

## The Effect of Promotion Mix towards Sales volume in Banking Sector

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**Abstract:** This study evaluates the influence of promotional mix elements on sales volume in the banking sector. The promotional mix elements comprise of advertising, sales promotion, personal selling, direct marketing and public relations. The study variables are advertising, sales promotion, personal selling and direct marketing. This study focuses on the staff of finance, marketing, sales and operations department. This study has adopted descriptive research design. Eighty nine respondents were selected during primary data collection. Both questionnaire and secondary sources were systematically organized to facilitate analysis. In order to establish the relationship between the independent and dependent variables, statistical tools chi-square test, correlation and regression analyses are applied. Advertising is the most decisive promotional mix element that affects sales volume.

**Keywords:** promotion mix, advertising, personal selling, direct marketing

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### I. Introduction

Marketing communications is essentially a part of the marketing mix. The marketing mix defines four Ps of marketing. They are price, place, product and promotion. Promotion is a part of marketing communication mix. Promotion has been defined as the coordination of sellers initiated efforts to set up channels of information and persuasion to sell goods and services or promote and idea (George E. Belch & Michael A. Belch, 2003).

The basic tools used to accomplish an organization's communication objectives are promotional mix elements (George E. Belch & Michael A. Belch, 2003). Traditionally, promotional mix elements were considered to be four. They are advertising, sales promotion, publicity/public relations and personal selling. However, over the years promotion has evolved with business. Now-a-days businesses are devising different ways to communicate with their customers. Considering this authors have incorporated some additional promotional mix elements. The recent bunch of promotional mix elements are advertising, direct marketing, interactive/internet marketing, sales promotion, publicity, public relations and personal selling.

Many marketers built strong barriers around the various marketing and promotional functions and planned and managed them as separate practices, with different budgets, different views of the market and different goals and objectives. The companies failed to recognize that the wide range of marketing and promotional tools must be coordinated to communicate effectively and present a consistent image to target markets. (George E. Belch & Michael A. Belch, 2003)

Globalization is growing faster than ever. In order to keep up with the competition, companies are forced to think globally and to expand their business across borders. National boundaries are falling and multi-national companies are increasing in numbers. The focus on internationalization efforts and development of global strategies has tended to fall upon manufacturing companies. However, due to the growth of the service sector and its important role for many countries in compensating trade deficits, as well as its increasing internationalization. Service companies have become more and more important. (McLaughlin & Fitzsimmons, 1996)

### Banking Sector in Ethiopia

The banking sector in Ethiopia has been dominated by the state-owned Commercial Bank of Ethiopia, which hold approximately 63 percent of deposits and 38 percent of bank loans in the country. Also its total assets amounted to Ethiopian Birrs 73.7 billion. The bank's branch network consisted of 366 branches equal to 48 percent of all bank branches in the country. During 2010 alone it established 111 branches, surpassing the annual target of 100 branches its management set for itself (Banking Sector Review 2010). The opening of these new branches significantly contributed to the mobilization of additional deposits.

The level of financial intermediation in Ethiopia was low, in part due to the public's lack of confidence in the banking sector. This in turn was due to a very weak supervisory framework, dominant state ownership and its widespread lending directed by the National Bank of Ethiopia (NBE). Moreover, the non-performing

loan problems that are widespread among government owned banks in the early 1990s was contributing to their insolvency. The factors that led banks to insolvency were mismanagement, ineffective supervision, and political interference with credit decisions. Unfortunately, all of these three major contributing factors were in play in Ethiopia during the transition period.

Compared to most countries, Ethiopia has taken a cautious approach toward the liberalization of its banking industry. For all purposes, the industry is closed and generally less developed than its regional peers. The industry comprises one state owned development bank and 18 commercial banks, two of which are state owned, including the dominant Commercial Bank of Ethiopia, with assets accounting for approximately 70 percent of the industry's total holdings. The banking industry's nonperforming loan ratio is commendably low and profitability is good. But the dominance of public sector banking certainly restricts financial intermediation and economic growth. It contrasts with regional and international peer countries where banking industries have a much higher share of private sector and foreign participation.

The underdevelopment of the banking industry can be seen in the small proportion of the population that has a deposit account, less than 8 percent. This under development restricts economic growth because it dramatically reduces the ability of the banking industry to offer savings products, which in turn hinders greater bank lending to business and entrepreneurial developments.

By comparing the level of access to financial services in a neighbouring country such as Kenya, it can be deduced that there is considerable room for expansion of these services in Ethiopia. Ethiopia Enterprise survey (2012) highlighted access to finance as the major developmental constraint for small (38 percentage of those surveyed) and medium sized (30 percentage) businesses. This compares to a sub Saharan African average of 21 percent and 15 percent respectively.

This situation is compounded by the government's direction, via the Commercial Bank of Ethiopia, to focus lending and investment to public enterprises generally and the regulatory requirement that a substantial portion of private sector banking's already limited lending capacity be used to purchase NBE bills equivalent to 27 percentage of any new loan disbursements.

### **Statement of the Problem**

During the last decade Ethiopian banking industry has been predominantly government controlled. Now private banks are flourishing in comparison to previous years. The emergence and development of all these private banks created a tough competition to the oldest and well standing bank which is the Commercial Bank of Ethiopia. In order to outweigh the competitive arena, the bank had to devise several methods. One of the methods is creating a promotional mix strategy that helps it outstand its competitors. Foskett (1999) stated that today's customers seek value from companies that provide leading-edge products, hassle-free transactions at competitive prices and customer intimacy. Promotion practices have changed dramatically to improve transactions and increase customer intimacy by emphasizing long-term relationships and increasing self-regulation. There are lot of competition created by liberalization of the financial services sector, technological changes, and globalization. Financial institutions spend large sum of money to compete for outwit their competitors through various promotional means. However, there is scarcity of literature on the relative influence of each of the promotional mix elements on the sales volumes of the financial institutions. Many financial institutions have failed to look closer to the effect of each promotional mix element and change their promotional strategy based on their results.

### **Objectives of the study**

- To identify the promotional mix elements for Ethiopian banking sector.
- To analyse the effect of promotional mix elements towards sales volume in the banking sector.
- To evaluate the impact of promotional mix elements for bank's performance.

### **Hypotheses of the study**

H<sub>1</sub>: Promotional mix elements affect sales volume

H<sub>2</sub>: Advertising affects sales volume of the banking sector

## **II. Review of Literature**

The conceptual framework for the study describes advertising, personal selling, direct marketing and sales promotion are the factors affecting banking sector sales volume. The below literature supports the factors identified by the authors.

### **Advertising**

George & Michael (2003) stated that any paid form of non-personal communication about an organization, product, service, or idea by an identified sponsor. The paid aspect of this definition reflects the fact

that the space or time for an advertising message generally must be bought. An occasional exception to this is the public service announcement (PSA), who's advertising space or time donated by the media.

George & Michael (2003) explained that non personal component means that advertising involves mass media (e.g., TV, radio, magazines, newspapers) that can transmit a message to large groups of individuals, often at the same time. The non-personal nature of advertising means that there is generally no opportunity for immediate feedback from the message recipient (except in direct-response advertising). Therefore, before the message is sent, the advertiser must consider how the audience will interpret and respond to it.

Advertising is the best-known and most widely discussed form of promotion, probably because of its pervasiveness. It is also a very important promotional tool, particularly for companies whose products and services are targeted at mass consumer markets.

There are several reasons why advertising is such an important part of many marketers' promotional mixes. First, it can be a very cost-effective method to communicating with large audiences. For example, the average 30-second spot on the four major networks during prime-time network television reaches nearly 10 million households. The cost per thousand households reached is around \$14.27. Advertising can be used to create brand image and symbolic appeals for a company or brand which is an important capability for companies selling products and services. Most of the print advertisements used in this long running campaign are specifically tailored for the magazine or region where they appear (Olujimi Kayode, 2014).

Another advantage of advertising is its ability to strike a responsive chord with consumers when differentiation across other elements of the marketing mix is difficult to achieve. Popular advertising campaigns attract consumers' attention and can help generate sales. These popular campaigns can also sometimes be leveraged into successful integrated marketing communications programs. For example, Eveready used the popularity of its Energizer Bunny campaign to generate support from retailers in the form of shelf space, promotional displays, and other merchandising activities. (Kayode 2014)

Consumer promotions such as in-store displays, premium offers and sweepstakes feature the pink bunny. Pictures of the Energizer Bunny appear on Energizer packages to ensure brand identification and extend the campaign's impact to the point of purchase. Eveready has extended its integrated marketing efforts to include tie-ins with sports marketing and sponsorships. The nature and purpose of advertising differ from one industry to another and/or across situations. The targets of an organization's advertising efforts often vary, as do advertising's role and function in the marketing program. One advertiser may seek to generate immediate response or action from the customer; another may want to develop awareness or a positive image for its product or service over a longer period.

### **Personal Selling**

The interactive nature of personal selling also makes it the most successful promotional method for building relationships with potential customers. Personal selling is a useful communication tool at certain stages of the buying process, particularly in building up buyers' first choices, certainty and proceedings. This is most imperative especially for a service sector like education, particularly in developing and underdeveloped countries (Armstrong, 2001).

Allen and Shen (1999) stated that the character of competition among institutions, found out that enrolments are significantly negatively related to either gross or net tuition prices, private education is a normal good and there is an empirically significant enrolment response to the opportunity cost of college enrolment. They concluded that price subsidies play a critical role in managing demand at this institution.

Both practitioners and academicians recognize that personal selling effectiveness has become vital to the success of banking institutions (Berry and Kantak, 1990; Bernstel, 2001). Researchers had examined about sales improvement. They found several demographic and psychological characteristics of salespeople in order to find the determinants of salesperson effectiveness and success (Predmore and Bonnice, 1994; Sengupta et al., 2000).

Johnston and Marshall (2003) stated that the performance of salespeople is based on both personal traits and organizational factors. Churchill et al. (1985) found that the key individual-level determinants of salesperson performance are aptitude, personal characteristics, skill level, role perceptions, and motivation. Sengupta et al. (2000) found that two other individual-level variables, strategic ability and entrepreneurial ability are significant determinants of salesperson's effectiveness. The influence of these two variables is mediated by two relationship-process variables – communication quality and customers' trust.

Strategic ability is defined by Sengupta et al., (2000) as the cognitive capacity of a key account salesperson to analyse the customers' organizational and business problems and focus on their long-term interests. They define entrepreneurial ability as ability to locate personnel or other resources within the seller firm and deploy them to assist the customer account (Sengupta et al.).

Individual level variables that affect salespersons' performance include adaptability (Peterson et al., 1995), voice characteristics (Peterson et al., 1995), communication apprehension (Pitt et al., 2000), and interpersonal listening skills (Castleberry et al., 1999). Many of the variables that influence performance such as sales aptitude, mental ability, and personal traits are individual characteristics of salespeople and are out of the control of management. However, management directly controls how salespeople are trained and developed.

Dwyer et al., (2000) studied the effectiveness of the selling techniques used by salespeople in the insurance industry. The authors found that some selling techniques have potential of being critical factors in the success or failure of salespeople who sell homogeneous goods. Dwyer et al. (2000) identified 12 variables that differentiate salespeople into top and bottom performers and found that top sellers used non-manipulative and customer-oriented practices, and adapt their presentations to meet the specific needs of each prospect. However, a limitation of Dwyer et al.'s (2000) study was that it examined one firm, in one industry (life insurance), and in one country (USA). The degree of generalizability of Dwyer et al.'s (2000) findings may be questioned, as different types of selling and different situations often imply different and occasionally contradictory CSFs (Rackham and DeVicentis, 1999). A second limitation of Dwyer et al.'s (2000) study was the use of only self-reported measures of salesperson performance. Self-reported measures of performance might have an upward bias (Tsui and Ohlott, 1988) and a low correlation with supervisor reports. Meta-analyses by Harris and Schaubroeck (1988) and Mabe and West (1982) estimated the self-reported and supervisor appraisal correlation coefficient to be below 0.35.

Evidence of low correlation between the two evaluation approaches is also found in the sales literature (Chonko et al., 2000). Tsui and Ohlott (1988) found that low correlations between appraisals are explained by differences in the appraisal criteria used by the researchers. Personal selling represents the most costly but effective form of directly connecting a consumer with a company's products and services. It has been estimated that the average cost of a face-to-face sales call is \$170 (Armstrong and Kotler, 2005). However, an in-person sales presentation, entailing an effective verbal presentation and interaction with the prospective buyer, is considered the most powerful marketing tool in use today (BusinessTown.com, 2005). Personal selling in the non-profit sector is most appropriate when the financial support sought from the consumer is substantial.

The focus of successful salespeople today is on understanding customer needs (through questioning) then matching a product or service to meet those needs (Finkle, 2006). The high cost of implementing a face-to-face personal selling strategy is due to recruiting, selecting, hiring, training, development and compensating of selling resources. However, such high-investment costs in salesperson resources allow the firm to maintain higher levels of resource control. For example, managers can monitor, supervise, and mentor salespeople in order to further develop their skills. Likewise, the firm is in control of decisions such as how to evaluate and reward high-performing salespeople and whether to replace under-performing salespeople.

### **Direct Marketing**

Direct marketing has matured into an increasingly exact, complex science, require knowledgeable and experienced practitioners. More and more marketers are convinced that they need to develop closer relationships with their customers in order to achieve behavioural loyalty. Direct marketing has much longer history, originating from organizations selling their products directly using a catalogue and mail order.

A. **Direct mail** involves sending of information about special offer, product, sale announcement, service reminder, or other type of communication to a person at a particular street or electronic address (Berry and Wilson, 2004). It encompasses a wide variety of marketing materials such as brochures, catalogues, postcards, newsletters, and sales letters. In contrast to most advertising, direct mail allows one-on-one communication thus increasing the certainty that the targeted customer will be reached (Berry and Wilson, 2004; Finkle, 2006). High levels of control over direct marketing resources exist as to who receives the message, when it is delivered and number of customers targeted (Lesonsky, 1998). An in-house resource used to design the direct mail piece further increases the level of control over content, design, and direct mail message. The cost to implement a direct mail program is relatively high since it requires duplication of printed material (e.g. outsourcing to a printer) and postage (outgoing and return). Consumers' tendency to reject "junk mail" results in a relatively low response rate under 2 percent (Roman, 1988) thus driving up the indirect costs of implementing a direct mail program.

B. **Catalogue marketing:** Catalogue direct marketing is most commonly used to feature a variety of products that target the needs of a specific audience with a propensity to order from catalogues (Berry and Wilson, 2004). Entrepreneurs can use catalogs to sell small otherwise unreachable market, which can create initial sales momentum (Debelak, 2005). In the nonprofit segment consumers may wish to order branded attire (e.g. tee shirts), accessories (e.g. wristbands, necklaces, pins), and memento (e.g. plaques) from catalogues to commemorate their support of the social cause. However, due to the success of online direct marketing,

traditional mails catalogues provide for a more costly form of direct marketing (Finkle, 2006). The paradox here is that revenues may be lost if business owners do not have a catalogue (Winicki, 2005).

In fact, a research conducted on behalf of the United States Postal Service (USPS, 2004); found that business doubles its chances of making an online sale by mailing a catalogue. For small businesses, catalogue direct marketing is cost effective to implement in that sales and marketing expense is minimal. The major expense is the cost of producing and mailing the catalogue (Debelak, 2005). Control over direct marketing resources however is low since to produce a high quality catalogue, outsourcing the design and printing function is necessary.

C. **Direct response marketing:** Direct response marketing provides a means for entrepreneurs to measure the cause-and-effect relationship between advertising budget and its result (Williams, 2005). Direct-response marketing is any advertising that invites the recipient to contact the seller directly through a toll-free number, a mailing address, or a business reply card. It involves communicating with consumers through television (commercial or infomercial), radio, magazines, and newspapers (Berry and Wilson, 2004). Consumers who have previously supported a social cause through donations of time or money are most likely the targets of repeat mailings soliciting ongoing or increased support.

Although not necessarily suitable for all small-businesses, direct response TV works well for entrepreneurs who cannot obtain retail shelf space or whose unknown products would languish on the shelves (Gordon, 2002). The downside is that TV advertising costs are relatively high. Radio and print direct response advertisement can be effective depending on the content with costs lower than TV advertisements, but relatively higher than other direct marketing forms previously reviewed. Typically, direct response marketing requires outsourcing the development and delivery of message content. For TV and radio, this would involve actors, production, and studio facilities. Control over resources required to implement magazines and newspaper direct response would be higher than TV or radio, but still relatively low compared to other direct.

D. **Telephone marketing:** Telephone marketing or telemarketing uses the telephone to sell directly to consumers. It has become the major direct marketing communication tool accounting for more than 39 percent of all direct marketing expenditures and 36 percent of direct marketing sales (Armstrong and Kotler, 2005). This direct marketing strategy has grown to the extent that the average household is quite familiar with telemarketing calls (Berry and Wilson, 2004).

### **Sales Promotion**

Sales promotion is defined as a special offer or a part of marketing communication activities (Peattie, 1998; Alvarez and Casielles, 2005). Other studies defined sales promotion as an offer or incentive that induces manufacturers, and retailers, desired sales result (Gilbert and Jackaria, 2002). Sales promotion can also be referred to as any incentive used by manufacturers or retailers to provoke trade with other retailers or with other channel members, or with consumers to buy brands apart from encouraging the sales force to aggressively sell their items (Shimp, 2003).

According to Kotler (2006) sales promotion is short term incentives to encourage the purchase or sale of a product. Its objective vary that it seller may use consumer promotion to increase short term sales. Sales promotion boosts sales during promotion. It is often used to provide a short sharp shock to sales.

Media and non-media marketing communication are employed for a pre-determined, limited time to increase consumer demand, stimulate market demand or improve product availability. Examples: Coupons, sweepstakes, contests, product samples, rebates, tie-ins, self-liquidating premiums, trade shows, trade-ins, and exhibitions.

The purpose of sales promotion is to attract new customers, introduce new products. Sales promotion advantages include: ability to provide quick feedback, add excitement to a service or product, additional ways to communicate with customers, flexible timing and efficiency. The demerits include high cost per contact, inability to reach some customers as effectively.

Sales promotion benefited for both manufacturers and retailers worldwide. Such a general swing of importance of sales promotions is driven by several factors, including a rise in advertising clutters and pricing; sales promotion have become more respectable, increasing the influence of retailers' and practitioners' approaches towards micro-marketing, decreases in planning time horizons of sales promotions and snowball effects (Dickson, 1982; Kashani and Quelch, 1990; Lawrence et al., 1986; Peattie and Peattie, 1995; Toop, 1992).

Numerous studies have been done on the impact of sales promotions on consumers' values (De Run and Jee, 2009; Tybout and Artz, 1994), attitude and behaviour (Alvarez and Casielles, 2005). But still the success of sales promotion techniques have received little academic study despite the evidence on the growth of the importance of sales promotion compared to other forms of marketing techniques, such as advertising (Peattie, 1998).

Nevertheless, sales promotion was subjected to little research where nearly all were written in handbooks as sales promotion guides and was sourced from the USA (Foxman et al., 1988). Too much concentration on the US market and consumer perspectives had made the application of sales promotion in other regions insignificant (Huff and Alden, 1998). In addition to this, most of the studies done on sales promotion mainly concentrated on the use of monetary promotions (Garretson and Burton, 2003) where little research has been done on the non-monetary promotions aspect and with little focus on the Asia market in particular (De Runet et al., 2010).

Studies in Malaysia found that retailers and manufacturers encourage customers to patronize their stores, sales promotion would seem to be the most appropriate method or medium (Ndubisi and Chiew, 2005, 2006). Previous studies showed that when properly implemented sales promotion techniques would help retailers or manufacturers to encourage customers to patronize their stores and to try out the products and services being promoted, and in return would help the retailers and manufacturers to achieve their objectives (Alvarez and Casielles, 2005; De Run and Jee, 2008). Malaysian consumers' behaviour and purchase patterns indicated that the most widely implemented and liked sales promotion techniques by retailers and manufacturers in Malaysia were coupon, price discount, free samples and bonus packs (De Run and Jee, 2008; De Run et al., 2010).

Malaysian consumers are less likely to feel embarrassed to enjoy monetary-saving promotional offers (Ndubisi and Chiew, 2005). This mainly occurred because they see these promotional offers as a sign of opportunity to buy more and it is worth to buy. This was rather different compared to countries like Japan where they see it as a sign of poverty or losing face even though they were categorized similarly as a collectivist country like Malaysia (Kashani and Quelch, 1990; Singelis and Brown, 1995; Singelis and Sharkey, 1995).

Consumer product literatures have documented the importance of personal values studies especially on consumers' products (De Run and Jee, 2009; Pitts and Woodside, 1983). Personal value was shown to influence different consumer product and eventually consumer brand preferences (De Run and Jee, 2009; Kamakura and Mazzon, 1991; Kamakura and Novak, 1992; Pitts and Woodside, 1983; Pitts and Woodside, 1986).

Product type has been identified to some degree as one of the key elements in shaping consumers' perspectives (Jarvenpaa and Todd, 1996). Product type and its characteristics are mainly referred to as knowledge about the product type, frequency of purchase, product differentiation, product tangibility and price (Cheung and Rensvold, 1999). Previous studies showed that product differentiation was mainly used in competition between products that were located at various positions in a theoretical characteristics space in which consumers have personal preferences over the different positions (Lin et al., 2005). It also allows firms to better serve the consumers' different preferences. It would also potentially help firms to better acquire localized market power. Thus, this study will expand the current knowledge to include sales promotion techniques for different types of consumer products, namely: convenience products, shopping products, specialty/luxury and unsought products (Gilbert, 1999; Kotler and Armstrong, 2004), and its impact towards customers purchase satisfaction and behavioral intention (Alvarez and Casielles, 2005; De Run and Jee, 2009; Smith et al., 2002).

The division of the marketing communications budget either side of the line has become a key strategic issue for marketing practitioners. Although it must be viewed cautiously, owing to the variations in definitions used, there appears to be widespread evidence of a switch of emphasis by marketers away from advertising and towards sales promotion. For much of the 1980s expenditure "below-the-line" grew almost twice as fast as advertising expenditure (Keon and Bayer, 1986; Shultz, 1987), and it now accounts for up to 70 per cent of the marketing communications budgets of many large companies (Shultz, 1987).

Services, sales promotions and competitions: Despite the growth in sales promotions and their potential for services marketing, there are a number of factors which explain their neglect among many service providers and in much of the services literature. Many "below-the - line" activities rely on having a tangible product, without which it is difficult to offer 10 per cent extra free or a free trial sample, or to create price-packs or banded packs. If the service cannot easily be customized, pricing becomes the obvious element to change for promotional purposes. Farris and Quelch (1987) suggested that price promotions can encourage service trial, help to smooth demand fluctuations, allow differential service pricing to be targeted at different segments, and add excitement to the purchase of services that might otherwise become mundane or perceived as commodities.

Coupons or other forms of promotional pricing are widely used in certain services markets, such as travel and fast food, but there are difficulties and dangers which accompany their application to many other services. This is partly because setting prices for services is already difficult (Thomas, 1978), and consumers often use price as a surrogate measure of quality. Another problem with price-based promotions is that they assume that consumers are price averse or value seeking and are price aware. In practice, customers' assumption that price is linked to quality can often make them to some extent price-seeking (Tellis and Gaeth, 1990), and they are often surprisingly hazy about the price details of their purchases (Dickson and Sawyer, 1990). Woods (in Lovelock, 1984) suggests that promotional pricing in financial services has not proved worthwhile for several reasons including relatively high levels of customer loyalty, the dangers of price wars (e.g. the

“disastrous” price wars waged in the USA over free checking in banks), and the often crucial role of pricing in overall positioning. “Value-increasing” versus “value-adding” promotions: Price-based promotions, such as price deals, coupons and refund offers, seem to dominate the marketing literature because they are the most commonly used.

### III. Research Methodology

This study has been categorized as a descriptive research. This study has been done at the major bank branches in Ethiopia. The research instrument was prepared by the researcher after considering the various factors in the review of literature. There are 89 respondents were selected after missing responses. Stratified sampling method is used to select the samples.

### IV. Results and Discussion

**Table 1 : Chi-Square Test for Sales Volume and Advertising**

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	73.828 <sup>a</sup>	54	.038
Likelihood Ratio	64.139	54	.163
Linear-by-Linear Association	4.120	1	.042

Source: SPSS output

The value of chi-square is 73.828 is significant because the p value is 0.038. which in turn implies that the null hypothesis is not accepted. The conclusion is that this samples show the evidence at 5% level. There is an association between Sales volume and advertising.

**Table 2: Chi-Square Test for Sales Volume and Personal Selling**

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	51.737 <sup>a</sup>	42	.144
Likelihood Ratio	57.722	42	.054
Linear-by-Linear Association	.118	1	.731
N of Valid Cases	89		

Source: SPSS output

The value of chi-square is 51.737 is significant because the p value is 0.144. which in turn implies that the null hypothesis is accepted. The conclusion is that this sample shows evidence at 5% level. There is no association between Sales volume and personal selling.

**Table 3: Chi-Square test for Sales Volume and Sales Promotion**

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	44.704 <sup>a</sup>	51	.721
Likelihood Ratio	42.197	51	.805
Linear-by-Linear Association	1.032	1	.310
N of Valid Cases	89		

Source: SPSS output

The value of chi-square is 44.704 is significant because the p value is 0.721. which in turn implies that the null hypothesis is accepted. The conclusion is that this sample shows evidence at the %5 level. There is no association between Sales volume and Sales promotion.

**Table 4: Chi-Square test for Sales Volume and Direct marketing**

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	65.156 <sup>a</sup>	51	.088
Likelihood Ratio	63.031	51	.120
Linear-by-Linear Association	.770	1	.380
N of Valid Cases	89		

Source: SPSS output

The value of chi-square is 65.156 is significant because the p value is 0.088, which in turn implies that the null hypothesis is accepted. The conclusion is that this sample shows evidence at 5% level. There is no association between Sales volume and Direct Marketing.

The chi-square test revealed that the only one that has a definable and describable relation with sales volume is advertising. The majority of promotional mix elements have a very little effect on sales volume at 5% significant level. Finally when it comes to accepting and rejecting the null hypothesis it's found that the null hypothesis is acceptable in the case of the three promotional mix elements namely personal selling, sales promotion and direct marketing. The test showed that the original hypothesis is acceptable when it comes to Advertising. It shows that advertising has a significant effect on sales volume. Therefore as a conclusive remark both hypotheses were proven to be valid.

In order to be able to explain the relationship between all the variables first the summary of the collected data was maintained. Now certain patterns among both dependent and independent variables are to be identified. First it's investigated if the dependent variable is related with each independent variable. The relationship type was identified. The strength of the relationship if it can be quantified will be measured. Spearman's rank correlation is used since the promotional mix elements are merely ordered variables.

**Table 5: Correlation between Sales Volume and Advertising**

			Sales Volume	Advertising
Spearman's rho	Sales Volume	Correlation Coefficient	1.000	-.262*
		Sig. (2-tailed)	.	.013
		N	89	89
	Advertising	Correlation Coefficient	-.262*	1.000
		Sig. (2-tailed)	.013	.
		N	89	89

\*. Correlation is significant at the 0.05 level (2-tailed).

Source: SPSS output

This shows a correlation coefficient of - 0.262 and a significance value of 0.013. The significance is < 0.05 and indicates that if there is no linear relationship between sales volume and advertising there is a less than 5% chance that a random sample of this size would give a value of r as - 0.262. This in turn shows that the value of r is close to 0 which implies that the linear relationship between the two variables is very weak.

**Table 6: Correlation between Sales Volume and Personal Selling**

			Sales Volume	Personal Selling
Spearman's rho	Sales Volume	Correlation Coefficient	1.000	-.023
		Sig. (2-tailed)	.	.830
		N	89	89
	Personal Selling	Correlation Coefficient	-.023	1.000
		Sig. (2-tailed)	.830	.
		N	89	89

Source: SPSS output

This shows a correlation coefficient of -0.023 and a significance value of 0.830. The significance is > 0.05 and indicates that if there is no linear relationship between sales volume and personal selling there is more than 5% chance that a sample of this size would give a value of r as -0.023. This in turn shows that the value of r is close to 0 which implies that the linear relationship between the two variables is very weak.

**Table 7: Correlation between Sales Volume and Sales Promotion**

			Sales Volume	Sales Promotion
Spearman's rho	Sales Volume	Correlation Coefficient	1.000	-.167
		Sig. (2-tailed)	.	.119
		N	89	89
	Sales Promotion	Correlation Coefficient	-.167	1.000
		Sig. (2-tailed)	.119	.
		N	89	89

Source: SPSS output



This shows a correlation coefficient of - 0.167 and a significance value of 0.119. The significance is > 0.05 and indicates that if there is no linear relationship between sales volume and personal selling there is more than 5% chance that a sample of this size would give a value of r as -0.167. This in turn shows that the value of r is close to 0 which implies that the linear relationship between the two variables is very weak.

**Table 8: Correlation between Sales Volume and Direct Marketing**

		Sales Volume	Direct Marketing	
Spearman's rho	Sales Volume	Correlation Coefficient	1.000	
		Sig. (2-tailed)	.382	
		N	89	
	Direct Marketing	Correlation Coefficient	-.094	1.000
		Sig. (2-tailed)	.382	
		N	89	89

Source: SPSS output

This shows a correlation coefficient of - 0.094 and a significance value of 0.382. The significance is > 0.05 and indicates that if there is no linear relationship between sales volume and personal selling there is more than 5% chance that a sample of this size would give a value of r as -0.094. This in turn shows that the value of r is close to 0 which implies that the linear relationship between the two variables is very weak.

**Table 9: Regression analysis model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.246 <sup>a</sup>	.061	.016	1.170

a. Predictors: (Constant), Direct Marketing, Advertising, Sales Promotion, Personal Selling

Source: SPSS output

The strength of the relationship between both dependent and independent variables is shown an R being the correlation coefficient it measures the strength of the linear relationship. R is expected to have a value somewhere in between 1 and -1. If close to 0 the relationship is termed as weak. In this case R is showing a value of 0.246 which shows there is a linear relationship between the variables but since the value is close to 0 rather than 1 it's very weak. R square is the coefficient of determination more usually expressed as a percentage. Here it's displaying that 6.1% of the variability in Sale Volume can be explained by the variability in the four promotional mix elements i.e. variability in sales promotion, personal selling, direct marketing or advertising. Finally the standard error shows the difference between what's predicted by the model and what's observed. In this case the residual error shows that there is a lot of difference between the two and the relationship between the variables can't really on a straight line.

**Table 10: ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.433	4	1.858	1.358	.256 <sup>b</sup>
	Residual	114.949	84	1.368		
	Total	122.382	88			

a. Dependent Variable: Sales Volume

b. Predictors: (Constant), Direct Marketing, Advertising, Sales Promotion, Personal Selling

Source: SPSS output

The ANOVA shows a significance value of 0.256. This indicates that the regression is significant but not as much as it would have been if a .000 significant value was observed. It also in tests that it can be a useful linear model since the significance value is very close to .000.

**Table 11: Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.375	.907		3.719	.000
	Advertising	-.065	.032	-.248	-2.016	.047
	Personal Selling	.043	.045	.123	.939	.350
	Sales Promotion	-.005	.041	-.016	-.126	.900
	Direct Marketing	-.029	.034	-.104	-.843	.402

a. Dependent Variable: Sales Volume

Source: SPSS output

The coefficients box displays that the equation that models the line has a slope of -.065, 0.43, -0.005 and -0.29 for the four graphs drawn with sales volume and advertising, personal selling, sales promotion and direct marketing respectively. The intercept for all the four graphs is 3.375 as the constant revealed it. Now when taking a look at the significant column it can be deduced that significant values > 0.05 indicate that the coefficient is not significant. In this case it's observable that the coefficient is significant for Advertising since its Sig value is 0.047 which is less than 0.05 but for the rest three the coefficient is insignificant since their Sig values are 0.350, 0.900 and 0.402 making them all greater than 0.05. This in consequence explains that Advertising is the only significant variable that has an influence on Sales Volume and the other three (Sales Promotion, Direct Marketing and Personal Selling) have no significance over the dependent variable.

The Regression model revealed the following relationships between the study variables.

The model for the analysis is shown below:

$$Y = X + X1 AD + X2 SP + X3 PS + X4 DM + e$$

Where:

Y = Financial Inclusion

X = Constant

X1, X2, X3 & X4 = Co-efficient

AD = Advertising

SP = Sales Promotion

PS = Personal Selling

DM = Direct Marketing

e = residual error

The below is the final linear relationship model.

$$\text{Sales Volume} = 3.375 - .065AD + 0.043PS - 0.005SP - 0.029DM + 1.17$$

## **V. Recommendations and Conclusion**

The following recommendations are suggested after the data analysis. Ethiopian banking industry is expecting to apply the best promotional mix strategy fit for the current market demand. Banks are currently applying aggressive advertisement strategy. It's proven that more focus should be on advertising will improve their performance.

Sales people need better training towards for bestselling their bank's products. Samples, Coupons and rebates are another way of increasing the existing sales volume level. Direct marketing being the most expensive, time consuming it's not advised for the banking sector. There is a least chance to encourage direct marketing. The banks used to exhibit stalls to attract the public to open instant accounts in those stalls with passbooks. Financial institutions are playing a great role in the current Ethiopian economy and the competition is getting tougher. In order to be able to outweigh their competitors promotion can be used as one method. Just using a certain promotional mix is not the answer to their problem. They need to device the most effective promotional mix strategy as it's vital for their respective performance.

Advertising was found to be the most decisive promotional mix element that affects sales volume. It was also made clear that the two elements are highly correlated in terms of focus. The next element that was found to have an alarming effect on sales volume is sales promotion then personal selling and finally direct marketing. Next to this the study confirmed an ideal promotional mix strategy that can be employed which the employees/respondents suggested. This revealed that banks should focus on advertising which means more budget allocation towards this promotional mix element and since advertising encompasses both TV and Radio ads both should be stressed on. It's known that advertising is a medium used to reach mass audience with a minimum cost. Therefore it puts forward further implication on the use of advertising.

Another implication that can be gathered from the study is that of awareness towards promotion. It is found that almost half of the respondents were not fully confident about their awareness towards promotion. Promotion being a companywide process everyone is expected to take part in the process of promoting their respective company. This can only be done when everyone is aware and able promote the company. Therefore the point of this discussion lies on the idea that more training and focus should be centred on developing a good awareness towards promotion in banking sector. The study was conducted on the bases of proofing that promotional mix elements have an influence on sales volume of banking sector. The findings presented above clearly that promotional mix elements have an effect on banking sectorsales volume. Even though as a whole they have effect advertising was found the one with the most relation with Sales Volume.

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