Marketing Communication as a Pivotal Strategy for Banking Sector- A Study of Literature

Dr Manisha[1],
Assistant Professor,
University School of Management
Kurukshetra University Kurukshetra

***Abstract*— Marketing communication is a dynamic process and continuous in nature. A bank using various channels of communication should keep into account its business goals, customers expectation about product and services as well as the marketing environment(both social and business) prevailing at the time of such promotional campaign. Customers are not interested in just the products but in the manner they are offered, this aspect strengthens and justifies the importance of marketing communications. The current research paper is an attempt to study the researches done on banks and usage of marketing communication strategies for their promotion. The objective of the present study is to explore the gaps in literature through detailed review of previous researches.**

***Index Terms*— Marketing communication strategies, Banking sector, Promotion, Bank marketing**

I. INTRODUCTION

Marketing communication is a continuous process and proper communication with the internal as well as the external customers is crucial to ensure effectiveness of promotional measures in achieving the corporate business goals. The present day banking is totally different than it was in sixties and seventies. The economy is moving from monopolistic and protected state to a free and liberalized market environment where only the effective and efficient will survive. It is therefore, absolutely essential to adopt appropriate marketing communication strategies and use them through an integrated approach, in the absence of which it will be difficult for the banks not only to progress but even to maintain their business positions. A well thought and innovative marketing communication strategy backed by a practical action plan will certainly enable the banks to satisfy their customers and make profits without losing sight of the social obligations and changing customer expectations.

Marketing communication are messages and related media used to communicate with a market. In this competitive era when market is full of similar service providers' effective

Marketing communication strategies can prove to be a mantra for the success of banking. With the help of marketing communication a bank can inform the customers regarding different products and services of the bank, can build a favorable image of the bank and can also build the brand image in the eyes of the customers.

In the tune of the financial reforms, the banking sector in India has to gear up its marketing communication strategy to mobilize more deposits from the public and to provide more loans and advances in order to meet the financial needs of the business houses and industries. Gone are the days when banking system was carried in traditionally without considering the impact of marketing communication strategy to mobilize deposits and expansion of business. Now almost all the Banks in India device different and innovative marketing communication strategies to attract more customers, which itself implies more accounts, more business and more profits.

II. OBJECTIVE OF THE RESEARCH

The present research aims at reviewing the literature on importance of various marketing communication tools in promotional strategies of the banks. This study also aims at finding out the various gaps in the researches done in the past by taking one or the other aspects of marketing communication.

In order to achieve the desired objectives, secondary data is collected through various sources including online journals, research papers and research articles. The study is descriptive in nature.

III. REVIEW OF LITERATURE

Review of literature involves a thorough study of overviews of the researches that have already been done in the field over a period of time. It helps in framing the methodology of the study, finding out the cause and effect relationship and seeks to explore the scope for the research to be taken up.

Goldsmith (1969) stated that financial development is the outcome of continuous proliferation and diversification of financial institutions as well as financial instruments. He argued that in order to sell the wide range of products and services, a bank needs to employ different marketing communication strategies to attract the customers to avail the best services from the Bank.

Singh (1983) examined the trends in bank advertising in the seventies in India. The study revealed that the bank advertisements were created seemingly for the sake of advertising rather than for creating the market or serving the customer satisfactorily. There is lack of professionalism in bank advertising and marketing. Suggestions were made to give stress on 'positioning the bank' rather than on selling the products after identification and prediction of customer requirements.

Kusumakara 'Iebbar (1988) studied that the marketing strategies of banks are aimed at inculcating the habit of thrift among the people. The suggestion is that keeping the rural branches open on Sundays can augment savings. Direct marketing is also suggested to reduce waiting time exponentially and enhance customer satisfaction. Erratic behavior of the employees, suspicious looks of the staff, vague knowledge of the products, undynamic promotional methods etc., may hamper the banking business in rural areas.
Bhattacharyay (1989) presented a marketing approach to promoting banking services and mobilizing deposits. He identified different segments of the customers which could be tapped by identifying their current and future needs and promoting an appropriate range of services.He further stated that the marketing approach involves anticipating, identifying, reciprocating (through designing and delivering customer oriented services), and satisfying the customer's needs and wants effectively, efficiently and profitably. He found out that the banking sector seems to have displayed a hard hearted approach towards promotional strategies and their seems to be a lack of commitment to advertising, communication and personal selling as customers are not aware of deposit related schemes except savings account.
Crane (1990) in a case study analysis found that corporate advertising should be an integral component of the marketing communications program of a financial services institution and recommends that managers need to pay more attention to successfully integrate corporate advertising with product advertising.
Laskey et. al. (1992) evaluated the effectiveness of alternate forms of bank advertising, the alternative forms of which differ in terms of main message strategy and overall method of presentation (structure). The study examined relative effects of verbal advertisements only compared to those that combine both pictures and words. The differences between informational and transformational strategies were also studied, by including both male and female models while studying transformational strategies. Results suggest that advertisements which include both verbal and pictorial components were superior and an informational strategy is more effective for bank advertising than a transformational strategy.
Dan and Ho (1993) stated that advertising is assuming an important role in the bank's promotional program. According to them banks have done a good job in tangibilising their services.
Peattie and Peattie (1994) identified five contributors to the increasing use of sales promotions in financial services. First, rising prices and advertising clutter erode mass media advertising cost-effectiveness while consumers become more desensitized to it. Second, due to the increased use of sales promotions by market leaders it has become more respectable part of the promotional mix. Third, shortening the planning horizons can make short-term promotions more attractive. Fourth, fragmentation of the markets call for more tailored and targeted communication. Finally, in many markets, promotions have become so common that firms are almost obliged to follow or bear the risk of losing market shares.
Chidambaram (1994) studied the promotional mix available to bankers for the marketing of services such as direct marketing, public relations, social banking and customer meets. The study concludes that a good promotional mix is one that (a) takes into account the objectives of the bank and lays emphasis on those services which are of current significance, (b) reaches various customer segments very effectively, (c) creates a desire to seek out the services offered, (d) builds a positive image for the bank, and (e) strike a balance between cost and effectives.
Dunn (1995) stated that a bank may have the finest services and the most attractive prices, but if potential customers are not aware of its business, the chances of success are limited, therefore advertising should be used primarily to inform the potential customers of the availability of the product and services, where the firms are located and anything special about the services and product. He argued that advertising activities are important for maintaining customer traffic throughout the market season to draw customers to the business and during the season to maintain customer traffic levels during slow periods.
Tantisaowaphap (2001) studied the effectiveness of Integrated Marketing Communication (IMC) programs in service businesses, and discovered that commercial banking is the representative of service directed to people's mind, and intangible assets. The results also showed that customer's awareness of IMC was significantly and positively associated to their attitude toward IMC. It considered that the positive attitude toward a brand could be able to jointly predict purchasing behavior of the customers.
Mortimer (2001) states that an important part of advertising is to make the services tangible in the mind of the customers in order to reduce perceived risk and provide a clear idea of what the services comprises. Furthermore, she considers it important to advertise consistently with a clear brand image, in order to achieve differentiation and encourage word of mouth.
Mehta (2001) examined the lack of marketing communication in banks. He suggested adopting different marketing communication strategies for the promotion of banking services and also for the better business of the banks. He emphasized on the adoption of personal selling as a strategy of marketing communication and promotion of the banking services.
Weilbacher (2001) explored that integrated marketing communications should have one single strategy for all the communications directed towards the customer by the marketer and not different strategies for each individual communication tool. Furthermore, he stated that the importance lies in how to combine the marketing communication tools to deliver a single message most effectively.
Evren Ors (2003) observed that advertising plays a pro-competitive role in banking. An increase in advertising appears to lead to an increase in profitability. According to him, minority-owned banks advertise less, possibly because they have a captive clientele whereas efficient banks advertise less.
Greenyer (2004) investigated the impact of different media channels on the consumer including television advertising,

direct e-mail, direct mail and SMS advertising. The research findings indicated that a lot of potential advertising opportunities are not harnessed by the financial services sector each year, which is the largest wastage of the industries surveyed. According to him, the existing customer communications remain an underutilized channel for financial services firms.

Grankvist, et-al. (2004) studied the promotional strategies of international banks in Baltic States. In a case study of a Nordic retail bank's promotion strategy in Estonia, they suggested that the most important promotional tools for financial services are personal selling and advertising in order to create awareness of the brand and establish personal relationships. They further stated that the external and environmental factors influencing the choice of promotional strategy are technology orientation of the industry, cultural aspects, competitiveness of the market, and economic factors. Adaptation of the marketing communication strategies is performed to a great extent due to customers' different preferences and expectations, as well as local economic conditions of the host country. However, banks attempt to standardize their promotion as much as possible in order to reduce the cost and effective economies of scale.

Dolphin (2004) stated the importance of public relations in building corporate reputation of a bank. According to him, corporate reputation is especially important when acting on a market where the products and pricing is highly similar and hard to differentiate. He further stated that a sound reputation must be the foundation on which to position an undifferentiated product and it is possible by utilizing public relation activities with extensive sponsorship programs.

Kundu (2005) measured the impact of advertising spending by firms on firm's profitability and valuation. As per her analysis only two sectors (Banking and Financial Services and Consumer Durables) have shown a positive and significant relationship. Further, both the sectors tend to show a very high correlation coupled with a high coefficient of determination. She concluded that advertising does not influence firm value alone; there are many other factors too.

Kristina (2006) observed that marketing communication strategies should be designed as per the nature of services to be promoted. The advertisers should seek a narrative approach to communicate the service experience, rather than the logical, argumentative approach.

Saengruang (2007) studied the application of IMC strategy on consumer demand by using the services of Siam Commercial Bank Public Company Limited. The researcher observed that marketing tools and information technology can have influence on customer's attitude toward relationships and decisions regarding the purchase of bank products.

Hasan and Bunyamin (2007) examined the relationship between image, advertising efficiency, customer satisfaction, customer expectation, perceived quality, perceived value, customer complaint and customer loyalty. He argued that advertising efficiency influences bank image positively and directly with strong relationships. Advertising efficiency has also intermediate positive direct effect on customer expectations. He suggested that advertising is an essential instrument to built and develop bank image. Banks should manage their advertising throughout so as to determine their image.

Markkinointi (2008) examined the influence of sales promotion on consumer behavior in marketing of financial services. The influence of sales promotion was studied by observing the credit card purchases before, during and after the promotional periods. According to him along with other communication strategies, sales promotion explains the benefits of the loyalty program in general and might influence positively the consumer perceptions. He assumed that sales promotion works as an interfering stimulus that motivates people's attitudes, intentions and behavior.

Mylonakis (2008) stated that financial advertising includes advertising performed by banks, financial institutions, insurance companies, and investment companies. He examined the role of financial advertising and its impact on bank's customers regarding specific bank's products. He observed that bank customers show different responses to banks communication strategies and expressed different attitude for each banking products and services. Therefore, banks use variety of marketing communication tools to attract the customers. He further stated that the elements that can attract customer's attention in a bank advertisement were found to be the clever, humorous, differentiating, and creative. The association of a well known/ famous people/ celebrities with the organization attracts the attention of customers easily.

Gupta and Mittal (2008) emphasized that a well-designed marketing communication strategy is very important to promote banking services effectively. According to them promotional packages are very important for financial service industry and therefore marketing communication strategies should be well designed as per the nature of the services to be promoted. The advertisers should seek a narrative approach to communicate the service experience rather than a logical, argumentative approach. Narrative approach involves storytelling methodology using sequence of events. They studied that the marketing communication strategies of public sector banks and private sector banks are almost similar in nature. Both types of banks take the help of almost all type of media to promote their services. The major difference in the marketing communication strategies adopted by banks is in the "Personal Selling" and "Direct Marketing". The difference is that public sector banks do not adopt the strategies of promotion as personal selling and direct marketing; on the other hand the same are adopted by private sector banks. The reasons for this are high reliability and less profit orientation of public sector banks. Public sector banks do not go for innovative strategies of promotion, however, they go for interactive marketing through internet but that is not promoted so much like private sector banks.

Mittal and Mittal (2009) observed that customers have their own unique needs, demands and preferences in a particular segment. Marketers have to study customers in particular segment. The study of customer behavior can make it possible that after observing and examining the behavior of customer, a marketer can present his product in such a way that the product can enter and capture the market. According to them, the study of customer behavior is compulsory to know about likes and dislikes of customers from time to time, so that the products and services can be offered accordingly. They concluded that customer behavior is the base of all marketing activities. They further added that marketing communication strategies are also the part of marketing, so they are also designed by considering all the necessary issues related with customer's behavior.

Hattaya Thong (2010) explored that in this competitive era the most influencing marketing communication strategies for banking services are quality of customer service, followed by advertising and sales promotion. According to him the factors which most influenced the customers in using the banking service were its reputation followed by its convenient location and good service experience.

Sharma (2010) examined that the shift from traditional marketing to services and industrial marketing has given rise to a new marketing paradigm in which the purpose of marketing is not only to attract customers but to retain them as well. According to her, the banks should organize customer awareness and counseling programs on a regular basis. It would be beneficial for both the banker as well as customer to develop relationship banking.

Rullis and Sloka (2010) identified the possibilities and challenges for marketing within internet banking in commercial banks in Latvia. According to them, internet banking is a bank’s product that provides the customer access to their accounts and also the possibility to acquire other bank’s product. In order to challenge the competitions, banks have to customize products and the most important part is that these custom products and price that are prepared for exact customers should be communicated in the right way. Within internet banking marketing communications can manifest as text, video, or image (pictures, banners, interactive material etc). Despite of content and type (advertising, public relations, direct marketing etc.), marketing communication messages will always be communicated by means of text, images and video. Internet bank provides closed environment, it means that there is possibility to control the recipient of a particular messages, time, and frequency how many times and have target audience received the message etc. Therefore, it becomes very important to provide possibility to manage marketing communication within internet banking in the efficient way. Possibility to deliver message to the precisely selected audience in the fast pace allows cutting cost of marketing communications and thus increase its efficiency.

Munson (2010) explained that sales promotion helps the banking sector in generating revenue, creating new customers and in creating customer data base. The sales promotions help financial institutions achieve their overall mission to retain customers. In some cases, offering new or better services, free merchandise, and attractive interest rates might even work to drive a customer from a bank on one side of the street to a competing bank right across the street. Banks, credit unions and mortgage companies continually develop and use results of sales promotions to increase their share of market, build their cash reserves, and achieve their marketplace goals. Sales promotions help banks, credit unions and other financial institutions to retain and gain new customers. Some banks even use sales promotion strategies that include paying customers to open a checking or savings account. He further stated that sales promotion is beneficial to banking services in (a) Customer acquisition and retention, (b) Cross selling, (c) New product test marketing and (d) CRM data mining.

Samina and Alam (2010) examined that adoption of new products is not sufficient to meet the dimensional demands of customers; they should also get the proper information about the products. For this, banks are now emphasizing on proper marketing communication strategies. According to them, by using different marketing communication strategies, banks try to fetch more and more deposit and loan products to potential customer who affects the total deposit collection and loan disbursement of the banks. In the given study, the different marketing communication strategies have been analyzed and it has been observed that the application of promotion tools varies and there is a significant difference in the involvement of promotion tools among the three generation banks in Bangladesh. It was also revealed that the amount of deposit collection and loan disbursed by the banks are not affected by the promotion activities rather there are some other factors (like size of banks, number of branches, number of years in operation etc.) which influences deposit mobilization and providing loan amount.

Shonde and Gadhave (2011) identified that an appropriate marketing strategy or promotion mix can be used not only for marketing and to attract customers, but also to hold them by creating brand loyalty and trust. It may be in different or various ways like a advertisement, a sales campaign, melas and fairs ,word of mouth, personal interaction, direct mailing to customers etc. The main aim or goal of marketing is to persuade the customer to buy its products in preference to other similar products available in the market. According to them, earlier banking was concerned only with traditional services and activities, but at present banking is catering entire requirement of individual customer and is emerging as a potential sector for the consistent growth of business and commercial industries. Customer relation and retention is priority of the banks. In the present study, an attempt has been made to study the quality of service provided by the SBI and HDFC bank. It was concluded that SBI provides better services to their customers than HDFC Bank. The customers of SBI are more satisfied with traditional banking services and bank accounts as compared to HDFC Bank whereas customers of HDFC Bank are more satisfied with innovative technology based counter services, ancillary services, and single window services provided by the bank.

Trivedi (2012) explored that since the inception of globalization in India, banking sector has undergone various changes. According to him, encouragement to foreign banks and private banks has increased the competition for all operators in banking sector and in order to survive in this cut throat competitive era Indian banks need to reinvent their marketing communication strategies for growth.

Aliata and Odondo (2012) examined the nature and influence of the promotional strategies on the bank’s performance and seek to determine the importance of marketing communication strategies in explaining the bank’s performance. They argued that there is a positive relationship between promotional mixes individually and had little effect on banks performance.

Sriniwas (2012) argued that private sector do excessive communication with the customer which may sometimes causes irritation. Their communication is also "communication for convincing", that means they will communicate only if it is convenient for them. To the contrary public sector banks have almost 'Zero Communication 'with the customers and media. He further stated that public sector banks need to develop a professional approach towards integrated external communication; they need to train their communication departments and even senior officials to the newer integrated marketing communication strategies.

Ramya and Lakshmi(2014) stated the importance of marketing communication tools on integrated basis to acknowledge about company's products and services. They further stated that since financial sector is a booming sector which always focuses on promotion of its products and services in an effective way therefore it has to concentrate on more integrated concept of marketing communication for achieving customer value of its services.

IV. GAPS IN LITERATURE

Marketing communication in banking sector has been an understudied area. Much of the bank marketing literature has concentrated on marketing theory than on communication strategies. Effective marketing communication of banking services is crucial since services are intangible products and it is hard to stand out, considering the fact that all banks offer similar products. Literature review depicted several gaps which makes the way for different researches. Firstly most of the studies in banking sector are on marketing of banking services (Bhattacharyay, 1989; Rullis and Sloka, 2010; Shonde and Gandhave, 2011). Secondly the study of marketing communication strategies is done taking either one or other communication tools like personal selling, sales promotion, publicity and public relations individually (Singh, 1983; Laskey et al., 1992; Dan and Ho,1993). Thirdly no study is conducted from banker's point of view, only customer's response is considered (Greenyer, 2004; Mittal and Mittal,2009).

V. CONCLUSION

The banking industry is facing a rapidly changing market, new technologies, economic uncertainties, fierce competition and more demanding customers and the changing climate which lead to an unprecedented set of challenges (Lovelock, 2001). The banking is a customer oriented service industry and it is the customer who defines the business and therefore, the main objective of a banker is to create, cultivate and retain a customer. Therefore the keen interest of bank marketers is in finding more effective means of communicating with their customers. Marketing communication strategies in banking sector assumes all the most important position as what they really sell is an abstract thing i.e. service with the interest rates, range of products etc. being more or less the same, the service given through proper promotional channels makes all the difference between two banks.

REFERENCES

[1] Aliata and Odondo, "Influence of Promotional Strategies on Bank's Performance," ijbhtnet.com/journals/ Vol. 2, 5, August, 2012, 19.p.

[2] Bhattacharya, Biswas N, and Ghose, B.K, "Paper presented at flae" (1989).

[3] Chidambram R M., "Promotional Mix for Bank Marketing" IBA Bulletin, Vol. 16, 1994, No.3, 24-26.

[4] Crane, F.G, "The need for Corporate Advertising in the Financial Services Industry: a Case Study Illustration" Journal of Services Marketing**,** Vo1.4, No.2, 1990

[5] Dan and Ho (1993), "Advertising by Banks in Hong Kong: A Content analysis" International journal of bank marketing, 1993, vol.6 issue: 2 pp62-67

[6] Dolphin , "Corporate Reputation- a value creating strategy" Corporate Governance, 2004, Vol 4(3),pp 77-92.

[7] Dunn D, "Advertising and Promotion, Direct Farm Marketing and Tourism Handbook" 1995.

[8] Evren Ors, "The Role of Advertising in Commercial Banking" Finance and Economic department .HEC, School of Management, Paris, 2003.

[9] Goldsmith, R.W. , "Financial Structure and Development" New Haven , CT:Yale University Press.

[10] Grankvist Anna, Kollberg Carolina, Persson Anna, "Promotion Strategies for Banking Services- a case study of Nordea in Estonia" International Business Pogramme; Lulea University of Technology, 2004.

[11] Greenyer , Andrew, "The impact of different media channels on consumers and the wastage of potential advertising opportunities through existing customer communications" Journal of services Marketing, 2004, vol 8,279-290.

[12] Gupta, S L and Arun Mittal, "Comparative Study of Promotional Strategies of Public and Private Sectors Banks in India" Asia Pacific Business Review, Vol IV, No. 3, pp-87-93, 2008.

[13] Hasan AYYILDIZ and Bunyamin ER, "Effects of Image and Advertising Efficiency on Customer Loyalty and Antecedents of Loyalty :Turkish Banks sample" Banks and Banks systems/Volume 2,Issue 1,2007.

[14] Hattaya Thong-In. (2010), "Factors Influencing the Use of Integrated Marketing Communication Tools in the Banking Service of Thai Commercial Banks" Master's Project, M.A. (Business English for International Communication). Bangkok: Graduate School, Srinakharinwirot University.

[15] Kristina, H. (2006), "A Conceptual Framework of Online Banking Services", Journal of Financial Services Marketing; Vol. 12, pp. 39-52.

[16] Kundu, "Pursuing post graduate diploma in management" Indian business academy Bangalore, 2005.

[17] Kusumakara, lebbar C., "Bank Marketing in Commercial Banks" 1988.

[18] Laskey, Henry A., Seaton, Bruce and Nichools, J.A.F., "Strategy and Structure in Hank Advertising: An Empirical Test" The Internatiotral Journal of Bank Marketing, Vol. 10 No. 3, 1992.

[19] Lovelock Christopher, "Services Marketing: People, Technology, Strategy"4th Edition, PrenticeHall.Read, 2001.

[20] Markkinointi, "The influence of sales Promotion on Consumer behavior in Financial Services" Helsinki School of Economics, 2008.

[21] Mehta, suresh, "Personal selling- a strategy for Promoting Bank Marketing", State Bank of India Monthly Review, 2001.

[22] Mittal and Mittal, "Consumer Behavior Aspects and Promotion of Banking Services" 2009.

[23] Mortimer, K, "Services Advertising: The Agency viewpoint" Journal of Services Marketing, vol.15,no. 2, 2001.
[24] Munson Cheryl, "What Are the Benefits of Sales Promotion to a Financial Institution?" 2010
[25] Mylonakis John, " Role, objectives and effectiveness of financial advertising: An exploratory bank marketing study". Innovative Marketing, vol 4, issue 3, 2008.
[26] Peattie, Sue and Peattie, Ken, "Promoting Financial Services with Glittering Prizes" International Journal of Bank Marketing 12:6. 19-29, 1994.
[27] Ramya and Lakshmi, "Impact of integrated Marketing Communication on Banking Sector in perceiving customer value of service" Asia Pacific Journal of Marketing & Management Review; ISSN 2319-2836 APJMMR, Vol.3 (6), JUNE (2014), PP. 21-26, 2014.
[28] Ramya and Lakshmi, "Impact of integrated Marketing Communication on Banking Sector in perceiving customer value of service" Asia Pacific Journal of Marketing & Management Review; ISSN 2319-2836 APJMMR, Vol.3 (6), JUNE (2014), PP. 21-26.
[29] Saengruang, C., "Integrated marketing communication affecting consumers' using service of The Siam Commercial Bank Public Company Limited in Bangkok" M.B.A. (Marketing). Bangkok. Graduate School. Srinakharinwirot University, 2007.
[30] Samina, Razib Alam, "Promotional activity involvement of commercial Banks : A Comparative Analysis among three generation Banks in Bangladesh" 2010.
[31] Sharma Esha, "Service Buying Behavior in Banking Industry: A Comparative Analysis of Private and Public sector Banks" International journal of Research in Commerce and Management vol1 issue 7, 2010.
[32] Singh, J. D., "Bank advertising in India -1971-1980". Prajnan, Vol XI], No.4, 1983.
[33] Sondge M.N and Gandhave T.B, "An analytical study of Marketing of Banking services of SBI and HDFC bank in Borivali suburb,Mumbai" International Journal of Marketing and Technology vol 1,issue 4, 2011.
[34] Sriniwas, "Communication in Banking Services", President and CEO,Prime Point Public Relations ltd, 2012.
[35] Tantisaowaphap, K., "Measuring Effectiveness of Integrated Marketing Communications programs in Service Business" Thesis. Mass Communication Industrial Technology: Consumer Behavior. Bangkok: Chulalongkorn University, 2001.
[36] Trivedi Pankaj, "Strategies for effective Bank Marketing in India" research paper in 9th bi-annual conference of (EACES) Europian Australian for Comparative Economics Studies, 2012.