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**COMPARATIVE STUDY OF TRADITIONAL PROMOTIONAL TOOLS
ADOPTED BY PUBLIC SECTOR AND PRIVATE SECTOR BANKS IN
INDIA**

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tools etc.**

Abstract – Today's financial sector world is turning more and more customer oriented. Banking sector is one the important sector in financial world. After globalization, banking sector is more competitive. Increase in competition leads to focus of all banks including public sector banks and private sector banks on marketing activity. Marketing of products & services gives rise to use of promotional tools. Promotional tools like advertisement, Sales promotion, Public Relation, Publicity, Personal Selling etc.

Public sector banks and Private sector banks are using some traditional promotional tools. This research Paper is about comparative study of traditional promotional tools adopted by public sector & private sector banks.

Introduction – In financial sector, promotion of financial services is major factor. Banking sector in India is one of the important sector which contributes more in our growing Indian Economy. 105.53 trillion is size of Indian Banking Sector in Indian Economy. In year 1999, when banking reforms happened and due to liberalization & globalization, foreign banks are allowed to

do banking business in India. Due to which there is increase in competition in banking. For customers, more options are available to get banking services at different prices. Because of this competitive situation and to cover maximum customer market, Public sector and Private sector banks felt need of promotional strategies. Banking activities are complex. So to inform about these activities to customers and make functionality of these banking activities easy, promotion of banking products and services require. Nowadays banking sector is also turning towards more and more customer oriented. Banks are more focusing on marketing related activities and promotion is one of the important in that. Customer relationship management, customer satisfaction, attracting more customers are main targets of all type of banks. And in that, Public sector and private sector banks are paying more attention towards use of different promotional strategies. In this changing environment, these banks are adopting promotional tools.

Need of Promotional Tools – 1. To do demographic targeting

2. To provide information about product and services which banks offers to customers.

3. To connect with customer one to one basis.

4. To increase customer loyalty

Due to above needs, banks started using promotional strategies like advertisement through different media , Hoardings , Pamphlets etc. Benefits of these promotional tools to banks are

1. It helps in increase awareness about banks products and services.
2. It also increases the publicity of banks in market
3. Banks come to know about their reach to customers
4. It helps to increase customer base
5. In competitive world, promotional tools helps to create image of bank
6. Content of promotional tools helps customers in making valuable decision

In this paper, comparative study of traditional promotional tools adopted by public sector and private sector banks are studied. After breaking down monopoly of public sector banks, public sector banks is focusing on promotional activities. Private sector banks are focusing on promotional activities from starting phase only. As private banks in initial phase want to increase awareness within market about product and services.

Objective of study –

1. To know promotional tools adopted by Public sector & Private Sector Banks
2. To do comparative study of traditional promotional tools adopted by Public Sector & Private sector Banks
3. To find out key promotional tool use by banks for promotion

Review Of Literature –

1. In India, Public sector and private sector banks are using different promotional tools. Customers are thinking that public sector banks are more reliable but not more innovative in providing services. And private banks are more innovative but not reliable, charging hidden charges and showing fake information in advertisement. For that purpose, Private banks should adopt push strategies to attract customers.(S.L.Gupta & Arun Mittal 2008)

- Marketing of Bank products is today's need for every bank. For marketing of banking products, banks are adopting different marketing strategies. Banks are giving emphasis on deposits, forming saleable product scheme, Effective branding, Products for Women, Men, Advertisement etc. But while adopting marketing strategies, banks are also facing challenges like technologies, untrained staff, Rural marketing, Trust of customers & customer awareness. So every bank needs to overcome these challenges and adopt marketing strategies to increase customer base. (Sandhya Kumari Singh, Pallavee Shrivastava, Ashish Anand Tripathi, Prof. Usha Kiran Rai,)
- 2. Advertising, Trade promotion, Direct marketing, are some of promotional strategies which are having greater influence on customer's decision. Promotional Strategies and profits are having positive relationship. Bank performance is having positive relationship with promotional strategies. As promotional strategies are helping to increase customer base. For promotional activities, banks need to do expenses. It is observed that more the expenses on promotional activities, more benefit to bank. (Dr. R.K. Uppal 2010)
- 3. There are different promotional tools like advertising, Direct Marketing, Sales Promotion, Publicity, Personal Selling,. Out of these promotional tools, sales promotion and Publicity is more effective for increasing customer awareness. In case of advertising, more informational advertisements are required. Personal Selling and Public Relationship is helpful for maintaining good relationship with customers. Author observed that there is need to design client base advertising, need to increase in publicity and sales promotion activities for Islamic banks in Malaysia. **Abdul Jumaat bin Mahajar (Malaysia), Jasmani Binti Mohd Yunus (Malaysia)**
- 4. By the private sector banks promotional tools which are generally get used is totally different than public sector banks. Private sector banks are focusing on increasing customer base. So private banks want to increase awareness of their products and services. For this purpose, private banks are giving more emphasis on advertising, Sales Promotion. Whereas public sector banks are using publicity and public relationships are the major promotional tools then advertising comes in list of adopted promotional tools. (Swati Mittal & K.K. Pachauri 2013)
- 5. Promotional Strategies of banks has same effect on male and female. There is no any significant difference on gender. ICICI is one of the such private bank which is using all promotional strategies for attracting customers, maintaining good relationship with customers and to retain customers too. (Dr. Mukesh Jain & Vinod Vaishnav 2015)
- 6. Using promotional tools is necessary in today's date. Every business is using promotional strategies for various reasons like to capture more customer market. Banks are also using promotional strategies and different techniques for increasing business. Nigerian Banks are using promotional strategies for increasing deposits. And even it is observed that Promotional strategies are having strong influence on bank performance. (Ezu, Gideon Kasie & Chris-Ejiogu Uzoamaka Gloria 2020)

Promotional Tools adopted by Banks - The purpose of the promotion is to educate and remind people, as well as encourage them to accept, recommend, or employ a product, service, or idea. Promotion is a communication-based demand-stimulating tool. There are two goals to any marketing promotion strategy. They must first inform and then persuade the potential customer. Because services are intangible, customers of financial services rely on their subjective impressions rather than concrete evidence. When a bank introduces a new product, it only

informs its target customer segment through marketing promotions. It can take several forms, including press advertisements, sales campaigns, word of mouth, and direct mailing. If the product is distinctive or in high demand, simply attracting the buyer may be sufficient. However, this may not always be the case. As a result, the second primary goal of a promotion campaign is to encourage the buyer to purchase the product over other similar products on the market. Personal and impersonal devices are used in the promotion of financial services. Personal devices are entirely subjective and vary from person to person. Advertising, publicity, and sales promotion are all examples of impersonal promotion. The bank employees are in charge of personal selling. The respective banks and their associations, such as the Joint Publicity Committee for public sector banks and the Indian Bank Association, should conduct impersonal selling. The bank must make an effort to comprehend the society's true wants and ambitions in order to create products or services that will meet their demands. The promotional approach should be tailored to the current market as well as the anticipated future market.

Promotional tools are methods or actions that you develop and carry out in order to persuade customers to purchase your goods or services.

Banks are using below promotional tools for different marketing activities.

1. **Advertising** - Any paid type of non-personal communication about an organisation, good, service, or idea by an identified sponsor is referred to as advertising. Advertising is a very public form of expression. It's a persuasion tool that allows a salesperson to repeat a message multiple times. It allows the company and its products to be dramatised through the creative use of print, music, and colour. Unlike personal selling, advertising is impersonal. It broadcasts a monologue message from an unknown source to the audience. In recent years, advertising's involvement in the banking business has grown considerably in both the personal and corporate markets, and the financial services business is now a major source of advertising revenue. . The bank must first confirm that its advertising plan is consistent with its overall marketing plan before moving further .
2. **Sales Promotion** -Short-term incentives to stimulate the purchase or sale of a product or service are known as sales promotion. Sales incentives are supplied to both intermediates and final consumers in conjunction with advertising or personal selling.Sales promotions include coupons, rebates, samples, and contests, to name a few. The short-term character of sales promotion programmes (such as coupons or sweepstakes with an expiration date) generally drives sales during the period of the programme. Providing value to the customer in the form of a cent-off coupon or rebate encourages them to buy.
3. **Trade Promotion** - When bank services such as consumer credit are given through third parties such as retailers or vehicle distributors, trade promotions may be offered. Incentives for exceptional performance are becoming more common within banks. Many banks now give bonuses for hitting sales targets, as well as additional incentives like contests, free merchandise, and vacations. Promotions appeal to bargain-hunting customers who are more inclined to switch banks than open new long-term accounts.
4. **Public Relationship**- Building strong relationships with the company's many publics involves obtaining favourable publicity, establishing a positive corporate image, and handling or avoiding unwanted rumours, stories, and occurrences.
5. **Publicity** - A non-personal, indirectly compensated presentation of an organization's good or service is known as publicity. It could be a news report, an editorial, or a product

introduction. The primary goal of PR is to gain editorial coverage rather than sponsored space in media that reaches the bank's target customer base.

6. **Personal Selling** - Personal selling is the presentation and promotion of items and services to people in person. There is a direct relationship between the sales employees of the companies and their clients. Personal selling has long been the primary means of communication in the banking business, despite the fact that the concept of selling financial services had been underdeveloped until recently. Despite this, the branch delivery system and, in particular, the branch manager, were viewed as critical to the client interface.
7. **Direct Marketing** - Direct marketing is the process of making direct contact with carefully selected individual customers in order to elicit a quick response and build long-term client relationships. It is the use of consumer-direct channels to reach out to customers and deliver goods and services without the need of marketing intermediaries. Direct mail, catalogues, telemarketing, interactive television, kiosks, websites, and mobile devices are all examples of these channels. It's one of the quickest-growing ways to serve clients. In current marketing, viral marketing has become popular. It's a catch-all term for a variety of aggressive marketing tactics. It entails paying people to spread favourable information about a company's products through word of mouth, emails, blogs, and mobile phones. It also entails establishing multilevel selling schemes in which individuals are compensated for referring friends to specific stores, products, and websites.

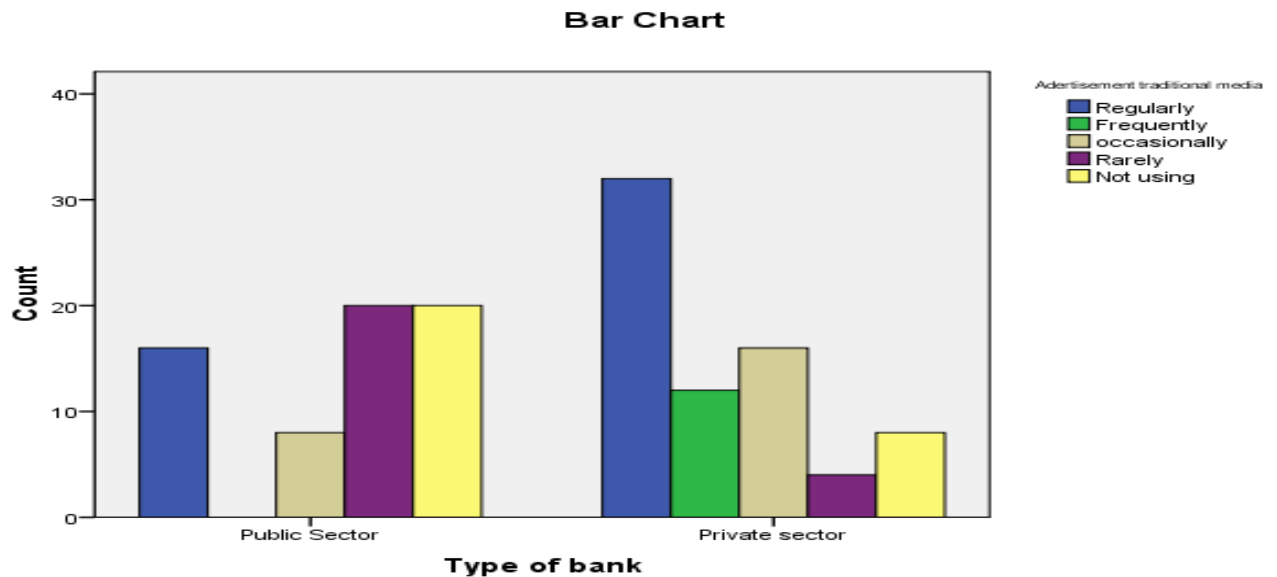
In this research Paper , Main focus is on traditional tools of promotion like advertising through different media (Television, Radio & News Paper), Use of Hoardings, Use of Magzines for publicity, Use of Booklets, Display Board in Branches of Banks, Use of posters to do advertisement and to increase awareness. Public sector banks & Private sector banks are using these traditional promotional tools to increase awareness about product & services.

Research Methodology – The current research is descriptive in nature and is based on primary data collected. Data was gathered from bank employees such as Branch Managers, Customer Service Executives, Clerks, and Marketing Executives and Sales Managers. A total of 65 employees each from public and private sector banks are being considered for the study. The bank branches were chosen from the four districts of Satara, Sangli, Kolhapur, and Solapur. Employees from 13 public sector banks and 13 private sector banks participated in the survey. For data collection, a structured questionnaire with open-ended and closed-ended questions was used. In the questionnaire, a Likert scale was employed as a scaling mechanism. Employees of the above-mentioned institutions were interviewed in structured interviews to learn more about the typical promotional methods used by private and public sector banks.

Data Analysis & Interpretation - The replies are recorded on a five-point scale ranging from "regularly" to "not at all. Public sector Banks are using Newspaper, Hoardings, Booklets, and Displays for promotion purpose most prominently. Because awareness about public sector banks is already there in market. So they just paying attention towards other promotional tools usage. In case of Private sector banks, advertisement through television, Radio and newspaper plays vital role in increasing awareness about bank and also about products and services. Along with it, to hammer image of banks in mind of customers, private banks are regularly using hoardings, Booklets, Display etc.

		Television					
		Regularly	Frequently	occasionally	Rarely	Not using	Total
Type of bank	Public Sector	17	0	8	20	20	65
	Private sector	30	10	14	4	7	65
Total		47	10	22	24	27	130

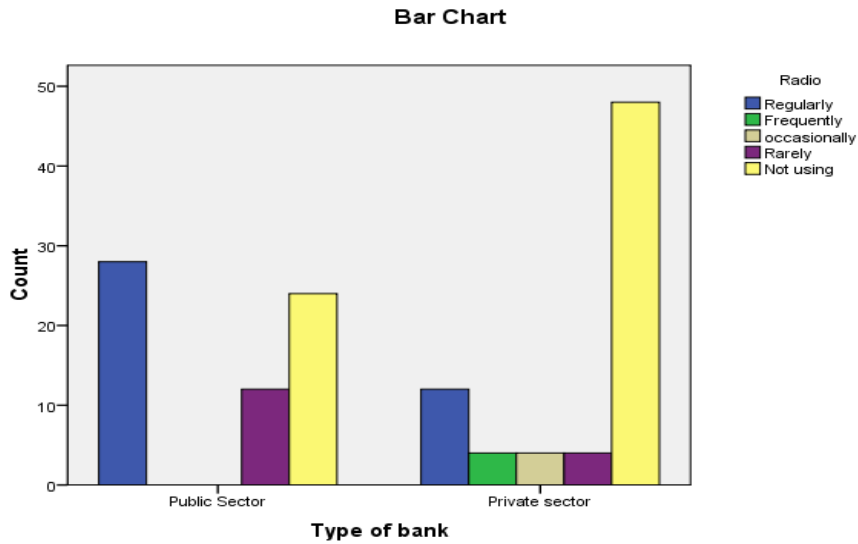
Public Sector banks are using television as media for advertisement rarely especially in month of march due to financial year end. Whereas private sector banks are giving advertisement on television regularly



2.

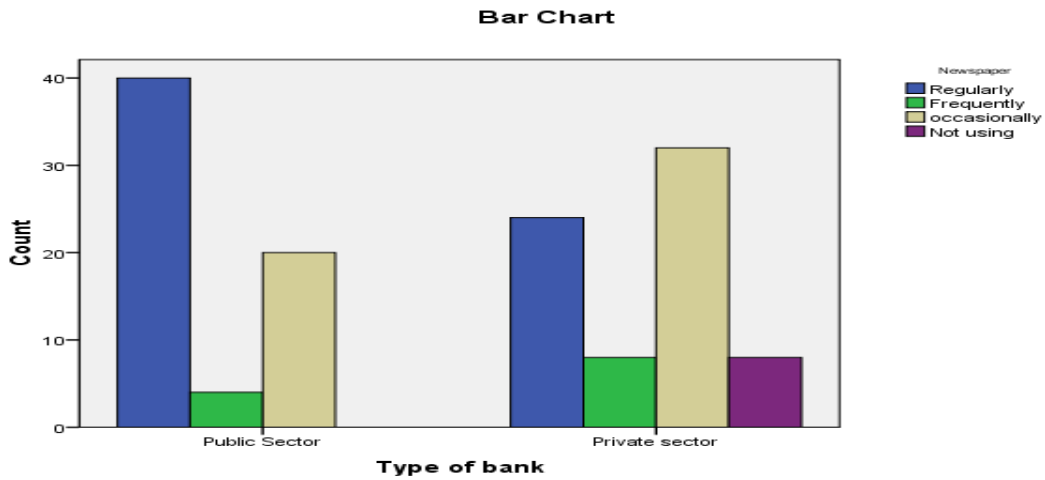
		Radio					
		Regularly	Frequently	occasionally	Rarely	Not using	Total
Type of bank	Public Sector	28	0	0	13	24	65
	Private sector	10	4	4	4	43	65
Total		38	4	4	17	67	130

Public sector banks are regularly using radio as media for advertisement to inform customers about rate of interest, products and services. Private sector banks are generally not using radio as media for advertisement.



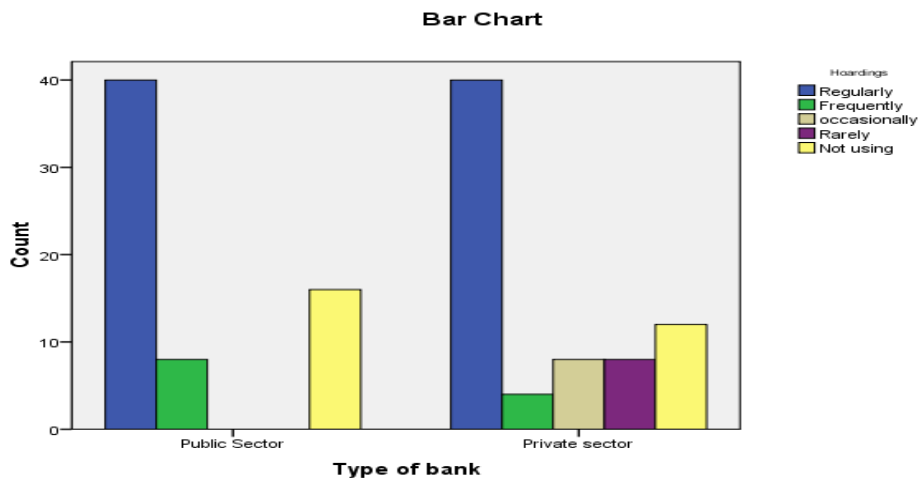
		Newspaper				Total
		Regularly	Frequently	occasionally	Not using	
Type of bank	Public Sector	40	6	20	0	65
	Private sector	22	6	30	7	65
Total		62	12	50	7	130

Newspaper is main tool which public sector banks and are using prominently for advertisement, publicity etc. Private sector banks are using this media regularly and occasionally too mostly in festival season to give advertisement about loan etc.



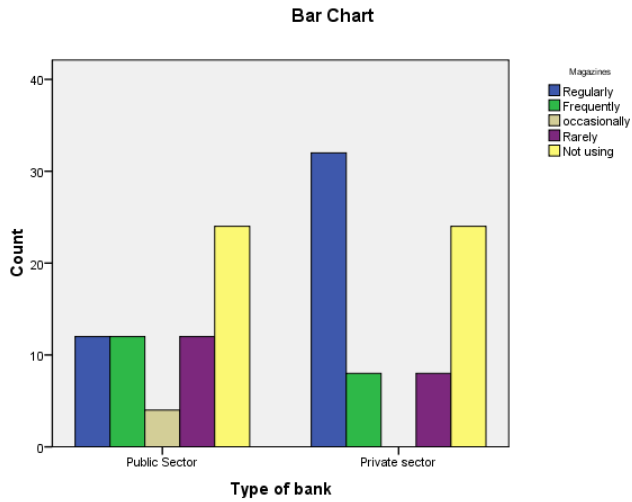
		Hoardings					
		Regularly	Frequently	occasionally	Rarely	Not using	Total
Type of bank	Public Sector	40	8	0	0	17	65
	Private sector	37	4	6	6	12	65
Total		77	12	6	6	29	130

Public sector banks and private sector banks , both types of banks are using hoardings as promotional tool.



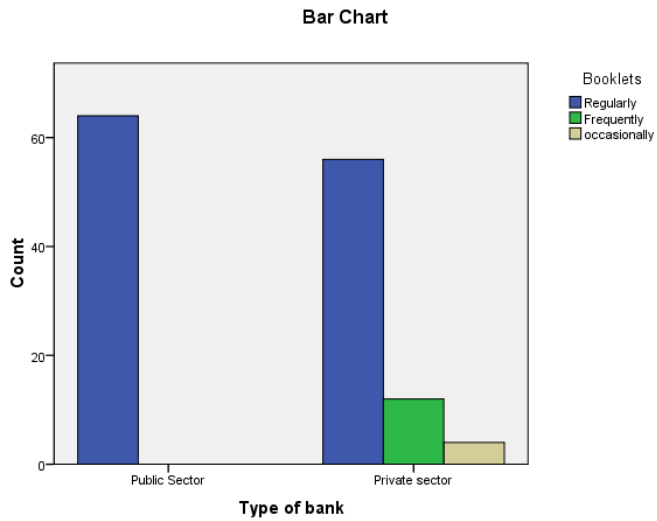
		Magazines					
		Regularly	Frequently	occasionally	Rarely	Not using	Total

Type of bank	Public Sector	12	12	4	12	25	65
	Private sector	32	2	0	7	24	65
Total		44	14	4	19	49	130



Maximum Private banks are giving advertisement through magazines. Some public sector banks are giving advertisement through magazines and some are not using it as media for advertisement.

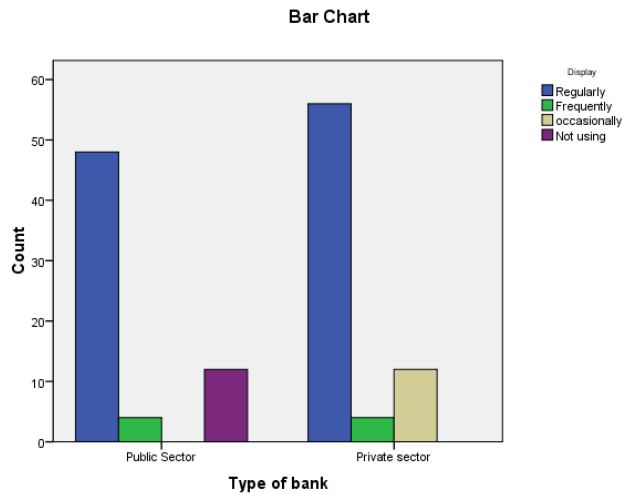
		Booklets			
		Regularly	Frequently	occasionally	Total
Type of bank	Public Sector	65	0	0	65
	Private sector	51	10	4	65
Total		116	10	4	130



All public sector banks are using booklets for providing information to customers about products, services, rate of interest. Maximum private sector banks are using booklets regularly & some are using it frequently.

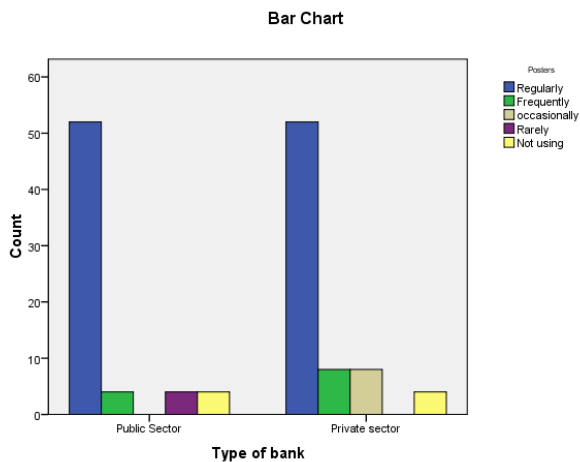
		Display				Total
		Regularly	Frequently	occasionally	Not using	
Type of bank	Public Sector	49	4	0	12	65
	Private sector	52	3	10	0	65
Total		101	7	10	12	130

In maximum public sector bank& private sector bank branches there is displays about products and services.



		Posters					Total
		Regularly	Frequently	Occasionally	Rarely	Not using	
Type of bank	Public Sector	53	4	0	4	4	65
	Private sector	50	6	6	0	3	65
Total		103	10	6	4	7	130

Maximum Public sector & private sector bank branches are using posters as promotional tool



Conclusions– Traditional tools of promotion are used by banks in this modern era. Public sector banks are still using newspaper as main media for publicity and for doing advertisement. After that, Public sector banks are also using hoardings, Displays, Posters are the another tools for promotion of products and services. Private sector banks are using Television as media for advertisement along with it booklets, magazines advertisement, Posters, Displays. For capturing

more and more customer market, It is necessary for both types of banks to use all types of promotional tools including all traditional tools.

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