

## INFLUENCE OF MARKETING COMMUNICATIONS ON CONSUMERS BEHAVIOUR IN BANK SECTOR<sup>1</sup>

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**Abstract:** *The present paper aims to present analysis of the results of a survey regarding the influence of marketing communications of three commercial banks in Bulgaria on their individual consumers' behaviour. The research has been conducted in September and October of 2020 in Ruse in order to find answers of questions such as: how do individual consumers estimate the different bank communication activities connected with their products; what is the effect of these activities on consumers' reactions in different aspects: being informed, interested or convinced; preferring one bank to another; creating and maintaining image and loyalty; which of the bank marketing communications have the biggest influence, and others.*

**Keywords:** *Marketing Communications, Consumer Reactions, Consumer Behaviour, Commercial Banks.*

**JEL Codes:** *M31, N34*

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### I. Introduction

Marketing communications are an important part of the overall marketing strategy of organizations, including banks. They are developed in synchrony with the product and price decisions, in accordance with the strategic market goals. What is specific to the consumption of banking products is that consumers associate them with a certain risk, which necessitates building of trust by banks through careful and integrated use of different means and techniques for communication with the market and the public. Once they have won consumers' trust, banks should develop loyalty and long-term relationships. According to bank experts and managers, a self-respecting and partner-respected banking institution with long-term intentions in the market must follow certain principles - to provide actively open, timely, clear and accurate information based on facts and figures.

However, it is necessary to study the point of view of consumers to whom the marketing communication effects are directed, in order to determine the effectiveness of these communications, compared to the goals that include formation of image and consumer behaviour based on trust, leading to the choice of a particular bank and long-term relationships in case of financial services necessity.

The purpose of this paper is to present an analysis of the results of a survey conducted in September and October 2020 among individual consumers of banking products of three commercial banks in Ruse and the region. The aim of the study is to identify the impact of banks' communication activities on individual consumers' behaviour, as well as the consumers' evaluation of these activities.

The tasks performed to achieve this goal are: (1) presenting the scope of marketing communications and their effectiveness in

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<sup>1</sup> The study is aimed at individual consumers of banking products of three commercial banks in Bulgaria.

relation to communication goals in theoretical terms; (2) explaining the manner of conducting the survey; (3) presentation and analysis of the results and (4) formulation of conclusions from the study.

## II. Exposition

### Scope of marketing communications

Individual consumer behavior is a set of expectations, decisions and actions regarding the choice, purchase and consumption of products or services. The process of this type of consumer solutions takes place in five stages: awareness of the problem, search for information, evaluation of alternatives, purchase decision and behavior after purchase (Ruskova, 2012; Ruskova, 2020; Todorova & Ruskova, 2016). Marketing communications of business organizations have a crucial role in guiding consumers through this process.

The use of different marketing communication activities is synchronized through the communication mix, which is the heart of the concept of integrated marketing communications (IMC). They cover the complex impact through advertising, personal sales, sales promotion, public relations and publicity (Mokreva & Antonova, 2009). These activities are planned and implemented in such a way that maximum effect with the available communication budget can be ensured. The target audience of communications includes both real and potential customers and the general public. The IMC of the organizations achieve maximum use of the advantages of the communication activities and mutual compensation of their limitations, avoiding duplication of costs and increasing the efficiency (Velev, 2011).

The choice of a combination, forming the communication mix of the organization, depends on the effect expected from its application to the goals set, the specifics of the activity and the target audience. The goals are related to different levels of consumer reaction: reactions at the cognitive level - providing information about the product; reactions at an emotional level - formation of a preliminary positive attitude (liking, trust, desire) and at an active level - trial and repeat purchases (Antonova & Kunev,

2020). These levels are presented hierarchically through the different consumer reaction models. After defining the target audience and its features, a decision is made about the reactions communication aims at. The most commonly used tool for formulating communication goals is the so-called pyramid of communication effects, based on models such as AIDA (attention, interest, desire, action) and the DAGMAR approach (Defining Advertising Goals for Measured Advertising Results). The evaluation of the effectiveness of communication should be made according to these objectives and to the extent of their realization.

In banking institutions, the communication goals are most often set in two main directions: creating and improving the image of the institution and encouraging the trial, purchase and use of various products and services by customers. These goals can be specified as: creating the desired image; maintaining the image; formation of customer well-being; encouragement to use the product; gaining customer trust and repeat purchases; formation of consumer loyalty; change in consumer behavior and attitudes, etc. (Asenova, 2013).

Two main channels are used for banking communications: (1) personal channel - the bank's employees personally inform the clients about the services, regardless of whether this is done "face to face" or by phone upon request; (2) impersonal channels - do not provide direct contact between the bank and the clients. These channels are made possible mainly by the media, whether they are print, broadcast, electronic nets or exhibition (Dankova, 2017).

### Survey of consumer opinion and reactions regarding marketing communications of commercial banks

According to BNB (Bulgarian National Bank) data from June 30.2020, 23 banks operate in the banking sector of Bulgaria and 5 of them are branches of foreign credit institutions. The share of the five largest banks, based on total assets in the banking system, reached 66.3% as of June 30, 2020. In the first 10 banks in terms of assets, also as of June 30, 2020, are concentrated 87.80% of the total

assets of the banking system, which amount to BGN 115.3 billion.

The net profit of the banking system at the end of June 2020 shrank by 43.87% to 515.2 million BGN (compared to 917.9 million BGN for the first half of 2019). By this criterion, the top 5 banks are the same, but their places are rearranged.

The banks whose customers were included in the survey were selected to be among the top ten, two of which are in the top five. According to the indicator share in the total assets of the banking system, they are respectively at the first, third and sixth position at the end of June 2020 and in the statement below will be called respectively banks A, B and C. The ratio between the surveyed clients of the three banks is in accordance with the size and position of the bank, as it is respectively 0.5: 0.3: 0.2. The survey was conducted among clients living in Ruse, and a total of 180 people were surveyed. The units in the sample were selected at random. However, the volume of the whole sample does not give grounds to consider it representative. Most of the clients have been questioned online (80%), and the rest - in person at a bank office.

The questionnaire includes 15 questions, divided into three groups: introductory, substantive and concluding. The first ones aim to establish the degree of engagement of the respondents with the banking institution they use and the types of products they most often use. The second group includes mostly questions that aim to identify the leading motives for choosing a bank and its products, the influence of different communication channels of the bank on customers' choice, the awareness and evaluation of respondents about different communication activities (advertising, personal sales, public relations and sales promotion). The concluding questions search for the demographic and socio-economic characteristics of the respondents.

Summaries of the answers to the separate questions for the three banks are made by weighted average. A comparison is made only of the answers related to assessing the characteristics of the bank.

### **Results of the conducted survey**

Although they refer to the final questions of the survey, we will start with a summary of the demographic and socio-economic characteristics of the respondents in order to have an idea of what user profile the following results refer to. 58% of the respondents are women and 42% are men. According to the level of completed education, 47% have secondary education and 53% have higher education. The majority of respondents (73%) are employed, including on a contract basis, freelance or employed in their own business. 23% indicated that their main occupation at the time of the survey was as students. 2% were unemployed and 2% were retired. This means that the majority of respondents are educated, active, working or learning, i.e. they need banking services for one reason or another. A quarter have up to 600 BGN (300 Euro approximately) monthly income. 41% have an income of 600 to 1000 BGN, and over 1000 BGN monthly income indicated a little over a third of the respondents (33%).

Regarding the degree of engagement of the surveyed consumers with the bank that they use, the results show that 31% use its services from 1 to 3 times a week and 37% once a month. The highest engagement (more than 10 times a month) was shown by 7% of the respondents.

A quarter are at the other extreme and register very little commitment to "very rarely" or "once every few months" answers. This can be explained by the profile of the respondents presented above.

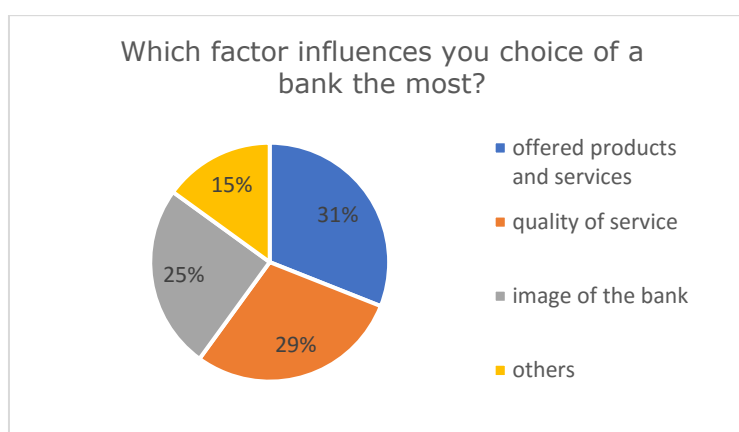


Figure 1. Main factors motivating the choice of a bank by individual consumers

The most commonly used services are current account (45%), online banking (33%) and POS terminal (36%). 22% use loans, 7% deposits and only 5% payment packages. The high share of those who indicate "online banking" is impressive - one third of the respondents, which significantly exceeds the statistics showing nearly 9% of the population of Bulgaria in 2019. (National Statistical Institute - NSI). This can be explained by the restrictions related to the Covid-19 pandemic, including the avoidance of cash payments and visits to bank offices. For this reason, marketing communications of banks have been strengthened, promoting e-banking by individual customers in 2020. The fact that the sample of the survey is not representative is also significant for explaining these results.

The main motives for choosing a bank, with an almost equal share, are the products offered (31%) and the quality service (29%), including competence and professionalism of the employees, as well as responsiveness and attitude towards the client. The importance of the image that the bank has built (25%) as a result of both its activities and its marketing communications is also great. The others chose "none of the above."

The communication channels organized by the banks and used with the greatest trust by the consumers are consultations by the employees of the bank and its official website. Given the perceived risk associated with these products, consumers rely mainly on personal contact with the bank's professionals, where they can receive detailed explanations and answers to their questions and concerns. For the same reason, the largest share is of those who trust the opinion and experience of their friends and acquaintances the most when choosing a bank (32%).

12% of the respondents trust messages on social networks the most, but if we summarize with those who chose the official website, the Internet presence turns out to have the same relative share as interpersonal word-of-mouth communications. Television advertising is chosen by only 10%, and those who are informed by brochures are only 2%. It has been found by an additional question that although the site is the most important information source for 20% of the respondents, 34% of them say that they monitor it regularly, 36% are not interested, and the remaining 30% check it only when necessary.

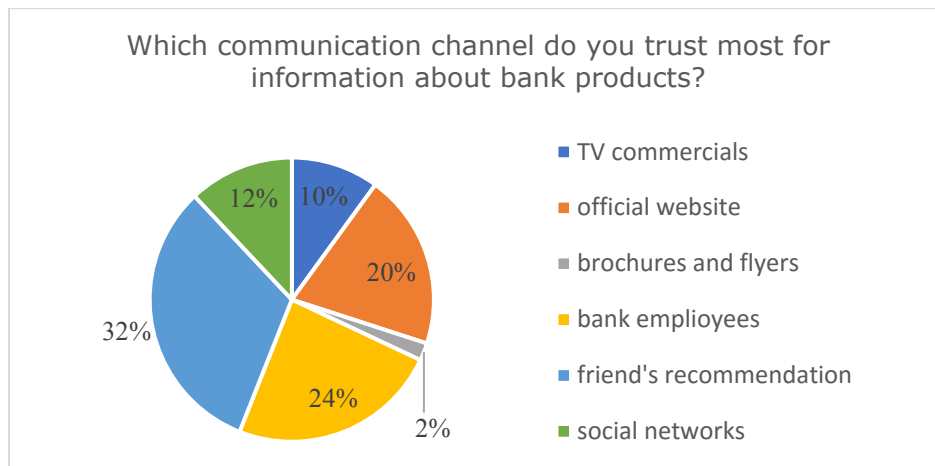


Figure 2. Communication channels used with the greatest confidence in informing about the choice of bank

Fig. 3 presents the average ratings of the individual communication elements for the three banks, as well as the degree of satisfaction of the consumers surveyed. The assessment is made by points on a scale from 1 to 5, respectively: low, satisfactory, good, very good and excellent. Regarding the connection of the assessed characteristics with the communication elements, it should be specified that the image of the bank is a result of the public relations, including the

institutional advertising of the bank. The availability of promotional products is an example of sales promotion tools, and office service corresponds to personal sales. The ads are also evaluated by customers if they are interesting and memorable, as well as the main online communication channels - the website and the online banking application. The ratings are averaged from all answers received for the respective bank on each criterion.

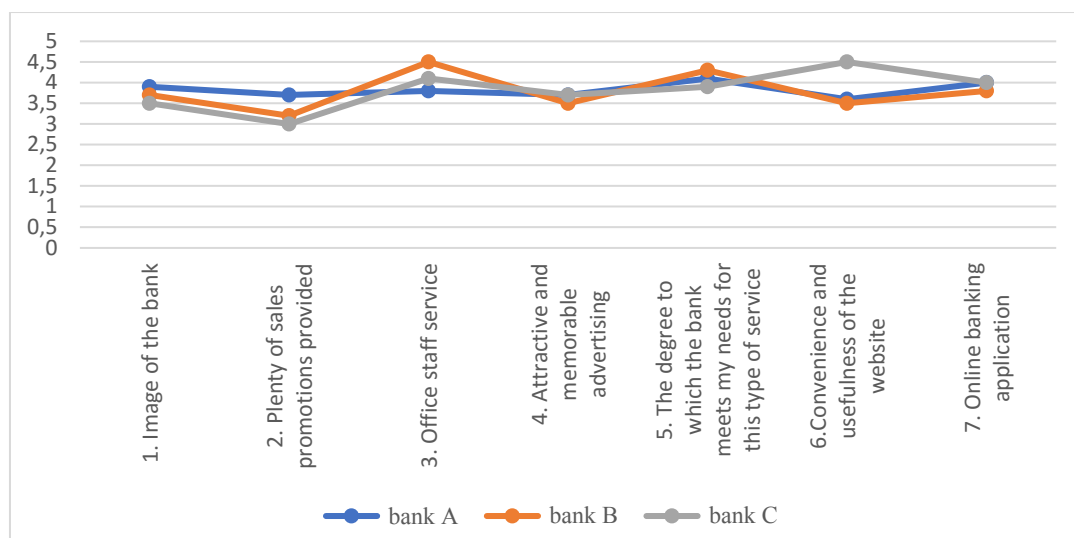


Figure 3. Average scores for the three banks depending on consumers' estimation on different characteristics

Bank B's superiority in terms of personal sales can be seen. Bank C surpasses the other two in terms of assessing the convenience and usefulness of the website, but has the lowest rating for the presence of promotional conditions. Bank A has the highest rating of this

communication activity. The assessment of the advertising and the image of the three banks, as well as their applications for online banking, is approximately the same - very good. The degree of satisfaction of the respondents with the products of the respective bank was

assessed as a complex criterion. It is inevitably influenced by other characteristics, i.e. communication activities, mostly from personal sales. It stands out that the highest scores for all three banks are precisely in this form of communication and the degree of satisfaction. Given that the evaluation of the advertisements is the same and the evaluation of the satisfaction is different for the three banks, the advertisement is not a direct determining factor. This is evidenced by the prevailing responses of the customers of the three banks that they would not change their bank under the influence of advertising or promotional conditions (54%), but in case the service quality decreases, they would do so. However, there are many who would change their bank under better conditions for banking products (30%) or promotional offers (16%).

### III. Conclusions

In conclusion, it is correct to say that although we look for the influence of the individual communication activities of banks on consumer decisions, they are still difficult to fully distinguish. This is due to the fact that their joint application adds an effect that cannot be perceived or appreciated by consumers, but is present.

1. From the results obtained we can summarize that the first of the main communication goals of the banks, namely the maintenance of a favorable image, is achieved to a very large extent. For a quarter of the surveyed customers of three of the leading banks in Bulgaria, the image was a determining motive in choosing a bank. This means that it is solidly built and manages to inspire enough trust to attract customers. One third of the respondents chose their bank under the influence of good reviews from their referent groups, which also supports the conclusion of a successful image and favorable attitude of customers and the public.

2. Another important conclusion is that personal sales play a decisive role, showing the identification of service by bank employees with the quality of the service received and the degree of customer satisfaction with it. The highest marks are distinguished by the "face to face" communication. Through its influence, the second main communication goal of banks is achieved to the greatest extent - stimulating purchases of banking products and forming long-term relationships with customers.

3. Although advertising is not among the most important means of communication according to the study, it is also highly valued and certainly contributes to informing about new products or promotional conditions, as well as to maintaining the image of banks.

4. Electronic banking and mobile applications for its implementation are also highly valued, with their use increasing. More attention needs to be paid to the banks' official website, as a communication channel providing useful information and convenience for customers to use.

5. Facebook pages are not the leading communication channel for banks, but they have the potential to influence changes in consumer behaviour. In the current context of the Covid-19 pandemic, it is considered more appropriate to use this channel to express empathy and care for the health of customers, focusing on messages related to the use of online services and online banking, as well as information on how to use them and to ensure safety in the Internet space. This would lead to more interest and commitment than sales-oriented posts. (Cocheo, 2020)

Further research will focus in particular on the study of digital marketing communications and their impact on the perception of e-banking by individual consumers.

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