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An Assessment of Advertising Practices in
Awash International Bank, S.C.

Submitted to IGNOU - St. Mary University

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Declaration

I hereby declare that the Dissertation entitled "**An Assessment of Advertising Practices in Awash International Bank, S.C.**", submitted by me for the Partial Fulfillment of the Requirement for the Degree of Masters in Business Administration to Indira Gandhi National Open University (IGNOU) is my own original work and has not been submitted earlier to IGNOU or to any other institution for the fulfillment of the requirement of any course of study. I also declare that no chapter of this manuscript in whole or in part incorporated from earlier works.

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Certificate

This is to certify that Hailu Woldegebriel Teklemariam, Student of Masters in Business Administration from Indira Gandhi National Open University (IGNOU), New Delhi, has been working under my supervision and guidance for this project work. His project work entitled "**An Assessment of Advertising Practices in Awash International Bank, S.C.**" which he has now submitted is genuine and original work.

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Acronyms

AIB - Awash International Bank, S.C.

Br. - Ethiopian Birr

GTP - Growth and Transformation Plan

NBE - National Bank of Ethiopia

R & D - Research and Development

USD - United States Dollars

US - United States of America

Abstract

This research paper examines the advertising practices in Awash International Bank S.C. The post 1991 Era witnessed a major paradigm shift in the financial system of the country. With the financial deregulation put in place, private sector financial institutions have been established as opposed to the former total ownership of banks by the Government. In line with this, Awash International Bank (AIB) was established as the first private commercial bank in Ethiopia. Nowadays, Awash International Bank S.C. (AIB) is one of the biggest private commercial banks in the country, offering a wide range of financial services.

At the end of June 30, 2014, the number of banks operating in the country reached 19, of which 16 banks were privately owned and the remaining 3 were Government owned. The banking system of the country was dominated by public sector banks, specifically Commercial Bank of Ethiopia which has above 850 branches across the country. The number of private bank branches in the country reached more than 1,000 at the end of June, 2014.

Awash International Bank s.c. provides both local and international banking services to the public. The Bank has a separate department known as Planning, Research and Development Department and Promotion and Public Relations Division is operating under the department. All advertising and promotional activities are handled by this division and the research will try to assess the advertising practices of the Bank and whether it has fulfilled the demands of the public. The project paper will finally, based on the findings of the research, comment on the existing advertising practices of the Bank and recommend to win the attention of its existing as well as potential customers.

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the Study

In recent times, we have witnessed the World Economy passing through some complicated circumstances like bankruptcy of banking & financial institutions, debt crisis in major economies of the world and the like. The scenario has become very uncertain causing recession in major economies like the US and Europe. This poses some serious questions about the survival, growth and sustainable development of a company. To answer these questions organizations should develop sound marketing strategy, implement and evaluate them accordingly.

Marketing is an organizational function and is a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders. The main objective of marketing is to establish a strong and profitable customer base to accelerate sales of the company. Successful marketing depends upon addressing a number of key issues. These include: what a company is going to produce (product); how much it is going to charge (price); how it is going to deliver its products or services to the customer (place); and how it is going to tell its customers about its products and services (promotion). As marketing became a more sophisticated discipline, three 'P' were added. These are People, Process and Physical Evidence. Zelalem and Negi (2009). According to Kotler and Armstrong (2006), Promotion means activities that communicate the merits of the product and persuade the target customers to buy it. Usually this takes place under promotional mix like advertizing, personal selling, direct marketing, sales promotion, and public relation and event.

The financial sector in Ethiopia both benefited from and contributed to the growth of the national economy. The benefits can be seen in terms of the growth of the sector and its growing share in deposits and financial transactions in the economy. The sector also contributed to the growth of the economy through its role in intermediation, in national savings mobilization, investment in productive activities and wealth creation.

1.2 Brief History of Awash International Bank S.C. (AIB)

Awash International Bank S.C. (AIB) was established in 1994 as the first private commercial bank following the downfall of the Military Regime of Ethiopia in 1991. It is the first private commercial bank to be set up in the country following the opening up of the sector to private operators after the change of the regime in Ethiopia.

When AIB was established it adopted the following objectives as stated in its Memorandum of Association. (Source: Memorandum of Association of AIB)

- Engage in all types of commercial banking businesses,
- Accept deposits of all categories;
- Extend loans and facilitate overdrafts;
- Draw, accept, discount, buy and sell bills of exchange, drafts, promissory notes and other negotiable instruments and securities payable in or outside Ethiopia;
- Issue and/or accept cheques, travelers cheques payable in or outside Ethiopia;
- Engage in foreign exchange transactions and operate inter-bank relations;
- Hire safe or compartments of safe;
- Make investments in public and/or private securities;
- Deal in stock exchange business, act as a share subscription agent, and underwriter;
- Act as a business agent as appropriate;
- Invest funds as may be necessary;
- Act as trustee and provide commercial guarantees;
- Carry on other banking activities that are normally carried out by commercial banks;

These effectively are the mandates of AIB. Since its establishment, the Bank has grown steadily to become among the top private banks in the country.

The 30 June 2014 financial statements show significant growth in assets and deposits. Assets have increased from Br 17.8 billion in June 2013, to Br 22.1 billion in 2014 (1 USD = Almost Br. 21 as at May 18, 2015). Deposit has increased by Br.1.66 billion. There is also notable growth in Capital and Reserve. It has gone up by Br. 500 million. AIB has the largest number of branches surpassing all other private banks in Ethiopia. The number of shareholders is currently over 3,300.

Total asset of the Bank has surged from Birr 13.1 billion (USD 623 million @ 1USD = 21 Ethiopian Birr) in 2011/12 to over Birr 27.5 billion (USD 1.31 billion) as at end of March 2015 as a result of significant increase of the Bank's loans and advances. As at May 2015, the number of branches of the Bank has reached 190. In terms of its capital base, number of employees, possession of different buildings in different areas of the country etc..., Awash still takes the leading position in the industry.

Awash is the only private bank having its own Head-Office building as at now. A modern 18 storey high rise Head Office was inaugurated in 2010. The Bank also owns other buildings, housing branch offices in Adama, Agaro, Ghimbi, Nekemte, Shashemene, Harar and Jimma. Other branch offices are under construction in Lideta Sub-city in Addis Ababa and in Hawassa

AIB is contributing to the financing of large public development projects. It has purchased NBE-Bonds amounting to over Br 5.132 billion by April 30, 2015 (Source: Monthly Balance Sheet of Awash International Bank S.C. as at April. 30, 2015).

The gradual recovery of the world economy and persistent high Gross Domestic Product (GDP) growth of the Ethiopian economy over the past successive years was a good opportunity for the domestic banking business in general and for AIB in particular.

On the other hand, slowdown of exportable items due to a fall in international price of primary products and particularly the price of coffee; stiff competition among domestic banks in mobilization of deposits and in generation of foreign currencies; shortage of ideal places for opening of new branches and problem of availing adequate foreign currencies especially for corporate customers of the Bank were among the major challenges.

1.2.1 A Review of the Strategic Plan and Management (SPM) of AIB for the Period 2012/13-2016/17

Awash International Bank had prepared a Strategic Plan for the Period 2007 to 2011. This First Strategic Plan of AIB was a ground breaking effort. The strategic plan was prepared during the second half of 2006. It was for the first time that AIB prepared a strategic plan management document. Lessons learnt from the First Strategic Plan were the following. (Source: Strategic Plan and Management of AIB for the Period 2012/13-2016/17).

- a) The need to assign a specific section or division to follow-up implementation;
- b) The need for each department to take up its portion of strategic plan implementation, seriously prepare periodic implementation plan, receive reports in the implementation from all divisions and sections and then dispatch the information to the relevant division/department;
- c) The top management should receive regular quarterly reports specifically on the strategic plan implementation. The quarterly report should be considered at management meetings and critically evaluated;
- d) The need for mid-term reviews of the entire strategic plan under volatile external environment including domestic policy environment and see if the intended direction and target is indeed valid.

When the First Strategic Plan was concluded in 2011, it was necessary to prepare the Second Strategic Plan. The purpose of the Second Strategic Plan was to identify the strategic issues that confront Awash International Bank in the coming five years (2012/13-2016/17) in an effort to maintain and increase its market share and also enhance shareholder values.

The strategic plan development is to include the identification of key internal and external factors influencing the operation and profitability of AIB. The strategic plan is to take note of the existing situations in the regulatory sector and cope up with the requirements. The competition among domestic banks was getting stronger. At the same time, it was observable that banking services are not widely available for the population. More aggressive expansion of services may be expected from the domestic banks. The outcome of the planning exercise is to bring out the strategic issues influencing the course of events in the next five years and develop the strategies and the objectives.

In the development of the Second Strategic Plan, various analyses were undertaken and they are summarized below:-

a) Stakeholders and collaborators analysis

From this analysis, the following strategic issues were noted by AIB in order to address the concerns of stakeholders and collaborators.

- Continuously strive to build a modern, competitive, innovative and technologically adaptive bank;
- Pay special attention to earnings per share;
- Depositors would like AIB to be profitable and meet all its obligations to creditors and also pay higher interest rate to depositors;
- AIB must honor its confidentiality principles to all stakeholders;
- Borrowers desire AIB to be managed by dedicated and fast decision-making bankers operating in transparent and fair manner;
- Employees would like AIB to stay under fair and transparent governance able to adopt a competitive remuneration scheme and build a technologically advanced modern bank;
- The management strives to meet all the wishes and interests of all its stakeholders;

- AIB needs to be fast, efficient and courteous services provider in order to satisfy the strong interest of its service users;
- AIB should always be in compliance with laws, proclamation, regulations and directives issued by NBE and the Government of Ethiopia;
- AIB ought to sustain efficient payment mechanism with courteous and professional customer handling system in order to meet the expectation of its money transfer agencies.

b) PESTEL Analysis

The PESTEL analysis had the following implication for AIB.

- AIB needs to be ready for the competition when international banks with much stronger strength in capital, technology, experience and management skill are permitted to operate in Ethiopia;
- AIB should get ready for internet based banking;
- There are business opportunities for AIB as GTP gets implemented;
- AIB may take issues related to climate change, ecology and the general environment safety as vital social concerns and may expend resources as part of Corporate Social Responsibility.

c) SWOT Analysis

The SWOT analysis had the following implications for AIB.

- AIB must adopt strategies which increase its efficiency, market share and modernize its operations;
- AIB should adopt modern Core-banking with suitable platform for add-ons;
- AIB must develop customer centered services and continuously update its policies, manuals and guidelines for uniform operations;
- AIB needs to maintain a productive and motivated staff;
- AIB should undertake R and D activities in order to institute capacity for early warning system and identify imminent pitfalls in its businesses;

- AIB must create alliance with international banks in order to obtain skill and adopt modern operations.

Based on the Strategic Planning exercise the following have been adopted as appropriate.

VISION

"To be the Strongest and Most Preferred Bank of the People"

MISSION

"To provide modern, efficient, competitive, diversified and profitable banking services at domestic and international banking levels, to a continuously growing number of customers in a socially responsible manner."

CORE VALUES

- Dynamism
- Professionalism
- Excellence
- Integrity
- Accountability
- Impartiality
- Team Spirit
- Social Responsiveness

GOALS, STRATEGIC ISSUES, OBJECTIVES AND STRATEGIES

Strategic Issues

From all the analyses made, the final list of the Strategic Issues arrived at for 2012-2017 were the following:

- 1) Enhancing customer services;
- 2) Increasing market share and profitability;
- 3) Improving internal capacity;
- 4) Improving public image;
- 5) Instituting portfolio and risk management.

Table 1. Strategic Issues, Goals and Objectives of AIB for the Period 2012/13 – 2016/17

	Strategic Issue	Goals	Objectives
1 st	Enhancing Customer Services	1. Provision of Excellent Customer Service	1) Improving service delivery time 2) Improving service accessibility 3) Improving service quality
2 nd	Increasing Market Share and Profitability	1. Attain leading share among private commercial banks	1) Increasing market share in terms of deposits, loans, and foreign exchange earnings 2) Widening customer base
		2. Attain the highest profitability amongst peer private commercial banks	1) Increasing non-interest income 2) Reducing controllable expenses 3) Efficiently utilizing the Bank's resources
3 rd	Improving Internal Capacity	1. Enhanced Institutional Competence	1) Recruiting and maintaining qualified staff 2) Intensifying training and manpower development activities 3) Improving institutional system efficiency 4) Enhancing R & D activities
4 th	Improving Public Image	1. Reputable and dependable bank	1) Increasing publicity of the Bank 2) Increasing the capital base of the Bank 3) Fulfilling corporate social responsibility (CSR)
5 th	Instituting Comprehensive Portfolio and Risk Management	1) Reduced risk vulnerability	1) Maintaining the different risks of the bank at internationally acceptable level
		2) Improved asset quality	1) Improving loan portfolio management
		3) Improved compliance level	1) Fully complying with own national and international requirements

Source: Strategic Plan and Management of AIB for the Period 2012/13-2016/17, P. IV

AIB works in a very dynamic, ever-changing and turbulent business environment. Working under such scenarios, the Bank needs to manage complex situations accordingly. The current facts in the banking industry reveal that it is highly characterized by growing stiff competition, tight regulatory requirements, resource shortage, market uncertainties and the like. Therefore, dealing with such pressing circumstances and remaining a vibrant industry player is critical at this point in time.

Having a focused approach to the Bank's marketing activities in general and its advertising practices in particular would eventually yield service excellence and preference as service excellence is the cornerstone for achieving the Bank's vision of becoming the Strongest and Most Preferred Bank of the People. This situation happens only if the Bank's image keeps on growing through efficient and effective advertising of its various products and services and as a result becomes a chosen destination among the target community and the population. This can be ascertained by the fact that Awash is growing at an increasing rate and the number of deposit accounts holders alone as at April 30, 2015 has reached 1,004,919. (Source: Internal Report obtained from the Bank's Branch Affairs Directorate). This is a very encouraging figure from a mere hundred thousand a few years back and this is an indication that the Bank is entering aggressively into the larger community in all regions of the country.

1.3 Statement of the Problem

In the competitive and capital-intensive world of television shows, advertising plays an important role by financing many programs. Unfortunately, sponsorships come more easily for entertainment programs perceived as 'popular' with wide reach. So we have a glut of the same kind of programs on most channels even as 'serious' kind of entertainment— classical music, dance, drama, documentaries—or programs of socio-economic concerns are minimal because advertisers do not consider these to be widely watched. This approach seriously limits the scope of media in disseminating cultural awareness and values.

Advertising is a way to showcase one's products or services and offer consumers a vast choice in terms of what they are offered and what they can choose to buy. For the consumers, advertising offers them a choice to get at the best in the market at the best price.

Every business organization is desirous to register glittering victories in all its operational fronts and maintain the trust and confidence of its clients. In the ever-changing business environment, business managers do have a big role to play in confronting all challenges while at the same time leading their organizations into the future and delivering good products and services to their clients and high value returns to owners.

The study, therefore, tries to assess the practical situation of the Bank's advertising practices. More specifically, the study aims at addressing the under-listed basic research questions and concerns. At this point, it is worthy to mention that in all Annual General Assembly meetings, shareholders question on the effectiveness of the advertising practices of the Bank and whether the amount allocated to it and to publicity activities are adequate enough. The amount allocated to Advertisement and Publicity together as at end of June 2014 was, for example, ETB 8,960,818 (nearly USD 427,000) and that was considered as very small amount in view of the size and coverage area of the Bank. (AIB Annual Report 2013/14).

- How is the Bank's advertising practices for various products and services going on,
- Which advertising tools are used by the Bank to disseminate what the Bank intends to,
- What new ways are suggested to handle the advertising activities of the Bank to satisfy existing as well as potential customers based on their demands and
- What possible problems will arise while implementing the proposed advertising practice of the Bank.

1.4 Objectives of the Study

1.4.1 General Objective

The general objective of the study is to assess the existing advertising practices of AIB and to identify whether it is aligned with the corporate vision and mission statements of the Bank to satisfy customers' needs.

1.4.2 Specific Objectives

The specific objectives are:-

- To evaluate the Bank's advertising practices/strategies,
- To identify problems encountered while advertising the Bank's products and services and to give recommendations,
- To explore various factors that could be considered by AIB in its advertising practices so as to be competitive in the market.

1.5 Significance of the Study

- a. The research result will enable the Management of AIB to catch a glimpse of the existing advertising practices of the Bank and its limitations and enable it to formulate new or modify the existing advertising strategy,
- b. If the advertising strategy of the Bank is properly planned and implemented, customers will be able to make rational decisions and get what they need at the right time and in the right way,
- c. The researcher will be acquainted with the advertising practices and strategy of the Bank and will have a knowledge to conduct related researches in the future,
- d. It can serve as a reference material for similar studies in the future.

1.6 Scope and Limitations of the Study

1.6.1 Scope of the Study

The scope of the study is limited to the assessment of advertising practices of AIB in randomly selected Addis Ababa Area Branches.

1.6.2 Limitations of the Study

The commitment of respondents to carefully read and give their genuine responses to the questionnaires has seriously limited the outcome of the research. Availability of relevant reading materials in the course of conducting the research was also limitation of the study. On top of all,

time was the factor that limited the researcher to make in-depth assessment of branches especially those that are outside the city.

1.7 Organization of the Study

The research is arranged in five chapters. Chapter One deals with the introductory part of the study and covered such sub-topics like Background of the Study, Statement of the Problem, General and Specific Objectives of the Study, Significance of the Study and Scope and Limitations of the Study.

Chapter Two covered Review of Related Literatures to give theoretical basis to the study. Chapter Three is about the Research Methodology that is going to be employed. Chapter Four is all about Data Analysis and Discussion of the Findings and finally, Chapter Five gives Conclusions and Recommendations with the objective of rectifying the identified problems.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

2.1 Introduction

According to Wikipedia, the Free Encyclopedia, Marketing is the process of communicating the value of a product or service to customers for the purpose of selling that product or service.

Philip Kotler (2001) has pointed out that Marketers use numerous tools to elicit the desired responses from their target markets. These tools constitute a Marketing Mix. Marketing mix is the set of marketing tools that the firm uses to pursue its marketing objectives in the target market. Kotler cites the 4 Ps marketing classification of McCarthy; namely, Product, Price, Place, and Promotion for his explanations. Among these Ps, the Promotion component includes such activities like sales promotion, advertising, sales force, public relations and direct marketing.

Marketing can be looked at as an organizational function and a set of processes for creating, delivering and communicating value to customers, and customer relationship management that also benefits the organization. Marketing is the science of choosing target markets through market analysis and market segmentation, as well as understanding consumer behavior and providing superior customer value. From a societal point of view, marketing is the link between a society's material requirements and its economic patterns of response. Marketing satisfies these needs and wants through exchange processes and building long-term relationships.

The Oxford Advanced Learner's Dictionary defines advertisement as a notice or announcement in a public medium promoting a product, service, or event or publicizing a job vacancy.

According to American Marketing Association "advertising is any paid form of non-personal presentation and promotion of ideas, goods and services by an identified sponsor". Advertising in business is a form of marketing communication used to encourage, persuade, or manipulate an audience (viewers, readers or listeners; sometimes a specific group) to take or continue to take

some action. Most commonly, the desired result is to drive consumer behavior with respect to a commercial offering, although political and ideological advertising is also common.

The history of advertising goes to the Egyptians where they used papyrus to make sales messages and wall posters. Commercial messages and political campaign displays have been found in the ruins of Pompeii and ancient Arabia. Lost and found advertising on papyrus was common in Ancient Greece and Ancient Rome. Wall or rock painting for commercial advertising is another manifestation of an ancient advertising form, which is present to this day in many parts of Asia, Africa, and South America. The tradition of wall painting can be traced back to Indian rock art paintings that date back to 4000 BC.

In ancient China, the earliest advertising known was oral, as recorded in the Classic of Poetry (11th to 7th centuries BC) of bamboo flutes played to sell candy. Advertisement usually takes in the form of calligraphic signboards and inked papers. A copper printing plate dated back to the Song Dynasty used to print posters in the form of a square sheet of paper with a rabbit logo with "Jinan Liu's Fine Needle Shop" and "We buy high quality steel rods and make fine quality needles, to be ready for use at home in no time" is considered the world's earliest identified printed advertising medium.

Advertising is used for communicating business information to the present and prospective customers. It usually provides information about the advertising firm, its product qualities, place of availability of its products, etc. Advertisement is indispensable for both the sellers and the buyers. However, it is more important for the sellers. In the modern age of large scale production, producers cannot think of pushing sale of their products without advertising them. Advertisement supplements personal selling to a great extent. Advertising has acquired great importance in the modern world where tough competition in the market and fast changes in technology is very common.

Companies usually decide how to allocate their budget over the five common promotional tools. Companies differ considerably in their allocations, even within the same industry. Some companies concentrate their promotional funds on personal selling, while others spend heavily

on advertising. Still, because some companies are searching for more efficiency by substituting one promotional tool for another, they are careful to coordinate all of their marketing functions.

Companies should ask this question before using advertising: Would advertising create more satisfied clients than if our company spent the same money on making a better product, improving company service, or creating stronger brand experiences? Everybody wishes that companies would spend more money and time on designing an exceptional product, and less on trying to psychologically manipulate perceptions through expensive advertising campaigns.

The better the product, the less that has to be spent advertising it. The best advertising is done by your satisfied customers. The stronger your customer loyalty, the less you have to spend on advertising. First, most of our customers will come back without us doing any advertising. Second, most customers, because of their high satisfaction, are doing the advertising for us. In addition, advertising often attracts deal-prone customers who will flit in and out in search of a bargain.

Each promotional tool has its own unique characteristics and costs. The points indicated below illustrate this. Philip Kotler (2001).

1. Advertising - Advertising can be used to build up a long-term image for a product or trigger quick sales. Advertising can reach geographically dispersed buyers efficiently. Certain forms of advertising (TV advertising) typically require a large budget, whereas other forms (newspaper advertising) can be done on a small budget.
2. Sales promotion - Although sales-promotion tools—coupons, contests, premiums, and the like—are highly diverse, they offer three distinctive benefits: (1) communication (they gain attention and usually provide information that may lead the consumer to the product); (2) incentive (they incorporate some concession or inducement that gives value to the consumer); and (3) invitation (they include a distinct invitation to engage in the transaction). Sales promotion can be used for short-run effects such as dramatizing product offers and boosting sales.

3. Public relations and publicity - The appeal of public relations and publicity is based on three distinctive qualities: (1) high credibility (news stories and features are more authentic and credible than ads); (2) ability to catch buyers off guard (reach prospects who prefer to avoid salespeople and advertisements); and (3) dramatization (the potential for dramatizing a company's product).
4. Personal selling - Personal selling has three distinctive qualities: (1) personal confrontation (it involves an immediate and interactive relationship between two or more persons); (2) cultivation (it permits all kinds of relationships to spring up, ranging from a matter-of-fact selling relationship to a deep personal friendship); and (3) response (it makes the buyer feel under some obligation for having listened to the sales talk).
5. Direct marketing - All forms of direct marketing—direct mail, telemarketing, Internet Marketing - share four distinctive characteristics: They are (1) non-public (the message is normally addressed to a specific person); (2) customized (the message can be prepared to appeal to the addressed individual); (3) up-to-date (a message can be prepared very quickly); and (4) interactive (the message can be changed depending on the person's response).

An advertisement may attempt to position the product by reference to its specific features. Although this may be a successful way to indicate product superiority, consumers are generally more interested in what such features mean to them; that is, how they can benefit from the product. Toothpaste advertising often features the benefit approach, as the examples of Crest (decay prevention), Close-Up (appeal through white teeth and fresh breath), and Aquafresh (a combination of these benefits) illustrate. David Loudon et al (2005).

Advertising is a non-personal form of communication through which a company presents and promotes ideas, goods or services to persuade the audience to purchase or take some action. It includes the name of a product or service and how that product or service could benefit the consumer, to persuade a target market to purchase or to consume that particular brand, Rao (2005). Furthermore, E. Clow et al (2003) described as saying that advertising can decrease the negative impact of service characteristics of intangibility, perishability, inseparability, and variability.

Many consumers will buy a product from a company they know rather than a newer one which is not familiar. Advertising helps create favorite name brands and preferences. Many scholars (Kotler, et al 2010) described different methods of advertisings, such as Newsletter, Magazine, Television, Radio, Internet, Yellow Pages, Direct Marketing etc... Some businesses use all approaches, while others use only one.

Commercial advertisers often seek to generate increased consumption of their products or services through "branding", which involves associating a product name or image with certain qualities in the minds of consumers. Non-commercial advertisers who spend money to advertise items other than a consumer product or service include political parties, interest groups, religious organizations and governmental agencies. Non-profit organizations may rely on free modes of persuasion, such as a public service announcement.

2.2 The Role of Advertising in Society

Advertising is an integral part of everyday's life. It is a pervasive method of marketing in society. Though the methods by which marketers advertise have changed over the decades, the role and purpose of advertising has changed over the period of time. Without advertising, modern society cannot survive. Advertising is useful to society in the following ways. R. R. Khan et al (2011).

1. Encourage Purchasing - Encouraging people to purchase goods and services is the main role of advertising. Some industries rely on advertising more than others: A cereal company, for instance, must advertise more aggressively, due to the wide range of competing products, than a power company that faces little to no competition. Advertisers often influence members of society to purchase products based on instilling a feeling of scarcity or lack,
2. Reflect cultural trends - Advertising bridges the gap among people by communicating varied culture through advertising message. It brings variation in the social life,
3. Promotes economic growth - Advertising contributes to bring about all round development of the economy by increasing demand and by encouraging economic activities. It fuels the desire to shop and, in turn, shopping stimulates the economy,

4. Improves standard of living - Advertising is an economic activity. It provides opportunities to people to improve their income. It motivates people to consume more material and thereby improves their standard of living.
5. Provides employment - Effective advertising generates demand for goods and services. High demand calls for more production which requires more of physical and human resources, thus, creating employment opportunities.

2.3 Types and Purposes of Advertising

According to Philip Kotler, the best advertisements are not only creative, they sell. Creativity alone is not enough. Advertising must be more than an art form.

In developing an advertising program, successful firms start by identifying the target market and buyer motives. Then, they make five critical decisions, known as the five Ms: Mission: What are the advertising objectives? Money: How much can be spent? Message: What message should be sent? Media: What media should be used? and Measurement: How should the results be evaluated? Philip Kotler (2001).

The aim of advertising is not only to state the facts about a product or service but also to sell a solution or a dream. We need to address our advertising to the customers' aspirations. This is what, for example, Ferrari and Gucci do. A Ferrari automobile delivers on three dreams: social recognition, freedom, and heroism. Revlon's founder Charles Revlon remarks "In our factory, we make lipstick. In our advertising, we sell hope." (Source: Marketing Insights from A to Z by Philip Kotler).

The fundamental purpose of advertising is to sell something – a product, a service or an idea. In addition to this general objective, advertising is also used by the modern business enterprises for certain specific objectives which are listed below: R. R. Khan et al (2011).

1. To introduce a new product by creating interest for it among the prospective customers,
2. To support personal selling program. Advertising may be used to open customers' doors for salesman,

3. To reach people inaccessible to salesman,
4. To enter a new market or attract a new group of customers,
5. To light competition in the market and to increase the sales as seen in the fierce competition between Coke and Pepsi,
6. To enhance the goodwill of the enterprise by promising better quality products and services,
7. To improve dealer relations. Advertising supports the dealers in selling the product. Dealers are attracted towards a product which is advertised effectively,
8. To warn the public against imitation of an enterprise's products.

2.3.1 Classification of Advertising

Any medium can be used for advertising. Commercial advertising media can include wall paintings, billboards, printed flyers, radio, cinema and television adverts, mobile telephone screens, bus stop benches, magazines, newspapers, sides of buses, banners attached to or sides of airplanes ("logojets"), taxicab doors, roof mounts and passenger screens, musical stage shows, shopping cart handles, the opening section of streaming audio and video, posters, and the backs of event tickets and supermarket receipts. Any place an "identified" sponsor pays to deliver their message through a medium is advertising.

Advertising may be classified on several categories as listed below: R. R. Khan et al (2011).

1. Classification on The Basis of Area Coverage

On this basis, advertising may be classified into the following four categories, viz., (1) local, (2) regional, (3) national, (4) international advertising.

- **Local Advertising:** It is also known as "retail advertising". It is undertaken by local retail stores, departmental stores, co-operative stores, selling cloth, and other consumer goods and consumer durables. It is directed at local customers. Media, used for local advertising, are shop decorations, local newspapers, magazines, posters, pamphlets, hoarding, new signs, local cinema houses, etc.

- **Regional Advertising:** It has wider coverage, as compared to local advertising. It covers a particular region, which may be one state, or, more than one state, the people of which may be having a common tongue, or, using one common product. It is undertaken by manufacture, or, regional distributor of a product. Media, used for regional advertising, include regional newspapers, magazines, radio, regional T.V., outdoor media, etc. It is considered to be an ideal form of advertising for launching and marketing a new product in a specific region.
- **National Advertising:** It is generally undertaken by manufactures of branded goods, for which, advertising messages is communicated to consumers all over the country. Almost all possible mass media, including national newspapers, radio and television network, are employed for national advertising. Products, services, and ideas, which have demand all over the country, are suitable for national advertising. In Ethiopia, Ethiopian Airlines is a leading advertiser at national level. Likewise, detergents, soaps, toothpastes, cosmetics, cars, and bicycles, are some of the products, which are advertised all over the country.
- **International Advertising:** This type of advertising is undertaken by those companies, which operate in more than one country, known as "multi-national" companies. Exporters, generally advertise their products and services in foreign countries, where ready markets are available. Coca-Cola and Pepsi are advertised globally, as the sale are almost all over the world. International advertising is extremely expensive, involving the services of professional advertising agencies in different countries.

2. Classification on The Basis of Audience

On this basis, advertising may be classified into the following four categories; viz., (1) consumer advertising, (2) industrial advertising, (3) trade advertising, and (4) professional advertising.

- **Consumer Advertising:** This type of advertising is directed to the ultimate consumers of the consumer products, i.e., the individuals, who buy, or, use the consumer products, or

services, say, for example, toilet soap, toothpaste, toothbrush, tea, textiles, etc., for themselves and for their families. All types of consumer products need continuous and extensive advertising on T.V., radio, and press.

- **Industrial Advertising:** This type of advertising is used by manufacturers and distributors of industrial goods such as machinery, plants, equipments, spare parts and components, and are directed at industrial users or customers. Such advertisements usually appear in trade journals, trade dictionaries, business magazines and so on. The appeal made in this regard is rational.
- **Trade Advertising:** This kind of advertising is employed by manufactures and/or distributors to influence and persuade wholesalers and dealers (retailers) to stock and sell the goods of the advertiser by offering incentive schemes to them, or, by inviting dealership for their particular product(s).
- **Professional Advertising:** It is directed at professionals like doctors, professors, auditors, engineers and others, who are expected to recommend, prescribe, or, specify the advertised products to ultimate consumers. This is done through professional journals and representative of the advertisers.

3. Classification on The Basis of Media

On this basis, advertising may be classified into the following four categories viz., (1) Print media advertising; (2) electronic, or, broadcast media advertising; (3) outdoor media advertising; (4) Other Media.

- **Print Media Advertising:** The print media consists of newspapers, magazines, journals, handbills, etc. No newspaper or, journal, today, can survive without advertising revenue. Print media advertising, even today, is the most popular form; and revenue derived by mass media from advertising has, therefore, been progressively increasing year after year. Print media appeals only to the sense of sight, i.e. eyes.

- **Electronic or Broadcast Media Advertising:** Electronic, or, broadcast media consists of (i) radio, (ii) television, (iii) motion pictures, (iv) video, and (v) the internet. The radio is audio in nature, appealing only to the sense of sound (ears). Radio advertising is more effective in rural areas, as compared to urban regions. Television, as an advertising medium, is more attractive and effective because it is an audio-visual medium appealing to both the senses of sight and sound (eyes and ears). Different methods, such as, spot announcements, sponsored programs, etc., are used for broadcasting advertising messages. However, broadcasting media are very expensive form of advertising. Advertising is also undertaken through movies, video, and the internet.
- **Outdoor Media:** This includes posters, neon signs, transit, point of purchase (POP), etc. Outdoor advertising can be a good supporting media to other forms of advertising. It is a good form of reminder advertising, especially, the POP advertising.
- **Other Media:** This includes direct mail, handbills, calendars, diaries, cinema advertising, internet and so on. These miscellaneous media can play an important supporting role to the major media such as television, and newspapers.

4. Classification on The Basis of Function

- **Direct Action and Indirect Action Advertising:** Direct action advertising is undertaken to obtain immediate response or action on the part of target audience. Examples include discount sales advertising, sale along with free gift offers, and mail-order coupon sales, etc. The media used is mostly newspapers, and television. Indirect action advertising is undertaken to influence the audience in respect of advertisers brand. The advertiser expects the target audience to prefer his brand as compared to competitors whenever a buying decision arises in future.
- **Primary and Selective Advertising:** Primary Advertising is undertaken by trade association or by cooperative groups. For example, the Coffee Board may advertise to consume more coffee. Selective Advertising is undertaken by marketers of branded

products. The advertiser intends to create selective demand for his brand. Examples include Pepsi Cola, Coca Cola.

- Product and Institutional Advertising: Product or Service advertising is undertaken to promote the sale of products and services - branded or unbranded. Institutional advertising is undertaken to build name and goodwill of the organization. It is also known as corporate advertising or image advertising. It is mostly undertaken by large firms.

5. Classification on The Basis of Advertising Stages

On this basis, advertising may be classified into the following three different categories, viz., (1) advertising at pioneering stage, (2) advertising at competitive stage, and (3) advertising at retentive stage.

- Advertising at Pioneering Stage: Advertising at pioneering stage is undertaken to make the audience fully aware of the new brand of product and to inform, influence, and persuade them to buy, or, use it by highlighting its unique features.
- Advertising at Competitive Stages: Once the brand survives the introductory stage, it has, soon to face a stiff competition with other well established brands in the market. At this stage, competitive advertising is undertaken to promote sales effectively.
- Advertising at Retentive Stage or Reminder Advertising: When the product has captured a large share of the market, retentive advertising is undertaken to maintain, or retain the stable position in the market as long as possible. Moreover, if the same product is passing through the declining stage in the market, this type of advertising is used to remind the buyers about the product, hence, it is also known as "reminder advertising".

The following are some more advertising forms used these time around:

1. Infomercials

An infomercial is a long-format television commercial, typically five minutes or longer. The word "infomercial" is a combination of two words "information" and "commercial". The main objective in an infomercial is to create an impulse purchase, so that the consumer sees the presentation and then immediately buys the product through the advertised toll-free telephone number or website.

2. Online advertising

Online advertising is a form of promotion that uses the Internet and World Wide Web for the expressed purpose of delivering marketing messages to attract customers.

3. Billboard advertising

Billboards are large structures located in public places which display advertisements to passing pedestrians and motorists.

4. Street advertising

This type of advertising first came to prominence in the UK by Street Advertising Services to create outdoor advertising on street furniture and pavements. Working with products such as 3D pavement advertising, the media became an affordable and effective tool for getting brand messages out into public spaces.

5. Others

Other methods of advertising include direct mail, word of mouth or ads in the yellow pages. Direct mail involves the business sending advertising to your home that can include coupons, pamphlets or small items, such as refrigerator magnets. Word of mouth facilitates new business when a business provides a satisfactory service or product and the consumer tells his family, friends or co-workers. Some businesses will even offer something free or a discount for referring new customers.

According to Rao (2005), advertising can increase tangibility of service. This can be through increasing the number of tangible cues in an advertisement, by showing the process of the

service in an advertisement, use of testimonials in advertisement i.e. current customers can tell about their experience with a service firm. It can reduce perishability of service by informing the purchase of high and low demand period- Advertising can either discourage use of peak times or encourage customers to shift their usage from high demand periods to low-demand time.

People are now looking for new types of advertising appeals that they can target. Many of the new-age advertising methods are a result of the advent of the Internet. Internet advertising is a vast concept and it entails several sub-types, many of which have been only recently introduced. Some of the methods are:-

Web Banner Advertising

If billboard advertising is used on roads, then a similar type called banner advertising is used on the web. Web banners are usually constructed using images, or JavaScript, or any other multimedia objects and animation. Web banners are usually linked to web pages that are related to the content on the existing website.

Bandwagon Advertising

This is a propaganda advertising technique, which aims at convincing the user that everyone else is using the products or everyone in the customer base, is in favor of the brand and so he must do so too. This compels the consumer to at least think about buying that product and check what everyone else is raving about and in turn 'jump on the bandwagon'. Bandwagon advertising is a strategy that is based on consumer psychology and hence, is an effective technique which can be used via any media.

Testimonials and Endorsements

An endorsement from a celebrity or a public figure is reason enough for certain customers to try a particular product. Such testimonials or endorsements are a great way to advertise particular products and services. Another evolved version of this being a new type called covert advertising, involves the use of brand names or actual products in movies or television shows in an indirect form of advertising.

Surrogate Advertising

Several national laws have banned the advertising of products like alcohol or cigarettes. Owing to this, many umbrella brands have come up with a technique which only promotes the umbrella brand name which, of course, also reminds the consumer of the products that have been banned from advertising. For example, Kingfisher doesn't need to advertise its beer when the general brand name, also conferred to the aircraft, is being advertised publicly.

Pixel Advertising

Pixel advertising is a new type of Internet advertising in which the cost of an advertisement is calculated based on the number of pixels it occupies. This form of advertising originated in late 2005, when a British student Alex Tew came up with a website called The Million Dollar Homepage, where advertisers could buy advertising space at the rate of \$1 per pixel with a space limit of one million pixels. In addition to the space options provided by the hosting websites, there is also the option of using Do-it-Yourself (DIY) pixel scripts, which ensures that people who do not understand the intricacies of the pixel ads can incorporate the pixel ads in their website without any hassles. Some of the commonly used DIY pixel scripts are Million Pixel Script and the GPix Pixel Ad Script.

Contextual Advertising

Google AdSense was the first contextual advertising venture. Contextual advertising is a very specifically targeted form of Internet marketing in which the advertisements are selected by automated systems based on the content being viewed by a particular user. The automated system scans the text of a website for keywords and sends advertisements that match the content which the user is viewing. Many search engines also make use of contextual advertising for displaying ads on the search result pages, such that the ads match the things that the user is looking up on the web. After Google started this trend, there were many others like Yahoo! and Microsoft who followed suit.

Keyword Advertising

Commonly, keyword advertising is also known as pay per click advertising or cost per action advertising. Although Yahoo was the first company to venture into keyword advertising, it is Google Adwords program which is now most popular for its keyword advertising. Some of the popular search engines, which are into keyword advertising, include Yahoo! Search Marketing, Microsoft adCenter, Miva and LookSmart.

Blog Advertising

Owing to the tremendous popularity of blogs, advertisers have wisely used blogs as effective advertising and marketing tools. Corporate blogs are an excellent way for companies to reach out to their customer base on the Internet. Advertising blogs often make use of Search Engine Marketing techniques, which ensure better results on the web.

Bathroom Advertising

Bathroom advertising is nothing but placement of advertisements in public restrooms. A research was carried out, in which a test group of people visiting a restroom were asked whether they noticed the advertisements in there, and surprisingly, a major percentage of the group was seen to have a high retention of the advertisements. This led to the conclusion that people visiting the restroom are a good target audience. It is soon catching up as an effective advertising tool.

Yellow Pages

The Yellow Pages can be very effective advertising if our ads are well-placed in the directory's categories of services, and the name of our business is descriptive of our services and/or our ad stands out (for example, is bolded, in a large box on the page, etc.). The phone company will offer free advice about placing our ad in the Yellow Pages. They usually have special packages where we can get a business phone line along with a certain number of ads.

Mobile Advertising

As annoying as it might be for you to receive advertisements on your cell phone, it is now a fact that mobile advertising or cell phone advertising is one of the most effective ways of advertising. Most of the time, advertisers have a data of mobile numbers of their existing customer base as well as a list of phone numbers of people who might be potential customers. A message on the mobile phone rarely goes unnoticed and hence, qualifies as an effective marketing or advertising tool!

Advertising has a special role in the marketing of financial services since financial services are generally intangible. Mortimer (2001) has indicated that an important part of advertising is to make the service tangible in the mind of the consumer in order to reduce perceived risk and provide a clear idea of what the service comprises. Furthermore, it is important to advertise consistently, with a clear brand image, in order to achieve differentiation and encourage word-of-mouth communication.

2.3.2 Purposes of Advertising

Advertising is at the front of delivering the proper message to existing and prospective customers. The purpose of advertising is to convince customers that a company's services or products are the best, enhance the image of the company, point out and create a need for products or services, demonstrate new uses for established products, announce new products and programs, reinforce the salespeople's individual messages, draw customers to the business, and hold existing customers.

Whatever else advertising is trying to do, whether with words or pictures, its purpose always is to impart information. The information isn't always about a product or service, though. Advertising serves everything from politics to social consciousness to get across a message.

According to Agegnehu and Ahmed (2007) and Geoff Lancaster and Lester Massingham (2011), advertising has three aims and these are:-

1. **Informative Advertising:-** figures heavily in the pioneering stage of a product category, where the objective is to build primary demand such as: telling the market about a new product; suggesting new uses for product; informing the market of a price change; explaining how the product works; describing available services; correcting false impressions; reducing buyers' fears; building a company image.
2. **Persuasive Advertising:-** it becomes important in the competitive stage, where a company's objective is to build selective demand for a particular brand. Some persuasive advertising has moved into the category of comparative advertising, which seeks to establish the superiority of one brand through specific comparison of one or more attributes with one or more other brands in the product class.
3. **Reminder Advertising:-** it is important with mature products. Expensive four-color Coca Cola ads in magazines have the purpose not of informing or persuading but reminding people to purchase it.

Jeffrey Schrank in his *The Language of Advertising* pointed out that successful advertisement creates a desire in viewers, listeners or readers. It also provides information on how to fulfill that desire and makes the potential customer feel good about doing so. With so many products and service providers in the marketplace, using a proven technique in our advertising increases the likelihood that our ad expenses will return value. Basic techniques used in propaganda transfer successfully to advertising were, according to him, the following:-

a. Repetition

Repetition is a simple yet effective technique used to build identity awareness and customer memory. Even advertisements using other successful approaches mention the product or company name more than once, particularly in television because its combination of sight and sound, allows the advertiser to disguise the repetition by changing its delivery (from visual to audio). An ad first shown during a Super Bowl broadcast for a product called HeadOn remains the classic example of this advertising technique. Though the advertisement never explained what the product does, viewers remembered its name.

b. Claims

Advertising that promotes specific features or makes claims about what a product or service can do for the potential customers provides successful results by informing, educating and developing expectations in the buyer. Claims can state facts or simply use hype, such as calling one brand of orange juice "the best" when nutritionally it is identical to other brands. Claims may mislead through omission or by using what some advertisers and political campaigners call "weasel words." These are subtle statement modifiers that render the claim meaningless if studied closely. Common weasel words include "helps," "fights" and "virtually."

c. Association

Associating a product or company with a famous person, catchy jingle, desirable state of being or powerful emotion creates a strong psychological connection in the customer. Sporting equipment companies use successful athletes in their ads, automakers display their cars in front of mansions, brewers show their beer consumed by groups of friends having fun and cosmetic companies sign celebrities to represent their products. These ads encourage an emotional response in customers, which then is linked to the product being advertised, making it attractive through transference.

d. Bandwagon

The bandwagon technique sells a product or service by convincing the customer that others are using it and they should join the crowd. Other bandwagon advertisements suggest that the customer will be left out if they do not buy what's being sold. These ads often employ "glittering generalities," words linked to highly valued ideas or concepts that evoke instant approval, which may or may not relate to the subject of the advertisement. "America loves..." connects patriotism with a product, creating an automatic positive response.

e. Promotions

Coupons, sweepstakes, games with prizes and gifts with purchases create excitement, and participation encourages customers to build a relationship with the sponsoring product or service.

The attraction of getting something "free" or earning "rewards" makes promotions successful. Limited-time offers and entry deadlines add urgency to this advertising technique's call to action.

2.3.3 Steps in Advertising Process

For the development of advertising and to get best results, one need to follow the advertising process step by step. (Source: Calvin Coolidge in the New York Public Library obtained from the internet).

The following are the steps involved in the process of advertising:-

Step 1 - Briefing: the advertiser needs to brief about the product or the service which has to be advertised and doing the SWOT analysis of the company and the product.

Step 2 - Knowing the Objective: one should first know the objective or the purpose of advertising. i.e. what message is to be delivered to the audience?

Step 3 - Research: this step involves finding out the market behavior, knowing the competitors, what type of advertising they are using, what is the response of the consumers, availability of the resources needed in the process, etc.

Step 4 - Target Audience: the next step is to identify the target consumers most likely to buy the product. The target should be appropriately identified without any confusion. For e.g. if the product is a health drink for growing kids, then the target customers will be the parents who are going to buy it and not the kids who are going to drink it.

Step 5 - Media Selection: now that the target audience is identified, one should select an appropriate media for advertising so that the customers who are to be informed about the product and are willing to buy are successfully reached.

Step 6 - Setting the Budget: then the advertising budget has to be planned so that there is no short of funds or excess of funds during the process of advertising and also there are no losses to the company.

Step 7 - Designing and Creating the Ad: first the design that is the outline of ad on papers is made by the copywriters of the agency, then the actual creation of ad is done with the help of the art directors and the creative personnel of the agency.

Step 8 - Perfection: then the created ad is re-examined and the ad is redefined to make it perfect to enter the market.

Step 9 - Place and Time of Ad: the next step is to decide where and when the ad will be shown. The place will be decided according to the target customers where the ad is most visible clearly to them. The finalization of time on which the ad will be telecasted or shown on the selected media will be done by the concerned unit.

Step 10 - Execution: finally the advertise is released with perfect creation, perfect placement and perfect timing in the market and finally,

Step 11 - Performance: the last step is to judge the performance of the ad in terms of the response from the customers, whether they are satisfied with the ad and the product, did the ad reached all the targeted people, was the advertise capable enough to compete with the other players, etc. Every point is studied properly and changes are made, if any.

2.3.4 Advertising Myths - Ifs and Buts of the Advertising Industry

Advertising is considered as the best tool to make people aware of the product a company wants to sell. This is the best way to communicate with the audience and to inform them about the product but with a proper media selection and, of course, timing. But there are some myths which have been creating problems in the path of successful advertising. The following are some

misinterpretations about the ifs and buts of the advertising industry. (Source: Web site of Management Study Guide, Aggarwal Complex, CD Block, Pitampura New Delhi, India)

1. Advertising works only for some business

Wrong. Advertising works for each and every company or business if only it is executed properly. But due to bad advertising, many ad campaigns fail to work in desired way and the people think that advertisements are not their cup of tea. They must understand one simple rule of advertising - it should be for right people at right time through right medium on right place.

2. Advertising is only needed when business is slow

Wrong. Who said that the big and successful brands don't advertise their products? Advertising is a continuous process with some renovations whenever needed. But, yes, when the business really is going slow or at its low, the advertising will have to be heavy and more in number. This will help the product to improve its market value and make people aware of the product.

3. If the product is not selling, advertise it

This is just not true. Just think about it. If you are selling a product which is not at all in vogue, and no one is using it, how will it get clear from the shelf. You need to understand the need of customers and then sell the product. Advertise doesn't mean selling anything you want but it means selling what customers wants.

4. Advertise creates needs

No. The people already had cassettes to play and listen to music they liked when they didn't have the option of CDs. It is technology which came in, and it was only then CDs were advertised and sold. Advertise only replaces the old things with new, it doesn't create needs.

5. Advertise effects persist for decades

It's the quality of the product which persists. Advertise no doubt helps increasing sales of the product and stays in memory of the people, but minds are captured by the product itself.

6. Humor in ads

Sometimes humor gets in the way of delivering message properly to the consumers but not every time it creates problems. Many of the times it helps people to remember the ad and the product and helps creating a positive attitude towards the advertise.

7. Sex sells

Not always. Some advertisers use sex for just increasing the sales and forget that the product doesn't need this type of ad at all.. It was really irrelevant.

8. Creativity is the most important factor

The ad should be no doubt creative enough to attract consumers but it not the only selling factor. There has to be good message to deliver, best media selection, and best quality of the product to make the product and ad both successful.

9. Advertising costs so much

Advertising needs money but one has to also consider the results in forms of increased sales, increased reputation in industry, recognition for product and also increased market value of product which advertisements brings along. Let's consider advertising as investment and not expense.

Thus these are the most common myths of the ad industry which are working as hurdles in the way of bright future of advertisers and advertising and we need to overcome these hurdles and rise.

2.3.5 Criticism of Advertising

While advertising can be seen as necessary for economic growth, it is not without social costs. Unsolicited commercial e-mail and other forms of spam have become so prevalent as to have become a major pain to users of these services, as well as being a financial burden on internet service providers.

Advertising is increasingly invading public spaces, such as schools, which some critics argue is a form of child exploitation. In addition, advertising frequently uses psychological pressure on the intended consumer, which may be harmful. Many even feel that often, advertisements exploit the desires of a consumer, by making a particular product more appealing, by manipulating the consumer's needs and wants.

Most of us got to hear about Palm, Amazon, eBay, The Body Shop, Blackberry, Beanie Babies, Viagra, and Nokia not through advertising but through news stories in print and on the air. We started to hear from friends about these products, and we told other friends. And hearing from others about a product carries much more weight than reading about the product in an ad.

According to Smriti Chand, the six main criticism of advertising are: (1) increased price of the product, (2) multiplication of needs, (3) deceptive, (4) it leads to monopoly, (5) harmful for the society, (6) wastage of precious national resources!

Despite many benefits drawn from advertising, it suffers from a severe criticism by different segments of society.

(1) Increased Price of The Product

Advertising increases the cost of the product as the expenses on it form the part of the total cost of the product. The increased prices are borne by the consumers. But it cannot be denied that advertising leads to large scale production which considerably reduces the total and per unit cost of production. Thus, the consumer may pay less.

(2) Multiplication of Needs

Advertising creates artificial demand for the product and induces people to buy those products which are not needed by them. On account of its repetition, it allures and creates a desire in the minds of the people to possess an article not required by them.

(3) Deceptive

Sometimes advertising is used as an instrument of cheating. In order to impress upon the people false statements are given with regard to different virtues of a product. Fraudulent means and deceptive practice are resorted to by various traders in order to sell their products. All these things adversely affect the public confidence in the advertising.

(4) It Leads to Monopoly

Advertising sometimes leads to monopoly in a particular brand of a product. By investing large sums in advertising of his brand, a big producer eliminates small producers of the same product from the market and creates brand monopoly. This leads to exploitation of consumers.

(5) Harmful For the Society

Sometimes advertisements are un-ethical and objectionable. Most often, these carry indecent language and virtually nude photographs in order to attract the customers. This adversely affects the social values.

(6) Wastage of Precious National Resources

A serious drawback levied against advertisement is that it destroys the utility of certain products before their normal life. The latest and improved model of a product leads to the elimination of old ones. For instance, in the U.S.A., people like to possess the latest models of cars and discarding the old ones which are still in useable conditions. This leads to wastage of national resources.

The American Educational Foundation on The Economic, Social and Regulatory Aspects of Advertising has the following to say on the Most Common Criticism of Advertising. According to the Foundation, much criticism of advertising centers around the false claims made in promoting products, and that they too often urges consumers to make purchases they don't need. The most common criticisms were the following:

1. Unethical

The ethics of advertising campaigns often comes into question, particularly when consumers are urged to make unneeded purchases or are given false and misleading information. Placing a price on an ad that really belongs on an inferior product is both unethical and illegal. Relying on racial or gender stereotypes is another unethical practice. Tiny, illegible print can't overcome patently false claims made in the larger advertising print, such as in the case of the Humira ad run by Abbott Labs in 2009. In that case, the unethical advertising resulted in a \$70 million fine for the drug manufacturer, according to CBS News.

2. Exaggerated

Advertising that exaggerates the differences between your product and your competitors' products often is criticized as false and misleading. It sometimes disparages competition unfairly in an effort to woo consumers. Customers often become disillusioned with negative ads, which then can backfire on the originator of the exaggerated claims.

3. Offensive

Advertising critics often point to the use of sex and sexual innuendos as offensive and unnecessary. Some advertising campaigns draw protests from area churches, women groups or parenting associations, such as the Calvin Klein commercials in the 1970s that featured a teenage Brooke Shields. Critics called the ads pornographic and exploitative. Boycotts and legal actions may follow offensive advertising that ultimately can lead to even more exposure for our brand. For example, the clothing retailer Benetton received extensive coverage and criticism of its so-called "unhate" campaign in 2011 when it featured President Obama kissing Hugo Chavez, a Venezuelan leader.

4. Materialistic

Another strong criticism of advertising is that it corrupts society by promoting materialism. Proponents of social responsibility accuse advertisers of taking advantage of the free enterprise system to exploit various populations with unethical, misleading and offensive advertising. The result, they say, is a less informed and less caring population of consumers. According to the

American Educational Foundation, critics claim that ads play on peoples' emotions with promises of social acceptance and sex appeal, causing them to make purchases they can't really afford and don't need. Advertisers can't force consumers to buy something they don't need, but enough effective advertising can increase consumer wants and desires.

2.4 Advertising as a Communication Strategy

A number of elements distinguish advertising from other tools of promotion and at the same time indicate its key characteristics. These key elements are:-

- Non-personal - Unlike personal selling, advertising affords no direct personal contact with the customer. Although this is a limitation, especially in industrial markets, it means that the advertiser has less control over what is said and to whom,
- Paid for by an identified sponsor - Advertising is directly sponsored and paid for by the advertiser. It is intended to create a favorable response on the part of the consumer and is identified as being for commercial or organizational gain on the part of the sponsor.
- Promotion of ideas, goods or services - The word 'promotion' rather than 'selling' is used; although some advertising is intended to create a sale in its own right, such as in classified advertising or some forms of direct marketing, most advertising is only part of the process of moving consumers nearer to making a purchase. A distinguishing characteristic of advertising compared to personal selling and to some extent direct marketing is that it is normally aimed at a mass audience through mass communication. Geoff Lancaster and Lester Massingham (2011).

In the case of commercial advertisers, the objective of spending on advertising is to increase sales and profit. However, care should be taken not to exaggerate the power of advertising in this respect, as advertising is but a part of the communications mix; and the communications mix, in turn, is a component of overall marketing strategy. This point is best evidenced, albeit negatively, by illustrating what advertising cannot do:

- Advertising cannot secure repeat business for a product or service that is not value for money.
- Advertising cannot remove problems of insufficiently trained or motivated sales staff.
- Advertising cannot work if the brand is not in stores when the consumer wants it.

Advertising is only powerful when it, and the rest of communication and marketing strategy, is well planned, implemented and integrated through Integrated Marketing Communications (IMC) – communications and messages are carefully linked so that they work in consistent harmony rather than in isolation as their sum is greater than their individual parts. This means that communications tools like direct marketing, media advertising, interactive/Internet marketing, sales promotion, publicity/public relations are planned as an integrated whole to provide maximum communications impact by being clear and consistent.

CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1 Research Design

Descriptive research type with quantitative and qualitative methods are employed to explore evidences about the problems under investigation. In analyzing the problems, both primary and secondary source data were referred to. The tools that were employed to achieve the goals were questionnaires, interviews and review of relevant documents.

3.2 Sampling and Population (N=250)

The target population of the study was the Manager of Planning, Research and Development Department; the Manager of Public Relations and Promotion Division; employees of the department; other employees of AIB and the general public who were viewers of AIB's advertising. Though the researcher had planned to distribute 300 questionnaires, because of different limitations, 250 were distributed and 210, which accounts to 84%, were collected. Out of the distributed questionnaires, because of different reasons, almost 10% of it was intentionally rejected by the researcher.

Selection of respondents for the analysis was done using random purposive sampling method. Likert Scale, which helped the researcher to measure the attitude of the population towards AIB's advertising practices, was also employed during analysis of the questionnaire.

3.3 Data Collection Instruments

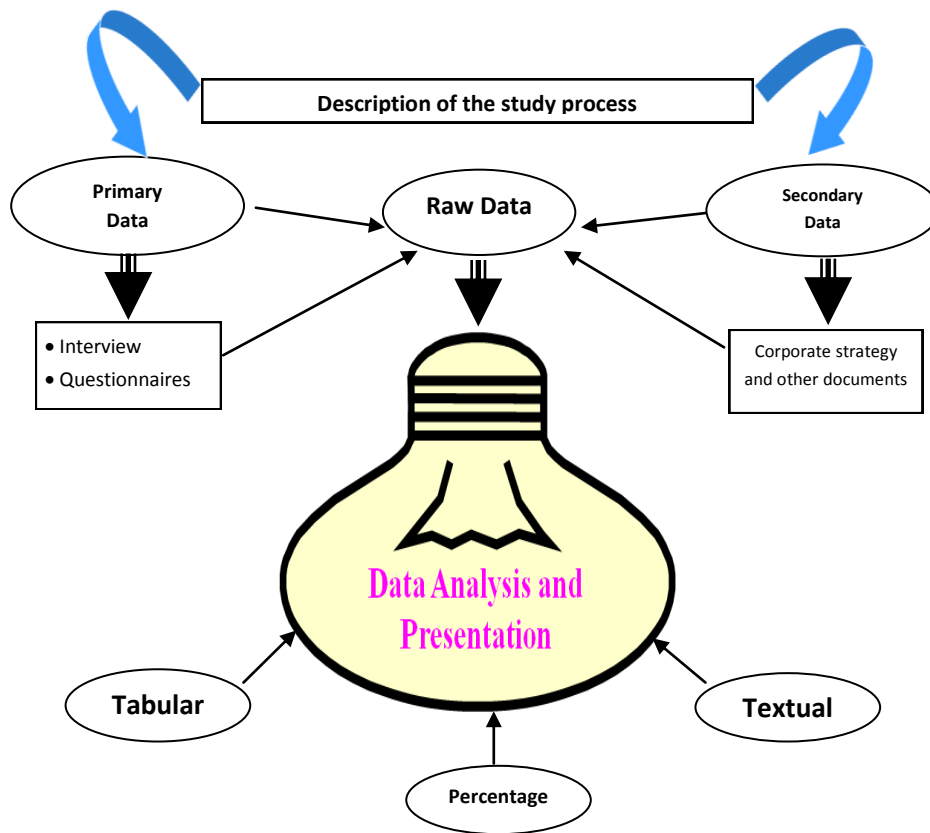
In order to gather the necessary information, both primary and secondary source data collection instruments were employed. The primary data was collected from personal interviews of the Manager of Planning, Research and Development Department; the Manager of Promotion and Public Relation Division and open and close ended questionnaires were distributed to staff members of the department. Regarding secondary data, written documents on the corporate

advertisement strategy of AIB, different reference books, articles on journals and newspapers, sources from websites and relevant policy documents of AIB were referred to and discussed.

3.4 Methods of Data Analysis

Having collected the necessary information from primary and secondary sources, the researcher shall make general conclusions about the study. Depending on the type of data collected, both qualitative and quantitative data analysis method were used.

The raw data collected was analyzed using different descriptive methods like graphs and percentages. The qualitative data obtained from open ended questionnaires and interviews of officials of the Bank were analyzed using qualitative data analysis methods.



CHAPTER FOUR

4. RESULTS & DISCUSSION

4.1 Results/Findings of the Study

In this section, the overall Advertising Practices of Awash International Bank s.c. have been discussed. The data analysis and interpretation part is composed of different data and information that were gathered through primary and secondary data (written documents). Out of 300 questionnaires distributed, 250, which account 83%, were collected and almost 6 senior staff members of the Bank's Planning, Research and Development Department were interviewed. To make the presentation clear and understandable, the questionnaires and interviewed data shall be presented in the analysis synonymously.

Part I - General Information

Table 1:- General Information

No	Description	No of respondents	Percentage
1.	Gender:- Male	140	67%
	Female	70	33%
2.	Age:- 18 - 25	46	22%
	26 - 35	84	40%
	36 - 45	58	28%
	> 46	22	10%
3.	Education:- PHD	4	2%
	Masters	11	5%
	Degree	103	49%
	Diploma	66	32%
	Other	26	12%

As table 1 depicts 67% of the respondents were male, and the rest were female. 49% of the respondents have degree; 32% have diploma; 5% master's degree and 12% have different

education level. This shows that, the bank has educated customers who are in need of modern ways of advertisements. Of the total respondents, 40% were in age group of 26-35 and 28% of them were between 36-45 of age. This age group is normally considered as a working group. In most cases, these age groups have entrepreneur ideas and need some professional and financial assistance. Moreover, these age groups are easily fascinated by modern ways of advertising like Face book and Twitter etc....

Part II - Advertising Practice

Table 2:-How often do you see the advertisement of AIB in the following channels?

No	Descriptions	Every Day		Every Week		Every Month		Rarely		Not seen	
		No	%age	No	%age	No	%age	No	%age	No	%age
1	Television	47	22%	41	19%	4	2%	114	54%	4	2%
2	Radio	44	21%	55	26%	4	2%	99	47%	8	4%
3	Newsletter	8	4%	52	25%	24	11%	71	34%	55	26%
4	Poster/flyers	16	8%	12	6%	20	10%	87	41%	75	35%
5	Billboards/light boxes	74	35%	----	-----	8	4%	70	33%	58	28%
6	Internet	8	4%	4	2%	12	8%	59	27%	127	59%

Advertising is a way of promoting a business, product or service. It is a form of marketing communication used to persuade an audience to take or continue to take some action, usually with respect to a commercial offering, or political or ideological support. A lot of firms invest too much money to advertise their products and services. The above table depicted that, the majority, which accounts 54% of customers, have rarely seen AIB's advertising through Television while 22% said they have seen it every day. Similarly, 47% of the respondents rarely came across AIB's advertising through radio channels and 26% have been hearing every week. Though the Bank may not have choices to advertise through TV, there are a lot of different radio channels in Addis as well as regions. So the Bank ought to have advertised through these radio channels.

Regarding newsletter, the majority, which accounts 34% said they have seen rarely AIB's advertising through newsletters and even 26% haven't seen it at all. However, 25% agreed that, they have seen the ads every week on different newsletters. Moreover, regarding poster and flayers advertising, 41% of the respondents have seen rarely and 35% haven't seen it at all. Billboards or light boxes were seen every day by 35% of the respondents but rarely seen by 33%. Though electronic advertising is a recent phenomena and used by a lot of companies, AIB's usage is very low. Almost 59% of the respondents haven't seen its advertising though internet channels and 27% have rarely seen it. The reason for this is mainly because of access to internet connection and lack of interest to exclusively see AIB's advertisement through the internet.

We have seen that, the Bank has educated and energetic customers, however, the Bank couldn't utilize it as an opportunity. Other banks such as Commercial Bank of Ethiopia, Zemen and Dashen Bank have been using this channel as effective as they can so the Bank should take lesson from them.

Table 3. How well the Bank's advertisement caught your attention?

No	Descriptions	Very well		Well enough		Neutral		Not Catchy		Don't remember	
		No	%age	No	%age	No	%age	No	%age	No	%age
1	Television	100	48%	67	32%	28	13%	5	2%	10	5%
2	Radio	66	32%	48	23%	72	34%	5	2%	19	9%
3	Newsletter	33	16%	43	20%	76	36%	10	5%	48	23%
4	Poster/flayers	38	18%	14	7%	81	38%	6	3%	71	34%
5	Billboards/light boxes	27	13%	57	27%	67	32%	22	10%	37	18%
6	Internet	20	10%	41	20%	56	27%	20	10%	71	33%

Advertising is a guessing game. We want to get the consumers' attention, and try everything to do so. Whether the advertisement is bizarre, provocative, funny, or intense, advertisers are hoping consumer attention is rendered, products are coveted, and dollars are spent. If the advertising couldn't attract attentions of the customer, spending millions of birr means burning money with fire. In this regard 48% of the respondents agreed that, television advertising caught their attention very well and 32% said that it is well enough to catch their attention. The

researcher witnessed that; majority of the respondents agreed on the matter is that, most of the advertisements have been conducted by the most notable artists – Serawit Fikre and Mulualem Tadesse, who advertise the products and services of the Bank dramatically.

Table 3 shows that, 34% of the customers are neutral whether the ads on radio channel are caught or not; however 32% are agreed that radio ads of AIB caught very well their attention. Regarding newsletter and poster/flyers, the majority of the respondents are neutral whether the ads on poster/flyer and newsletter caught their attention. The researcher took some samples from the Bank and has seen that, they don't give attention for quality printings. Unlike with television and radio adverting, poster/ flyers do not remembered by the customers, which accounts almost 34% of the respondents. This shows that, the Bank doesn't distribute enough number of flyers or it couldn't meet the target. Moreover, 33% of the respondents do not remember whether they have seen through internet channels or not. From the information I get from Promotion Division of the Bank, they haven't advertised through these channels, except on its own website. Even the website has a lot of problems.

Table 4. Do you easily understand the information transmitted through the following channels?

No	Descriptions	Easily understandable		Understandable		Neutral		not understandable		Don't remember	
		No	%age	No	%age	No	%age	No	%age	No	%age
1	Television	157	75	43	20	9	4	---	---	---	---
2	Radio	138	66	40	19	32	15	--	---	4	2
3	Newsletter	105	50	48	24	28	13	--	---	28	13
4	Poster/flyers	81	39	28	13	43	20	14	7	44	21
5	Billboards/light boxes	82	39	52	25	19	9	19	9	38	18
6	Internet	52	25	22	10	28	13	14	7	94	45

Any advertising contents and messages should, as a matter of principle, be easily understandable; otherwise, it will lead customers to wrong perception. AIB's television advertising is perceived by 75% of the respondents as it is easily understandable and 20% said

that it is understandable. None of the respondents said it is not understandable and not remembered. In the case of radio advertising, the majority, which accounts 66% agreed that, the advertising is easily understandable. In the case of poster/flyers, those who said the advertising is not understandable and do not remember account 7% and 21% respectively. Regarding billboard and light boxes, 39% said it is easily understandable; however, only 18% of them said they don't remember what is being advertised. Internet advertising is not remembered by 45% of the respondents. Compared with other channels, internet advertising is easily understandable by only 25%, which accounts the lower percentage.

Table 5:- How do you perceive the Bank's advertisement compared with other private bank's advertisement?

No	Descriptions	Excellent		V. Good		Neutral		Not Good		Bad	
		No	%age	No	%age	No	%age	No	%age	No	%age
1	Television	119	57%	62	29%	24	11%	5	3%	--	--
2	Radio	86	41%	81	38%	38	18%	5	3%	---	---
3	Newsletter	48	21%	86	41%	57	27%	5	2%	10	5%
4	Poster/flayers	50	24%	42	20%	76	36%	26	12%	16	7%
5	Billboards/light boxes	38	18%	52	25%	67	32%	28	13%	25	12%
6	Internet	38	18%	43	22%	57	28%	28	14%	38	18%

One of the sectors within the service industry that has been influenced by globalization process, and at the same time has been highly internationalized, is the banking sector Grankvist et.al (2004). So, most banks are forced to participate in a market that is extremely dynamic. In this intense competitive market, if a bank has to survive successfully, it needs to inform and persuade customers to use its product and services. Samina (2010). In this regard, AIB's advertising through television is excellent compared to other private competitors, which accounts to 57%. Similarly, radio advertising accounts 41% and 38% agreed that it is very good. For newsletter advertising, 21% said that it is excellent and the majority, which accounts 41%, said that it is very good.

Table 6:-Have you ever seen the Bank’s advertisement through modern ways of advertisements such as; website, face book, twitter, mobile?

No	Description	No of respondents	Percentage
1.	Yes	12	6%
	No	98	94%

Today, Internet advertising is widely used by a lot of international companies. In this regard, 94% of the respondents said that they have not seen the Bank’s advertising through modern ways of advertisings.

Advertisements must be credible, unique, and memorable in order to work. If customers are able to remember what they saw or heard of, we can say that the advertisement has become effective. The following table shows what respondents remember about AIB’s advertisements.

Table 7:-

No	Description	No of respondents	Percentage
1.	About deposit mobilization	35	17
	Payment Card, ATM and POS	45	22
	New branch opening	30	14
	General Advertising	18	8
	Safe deposit box service	40	19
	Different Own building	25	12
	Didn’t remember	15	7

The above table depicted that 22% respondents remember about the Bank’s payment card, ATM and POS advertising; 19% about safe deposit box service and only 7% said they don’t remember the advertisings.

Company’s jingle is one of the most influential and powerful channels which can remain in the minds of people. If a customer favorable accepts it, he/she can easily recall it at any time. The

following table shows the response of customers for the question of ‘Write the Bank’s jingle at least one line’:

Table 8:-

No	Description	No of respondents	Percentage
1.	Able to write it correctly	95	47.5%
	Tried somehow	70	35%
	Could not write at all	35	17.5%

Table 8 indicates what customers responded about the Bank’s jingle. The majority, about 47.5%, were able to write the jingle correctly, whereas 35% tried to write some words from the jingle.

The responses give to open-ended questions are summarized here below under Part III.

Part III– Open ended questionnaires

- The Bank shall hire marketing experts. The Bank is conducting its day to day activities with an internal resource and these resources are not well qualified and experienced in view the existing dynamic environment. The staff members working at Promotion and Public Relation Division are more experienced in the banking business and lack the required marketing skills. Thus, hiring experts in the area of specialization was suggested to be of great significance to the Bank.
- The Bank should work what they say/advertise. People would like to see what they say, or suggest and even shareholders comment on this in all General Assembly Meetings. The Bank should take the comments of existing and potential customers on the advertising practices of the Bank seriously and work on them accordingly.
- The Bank should bring new things like what others are doing like CBE. The CBE, while advertising its products and services, at the same time provides some incentives to its

customers. For instance, it provides prepaid mobile cards to its customers during holidays while transferring foreign currencies through the Bank.

- The advertising should be artistic, dramatic and should win customers attention. Sometimes, customers get bored with the same style and fashion and they would like to see the ads of AIB with a new dramatic fashion to attract their attention.
- The Bank should give due attentions to different sponsorships. Sponsorship during holidays of different religions only do not suffice. Taking the opportunity, the Bank should sponsor in different events to attract the attention of customers.
- Advertising through mobile banking. This is a recent phenomena and as lots of people do have their own mobile phone, the Bank will benefit a lot while using this tool as a medium of reaching the unbanked/under-banked society. As AIB is the pioneer private bank, it should be the first to advertise unique, dramatic and attention catchy advertisements,
- The actors/artistes in the ads, based on their current status, should be changed. The existing actors/artists of AIB have been advertising the products and services of the Bank over the past 20 years and they have been using the same technique. It is, thus, suggested that they should be changed with other new faces,
- The Bank should select programs that have a lot of audience. This is especially during holidays and during weekends. It is also suggested that the Bank should fully sponsor some events to attract the attention of people.
- Should use internet channels. The internet is becoming a modern common advertising means and the Bank should make use of it as a matter of necessity.
- Should use different promotional materials like pen, key holder and others. This should not be something exclusively reserved during holidays and special events. The Bank

should aggressively promote its services during all possible means even through non-holiday periods.

- There are outdated light boxes that should be changed. This is related to the image of the Bank and as light boxes by themselves tell something to customers, they should be changed with the modern ones to attract the attention of customers.
- Rather than advertising a lot of messages on one spot, the bank should segment its advertising. This means while the Bank is advertising its foreign currency remittance companies, it should do so at one spot. The Bank should not mix up and advertise its various buildings at the same time. This will avoid the confusion and will enable the Bank to catch the message of the Bank very easily.

4.2 Discussion

Awash International Bank S.C. has a separate Planning, Research and Development Department and the department is answerable to the President of the Bank. Under the Planning Department, there is what is known as Promotion and Public Relations Division. The Division is entirely entrusted with the task of promotional activities of the Bank. However, the department in general and the Division in particular have no comprehensive and standalone advertising strategies at the bank level. The advertising and public relations activities are usually performed in a fragmented manner.

The internal assessment shows that staff members in AIB's Promotion and Public Relations Division are not in general happy with what is being advertised by AIB to the public. Too many things are advertised in one spot and that, they believe, is not appropriate. Most management members of the Bank are not also happy with the actors/artistes, Artist Serawit Fikre and Artist Muualem Tadesse, on their current status, because these two people were advertising the products and services of the Bank over the past twenty years. These Management members and most other staff members believe that new faces with new advertising systems and techniques is required as a matter of urgency to be very dynamic and energetic player in the volatile banking business environment.

CHAPTER FIVE

5. SUMMARY OF MAJOR FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Major Findings

The research findings primarily indicate that Awash International Bank S.C. should spend some money now on research to assess the advertising practices currently being employed. The Bank should, thus, be able to know which advertising method will attract the attention of its audience so as to hit the target.

Customers of the Bank who are living in urban areas do have access to see the products and services of the Bank through different advertising media. Those who are living in upcountry areas may not have the same access in this regard. Currently, (as at May 16, 2015), the total number of branches of the Bank has reached 192 and out of these, almost half of them are found in upcountry areas. The research findings indicate that not all advertising means are equally important to advertise the products and services of the Bank. Television, as an advertising medium, is more attractive and effective because it is an audio-visual medium appealing to both the senses of sight and sound.

Thus, the major findings indicate that the Bank should dwell extensively on the two advertising channels (TV and Radio) by frequently reviewing and updating the contents that are advertised through them. It is also found out that changing the actors/artists that are advertising the services of the Bank is of paramount importance to see other possible and improved ways of doing things. Taking the experience of the Commercial Bank of Ethiopia and other private banks, employing the recent phenomenon advertising means could reach to some portion of the society and the Bank should think of applying these channels (the internet).

The open-ended questions replied by respondents indicate the need to believe in experienced marketing experts to do the job of marketing for the Bank. Revising the existing advertising practices of the Bank, advertising through mobile, giving attention to various sponsorships and

segmenting its advertisements were some of the valid points raised by respondents for the Bank's consideration.

5.2 Conclusion

Advertising is a single component of the marketing process. It is the part that involves getting the word out concerning the business, product, or the services that companies are offering. It involves the process of developing strategies such as ad placement, frequency, etc. Advertising includes the placement of an ad in such mediums as newspapers, direct mail, billboards, television, radio, and, of course, the Internet.

Based on the findings, a lot of AIB's customers are male, which accounts to 67% whereas the age groups of its customers are young who are considered as worker or entrepreneur age group. This age group are easily fascinated by modern ways of advertising like Facebook and Twitter. This will help the Bank to set special handling strategy for emerging enterprises. Moreover, most of AIB's customers are degree holders next to diploma holders. The research shows that, most of the customers have rarely seen or heard of the advertisement of AIB through different channels. A lot of customers haven't seen or rarely seen the advertisement made through internet.

AIB's advertisements are attention catchy, especially TV advertisement. However, regarding radio, newsletter and posters, most of the customers are not satisfied. Poster billboards and internet advertisement has a lot of problems, in which most customers haven't remembered the advertisement they saw through these channels. In comparison with other private banks, AIB's advertisement is perceived as excellent; especially the TV advertisement. However, customers are not satisfied with poster and newsletter advertisement. AIB advertises hardly through modern ways of advertisement such as website, Face book, Twitter and mobile advertisement ways.

The Bank's advertisement has a focus on different services, but almost evenly segmented, such as on deposit mobilization; payment card system; new branch opening; safe deposit box and own building. The Bank's jingle is well remembered and loved by lots of customers, which will help the Bank to capitalize its advertisement on it.

Finally, customers gave different opinion for the Bank's consideration on how to enhance the Bank's advertisement practices such as hiring experts; change of content of the advertisement; media channels and other similar issues. It is believed that the Bank will take it seriously for its future advertisement practices.

5.3 Recommendations

Based on the findings of the research, the following are recommended for AIB's implementation.

1. AIB should invest, from time to time, on advertisement research. This is because effective advertisement strategies are products of marketing research. Thus, good and adequate advertisement mix is a product of effective advertisement research too. Advertisement research will bring about new ways of advertisement; know customer attitude and better advertisement channels,
2. The Bank should hire competitive and knowledgeable advertising experts,
3. The advertisement should be artistic, dramatic and should win customers attention,
4. As AIB is the pioneer private commercial bank, it should be the first to advertise unique, attractive, dramatically and modern advertisements,
5. AIB should search for other means of addressing promotional mixes. It should build a social media strategy that complements overall marketing plan. Instead of engaging in the traditional promotion strategy, because other industries are doing so, it is time to treat social media like other channels, with defined goals and strategies. For the time being, simply having a Face book page or Twitter account may be sufficient; however, it should give due attention as it is new for the banking industry in the country. As people could easily be fed up with the repetitive scenarios, AIB should try to change its advertising materials, messages and advertising personnel for the good of the Bank.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In recent times, we have witnessed the World Economy passing through some complicated circumstances as bankruptcy of banking & financial institutions, debt crisis in major economies of the world and the like. The scenario has become very uncertain causing recession in major economies like the US and Europe. This poses some serious questions about the survival, growth and sustainable development of a company. To answer these questions, organizations should develop sound marketing strategy, implement and evaluate them accordingly.

Marketing is an organizational function and is a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders. Belch et al (2003). The main objective of marketing is to establish a strong and profitable customer base to accelerate sales of the company. Davar (2003). Successful marketing depends upon addressing a number of key issues. These include: what a company is going to produce (product); how much it is going to charge (price); how it is going to deliver its products or services to the customer (place); and how it is going to tell its customers about its products and services (promotion). As marketing became a more sophisticated discipline, three 'P' were added. These are People, Process and Physical Evidence. Zelalem and Negi (2009). According to Kotler and Armstrong (2006), Promotion means activities that communicate the merits of the product and persuade the target customers to buy it. Usually this takes place under promotional mix like advertizing, personal selling, direct marketing, sales promotion, and public relation and event.

One of the sectors within the service industry that has been influenced by globalization process, and at the same time has been highly internationalized, is the banking sector. Advertising is a way of promoting a business, product or service. Advertisers spend millions of dollars every year to increase revenue. Advertising introduces consumers to new products and services. It provides exposure and legitimacy, so the more a business spends on advertising, the more consumers are

aware a business exists. Rao (2005). Regardless of the types of business any company involves, without advertising that company couldn't stand to compete.

The financial sector in Ethiopia both benefited from and contributed to the growth of the national economy. The benefits can be seen in terms of the growth of the sector and its growing share in deposits and financial transactions in the economy. The sector also contributed to the growth of the economy through its role in intermediation, in national savings mobilization, investment in productive activities and wealth creation.

Awash International Bank s.c. (AIB) was established by 486 founding shareholders in November 1994 with a paid-up capital of Birr 24.2 million. It was the first private commercial bank in Ethiopia following the down fall of the Military Regime in 1991 and the declaration of a market-oriented economic policy. It started banking operations on February 13, 1995. By the end of June 2014, the number of shareholders, its paid-up capital and number of branches increased to over 3,300, Birr 1.4 billion, and 150 respectively.

AIB works in a very dynamic, ever-changing and turbulent business environment. Working under such scenarios, the Bank needs to manage complex situations accordingly. The current facts in the banking industry reveal that it is highly characterized by growing stiff competition, tight regulatory requirements, resource shortage, market uncertainties and the like. Therefore, dealing with such pressing circumstances and remaining a vibrant industry player is critical at this point in time.

Having a focused approach to the Bank's marketing activities in general and its advertising practices in particular would eventually yield service excellence and preference as service excellence is the cornerstone for achieving the Bank's vision of becoming the Strongest and Most Preferred Bank of the People. This situation happens only if the Bank's image keeps on growing through efficient and effective advertising of its various products and services and as a result becomes a chosen destination among the target community and the population at large.

1.2 Statement of the Problem

Making a product or service and making it available to the market is part of a company's job. It is also equally important, or perhaps more desirable, to make it known to the customers that the product or service is available in the market. The company should also be able to get feedback on how the customers accept its products or service through a continuous and two-way flow of information between the firm and the customers. This can be done through implementation of promotional mix like advertising, personal selling, direct marketing, sales promotion, and public relation and event. Meidan (2004) underlined that, advertising of financial services is crucial since services are intangible products, and it is hard to stand out, considering the fact that the services are easy to be copied by competitors. With this in mind, to find first hand problem, the researcher tried to interview the Manager of Planning, Research and Development Department and Manager Public Relation and Promotion Division of the Bank and witnessed that, there are a lot of advertising problems such as; employees are not fully involved in generating new ideas; modern advertising practices are not given attention; even the traditional ways of advertising are not entertained fully; there are less advertising channels etc...

The researcher has come across a research conducted by the department that has focused on only traditional advertising practices. As the research was focused on traditional advertising practices, the researcher focused on traditional and modern ways of advertising practices as a whole. The study will, thus, help the Bank to know the real advertising practice, its challenges and to formulate new advertising strategy, if necessary; help customers to get the right information at the right time and in the right way; and finally help the researcher acquire knowledge on the practical situation of advertising.

1.3 Research Questions

This study is undertaken to assess the advertising practices of Awash International Bank, s.c. More specifically, possible answers will be provided to the following basic research questions:

- What is the practical situation of AIB's advertising practices?
- What are the advertising objectives of the Bank? Are they corresponding with the Bank's corporate strategy?

- What are the advertising mixes that are employed by the Bank?
- Do the advertising mixes chosen by the company coincide with the marketing promotion objectives?
- What are the internal and external challenges of advertising practices of the Bank?

1.4. Objective of the Study

1.4.1 General Objective

- Based on the problems stated above, the major objective of the research is to assess the advertising practices of Awash International Bank, s.c.

1.4.2 Specific Objective

- The research result may enable the Management of the Bank to catch a glimpse of the existing advertising practices of the Bank, explain the advertising mixes used by the Bank and its limitations and enable it to formulate new or modify the existing advertising strategy,
- To examine the external and internal challenges faced by the Bank for advertising practices.
- To give possible recommendation.

1.5. Scope of the Study

1.5.1 Limitation of the Study

The paper is limited on an assessment of the advertising practices in Awash International Bank, s.c. The scope of the study is limited on Awash International Bank branches operating in Addis Ababa and Planning, Research and Development Department of the Bank.

1.5.2 Delimitation of the Study

- Because of stiff banking competition, getting relevant information from the Bank may be difficult,
- Difficulty in addressing all audience of the customer; time factor and cost to access branches which are located outside Addis Ababa. Because of this, the researcher was forced to focus on only audiences who are available in Addis Ababa branches, and it will be conducted based on sampling methods.

1.6 Organization of the paper

The research is presented in five chapters. Chapter One deals with introductory aspects namely, background of the study, statement of the problem, objective of the study, scope of the study and delimitation. Chapter Two is dedicated to the discussion of related literatures to give theoretical basis to the study. Chapter Three is all about research methodology and Chapter Four will talk about data analysis and discussion. And finally, Chapter Five is the conclusions, implications, and recommendations.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

Advertising is a non-personal form of communication through which a company presents and promotes ideas, goods or services to persuade the audience to purchase or take some action. It includes the name of a product or service and how that product or service could benefit the consumer, to persuade a target market to purchase or to consume that particular brand, Rao (2005). Furthermore, E.Clow et al (2003) described as saying that advertising can decrease the negative impact of service characteristics of intangibility, perishability, inseparability, and variability. This can be through the following ways; It can increase the probability of a purchase by the consumer, consumer expectations are more clearly defined and understood, the perceptions of service quality are normally enhanced since the consumer knows what to expect, the level of customer satisfaction with the service increases since consumers go into the service experience with more knowledge about what will happen.

Many consumers will buy a product from a company they know rather than a newer one which is not familiar. Advertising helps create favorite name brands and preferences. Many scholars (Kotler, et al 2010) described different methods of advertisings, such as Newsletter, Magazine, Television, Radio, Internet, Yellow Pages, Direct Marketing etc... Some businesses use all approaches, while others use only one.

Newsletter

Newspapers can be delivered to our home or online. Types of ads in newspapers vary. Classified ads can advertise jobs, sales or business promotions. Some ads include coupons for grocery stores or businesses that offer discounts and some may promote buy-one-get-one (BOGO) deals. Sales inserts provide opportunities to push sales or clearance items and attract consumers to visit the advertiser's place of business or to try a new product.

Magazine

Magazine types vary widely, ranging from beauty to insurance, education and even crafting. Because magazines are aimed at certain audiences, they give businesses ways to target specific types of consumers. For example, a beauty magazine will feature more beauty products, such as

perfume or makeup, and advertisers will promote their newest products. An automobile magazine will include advertisements for car-accessories makers, automakers, or car-part stores.

Television

Television gives viewers visual representations of products or services. Advertisers pay television companies to advertise products through commercials during movies, popular TV series, news broadcasts or sports events. The more viewers a television broadcast has, the more an advertising spot during that broadcast will cost. Products advertised on television can include anything from a home security system to a tube of toothpaste, a restaurant or even a political view.

Radio

Radio advertising works the same as television advertising in that businesses pay for spots. Radio advertising usually relies on popular slogans to promote products or services. Many consumers will recognize a product due to a slogan that a company has coined.

Internet

Internet advertising is versatile. Because newspapers, radio, magazines and television typically have an online presence, they can take advantage of various advertising methods. Newspapers and magazines allow consumers to print coupons or to view sales ads. Many radio and television stations offer live streams that include advertising spots as they would appear on traditional radio or television broadcasts. Many websites have links to advertisers on their homepages, and the website owners are paid per click. Another form of advertising is by email. If a consumer buys a product online, the seller may begin to send targeted emails about products and sales.

Yellow Pages

The Yellow Pages can be very effective advertising if your ads are well-placed in the directory's categories of services, and the name of your business is descriptive of your services and/or your ad stands out (for example, is bolded, in a large box on the page, etc.). The phone company will, for example, offer free advice about placing your ad in the Yellow Pages. They usually have special packages where you get a business phone line along with a certain number of ads.

Others

Other methods of advertising include direct mail, word of mouth or ads in the yellow pages. Direct mail involves the business sending advertising to your home that can include coupons, pamphlets or small items, such as refrigerator magnets. Word of mouth facilitates new business when a business provides a satisfactory service or product and the consumer tells his family, friends or co-workers. Some businesses will even offer something free or a discount for referring new customers.

According to Rao (2005), advertising can increase tangibility of service. This can be through increasing the number of tangible cues in an advertisement, by showing the process of the service in an advertisement, use of testimonials in advertisement i.e. current customers can tell about their experience with a service firm. It can reduce perishability of service by informing the purchase of high and low demand period- Advertising can either discourage use of peak times or encourage customers to shift their usage from high demand periods to low-demand time.

People are now looking for new types of advertising appeals that they can target. Many of the new-age advertising methods are a result of the advent of the Internet, while some of the trends are just novel ideas that have transformed mundane advertising media into brilliant and witty methods! E.Clow et al (2003), Rao (2005) and Kotler (2010) emphasized that, Internet advertising is a vast concept and it entails several sub-types, many of which have been only recently introduced, some of the methods are:-

Web Banner Advertising

If billboard advertising is used on roads, then a similar type called banner advertising is used on the web. Web banners are usually constructed using images, or JavaScript, or any other multimedia objects and animation. Web banners are usually linked to web pages that are related to the content on the existing website.

Bandwagon Advertising

This is a propaganda advertising technique, which aims at convincing the user that everyone else is using the products or everyone in the customer base, is in favor of the brand and so he must do so too. This compels the consumer to at least think about buying that product and check what everyone else is raving about and in turn 'jump on the bandwagon'. Bandwagon advertising is a strategy that is based on consumer psychology and hence, is an effective technique which can be used via any media.

Testimonials and Endorsements

An endorsement from a celebrity or a public figure is reason enough for certain customers to try a particular product. Such testimonials or endorsements are a great way to advertise particular products and services. Another evolved version of this being a new type called covert advertising, involves the use of brand names or actual products in movies or television shows in an indirect form of advertising.

Surrogate Advertising

Several national laws have banned the advertising of products like alcohol or cigarettes. Owing to this, many umbrella brands have come up with a technique which only promotes the umbrella brand name which of course, also reminds the consumer of the products that have been banned from advertising. For example, Kingfisher doesn't need to advertise its beer when the general brand name, also conferred to the aircraft, is being advertised publicly.

Pixel Advertising

Pixel advertising is a new type of Internet advertising in which the cost of an advertisement is calculated based on the number of pixels it occupies. This form of advertising originated in late 2005, when a British student Alex Tew came up with a website called The Million Dollar Homepage, where advertisers could buy advertising space at the rate of \$1 per pixel with a space limit of one million pixels. In addition to the space options provided by the hosting websites, there is also the option of using Do-it-Yourself (DIY) pixel scripts, which ensures that people who do not understand the intricacies of the pixel ads can incorporate the pixel ads in their website without any hassles. Some of the commonly used DIY pixel scripts are Million Pixel Script and the GPix Pixel Ad Script.

Contextual Advertising

Google AdSense was the first contextual advertising venture. Contextual advertising is a very specifically targeted form of Internet marketing in which the advertisements are selected by automated systems based on the content being viewed by a particular user. The automated system scans the text of a website for keywords and sends advertisements that match the content which the user is viewing. Many search engines also make use of contextual advertising for displaying ads on the search result pages, such that the ads match the things that the user is looking up on the web. After Google started this trend, there were many others like Yahoo! and Microsoft who followed suit.

Keyword Advertising

Commonly, keyword advertising is also known as pay per click advertising or cost per action advertising. Although Yahoo was the first company to venture into keyword advertising, it is Google Adwords program which is now most popular for its keyword advertising. Some of the popular search engines, which are into keyword advertising, include Yahoo! Search Marketing, Microsoft adCenter, Miva and LookSmart.

Blog Advertising

Owing to the tremendous popularity of blogs, advertisers have wisely used blogs as effective advertising and marketing tools. Corporate blogs are an excellent way for companies to reach out to their customer base on the Internet. Advertising blogs often make use of Search Engine Marketing techniques, which ensure better results on the web.

Bathroom Advertising

Bathroom advertising is nothing but placement of advertisements in public restrooms. A research was carried out, in which a test group of people visiting a restroom were asked whether they noticed the advertisements in there, and surprisingly, a major percentage of the group was seen to have a high retention of the advertisements. This led to the conclusion that people visiting the restroom are a good target audience. It is soon catching up as an effective advertising tool.

Mobile Advertising

As annoying as it might be for you to receive advertisements on your cell phone, it is now a fact that mobile advertising or cell phone advertising is one of the most effective ways of advertising. Most of the time, advertisers have a data of mobile numbers of their existing customer base as

well as a list of phone numbers of people who might be potential customers. A message on the mobile phone rarely goes unnoticed and hence, qualifies as an effective marketing or advertising tool!

Advertising has a special role in the marketing of financial services since financial services are generally intangible. Mortimer (2001) states that an important part of advertising is to make the service tangible in the mind of the consumer in order to reduce perceived risk and provide a clear idea of what the service comprises. Furthermore, it is important to advertise consistently, with a clear brand image, in order to achieve differentiation and encourage word-of-mouth communication.

According to Agegnehu and Ahmed (2007) and Geoff Lancaster and Lester Massingham (2011), advertising has three aims, which are:-

Informative Advertising:- figures heavily in the pioneering stage of a product category, where the objective is to build primary demand such as: Telling the market about a new product; Suggesting new uses for product; Informing the market of a price change; Explaining how the product works; Describing available services; Correcting false impressions; Reducing buyers' fears; Building a company image.

Persuasive Advertising:- it becomes important in the competitive stage, where a company's objective is to build selective demand for a particular brand. Some persuasive advertising has moved in to the category of comparative advertising, which seeks to establish the superiority of one brand through specific comparison of one or more attributes with one or more other brands in the product class.

Reminder Advertising:- it is important with mature products. Expensive four-color Coca Cola ads in magazines have the purpose not of informing or persuading but reminding people to purchase it.

Types of Advertising Objectives

The possible objectives for advertising may include the following:-

- **Build Awareness** – New products and new companies are often unknown to a market, which means initial promotional efforts must focus on establishing an identity. In this situation, the

marketer must focus promotion to: 1) effectively reach customers, and 2) tell the market who they are and what they have to offer.

- **Create Interest** – Moving a customer from awareness of a product to making a purchase can present a significant challenge. As we saw from our discussion of consumer and business buying behavior, customers must first recognize they have a need before they actively start to consider a purchase. The focus on creating messages that convince customers that a need exists has been the hallmark of marketing for a long time with promotional appeals targeted at basic human characteristics such as emotions, fears, sex, and humor.
- **Provide Information** – Some promotion is designed to assist customers in the search stage of the purchasing process. In some cases, such as when a product is so novel it creates a new category of product and has few competitors, the information is simply intended to explain what the product is and may not mention any competitors. In other situations, where the product competes in an existing market, informational promotion may be used to help with a product positioning strategy. Marketers may use promotional means, including direct comparisons with competitor's products, in an effort to get customers to mentally distinguish the marketer's product from those of competitors.
- **Stimulate Demand** – The right promotion can drive customers to make a purchase. In the case of products that a customer has not previously purchased or has not purchased in a long time, the promotional efforts may be directed at getting the customer to try the product. This is often seen on the Internet where software companies allow for free demonstrations or even free downloadable trials of their products. For products with an established customer-base, promotion can encourage customers to increase their purchasing by providing a reason to purchase products sooner or purchase in greater quantities than they normally do. For example, a pre-holiday newspaper advertisement may remind customers to stock up for the holiday by purchasing more than they typically purchase during non-holiday periods.
- **Reinforce the Brand** – Once a purchase is made, a marketer can use promotion to help build a strong relationship that can lead to the purchaser becoming a loyal customer. For instance, many retail stores now ask for a customer's email address so that follow-up emails containing additional product information or even an incentive to purchase other products from the retailer can be sent in order to strengthen the customer-marketer relationship.

Theoretical framework

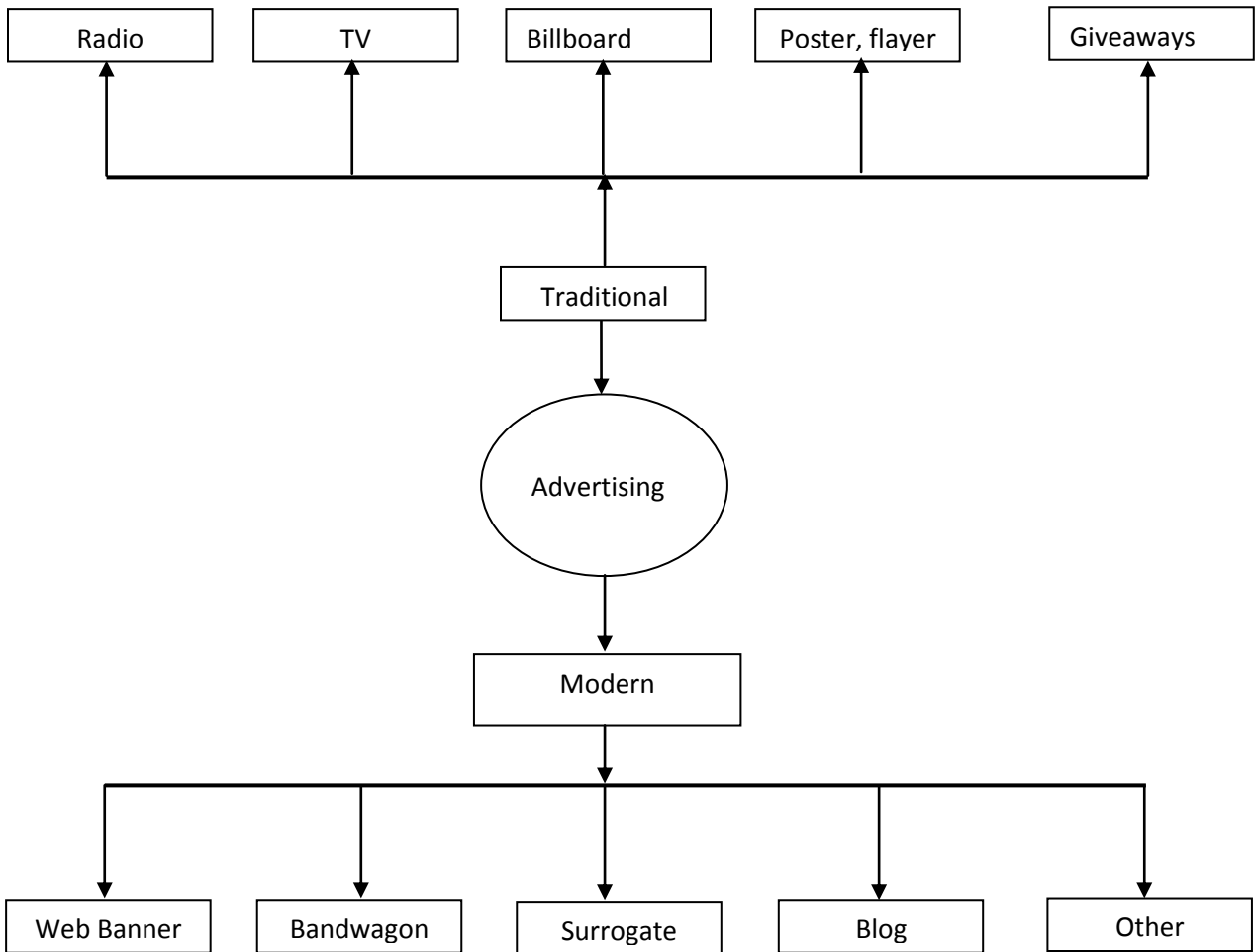


Figure 1:- Theoretical framework

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design/Purpose

According to Eriksson & Wiedersheim-Paule (2001), the purpose of a research can be exploratory, descriptive or explanatory depending on the nature of the problem. Research design is the plan and structure of investigation so conceived as to obtain answers to research questions. It indicates the steps that will be taken and in what sequence they occur.

Exploratory studies are useful when the aim of the research is to seek new insights into phenomena, to ask questions and to assess phenomena in a new light. Saunders et al (2003). Furthermore, it is useful for clarifying ambiguous problems. Usually, exploratory studies are an initial research conducted with the expectation that subsequent research will be required.

Descriptive studies are designed to describe characteristics of a population or a phenomenon. It seeks to determine the answer to questions asking; who, what, when, where and how. Furthermore, descriptive studies are, unlike exploratory research, based on some previous understanding of the nature of the problem. According to Wallen (1996), descriptive research is suitable when the problem is clearly structured but the intentions are not to establish connections between cause and symptom.

Explanatory studies are, according to Saunders et al (2003), studies with the emphasis to study a situation or a problem in order to explain the cause and affect relationship between given variables. In order to accomplish that, well-defined research problems has to be done and hypotheses need to be stated. Explanatory research is mostly used within areas where extensive research has already been done. Wallen (1996).

As the main objective of this study is assessing or getting detailed information about the advertising practices of Awash International Bank, more focused on expected problems which are identified through preliminary interview, the researcher will use descriptive research method.

3.2 Population and Sampling Techniques

Sampling is the act, process, or technique of selecting a suitable section, or a representative part of a population for the purpose of determining parameters or characteristics of the whole population. Lagares and Puerto (2001).

At the end of September 30, 2014, Awash Bank had 155 branches, of which 90 are in Addis Ababa and the rest are outside of Addis Ababa. As it is difficult to access branches located outside Addis Ababa, the researcher focused on Addis Ababa branches through random sampling method. Not to disrupt their business, the Bank allowed the researcher to conduct same only in 20 branches with only 20 questionnaires in each branch. The researcher will, thus, focus on 20 branches, of which 400 respondents will be taken as a total population. Moreover, all Promotion and PR Division staff, which account 7, of Awash International Bank will be interviewed.

3.3. Types of Data and Tools/Instruments of Data Collection

The researcher will use both primary and secondary data. In order to gather the data from relevant sources, both primary and secondary data collection instruments will be used. The primary data will be collected in the form of personal interviews with Promotion and PR Division Manager as well as internal staff. Open and close ended questionnaires will be distributed to selected customers. On the part of secondary data, written documents on corporate strategies, marketing strategies, different reference books, journal articles, web sites, policies, procedures, and document reports from the Bank will be referred to.

3.4. Procedures of Data Collection

As the Bank couldn't allow the researcher to collect the data by own, the researcher will give questionnaires to selected 20 Branch Managers, then collect same afterwards. The interview questions will be given to selected staff before the research is conducted. The interview will be conducted based on staffs' years of experience in the above-mentioned division.

3.5. Methods of Data Analysis

In order to make the collected data intelligible and interpretable, it needs a further action of analysis, interpretation and presentation. Hence, after compiling filled in questionnaire by respondents and finishing interviewing the relevant/sample persons from Awash International Bank, the next step will be editing, coding, cleaning and checking the reliability of the collected data. After collecting the primary and secondary data, through the above collecting methods, the researcher will come up with general inference. Based on the type of data collected, both qualitative and quantitative data analysis methods will be used. The row data will be analyzed by using different descriptive method like tables, graphs and percentages. The qualitative data, obtained from interview and open ended questions will be analyzed by employing qualitative data analysis mechanisms which is more of explanatory techniques.

