

Advertising & Promotional Mix management about Dutch Bangla Bank Ltd.

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The Course teacher
Department of Business Administration
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Subject: **Submission of Report.**

Dear Sir,

It is a great pleasure to submit our report titled “Advertising & Promotional Mix management about Dutch Bangla Bank Ltd.” assigned as a requirement for Promotional management & Strategy course. We hope this report will help the Dutch Bangla Bank to gather insights on the topic and open the windows to do further studies in this aspect.

We would like to express our gratitude to you for giving us the opportunity to work on this topic. Your quires in this report will be much appreciated.

Thanking you

Sincerely yours

“Dream Door Group”

Acknowledgement

We would like to express our gratefulness to our honorable course teacher Mr. Mohammad Afsar Kamal for allowing us to work under his supervision we are none to do this without his directions and also thanks for his valuable guidance and suggestion. He has helped us a lot from to make the report and his guidance was most valuable for preparing this report. We have tried our best to accomplish the task within desired period. We have got all sorts of help from Dutch Bangla Bank ltd. & Internet.

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Executive Summary

BBA at the Department of Business Administration, Uttara University. The report is being submitted to Mohammad Afsar Kamal, Coordinator & Lecturer of Department of Business Administration, Uttara University.

This report has been prepared with Banking Industry at Dutch Bangla Bank Ltd. Dutch Bangla Bank engineer's enterprise & creativity in business & industry with a commitment to social responsibility. "Profits alone" do not hold a central focus in the bank's operation; because man does not live by bread & butter alone. Dutch Bangla Bank believes in the uncompromising commitment to fulfill its customer needs & satisfaction & to become their first choice in banking.

This report contains eleven topics. This report starts with a History of Dutch Bangla Bank. Origin of the report, Objectives, Scope, and Limitations & Methodology are discussed in 2nd & 3rd part. Advertising in Promotional Mix Management & review of DBBL's Business Operation Strategy discussed in 4th part. Promotional Mix of Bank Service & Promotional Mix used by DBL discussed in 5th & 6th part. In 7th part Analysis & Conclusion & Recommendation are drawn in 8th part. Finally the last part is belonging with References.

Industry Analyses

Over view:

The financial system in Bangladesh is mainly composed of two types of institutions: banks and non-bank financial institutions (NBFIs). The banking sector is supervised and regulated by the Bangladesh Bank (henceforth as BB), the central Bank of Bangladesh. The banking sector alone accounts for a substantial share of financial sector assets, with 48 banks accounting for about 95 per cent of the sector's total assets as of the end of December 2011. Since 2002, the domination of the banking system by the state-owned commercial banks (SCBs) has been declining while private commercial banks (PCBs) and foreign commercial banks (FCBs) have been gaining market share in both deposits and bank loans and advances (Bhattacharya and Chowdhury 2003), reflecting an increased competition in the banking industry. The market share of the SCBs declined substantially to 28.75 per cent of the total industry assets in 2011 as against 54.4 per cent in 1990, while PCBs' share rose to 65.24 per cent in 2011 as against 22.6 per cent in 1990. Similarly, FCBs have also shown slight increase holding total industry assets over the last ten years. FCBs hold 6.0 per cent of the industry assets as of 2011. To create an efficient environment in the banking sector, the respective authorities have undertaken substantial initiatives in the legal, institutional and policy reforms areas since the 1990s. The main measures adopted by the Financial Sector Reforms Programme (FSRP) were to improve loan classification and provisioning, capital adequacy positions, the legal system and the strengthening of central bank's supervision. Since 1994, to measure the performance of the banking sector, CAMEL (Capital Adequacy, Asset Quality, Management, Earnings and Liquidity) rating system has been introduced for scheduled banks. Presently Bangladesh bank has employed Early Warning Systems (EWS) of supervision to address the difficulties faced by banks. Any bank facing difficulty in areas of operation in terms of CAMELS framework is brought under EWS category and monitored closely to help improve its performance (Mollik and Bepari 2009).

PEST Analysis:

PEST analysis of any industry sector investigates the important factors that are affecting the industry and influencing the companies operating in that sector. PEST is an acronym for political, economic, social and technological analysis. Political factors include government policies relating to the industry, tax policies, laws and regulations, trade restrictions and tariffs etc. The economic factors relate to changes in the wider economy such as economic growth, interest rates, exchange rates and inflation rate, etc. Social factors often look at the cultural aspects and include health consciousness, population growth rate, age distribution, changes in tastes and buying patterns, etc. The technological factors relate to the application of new inventions and ideas such as R&D activity, automation, technology incentives and the rate of technological change.

The PEST Analysis is a perfect tool for managers and policy makers; helping them in analyzing the forces that are driving their industry and how these factors will influence their businesses and the whole industry in general. Our product also presents a brief profile of the industry comprising of current market, competition in it and future prospects of that sector.

PEST Analysis on Banking Industries:

Now banking system in Bangladesh is important for our development. It has a great impact on our economy. The investor wants to establish a Bank he must need consider PEST Analysis before starting activities. The activities of analyzing PEST should be considered those are given below in banking sector.

Political Factor:

Political factors are basically to what degree the government intervenes in the economy. Specifically, political factors include areas such as tax policy, labour law, environmental law, trade restrictions, tariffs, and political stability. Political factors may also include goods

and services which the government wants to provide or be provided (merit goods) and those that the government does not want to be provided (demerit goods or merit bads). Furthermore, governments have great influence on banking system of a nation. What questions must be consider when analyzing political factor of banking industry:

1. How stable is the political environment on banking system?
2. Will government policy influence laws that regulate or tax banking business?
3. What is the government's position on marketing ethics on banking system?
4. What is the government's policy on the economy about banking system?
5. Does the government have a view on culture and religion that have a affect on banking system?

Economical Factor:

Economic factors include economic growth, interest rates, exchange rates and the inflation rate. These factors have major impacts on how businesses operate and make decisions. For example, interest rates affect a firm's cost of capital and therefore to what extent a business grows and expands. Exchange rates affect the costs of exporting goods and the supply and price of imported goods in an economy.

Social Factor:

Social factors include the cultural aspects and include health consciousness, population growth rate, age distribution, career attitudes and emphasis on safety. Trends in social factors affect the demand for a company's products and how that company operates. For example, an aging population may imply a smaller and less-willing workforce (thus increasing the cost of labor). Furthermore, companies may change various management strategies to adapt to these social trends (such as recruiting older workers).What questions must be considered when analyzing social factor of banking industry:

1. What is the main religion of a country?
2. What is the food habit of the population?
3. What is the life style of the population of a country?
4. What is the occupation of the citizen that they handle to operate banking system?

Technological Factor:

Technological factors include technological aspects such as R&D activity, automation, technology incentives and the rate of technological change. They can determine barriers to entry, minimum efficient production level and influence outsourcing decisions. Furthermore, technological shifts can affect costs, quality, and lead to innovation.

1. Does technology allow for products and services in banking industries to be made more cheaply and to a better standard of quality?

2. Do the technologies offer consumers and businesses more innovative products and services such as Internet banking, new generation mobile telephones, etc?

3. How is distribution changed by new technologies e.g. books via the Internet, auctions, etc?

4. Does technology offer companies a new way to communicate with consumers e.g. banners, Customer Relationship Management (CRM), etc?

Life Cycle of Banking Industry:

If we analyzing the life cycle of banking industry in Bangladesh then we can see the industry stay in the closer to mature level. Because the targeted customers are already captured by the industry's firms and now a days the rival bank are try to attract those customers who already client to other bank.

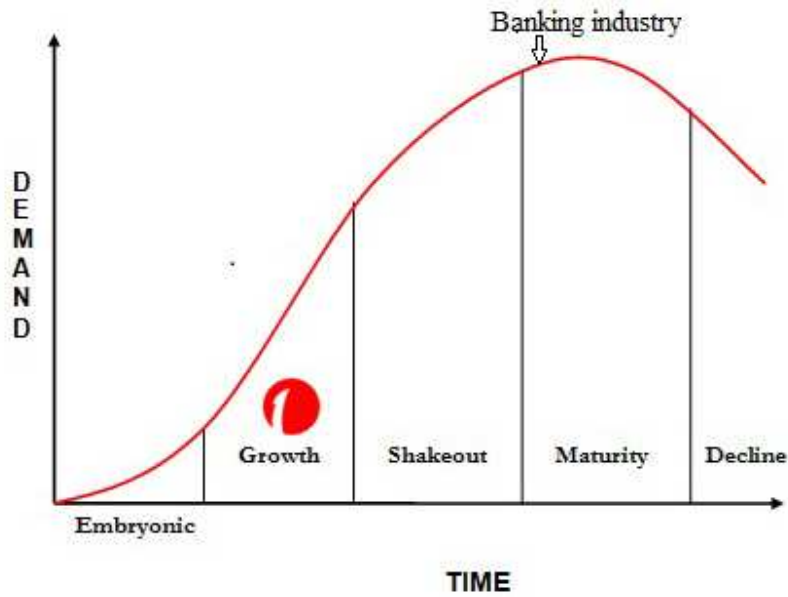


Figure: The Industry Life Cycle Model

Porters Five Forces Model:

More than two decades ago, Professor Michael Porter suggested some driving forces which could help to analyze the attractiveness of any industry/sector as well as its competitive positioning. This framework is widely used and known as 'Porter's Five Forces'. Professor Porter invented this model in 1979 and this was published in his book in 1980. Whether the business is service oriented or physical goods, there are always competitive forces in any perfect competitive business environment, like that of the banking sector in Bangladesh.

Rationale of the Porter's Five Forces Model in the Banking Industry:

The model attempts to address key strategic issues in a wider scope. Many of the issues mentioned in the model, including the forces and the management of those forces, are relevant to the banking sector as well as any other service-oriented business. The results, which will be obtained by the application of this model, should be given the value of the time of the analysis and that a continuous review is necessary in order to avoid to be myopic or obsolete with the results. Michael Porter provided a framework that models an industry as being influenced by five forces (Porter, 1980). Figure 1 provides details of the framework.

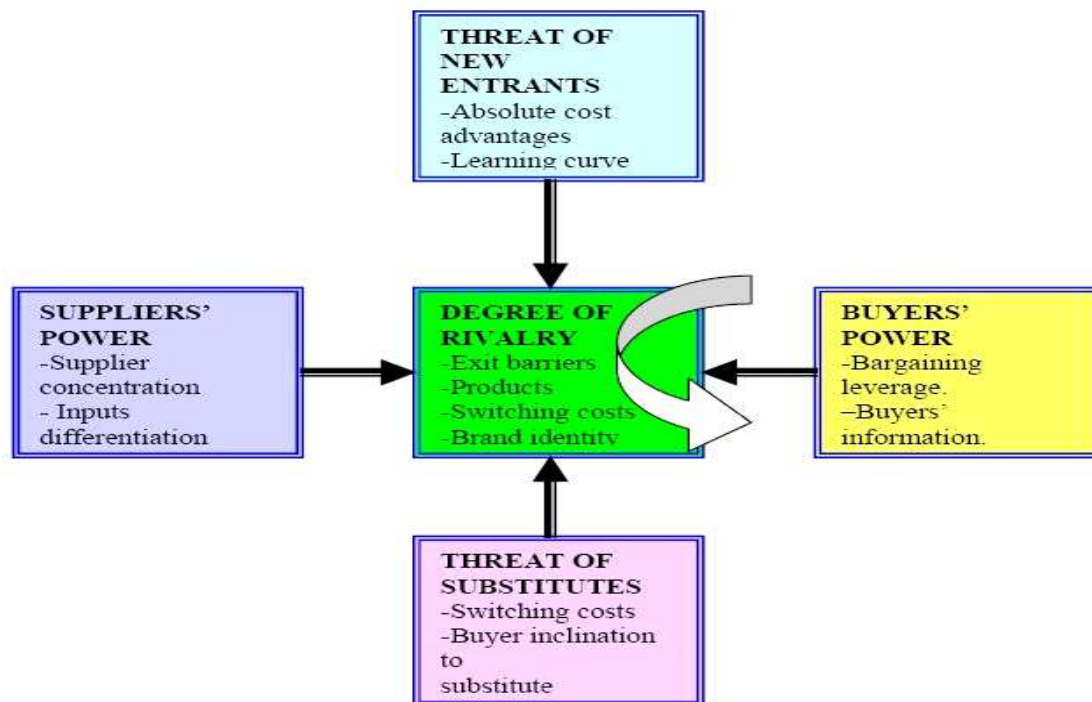


Figure : Porter's Five Forces Model

Degree of rivalry:

In the traditional economic model, competition among rival firms drives profits to zero. However, competition is not perfect and firms are not unsophisticated passive price takers. Rather, firms (banks) strive for a competitive advantage over their rivals. The intensity of rivalry among firms varies across industries, and strategic analysts are interested in these differences. These differences give some firms a competitive advantage while to others a disadvantage. These differences also pose a challenge to the uniform application of this model across the board. Economists measure rivalry by indicators of industry concentration.

- Banking industry more competitive in Bangladesh.
- Profit earning level among all banks not equal.
- Economic scale is closer in this industry.
- Same type of service provided by all bank.

For these reason degree of rivalry of banking industry in Bangladesh is high and it's also increasing day by day.

Threat of Substitutes:

Substitute's service refers to those services that provided by other financial organization they can be recognized or unrecognized but these organizations is existing threat for the bank industry.

- Provide financial service among customers.
- Provide financial substitute service by non banking financial organization.
- Substitute services create threat to banking industry.
- Others financial organization use substitute services to attract customers.

Banking industry always gets threat of substitute service from other financial organization and multipurpose society like *IDLC, Lonka Bangla Finance, Friends Multipurpose Ltd.*

Buyers' bargaining power:

Buyers' bargaining power is high of Bangladeshi banking industry. Because of banking industry already stay in closer to mature level and they want to attract rival banks customer. For this reason buyers are getting more bargaining power to switch another bank.

- There are available bank and they also provide similar service.
- Buyer switching cost is low.
- The banking rule helpful for customer.
- Buyer can easily move other bank for getting better service.

For availability of similar institutions and services buyer of this industry is more powerful and they become threat of banks.

Suppliers' bargaining power:

Supplier of banking industry refers the surplus unit from those bank collect money and lending those money to deficit unit. So suppliers have also bargaining power. Because if

they have large amount of money but they are few in number. Because we know supplier bargaining power of a producing industry requires raw materials - labor, components, and other supplies. This requirement leads to buyer-supplier relationships between the industry and the firms that provide the raw materials used to create products. Suppliers, if powerful, can exert an influence on the producing industry, such as selling raw materials at a high price to capture some of the industry's profits. In a service sector there is no direct supplier of raw material. However the supply of supporting facilities like cheque books, furniture, stationeries, etc can give the same analogy.

Threat of new entrants:

We know that the banking industry of our country is staying in closer to mature level. So we can say targeted customers of new entry are those customers who already customer of existing banks. Threat of new entrants is significant for existing bank because they want to attract customer of existing bank.

- New entrants get a developed banking industrial environment.
- They offer several types of services.
- New entrants motive customers to take services from them.

So threat of new entrants is valuable to the existing banks and they should take defensive strategy about new entrants.

About Dutch Bangla Bank Ltd.

Dutch-Bangla Bank started operation in Bangladesh's first joint venture bank. The bank was an effort by local shareholders spearheaded by M Sahabuddin Ahmed (founder chairman) and the Dutch company FMO.

From the onset, the focus of the bank has been financing high-growth manufacturing industries in Bangladesh. The rationale being that the manufacturing sector exports Bangladeshi products worldwide. Thereby financing and concentrating on this sector allows Bangladesh to achieve the desired growth. DBBL's other focus is Corporate Social Responsibility (CSR). Even though CSR is now a cliché, DBBL is the pioneer in this sector and termed the contribution simply as 'social responsibility'. Due to its investment in this sector, DBBL has become one of the largest donors and the largest bank donor in Bangladesh. The bank has won numerous international awards because of its unique approach as a socially conscious bank.

DBBL was the first bank in Bangladesh to be fully automated. The Electronic-Banking Division was established in 2002 to undertake rapid automation and bring modern banking services into this field. Full automation was completed in 2003 and hereby introduced plastic money to the Bangladeshi masses. DBBL also operates the nation's largest ATM fleet and in the process drastically cut consumer costs and fees by 80%. Moreover, DBBL choosing the low profitability route for this sector has surprised many critics. DBBL had pursued the mass automation in Banking as a CSR activity and never intended profitability from this sector. As a result it now provides unrivaled banking technology offerings to all its customers. Because of this mindset, most local banks have joined DBBL's banking infrastructure instead of pursuing their own.

Even with a history of hefty technological investments and an even larger donations, consumer and investor confidence has never waned. Dutch-Bangla Bank stock set the record for the highest share price in the Dhaka Stock Exchange in 2008.

Origin of the Report

This report was assigned by Mr. Mohammad Afsar Kamal, Coordinator & Lecturer Uttara University, as a requirement for the fulfillment of MKT-404. Department of Business Administration Course. After collecting information we gather some necessary information about Promotional Mix management of Dutch Bangla Bank ltd. to prepare this report. This report will submit on August 29, 2013.

Objectives of the Study

The topic chosen for the report is “Promotional & advertising management of Dutch Bangla Bank ltd” The underlying objectives of this report can be classified in the following two types:

Board Objectives:

To find out the proper promotional mix management from Dutch Bangla Bank ltd.

Specific Objective:

- To Identify the Advertising management
- To Identify Marketing strategy of Dutch Bangla Bank ltd.
- To find out of the Promotional tools.
- To highlight the Branding, Imaging, Promotional plan, sales promotion, personal selling, online service marketing.

Scope

This report focuses on the promotional mix management & strategy from Dutch Bangla Bank in various aspects. Effective coordination between banks internal compliance & external auditors. Including loan monitoring & recovery, review nonperforming loans, Internal monitoring & external auditing. Identifying & incorporating deviations. This study mainly deals with the overall promotional plan.

Limitation of the Study

We did our best and there has no dearth of sincerity on our part to make the report. But we face some limitations also-

- In this case, up to date information is not published
- Most of the people of Dutch Bangla Bank ltd. weren't willing to give all information.
- At this time of preparing the report. We tried to gather every details of process but the major limitation is lack of adequate information.
- Lack of enough experience for field work.
- Lack of primary and secondary data
- The Internal and sensitive information was not found properly from the organization.
- Unavailability of enough relevant records and information.

Methodology

Data Types:

In this study we used two types of data –primary data and secondary data.

Source of Data

The study includes both primary and secondary sources of data. The primary sources of data are –

- Collection information from Dutch Bangla Bank's employee

The secondary sources of data are –

- Internet
- Websites

Advertising & Promotional Mix management about Dutch Bangla Bank Ltd.

***Banks Strategy:**

During the year the focus & strategy is concentrated on business growth, better & faster customer service, and expansion of branch, IT & ATM network, offering a range of card service, & strengthening overall risk management & corporate governance system. With that end of view a number of steps were taken in 2010. Eleven new branches were opened to increase distribution network to 39 branches & reach the banking service at the doorsteps of the customers across the country. 89 ATMs were installed in 2006 to have 115 ATMs at the end of 2006 to provide online banking services to wide range of customers that was supported by increased investment in up gradation of online banking software & infrastructure. Two kinds of Debit card, Visa Electrons & Plus cards were introduced in 2006 & new personal were required to support the Business growth & expansion of network & to provide personalized services to the customer.

Review of DBBL's business operation & strategy

***Business growth & profit:**

Despite fierce competition highly volatile money market foreign exchange market DBBL is successful in achieving substantial growth in all business segments. The deposit of the bank increased by 47.25%. However net income & operating profit increased by 14.87% & 15% respectively. Higher cost of fund resulting from volatile interest rate prevailing in the market, higher investment cost of HR & IT platform, more expenditure in related activities & expansion of branch network are some of the reason for lower operating profit growth while compared with the growth rate of deposit & loans & advances.

***Capacity building for future growth:**

Though these expense apparently reduced our profit however it will substantially improve our capacity to deliver customer service capacity that can be matched with best in the industry by improving productivity, distribution & communication network & strengthening IT platform to provide faster information customer service particularly for retail customer.

***Customer's focus & customer's right:**

DBBL's performance cannot be judged by looking at profit figures. DBBL consider that it is the customer's right to get modern, online & full ranges of banking service at an affordable

cost. DBBL's service cost is lowest in the industry & in many cases services provided through ATM are entirely free.

Promotional Mix of Bank service

DBL uses all types of promotional mixes to cover the target market. It is currently using both the printed and electronic media. The elements of promotional mix consist of:

- **Advertising.**
- **Sales promotion.**
- **Public relation.**
- **Publicity.**

Word-of-mouth:

DBL is communicating the proposed services through the mentioned elements of promotional mixes. Now a short explanation of the service offered can be viewed.

Usual Bankingservices:

DBL offers the usual Banking services include the fastest and speedy transactional account services consist of current account, savings account, fix deposit scheme and special target account. The well-trained front desk executives with well-decorated environment are performing the activities very well.

Online Banking facilities:

DBL is providing the sophisticate target customers with online Banking facilities through ATM card, Internet, POS and SWIFT (POS and SWIFT's meaning was not available in annual report 2005 of DBL)

Earlier it has been noted that country wide it has the highest number of ATM booths including 130 by which the customers are withdrawing money within 24 hours. It is offering the customers four types of cards and these are Classic card, Silver card, Gold card and Visa electron. For the Classic card there is no charge and for the first time clients, Silver card is offered to the current account holders who can transect anytime and any amount according to the deposit, Gold card is allowed to the account holders who have at least 500000 taka deposit and through the Gold card the customers can shop in credit basis up to 2000000tk, Visa electron is under process that may offer unique service to the client in future. The foreign client can send money from any corner of the world through the Western Money Union, as DBL is one of the representatives that serve the nation the service through the Internet facility.

Services to the distressed community:

Besides the important services performed for the clients DBL is performing some distinct activities for the people who are distressed in some of cases they are deprived of a lot. DBL is doing a lot for those people through performing the corporate social responsibility (CSR) countrywide. DBL previously would allocate 2.5% of its annual profit to perform the CSR activity and now it is allocating 5% of its annual profit for the CSR activities. DBL has formed a foundation for smooth performances named DBL foundation. To build the corporate image it is donating a lot of money to different charitable organization, donating to the flood affected and winter affected people in our country.

Promotional mix used by DBL:

We know that the combination of all the promotional tools is referred to as promotional mix. Here DBL is blending a sound mixer by which it is trying to cover the whole target market. Now we will view separately all the elements of promotional mix.

Advertisement:

DBL is using all the printed media and electronic media for communicating the services to the clients. The elements of the mixes are as follows:

***Printed media:** DBL is using all the printed media including the newspaper, magazines, festoons, billboard, and etc to communicate their services.

***Electronic media:** It includes different TVs both the government run and privately own to position the idea “your trusted partner”.

Sales promotions: Sometimes DBL undertakes sales promotion to attract the existing and new client’s short time basis but not appointing any personnel specifically as sales personnel. Word of mouth of the existing clients act as sales promotion for that period.

Public relation:

DBL sponsors different seminars, symposiums, math Olympiad to build corporate relation with the mass people.

Publicity:

As DBL is performing a lot of social responsibilities. It was awarded the number one CSR performer in the southern Asia in a conference held in Philippines. Not only that different media both views the countrywide nonprofit able performances printed and electronic which are publishing and telecasting the news countrywide. It also did the beautification of part of Dhaka city, Hotel Sheraton to Ishkha road and that attracted the media as a result

DBL is getting publicity than any other service organization in our country that represent obviously the reality.

Word of mouth: We know that satisfied customer is the best source of promotion and DBL has a great impact of word of mouth, which is generated from the existing satisfied customers as they promote the bank services that they avail. Furthermore those potential customers who don't have account but wish to open an account in future for availing the smart service of DBL.

In the study we find that the promotional mixes of DBL are contributing a lot to retain the goodwill and day by day the authority is being serious about making a sound mixer of their communication mixes.

Analysis:

The service organizations offer their offerings through the promotional mixes. If the reality is matched with the promotional messages then no problem but the situation will be very crucial if promises are not matched with the real services. The deviation between the theories with the practice is analysis. In the study we find that the environment of the DBL of - branch is very much modern and the behavior of front line executives is standard. The standard of each advertisement in different media are very fine. Especially the social responsibilities performed by the DBBL attracted to the eye of many. Actually DBL has properly used its promotional mixes. It is trying to provide the standard and promised services to its clients. DBBL thinks that the service provided will make the customers loyal as a result those customers will further recommend the others. For doing that it is emphasizing on the publicity and public relation and publicity that is the result of CSR. The target customer of DBBL is the higher customer group and slightly his upper middle class group as well. DBBL has been successful to communicate with the target customers by the proposed services through the promotional mixes. The proposed on line banking has matched with the reality also. In short it can be asserted that the differences between the services of DBBL communicated through various tools and the real mixers of promotion, the performances of individual promotional tool and the reality of the service offered are positive to DBBL and to the customers.

Conclusion and Recommendations:

The promotional mixes and the effectiveness of them are fully judgmental but the reality of the services can be understood better if we would possess accounts at the bank. In spite of this we can say that this joint venture is performing very well in serving the nation very well. But still there are some recommendations, which are as follows:

Target customers:

Although DBBL has targeted the higher-class income group but most of the people in our country are middle class and lower class income group. DBBL can target that segment to increase its market share although it has become successful to satisfy the higher income people.

Processing task:

Although it is providing the prospectus and other written learning aid but the language is in English. Those can be translated in to Bengali for the betterment of the customers.

New social task:

In order to draw the attention of the people DBBL can create new ideas that means the scope for performing the Corporate Social Responsibility (CSR) such as promoting the bad image of early marriage and creating mass awareness about it. Informing the people about the Sanitation and first aid in critical situations.

In brief we can claim that, to the customers DBBL is a popular bank. For this it has obtained 2nd rank. It blended a good promotional mix. Consumers perceive a little risk. It is offering professional banking. Promotional mixes are effectively communicating. Day by day it will target new customer. Its slogan will be correct "your trusted partner". It will be very careful for social responsibility. It will show the customers more honesty. For adding value to customers no conclusion. DBBL will be more careful that's our recommendation.

References

*Collection information from Dutch Bangla Bank's employee.

*Website address: www.dbbbl.com.bd

*E-mail: dbbbl@bmail.net

