

**Shmigaluk D.**  
**A.O. Starostina, research supervisor**  
**Taras Shevchenko National University of Kyiv**

## **ADVERTISING EFFECT AS THE FORMATION OF BANKING BRAND COMPETITIVE ADVANTAGES**

The objectives of the bank management policy and its department activity are to attract customers, to extend its services sales area, to sweep the market and to increase its income. A logical stage in market relations development connected with the market saturation and the intensification of competition for customers is the prevalence of marketing and advertisement concept in bank management. It should be realized that investment in advertisement and communication development distinguishes brands of such banks among their competitor sincreasing consumer loyalty level and forming a positive stable brand image.

Ensuring an emotional bond between consumer perception and product functionality, brand share designated to harmonize consumer knowledge of a product or service, to create product ladders in the imagination (“in the heads”) of consumers and to picture the alignment of forces in product groups. As valuable intangible assets, brands convince loyal consumers of the correctness of their choice. This is precisely why creating and supporting strong brands in the banking sector is a top-priority task.

Banks have lost confidence of their customers and partners because of the financial and economic crisis. Their stability and reliability have been compromised, and guarantees given by banks to their customers have consequently begun to lose their weight. Sure enough, these events have had an influence on the positions of banking establishments. The question now arises of how to re-establish consumer and investor confidence and to redeem the financial sector its lost position. At the given stage of bank-client relations development consumers need help to correctly understand both the situation and their possibilities in the client-bank system. That is why it is necessary to pay attention to advertising techniques supporting affected brand sand bringing necessary information to the consumers.

Most marketing experts and brand managers consider brands to be competitive advantages of their companies in a specific market. In some sense, it is a correct notion, but it certainly cannot be the full definition of a brand. Brand

competitive advantages are formed in course of brand competition for consumer loyalty.

A stable competitive advantage is the basis for a successful business development. **Brand competitive advantages** consist in the employment of a unique combination of their values, resources, emotional constituent and force of influence on the consumers. All the above mentioned enables brands to improve their market position and to stand out against their competitors for a long period of time. To form such advantages it is necessary to precisely plan the brand marketing support. In the banking sector it is mostly represented by customer loyalty programmes and advertising campaign aimed at forming or strengthening competitive advantages of a certain brand in the consumers' imagination.

The *acute stage of crisis* has passed and time has come for systemizing the earlier experience. Marketing research was conducted in Ukraine by the Analytic Research Group Company in December 2010. According to its results, a spontaneous knowledge of banking advertisements was demonstrated by 67% of the respondents. It is important that about one third of them (33%) remembered the advertisement of one bank; one fifth of the respondents (21%) recollected the core or advertising message of two banks; and only 13% of them recalled the advertisement of three or more banks.

The crisis made banks change their advertising strategy and tactics and begin to use low-budget channels for the promotion of their brand and services more actively. The changes touched banking establishments operating in the Ukrainian market as well. Advertising agencies note that this year the Erste Bank leads in advertising expenses with a 10-percent share. Taking into account advertising expenses it is necessary to mention that among the biggest advertisers market players distinguish the UkrSybbank, the Finance and Credit Bank, the VTB Bank, the UniCredit Bank, the Universal Bank, the First Ukrainian International Bank, the Forum, the INDEX-BANK and the Ukreximbank that spent 43% of the overall bank advertising budget. The financial crisis made banks cautious and their advertising and marketing campaigns more conservative and uniform.

Resuming consumer credits in 2011 makes banks increase their advertising budgets. Oksana Bulhakova, the head of marketing communications management in the VAB Bank, reported: "We have encountered the task to support the existing

level of a positive brand perception and to increase the number of people not only knowing of the VAB Bank but also ready for using our services. In 2011 a lot of attention will be paid and funds will be allocated to advertising retail products with a focus on deposits and consumer credits.”

The latest researches prove that consumers react better to bank advertising messages and programmes. It means that clients are ready to percept new information and pay their attention to loyalty programmes. So there is a possibility to establish table and durable bank-client relations having correctly used brand competitive advantages. After study in the basic banking brand marketing techniques it becomes clear that teach of them has its pros and cons. Thus, to create strong brand competitive advantages and to realize them it is necessary to reasonably use a mix of several advertising techniques emphasizing the advantages of each of them and reducing the risk of defeat.

Over the last year banks changed the content of advertising strategies and redirected advertising messages to the older client segment. Advertising campaigns became more conservative and simpler. Such changes speak of fear of creative ideas, because the risk of using new concepts and forming new images may be unjustified causing financial and customer loyalty loss.

Further research of using marketing techniques in banking establishments in the formation of banking brand competitive advantages needs the study of a number of theoretical and practical issues related to the development of effective marketing strategies and a successful position of banking brands in the domestic and international markets.

### **References:**

1. Alaverdov A.R. Strategic Management in a Bank/ A.R.Alaverdov//, Moscow, 2005. – 120p.
2. Hubar’Ye.R.Banks Speak and Show Economy Policy on Advertising /Ye.R. Hubar’//Kommersant-Ukrayina,14.12.2010, No.218.
3. Bank Advertising Crisis andEmotions.09.09.10. [An electronic resource]. – Access mode: [http://www.prostobankir.com.ua/marketing\\_reklama\\_pr/stati/krizis\\_i\\_emotsii\\_bankovskoy\\_reklamy\\_opyt\\_rossii](http://www.prostobankir.com.ua/marketing_reklama_pr/stati/krizis_i_emotsii_bankovskoy_reklamy_opyt_rossii)– The title from the screen.

4. Bank Loyalty Programmes Review. The AnalyticResearchGroupresearch company. 31.03.2011.([www.analyticgroup.ru](http://www.analyticgroup.ru)).

5. Banking Establishment Advertising Secrets. Krylov A., VynokurovD. [An electronic resource]. – Access mode: [http://www.ufin.com.ua/analit\\_mat/gkr/017.htm](http://www.ufin.com.ua/analit_mat/gkr/017.htm). – The title from the screen.

6. Advertising Boom. [An electronic resource]. – Access mode: <http://www.banki.ru/news/daytheme/?id=2110880>– The title from the screen.

7. Advertising in Bank Retail. Yermanova M., SuprunovychYe. [An electronic resource]. – Access mode: <http://www.interbankclub.com/main.mhtml?Part=3&PubID=67>. – The title from the screen.