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## **CHAPTER ONE**

### **1.1 BACKGROUND OF THE STUDY**

Promotion is one of the key factors in the marketing mix and has a key role in market success. Promotion is used to ensure that customers are aware of the products that the organization is offering. The promotional mix is the combination of the different channels that can be used to communicate the promotional message to the customers. The channels to be used are; advertising, direct marketing, public relations and publicity, personal selling, sponsorship and sales promotions. (Rowley.1998)

Promotion is the direct way an organization tries to reach its publics. This is performed through the five elements of the promotion mix (Cinkota and Roonkainen, 2004). In spite of major changes on the market of financial institutions, there are indications that rural banks have not yet successfully embraced the marketing philosophy or achieved levels of its implementation consistent with satisfied customers. Financial institutions are realizing that their established promotion practices are inadequate for new markets conditions as levels of customers' 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 and Brown, 2000).

It will be interesting and insightful to assess the effectiveness promotional mix strategies on rural banking using Adansi Rural Bank Ltd as a case study.

### **1.2 PROBLEM STATEMENT**

The problem of the study was propelled by the need to empirically find out the challenges and competition faced by the rural banks and to assess the effectiveness of promotional mix strategies on Adansi Rural Bank. It is not uncommon to notice that rural banks adopting at least

one promotional strategy to attract customers into their premises. It is upon this background that the research is being undertaken to find out some of these strategies and their impacts on their performance and then recommend and formulate appropriate promotional strategies for the bank.

### **1.3 RESEARCH OBJECTIVES**

The aim of this study is to find out the effectiveness of promotional mix strategies of Adansi Rural Bank Limited. However, the study will also seek to find out the following specific objectives:

1. Determine the types of promotional tools that encompasses the banking service of Adansi Rural Bank
2. Identify whether effective promotional tools adds up to the competitive advantage of Adansi Rural Bank

### **1.4 RESEARCH QUESTIONS**

In relation to the research objectives above, below are six (3) research questions that will be answered after research exercise to help solve some problems identified.

1. What are the theories of integrated marketing communication?
2. What promotional tools are commonly used by rural banks?
3. How a promotional tool adds up to the competitive advantage of a rural bank and which promotional tool best suite the banks activities?

The concrete output of this research is to identify the main areas that make up the promotional strategies of Adansi Rural Bank: its challenges, prospects, strength, and weakness and their marketing operations. Hence in this study an attempt has been made to consider and analyze the

importance of promotional mix of the bank. Assumed, the expected knowledge from the research would enable us to ascertain the effectiveness of promotional mix strategies used by the bank.

### **1.5 SCOPE OF THE STUDY**

Rural banks play a key role in the economic growth and industrial development of a country. They make vital contributions in improving economic and social sectors of a country through financial intermediation and microfinance activities. For a more comprehensive and coherent view of the subject, the study has been limited to the period between February, 2009 and May, 2010, since this is a fieldwork through survey administration in Adansi Rural Bank in the Ashanti Region.

### **1.6 SIGNIFICANCE OF THE STUDY**

The result of this research will provide adequate knowledge and assistance to banking and financial analysis of the need to responding to a new era in the delivery of the banking products.

### **1.7 LIMITATIONS**

The study is only concerned with the effectiveness of promotional mix strategies on the banking industry. It will further focus on the performance on the banking industry.

Due to the extent of the data available the research will be limited to the years 2009-2012. It is anticipated that the following factors will restrain the investigation into the problem.

- Time constraints.
- Financial organization will not be co-operative providing relevant data.
- Financial constraints.

This research is limited in accessing official information since not all officials will be willing to give the exact information or required information that is needed.

However, despite these limitations, the findings, conclusions, and recommendations to be drawn from this academic work will be reliable

## **1.8 STRUCTURE OF THE STUDY**

The researcher's work is made up of five chapters and what is entailed in each chapter has been provided below.

Chapter one deals with the background to the study, statement of the problem, purpose of the study significance of the study, scope and limitation of the study and organization of the study.

Chapter two constitutes the literature review. This section considers the technology development of the product its impact with respect to what other authorities and other researchers have said about the problem under study.

Chapter three looks at the methodology of the research. Thus, this section deals with the various methods used in gathering information used for the study. This section also brings out the strengths and weaknesses, population, research instrument used and data analysis plan of the study.

Chapter four focuses on the results of the study. That is, it involves the data analysis and discussions based on the findings from the data collected.

Chapter five is the final chapter of the research and deals with the summary of the research findings, conclusions, recommendations of the topic as to whether the objectives of the study were attained. Bibliography and appendices follows.

## **1.9 CONCLUSION**

In this chapter, we looked at the background and the need for the research, our aims and objectives. The next chapter will review previous literature on promotional strategies on rural banks practices and set the foundation for comparing previous literature of some writer's and researchers with what is happening currently.

## **CHAPTER TWO**

### **2.0 LITERATURE REVIEW**

This chapter seeks to analyse the views of various authors, concepts from books, journals and other school of thoughts concerning the topic “the effectiveness of promotional mix strategies on rural banking” The chapter will further show how promotional mix had faired throughout the ages as had been discussed in relevant literature. In the review of the relevant available data, the factors that had been identified as affecting adoption of electronic banking products will be discussed in detail using the views of different authors.

### **2.1 MARKETING COMMUNICATIONS DEFINED**

Pieton et al, (2001) defines marketing communications as “all the promotional elements of the marketing mix which involve the communications between an organization and its target audiences on all matters that affect marketing performance”. The concept target audience is defined by describing it as “those individuals or groups that are identified as having a direct or indirect effect on business performance, and are selected to receive marketing communications. Walls et al (2000) define it as “persuasive communication designed to send marketing- related messages to a selective target audience”. According to Doyle (1998) there are several reasons why managers want to communicate to marketers and audiences: inform persuade, and image creation and reinforcement.

## **2.2 THE MARKETING COMMUNICATION PROCESS**

Fundamental to the understanding of marketing communication is an understanding of the marketing communication process.

The communication process by Kotler

Kotler (2003) presents a communication model with nine elements. Two represents the major parties in the communication – sender and receiver. Two represents the major communication tools message and media. Four represents major communication functions – encoding, decoding, Response and feedback. The last element in the system is noise (random and competing messages that may interfere with the intended communication).

Kotler (2000) presents the following eight steps in developing effective communications:

1. Identify the target audiences: the problem must start with a clear target audience in mind.
2. Determine the communication objectives: the marketer can be seeking a cognitive, effective, or behavioral response.
3. Design the message: the communicator moves to developing an effective message.
4. Select communication channels: communication channels may be personal or non personal.
5. Establish the total marketing communication budget: determining how much to spend on promotion.
6. Deciding on the marketing communication mix: companies must allocate the promotion budget over the five promotional tools – advertising, sales promotion, public relations and publicity, sales force, and direct marketing.
7. Measure the communication's results: outcomes and revenues resulting from the communications investment.



8. Managing the integrated marketing communications process: providing clarity, consistency, and maximum impact through the seamless integration of discrete messages.

## **2.3 THE PROMOTIONAL MIX FOR BANKING SERVICES**

Promotion is often viewed as being more operational in nature, but this is not entirely true. Strategic decision need to be taken and here we shall consider the process and decision areas involved in strategic promotional planning as well as examining individual aspects of promotional activities. Promotion according to Brassington and Pettitt (2000) is the direct way in which an organization communicates the product or service to its target audiences. Within the financial service industry, promotion is used in many different ways (Median, 1996)

Brassington and Pettitt (2000) have categorized the promotional tools into five elements; advertising, sales promotion, public relations, personal selling and direct marketing. The entire range of activities is known as the promotional mix.

## **2.4 ADVERTISING**

Brassington and Pettitt (2000) defines advertising as any paid form of non-personal communication directed towards target audiences and transmitted through various mass media in order to promote and present a product, service or idea. The key difference between advertising and the other promotional tools is that it is impersonal and communicates with large numbers of people through paid media channels (Kotler, 2003) such as designed and good buying of media may well be left to the operational manager but other decisions, such as the nature of an advertising campaign, the timing and frequency, etc. will be taken at strategic level.

Advertising is seen by the public and it must be done in such a way that the company and its products are not harmed by any adverse reactions on the part of the public. This may seem to be

the realm of public relations but it is really control of advertising and a prime concern for levels. Many think that advertising is a short-term activity which cannot be planned in advance. While this may be true in some circumstances, it is certainly not true in all cases. If a company wants to make major changes, their advertising planning will certainly be over a long period. They may decide to change the type of media they use or they may wish to change their image.

Meidan (1996) states, that a financial services organisation can use its advertising for either its short-term or its long-term objectives. A bank attempting to generate a long-term build-up of its some would use institutional advertising, while a bank interested in promoting its brand name and its different services would use brand advertising policy.

Meidan (1996) further states that the institutional advertising consists of promotion of the firm's image as a whole, and promotion of the products offered, with extra emphasis on communications, to build awareness and to impress customers looking for the best range of commercial services. Mortimer (2001) states that an important part of advertising is to make the --- tangible in the mind of the consumer in order to reduce perceived risk and provide a clear of what the service comprises. Furthermore she considers it important to advertise – with a clear brand image, in order to achieve differentiation and encourage word-of- -- communication.

### Why Advertise?

The purposes or reasons for advertising can be many and varied (Kotler, 2003) e.g.

- I. To announce a new product
- II. To announce a modification (price change, special offer etc)
- III. To challenge the competition
- IV. To maintain sales
- V. To remind people to purchase the product again

- VI. To educate users and buyers
- VII. To keep retailers/distributors satisfied and/or motivated
- VIII. To catch new customers entering the market for the first time
- IX. New product or services obviously need promoting and launching onto the market, but a great deal of advertising is for products/service which have been in existence for some time, e.g. coca cola, Cadbury's chocolate. The reasons for advertising existing products are from one manufacturer to another, but there are general reasons for all manufactures to advertise regularly and repetitively.
  - a) The changing needs of the target audience

As people move through their lives, they have different requirements and purchasing motivations, advertisers should be aware to these changes and aim their messages accordingly.
  - b) Products being updated and improved

Advances in technology and customer expectations often mean that a change is necessary in the sales presentation of a product, e.g. the introduction of convenience foods which can be used in a microwave oven or the awareness of health and safety factors relating to consumer products.
  - c) The increased sophistication of advertising

Advertising helps to build and maintain a product's brand image and adds to its value (received by the customer). If an advertiser does not keep pace with the advertising of the competition the relative value of the product may be lowered in the opinion of the buyers.

The competitive nature of the marketplace

d. People forget about products if they are not constantly reminded of the benefits to be obtained from using them. With so many advertisers trying to attract the same buyers it can be very dangerous if advertisers relax their efforts.

## Advertising Media

Media covers a multitude of methods and means of advertising – “anything that can be used to convey an advertising message” (Kotler, 2003) – but it is generally accepted that the term major media covers five areas:

- I. Press
- II. Television
- III. Radio
- IV. Outdoor advertising
- V. Internet

According to Meidan (1996), there are two types of advertising channels appropriate for commercial advertising. That is “above-the-line and “under-the-line” advertising. Above-the-line advertising contains different channels of communication, such as television, radio, posters, magazines and newspapers. Under-the-line advertising constitutes a huge part of a financial advertising activity. It is invisible advertising of the bank’s services, including leaflets, pamphlets, explanatory guides and manuals that can be used to support selling of a specific service. It is hard to draw a definite distinction between under-the-line advertising and the promotion. Under-the-line advertising is very cheap to produce, but it must be used furthermore, this kind of advertising does not attract new customers, and it is depending on personal selling for its effectiveness.

Perhaps the most difficult decision for any advertisers is the choice of medium as, no matter how attractive an advertising campaign, it will fail if it is not in the correct medium for the particular target audience. An advertisement is subject to “wastage” – the amount of resources, or opportunities lost by missing a sector of the intended audience.

Media selection will, broadly speaking, be based on three factors as stated by (Kotler, 2003):

#### Cost involved

The size, objectives and resources of the organisation wishing to advertise will influence the type of media, size and frequency of the campaign.

#### Characteristics

The nature of the medium chosen will depend very much on the objectives of the campaign. Is a various presentation required? Will a popular daily do? Will it be better to use a trade journal or a personal daily? Will the media chosen reach the required audience? Is it a believable channel for a message that is being sent? Etc.

#### Audience

Coverage is crucial. Advertisers will be asking: does the medium chosen cover the target audience? Will the audience respond in the required way? How does the medium know what the audience will do? In other words, how well does the medium know its own audience?

## **2.5 PUBLIC RELATIONS**

There can be no doubt that public relations activities span the entire organisation, taking in the highest level of management as well the operational levels. Despite this the term “public relations” is often misused and misunderstood, with many managers failing to appreciate the importance of activities involved. (Kotler, 2003)

Does not help that various authorities give different definitions of public relations, as this can --- in even more uncertainty. Who should we turn to for a sensible definition?

Consider the following:

All activities and attitudes intended to judge, adjust to, influence and direct the opinion of any group or groups of persons in the interest of any individual, group or institution...”(American Public Relations Association).

To some extent, I prefer the comments of a previous President of the American Association who entitled public relations as: “...everything involved in achieving a favorable opinion...”

The planned and sustained effort to establish and maintain goodwill and mutual understanding between an organisation and its publics...” (Institute of Public Relations, UK).

Public relations is about understanding the needs of an organisation and its publics, and working satisfying those needs. Thus we can see that public relations are something which needs to work at and does not just happen because someone wants it to. No organisation can work its own objectives and disregard the needs of its publics.

## **2.6 PURPOSE OF PUBLIC RELATIONS**

Public relations could be said to be very similar to advertising: they both strive to pass on information and awareness, and both have an impact on the attitude of the target audience. Neither of these activities “sells” directly, but both are major influences on the behaviour or individuals and groups. However, you could argue that the purpose of advertising is to “help the role” whereas the purpose of public relations is to “create understanding”. This may be easier said than done.

Methods of Public Relations

Some of the more typical channels for public relations are considered below in relation to the audience which it is the objective to reach. (Kotler, 2003)

## **2.7 INTERNET PUBLICS**

News letters or in-house publications

There can be excellent method of keeping everyone informed of current developments and can be used as motivational tools. Simple things like monthly competitions, awards for good – etc. can be promoted and, if it is well done, the in-house publication in itself is a factor in the satisfaction of employees with their employer. If people are kept informed they become “involved” and are more likely to be loyal and supportive to their company.

## **2.8 BRIEFING MEETINGS**

Briefing meetings are held as a regular event, or in the case of some important development, they give employees the opportunity to ask questions and to see that the company is not trying to do anything. Announcements can be made on changes in company policy, new product launching or impending mergers. These meetings are also very useful for quelling any rumors that may have started to circulate and, even more so, to reassure on the future stability of the company and its employees.

## **2.9 FAMILY DAYS AND PARTIES**

Any opportunity which allows employees to bring together their work and personal lives can easily be for the good. Events such as these are an excellent opportunity for all levels of the company to mix.

The difficulty here, of course, is that events such as these cost money. However, many companies feel that the benefits gained outweigh the costs and are happy to host family events even if it is only a buffet supper at Christmas for employees and their partners.

## **2.9.0 EXTERNAL PUBLICS**

### **The “media”**

When people refer to “the media” they are often thinking in terms of those which give national coverage, but there is much to be gained from local media. Local newspapers, radio and television are all interested in news items relating to local organisations. Another aspect to consider is that often local reporters have links with national, or even international, newsgroups and will pass on a story. It is amazing how often a simple little story concerning a company can soon be reproduced in media around the world.

News items may be good or bad, but the relationships between the organisation and the media may well determine how they are presented to the public. For instance, if a company regularly refuses to give interviews to reporters, or refuses to comment on something that has been reported, it will gain the reputation of being secretive or obstructive.

### **Press Releases**

It is minimum practice for press releases to be issued to the media giving information on a range of inputs. These can include current or intended activities, some particular achievement of which a company is very proud, or even to counteract bad press which has arisen for some reason. Such press releases do not necessarily get published. Publication will depend on just how newsworthy the item is and whether or not any particular medium wants to use the release. (Meidan, 1996)

### **Press Conference**



Perhaps the most important question that needs to be asked in the case of press conference is:

“How we need one?” Press conferences should really only be used when there is a major management to make or a major problem to overcome; holding a press conference when it is not needed will often prove to be counterproductive. Press conference involves inviting media representatives to a suitable location and then “presenting a case”.

The people who are entrusted with speaking at a press conference must be well briefed on what they have to say and they must prepare in advance. If reporters and commentators are given a first hand with regard to the topics and questions they can put, the end result may be something into chaos with a resulting loss of face for the organization. (Brassington and Pettitt, 2000)

Open days

If customers, and members of the local community, are invited to visit the premises of an organization it gives the opportunity to publicize future activities, to give reassurances on current financial strength, and to highlight the trial of testing of new products, etc. but, more than something, it gives the organization a chance to show that they do care about their publics and their opinions. Hospitality need not to be expensive, but the goodwill it fosters can be incalculable.

### **2.9.1 SPONSORSHIP**

You only have to watch a sports event on television, or visit a theatre, to see just how important sponsorship has become in the modern world. Vast sums of money are paid out in a variety of ways: sponsoring a sports personality for training; a team of racing cars; a snooker championship; a football competition; a drama festival; an individual theatre, and numerous other events.

The main reason behind this form of support is, of course, to gain corporate exposure, particularly when the sponsored event is televised throughout the world, e.g. tobacco companies who are restricted in their promotional activities use sponsorship to very good effect. However, there are also other reasons for sponsorship.

If a company can be seen to be sponsoring something which is regarded as being “worthwhile” or “good for society” it benefits greatly as far as its publics are concerned. The company gains image, prestige and standing in the marketplace, all of which increase the power and influence of the company.

An added benefit of this heightened stature, of course, is the “spillover” effect of the image. Subconscious impressions will be imposed upon the minds of the latent publics which, if ever the public becomes active, may work to the advantage of the organization. (Kotler, 2003)

Meidan (1996) states that another part of public relations is the publicity gained through magazines, financial services obtain considerable publicity in so called quality press, such as different financial journals. A sub-activity of PR is **publicity** - *free exposure, whether good or bad to the public's of the organization*. Companies will go to great lengths to gain good publicity and in even greater lengths to avoid, or overcome, bad publicity in order to protect their image and reputation. At the higher planning levels, decisions will be taken as to whether the company will actively seek publicity and which methods to adopt. It is usual that the people who deal with publicity are the same as those who deal with PR. Certainly the strategic thinking will be the one and similar considerations will influence any decisions made.

## 2.9.2 SALES PROMOTION

This type of activity has been described as:

“A short term tactical marketing tool which gives additional reasons or incentives to encourage products” (Kotler, 2003).

“Any activity which supplements the promotional campaign of an organization” (Meidan, 1996).

The above examples of definitions show difficult it is to define sales promotion but also how easy it is to show that sales promotion can be anything and everything. Sales promotion is the sum of all effort other than advertising which a company uses to help promote its products in the marketplace.

The accepted idea of “sales promotion” covers two types of promotional effort. (Kotler, 2003)

a) Immediate Promotion, which can include:

Point of Sales displays

Direct mailing

Exhibitions

Incentives offers (multi-buy or buy one get one free)

Free samples/magazines

In-store demonstrations

Personality promotion (sales force dressed up to give away prizes.)

b) Delayed Promotions, which can include such activities as:

Lotteries

Competitions

Cross-couponing (promoting one product by giving on another)

Free prize draws

Self-liquidating offers

Money-off coupons

Mail-in premiums (free gift for mailing in proof of purchase)

Charity promotions (money for proof of purchase donated to particular charity)

Without doubt, sales promotion is widely used by many companies across the whole spectrum of markets, catering to a wide variety of target audiences in both consumer and industrial sectors. Thus we can see that although sales promotion techniques can be valuable, they must be handled with care if the customers are not to become worn out by offers, rather than seeing offers as being incentives.

Most of the types of sales promotion offers outlined above will be familiar to you from your experiences as a customer and consumer.

It is the balance and the approach to sales promotion that are decided at strategic level, rather than the day-to-day activities involved. Will the company give free gifts? If so, to what value? Will exhibitions be used? If so, where and when? How often should incentive promotions be held? These are the types of questions that strategic planners will be asking and finding the answers to so that strategies can be passed on to the relevant people.

### **2.9.3 DIRECT MARKETING**

Direct Marketing is the definition for the marketing activities an organization undertakes directly with the customer, e.g. e-commerce, direct mail, e-mail marketing, telemarketing (Kotler, 2003).

The role of direct marketing is to communicate directly with customers with a view to building one-to-one relationships and increasing customer loyalty. Direct marketing can also be used to

support traditional advertising by using direct response telephone numbers or return coupons or as a sales channel itself.

Technological developments of the internet, sms messaging and e-mail have supported the growth of direct marketing and increased the range of media available.

According to Brassington and Pettitt (2000), direct marketing is an interactive system of marketing, using one or more advertising media to achieve measurable response anywhere, a basis for creating and further developing an on-going direct relationship between an organisation and its customers. To be able to create and sustain quality relationships with hundreds or even thousands of individual customers, an organisation needs to have as much information as possible about each one, and needs to be able to access, manipulate and analyse that information. Thus, the database is crucial to the process of building the relationship.

Though the use of direct marketing organisations are able to gather more detailed data about their customers. Organisations can gather data on what customers buy, when they buy, how they buy, their demographic information etc.

Technological advances in software have supported the collection, storage and analysis of data storage in databases which allows organisations to analyse and manipulate the data, providing them with detailed information to gain a deeper understanding of their customers, resulting in a customer relationship and increased customer loyalty.

#### **2.9.4 PERSONAL SELLING**

Activities taken to ensure that the sales transactions are completed.

The sales force comes in various shapes and sizes – from a large number of retail assistants, to a highly-skilled technical executive. They may be taking orders, delivering products, collecting

payments, giving after-sales services and so on, but they all have one thing in common, they deal with the customer direct. It is this fact that makes the sales force an excellent promotional tool.

Brassington and Pettitt (2000) define personal selling to be a two-way communication tool between a representative of an organisation and an individual or group, with the intention to inform, persuade or remind them, or sometimes serve them to take appropriate actions. Selling is a two-way communication which provides information in a flexible way that can be adapted to meet the needs of a specific customer. Kotler (2003) said selling is part of the communications but it is much more focused than mass communications like advertising. Communication is customized by one individual salesperson or sales team in personal contact with customers. Its objective is to get the buyer to act, to buy. Furthermore, personal selling is a crucial element in ensuring customer's post-purchase satisfaction, and in building profitable long-term buyer-seller relationships built on trust and understanding.

According to Julian and Ramaseshan (1994) the relationship between the salesperson and the customer is perceived as being of great importance for the marketing of a bank. Hence, the sales force within the financial services industry needs not only to be trained in the art of selling, but also to be aware of all the services available and be able to clearly explain what each service offers. Meidan, (1996) claims that it is up to the sales force to enhance the bank's reputation by banking after its customers.

The importance of selling lies in the fact that most buyers buy from salespeople. Selling as a communication tool does not, however, come cheap. As such the role, tasks and organisation of selling need to be clearly defined so that the sales effort is not diluted or misdirected in any way. Personal selling means informing and persuading customers through personal communications directly associated with a particular transaction. In this respect, personal selling and non-personal

selling such as advertising are complementary activities and their relative importance will vary dependent upon the nature of the product and the buying behaviour associated with it.

## **2.9.5 EXTERNAL FACTORS INFLUENCING THE CHOICE OF PROMOTION**

### **STRATEGY**

According to Cavusgil et al. (1993) there are three categories of influences on the choice of adaptation of the promotion strategy; the product and industry, the company and the export of market of choice. Our study will adopted the product and industry factors influencing the choice of promotion strategy.

#### **Type of Product**

Cavusgil et al. (1993) define the type of product as the product's classification. Nicolaud (1989) Meidan (1996) state that services are tangible products which often cannot be separated from the person performing or selling them.

According to Bossone (2000) banks are intermediaries between savers and users of capital. They supply transaction services and provide liquidity to the consumer and industrial markets. Meidan (1996) states that banks need to offer a wide range of products and services to meet a variety of financial and related needs from different customers in different areas. The general types of products offered by a bank can be divided into the categories; cash accessibility (for instance telephone banking), asset security (for instance safety of money deposits), money transfer (for instance payment service), deferred payments (for instance loans) and financial advice on investments, taxation or wills).

Meidan (1996) further states that a service such as bank credit cannot appeal to a buyer's sense of touch, smell, taste, sight or hearing, which as a results makes it very important for the

marketer to explain what the service actually comprises. However, the general promotion strategy tends to focus on the brand rather than the product.

### ***Product Uniqueness***

Cavusgil et al. (1993) define the product uniqueness as the degree to which the product is made designed to satisfy unique needs of the customers. According to Julian and Ramaseshan (1994) there is constant pressure within the competitive environment of banking to innovate and develop new ways to improve customer service. Long-term person-to-person relationships between a financial institution, its distributors and its customers, are seen as an important factor of a bank to achieve a competitive advantage. However, Meidan (1996) claims that since banks offer similar products, it is very hard to stand out. According to Marquardt (1994) a bank's services are seldom unique and they are easy for competitors to copy. Additionally, Meidan (1996) states that banking services tend to meet general needs rather than specific, and since there are no particular benefits distinguishing different banks from each other, promotion of financial services is essential. A bank must strive to attain a good will overall image and to attract customers with the right message.

### ***Technology Orientation of the Industry***

According to Cavusgil et al (1993) the technology orientation refers to the technology intensity of the industry. Joseph et al. (1999) claim that technology has increasingly been applied in the delivery of services since the mid-eighties. The adoption of technology into service industries has become important, and service providers are being urged to invest in technology as a way of securing their future in the electronic age. Meidan (1996) states that new products, new payments, new forms of distribution and delivery and improved management information systems are increasing the demand of technology within the financial services sector.



### **2.9.6 CONCLUSION**

This chapter has looked at the marketing communication and its process, elements of the promotional mix and the factors which influence the choice of the promotion strategy.

In the course of reviewing the above literature the conclusions below were drawn.

It was found out from the review of literature that the effectiveness of promotional tools had great impact on the positive functioning and behavior of the banking institution. It is important that Adansi rural bank invest more of their resources towards the creation of awareness and promoting their bank.

It was also realized that effective promotional tools usage remains the most effective and best way of creating awareness and reaching out the customers and other potential to be customers of the bank.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.0 INTRODUCTION**

This chapter seeks to examine the various data collection methods adopted by the researchers in the project work. It contains the various approaches adopted in relation to the study area, data collection processes, sample and sampling techniques, data analysis and the like.

#### **3.1 RESEARCH DESIGN**

The type of research used for the study is exploratory. It is used to identify and explain the nature of a problem to help better understand the problem. Primary and secondary search were in addition to observation, interviews and questionnaires which were used to gather information for our study.

#### **3.2 POPULATION**

The target population for this research is the population of Adansi Rural Bank. The headquarters of Adansi Rural Bank in Kumasi was used for this research and their branches in Kejetia and Dunkirk were visited. In all we had 22 respondents to questionnaires and interviews which were conducted throughout their branches.

#### **3.3 SAMPLE AND SAMPLING TECHNIQUES**

Adansi Rural Bank was used as the sample size for this research. Adansi Rural Bank was considered due to its wide range of banking products and the researcher want to know the

interest of the customers on these services rendered; this is the basis why the researcher used the bank as a sample.

The non probability technique was used. This was selected because it is considered very suitable. The sampling technique is very economical and effective in terms of gathering data for this research work. The researchers administer questionnaires to customers and bank officials.

### **3.4 DATA COLLECTION**

Both primary and secondary data was used in this research paper. The primary data that was used for this study was recurred through questionnaires administered by the researcher to the customers at the bank and employees of the bank and in some special cases personal interviews with bank officials. First hand information was needed from the bank to ascertain the interest level of Ghanaian on why they chose to work with the bank. Secondary data was gathered from the web especially from [www.goole.com](http://www.goole.com), [www.dogpile.com](http://www.dogpile.com), [www.bankers online.com](http://www.bankers online.com), [www.altavista.com](http://www.altavista.com), [www.araydeve.com](http://www.araydeve.com), besides others which provided the researcher with important data for this research.

Other sources are journals, and other research works that is related to the subject at this research paper on libraries.

### **3.5 INSTRUMENT FOR DATA COLLECTION**

The researchers relied on structured questionnaire as the main data collection instrument to obtain the desired information and data. The questions were self structured. This is done to achieve the main objectives of conducting the research. The questionnaire would be used because almost all the people in the defined population can read and write.

### **3.6 INSTRUMENT VALIDITY AND RELIABILITY**

To ensure validity and reliability of the tool for the study, the researcher's exercised care to ensure that the questionnaire would be accurately measure based on the objectives of the study. The researcher would also ensure that the questions provide adequate coverage for the research objectives by having a professional and skilled individual (study supervisor) examine the questionnaire. The questions were also structured in a way that helped respondents provide dependable answers to the questions.

### **3.7 INSTRUMENTS STRUCTURED TO MEET RESEARCH OBJECTIVES**

The questionnaires were prepared to spell out answers that will endow with answers to the objectives of the study as well as the research problem in general. The purpose of the study would be realized through the questions posed by the researcher in the questionnaire.

### **3.8 DATA COLLECTION PROCEDURES**

The researchers paid personal visit to the bank to deliver questionnaires and additionally booked appointments for the interviews. In instance where answers provided in the questionnaires were not disclosed, interviews were conducts to gather the information needed. Plain and simple questions were asked in the questionnaires and it was directed to the topic.

### **3.9 METHOD OF DATA ANALYSIS**

The data collected would be analyzed with the use of Statistical Package for Social Sciences (SPSS) software. And the conclusion and recommendation from the data collected given by the researcher. Due to the nature of the data collected from the respondents through the questionnaires, both qualitative and quantitative method of data analysis would be found

appropriate. The research therefore uses both method of data analysis for this research paper, tables, graphs, pie charts and ratios are applied in the analysis and interpretational data collected.

## CHAPTER FOUR

### 4.0 DATA ANALYSIS

This section deals with the general information of respondents

Table 4.1: **GENDER.**

Response	Frequency	Percent %
Female	12	55
Male	10	45
Total	22	100

Source: Field Data May 2012

The researcher in its quest to determine the ages of its respondents came up with the following.

Table 2: Age Group of respondents

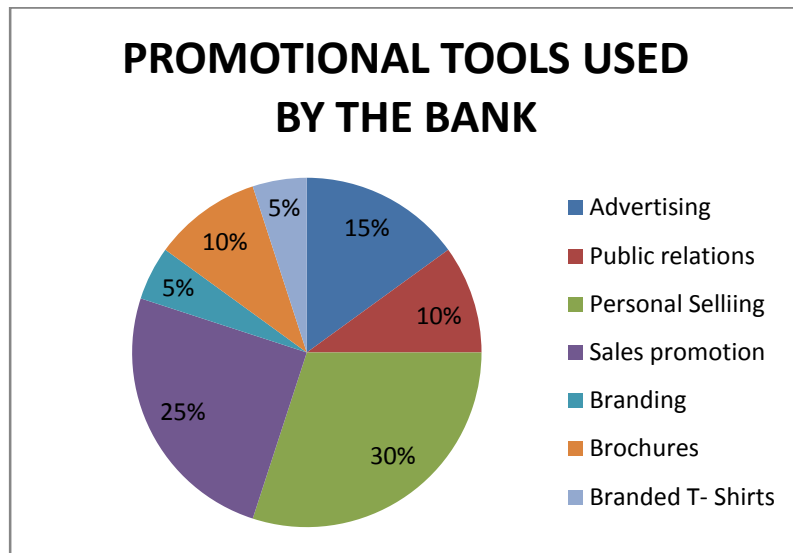
Age Group	Frequency	Percent
18-22	7	31.8
23-27	6	27.2
28-33	5	22.7
34 and above	4	18.2
Total	22	100

Source: Field data May, 2012

From the table above it was realized that 7 respondents were of the ages 18-22 and above 34 years respectively. 6 respondents were also between ages 23-27 and 28-33 years respectively. It can therefore be inferred that most of the respondents were between 23 and 33 years of age.

Figure 4.1

## WHAT ARE THE PROMOTIONAL TOOLS USED BY BANKS?



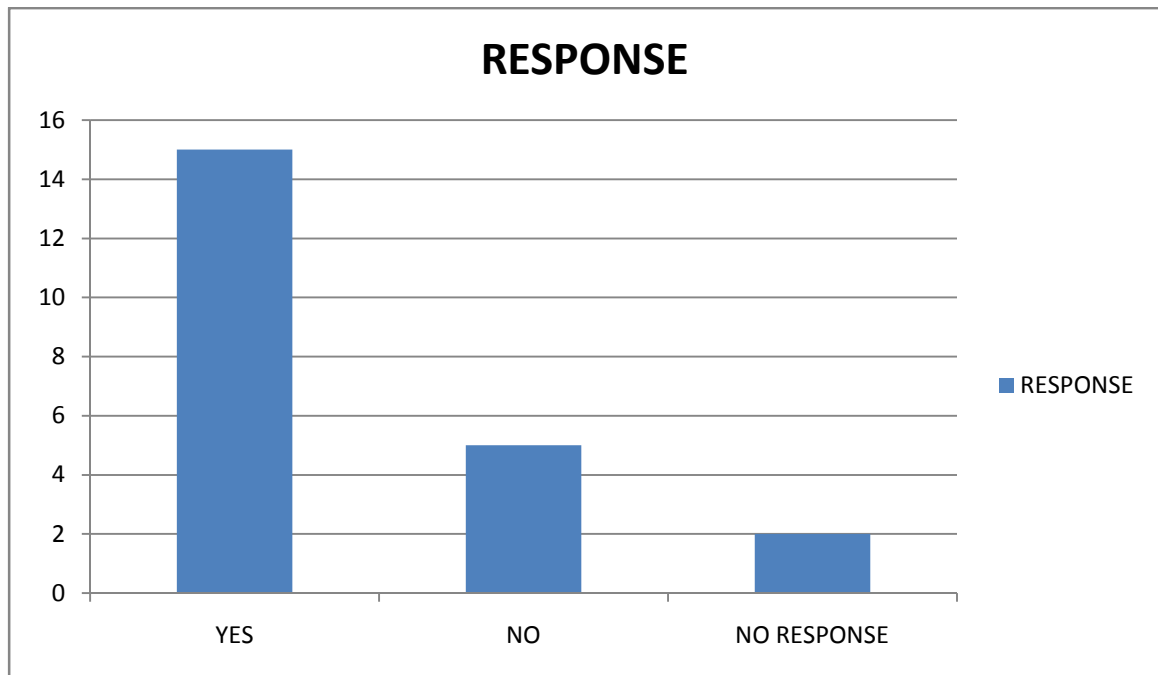
Source: Field Data May 2012

Table 4.3: WHICH OF THE MEANS ATTRACTED YOU TO THE BANK?

Means	Response	Percentage (%)
Personal selling	10	65
Public relations	7	25
Sales promotion	4	9
other	1	1
TOTAL	22	100

Source: Field Data May 2012

Figure 4.2: **WOULD YOU RECOMMEND THE USE OF THE AUTOMATED TELLER MACHINE (ATM)?**



Source: Field Data May 2012



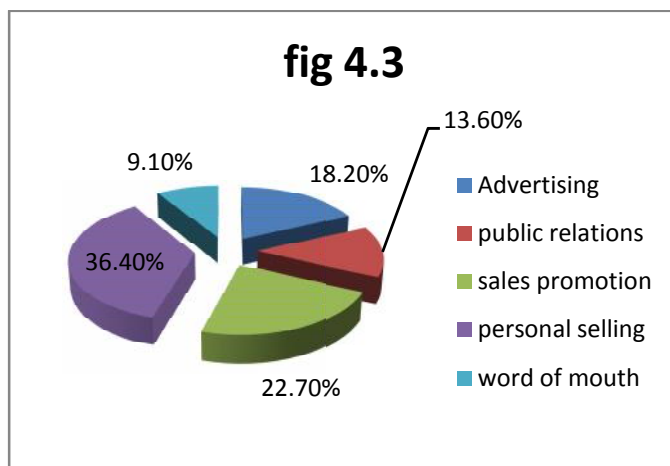
#### 4.1 GIVE YOUR IMPRESSION ABOUT THE BANK'S SERVICES

From the data collected, 15 people out of the sample gave good response to the services of the bank, 4 people were not well pleased with the services of the bank and 3 did not give any response.

How did you get to know about Adansi Rural's banks service?

Out of the data collected, 4 people got to know the bank through adverts, 3 through public relations, 8 through sales promotion, 2 through word- of- mouth and 5 through personal selling.

This is shown in the figure 4.3 below.



Source: Field Data May 2012

From the diagram above, 18.2% got to know of this bank through Advertisement, another 13.6% got to know of the bank through Publicity or public relations, and 36.4% also got to know of the Bank through their sales promotion, personal selling 22.7% and 18.2% through word-of –mouth.

Table: 4.4     **ARE THERE ENOUGH BROCHURES AT THE BANK?**

Response	Frequency	Percentage
Yes	11	55%
No	7	45%
No response	2	10%
TOTAL	20	100%

Source: Field Data May 2012

It is mixed response here as from the table above, 55% of the respondent said they make those brochures available. Suprisingly, 45% responded 'No' including those who failed to response. This is serious as the bank is missing in action in the area of marketing communications.

Table 4.5: **HOW DO EMPLOYEES RELATE TO YOU WHEN TRANSACTING BUSINESS?**

Response	Frequency	Percentage %
Good	14	70%
Better	5	25%
Best	1	5%
Total	20	100%

Source: Field Data May 2012

From the table above, respondents are happy as they do not have to spend more time for their transactions in the bank as 70% confirmed this from their response. This is a plus for the bank as it can enhance relationships and build long term loyalty to customers.

Table 4.6: **ARE YOU SATISFIED WITH THE WAY THEY HANDLE COMPLAINTS?**

Response	Frequency	Percentage %
Yes	15	75%
No	4	20%
No response	1	5%
Total	20	100%

Source: Field Data May 2012

From the above, 75% like the way their complaints are handled. Again 5% did not give any response to the question. 20% were of the view that there is the need for more training and the employees needs need to be advised on how to relate to customers.

Table 4.7: **DO YOU THINK THEIR SERVICES ENCOURAGE YOU TO RECOMMEND THE BANK TO OTHER FRIENDS AND RELATIONS?**

Response	Frequency	Percentage %
Yes	17	85%
No	2	10%
No response	1	5%
Total	20	100%

From the table on page 40, 85% of the customers would recommend the service to their friends and relations because they appreciate the service. 10% would not recommend to any of their friends or relations due poor services being offered, and 5% did not respond to the question, since they did not have time to answer that part of the question.

**Table 4.8: ARE YOU SATISFIED WITH THE USAGE OF COMPUTER SERVICES OFFERED BY THE BANK?**

Response	Frequency	Percentage %
Yes	18	90%
No	1	5%
No response	1	5%
Total	20	100%

Source: Field Data May 2012

From the table above, 90% like the use of computer due to the efficient and effective delivery of services. Only 5% did not like the introduction of compute services without any specific reason.

**Table 4.9: HOW OFTEN DO YOU HEAR OF THE BANKS NAME?**

Response	Frequency	Percentage %
Very often	20	90%
Often	1	5%
silent	1	5%
Total	20	100%

Source: Field Data May 2012

From the table, 90% of the respondent answered in the affirmative to how often they hear of the banks name, 5% of the respondents also seconded it quite well and 5% additionally were silent on the banks name.

Table 4.10: **ARE YOU SATISFIED WITH THE BANKS OPERATION?**

Response	Frequency	Percentage %
Yes	18	90%
No	1	5%
No response	1	5%
Total	20	100%

Source: Field Data May 2012

From the table 85% of the customers would recommend the service to their friends and relations because they appreciate the service. 10% would not recommend to any of their friends or relations due poor services being offered, and 5% did not respond to the question, since they did not have time to answer that part of the question.

Table 4.11: **WHAT IS THE RELATIONSHIP BETWEEN YOU AND THE OPERATORS?**

Response	Frequency	Percentage %
Very Good	18	90%
Good	1	5%
Normal	1	5%
Total	20	100%

Source: Field Data May 2012

From the table 90% of the customers would recommend the service to their friends and relations because they appreciate the service. 5% would not recommend to any of their friends or relations due poor services being offered, and 5% did not respond to the question, since they did not have time to answer that part of the question

## CHAPTER FIVE

### SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

#### 5.0 SUMMARY

This chapter summarizes the information obtained from the study. It is used to draw conclusions and to make recommendations deemed necessary. The main objectives of the study were to find out:

1. The analysis of theories on integrated marketing communication
2. The review of literature on promotional mix
3. Determine the types of promotional tools that encompasses the banking industry
4. Analyse whether effective promotional tools adds up to the competitive advantage of the bank
5. Ascertain the various roles played by promotional tools in the banking industry

To enhance the information used for our study, questionnaires were administered to client and staff and management of Adansi Rural Bank LTD in the Kumasi Metropolis whom Data were collected from and presented in both tabular and pictorial form where necessary give meaning.

Absolute figures and percentages were the basis for data presentation and analysis.

#### 5.1 FINDINGS

Our research shows that all parts of the promotional mix are used to some extent for promotion of banking services by Adansi Rural Bank. We therefore came out with the following findings.

- Personal selling ,direct marketing, sales promotion, sponsorship, public relations,test marketing, among others are the most important promotional tools are some of the tools to be used when your promoting banking services.

- Segmentation of customers is also one of the activities that the bank should be doing so that they can group their customers according to their preferences and need so as to serve them equally.
- A strong brand is crucial in order to attract customers.
- All promotion tools in the promotional mix are used for the banking services.

Concerning the external factors influencing the choice of promotion strategy, we found that theory and empirical findings to a great extent corresponded. We also found that less than half of the factors actually influence the promotion strategy and therefore came out with these findings to that.

- a. The cultural aspects is the most important factor influencing the choice of promotion strategy
- b. The other external factors that influence the choice of promotion strategy are the technology orientation of the industry, the competitiveness of the market and the economic factors.

Based on the findings and analysis of the various surveys, suggestions have been to management of the bank to take advantage of them to improve upon their promotion in order to gain a competitive edge. Management should set up marketing department to see the implementation of the promotional strategies as well as customer service management throughout the bank set up. The bank should ensure that within the marketing department, a customer research department is created so as to investigate into the needs and wants of the customers and potential customers in order to meet their needs and make them really satisfied and delighted.

## **5.2 IMPLICATION FOR MANAGEMENT**

Managers who wish to conduct promotion in the rural Banking sector should focus on personal selling, since it involves establishment of relationship with individual customers. We believe that it is of great important to provide specific education for the sales personnel, since they are the ones interacting with customers, and thereby affecting customers' perception of the bank. Advertising should be emphasized, due to its ability to reach a broader public and create awareness and interest among potential customers. The remaining three promotion tools are also applicable, and should be used as a complement to personal selling and advertising.

## **5.3 RECOMMENDATIONS**

Since the bank has not gain enough recognition and awareness as compare to other banks has to embark on intensive promotion such as advertising in the mass media such as the TV, radio and newspapers to make the public aware.

- Branding is of great important to their owners because it helps identify the company's marketing and helps consumers to recognize the firm's products and advertisement.
- Every company has an image whether be it unique or negative. Image is how people perceive you to be and is created through customer service, product usage, the commercial environment and corporate communications.
- We would recommend to the bank that their logo, letter heads, uniforms including Friday wear advertisement, reception and others must be unique as they will serve as a magnet to attract the public to enter banking premises for inquiry. Advertisement should be put across in various media which the general public will understand.



- Since competitors are opening more branches at various vantage points in the metropolis to increase their share, the bank should also mimic that in order to increase their market share also.
- Adansi rural bank should not delay in the introduction of its automated teller machine (ATM) to ensure 24 hours delivery of service throughout the week, customer convenience and to ease congestion in the banking hall. Money transfer services must also be added to their banking range of services such that more people can transact business with their bank.
- The bank should also reduce its initial deposit five Ghana cedis to at least one Ghana cedi such that students and petty trader can open accounts with them and also do business with them thereby increasing their customer share.
- The company's front line employees should be well motivated and empowered to enhance performance.
- One in every 24 dissatisfied customers bothers to complain, so therefore there is the need for employees to be inquiring regularly from customers about their short falls so that they can improve upon it and correct their errors.
- Again suggestion boxes should be provided at the banking hall so that those who find it difficult to talk to officials at the bank can put in their queries and also express their views with the banks operations.
- Management on the other hand has to know the type of customers they are serving, their needs and try to satisfy such needs to exceed customer expectation for them to be delighted and become loyal customers with its numerous benefits.

## **5.4 CONCLUSION**

From our study, it can be concluded that effective promotion adds up to the competitive advantage of a bank depending on how it is structured towards its targeted customers.

## **5.5 IMPLICATIONS FOR FURTHER RESEARCH**

It would be highly interesting to conduct another study within the same area of research: however, this could be conducted through a multiple case study of two leading Rural Banks in Ghana.

Since our study only focuses on one element of the marketing mix, namely promotion, it would be of interest to conduct a study of the other three elements, that is, price, place and product.

## APPENDIX A

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## APPENDIX B

### THE EFFECTIVENESS OF PROMOTIONAL MIX STRATEGIES ON RURAL BANKING A CASE STUDY OF ADANSI RURAL BANK LIMITED

1. Name.....
2. Postal Address.....
3. Age.....
4. Sex.....
5. Occupation.....
6. Which of the means below attracted you to the bank?
  - a) Adverts
  - b) Public relations
  - c) Sales promotion
  - d) Personal selling
  - e) Brochures
7. Will you recommend the use of ATM?  
Yes / No
8. Give your impression about the bank .....  
.....
9. Are there enough brochures at the bank?  
Yes/ No
10. How do the employees relate to you when transacting business?  
A .Good                      B. Better                      C. Best                      D. Poor

11. Are you satisfied with the way they handle your complaints?

Yes/ No

12. Do you think their services encourage you to recommend the bank to other friends and relative? Yes / No

13. Are you satisfied with the use of computer service offered by the bank?

Yes / No

14. How many times do you hear the bank's name?

A. Often              B. Very Often              C. Silent

15. Are you satisfied with the bank's operation?

Yes / No

16. What is the relationship between you and the operators?

A. Seldom              B. Good              C. Very Good              D. Normal

17. What are the promotional tools used by banks?

- a) Adverts
- b) Public relations
- c) Sales promotion
- d) Personal selling
- e) Brochures
- f) T- Shirts

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THE EFFECTIVENESS OF PROMOTIONAL STRATEGIES ON RURAL BANKING

A CASE STUDY OF ADANSI RURAL BANK LTD

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A DISSERTATION SUBMITTED TO THE DEPARTMENT OF BUSINESS STUDIES ,  
CHRISTIAN SERVICE UNIVERSITY COLLEGE IN PARTIAL FULFILLMENT OF THE  
REQUIREMENT FOR THE AWARD OF THE DEGREE OF BACHELOR OF  
ADMINSTRATION

JUNE, 2012



## DECLARATION

I hereby declare that this project work is the results of our own research and has neither in whole nor in part have been presented in the university or elsewhere except where due acknowledgement has been made in the text.

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## ABSTRACT

This study looks at the effectiveness of promotional strategies on rural banking specifically in the case of Adansi rural bank. The purpose of our study provides adequate knowledge and assistance to banking and financial analysis of the need to responding to a new era in the delivery of the banking products. This study uses a case study with survey as the research strategy and made use of questionnaire administration, interviews were in to gather data for this research. A purposive sampling procedure was used to select twenty-two participants for the study. The results through our findings revealed that personal selling is the most important promotional tool when promoting banking services. Because here there is personal interaction between the client and the bank, therefore the client will able to solicit the required informed needed from the banks from their representative thereby giving out the best service to their customers. Also other promotional tools such as direct marketing, public relations, sponsorships, sales promotion and others should be well looked at. Cultural aspects are the most important factor influencing the choice of promotional strategy. This is so because customers who do business with the bank are located in a place where the dialect mostly used is the “Asante Twi”, therefore, management are to use this medium during their promotional activities so that their targeted clients will understand the message they are putting across. The other external factors that influence the choice of promotion strategy are the technology orientation of the industry, thus the type of computerized services offered by the bank such as sms alert, e- banking services, enhances the competitiveness of the market and the economic factors such political and legal systems should be well structured to improve upon the banks services. It was recommended branding is of great importance because it helps identify the bank’s service from others. The bank’s frontline staff should be motivated and empowered to enhance better customer service performance.

## **DEDICATION**

We dedicate this work the Almighty God for seeing us through our course of study.

## **ACKNOWLEDGEMENT**

We want to give a profound to Mr Fosu Adarkwah for his commitment, suggestions and enormous contribution to the success of our work.

We also give special thanks to the ,management, staff and clients of Adansi Rural Bank ltd for the opportunity and assistance granted to us to enable us come out with this work.

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