European Economic Letters
ISSN 2323-5233
Vol 15, Issue 1 (2025)
http://eelet.org.uk

Impact of Marketing Strategy on Bank Performance: A Study of Berhan International Bank, Addis Ababa Branches

Mesfin Yayna Ganta[1*] and Kunjal Sinha[2]

[1]Ph.D. Scholar- Parul University, Waghodia, Vadodara Gujarat, India;
[2]Faculty of Management Studies, Department of Management, Professor in Management Studies at Parul University, Waghodia, Vadodara Gujarat, India
Email-kunjal.sinha270203@paruluniversity.ac.in
***Corresponding Author :** Mesfin Yayna Ganta
*E mail : mesfin.yayna7@gmail.com

Abstract
The objective of this study is to assess the impact of marketing strategies on bank performance in the case of Berhan International Bank Share Company, Addis Ababa Branch. The study was carried out using a quantitative research approach and an explanatory research design. The data were collected using a questionnaire. With the aid of SPSS software version 27, correlation and multiple linear regression were used to examine the data collected. The results of the research revealed that the product, price, promotion, and location all had an impact on the performance of the Berhan International Bank of Addis Ababa branch. Bank success is greatly impacted by providing high-quality services, utilizing technology effectively, applying product differentiation strategies appropriately, diversifying the product line, and producing a product that satisfies consumer expectations. In a similar vein, bank performance is greatly impacted by the availability of affordable service fees, greater interest rates on savings deposits, interest-earning in a comparatively short amount of time, cheap interest rates on loans, and free book opening. Similar to this, bank performance is greatly impacted by employing the right promotional tools, publishing a product or service for customers, utilizing a budget to use these tools, and pushing a product or service to draw in new clients. The profitability of the bank is influenced by its location. Bank performance is significantly impacted by the following factors: having multiple branches spread across various areas, having convenient opening and closing hours, and being close to one's home or place of employment. Providing high-quality services, diversifying bank products, opening a branch in a convenient location, and promoting the bank were all advised based on the main findings.

Key words: Placing, Price, Product, Promotion, Bank Performance

1. INTRODUCTION

Gaining a sustained competitive edge and boosting sales are the main objectives of marketing strategies. In order to support a company's goals and marketing objectives, marketing strategies include all basic, short-, and long-term marketing activities that analyze a company's strategic initial situation and formulate, assess, and choose market-oriented strategies (Tseng, 2007). According to Weifels (2002), bank marketing strategies involve analyzing the market and its environment, consumer buying patterns, rivalry, and the requirements and capacities of marketing intermediaries. The banking sector in Ethiopia has difficulties due to intense competition and varying demand. It is often acknowledged that the competitive climate of the banking sector is dynamic, complicated, and highly segmented, making it challenging to acquire new customers (Silva, 2006).

To remain competitive in today's globalized market, businesses are considering internationalizing their operations. Marketing strategies are now a crucial strategy used by businesses all over the world to be strong and competitive in a market. "Strategy is a pattern of resource allocation decisions made throughout an organization," define Aremu and Lawal (2012). This encompasses both desired

objectives and opinions regarding acceptable—and, more crucially, unacceptable—methods for reaching them. The need for more efficient financial marketing management is developing as the financial sector gains prominence. Successful marketing tactics are essential to frontline sales performance.

Research on marketing strategies has mostly focused on one of two topics: creating or implementing marketing strategies. Research on marketing strategy formation looks into how different factors affect how marketing strategies are developed (Weifels, 2002). Because they could choose from a wide range of products from different banks and other financial institutions, bank consumers were more picky, which made bankers eager to advertise their existence. The industry saw intense competition as a result.

A different way for companies to build solid, enduring relationships with their clients is through marketing techniques. One of the cornerstones to attaining strong competitiveness in today's marketplaces is offering excellent customer service, which is part of marketing strategies that aim to attract and keep customers. Despite certain notable changes and the dominance of marketing strategies in the corporate sector over the past ten years, marketing strategies have garnered a lot of attention in both academic study and practice (Egan, 2001). Even if switching behaviors happen at different phases of a partnership, market buyers and sellers profit from each other's development. Accordingly, marketing strategies are tactics to implement marketing strategies (Tseng, 2007).

By turning their attention from short-term goals to long-term marketing methods, banks can boost their revenues. Researchers in Ethiopia, including Azmeraw (2013) and Abesolom (2013), found a deficiency in the execution of marketing strategies after evaluating the practice of marketing strategies in two distinct firms. Additionally, the studies showed that marketing strategy approaches improve behavioral loyalty, which in turn influences client retention. To obtain a competitive edge in such a congested market, marketers need to explore beyond conventional marketing techniques (Dehghan et al., 2015).

Ethiopian banks have tried to come up with new ways to boost their performance because of the fierce competition. The banking industry in Ethiopia has grown significantly in recent years. Although marketing methods are not being used to their full potential, the business nevertheless offers the big players substantial profit opportunities (Abulkadir and Yasin, 2019). The significance of marketing techniques in boosting sales in businesses has been studied, but little is known about how marketing methods affect Ethiopian banks' performance. This is the main justification for the researcher's choice to look into this subject. Therefore, this study's goal was to find out how marketing methods affected the performance of the Berhan International Bank Addis Ababa Branch. Additionally, the study has the following particular goals:

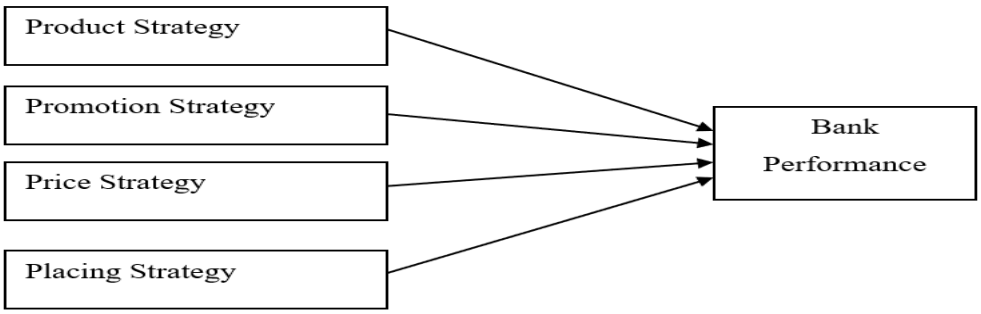
1. To investigate how product strategy affects bank performance.
2. To assess how promotion approach affects bank performance.
3. To investigate how price strategy affects bank performance.
4. To look into how putting strategy affects bank performance.

Framework for Concepts

Product, promotion, pricing, and placement tactics are the four main marketing techniques that are examined in this study's conceptual framework in relation to bank performance. Product strategies encompass the development and management of banking products and services tailored to meet customer needs and preferences, aiming to enhance customer satisfaction and loyalty. Promotion Strategies involve the various methods and channels used to communicate and market these products to potential and existing customers, driving awareness and engagement. Price strategies focus on the

pricing models and competitive pricing structures implemented to attract and retain customers while ensuring profitability. Placing strategies, or distribution strategies, address the accessibility and convenience of banking services through various channels, including physical branches and digital platforms. Collectively, these independent variables are hypothesized to significantly influence the dependent variable, bank performance.

Figure 1: Conceptual Framework



2. METHODOLOGY

The research design of the study was explanatory. Because determining the factors linked to the dependent variable or figuring out the best predictors of the dependent variable are the two main objectives of explanatory research design (Oleary, 2004). The researcher also employed a quantitative research methodology. This approach describes the kind of information that can be obtained from quantitative data, including metrics, numerical scores, and so on. Descriptive analysis is made easy and manageable by the quantitative approach, which helps to quantitatively quantify or measure particular variables objectively. Consequently, the researcher computed and interpreted numerical data using a quantitative research approach throughout the investigation.

The researcher used quantitative techniques to gather data. The study presented a wide range of information from primary and secondary data sources. A survey questionnaire was used to collect primary data from bank managers and staff. Previous research reviews, journals, publications, and websites were the sources of secondary data. In terms of data types, the researcher gathered quantitative data from bank employees.

The study population included all Berhan International Bank employees working in all Addis Ababa branches at the time of the study. Berhan International Bank employs 125 people across all of its branches. As a result, in terms of sample size, all branch managers and all employees were used as a census. This is due to the fact that the number of employees employed in all Berhan International Bank Addis Ababa branches is manageable.

As mentioned earlier, the researcher used a questionnaire to gather primary data from specific target groups. Both open-ended and closed-ended questions were included in the survey to gauge respondents' perceptions of the bank's marketing and practices with regard to pricing, promotions, products, and location-related inquiries.

Descriptive and inferential statistics were used to evaluate the data from the questionnaire after it was imported into SPSS software version 27. Descriptive statistics, including frequency, percentage, mean, and standard deviation, were used to analyze the data. Inferential statistics like multiple linear regression analysis and correlation were employed to look into how marketing efforts affected bank performance.

Examining how marketing tactics affect bank performance was the main objective of the study. However, as this has a big influence on parameter estimates, the multicollinearity issue between continuous variables and the link between discrete variables must be examined before fitting specific variables into the multiple linear regression model. A scenario known as multicollinearity occurs when there is a substantial correlation between the independent and dependent variables, making it challenging to determine each one's independent impact on the other (Gujarati, 2003). When explanatory variables exhibit a high degree of correlation, this is known as multicollinearity.

Consequently, multicollinearity in continuous variables is tested using the variance inflation factor (VIF). The explanatory variables become collinear as R^2 gets closer to 1. When VIF is higher, the variable Xi is more collinear or disturbing. If the VIF exceeds 10 (which occurs when the R^2 exceeds 0.80), the variable is considered very collinear. (2003, Gujarati). Another way to check for multicollinearity in continuous variables is to use tolerance. If Xi has no correlation with the other explanatory factors, tolerance is one; if it has a perfect correlation with the other explanatory variables, tolerance is zero. The following is a definition of a common multicollinearity metric linked to the VIF (Equation 1):

$$VIF\ (Xj) = (1\text{-}Rj\ ^{2})\text{-}1 \qquad (1)$$

Where Rj2 denotes the multiple correlation coefficients between independent variables; the greater the value of Rj2, the greater the value of VIF (Xj), resulting in higher collinearity in the variable (Xj) (Equation 2):.

$$Yi = \beta o + X_1\beta_1 + X_2\beta_2 + X_3\beta_3 + X_4\beta_4 + e \qquad (2)$$

3. RESULTS AND INTERPRETATION

Participants in this study were employees of Berhan International Bank who answered the questionnaire. Of the 125 surveys that were given to respondents, 112 (89.5%) were eventually collected, while 13 (10.4%) were not. As a result, an analysis was conducted using the data from 112 surveys. This suggests that a high response rate existed.

3.1. The Reltionship Between Variables in a Study

Correlation coefficients can show a direct relationship between two variables or range from -1 (a perfect negative relationship) to +1 (a perfect positive relationship). According to Kothari (2004), a value of 0 indicates that there is no linear relationship between two variables. In order to ascertain each independent variable's unique link to the dependent variable, correlation analysis was used to examine each one separately. The degree to which independent variables including product, pricing, promotion, and placement were related to bank performance was assessed prior to the regression analysis. As a basis for variable discussion, utilize the table below to ascertain the type and strength of correlation between variables.

Table 1: A general guideline about the coefficient's correlation strength

Range of Coefficient	Description of Strength
±.81 to ±1.00	Very strong
±.61 to ± .80	Strong

±.41 to ±.60	Moderate
±.21 to ±.40	Weak
±.00 to ±.20	None

Source: Bhattacherjee (2012)

The relationship between the study's independent variables (product, price, promotion, and placement) and bank performance is displayed (Table 1).

Table 2: **Findings from the Correlation Analysis**

Variables		Product	Promotion	Price	Placing	Bank Performance
Product	Correlation	1				
	Sig.					
Promotion	Correlation	.186	1			
	Sig.	.049				
Price	Correlation	.336	.269	1		
	Sig.	.000	.004			
Placing	Correlation	.394	.388	.316	1	
	Sig.	.000	.000	.001		
Bank Performance	Correlation	.517	.450	.558	.647	1
	Sig.	.000	.000	.000	.000	

Source: Model output, 2022

The results of the correlation analysis show that there is a positive and statistically significant relationship between product and bank performance ($r = 0.517$, $p<0.01$). This suggested a high correlation between the product and bank performance. Similarly, promotion and bank performance have a positive and statistically significant link ($r = 0.450$, $p<0.01$). Price and bank performance also have a favorable and statistically significant link ($r = 0.558$, $p<0.01$). Lastly, placement and bank performance have a favorable and statistically significant link ($r = 0.647$, $p<0.01$). The outcome suggests that all of the independent factors have a moderate to strong connection with the dependent variable, according to Bhattacherjee (2012).

3.2. Marketing Strategies' Impact on Bank Performance

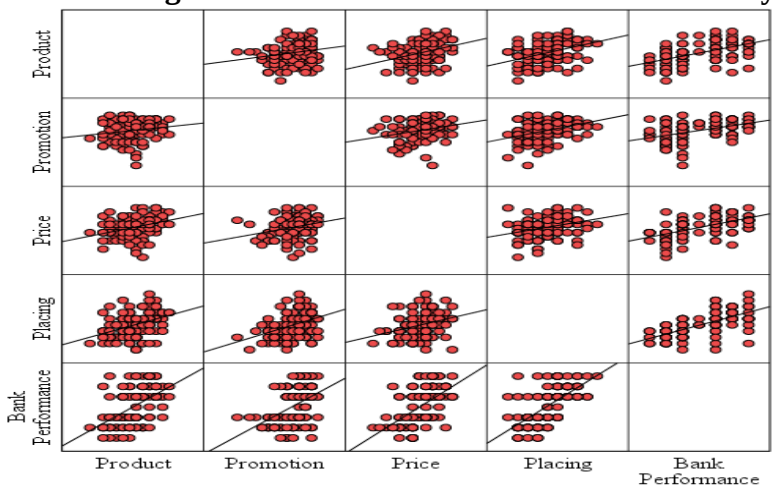
Multiple regression analysis was used to ascertain the degree to which the independent (explanatory) variables account for the variance in the dependent (explained) variance. This study evaluates the degree to which several independent variables influence a single dependent variable using multiple linear regression analysis. Before employing regression analysis to examine the impact of marketing tactics on bank performance, tests for linearity, normality, and multicollinearity are conducted to guarantee the quality of the research.

Test of Linearity

The degree of correlation between the change in the independent variables and the change in the dependent variable is known as linearity. Consequently, Figure 1 displayed the linearity test's findings.

European Economic Letters
ISSN 2323-5233
Vol 15, Issue 1 (2025)
http://eelet.org.uk

Figure 1: The Standardized Residual Linearity Test



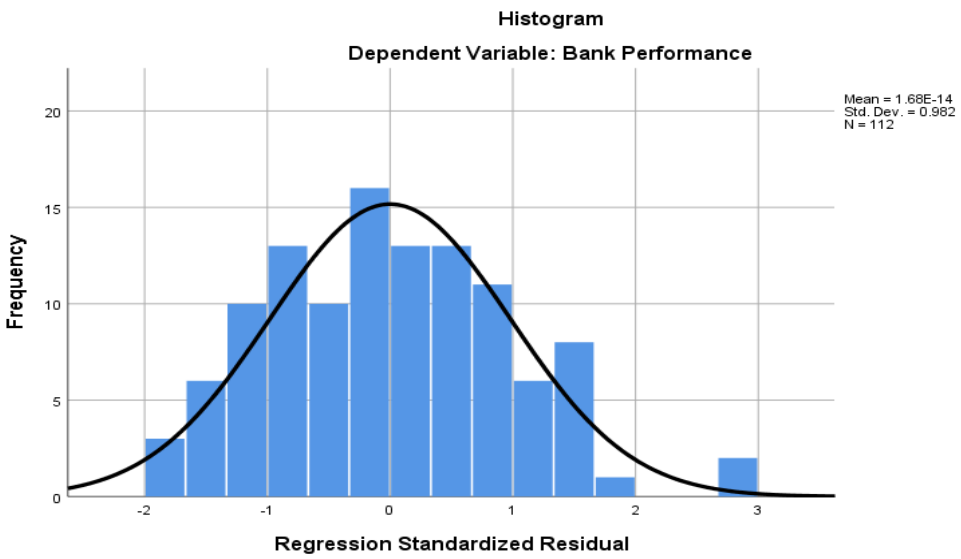
Reference: Model results, 2022

Plots of the regression residuals using SPSS software were utilized to assess whether there is a linear relationship between the dependent and independent variables. As observed in Figure 1, there is little variation in the residuals' distribution from left to right in the scatter plot. According to this finding, the anticipated relationship is linear. Likewise, the residual distribution around its zero mean is depicted in the image. Therefore, based on the aforementioned figure, the linearity assumption is satisfied as needed. Consequently, it is feasible to draw the conclusion that the researcher's conclusions regarding the population parameter based on the sample are reliable.

Testing normality

The normality assumption is the other significant diagnostic test carried out in this research. To ascertain whether or not a data collection is modeled for a normal distribution, the normality test is utilized. The following is how the Histogram result is displayed:

Figure 2: Distribution of Standardized Residual Frequencies



Source: Model output, 2022

Figure 2's Normality test displays the standardized residuals' frequency distribution in relation to a normal distribution. While many of the residuals are pretty close to the curve, some (like those around 0) are relatively far away. The residuals (errors or disturbances) are also assumed to be regularly distributed due to the bell-shaped histogram. As a result, breaking the generally assumed is not a major issue.

Test of Multicollinearity

Variance inflation factor (VIF) and tolerance in Table 3 were used to check multicollinearity tests under this section.

Table 3: The assumption of multicollinearity

	Collinearity Statistics	
Independent variables	**Tolerance**	**VIF**
Product strategies	.795	1.257
Promotion strategies	.826	1.211
Price strategies	.825	1.212
Placing strategies	.726	1.377

Source: Model output, 2022

Collinearity statistics, which relate to the degree of correlation between independent variables, are among the data in Table 3. When two independent variables have a high correlation, the regression model thinks that one of them is redundant, which lowers its significance and has a negative impact on its coefficient. The Variance Inflation Factor (VIF) and Tolerance are used to check the issue. According to Miller and Whicker (1999), a VIF of less than 10 and a tolerance of greater than.10 are deemed sufficient to reduce the impact of multicollinearity. Therefore, the outcome suggests that a higher correlation between two independent variables has no effect on the regression model. All of the variables—that is, the dependent and independent variables present in the dataset—were used in multiple regressions based on this framework. By using bank performance as the dependent variable and product, price, promotion, and placement as the independent variables, the researcher gave careful consideration to the following model.

$$\text{Performance of Bank} = \beta_0 + \beta_1 * \text{Product} + \beta_2 * \text{Promotion} + \beta_3 * \text{Price} + \beta_4 * \text{Placing} + \varepsilon$$

Finding the predictors of bank performance as envisioned by the regression model was the goal of the analysis. A multiple regression inferential statistical technique was used to answer the question, "to what extent the independent (predictor) variables predict the bank performance?"

The degree to which each independent variable influences the dependent variable is determined by regression. The amount of variance in the dependent variables that may be explained by the independent variables is known as the multiple correlation coefficient (R2), which is computed via multiple regression analysis. The beta value quantifies the independent factors' contribution to the dependent variables, which can be explained using the p-value or t-value.

Table 4: **Regression Analysis Model Summary Outcomes**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.789[a]	.622	.608	.22425

a. Predictors: Product, Price, Promotion, Placement, and Constant
b. The variable that depends: Source of Bank Performance: Model output, 2022

Multiple linear regression analysis's model summary indicates that the model's R-value, as shown in Table 4, was 0.789, indicating the strongest correlation between the independent and dependent variables. Product, pricing, promotion, and placement accounted for 60.8% of the variance in bank performance, according to the regression model's adjusted R2 value of 0.608. Other factors not covered in this study accounted for the remaining 39.2% of the variation in bank performance.

Table 5: **Outcomes of the anova**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.869	4	2.217	44.090	.000[b]
	Residual	5.381	107	.050		
	Total	14.250	111			

a. Bank Performance is the Dependent Variable
b. Predictive factors: (constant), positioning, cost, advertising, Source of Product: Model output, 2022

The multiple regression model itself was shown to be either statistically significant or not in the ANOVA (Table 5). The f-ratio is used to determine whether or not R2 could have happened by chance alone because it assesses explained variance in Y from the predictor Xs and is not a test of statistical significance. To put it briefly, the probability of a chance deviation from a straight line is measured by the f-ratio in the ANOVA table5. Including product, price, promotion, and placement findings in the ANOVA table indicates that the model is statistically significant ($F=44.09$, $p<0.001$). Consequently, it was determined that the entire equation was statistically significant.

Table 6: **Multiple Linear Regression Analysis Outcomes**

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	.868	.211		4.110	.000
	Product	.154	.046	.226	3.387	.001
	Promotion	.099	.037	.172	2.635	.010
	Price	.224	.047	.311	4.761	.000
	Placing	.288	.051	.393	5.642	.000

Note: B is the estimated regression coefficient, Std.Error is the standard error, and Bank Performance is the dependent variable.
Source: 2022 model output

The regression equation of the study model takes the form shown below based on Table 6 and "β" (unstandardized) coefficients. The next few lines provide an interpretation of the regression equation. The model contained four variables, all of which were found to have a substantial impact on the performance of the bank. These include placement, price, promotion, and product. Consequently, these variables can be interpreted as follows.

Bank Performance (Y) = β_0+ β_1*Product + β_2 * Promotion + β_3* Price + β_4*Placing + ε
Bank Performance = 0.868+ 0.154*Product + 0.099*Promotion + 0.224*Price + 0.288*Placing + .207

Bank performance is significantly and favorably impacted by the product. A one-unit increase in product quality translates in a 0.154 improvement in the bank's performance, according to the beta coefficient and p-value data. The beta coefficient estimates indicate that for every unit increase in product quality, bank performance is expected to increase by 0.154 units. In light of this finding, Kamau (2013) contended that a strategy of product differentiation has a favorable and statistically significant impact on sales success.

Promotion significantly and favorably affects bank performance. This suggests that promotion significantly affects CBE performance. A one unit increase in the availability of good promotions results in a 0.099 unit improvement in bank performance, according to the beta coefficient. The product marketing mix, which includes the particular combination of advertising, public relations, sales promotion, personal selling, and direct marketing tools that the business uses to achieve its marketing and advertising goals, now includes promotions as a crucial component, according to Kotler (2007).

Price was found to be a driver of bank performance in the research area. The price beta coefficient was determined to be positive and statistically significant at the 0.1% level of significance. The positive relationship suggests that the bank can do well if the product pricing is fair. Additionally, the beta coefficient values indicated that bank performance would rise by 0.224 units for every unit increase in pricing. Consequently, the outcome suggested that product prices positively impact bank performance. In reaction to this finding, Owomoyela et al. (2013) contended that product effects significantly affect business performance.

A product's placement dictates where and how prospective buyers can obtain it. Placement significantly and favorably affects bank performance, as Table 6 demonstrates. The regression coefficient indicates that bank performance increases by 0.288 units for every unit increase in placement. Consequently, the alternative hypothesis is supported and the null hypothesis—which holds that placement has no discernible impact on CBE performance—is rejected. Owomoyela et al. (2013) concurred with this finding that location significantly affects business performance.

CONCLUSION AND RECOMMENDATIONS

Product has an impact on bank performance. The term "product" describes the item's outside look as well as its labeling and packaging. Details that may affect a customer's decision to notice, inspect, and buy a product in-store. Therefore, the bank should offer high-quality services, a wide range of products, and products that cater to the needs of its clients.

A bank's performance is significantly impacted by its pricing strategy. Bank performance is greatly impacted by the availability of affordable service fees, greater interest rates on savings deposits, interest earning in a comparatively short amount of time, low interest rates on loans, and free book opening. The bank should give cheap interest rates on loans and open a free book in order to draw in new clients and keep its current clientele. Higher interest rates on savings accounts should also be provided by the chosen institutions.

Bank performance is also significantly impacted by promotions. Since it interacts with both present and future stakeholders as well as the general public, promotion is crucial to the market exchange process. Every business or retailer needs to take on the role of promoter and communicator. Bank performance is significantly impacted by a number of factors, including using the right promotional methods, publishing products and services for clients, promoting them to potential customers, and having the funds to do so. Therefore, the chosen banks should utilize the relevant promotional tools

to inform the right people about the advantages of the product. The chosen banks should also have enough money to employ the right marketing strategies.

In the study area, placing strategy was found to be a significant factor in bank success. The profitability of the bank is affected by its location. Bank performance is greatly impacted by branches that are conveniently located near places of employment or residence, have convenient opening and closing hours, and are spread throughout multiple locations. The selected banks should therefore have a large number of branches spread over multiple locations, as well as convenient hours of operation.

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