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Coordination of Communication Budget with Marketing Objectives in the Banking Sector

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Abstract

The paper discusses the problem of establishing the communication budget in one of the most active sectors regarding marketing communication, the banking one. Firstly, we highlight the particularities of communication in the banking sector, based on the results presented in the specialized literature. The functions of marketing communication and the communication process are applied to the specifics of banking institutions and the main communication models that banks can use are indicated, depending on the objectives pursued. Also, the main means of banking communication and how they can be associated with marketing objectives are synthesized. Based on diversification of the means of communication, we emphasized the attention that banks must pay to integrated marketing communication, a concept whose application contributes to the efficiency of communication at the level of each targeted category. In the second part, we addressed the methods that banking institutions can apply to size their communication budget and how the efficiency of its allocation can be evaluated. The data presented are based on the documentary study and the realization of a case study applied to the banking field in Romania. Although the results show that the banking sector in Romania is one of the sectors with the highest advertising expenses, the trends evidenced in terms of banking communication at a global level cannot be ignored, so Romanian banks will have to adapt their communication strategy and, along with this, how the communication budget is allocated.

Keywords: *bank communication, communication budget, Romanian banks*

JEL Classification: G21, M30

1. Role and features of communication function for banks' marketing

Communication in bank marketing is becoming increasingly important. We can identify several factors at the root of this phenomenon [Adam, 2011]:

- Increased national and international competitiveness;
- Some bank services are becoming trivialized due to wide usage;
- Increasingly frequent banking product launches;
- Quantitative increase in media supply;
- Increased price rates for advertising space.

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The communication functions as formulated by Jacobson [Adam, 2011] can be applied to the banking sector as follows:

1. The expressive function: The message is focused on the sender, the communication reflecting the needs, desires and emotions of the sender, without the major involvement of the other elements of the communication process.
2. The conative function: The message is focused on the receiver, the sender, trying to convince the audience based on arguments or by invoking different emotions within them (joy, fear, irritation, pride).
3. The referential function: The objective message is focused on the information communicated, presenting reality with as little artificial intervention as possible.
4. The empathy function: The communication aims at creating and maintaining a relationship between the sender and the receiver, with no special emphasis on the form or content of the message.
5. The meta-linguistic function: The communication focuses on the codes and symbols used in the message.
6. The aesthetic function: The communication focuses on the message through the use of varied figures of speech, evoking ideas and meanings.

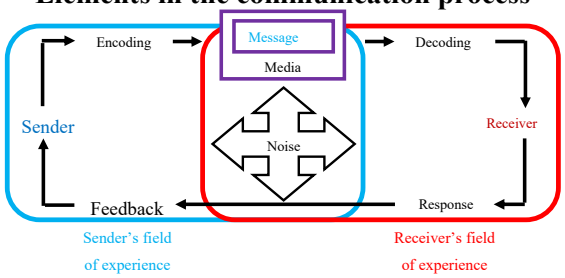
The messages conveyed through communication campaigns run by banking institutions can involve a mix of functions, highlighting particular aspects of two or more communication functions [Adam, 2011].

1.1. Components of the communication process in the banking sector

Most bank customers are not loyal – what is of interest is obtaining the best deals, directly targeting special offers and turning to competitors as soon as better packages are offered. That's why bank marketing focuses less on attracting new customers or retaining existing ones, and more on the process of selecting them in terms of their profitability, as well as on creating advanced engagement and feedback programs that will generate value in different contexts and for different stakeholders [Adam, 2011]. A bank's communication process must be based on organizational identity. However, the term does not have a unanimously accepted definition. Some authors define it as the visual image of the organization, while others see it as the organizational factors that form the company. In marketing, organizational identity refers to the impact of naming specific products and services and is approached from a 'bottom-up' perspective. Therefore, communication must take the form of an effective process that will generate the desired result in each approached target segment [Adam, 2011].

Figure 1.

Elements in the communication process



(Source: Kotler et al., 2020: 426)

The communication process is comprised of nine elements (see Fig. 1.). Of these, two are represented by the communicating parties (sender and receiver), two by the major instruments of communication (message and media), and four by the major functions of communication (encoding, decoding, response, and feedback). The last element is the noise present in the system [Kotler et al., 2020]. Placed in the context of the banking sector, the nine elements of the communication process can be defined as follows [Kotler et al., 2020]:

- *Sender: the one transmitting the message* - e.g., the bank (through its marketing officer or a specialized agency).
- *Encoding: finding a symbolic representation to illustrate the messages* – e.g., concentrating the concepts the bank wants to embody in verbal representations such as "A reliable partner", "Stronger together" etc.
- *Message: set of symbols transmitted by the sender* – e.g., an advertising message issued by the bank.
- *Media: channels through which the message gets from the sender to the receiver* – e.g., the media channels chosen by the bank to broadcast the advertising message.
- *Decoding: the meaning attributed to the message by the receiver* – e.g., a potential customer watches a bank commercial and interprets the words and images in it.
- *Receiver: the one who gets the message transmitted by the sender* – e.g., the potential client watching the bank's advertising spot.
- *Response: the receiver's reaction after being exposed to the message* – e.g., any possible reaction, whether positive (the recipient decides to use the bank's services), negative (the bank's image in the eyes of the recipient is damaged), or even neutral (the recipient does nothing).
- *Feedback: receiver's response is transmitted to the sender* – e.g., consumers write to the bank, praising or criticizing the advertisement or the products illustrated.
- *Noise: interference occurring in the communication process that can distort the message; belongs to the category of communication barriers; it is not necessarily caused by an error in the design of the communication campaign but could instead be strictly due to circumstantial factors* – e.g., faulty objective or product design (error in the design of the communication campaign); distracted potential client not understanding the key points (circumstantial factor).

1.2. Reference models used in bank communication

Various communication models, formulated in time by differing authors, are the heart of the communication process. Most popular are the AIDA model and the hierarchy of effects model [Adam, 2011]. The AIDA model is probably the oldest, having been developed almost a hundred years ago. It argues that persuasion to buy a product occurs over time and explains how consumers move from cognitive to affective to conative responses. Like many other basic models, it has stood the test of time and is used to this day. However, the hierarchy of effects model is more popular, expanding the steps described by the AIDA model [Wirtz & Lovelock, 2022].

Many other models have been developed starting from a three-stage structure, corresponding to the cognitive, affective, and, respectively, conative stages [Marcu, 2018]:

- The cognitive stage: specific to the accumulation of information.
- The affective stage: concentrated on motivations, attitudes, and preferences.
- The conative stage: seeking a behavioral change.

Table 1.

Fundamental communication models and their specific objectives

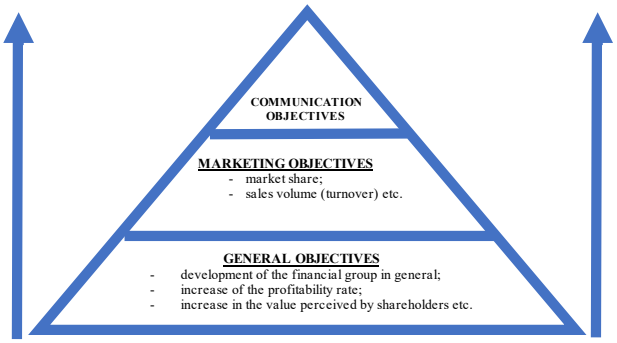
STAGE	AIDA Model *Bates Agency*	SPECIFIC OBJECTIVE	Hierarchy of effects model *Steiner, Lavidge*	SPECIFIC OBJECTIVE
Cognitive	Awareness	Catching the attention of potential customers.	Awareness	Informing regarding the existence of a new bank product X.
			Knowledge	Offering more information regarding the X product.
Affective	Interest	Arousing interest for the bank product X.	Liking	Presenting the advantages of the X product in objective and subjective terms.
	Desire	Promoting the desire to purchase the X product.	Preference	Highlighting distinct features of the product.
			Conviction	Dismantling resistance from targeted customers.
Conative	Action	Triggering concrete actions for the purchase of the X product.	Purchase	Stimulating purchase behavior through specific means.

(Source: Adam, 2011: 276-277 and Olteanu & Olteanu, 2003: 164)

1.3. Objectives of communication

Often, in both practice and existing literature on communication policy in the banking sector, marketing and communication objectives tend to get mixed up. However, the method behind their formulation is quite simple: it starts with the bank's general objectives, from where the marketing objectives emerge, which then determines the objectives of the communication policy. Between these three levels (general - marketing - communication), a high degree of cohesion and interdependent [Adam, 2011].

Figure 2.



(Source: Adam, 2011: 278)

A bank's communication objectives must account for the target group's behavior and for the strategies employed by the institution. Behavior can be classified within one of the following levels: cognitive, affective, and conative [Adam, 2011] (see Table 2).

In terms of formulating communication objectives, the SMART model is recommended (Specific, Measurable, Achievable, Relevant / Realistic, Time-bound). Through formulating specific communication objectives, banks not only show precision but also create control tools and levers necessary to check that goals are met on time and that those responsible for it are held accountable [Adam, 2011].

Table 2.

Communication objectives according to the level of behavior

Level of behavior	Communication objectives
Cognitive	- raising consumer awareness about a new product / service - informing consumers about an interesting price offer - suggesting new uses for the product / service - explaining how a product / service works
Affective	- creating a favorable image of the product / service / organization - persuasion, seduction, and enhancement of products / services / the organization
Conative	- testing products / services - buying products / services - visiting a branch / agency

(Source: Adam, 2011: 278)

For example, we'll imagine a potential communication objective for a bank: increase awareness among students from 10% to 25% within a year [Adam, 2011]. This objective can be deconstructed as seen in Table 3.

Table 3.

Example of a detailed communication objective

OBJECTIVE	*Increase brand awareness for X-Bank among students from 10% to 25% within 1 year.*						
BREAKDOWN	VERB	UNIT	TARGET	OBJECT	STARTING	GOAL	TIMESPAN
	Increase	percentage	students	brand awareness	10%	25%	1 year
(Source: Adam, 2011: 279)							

1.4. The communication mix

The marketing communications mix (also known as the promotional mix) is the specific combination of tools a company uses to persuasively communicate added value to its customers and build relationships with them.

Table 4.

Communication mix in the banking sector

Personal Communications	Advertising	Sales Promotion	Public Relations	Support Materials	Corporate Identity
Personal selling	Broadcast (TV+ radio)	Free service	Press releases	Website	Brand
Customer service	Print	Coupons	Press conferences	Manuals	Interior decor
Training	Internet	Discounts	Special events	Brochures	Parking
Word-of-mouth	Outdoor displays	Rebates	Fairs and exhibitions	Multimedia presentations	Equipment

	POS	Gifts	Sponsorships	Software apps	Objects
	Cinema and theater	Prizes		Call centers	Uniforms
	Telemarketing				
	Direct mail				

(Source: Adam, 2011: 290)

It is the main communication activity undertaken by the company, but the entire marketing mix must be coordinated to achieve the greatest impact [Kotler et al., 2020]. In the banking sector, communication includes a set of elements specific to the marketing of services, adapted to the particularities of the sector (see Table 4.) [Adam, 2011].

1.5. Other considerations in choosing a communication strategy

The average length of a TV spot is only 30 seconds. This simple example illustrates why, in the initial stages of a bank's communication with a potential client, it is entirely ineffective for the bank to try to explain specific benefits based on certain demographics. That's why banks generally emphasize generic aspects, such as security, transparency, or flexibility, when opening the path to new potential collaborations. Following that, specific details can be addressed directly in the process of providing consulting services to the client [Adam, 2011]. Banks target more than one segment at a time. Moreover, the banking sector is very complex. The types of slogans often used by banks exemplify the consequences of all these factors: the ideas tend to be general and abstract, emphasizing positive elements such as value, responsibility, security, development, partnership, reliability, trust, adaptability, ethics, or customer focus. This facilitates capturing the customer's attention, while, at the same time, adapting to the limited amount of media exposure [Adam, 2011].

Customer trust is essential in banking. While in '90s Romania the goal was to communicate an image associated with solidarity, reliability, and financial strength, after 2000, the focus shifted to communicating accessibility and open-mindedness. This highlights the reluctance to convey the image of an unapproachable bank, akin to an unbreachable citadel, but also the desire to avoid the risk of a too lively, perhaps even eccentric approach, that could potentially impeach on a bank's gravitas [Adam, 2011].

According to Peattie & Peattie, in formulating a communication strategy for a banking institution, the marketer should consider the following [Adam, 2011]:

1. Develop a word-of-mouth marketing network.
2. Promise only what can be delivered.
3. Use tangible elements linked to the services.
4. Highlight the relationship between provider (the employee) and the client.
5. Reduce clients' fears about variation in provider performances/service delivery.
6. Focus on relevant dimensions of product quality.
7. Differentiate between the benefit of the service and its delivery / performance.
8. Make the service easier to understand.

1.6. Integrated Marketing Communication

Customers could ask a bank's staff about some new service they read about on social media, and the staff did not know about it. The explanation lies in the fact that, in many of these companies, different departments are responsible with different parts of marketing communication. For example, the marketing department could be responsible for advertising, the operations department for customer service, and various functional specialists for the direct marketing efforts and maintaining the company's website. The situation described in the beginning directly results from the lack of effective coordination between all these departments [Wirtz & Lovelock, 2022].

The more channels a company uses to communicate with its customers, the more important integrated marketing communication (IMC) becomes. IMC is about harmonizing a company's message by keeping it consistent, regardless of the communication channels used. This can be achieved through either appointing a single department responsible for IMC (e.g., the marketing department), or by appointing a marketing communication manager who will be responsible for coordinating all forms of marketing communication undertaken by the company [Wirtz & Lovelock, 2022].

Although the concept of IMC seems recent, in practice, it has been around for a long time. Even if perhaps more 'empirically', companies have always combined their communication tools in order to achieve their objectives. However, with more and more of them available, the need to ensure their coherence became more pressing. Increasing the effectiveness of IMC therefore requires a thorough approach, underpinned by a strategic vision, an action plan, and a clear identification of those responsible. This will ensure a unified vision, a coherent message, and a symbiosis of communication tools [Marcu, 2018].

In the banking sector, a strong link has been observed between the use of IMC and the quality of service perceived by customers. In a study conducted in Albania where they used questionnaires to collect data from 200 participants, the implementation of IMC by commercial banks was found to have a positive impact on the quality of service provided, as perceived by the customers [Simoni & Abazi, 2020].

2. Communication budget trends in the banking sector

One of the most difficult marketing decisions is constituted by setting your communication budget. Budgets can vary greatly, not only from one industry to another (40-45% of sales for the cosmetics industry, 5-10% for the industrial equipment industry) - but also within the same industry [Kotler et al., 2019]. In Romania, banks are among the companies with the largest marketing budgets - even during difficult economic times. In 2009, budgets were primarily allocated to mass-marketing campaigns, online promotion, brochures, mailing and PR - and the smallest budgets to emailing, telemarketing, SMS and mobile marketing [Capital, 2009].

2.1. Measuring the effectiveness of marketing communication spending

So long as there is a predicted increase in sales and profits with the increased spending on marketing communications, most service firms will allocate bigger budgets. However, it is very difficult to determine the direct effect communications spending has on sales and profits. The reason is that, while marketing communications influences sales, it is only one of its many drivers. Other factors, ranging from features, to price, to quality, to competing offers, have an effect that is hard to quantify [Wirtz & Lovelock, 2022] .

There are, however, other ways of evaluating the effectiveness with which the communications budget has been spent. Specific objectives are easiest to quantify: for example, if targeted at changing customer behavior, the results can be measured directly. Examples of such targeted behavioral changes relevant to the banking industry are shifting peak-hour transactions from in-person to the online sphere, teaching customers how to change their PIN codes and keep them safe or increasing the use of credit cards among employed customers [Wirtz & Lovelock, 2022].

Direct response marketing lends itself as another useful tool in measuring the effectiveness of marketing communications. It employs the use of email or online marketing campaigns where followers, newsletter signups, clickthroughs, and even number of sales can be easily measured. The same applies to wider communications objectives, such as awareness, knowledge, or preference [Wirtz & Lovelock, 2022].

In 2017, Banca Transilvania developed a marketing communications campaign, BaBeTe, that had a budget of 20,000 EUR. How could we evaluate its effectiveness? Was the budget excessive, too stringent, or just right? We can attempt sketching a preliminary view by analyzing their objectives (Table 5).

Table 5.

Ease in determining the effectiveness of the BaBeTe promotion campaign run by BT in 2017

Explicitly Stated Objective	Communication Objective	Easily Quantifiable?
Bring the products closer to the customer	Increase awareness of the products among potential customers	YES
Collect leads (online)	Collect online contact information	YES
Attract new customers	Increase customer pool	YES
Promote online spending	Increase usage of online spending avenues	YES
Develop the concept of bank shopping	Increase awareness about bank shopping	YES

(Source: Toma, 2017)

2.2. Methods for establishing the total marketing communication budget

Service firms don't often use a singular, pure method in building their marketing communications budget – rather, they use a combination fitting their specific needs. Those range from the more traditional (like the affordable method, the percentage-of-sales method, the competitive parity method, and the objective-and-task method) to those less so (such as the empirical research method) [Wirtz & Lovelock, 2022]. Overall, a bottom-up approach is considered wiser than a top-down one [Kotler et al., 2019].

The consensus regarding which of them is the most logical one leans towards the objective-and-task method, also known as the budget buildup method. Three steps are entailed in the use of this method [Wirtz & Lovelock, 2022]:

1. Defining specific communications objectives;
2. Determining the tasks needed to achieve those objectives;
3. Estimating the costs of performing the required tasks.

The sum of those costs will become the basis for the proposed communications budget, later to be adapted according to the firm's financial position and the investment's estimated return: the budget will need to be scaled back if the costs are too high or the

expected returns too low. However, the challenge is always determining in advance the intensity of communications required to achieve the set objectives [Wirtz & Lovelock, 2022]. It is the most difficult method to put into practice – but its advantage stands in the fact that it forces management to clearly state what its expectations are regarding the relationship between money spent and communications results [Kotler et al., 2020].

Whether together with the objective-and-task method or on its own; the empirical research method can be used as well. This method consists in running a series of tests or field experiments, built using differing communications budgets, in order to determine the optimum level of spending to be employed. The online medium, of course, lends itself perfectly to such endeavors, and is often used for running such experiments with ease and in a timely fashion [Wirtz & Lovelock, 2022].

A common question is: how much weight should communication receive in relation to other alternatives, such as improved offers or lower prices? The answer varies according to many factors: where the products happen in their life cycle, how differentiable they are, the urgency with which they must be sold, etc. Communications budgets generally increase with low channel support, differentiated market offerings, non-homogeneous customer needs, or having many hard-to-reach customers, an increased number of complex customer decision-making, and even when considerable change is sustained within the marketing program over time [Kotler et al., 2019].

2.3. Communication budget vs. communication mix

Each component of the communication mix has unique characteristics and varying costs that inform the choice of appropriate media channels according to industry, demographic makeup, or geographic area [Kotler et al., 2020]. In Romania, TV is still among the most useful promotional tools for banks (especially when speaking of reach), but digital channels have continued to grow over the years [Enache, 2016].

Advertising can be understood as "any paid form of nonpersonal presentation and promotion of ideas, goods, or services by an identified sponsor". Advertising can have a very large geographical reach and a relatively low cost per exposure. Additionally, large-scale advertising efforts can positively contribute to a company's image through acting as proof of its popularity, success and scale, thereby inspiring trust (particularly important for a bank) [Kotler et al., 2020].

Advertising can also be very expressive, allowing companies to present themselves creatively through text, sounds, colors, and other special effects. Moreover, advertising allows companies to repeat the same message over and over again. Advertising can be used both in building image long-term (bank advertising generally falls into this category), but also in campaigns leading to short-term sales (for example, the increasingly popular Black Friday [Dascălu, 2021] campaigns employed by banks) [Kotler et al., 2020]. There are also less advantageous aspects to advertising: yes, advertising can be widely distributed, but that makes it more impersonal and easier to ignore - and all at a very high price. Indeed, there are advertising channels that can be more affordable (such as newspapers, radio, or online advertising), but the most popular ones, especially TV, require very high budgets. [Kotler et al., 2020]

Advertising is the heart of commerce, especially during difficult times. Television, in particular, is flooded with ads, but print and outdoor media get their fair share. Banks use

all of these tools as well, especially during times when they're looked at with skepticism (such as after a financial crisis) [Ardelean, 2015].

In 2014, television was still first in the top of the advertising channels used by banks in Romania for the broadcasting of advertisements, and by default, it also had the largest budget, well ahead of radio channels and print media. Out of a total of 63,491 advertisements, 51,572 were broadcast on TV (81.2%), 10,758 on radio (17%) and only 1,161 advertising layouts were printed in the print media (1.8%).

In 2014, for example, television was still first in terms of advertising channels used by Romanian banks for broadcasting ads. Consequently, it also had the largest budget - well ahead of radio channels or print media. From a total of 63.491 ads, 51.572 were broadcast on TV (81.2%), 10.758 on radio (17%), and only 1.161 ad layouts were published in print (1.8%) [Ardelean, 2015]. Table 6 illustrates the distribution of the broadcasted ads and the total cost for each bank covered.

Table 6.

Type of advertisement and associated costs in the banking sector (2014)

BANK	TOTAL ADS	TV ADS	RADIO ADS	PRINT ADS	TOTAL COST (EUR)
Raiffeisen Bank	10,151	8,433 (83%)	1,693 (16.7%)	25 (0.3%)	17,299,139
BCR	8,604	7,879 (91.6%)	640 (7.4%)	85 (1%)	15,107,185
Bancpost	7,694	6,933 (90.1%)	693 (9%)	68 (0.9%)	14,173,391
BRD-SocGen	6,343	4,757 (75%)	1,489 (23.5%)	97 (1.5%)	11,083,634
Volksbank	4,700	4,385 (93.3%)	75 (1.6%)	240 (5.1%)	12,361,095
Banca Transilvania	4,454	4,318 (97%)	60 (1.3%)	76 (1.7%)	11,107,251
Piraeus Bank	3,515	2,432 (69.2%)	1.078 (30.7%)	5 (0.1%)	4,556,525
CEC Bank	2,574	-	-	-	6,977,853
Libra Bank	2,386	-	-	-	4,065,444
Alpha Bank	2,190	-	-	-	2,671,369
UniCredit Țiriac Bank	1,882	-	-	-	4,651,532
ProCredit Bank	1,694	-	-	-	2,882,420
Garanti Bank	1,364	-	-	-	1,402,924
ING Bank	1,213	-	-	-	657,169
OTP Bank	1,193	-	-	-	2,718,965

(Source: Ardelean, 2015)

Personal selling can be defined as the "personal presentation by the firm's sales force for the purpose of engaging customers, making sales, and building customer relationships". Personal selling overcomes some of advertising's biggest flaws, namely its impersonal nature and lack of direct persuasiveness, being the most effective communication tool in certain stages of the buying process. If nothing more, when interacting with the sales force, customers generally feel the need to listen and respond, even if said response is only a polite "No, thank you." [Kotler et al, 2020]

That being said, personal selling is the most expensive communication tool, requiring as much as three times the cost of advertising. Moreover, where advertising can be turned up and down according to temporary needs, the sales force necessary for employing personal selling tactics represents a long-term commitment and the associated costs are more difficult to adjust.

Sales promotion is represented by "short-term incentives" meant "to encourage the purchase or sale of a product or a service". Its effects are immediate, but short-lived. In

comparison to advertising and personal selling, sales promotion is not as well suited to building long-term brand preference or customer relationships. However, sales promotion offers strong incentives to purchase and to purchase now, encouraging customers to engage with the products or services on offer. [Kotler et al., 2020]

Public relations (PR for short) is understood to be the "building of good relationships with the company's various publics by obtaining favorable publicity, building up a good corporate image, and handling or heading off unfavorable rumors, stories, and events". PR is often underused or only used as an afterthought, but a thoughtful PR campaign, when employed together with other communication mix elements, can be a very effective and economical way of promoting your company. It has the added benefit of reaching those weary of sales people and ads, as the message reaches prospects in the form of news and events rather than sales-directed communication. [Kotler et al., 2020]

Direct and digital marketing means "engaging directly with carefully targeted individual consumers and customer communities to both obtain an immediate response and build lasting customer relationships" [Kotler et al., 2020]. Direct and digital marketing can take many forms, from the more traditional direct mail and telephone marketing to the newest developments in online and social media marketing. They are useful tools when constructing highly targeted marketing strategies and can aid communication between the company and its customers.

Investing in digital promotional channels is important for a bank and allocating a budget for online as well as mobile mediums is essential. Current projections show that, soon enough, our smartphones will be the only items we'll take when leaving the house, as it will likely contain all the tools we need in our everyday life (digital wallets already exist). Facebook, too, is a useful tool for targeting the ideal customer. Of course, sales campaigns are the first to come to mind, but the brand image created, as well as community building are equally important [Enache, 2016].

During the pandemic, Deloitte's CMO Survey found that nearly half of marketing budgets (46%) were diverted to social media and mobile devices. The study highlighted that over the next three years, companies expected to spend more on influencer collaborations (up to 13% of the total marketing budget). The most significant surge in this regard is expected to come from banking and professional services [Neagoe, 2020].

However, Deloitte's CMO report published in 2021 showed that, while an upward trend can be observed in terms of the percentage of the total marketing budget that is to be allotted for the digital sphere (average growth across all industries is 15%), when it comes to social media spend in particular, banking and financial services are expected to have the lowest growth [Neagoe, 2021].

2.4. Trends in bank marketing communication spending

Ten years ago, Romanian banks used to allocate at most EUR 1 million / year for TV advertising, no matter their size. Banca Transilvania, for example, a private institution that works extensively with both the general public as well as the business sector, had an advertising budget of around EUR 1 million. Eximbank, a banking institution working in the B2B sector, had a similar budget. [Dragoș, 2013]

In 2016, UniCredit Bank's marketing and communications director declared that banks are no longer throwing money at marketing campaigns and are instead spending primarily on efficiency. She stated, "Anyone can communicate with lots of money. Today,

when consumer behavior has changed so much, it's important to try and reach our target demographic through as many different channels as possible" [Enache, 2016].

In times of depression, marketing is usually the first to experience cuts. During the pandemic, Gartner's CMO Spend Survey held in the US found that marketing budgets shrank to the lowest levels since 2012, when the study began. That being said, financial services fared better than most industries covered by the study, with only consumer products and healthcare markets sustaining lower budget cuts. However, the expected return to usual spending is yet to come. Gartner names two potential culprits: either chief financial officers are satisfied with the savings and don't want to return to their usual spending, or they are suffering from their own success, having proved during the pandemic that they could accomplish more with less [Cocheo, 2021].

Crises don't hit all bank marketing departments in the same way. For example, even though the banking sector was hit hard during the Great Recession, OTP Bank decided not to cut its communication budget. In 2009, the bank's management planned to increase the amount allocated for marketing, even doubling it compared to 2008, when the budget dedicated to promoting the bank's image was lower, as they chose investing in internal communication instead - in order to reduce staff turnover. At the time, OTP Bank strived to keep its budget at least at the same level as in 2007 - the year when the bank rebranded itself, spending approximately EUR 1 million in the process. [Capital, 2008]

2.5. Practical considerations in establishing a bank's marketing budget

The most valuable quality of a budget stands in helping you say "no": there are plenty of great ideas, but if you were to implement them all, you'd quickly run out of cash. Being able to confidently say "great idea, but it's not in this year's budget" will do wonders for supporting your strategic goals [Gibbons Peck, n.d.]. With marketing spend coming under closer scrutiny due to the economic context, it is more important than ever to make your money go further [Senyard, 2022].

The first step consists in identifying the bank's strategic objectives and aligning marketing activities with those goals. Which services are seen as loss leaders, and which as ripe products? What are the plans for expansion? Which market is the bank targeting? By formulating a strategy starting with the overall institutional goals, the budget is more like to get approved [Gibbons Peck, n.d.]. Moreover, it can be useful to contrast your spending to that of industry top performers, as it can aid in making the case for a certain budget through illustrating what can be achieved with different spending [Senyard, 2022].

Moreover, it is generally recommended to communicate marketing's impact using cross-departmental metrics instead of marketing-specific jargon such as "reach," "engagement," or "frequency." Focusing on common metrics such as return-on-investment (ROI), cost-per-acquisition (CPA), customer lifetime value (CLV), or net promoter score (NPS) will help in effectively communicating to the financial department [Senyard, 2022].

There are two common failures that can occur when allocating marketing funds: diluting spending over too many channels or over-committing funds to a few ineffective ones. While the two outcomes can look like polar opposites, in reality, the common thread is a lack of analysis. The way to combat this is by treating marketing spend like you would an investment portfolio: diversify, experiment widely, and only then increase your commitment towards those channels that yield the best results [Senyard, 2022].

A study conducted by the Boston Consulting Group found that top-performing companies tend to focus a minimum of 10% of their total marketing budgets toward experimentation. They encourage experimenting with various channels, even when they seem unconventional or more likely to fail. Considering that results follow an 80/20 distribution, finding only a few key channels through this technique will likely more than justify the cost of implementation for the program [Senyard, 2022].

Last but not least, establish clear control models when working with external partners. This will foster the same level of accountability as internal campaigns and ensure a connection between performance and spend [Senyard, 2022].

Conclusions

Increasingly complex tools and communication mediums complicate the process of establishing a marketing communications budget. The main difficulty is the challenging nature of assessing the effectiveness of these campaigns.

There are multiple methods used in building a communication budget. The most effective is the objective-and-task method. However, oftentimes, no one, pure method is used in isolation, but rather a combination that makes most sense in the context of a company's specific needs.

In Romania, the banking industry has some of the biggest promotional budgets – through good or bad times. Television continues to be an important tool, but investing in digital channels is becoming essential - not only is their popularity increasing, but they allow for more effective targeting of specific customer profiles and their needs.

The most important reason for having a budget is that it helps in knowing when to say 'no'. Promotional avenues provide many exciting opportunities, but higher spending doesn't always yield better results - effectiveness is the rule of the game.

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