

Effectiveness of Promotional Methods for Recently Introduced Savings Accounts with Special Reference to Commercial Banks in Badulla Urban Area

S. H. D. K. Abeygunawardene and P. I. N. Fernando

Uva Wellassa University, Sri Lanka

Modern business environment is highly dynamic and competitive. Service sector organizations are considered as one of the highly competitive sectors within the economy. To face this competition, commercial banks introduce savings accounts ceaselessly. Even though banks spend millions on promotional/advertising activities, the number of customers attracted to these accounts is in comparatively at a lower level. This research focused on identifying the most effective promotional method for recently introduced savings accounts in commercial banks which operated their branches in Badulla urban area. Both primary and secondary data were used for data collection. One hundred respondents were selected as the sample using stratified sampling method from seven commercial banks to measure the effectiveness of eight promotional methods used by banks. The study reveals that there is a positive relationship between promotional/advertising cost and attractiveness of customers for recently introduced savings accounts (0.507). The P-Value of 0.245 shows that banks are unable to attract considerable number of customers according to the cost of promotional/advertising activities for recently introduced savings accounts. According to the study, the most effective promotional methods are word of mouth marketing and personal selling. The other six promotional methods have less effectiveness and radio advertisements have no effectiveness in attracting customers for recently introduced savings accounts. The study recommends that the banks in Badulla urban area must spend heavily on the most effective promotional methods, word of mouth marketing and personal selling to attract more potential customers. To practice most effective promotional methods, banks must consider on enhancing the service given by bank officers to delight the customers. The banks can use training and development programs regarding customer relationship management and other motivational methods such as salary increments and job security to bank officers in order to make them satisfied.

Key words: Savings accounts, Promotional cost, Promotional methods