feature attractive lobbies, efficient ATMs, and modern banking technologies.

PROMOTION MIX IN THE MARKETING OF THE BANK

The formulation of a bank's marketing mix is essential for ensuring effective and consistent communication across all channels, strategic positioning, and consistent value to customers. While formulating marketing mix bank professionals should blend the promotion mix in which different components of promotion, such as advertising, publicity, sales promotion, word of mouth promotion, personal selling, and telemarketing are given appropriate weightage. The various components of promotion aids bankers in promoting the banking industry. The promotion mix is a strategy that integrates all the promotional measures and elements to create awareness about the bank product or bank service and to deliver a clear message to the target public that are the customers of the bank. The banking industry typically uses the 4 P's of the marketing mix – product, price, promotion, and place (CFI , 2024) – to help create effective marketing campaigns.

BANKING PROMOTIONS OFTEN INCLUDE

Advertising: Advertising is one of the most successful and commonly used promotional activities in marketing banking services. Advertising is an effective way of reaching out to potential customers and informing them about a bank's offerings. It is essential to ensure that the advertising of a bank's products and services is done in a strategic and targeted manner to ensure that it reaches the ideal target audience. Advertising must be tailored to the specific needs of individual customers in order to be effective.

In addition to traditional forms of media such as television, radio, print, and outdoor advertising, there are other methods of reaching out to customers such as email marketing, search engine optimization, and social media campaigns. These can be used to target customers on a more local, individual basis.

Banks must ensure that their messages are clear and concise so that customers can instantly understand the value a bank’s products or services can bring to them. Furthermore, banks should focus on communicating the benefits customers can expect to receive by choosing their bank, such as convenience, low-interest rates, excellent customer service, quick turnaround times, and financial advice. Advertising should be designed to engage customers and give them a compelling reason to switch to a particular bank.

Advertising is a crucial part of marketing banking services, and banks should consider investing in it to ensure the success of their services. This includes ensuring their campaigns are carefully planned and budgeted for so that the desired results can be achieved in the most cost-effective way.

Personal Selling: Personal selling is an essential promotional activity used in banking services. Through personal selling, banks are able to develop and maintain customer relationships by offering customer-specific advice on banking products and services. This helps them to differentiate their services from the competition and to engage customers in dialogue that further develops trust and relationship-building.

Personal selling is particularly effective for banks when used in combination with other promotional activities such as advertising, direct mail, and online marketing. Through personal selling, banks are able to customize offerings to meet the customer's needs, quickly respond to questions, and provide cost-effective customer service. Banks can also use personal selling to conduct market research, learn more about their target audiences, and develop more targeted CRM programs.

By engaging in personal selling, banks can also increase their sales volume, as they can reach out to more potential customers and tailor their products to meet customer needs. The personal selling process also allows banks to gain further trust and loyalty from their customers, as the customers perceive the salespeople as experts in the field who can help them make the right decision about their banking product or service. Ultimately, personal selling helps banks to build long-term relationships, which in turn leads to higher levels of customer satisfaction and loyalty.

Sales Promotion: Bankers can host events such as seminars, lectures, and workshops to educate people about their services and products. Furthermore, such events can help to generate new leads, create goodwill, and attract potential customers. Banks can offer discounts and cashback on opening new accounts, taking a loan, and even shopping at partner outlets to attract more customers and increase the usage of their products and services. Incentives and Rewards: Bankers can offer exciting rewards, bonuses, and other incentives to existing customers to encourage loyalty and attract referrals. They can also offer rewards to employees as well as to customers who refer new customers to the bank. Banks can offer promotional deals that integrate the banking products they offer, such as free tickets to concerts or discounts on vacations or shopping. Banks can show their commitment to social causes and community betterment by organizing charitable events that visibly demonstrate their support. This shows patrons that the bank not only believes in financial gain but also in social progress.

Public Relations: Public relations can be an effective part of the marketing mix for banks. It helps in building relationships, increases trust and credibility, and promotes the bank's products and services to the public. Public relations strategies can involve media relations, corporate social responsibility initiatives, crisis management, press releases, events, and more. Through these activities, banks can communicate their value, build relationships with their customers, and create a positive public image. This can improve the bank's visibility in the marketplace and help it gain a competitive advantage.

Word-of-mouth promotion: Word-of-mouth is an effective way for banks to promote their services. Banks can use word of mouth to inform potential both about the services they offer, such as savings and loan options. Customers who have had a positive experience with the bank can share their experiences with friends and family, giving others a direct source of endorsement. Banks can offer incentives to existing customers to encourage them to tell their friends and families about the services they offer. Banks can also incentivize customers to write reviews online. Lastly, banks can use social media to spread their message, as well as generate conversations in the online community about their services. The word-of-mouth publicity and promotion and customer feedback helps banks in simplifying the task of service quality improvement.

Direct Marketing: Direct marketing typically involves using mail, email, telemarketing, and direct response advertising. The goal of direct marketing is to deliver a message directly to the customer, bypassing traditional advertising methods. This method allows banking businesses to target a specific demographic and to measure response rates directly, in terms of both sales and customer feedback. Direct marketing is commonly used to increase brand awareness and build customer loyalty. sending Email, use of social media platforms like Facebook, Twitter, whatsapp, and texting campaigns like SMS are among the digital delivery systems used for promotion of bank services and activities.

The competition in the banking and financial sector has forced Indian banks to advertise and promote their services and facilities. Promotion is necessary to make the customer more and more aware of the services and benefits they will get from the bank. Nowadays Banks can use a lot of new technology to promote their services and communicate with their customers.

Promotional strategies in the marketing of the bank have the following aims:

1. Creating Awareness: The primary aim of promotional strategies in marketing of a bank is to create awareness about the products and services the bank offers. This could involve campaigns through different channels such as print media, television, online marketing, etc., to spread the message and create visibility.

2. Building Brand Image and Trust: Creating a positive brand image is also a major aim of promotional strategies when it comes to marketing a bank. Establishing trust and credibility is also important. This can be achieved through developing effective campaigns that can highlight the unique features and advantages of the bank and promote its products and services in a way that resonates with the target audience.

3. Generating Sales: The ultimate aim of any promotional strategy is to encourage prospects to take up the products and services of the bank. Creating attractive offers, discounts, and running contests can be effective ways to generate sales from the target market.

4. Enhance Customer Engagement: Finally, promotional strategies in the marketing of a bank should also focus on building customer loyalty and creating customer engagement. Doing regular surveys, and focus groups and using feedback from existing customers to improve services and products can be an effective way to enhance customer engagement.

The main objective of a bank's promotional activities is to increase brand awareness, build image and reputation of the bank, to differentiate among competitors, to generate interest and knowledge among costumes and stakeholders, drive customer acquisition, and to generate customer loyalty in order to generate more revenue for the bank.

Effect of promotional strategies on the services of the bank:

Promotional strategies can have a dramatic effect on the marketing of bank assets. For example, promotional activities targeted at potential borrowers can raise awareness of the types of loan products that are available. This in turn can increase the demand for these loans, as potential borrowers become more informed. Furthermore, once borrowers become more aware of the loan products, they may decide that they are better suited to receive a loan from a particular bank.

Additionally, promotional activities can increase the visibility of a bank's products in the marketplace. This could include advertising in print or on television, or promotional events such as seminars and workshops. By increasing the visibility of their products, banks can attract more potential borrowers, leading to increased demand for their loan products.

Lastly, promotional activities can help to create a positive reputation for the bank in its local market. As potential borrowers become more aware of the quality of service that a particular bank offers, they are more likely to consider it for their loan needs. This reputation for quality and service will not only attract more borrowers but can also result in higher lending rates, which can add to the bank's profitability.

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