



**ST. MARY'S UNIVERSITY**

**SCHOOL OF GRADUATE STUDIES**

**THE EFFECT OF PROMOTION STRATEGIES ON PERFORMANCE OF  
THE BANKING INDUSTRY: THE CASE OF BERHAN INTERNATIONAL  
BANK S.C**

**BY: EMEBET MOHAMMED ALI**

**JANUARY, 2018**

**ADDIS ABABA, ETHIOPIA**

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**SUPERVISED BY: GETE ANDUALEM (PHD)**

**A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY, SCHOOL OF  
GRADUATE STUDIES IN PARTIAL FULFILLMENT OF THE  
REQUIRMENTS FOR THE DEGREE OF MASTER OF MARKETING  
MANAGEMENT**

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**APPROVED BY BOARD OF EXAMINERS**

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## **DECLARATION**

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Dr. Gete Andualem. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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## **ENDORSEMENT**

This thesis has been submitted to St. Mary's University, School of Graduate Studies for Examination with my approval as a university advisor.

Dr. Getie Andualem

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## **List of Acronyms**

|              |  |
|--------------|--|
| <b>NBE</b>   | National Bank of Ethiopia              |
| <b>SPSS</b>  | Statistical Package for Social Science |
| <b>ANOVA</b> | Analysis of Variance                   |
| <b>Int.</b>  | International                          |
| <b>S.C.</b>  | Share Company                          |

## **Abstract**

*In this competitive industry, setting an effective and efficient promotion strategy has a great impact on the overall performance of an organization. Therefore this study is aimed to explain the effect of the promotion strategy (by considering the five promotion mixes which are, advertising, personal selling, sales promotion, public relation and direct marketing) on performance, by taking a case of Berhan Int. Bank S.C. A conceptual frame work was used as a guidance to test the relationship between the promotion dimensions consisted in the promotion strategies and the performance. A quantitative approach is used in the research. Questionnaire is designed and distributed to the total sample size of 291 employees of Berhan Int. bank in randomly selected branches to collect a primary data and 5 structured interview questions was prepared to collect information from the managements of marketing and business development department of the bank. The SPSS Version 24 software were used to analyzes the data collected through questionnaire and interview responses also used in the analysis to narrate with tabulated research questions. The finding showed that personal selling and advertisement of Berhan Int. Bank have a significant positive effect on performance. However, the remaining three independent variables such as sales promotion, public relations and direct marketing have a positive but insignificant effect on the performance of Berhan Int. Bank. Therefore, it is essential for the bank to pay more attention for the promotion mix elements, advertisement and personal selling by considering their significant effect on performance. And the bank also should reconsider the sales promotion, public relation and direct marketing activities in its strategy since the study results insignificant contribution in influencing the performance of the bank.*

**Key Words:** *Promotion Strategies, Promotional mix elements, Bank Performance*

# CHAPTER ONE

## INTRODUCTION

This chapter describes an introduction of the study. It presents the background of the study, background of the organization, statement of the problem, research questions, objectives of the study, hypothesis of the study, definition of terms, significance of the study, delimitation or scope of the study and organization of the project.

### 1.1 Background of the Study

Any institution comes into existence in order to provide a product/service to the market or community that could be for profit or not. Whether the institution is a business for profit or not, it requires to communicate what it is providing for. Imagine, the institution has an Excellent Product, Best Price and Located in convenient location but as long as it could not be able to communicate what it has almost no user or consumer would be affiliated to the institution's product. Hence, as many institutions do care about other mixes of marketing, they should also give proper emphasis to the Promotion Mix.

Service is any activity or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may not be tied to a physical product. An example includes Banking, Hotel, Airline, Library and Home repair service, Armstrong and Kotler (2003).

Per the definition provided above, financial services are classified under service product and a service has additional three marketing mix elements than the goods product. These elements are People, Physical Evidence and Process. Hence, effective promotion of financial service is crucial and should incorporate and consider all the seven marketing mix elements. Specially, the fact services' had distinctive feature of being intangible, Inseparable/perishable, Heterogeneous, Fiduciary Responsibility and the Long-term nature and uncertainty of products and specific to all banks offer of similar products makes promotion in banking becomes difficult. Median (1996). A promotion that takes in to consideration all the marketing mixes of promotion shall be conducted and addressed to the audience. These audiences, primarily refers to the prospective and actual customers and may additionally address to other stakeholders. Customers may be individuals,

households or organizations are increasingly aware of alternative on offer, in relation to products or services and providing organizations and rising standards of service. Consequently, expectations rise and customers become more critical of service received, so companies can never be complacent. Kotler (1989). Bank services are seldom unique and they are easy for competitors to copy.

Marquardt (1994). Additionally, many people cannot make a distinction between different banks' services, and they are often not aware of the wide range of different financial services available. Median (1996). Same fact is applicable in the Ethiopian banking sector too. Till recently, the banking sector in Ethiopia remains dormant to the shift of business paradigm from product/service-centric to customer-centric. The dominance of public banks before the liberalization of the economy in the 1990`s hinders the development of the private sector and the associated sense of competitiveness in the market that would have benefit the customers and the growth of the banks therein.

Therefore, the purpose of this study is to help Berhan International Bank S.C to identify the effect of promotion strategy on its performance. Because it is important to understand, examine and identify what kind of promotional method should be chosen from pool of various promotional techniques when they plan and implement a promotion activity towards the performance of the company.

## **1.2 Background of Berhan International Bank S.C**

Currently, there are around 18 commercial banks in Ethiopia; Since Construction and Business Bank merge with Commercial Bank of Ethiopia, two of those commercial banks are government owned and the rests are private banks. ([www.nbe.gov.et](http://www.nbe.gov.et)).

Berhan International Bank S.C. is a private Share Company, established by more than 6,700 shareholders, with a paid-up capital of Birr 95 million and approved capital of Birr 300 million. The Bank obtained a banking services license from the National Bank of Ethiopia in accordance with the Commercial Code of Ethiopia of 1960 and the Licensing and Supervision of Banking Business Proclamation No. 84/1994 and officially inaugurated for public services on October 10, 2009. As of June 2016, the paid-up and total capital of the bank has reached Birr 730.6 million and Birr 1.1 billion respectively. (Annual Report of 2015/16).

Berhan International Bank S.C. one of the fast growing private banks in our country delivering local and international banking services through 145 branches recently. (Internal Source). The bank has built itself into a progressive and modern banking institution, endowed with a strong financial structure and strong management with skillful and motivated employees, as well as a large and ever-increasing customer and correspondent base.

Since establishment of the bank, a department called Marketing and Business Development has been performing all duties with respect to marketing and business developments. This department, as part of marketing, also does promotion. Marketing, promotion and Business Development Strategy of the bank encompass digital advertising, transit advertising, sponsorships and events management, sales promotion activities etc. It is, therefore, the Berhan Int. Bank strategic plan to create a set of organizational goals of a bank in its marketing and corporate communications activities. The strategic document plan of the bank covers marketing as an umbrella and then Promotion, Branding Business Development respectively. Literature evidence that effective promotion leads to creating long lasting relationships with customers and which in turn secures the aim of business institutions.

### **1.3 Statement of the Problem**

All private banks in Ethiopia make an effort to get the maximum market share in the industry and all use different mechanisms to build brand identity such as diversify their products and services, develop the existing bank services, promote through different promotional mixes.

Let alone in Ethiopia, even in other advanced countries the promotion of financial services is an understudied area. Much of the bank marketing literature has concentrated on marketing theory more than promotion practice. Unfortunately, the issues of marketing are becoming more complicated as internationalization of financial services continues to increase. Miller and Straughan (2000). Effective promotion of financial services is crucial since services are intangible products, and it is hard to stand out, considering the fact that all banks offer similar products Median (1996). In order to surpass the identical feature of the financial service and get a better market share, sales volume and ultimately Profit, effective promotion is required. Failing to have proper promotion strategy which incorporates segmenting, targeting, positioning and integrated promotion mix elements entails various adverse effects on the institution's



performance. Hence, this study is considered as an attempt to assess Berhan Int. Bank SC's Promotion Strategy and its effects on the performance of the bank.

#### 1.4 Basic Research Questions

In view of the problems, the central question of this study is what is the effect of promotion strategy on the performance of Berhan Int. Bank? Specifically, the following sub questions are raised:

- ✓ How dose Advertising has an effect on performance of Berhan Int. Bank?
- ✓ To what extent personal selling has an effect on performance of Berhan Int. Bank?
- ✓ How dose sales promotion has an effect on performance of Berhan Int. Bank?
- ✓ How public relations does an effect on performance of Berhan Int. Bank?
- ✓ To what extent direct marketing has an effect on performance of Berhan Int. Bank?

#### 1.5 Objectives of the Study

The general and specific objectives of the study are presented as follows:

##### 1.5.1 General objective

The general objective of this research paper is to assess the effect of promotion strategy on performance of Berhan Int. Bank.

##### 1.5.2 Specific Objectives

The specific objectives of the study are to:

- ✓ To investigate the significant of advertisement on the performance of Berhan Int. Bank.
- ✓ To examine the effect of personal selling on the performance of Berhan Int. Bank.
- ✓ To investigate the level of contribution of sales promotion on the performance of Berhan Int. Bank
- ✓ To examine the significance of public relations on the performance of Berhan Int. Bank.
- ✓ To determine the effect of direct marketing on the performance of Berhan Int. Bank.

#### 1.6 Hypothesis of the Study

This study will test the following hypothesis,

**H<sub>0</sub> 1:** Advertisement does not have a significant effect on performance of Berhan Int. Bank.

**H<sub>0</sub> 2:** Personal Selling does not have a significant effect on performance of Berhan Int. Bank.

**H<sub>0</sub> 3:** Sales Promotion does not have a significant effect on performance of Berhan Int. Bank

**H<sub>0</sub> 4:** Public relation does not have a significant effect on performance of Berhan Int. Bank

**H<sub>0</sub> 5:** Direct marketing does not have a significant effect on performance of Berhan Int. Bank

### **1.7 Significant of the Study**

This study has a great advantage for different parties. More specifically, the study compliments at least the following:

- ✓ This study is useful for the researcher to add knowledge regarding research development.
- ✓ The study is useful for the under studied organization to consider the least variables while formulating a promotion strategy and also for further improvement.
- ✓ This study serves as a preliminary basis for other researchers' for further studies of the bank or other related sectors too.

### **1.8 Delimitation of the Study**

Primarily the study is concerned with the effect of promotion strategy on performance of Berhan Int. Bank. Promotion mixes such as advertising, personal selling, sales promotion, direct marketing and public relations are used as an independent variable and performance used as a dependent variable. The paper is focused on Berhan Int. Bank. However, there is no comparison made with others within the same industry. Therefore the result of this study cannot be generalized to other industry. In addition, the sample frame was delimited to few branches which are located in Addis Ababa. Despite discovering the whole variables which had effect on performance of Berhan Int. Bank, this study delimited to the Promotion only.

### **1.9 Organization of the Study**

The research paper organized into five chapters. The first chapter deals with introductory part of the paper which contains Background of the study, Background of the organization, Statement of the problem, Research question, Objectives of the study, Research Hypothesis, Definition of terms, Significance of the study ,Delimitation and Organization of the paper. The second chapter reviews literatures related to the study. In this chapter various Theoretical concepts and

Empirical review that relates with promotion mix and performance issues were discussed and Conceptual framework were also depicted. The third chapter described the Methodology employed in this study, including Research Design, Sampling Technique, the sources of the data, the data collection tools employed, and the methods of data analysis used. Results, analysis of collected data, interpretations of the analyzed data were presented in the fourth chapter. And finally, the fifth chapter was presents summaries of major findings, the conclusions and the possible recommendations.

## CHAPTER TWO

### RELATED LITERATURE REVIEW

#### 2. Introduction

The primary purpose of this chapter is to get the theoretical and empirical understanding of the concept of promotion strategy and performance. First, it will discuss the marketing strategies and corporate strategy development methods. And also the definitions given by different scholars on the term promotion, promotion mix and performance of an organization in the theoretical review part of the literature review. Second, the literature review examined empirical studies on promotion towards performance. Finally, the research model were introduced in order to give a clear idea about the research area.

#### 2.1 Theoretical Review of the Study

##### 2.1.1 Definition of Terms

###### I. Conceptual definition

- ✓ **Promotion Mix** –is a blend of methods used by the bank to deliver banks, brand and product messages to target customers;
- ✓ **Advertising:** is defined as any non – personal communication means of ideas or products by using mass communications media such as television, newspapers, magazines, cinema, radio etc. And is implemented through a specific sponsor, for a fee paid to influence consumer behavior. Kotler and Keller. (2006).
- ✓ **Personal selling:** is defined as a verbal communication and face to face interaction with one or more of the potential buyers in order to provide the product or service, or to answer questions, or to respond to requests or others. McCarthy and Perrault. (2004).
- ✓ **Sales Promotion:** is defined as any marketing or non-marketing effort or activity in which marketing or non-marketing means are used at a particular time to stimulate increased demand or to prove the availability of the product. Obydat. (2004).
- ✓ **Public Relations:** defined as a form of communication management that seeks to influence the image of an organization and its products and service. Public relations usually focus on communicating positive aspect of the business. Fiske and Hartley. (1980).

- ✓ **Direct Marketing:** is an interactive system of marketing, using one or more advertising media to achieve measurable response anywhere, forming a basis for creating and further developing an ongoing direct relationship between an organization and its customers, to be able to create and sustain quality relationship with sometimes hundreds or even thousands of individual customers. Brassington and Pettit. (2000).

## II. Operational definition

Product- refers to services provided by the bank.

### 2.1.2 Marketing Strategies

It is a general thought that organizations in financial service sector have been slow to adopt a strategic approach to their marketing activities. For a long time, the marketing of financial services was largely concerned with how best to advertise and sell an existing set of products in a given market; indeed, many people think that this is what marketing is all about. However, there is more to marketing. A strategic approach to marketing in the financial services sector needs to concern itself with understanding consumers and deciding how best to respond to their needs. It must also focus attention on the competition and try to identify how to outperform key competitors. Ennew and Waite. (2007).

The adoption and implementation of a strategic approach to marketing had impact positively on organizational performance. An understanding of customer and competitors would enable an organization to deliver superior customer value to the market. In turn, superior customer value would facilitate both customer acquisition and customer retention. Successfully growing new business and keeping existing customers would have a positive impact on organizational performance. Ennew and Waite. (2007).

In accordance to Doyle. (2000). Investment in strategic marketing, in order to increase revenues, is a far more effective way of improving shareholder value than trying to reduce costs. The degree to which costs could be reduced is limited and, while cost control would be important, the best opportunities for enhancing financial performance arise from growing the volume and/or the value of sales. Strategic marketing is essential to revenue growth because it focuses the organization on customers, competitors and the challenges of a constantly changing marketplace. Central to Doyle's view is the argument that marketing expenditure

should be viewed as an investment (rather than an annual cost) and its impact monitored over a longer time period. Investment in activities such as brand-building, establishing new distribution networks or moving into new markets are all long-term activities. Their initial impact on sales may actually be quite limited; their longer-term impact could be quite considerable.

Within any financial services provider, strategies develop at several levels. A corporate strategy is concerned with the overall development of the business and would include specific strategies for different areas (e.g. an IT strategy, a human resource strategy, a marketing strategy). The marketing strategy focuses specifically on the organization's activities in relation to its markets.

Delivering superior value to customers lies at the heart of strategic marketing and the development of a competitive marketing strategy. The notion of 'superior value' highlights the importance of outperforming the competition. Indeed, when talking more broadly about competitive strategy, Porter (2002) notes that: Competitive strategy is about being different. It means deliberately choosing a different set of activities to deliver a unique mix of value.

It is recalled that in order to conduct any marketing as well as promotion, a firm should have a specific strategy in line with its product/service at corporate level and then all other business units of the firm shall cascade their specific strategy. This corporate level strategy could either be of the types stated below and after selection of one, the market segmentation, targeting and positions follows. Then after, the promotion shall be tuned in accordance with the selected and targeted customers in order to position the brand.

### **2.1.3 Corporate Strategy Development Methods**

According to Ennew and Waite (2007), strategies can be developed through either or application of more than one of the following tools of strategy development

**A. Growth Strategy:** as indicated by Ennew and Waite (2007), this strategy consists of four options, Market Penetration, Market Development, Product Development and Diversification. Each strategy demands different scenario to be applied for.

**B. The Product Portfolio:** it considers Matrix (the BCG and GE) and the Product Life Cycle. Best (2005), stated that the BCG matrix is potentially useful, but its recommendations must be interpreted with care. In particular, it is important to recognize that it focuses

only on one aspect of the organization (market share) and one aspect of the market (sales growth). The GE matrix works on similar principles, but concentrates more generally on trying to measure the attractiveness of the market (rather than just measuring market growth) and competitive strength (rather than just market share). This means that the GE matrix gives a broader picture of the strengths and weaknesses of the product portfolio, although it is often more difficult to construct, suggests using the GE matrix to guide the choice of offensive versus defensive strategies. In line with the product life cycle tool of strategy development it is essential not to think only of a product's position in the lifecycle. As Hooley (1995), has shown, strategy and performance may be driven as much by market position (specifically, market share) as by lifecycle stage.

**C. Competitive Advantage:** Porter (2002), explicitly discusses and known for its five force model and accordingly, on the basis of the forces, Porter (2002), suggests for Cost Leadership, Differentiation or Niche Marketing strategies. Traditionally, banks have tried to reach out everyone in the community, but recent researcher proposes that banks should aim to identify and serve micro-segments/Niche marketing/ Dawes & Brown (2000). The role of promotion has been redefined in to managing long-term relationship with carefully selected customers, including construction of a learning relationship where the marketer maintains a dialogue with an individual customer Dawes & Brown (2000).

In addition, Jagersma P.K. (2003), argues for focused strategy stating the fact that most banks are still focused on professionalizing their basic product-tailoring and their customer classification skills. Their aim is to become excellent sellers of excellent financial products and services. Most banks are product-oriented instead of customer-oriented: they focus on their own needs, the needs of the seller. Thus, banks have to develop focused strategies to identify, segment and exploit customer needs that could offer promising potential. Formulating such strategies is a tough job, implementing them may be even tougher. Implementing a focused strategy means choosing between different alternatives that are often all attractive.

Hence, after developing a given strategy, a customer which is compatible and embraced in the strategy has to be identified (Segmentation), Targeted and finally the brand should be positioned.

## **I. Segmentation**

The process of segmentation, targeting and positioning is central to effective strategic marketing. Segmentation is concerned with the process of identifying different groups of customers who are similar in ways that are relevant to marketing. In order to segment a market, it is important to understand who customers are, why they behave in particular ways and how they may be grouped together. Targeting decisions can then be made based on the range of identified segments. In order to choose the most appropriate target markets, it is necessary to understand what different segments want and the extent to which the organization can supply those wants. Finally, having identified target markets, the organization must then consider how to position itself in those markets. Positioning refers to the way in which an organization tries to communicate its value proposition to its target market in order to convince customers that it has a distinct offer. In effect, positioning is about the way in which the organization tries to build and communicate its competitive advantage.

Meidan (1996), states that financial services are thought to be similar and this entails the disregard of segmentation due to the homogeneous nature of products. However, Ennew and Waite (2007) argue that traditionally, banks have treated the personal banking market as homogenous and provided a single standard current account to all customers. Increasingly, however, there is recognition that customers do have differing banking needs and that there is still the potential to develop specific products for specific segments. These, specific products for specific segments, benefits both the service provider and receiver. Hence, despite Median (1996) proposition that financial services are homogeneous, Ennew and Waite (2007) argument outweighs need for segmentation and they state that segmentation benefits as it facilitates efficient resource utilization, effective targeting of customers, facilitate competitive advantage, directs the marketing mix and enhance customer satisfaction. In order to benefit all or most of the above mentioned benefits, the segmentation should be, measurable, profitable, accessible and also be relevant. According to Kotler (2000) and Ennew & Waite (2007), segmentation can be done in any of the following basis;



Table 1: Basis of Segmentation

| 1. Demographic           | 2.Socio-economic      | 3. Geographic         | 4. Psychographic   |
|--------------------------|-----------------------|-----------------------|--------------------|
| ✓ age                    | ✓ income              | ✓ country of domicile | ✓ attitudes        |
| ✓ gender                 | ✓ financial assets    | ✓ region or locality  | ✓ lifestyle        |
| ✓ family relationship    | ✓ social class        | ✓ metropolitan        | ✓ choices          |
| ✓ ethnic group           | ✓ occupational status | ✓ urban Vs. rural     | ✓ beliefs          |
| ✓ religious affiliations |                       |                       | ✓ motives          |
| ✓ life stage             |                       |                       | ✓ Personality type |
| ✓ educational attainment |                       |                       |                    |

*Source: Kotler (2000) and Ennew & Waite (2007)*

Ennew and Waite (2007), explicitly deal the Life Stage basis of segmentation, among the demographic elements, as it is not dealt in depth yet.

Basically, there is no single basis of segmentation method identified to financial/banking services and so, each segmentation tool should be adopted in accordance with its specific relevance to the institution/bank.

## II. Targeting

After a given market is segmented, one or more than one various homogeneous segments shall be targeted. The targeting can be done in any of the following methods suggested by Ennew and Waite (2007).

- **Undifferentiated** – serves an entire marketplace with a single marketing mix which does not distinguish between sub-segments of the market.
- **Differentiated** – an aggregate marketplace, such as banking, is organized into a number of segments, each of which is targeted with a tailored marketing mix.
- **Focused** – a choice is made to target a small subset of the segments of a multi-segment marketplace with a single marketing mix that best suits the needs of that segment.

Focused targeting incorporates the following;

**1. Single segment concentration.** In this approach, the organization concentrates only on a single segment in the market and supplies products tailored specifically to the needs of those customer groups. This approach is often described as niche marketing. It is potentially highly profitable, because the organization focuses all its efforts on a particular segment of the market where it has a strong differential advantage. At the same time there are risks associated with this approach, because if the segments were to disappear or a new competitor enters in to the market, the organization could be vulnerable to a significant loss of business. The general insurer Hiscox focuses on high net-worth clients, whereas the Ecclesiastical Insurance Company focuses upon providing general insurance to churches and allied organizations. End sleigh Insurance has carved out a niche for itself by focusing on the student segment.

**2. Selective specialization.** Selective specialization is another type of niche marketing. However, rather than concentrating only on one segment the organization chooses to operate in several (possibly unrelated) segments. This approach targeting is less focused than single segment specialization, but probably less risky.

**3. Product specialization.** Most markets can be seen as comprising a number of different customer groups and a number of different but related products. The organization 158 Financial Services Marketing that concentrates on supplying a particular product type to a range of customer groups is pursuing a product specialization strategy. This approach to market targeting may be particularly appropriate to organizations with particular strengths or knowledge in relation to a given technology or product. Thus, Al Baraka Islamic Bank in Bahrain, Bank Islam in Malaysia and the Islamic Bank of Britain can be seen to be pursuing a product specialization strategy by offering Islamic financial services (a particular product type) to a range of different customer groups (segments) which range from retail customers needing very simple banking products through to businesses requiring very complex financing arrangements.

**4. Market specialization.** This approach is the opposite of product specialization. Rather than concentrating on a particular product, the organization chooses to specialize in meeting the needs of a particular customer group. This strategy may be most suitable where knowledge of the customer group's particular needs is a particularly important basis for establishing a competitive

advantage. Private Banks pursue this type of approach in relation to high net-worth individuals – they seek to provide a range of different financial products to meet the needs of the high net-worth customers.

- Customized – each individual that comprises the target market is the subject of a marketing mix that is tailored in some way to the individual’s specific needs. Any of the above mentioned targeting methods can be applied to the banking services but what matters is the context and state of the bank as well as the market/customer.

#### **2.1.4 What is Promotion?**

Generally, marketing consists of four elements, Product, Pricing, Placing and Promotion. When we are referring to service marketing it adds three more elements. In relation to this study’s subject matter, it is not enough for a business to have good products sold at attractive prices. To generate sales and profits, the benefits of products have to be communicated to customers. In marketing, this is commonly known as “Promotion”. Promotion is all about companies communicating with customers. And whether in a goods or service products, promotion still exists in any marketing mix. Then what is promotion?

Promotion is the direct way an organization tries to reach its public. This is performed through the five elements of the promotion mix including advertising, sales promotion, Personal selling, Public Relations and the direct marketing. (International journal of business, Humanities and Technology, Vol.2 No.5; August 2012).

In short and precise manner, a promotion is defined as,

It is a marketing function concerned with persuasively communicating to target audiences about the component of the marketing program in order to facilitate and exchange between the marketer and the consumer and to help satisfy the objectives of both.

- ✓ Promotion is primarily concerned with persuasive communication. That is, promotion involves an attempt to persuade the target audience to embrace a new attitude or to engage in a new behavior. Hall Mark wants the purchaser to think of its cards “when you care enough to send the very best.”

- ✓ The second concept in promotion is target audiences. For example, the target market for Diet Coke consists of all consumers who are diet conscious.
- ✓ The third component of the definition is that promotion is goal directed. For the marketer, the objectives of promotion are to create brand awareness, to deliver information, to educate, and to advance a positive image towards increasing the overall performance of the organization.

The aforementioned definitions refers to the general promotion with respect to both goods and services.

### **2.1.5 Promotion Mix**

A business' total marketing communications program is called the "Promotional Mix" and consists of a blend of advertising, personal selling, sales promotion, public relation and direct marketing tools. In this part, the seven promotional mix elements shall be discussed and the 1st four elements shall be discussed along with advantages and disadvantages.

- ❖ **Personal Selling:** - according to Ennew and Waite (2007), personal selling is an effective way to manage personal customer relationships. The sales person acts on behalf of the organization. They tend to be well trained in the approaches and techniques of personal selling. However sales people are very expensive and should only be used where there is a genuine return on investment. In addition, due to its expensiveness the bank should only/may apply personal selling in order to approach and grasp potential customers who had the ability to attract others through word-of-mouth and the like means. For example salesman are often used to sell cars or home improvements where other service products where the margin is high.
- ❖ **Sales Promotion:** - Kotler (2000) states that sales promotion tends to be thought as being different than other all promotions, apart from advertising, personal selling and public relations. For example Buy One Get One Free. Others include couponing, money-off promotions, competition, free accessories (Such as free blades with new razors), introductory offers (Such as buying digital TV and get free installation), and so on. Each sales promotion should be carefully casted and compared with the next best alternative.
- ❖ **Public Relation (PR):** - the Institute of Public Relation defines it as 'the deliberate, planned and sustained effort to establish and maintain mutual understanding between an

organization and its publics'. It is relatively cheap, but certainly not cheap. Successful strategies tend to be long term and plan for all eventualities. All airlines exploit Public Relation; just watch what happens when there is a disaster. The pre-planned PR machine clicks very quickly with a very effective rehearsed plan.

- ❖ Advertising: - Advertising is a 'Paid form' of communication. It is used to develop attitudes, create awareness and transmit information in order to gain a response from the target market, Armstrong and Kotler (2003). There are many advertising 'media' such as newspapers (local, national, free trade), magazine and journals, television (Local, national, Terrestrial, Satellite) cinema, outdoor advertising (Such as posters, Billboards bus sides).
- ❖ Direct Mail: - Williams and Weiner (1990) states that direct mail is very highly focused means of marketing especially up on targeting consumers based upon a database. As with all marketing, the potential consumer is 'defined' based upon a series of attributes and similarities. Creative agencies work with marketers to design a highly focused communication in the form of a mailing. The mail is sent out to the potential consumers and responses are carefully monitored. For example, if you are making medical text books, you would use a database of doctors' surgeon as the basis of your mail shot.
- ❖ Trade Fairs and Exhibitions: - Broom, Casey, and Ritchey (1997), argue that such approaches are very good for making new contacts and renewing old ones. Companies will seldom sell much at such events. The purpose is to increase awareness and to encourage trial. They offer the opportunity for companies to meet with both the trade and the consumer.
- ❖ Sponsorship: - sponsorship is where an organization pays to be associated with a particular event, or cause. Companies will sponsor sports events such as the Olympic. The attributes of the event are then associated with the sponsoring organization, Chang and Chen (1998).

### **2.1.6 Promotion in Financial Sector**

The general promotion mix contains about seven elements, however all are not applicable to the financial service sector (banking) and the following five are the promotion mix elements (advertisement, personal selling, sales promotion, public relations and direct marketing) which are relatively appropriate to the banking sector.

Promotion is one of the ways by which an organization tries to reach its publics. This is performed through the five elements of the promotion mix, Advertising, Sales Promotion, Personal Selling, Public Relation and Direct marketing. Czinkota & Ronkainen (2004). With the growing importance of the financial sector, pressures are escalating for more effective marketing management of the financial services. In spite of the major changes on the market of financial institutions, there are indications that banks have not yet successfully embraced the marketing philosophy or achieved levels of its implementation consistent with satisfied customers. Financial institutions are realizing that their established promotion practices are inadequate for new market conditions as level of customer defection in the sector grow. Traditionally, banks have tried to reach out to everyone in the community, but recent research proposes that banks should aim to identify and serve micro-segments. Dawes & Brown (2000).

The role of promotion has been redefined into managing long-term relationships with carefully selected customers, including construction of a learning relationship where the marketer maintains a dialogue with an individual customer. Dawes & Brown (2000). Due to the high dependency of service on the personnel who provides the services, they are one of the most decisive resources of a bank. Their competence will determine the quality of the bank and how well it operates. Marquardit (1994).

Table 2: Promotion Mixes Advantage and Disadvantage

| Mix Element             | Advantages   | Disadvantages   |
|-------------------------|--|---|
| <b>Advertising</b>      | <ul style="list-style-type: none"> <li>✓ Good for building awareness</li> <li>✓ Effective at reaching a wide audience</li> <li>✓ Repetition of main brand and product positioning helps build customer trust</li> </ul>  | <ul style="list-style-type: none"> <li>✓ Impersonal cannot answer all a customer's questions</li> <li>✓ Not good at getting customers to make a final purchasing decision</li> </ul>              |
| <b>Personal Selling</b> | <ul style="list-style-type: none"> <li>✓ Highly interactive: - lots of communication between the buyer and seller</li> <li>✓ Excellent for communicating complex/ detailed product information and features</li> <li>✓ Relationships can be built up: important if closing the sale make take a long time</li> </ul> | <ul style="list-style-type: none"> <li>✓ Costly: employing a sales force has many hidden costs in addition to wages</li> <li>✓ Not suitable if there are thousands of important buyers</li> </ul> |
| <b>Sales Promotion</b>  | <ul style="list-style-type: none"> <li>✓ Can stimulate quick increase in sales by targeting promotional incentives on particular products.</li> <li>✓ Good short term tactical tool</li> </ul>   | <ul style="list-style-type: none"> <li>✓ If used over long term, customers may get used to the effect</li> <li>✓ Too much promotion may damage the brand image</li> </ul>                         |
| <b>Public Relation</b>  | <ul style="list-style-type: none"> <li>✓ Often seen as more "credible" since the message seems to be coming from a third party (Eg.TV)</li> <li>✓ Cheap way of reaching many customers, if the publicity is achieved through the right media</li> </ul>  | <ul style="list-style-type: none"> <li>✓ Risk of losing control: it cannot always control what other people write or say about your product</li> </ul>  |

*Source: Kotler (2000).*

### **2.1.7 Performance of financial Sectors**

In recent years, greater competition in banking industry has been derived by globalization. The growing diversity of customers' demands and technology changes are expected to have a great impact in order to retain and attract potential customer and investors in to the banking industry. Bobby Boon-Hui Chain (2015). As a result of the tough competition the financial institutions should have to set an effective promotion strategy to take a comparative advantage over other competitors.

Depending on the report of European Central Bank in 2010, bank performance analyses in terms of its capacity to generate sustainable profitability. Profitability is a bank's first line of defense against unexpected losses, as it strengthens its capital position and improves future profitability through the investment of retained earnings.

### **2.2 Empirical Review**

Previous studies have identified in the context of the effect of promotion strategy on performance of an organization. The empirical review presents a comprehensive summary of studies in to promotion with performance of financial institutions. The model developed in the context of one country may not be applicable in other countries as the institutional, economic and socio-cultural factors may different from region to region or from one sector to another within the same region. Besides to this, there is a gap in the research into the effect of promotion strategy on the performance with respect to financial institutions in Ethiopia. This research will contribute to existing knowledge by examining the effect of promotion strategy on the performance of Berhan Int. Bank.

Mittal (2008) notes that promotional strategies adopted by public and private banks in India found out that public sector banks do not go for innovative strategies of promotion, however they go for interactive marketing through internet but that is not promoted so much like private sector banks. Another study by Grankvist (2004), observe that promotional strategies for banking service in Estonia uses all parts of the promotion mix to some extent for promotion of banking services. The study recommended that managers who wish to conduct promotion in Estonia



should focus on personal selling, since it is the most important tool and involves establishment of relationships with individual customers.

According to Kristian (2006), promotional strategies should be designed as per the nature of service to be promoted but does not explain how strategies influence performance of a firm. Arshadi & Lawrence (1987) and Revell (1980) have concentrated on measuring business performance but failed to establish how promotional strategies influence performance.

To understand how banks formulate strategies and its implementation in banking service to be effective in its operation, one must examine banking as service industry. In the content of a swiftly changing environment, redefine marketing strategies to suit a banker's needs, analyze how the marketing of financial service differs from that of other products, identify the tasks involved there in and set forth a service of steps for effective bank marketing. In the process of this, a number of research articles were presented and some of the related information is presented in the following paragraphs: Direct marketing is also suggested to reduce waiting time exponentially and enhance customer satisfaction. Erratic behavior of the employee, suspicious looks of the staff, vague knowledge of the products, non-dynamic promotional methods etc., may hamper the banking business in rural areas.

In the process of study, Mehta (2010) in his articles "Personal selling – A Strategy for promoting Bank Marketing" reported that there is lack of marketing communications in India Banks. He suggested for banks to adopt suitable marketing promotion strategies for better business. He emphasized that on adoption of personal selling as a strategy for marketing promotion in banks to improve the banking considerably.

In another study made by Gupta and Mittal (2008), in their article "Comparative Study of Promotional Strategies of public and private Sectors Banks in India" stated that a well-designed promotional strategy is very important to promote banking services effectively.

Subba Rao (1982) conducted a study to find out that the influence of different media of advertisement and different forms of personal selling on the deposit mobilization of commercial banks both in urban and rural areas. The study suggested that the medium of English Newspapers need not be used widely as its impact is very little on urban customers and it is almost negligible

on rural depositor. Personal selling or direct contact has been found to be more powerful method, since it educates the potential rural customers in to bargain.

Chidambaram (1994) studied the promotional mix available to bankers for the marketing of service such as direct marketing, public relations, social banking and customer meets. The study concludes that a good promotional mix is one that a) that takes in to account the objectives of the bank and lays emphasis on those services which are of current significance, b) reaches various customer segments very effectively, c) creates a desire to seek out the service offered, d) builds a positive image for the bank, e) strike a balance between cost and effective.

The researcher believes that the concepts indicted above justify the fact that personal selling coupled with other promotional mix is the key for the success and good performance of business

### 2.3 Conceptual Framework

The following conceptual framework were developed for this study. It shows the overall effect of independent variables (advertising, personal selling, sales promotion, public relations and direct marketing) on the independent one which is performance.

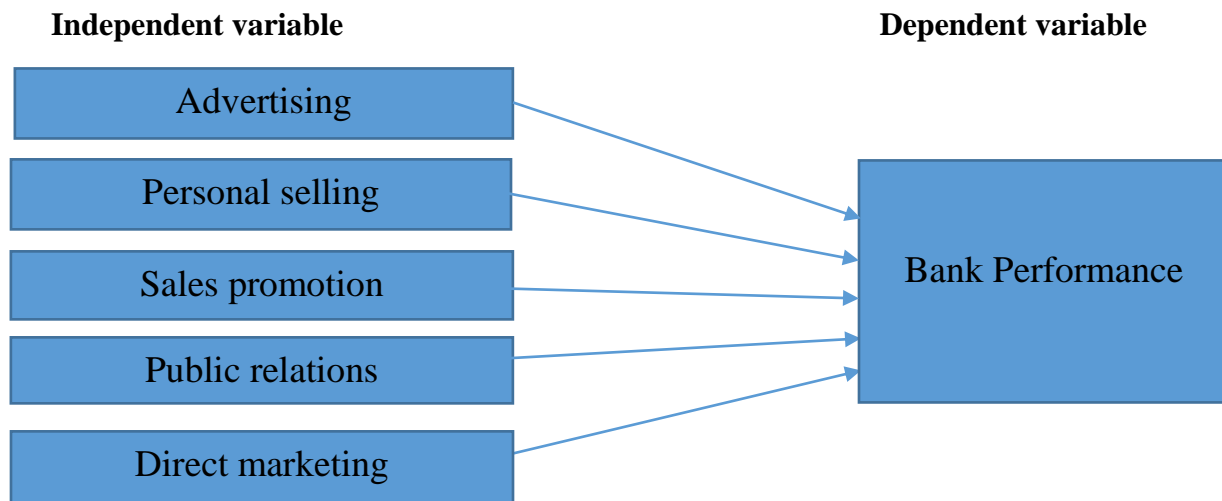


Figure1: The researcher's Conceptual Framework

## CHAPTER THREE

### RESEARCH DESIGN AND METHODOLOGY

#### 3. Introduction

This chapter contains research design, sample selection technique, source and instrument of data collection and finally ends with a discussion regarding data analysis techniques and tools.

#### 3.1 Research Design

The case study was conducted to examine the effect of promotion strategy on the performance of Berhan Int. Bank, thus it was targeted to measure relationships between variables, a combinations of descriptive and explanatory type of research were used. Descriptive type of research was used because it involves investigation which provides detailed picture of the situation and detail description of the findings displayed in tables and plots as well as to developed inferences on the relationship between promotion and performance. Explanatory type of research was also applied since it enriches and supports the previous theories through comparing the research finding with research questions.

#### 3.2 Population and Sampling Technique

Sampling is the selection of a fraction of the total number of units of interest for the ultimate purpose of being able to draw general conclusions about the entire body of units Patrick (2008). There are several decisions to be made in organizing a sample such as identifying target population, selecting sample and determining the sample size.

##### 3.2.1 Target Population

Population is defined as the complete set of units of analysis that are under investigation. Yalew (2011). It is defined as the total group to be studied. Therefore, the target populations for this study was professional staff of Berhan Int. Bank (i.e. Branch managers, Assistant managers, Accountants, Senior customer service officers, customer service officers, Junior customer service officers and others such as Auditors) those found in Addis Ababa expressed in number as 1,222.00 (Internal Report, 2016).

### **3.2.2 Sampling Techniques**

Clustered sampling is used to select the branches. The clusters is determined based on the number of employees (target populations) and the fitness of the employees to the study as it was clustered in to 6 locations in Addis Ababa (Megenagna, Balderas, Kebena, Gured Sholla, Bole and Teklehaymanot Branches). Convenience sampling also were used to distribute the questionnaires to the employees of the selected branches.

### **3.2.3 Sample Size**

A total sample size of 291 taken respectively from the employees in each clusters per suggestion of Krejcie and Morgan (1970), based on the tabulation for determining the sample size of finite population. *Please see appendix five - table for determination of sample size of finite population.*

## **3.3 Data Collection and Method of Analysis**

### **3.3.1 Data Collection**

The required data used in the study was obtained through both primary and secondary data sources. The primary data were collected using well designed questionnaire and in-depth interview. The well designed questionnaire was used to collect quantitative data. The qualitative data on the other hand concerning the promotional strategy was mainly collected using in-depth interview with the management of marketing and business development department of Berhan Int. Bank, the guideline contains about 5 structured interview questions.

The secondary source of data were also been obtained through document analysis to strengthen the study. A number of literatures on marketing were reviewed. Moreover, articles from journals in reliable international online archives published and unpublished research papers related to the study area were referred.

### **3.3.2 Method of Data Analysis**

After collecting the data through questionnaire from professional employees of the bank under the study, the process of analysis begins. Data analysis was performed by using Statistical Package for Social Science (SPSS) software version 24 in order for automated analysis of the data. Frequency counts, tables, plot diagrams and other descriptive statistics (means, standard deviations etc.) were applied as found appropriate. Additionally inferential statistics that included correlations and regression were also included in the data analysis. The interview responses also used in the analysis to narrate with tabulated research questions.

## **3.4 Validity and Reliability**

### **3.4.1 Validity**

According to Kothari (2004), Validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure.

As stated on the methodology, questionnaire were used to collect the primary data. Meanwhile the questionnaire was adopted from difference accredited source. Therefore, to assure validity of the instrument the researcher gave a chance for professionals on the area to review the questionnaire and a pilot test were conducted before distribution of the questionnaire at full scale and finally it was validated by the advisor.

### **3.4.2 Reliability**

The test of reliability is another important test of sound measurement. A measuring instrument is reliable if it provides consistent results Kothari (2004). Moreover, reliable measuring instrument does contribute for validity. Hence to prove reliability of the instrument, the researcher were distributed some questionnaires as a pilot test and then make some adjustment if there any inconsistency. Finally reliability of the questionnaire were tasted.

## **3.5 Ethical Consideration**

Respondents was assured that the information they provides is confidential and use for academic purpose only, moreover a statement conforming the prohibition of including any identity details or personal reference in the questionnaire. This would be to avoid any biased response or unauthentic data which provided by respondents and to make participants certain that he/she cannot be traced; this would offer them enough room to express their ideas and point their response freely and safely.

The data gathered in the process of the study were kept confidential and would not be used for any personal or other interest. The study were controlled to be within acceptable professional ethics.

## CHAPTER FOUR

### RESULTS AND DISCUSSION

#### 4. Introduction

This chapter presents the outputs from the analysis of the data collected. It begins by explaining the demographic characteristics of respondents. It then follows the descriptive analysis for promotion mix elements and the overall performance. Finally the correlation between the independent and dependent variable was analyzed and multiple regressions is conducted to test the hypothesis.

#### 4.1 Demographic Characteristics of Respondents

A total of 291 questionnaires were distributed to the employees of six clusters of branches. Out of which 260 valid responses were collected. This yields response rate of 89.35 %. The demographics features of the respondents are illustrated in the following Table 3.

The female respondents constitute the largest share of the gender composition representing 60 % of the respondents while 40 % were male employees. This shows that Berhan Int. Bank gives more chance for female candidates in the time of recruitment. In terms of age, majority of the employees are under the age group from 18 to 29 representing 58.5 % of the respondents, the remaining 41.5 % of the respondents lay between the age categories from 30 to 45 years. This implies that Berhan Int. Bank has a young and powerful man power. In related to the respondent's educational qualification, 257 respondents (98.8%) were first-degree holders and only 3 respondents (1.2%) were Master's degree holders.

In terms of the job experience of the respondents, 129 respondents (49.6 %) were had an Experience from 1 to 3 years. 65 respondents (25 %) were had an experience from 4 years to 6 years in the banking industry. 49 respondents (18.8) were highly experienced as compared to the remaining respondents in the banking sector being in the industry for more than 6 years. While those who are less than one year experienced in the business sector constitute 6.5 % of the respondent's profile.

Finally, concerning the job position of the respondents, the majority of the respondents were customers service officers who constitutes 41.9 % of the respondents, 37.3 % of the respondents

were a senior customer service officers, 8.8 % of the respondents were accountants, and 4.2 % of the respondents were branch controllers. Additionally Equal number of managers and assistant branch managers with a minimum portion were involved; they took 2.3 % for each from the total respondents.

Table 3: Demographic characteristics of Respondents

| Variable              | Categories                      | Frequency  | Percent    |
|-----------------------|---------------------------------|------------|------------|
| <b>Gender</b>         | Male                            | 104        | 40.0       |
|                       | Female                          | 156        | 60.0       |
|                       | <b>Total</b>                    | <b>260</b> | <b>100</b> |
| <b>Age</b>            | 18 – 29                         | 152        | 58.5       |
|                       | 30- 45                          | 108        | 41.5       |
|                       | 46 – 59                         | 0          | 0          |
|                       | Above 59                        | 0          | 0          |
|                       | <b>Total</b>                    | <b>260</b> | <b>100</b> |
| <b>Qualification</b>  | Diploma                         | 0          | 0          |
|                       | Degree                          | 257        | 98.8       |
|                       | Master’s degree and above       | 3          | 1.2        |
|                       | <b>Total</b>                    | <b>260</b> | <b>100</b> |
| <b>Job Experience</b> | Less than 1 years               | 17         | 6.5        |
|                       | 1-3 years                       | 129        | 49.6       |
|                       | 4-6 years                       | 65         | 25.0       |
|                       | Above 6 years                   | 49         | 18.8       |
|                       | <b>Total</b>                    | <b>260</b> | <b>100</b> |
| <b>Job Position</b>   | Manager                         | 6          | 2.3        |
|                       | Assistant Managers              | 6          | 2.3        |
|                       | Accountant                      | 23         | 8.8        |
|                       | Branch controller               | 11         | 4.2        |
|                       | Senior customer service officer | 97         | 37.3       |
|                       | Customer service officer        | 109        | 41.9       |
|                       | Junior customer service officer | 8          | 3.1        |
|                       | <b>Total</b>                    | <b>260</b> | <b>100</b> |

Source: Computation from survey data (2017)

## 4.2 Descriptive Statistics

In this section, respondents answer present in the form of table. The tables contain mean and standard deviation of their response, Mean value provides the idea about the central tendency of the values of a variable. Standard deviation is to give the idea about the dispersion of the values of a variable from its mean value.

All of the variables were measured using five point Likert scale ("1"Strongly Disagree; to "5" Strongly Agree). The interpretations of the Likert scale results are: scores of 1 to 2.32 indicate low level, Scores of 2.33 to 3.65 indicate medium level, and scores of 3.66 to 5 indicate high level. Alhakimi and Alhariry, (2014).

### 4.2.1 Employee's Perception about Advertisement

This section of the questionnaire tested the attitude and views of Berhan Int. Bank employees about advertisement. A serious of 12 statements were presented to respondents and respondents were asked to rate their level of agreement with each statements. Table 4 indicates the mean and standard deviation for each item.

As shown in the table below, the highest level of agreement with mean value of 3.93 is recorded for "the service provided by Berhan Int. bank are just as promoted" while "There are products of Berhan Int. bank which are provided but not advertised" scored the least 3.10 mean figure and the standard deviation for the empowerment perception construct ranged between 1.06071 and 0.67201 which show some level of variance. The overall mean for the perception of advertisement is 3.43 hence, indicating that the majority of respondents are towards medium level agreement with the statements specified in the below table. The highest mean score implies that the service provided by Berhan Int. Bank are just as promoted while least mean score implies that there are some products of Berhan Int. Bank which are provided but not advertised.



Table 4: Descriptive statistics for perception of Berhan Int. Bank employees about advertisement.

| <b>Advertisement</b>  | <b>N</b> | <b>Mean</b>  | <b>Std. Deviation</b> |
|---|----------|--------------|-----------------------|
| <b>Ad1</b> -Advertising of Berhan Int. bank creates a great awareness to customers.   | 260      | 3.8308       | 0.73141               |
| <b>Ad2</b> -Advertising of Berhan Int. bank is a powerful tool capable of persuading audiences.                                   | 260      | 3.6000       | 0.74668               |
| <b>Ad3</b> -Berhan Int. Bank uses celebrities to Advertise its product and service.   | 260      | 3.2154       | 0.87861               |
| <b>Ad4</b> - Advertising medium of Berhan Int. bank is appropriate to reach the majority customers.                               | 260      | 3.4500       | 0.86178               |
| <b>Ad5</b> - The advertisement timing of Berhan Int. bank used to reach the majority of the customer                              | 260      | 3.3923       | 0.85646               |
| <b>Ad6</b> - No product of Berhan Int. bank can survive competition without intensive advertisement.                              | 260      | 3.2269       | 0.96184               |
| <b>Ad7</b> - There are products of Berhan Int. bank which are advertising but not provided.                                       | 260      | 3.2885       | 0.96536               |
| <b>Ad8</b> - There are products of Berhan Int. bank which are provided but not advertised   | 260      | 3.1000       | 1.06071               |
| <b>Ad9</b> -The service provided by Berhan Int. bank is just as promoted  | 260      | 3.9306       | 0.762929              |
| <b>Ad10</b> - Berhan Int. Bank advertisement creates a rational appeal.   | 260      | 3.5885       | 0.67201               |
| <b>Ad11</b> - Berhan Int. Bank advertisement creates an emotional appeal.   | 260      | 3.1885       | 0.89565               |
| <b>Ad12</b> -Advertising of Berhan Int. bank is the most preferred promotion mix that contributes to the performance of the bank. | 260      | 3.3923       | 0.98636               |
| <b>Overall level of employees perception about advertisement</b>  | 260      | <b>3.434</b> | <b>0.865</b>          |

*Source: Computation from survey data (2017)*

#### 4.2.2 Employee's Perception about Personal Selling

This section of the questionnaire tested the attitude and views of Berhan Int. Bank employees about personal selling. A series of five statements were presented to respondents and respondents were asked to rate their level of agreement with each statements. Table 5 indicates the mean and standard deviation for each item.

Table 5: Descriptive statistics for perception of Berhan Int. Bank employees about personal selling.

| <b>Personal Selling</b>   | <b>N</b>   | <b>Mean</b>  | <b>Std. Deviation</b> |
|---|------------|--------------|-----------------------|
| <b>Ps1</b> -Personal selling of Berhan Int. bank is unimportant promotion tool.   | 260        | 2.6269       | 1.11641               |
| <b>Ps2</b> -Berhan Int. Bank has an effective recruitment, selection, placement and training system for the sales force.        | 260        | 3.4962       | 0.84515               |
| <b>Ps3</b> Personal selling of Berhan Int. Bank is effective in creating customers awareness.                                   | 260        | 3.6961       | 0.90258               |
| <b>Ps4</b> -Salespersons of Berhan Int. Bank has a great role to persuade customers.  | 260        | 3.5154       | 0.76844               |
| <b>Ps5</b> -Face to face contact between salespersons and customers have an effect on improving Berhan Int. Bank's performance. | 260        | 3.5769       | 1.04246               |
| <b>Overall level of employees perception about personal selling</b>   | <b>260</b> | <b>3.382</b> | <b>0.935</b>          |

*Source: Computation from survey data (2017)*

As shown in the above table, the highest level of agreement with mean value of 3.69 is recorded for " Personal selling of Berhan Int. Bank is effective in creating customers awareness."While" Personal selling of Berhan Int. bank is unimportant promotion tool." Scored the least 2.62 mean figure. The standard deviation for the empowerment perception construct ranged between

1.11641 and 0.76844 which show some level of variance. The overall mean for the perception of personal selling is 3.38 hence, indicating that the majority of respondents are towards medium level agreement with the statements specified in the above table. The highest mean score implies that personal selling of Berhan International bank is effective in creating awareness to customers. The least mean score implies that Berhan is an important promotion tool to the performance of the bank.

#### 4.2.3 Employee's Perception about Public Relation

This section of the questionnaire tested the attitude and views of Berhan Int. Bank employees about public relation. A series of five statements were presented to respondents and respondents were asked to rate their level of agreement with each statements. Table 6 indicates the mean and standard deviation for each item.

Table 6: Descriptive statistics for perception of Berhan Int. Bank employees about public relation

| <b>Public relation</b>  | <b>N</b>   | <b>Mean</b>  | <b>Std. Deviation</b> |
|---|------------|--------------|-----------------------|
| <b>Pr1</b> -Berhan Int. Bank's marketing and business development department gives adequate attention for Public Relation activities. | 260        | 3.1577       | 0.76742               |
| <b>Pr2</b> -Public relations of Berhan Int. Bank prepare adequate marketing campaigns.  | 260        | 3.1923       | 0.84375               |
| <b>Pr3</b> -Public relations of Berhan Int. Bank create a great awareness to customers.   | 260        | 3.5115       | 0.67774               |
| <b>Pr4</b> -Public relations of Berhan Int. Bank persuade customers to work with the bank.  | 260        | 3.4385       | 0.64579               |
| <b>Pr5</b> -Public relations of Berhan Int. bank have a role to the performance of the bank.  | 260        | 3.2846       | 0.86310               |
| <b>Overall level of employees perception about public relation</b>  | <b>260</b> | <b>3.315</b> | <b>0.759</b>          |

*Source: Computation from survey data (2017)*

As shown in the above table, the highest level of agreement with mean value of 3.5115 is recorded for "Public relations of Berhan Int. Bank create a great awareness to customers." While "Berhan Int. Bank's marketing and business development department gives adequate attention for Public Relation activities " Scored the least 3.1577 mean figure. The standard deviation for the empowerment perception construct ranged between 0.86310 and 0.64579 which show some level of variance. The overall mean for the perception of public relation is 3.3169 hence, indicating that the majority of respondents are towards medium level agreement with the statements specified in the above table. The highest mean score implies that the public relations of Berhan Int. Bank create a great awareness to customers. The least mean score implies that the bank's marketing and business development department gives attention for public relation activities but it does not enough.

#### **4.2.4 Employee's Perception about Sales Promotion**

This section of the questionnaire tested the attitude and views of Berhan Int. Bank employees about sales promotion. A series of five statements were presented to respondents and respondents were asked to rate their level of agreement with each statements. Table 7 indicates the mean and standard deviation for each item.

Table 7: Descriptive statistics for perception of Berhan Int. Bank employees about sales promotion.

| <b>Sales Promotion</b>   | <b>N</b>   | <b>Mean</b>  | <b>Std. Deviation</b> |
|--|------------|--------------|-----------------------|
| <b>Sp1</b> -Berhan Int. Bank is using Sales promotions along with advertising, personal selling and other promotional mix tools.       | 260        | 3.3038       | 0.73257               |
| <b>Sp2</b> -Sales promotion of Berhan Int. Bank is strong enough to attract customers.   | 260        | 3.2038       | 1.02516               |
| <b>Sp3</b> -Sales promotion of Berhan Int. Bank has a great impact to build a long term relationship after the sales promotion period. | 260        | 3.4731       | 0.75289               |
| <b>Sp4</b> -Berhan Int. Bank has adequate sales promotion practices.   | 260        | 3.1153       | 0.84410               |
| <b>Sp5</b> -Sales promotions of Berhan Int. bank have an effect on the performance of the bank.  | 260        | 3.7307       | 0.64321               |
| <b>Overall level of employees perception about sales promotion</b>   | <b>260</b> | <b>3.365</b> | <b>0.799</b>          |

*Source: Computation from survey data (2017)*

As shown in the above table, the highest level of agreement with mean value of 3.7308 is recorded for " Sales promotions of Berhan Int. bank have an effect on the performance of the bank." While " Berhan Int. Bank has adequate sales promotion practices " Scored the least 3.1154 mean figure. The standard deviation for the empowerment perception construct ranged between 1.02516 and 0.64321 which show some level of variance. The overall mean for the perception of sales promotion is 3.3653 hence, indicating that the majority of respondents are towards medium level agreement with the statements specified in the above table. The highest mean score implies that the sales promotion of Berhan Int. Bank have an effect on the performance of the bank. The least mean score implies that Berhan Int. Bank does not have adequate sales promotion activities which used to attract and retain customers even after the sales promotion period.

#### 4.2.5 Employee's Perception about Direct Marketing

This section of the questionnaire tested the attitude and views of Berhan Int. Bank employees about direct marketing. A series of four statements were presented to respondents and respondents were asked to rate their level of agreement with each statement. Table 8 indicates the mean and standard deviation for each item.

Table 8: Descriptive statistics for perception of Berhan Int. Bank employees about direct marketing.

| <b>Direct marketing</b>   | <b>N</b>   | <b>Mean</b>   | <b>Std. Deviation</b> |
|---|------------|---------------|-----------------------|
| <b>Dm1</b> -Berhan Int. Bank marketing and business development department gives adequate attention for Direct marketing. | 260        | 3.1077        | 0.81725               |
| <b>Dm2</b> -Direct marketing by personal contact with the customer has an impact on the performance of Berhan Int. Bank.  | 260        | 3.3153        | 0.88343               |
| <b>Dm3</b> -Direct Marketing by email, Post or SMS has an impact on performance of Berhan Int. Bank.                      | 260        | 3.1885        | 0.92115               |
| <b>Dm4</b> -Berhan Int. Bank has a telemarketing to persuade customers.   | 260        | 3.1038        | 0.81063               |
| <b>Overall level of employees perception about direct marketing</b>   | <b>260</b> | <b>3.1788</b> | <b>0.8581</b>         |

*Source: Computation from survey data (2017)*

As shown in the above table, the highest level of agreement with mean value of 3.3154 is recorded for " Direct marketing by personal contact with the customer has an impact on the performance of Berhan Int. Bank." While " Berhan Int. Bank has a telemarketing to persuade customers. " Scored the least 3.1038 mean figure. The standard deviation for the empowerment perception construct ranged between 0.92115 and 0.81063 which show some level of variance. The overall mean for the perception of direct marketing is 3.1788 hence, indicating that the majority of respondents are towards medium level agreement with the statements specified in the

above table. The highest mean score implies that personal contact with the customer has an impact on the performance of Berhan Int. Bank. The least mean score implies that Berhan Int. Bank does not aggressively conduct a telemarketing to persuade customers.

#### 4.2.6 Comparison of Employee’s Perception on the Promotion Mixes

Table 9 shows the overall means of all items in the promotion mix and constructs for Berhan Int. Bank employee’s level of perception. Accordingly to the finding of means advertisement represented the highest overall the means score around 3.4336, implies that of Berhan Int. Bank employees have a tendency towards agreed with statements relating advertisement construct. Compared to other promotion mixes. Personal selling followed with overall mean score of 3.3823. The third rank was given to sales promotion with overall mean score of 3.3653. Public relation took the fourth stage with overall mean score of 3.3169. The lowest level of agreement was with the direct marketing construct with total mean score of 3.1788.

Table 9: Overall mean and standard deviation scores for the promotion mix

| Construct        | Mean Score | Standard deviation | Rank            |
|------------------|------------|--------------------|-----------------|
| Advertising      | 3.4336     | 0.8649             | 1 <sup>st</sup> |
| Personal selling | 3.3823     | 0.9350             | 2 <sup>nd</sup> |
| Sales promotion  | 3.3654     | 0.7995             | 3 <sup>rd</sup> |
| Public relations | 3.3169     | 0.7595             | 4 <sup>th</sup> |
| Direct marketing | 3.1788     | 0.8581             | 5 <sup>th</sup> |

*Source: Computation from survey data (2017)*

#### 4.2.7 Effect of promotion mixes on performance

This section of the questionnaires tested the attitude and views of employees toward the effect of each promotion mixes towards the performance of Berhan Int. Bank. A serious of five statements were presented to the respondents, one statement for each of the five the promotion mixes.

The tables below show the detail distribution of scale point responses for the statement tested to assess the effect of promotional mixes on the performance. The distribution of responses is shown using frequency tables generated by SPSS program along with their respective percentage.

Table 10: Effect of advertising on performance

| <b>Per1 -Advertising has a significant positive effect on performance of Berhan Int. Bank</b> |                   |           |         |               |                    |
|---|-------------------|-----------|---------|---------------|--------------------|
|   |                   | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid   | Strongly Disagree | 2         | .8      | .8            | .8                 |
|   | Disagree          | 7         | 2.7     | 2.7           | 3.5                |
|   | Neutral           | 34        | 13.1    | 13.1          | 16.5               |
|   | Agree             | 135       | 51.9    | 51.9          | 68.5               |
|   | Strongly Agree    | 82        | 31.5    | 31.5          | 100.0              |
|   | Total             | 260       | 100.0   | 100.0         |                    |

Source: Computation from survey data (2017)

As the above Table 10 shows most of the respondents (135) agreed about the significant positive effect of Berhan Int. Bank advertisements on the performance, similarly 82 respondents are strongly agreed about the effect. 34 respondents said nothing (neutral) about the statement, 7 of the respondents disagreed and similarly only two respondents strongly disagreed about the significant positive effect of advertising on performance. The above table implies that advertisement has a significant positive effect on performance Berhan Int. Bank, this were also tested by using the multiple regression analysis which presented latter.

Table 11: Effect of personal selling on performance

| <b>Per2 -Personal Selling has a significant positive effect on performance of Berhan Int. Bank</b> |                   |           |         |               |                    |
|--|-------------------|-----------|---------|---------------|--------------------|
|  |                   | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid  | Strongly Disagree | 9         | 3.5     | 3.5           | 3.5                |
|  | Disagree          | 9         | 3.5     | 3.5           | 6.9                |
|  | Neutral           | 34        | 13.1    | 13.1          | 20.0               |
|  | Agree             | 157       | 60.4    | 60.4          | 80.4               |
|  | Strongly Agree    | 51        | 19.6    | 19.6          | 100.0              |
|  | Total             | 260       | 100.0   | 100.0         |                    |

Source: Computation from survey data (2017)

As the above Table 11 shows most of the respondents (157) agreed about the significant positive effect of Berhan Int. Bank personal selling on the performance, similarly 51 respondents are



strongly agreed about the effect. 34 respondents said nothing (neutral) about the statement, same number of respondents (9) disagreed and strongly disagreed about the significant positive effect of personal selling on performance. Since majority of the respondents are agreed, the above table implies that personal selling has a significant positive effect on performance of Berhan Int. Bank.

Table 12: Effect of public relation on performance

| <b>Per3 -Public relation has a significant positive effect on performance of Berhan Int. Bank</b> |                   |           |         |               |                    |
|---|-------------------|-----------|---------|---------------|--------------------|
|   |                   | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid   | Strongly Disagree | 13        | 5.0     | 5.0           | 5.0                |
|   | Disagree          | 39        | 15.0    | 15.0          | 20.0               |
|   | Neutral           | 24        | 9.2     | 9.2           | 29.2               |
|   | Agree             | 132       | 50.8    | 50.8          | 80.0               |
|   | Strongly Agree    | 52        | 20.0    | 20.0          | 100.0              |
|   | Total             | 260       | 100.0   | 100.0         |                    |

*Source: Computation from survey data (2017)*

As the above Table 12 shows 132 respondents agreed about the significant positive effect of Berhan Int. Bank public relation on the performance, similarly 52 respondents are strongly agreed about the effect. 24 respondents said nothing (neutral) about the statement, 39 respondents disagreed and similarly only 13 respondents strongly disagreed about the significant positive effect of public relations on performance. This implies that, like the above stated promotion mixs public relation has a significant positive effect on the bank performance, this were also tested at the final.

Table 13: Effect of sales promotion on performance

| <b>Per4 -Sales Promotion has a significant positive effect on performance of Berhan Int. Bank</b> |                   |           |         |               |                    |
|---|-------------------|-----------|---------|---------------|--------------------|
|   |                   | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid   | Strongly Disagree | 6         | 2.3     | 2.3           | 2.3                |
|   | Disagree          | 54        | 20.8    | 20.8          | 23.1               |
|   | Neutral           | 9         | 3.5     | 3.5           | 26.5               |
|   | Agree             | 114       | 43.8    | 43.8          | 70.4               |
|   | Strongly Agree    | 77        | 29.6    | 29.6          | 100.0              |
|   | Total             | 260       | 100.0   | 100.0         |                    |

*Source: Computation from survey data (2017)*

With regarding to the sales promotion, 114 respondents were agreed similarly 6 respondents are strongly agreed about the effect of sales promotion on the performance. 9 respondents said nothing (neutral) about the statement, 54 respondents disagreed and similarly 6 respondents strongly disagreed about the significant positive effect of sales promotion on performance.

Table 14: Effect of direct marketing on performance

| <b>Per5 -Direct Marketing has a significant positive effect on performance of Berhan Int. Bank</b> |                   |           |         |               |                    |
|--|-------------------|-----------|---------|---------------|--------------------|
|  |                   | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid  | Strongly Disagree | 23        | 8.8     | 8.8           | 8.8                |
|  | Disagree          | 54        | 20.8    | 20.8          | 29.6               |
|  | Neutral           | 28        | 10.8    | 10.8          | 40.4               |
|  | Agree             | 107       | 41.2    | 41.2          | 81.5               |
|  | Strongly Agree    | 48        | 18.5    | 18.5          | 100.0              |
|  | Total             | 260       | 100.0   | 100.0         |                    |

*Source: Computation from survey data (2017)*

As the above Table 14 shows 107 respondents agreed about the significant positive effect of Berhan Int. Bank direct marketing on the performance, similarly 48 respondents are strongly

agreed about the effect. 28 respondents said nothing (neutral) about the statement, 54 respondents disagreed and similarly 23 respondents strongly disagreed about the significant positive effect of direct marketing on performance. This implies that the moderate significant of direct marketing on the performance of Berhan Int. Bank.

The below table shows the mean and standard deviation for each promotion mixes contribution for performance to rate the respondents level of agreement with each statements.

Table 15: Perception of employees on the effect of each promotion mixes on performance.

| Statements   | N   | Mean   | Std. Deviation |
|--|-----|--------|----------------|
| Advertising has a significant positive effect on performance of Berhan Int. Bank       | 260 | 4.1077 | .78348         |
| Personal Selling has a significant positive effect on performance of Berhan Int. Bank. | 260 | 3.8923 | .87652         |
| Public relation has a significant positive effect on performance of Berhan Int. Bank   | 260 | 3.6577 | 1.10899        |
| Sales Promotion has a significant positive effect on performance of Berhan Int. Bank   | 260 | 3.7769 | 1.15090        |
| Direct Marketing has a significant positive effect on performance of Berhan Int. Bank. | 260 | 3.3962 | 1.24924        |

*Source: Computation from survey data (2017)*

As presented in the above table majority of the respondents with a mean score of 4.1077 accept the significant positive effect of advertisement on performance. There implies that advertisements of Berhan Int. Bank has a significant positive effect on the bank performance than the other promotion mixes. Personal selling followed with a mean score of 3.8923, these implies that next to advertisement personal selling also has a significant positive effect on the bank performance. Sales promotion and public relation took the third and fourth stage with a

mean score of 3.7769 and 3.6577 respectively. Direct marketing score the lowest mean of 3.3962.

Generally, as observed in the above tables, all promotion mixes score a mean which are above 3.00. This implies the employees are awarded about the contribution of the promotion mixes and effective promotion strategy on the performance of the bank. Hypothesis of the study was also tasted by running a multiple regression through SPSS to proof the level of contribution of the promotion mixes.

### **4.3 Correlation**

The Pearson correlation coefficient determines the strength of the linear relationship between two variables Cronk (2008). Pearson correlation coefficients ( $r$ ) can take on only values from -1 to +1. The sign out of the front indicates whether there is a positive correlations (as one variable increases, so too does the other) or a negative correlations (as one variables increase, the other decreases). The size of the absolute value (Ignoring the sign) provide an indication of the strength of the relationship. A perfect correlation of 1 or -1 indicates that the value of one variable can be determined exactly by knowing the value of the other variable. Pallant.(2005).

Coefficients close to 0.0 represent a weak relationship. Coefficients close to 1.0 or -1.0 represent a strong relationship. Correlation results that is greater than 0.7 are considered strong. Additionally, Correlations less than 0.3 are considered weak. Correlations between 0.3 and 0.7 are considered moderate. Cronk (2008).

Table 16: Correlation Matrix between the independent and dependent variable

|      |                     | Correlations |        |      |        |      |      |
|------|---------------------|--------------|--------|------|--------|------|------|
|      |                     | Adv.         | PS     | PR   | SP     | DM   | Per. |
| Adv. | Pearson Correlation | 1            |        |      |        |      |      |
|      | Sig. (2-tailed)     |              |        |      |        |      |      |
|      | N                   | 260          |        |      |        |      |      |
| PS   | Pearson Correlation | .273**       | 1      |      |        |      |      |
|      | Sig. (2-tailed)     | .000         |        |      |        |      |      |
|      | N                   | 260          | 260    |      |        |      |      |
| PR   | Pearson Correlation | .027         | .181** | 1    |        |      |      |
|      | Sig. (2-tailed)     | .666         | .003   |      |        |      |      |
|      | N                   | 260          | 260    | 260  |        |      |      |
| SP   | Pearson Correlation | .219**       | .003   | .001 | 1      |      |      |
|      | Sig. (2-tailed)     | .000         | .959   | .986 |        |      |      |
|      | N                   | 260          | 260    | 260  | 260    |      |      |
| DM   | Pearson Correlation | .049         | .261** | .014 | .193** | 1    |      |
|      | Sig. (2-tailed)     | .429         | .000   | .828 | .002   |      |      |
|      | N                   | 260          | 260    | 260  | 260    | 260  |      |
| Per. | Pearson Correlation | .262**       | .275** | .003 | .098   | .079 | 1    |
|      | Sig. (2-tailed)     | .000         | .000   | .962 | .114   | .206 |      |
|      | N                   | 260          | 260    | 260  | 260    | 260  | 260  |

\*\* . Correlation is significant at the 0.01 level (2-tailed).

*Source: Computation from survey data (2017)*

As shown in the above Matrix, Pearson correlation test was conducted to know the degree of relationship between all independent variables and performance of Berhan Int. Bank. The result of the correlation between all independent and dependent variables is shown in Table 16. With related to this Pearson correlation coefficients (r) for advertisement and personal selling,  $r = 0.262$  and  $r = 0.275$  respectively, which are significant at the 0.01 level. This implies that there

was weak, positive correlation between advertisement & personal selling of the bank and its performance.

As observed from the above correlation matrix, the remaining independent variables which are, public relation ( $r = 0.003$ ), sales promotions ( $r = 0.098$ ) and direct marketing ( $r = 0.079$ ) were have a positive but a weak correlation with the performance of the bank and which are not significant ( $P > 0.05$ ).

#### **4.4 Regression Analysis**

Multiple Regressions is a statistical technique that allows us to predict some one's score on one variable on the basis of their scores on several other variables. Then, the following assumptions test should be done. Pallant, (2005).

##### **4.4.1 Linearity**

Performance of the bank is assumed to be linearly related with internal marketing elements; meaning the dependent variable, performance of the bank is assumed to be impacted with changes in internal marketing elements (the independent variables) which are consisted in the promotion strategy of the bank. The relationship between the two variables should be linear. This means that the scatter plot of scores should be a straight line (roughly) not a curve Pallant. (2005).The scatter plots of this study show that there is almost linear relationship between the variables. The plots do not show any evidence of non-linearity; therefore, the assumption of linearity is satisfied.

*Please see appendix three the scatter plot diagram.*

##### **4.4.2 No or little multi co linearity**

Multi co linearity is used to describe correlation among independent variables. If there is high correlation between two or more predictor variables, may cause problems when trying to draw inferences about the relative contribution of each predictor variable to the success of the model Pallant, (2005).Multi co linearity in this study was tested using variance Influence Factor (VIF) value and tolerance level. If tolerance value closed to 1 and VIF value is around 1 and not more than 10, it can be concluded that there is not multi co linearity between independent variable in the regression model Pallant, (2005).Table 19 shows there is no multi co linearity.

#### **4.4.3 Homoscedasticity**

Homoscedasticity is the variability in scores for variables of independent should be similar at all values of variable dependent. In order to ensure the fulfillment of this relationship between independent variable and dependent variable, the variance of dependent variable values must be equal at each value of independent variables Hair, (2010). For a basic analysis it is worth plotting ZRESID (Y-axis) against ZPRED (X-axis), because this plot is useful to determine whether the assumptions of random errors and Homoscedasticity have been met.

Decision rule: If there were certain variant, such as organize shaping dot (waves, fuse and narrow), therefore no Homoscedasticity happened. If there were not certain variant, and dots spreads above and below o numbers in axis Y, then Homoscedasticity did happened Pallant, (2005).The scatter plots show that there is homoscedasticity. Thus the assumption is reasonably supported in thus study. *Please see appendix four the scatterplot diagram.*

#### **4.4.4 Normality test**

The study used graphically (Normal Probability Plot) method of normality test. In the Normal Probability Plot it will be hoped that points will lie in a reasonably straight diagonal line from bottom left to top right. This would suggest no major deviations from normality. *Appendix three also depicted that the scores are normally distributed.*

#### **4.4.5 No auto correlations**

Regression analysis is based on uncorrelated error/ residual terms for any two or more observation. Kothari, (2004).This assumptions is tasted for each regression procedure with the Durbin- Watson test, which test for correlations between variables residuals. The test statistic can vary between 0 and 4 with a value of 2 meaning that the residuals are uncorrelated. Field, (2009). A value greater than 2 indicates a negative correlation between adjacent residuals, where as a value below 2 indicates a positive correlations. As a general rule, the residuals are independent (not correlated) if the Durbin – Watson statistic is approximately 2, and an acceptable range is 1.50 – 2.50 Muluadam, (2015). In this study as shown in the Table 17 the Durbin – Watson value was 1.719, which is close to 2,therefore it can be confirmed that the residuals are independent (not correlated).

#### 4.5 Regression analysis and hypothesis testing

Multiple regression shows how much of the variance in the dependent variable can be explained by the independent variables. It also gives an indication of the relative contribution of each independent variable. Tests allow determining the statistical significant of the results, both in terms of the model itself and the individual independent variables. Pallant, (2005).A multiple linear analysis was conducted to see the predictive power of advertisement, personal selling, public relations, sales promotion and direct marketing for the performance of the bank by taking performance as a dependent variable.

From the model summary in below Table 17, R-value is 0.856, indicates correlations of the five independent variables (Promotion mix) with the dependent variable (performance) and the model exhibited an adjusted R square of 0.733, it indicated that 73.3 % of the bank performance was explained by the variation of the five mix dimensions of the promotion strategy and 26.7 % was due to other factors/ extraneous variables.

Table 17: Model Summary

| R    | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|------|----------|-------------------|----------------------------|---------------|
| .856 | .733     | .697              | .48253                     | 1.719         |

*Source: Computation from survey data (2017)*

The result of the regression illustrates that there is a strong associations between the promotion strategy mix (advertisement, personal selling, public relations, sales promotion and direct marketing) and performance of the bank. The value of correlation coefficient between them is 0.856 which indicated significant positive correlations between the constructs.

The second part of the output that we are interested in is the ANOVA summary table. For now, the important number is the significance in the right most columns. If that value is less than 0.05, we have a significant linear regression. If it is larger than 0.05, we do not. The ANOVA



summary table for the regression analysis is observed that the significant level is less than 0.05 ( $p < 0.05$ ) that illustrate we have a significant linear regressions .The ANOVA result below shows the significant of the model as a whole and it leads to the conclusion that the combined impact of the independent variables on performance of the bank is significant.

Table 18: ANOVA - The result of multiple regression analysis

| Model   |            | Sum of Squares | df  | Mean Square | F      | Sig. |
|---|------------|----------------|-----|-------------|--------|------|
| 1   | Regression | 48.770         | 5   | 9.754       | 16.493 | .000 |
|   | Residual   | 150.214        | 254 | .591        |        |      |
|   | Total      | 198.985        | 259 |             |        |      |
| a. Dependent Variable: Performance  |            |                |     |             |        |      |
| b. Predictors: (Constant), Advertisement, Personal selling, Public relations. Sales promotion, and Direct Marketing |            |                |     |             |        |      |

*Source: Computation from survey data (2017)*

In order to evaluating independent variables, Table 19 below illustrates which variables included in the model contributed to the prediction of the dependent variable and by how much. To compare the different variables it is important to look at standardize coefficients. Thus, looking the standardized beta values and it is possible to say personal selling with  $B=0.243$  makes the strongest contribution to explaining performance of the bank, when the variance explained by all other variables in the model is controlled for. Advertisement  $B=0.176$ , sales promotion= $0.098$ , direct marketing  $B= 0.054$ , and public relations  $B=0.001$  contributes to the variation of the performance in the given order. The Sig. column of Table 19 is used to identify which of these variables are making statistically significant contribution to the performance of the bank.

Table 19: Multiple regression result of the promotion mix and performance

| Coefficients |                  |                             |            |                           |       |      |                         |       |
|--------------|------------------|-----------------------------|------------|---------------------------|-------|------|-------------------------|-------|
| Model        |                  | Unstandardized Coefficients |            | Standardized Coefficients | T     | Sig. | Collinearity Statistics |       |
|              |                  | B                           | Std. Error | Beta                      |       |      | Tolerance               | VIF   |
| 1            | (Constant)       | 1.093                       | .628       |                           | 1.740 | .083 |                         |       |
|              | Advertisements   | .277                        | .099       | .176                      | 2.800 | .006 | .867                    | 1.153 |
|              | Sales promotion  | .134                        | .085       | .098                      | 1.577 | .116 | .887                    | 1.127 |
|              | Direct marketing | .077                        | .086       | .054                      | .896  | .371 | .944                    | 1.059 |
|              | Public relations | .002                        | .104       | .001                      | .020  | .984 | .997                    | 1.003 |
|              | Personal selling | .269                        | .068       | .243                      | 3.929 | .000 | .893                    | 1.120 |

a. Dependent Variable: Performance

*Source: Computation from survey data (2017)*

The hypothesis test result based on standardized coefficient beta and P-value to test whether the hypothesis to reject or not reject. As shown from the above table personal selling, P-value is significant ( $P < 0.05$ ) and the beta value is positive (Beta = 0.243), Therefore the result not supported the initial hypothesis and infers that personal selling has a significant positive effect on the performance of Berhan Int. Bank. The same is true for advertisement, P-value is significant ( $P < 0.05$ ) and the Beta value is positive (Beta = 0.176), therefore the result not supported the initial hypothesis and infers that advertisement has a significant positive effect on the performance of Berhan Int. Bank.

But regarding the sales promotion, P-value is not significant ( $P > 0.05$ ) but the Beta value is positive (Beta = 0.098). Therefore, the result supported the initial hypothesis and infers that sales promotion does not have a significant but positive effect on the performance of Berhan Int. Bank. Same to direct marketing, P-value is not significant ( $P > 0.05$ ) but the Beta value is positive (Beta = 0.054). Therefore, the result supported the initial hypothesis and infers that direct marketing does not have a significant but positive effect on the performance of Berhan Int. Bank. The same is true for public relations, P-value is not significant ( $P > 0.05$ ) but the Beta value is positive (Beta = 0.001). Therefore, the result supported the initial hypothesis and infers that public relations does not have a significant but positive effect on the performance of Berhan Int. Bank.

To construct a regression equation we use the unstandardized coefficient values. This is where the actual prediction equation can be found. The regression equation for this research is presented below.

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e$$

Where:

Y = Performance

a = Constant value

$\beta$  = Beta

$X_1$  = Advertisement

$X_2$  = Personal selling

$X_3$  = Sales promotion

$X_4$  = Public relations

$X_5$  = Direct Marketing

e = error term

So equation comes out;

$$\text{Performance} = 1.093 + 0.176X_1 + 0.243X_2 + 0.098X_3 + 0.001X_4 + 0.054X_5 + e$$

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMENDATIONS

This chapter provides a summary, conclusions and recommendations of the research undertaken in the study. Conclusions are given based on the research objectives of the study. The general explanations of the findings were discussed and recommendations drawn from the conclusions of the research were provided to Berhan Int. Bank to improve its promotion strategy by giving due attention for the appropriate promotion mix elements.

#### 5.1 Summary of Major finding

Demographic distribution of the respondents were analyzed and the effect with the study variables was discussed in detail. In addition the data gathered with related to the independent variables of the study which consisted on the promotion strategies such as advertisement, personal selling, sales promotion, public relations and direct marketing which have an effect on the performance of Berhan Int. Bank were analyzed. Summary of the results is elaborated in the below points.

- The bank employees are female dominated. The age distribution also implies that the respondents are adult who are believed to have a great energy to the execution of the promotion strategies on the performance of the bank.
- The majority of the respondents hold first degree and the remaining respondents had a master's degree.
- The data gathered related with the job experience of the sample respondents witnessed the appropriateness of the samples as majority of the respondents' acquire experience between 1-3 years with related to the young age of the bank and those employees are able and qualified to respond on the effect of the promotional activities on the promotion strategies of the bank because they have a large tendency to get customers by serving them on front office, as a reason, the respondents are important targets to give reliable feedback on the research instrument and the study is dealing with.
- Additionally, in relations with the job position of the respondents the majority of the respondents are a customer service officers. This gives confidence for the research that

those employees have a big opportunities to confront with many actual and potential customers of the bank.

In the quantitative part, this section will also presents the major findings of the study based on the means score and a multiple regression is also conducted to test the given hypothesis of the study.

The following results of means score describes the average attitudes of the respondents towards promotion mixes and performance.

- The overall mean for the perception of advertisement is 3.43, indicating that the majority of the respondents are towards medium level agreements with the statements specified in the advertisement construct of the study.
- The overall mean for the perception of personal selling is 3.38, indicating that the majority of the respondents are towards medium level agreements with the statements specified in the personal selling constructs of the study.
- The overall mean for the perception of sales promotion is 3.36, indicating that the majority of the respondents are towards medium level agreements with the statements specified in the sales promotion constructs of the study.
- The overall mean for the perception of public relations is 3.32, indicating that the majority of the respondents are towards medium level agreements with the statements specified in public relations constructs of the study.
- The overall mean for the perception of direct marketing is 3.17, indicating that the majority of the respondents are towards medium level agreements with the statements specified in direct marketing constructs of the study.

As observed above all respondents had a medium agreement with the statements specified on the study but the researcher rank the respondent's agreement for the promotion mixes based on their mean score. Therefore personal selling got the first rank then advertisement, sales promotion, public relation take the following rank and direct marketing got the lowest rank among the stated promotion mixes.

Five hypothesis were also formulated to test the significance effect of the independent variables towards the dependent one. The conducted multiple regressions reveals that the five variables measuring promotion have positive effect on the performance of Berhan Int. Bank. The results of the regression analysis are summarized below.

- Advertisement has a positive effect on performance of Berhan Int. Bank with regression coefficient of 0.176. The t significant test also confirm the significant effect of advertisement ( $P < 0.05$ ). **Thus, Hypothesis  $H_{0(1)}$  is Rejected.**
- Personal Selling has a positive effect on performance of Berhan Int. Bank with regression coefficient of 0.243. Since the t significant test exposes the significant of the coefficient that is ( $P < 0.05$ ). **Thus, Hypothesis  $H_{0(2)}$  is Rejected.**
- Sales promotions has a positive effect on performance of Berhan Int. Bank with regression coefficient of 0.098. But the t significant test confirm that sales promotion don't have a significant effect on performance since the significant coefficient greater that 0.05 ( $P < 0.05$ ). **Thus, Hypothesis  $H_{0(3)}$  is failed to reject.**
- Public relations has a positive effect on performance of Berhan Int. Bank with regression coefficient of 0.001. But the t significant test confirm that same like sales promotion, public relations also don't have a significant effect on performance since the significant coefficient greater that 0.05 ( $P < 0.05$ ). **Thus, Hypothesis  $H_{0(4)}$  is failed to reject.**
- The last promotion mixes which is direct marketing has also a positive effect on performance of Berhan Int. Bank with regression coefficient of 0.054. But the t significant test confirm that direct marketing don't have a significant effect on performance since the significant coefficient greater that 0.05 ( $P < 0.05$ ). **Thus, Hypothesis  $H_{0(5)}$  is failed to reject.**

## 5.2 Conclusions

This study aimed to examine the effect of promotion strategy in its five components (advertisement, personal selling, sales promotions, public relations and direct marketing) on performance of Berhan Int. Bank S.C. In this regard, it can be concluded about how each dimension of promotion mix has an impact on performance as stated below;

- One of the research findings that can be concluded from the statistics provided above is that advertisement is positively and significantly related to performance of Berhan Int. Bank.
- The most important factor that can affect performance is personal selling compared with the other mix, as the statistics imply, personal selling has a positive and significant effect on performance of Berhan Int. Bank.

- On the other hand, the remaining promotion dimensions such as sales promotion, public relations and direct marketing's of Berhan Int. Bank, they have a positive but insignificant effect on performance of the bank.

### 5.3 Recommendations

Based on the conclusions drawn out of the finding, the following points are forwarded as recommendations so that Berhan Int. Bank can revise or reconsider its promotion strategies to designing effective and efficient strategies by focusing on the promotion mix that has a significant contribution and by giving due attention for those which have insignificant contribution to boost the overall performance of the bank.

- In designing its promotional strategies, it is essential for Berhan Int. Bank to focus and exert more effort on advertisements and personal selling that affecting performance significantly.
- Berhan Int. Bank should pay more attention to the activities and means of sales promotions, by increasing more sales promotion activities on its strategies to attract and retain actual and prospect customers even after the sales promotion period, since the study results showed a weakness in this variable in influencing the performance of the bank.
- Same as sales promotion the study results that public relations and direct marketing activities of Berhan Int. Bank has a weakness on its effectiveness. As a result the bank's marketing and business development department should give adequate attention for public relation and direct marketing activities to maximize the role in improving the bank performance.
- Generally, Berhan Int. Bank should improve its promotion strategies by integrating the promotion mixes and by increasing the promotional activities which are suitable for the banking industry and which use to attract & retain the majority of the customers towards increasing the overall performance of the bank.

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# APENDIX ONE

ST.MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

DEPARTMENT OF MARKETING MANAGEMENT

**Questionnaire to be filled by Employees**

## **Dear Respondents:**

The purpose of this questionnaire is to collect information on a case study to assess **the effect of Promotion Strategies on the Performance of Berhan International Bank S.C.** The intention of the study is for a partial fulfillment of Master of Marketing Management from St. Mary's University. I request your help to spend some minutes of your time by filling the provided questionnaire. The valid information that you may fill in this questionnaire has a great importance for the realization of the study. Please, be aware that while you react to the questionnaire:-

- ✓ The collected data will be used only for academic purpose.
- ✓ Your Response is kept confidential.
- ✓ The data will be analyzed collectively.
- ✓ Writing your name is not necessary.
- ✓ Please put a tick (✓) mark just inside the given box for Part I and circle for Part II and III

I thank you in advance for your cooperation and spending your valuable time in filling and taking part in the study.

Emebet Mohammed

Tel. +251-921-60-04-59

Email:emumohammed2016@gmail.com

**Part I: Respondents Demographic Data**

1, Gender: 1. Male  2. Female

2, Age Group: 1. 18-29 years  2. 30 - 45 years  3. 46 -59 years  4. Above 59

3, Educational qualification: 1.Diploma  2. Degree  3. Master’s Degree and above

4, Work experience: 1. Less than 1 years  2. 1-3 years  3. 4-6 years  4. Above 6 years

5, What is your position in the Bank? \_\_\_\_\_

**Part II: Elements of Promotion Mixes**

| S/N                   | Statements  | Scales                    |               |                  |            |                        |
|-----------------------|---|---------------------------|---------------|------------------|------------|------------------------|
|                       |   | 1<br>Strongly<br>Disagree | 2<br>Disagree | 3<br>Neutra<br>1 | 4<br>Agree | 5<br>Strongly<br>Agree |
| <b>1. Advertising</b> |   |                           |               |                  |            |                        |
| 1.                    | Advertising of Berhan Int. bank creates a great awareness to customers.                 | 1                         | 2             | 3                | 4          | 5                      |
| 2.                    | Advertising of Berhan Int. bank is a powerful tool capable of persuading audiences.     | 1                         | 2             | 3                | 4          | 5                      |
| 3.                    | Berhan Int. Bank uses celebrities to Advertise its product and service.                 | 1                         | 2             | 3                | 4          | 5                      |
| 4.                    | Advertising medium of Berhan Int. bank is appropriate to reach the majority customers.  | 1                         | 2             | 3                | 4          | 5                      |
| 5.                    | The advertisement timing of Berhan Int. bank used to reach the majority of the customer | 1                         | 2             | 3                | 4          | 5                      |
| 6.                    | No product of Berhan Int. bank can survive competition without intensive advertisement. | 1                         | 2             | 3                | 4          | 5                      |
| 7.                    | There are products of Berhan Int. bank which are advertising but not provided.          | 1                         | 2             | 3                | 4          | 5                      |
| 8.                    | There are products of Berhan Int. bank which  |                           |               |                  |            |                        |

|                            |   |   |   |   |   |   |
|----------------------------|---|---|---|---|---|---|
|                            | are provided but not advertised.  | 1 | 2 | 3 | 4 | 5 |
| 9.                         | The service provided by Berhan Int. bank is just as promoted.   | 1 | 2 | 3 | 4 | 5 |
| 10.                        | Berhan Int. Bank advertisement creates a rational appeal.   | 1 | 2 | 3 | 4 | 5 |
| 11.                        | Berhan Int. Bank advertisement creates an emotional appeal.   | 1 | 2 | 3 | 4 | 5 |
| 12.                        | Advertising of Berhan Int. bank is the most preferred promotion mix that contributes to the performance of the bank.      | 1 | 2 | 3 | 4 | 5 |
| <b>2. Personal Selling</b> |   |   |   |   |   |   |
| 1.                         | Personal selling of Berhan Int. bank is unimportant promotion tool.   | 1 | 2 | 3 | 4 | 5 |
| 2.                         | Berhan Int. Bank has an effective recruitment, selection, placement and training system for the sales force.              | 1 | 2 | 3 | 4 | 5 |
| 3.                         | Personal selling of Berhan Int. Bank is effective in creating customers awareness.  | 1 | 2 | 3 | 4 | 5 |
| 4.                         | Salespersons of Berhan Int. Bank has a great role to persuade customers.  | 1 | 2 | 3 | 4 | 5 |
| 5.                         | Face to face contact between salespersons and customers have an effect on improving Berhan Int. Bank's performance.       | 1 | 2 | 3 | 4 | 5 |
| <b>3. Public Relation</b>  |   |   |   |   |   |   |
| 1.                         | Berhan Int. Bank's marketing and business development department gives adequate attention for Public Relation activities. | 1 | 2 | 3 | 4 | 5 |
| 2.                         | Public relations of Berhan Int. Bank prepare adequate marketing campaigns.  | 1 | 2 | 3 | 4 | 5 |
| 3.                         | Public relations of Berhan Int. Bank create a   |   |   |   |   |   |

|                            |  |   |   |   |   |   |
|----------------------------|--|---|---|---|---|---|
|                            | great awareness to customers.  | 1 | 2 | 3 | 4 | 5 |
| 4.                         | Public relations of Berhan Int. Bank persuade customers to work with the bank.   | 1 | 2 | 3 | 4 | 5 |
| 5.                         | Public relations of Berhan Int. bank have a role to the performance of the bank.   | 1 | 2 | 3 | 4 | 5 |
| <b>4. Sales Promotion</b>  |  |   |   |   |   |   |
| 1.                         | Berhan Int. Bank is using Sales promotions along with advertising, personal selling and other promotional mix tools.       | 1 | 2 | 3 | 4 | 5 |
| 2.                         | Sales promotion of Berhan Int. Bank is strong enough to attract customers.   | 1 | 2 | 3 | 4 | 5 |
| 3.                         | Sales promotion of Berhan Int. Bank has a great impact to build a long term relationship after the sales promotion period. | 1 | 2 | 3 | 4 | 5 |
| 4.                         | Berhan Int. Bank has adequate sales promotion practices.   | 1 | 2 | 3 | 4 | 5 |
| 5.                         | Sales promotions of Berhan Int. bank have an effect on the performance of the bank.  | 1 | 2 | 3 | 4 | 5 |
| <b>5. Direct Marketing</b> |  |   |   |   |   |   |
| 1.                         | Berhan Int. Bank marketing and business development department gives adequate attention for Direct marketing.              | 1 | 2 | 3 | 4 | 5 |
| 2.                         | Direct marketing by personal contact with the customer has an impact on the performance of Berhan Int. Bank.               | 1 | 2 | 3 | 4 | 5 |
| 3.                         | Direct Marketing by email, Post or SMS has an impact on performance of Berhan Int. Bank.                                   | 1 | 2 | 3 | 4 | 5 |
| 4.                         | Berhan Int. Bank has a telemarketing to persuade customers.  | 1 | 2 | 3 | 4 | 5 |

### Part III – Bank Performance

| No. | Statements   | Scales                    |               |              |            |                        |
|-----|--|---------------------------|---------------|--------------|------------|------------------------|
|     |  | 1<br>Strongly<br>Disagree | 2<br>Disagree | 3<br>Neutral | 4<br>Agree | 5<br>Strongly<br>Agree |
| 1.  | Advertising has a significant positive effect on performance of Berhan Int. Bank       | 1                         | 2             | 3            | 4          | 5                      |
| 2.  | Personal Selling has a significant positive effect on performance of Berhan Int. Bank. | 1                         | 2             | 3            | 4          | 5                      |
| 3.  | Public relation has a significant positive effect on performance of Berhan Int. Bank   | 1                         | 2             | 3            | 4          | 5                      |
| 4.  | Sales Promotion has a significant positive effect on performance of Berhan Int. Bank   | 1                         | 2             | 3            | 4          | 5                      |
| 5.  | Direct Marketing has a significant positive effect on performance of Berhan Int. Bank. | 1                         | 2             | 3            | 4          | 5                      |

*Your Participation in this Case Study is Deeply Appreciated.*

*Thank you!!!*

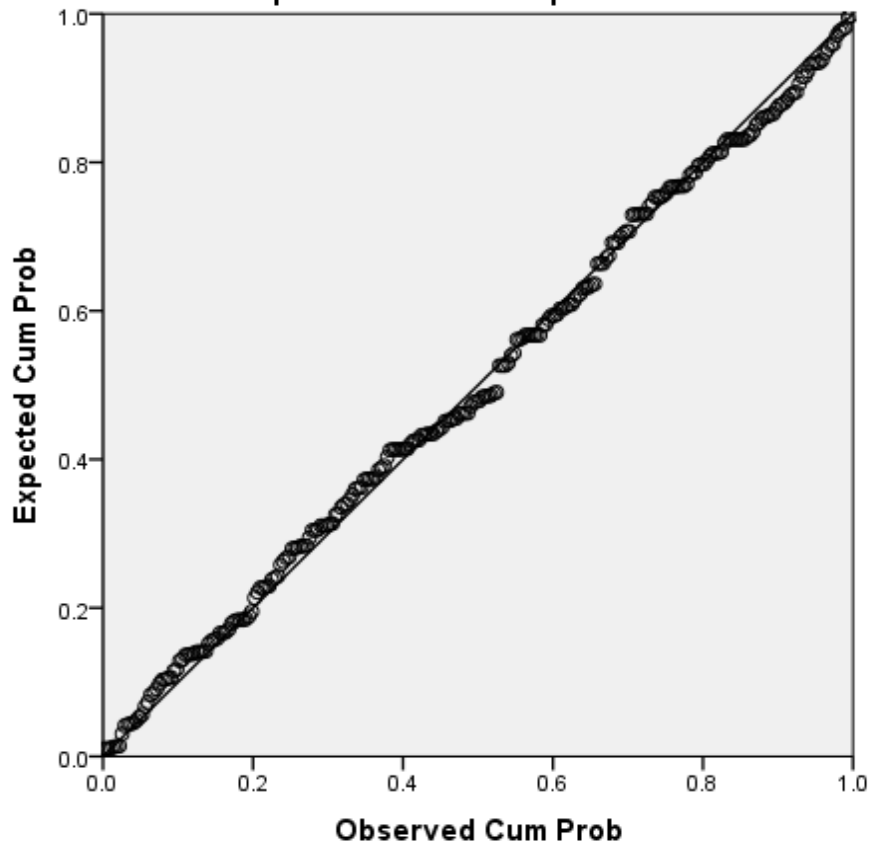
## **APENDIX TWO**

### **Interview Questions**

1. What is your role in the bank?
2. What type of promotion mix are consisted in the promotion strategies of the bank?
3. What type of promotion medium that the bank is using?
4. What is the favorable time to transmit the bank's promotion?
5. What is the overall effect of the promotion strategies on the bank's performance?

**APENDIX THREE**  
**Normal P-Plot of Regression Standardized Residuals**

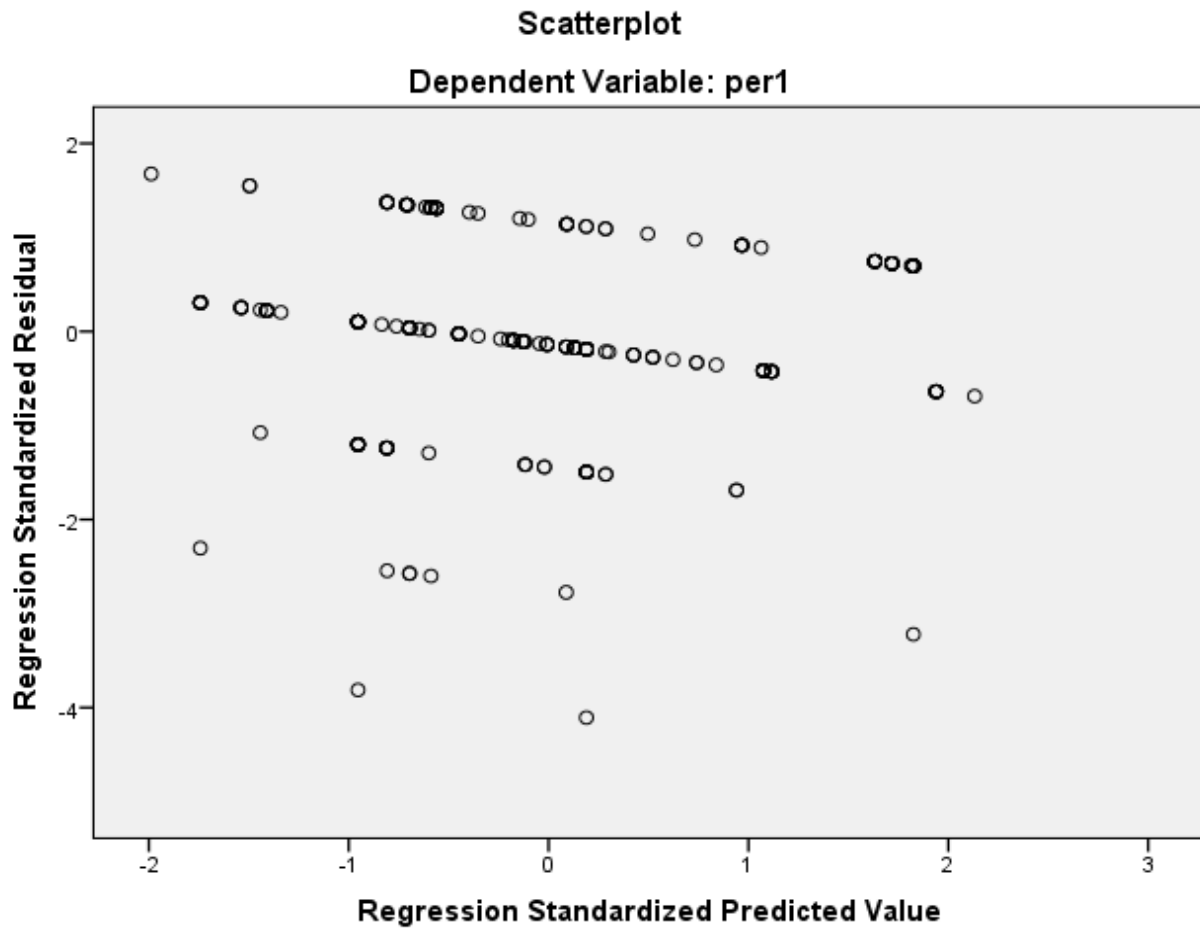
**Normal P-P Plot of Regression Standardized Residual**  
**Dependent Variable: per2**





## APENDIX FOUR

Scatter plot Homoscedasticity test for promotion mixes elements and performance.



**APENDIX FIVE**  
**Sample Size of a known Populations**

| Table 3.1  |    |     |     |     |     |      |     |         |     |
|--|----|-----|-----|-----|-----|------|-----|---------|-----|
| <i>Table for Determining Sample Size of a Known Population</i> |    |     |     |     |     |      |     |         |     |
| N  | S  | N   | S   | N   | S   | N    | S   | N       | S   |
| 10   | 10 | 100 | 80  | 280 | 162 | 800  | 260 | 2800    | 338 |
| 15   | 14 | 110 | 86  | 290 | 165 | 850  | 265 | 3000    | 341 |
| 20   | 19 | 120 | 92  | 300 | 169 | 900  | 269 | 3500    | 346 |
| 25   | 24 | 130 | 97  | 320 | 175 | 950  | 274 | 4000    | 351 |
| 30   | 28 | 140 | 103 | 340 | 181 | 1000 | 278 | 4500    | 354 |
| 35   | 32 | 150 | 108 | 360 | 186 | 1100 | 285 | 5000    | 357 |
| 40   | 36 | 160 | 113 | 380 | 191 | 1200 | 291 | 6000    | 361 |
| 45   | 40 | 170 | 118 | 400 | 196 | 1300 | 297 | 7000    | 364 |
| 50   | 44 | 180 | 123 | 420 | 201 | 1400 | 302 | 8000    | 367 |
| 55   | 48 | 190 | 127 | 440 | 205 | 1500 | 306 | 9000    | 368 |
| 60   | 52 | 200 | 132 | 460 | 210 | 1600 | 310 | 10000   | 370 |
| 65   | 56 | 210 | 136 | 480 | 214 | 1700 | 313 | 15000   | 375 |
| 70   | 59 | 220 | 140 | 500 | 217 | 1800 | 317 | 20000   | 377 |
| 75   | 63 | 230 | 144 | 550 | 226 | 1900 | 320 | 30000   | 379 |
| 80   | 66 | 240 | 148 | 600 | 234 | 2000 | 322 | 40000   | 380 |
| 85   | 70 | 250 | 152 | 650 | 242 | 2200 | 327 | 50000   | 381 |
| 90   | 73 | 260 | 155 | 700 | 248 | 2400 | 331 | 75000   | 382 |
| 95   | 76 | 270 | 159 | 750 | 254 | 2600 | 335 | 1000000 | 384 |

*Note: N is Population Size; S is Sample Size* *Source: Krejcie & Morgan, 1970*