Chapter:-1 Introduction

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1.1 Introduction
Investment has been a crucial decision for individual investors since ancient times. Purchase of some asset from the surplus of income over expenditure to generate more money is investment. In other words, investment can be defined as the commitment of funds to one or more assets that will be held over some future time period. In Graham’s words “Investment is putting money into something upon thorough analysis, with the expectation of gain that has a high degree of security for the principal amount, as well as security of return, within an expected period of time”. Therefore, it entails arriving at numerous decisions such as investment amount, type of securities and timing. All investment choices are made in accordance with personal investment needs and in consternation of an uncertain future. Further such decision making has to be persistent and rational.

In early days of around 9,000 to 500 B.C. people used to invest their savings in livestock as cows and sheep, agricultural products as grain and vegetables and precious metal as silver and gold and land. That is, these were the traditional means of investment. In those days, investment was mainly for the purpose of preserving the money. Revolution in investment took place in 20th century with the introduction of banking system with many investment options as fixed deposits, post office savings, national saving certificate and bonds. These options would serve the dual purpose i.e., provide returns as well as preserve the principal. The modern concept of investment states that any form of investment carries some degree of risk with it. Today many modern means of investment are available to the investors. Some of them carry low risk and low returns such as bank fixed deposits, national saving certificates, government securities, public provident fund etc. Some are high risk high return investment options such as commodity market, real estate, stock markets and mutual funds. These investment options provide different risk-return trade off catering to different types of needs of investors.

The economic development of a country depends mainly on the sustained growth of the industrial and service sectors. It requires vast resources and a major part of which is to be mobilized from domestic Investment. In India, household sector is the major contributor to domestic Investments. But investment of the household sector are held mainly in physical
assets and conventional forms of financial assets like currency, bank deposits, post office savings bank, chit funds, and insurance funds and provident and pension funds.

Among low risk investment options, bank fixed deposit with almost zero default risk and no uncertainty in future cash flows is a popular avenue for the conservative investors. With a tenure ranging from 7 days to 10 years, this option provides an advantage of liquidity to the investors as the money can be withdrawn prematurely subjected to some penalty as prescribed by the bank on the date of deposit. National Savings Certificates (NSC), issued by department of Post, Government of India is specially designed for government employees, businessmen and other salaried classes who are income tax assesses. In India, NSC has been ranked as 'highly secured’ and it provides to the investors, tax advantage on their Investment. The other investment options are corporate bond and government securities. According to Securities and Exchange Board of India (SEBI), corporate bonds are debt instruments issued by a corporation, the holder of which receives interest from the corporation periodically for a fixed period of time and gets back the principal with interest due at the end of the maturity period. According to Reserve Bank of India, a government security is a tradable instrument issued by the Central Government or the State Governments that acknowledges the Government’s debt obligation. Such securities are short term as treasury bills, with original maturities of less than one year or long term as Government bonds or dated securities with original maturity of one year or more. Treasury bills are issued by the Central Government while bonds or dated securities are issued by both the Central as well as State Government. Government securities carry practically no risk of default and, hence, are called risk-free gilt-edged instruments. Public Provident Fund (PPF) acts as investment cum tax saving instrument for investors and also serves as a retirement-planning tool. This scheme was introduced by Central Government in 1968 and it enables the retail investors to make contributions to the fund and obtain Income Tax rebate under the relevant provisions of the Income Tax.

Among the high risk investment options, Commodity market got its roots in 17th century when rice futures were traded in Japan. Nowadays it facilitates investors to trade in precious metals, other metals, agro-based commodities, soft commodities, live-stock and energy. Investment in e-gold provides an opportunity for small investors to invest in gold in smaller denominations of one gram and multiple thereof. Development of modern investment
system took a fast pace with the introduction of securities market. The organization of security exchanges marks the final step in the modern investment development. People invest in security markets for the appreciation of their savings and for this, they generally take risk as with any investment in securities, the value of the portfolio can go up and down depending on the factors and forces affecting the securities market. These factors and forces are the performance of individual companies, changes in the general market conditions, level of interest rates, currency exchange rates, changes in government policy, taxation laws, regulatory requirements, prevailing political and economic environment and so on. Therefore, investors must have handful of knowledge about the performance of securities and should reappraise and re-evaluate their various investment commitments in the light of new information, changed expectations. Investment in stocks produces high returns only when investment and disinvestment is made at right time that in turn requires investor’s time and expertise to understand the movements of the stock market. For investors, who do not possess such expertise and time, mutual funds have emerged as an ultra modern method of investment which lessens the risk and increases diversification at low cost.

Mutual fund is an investment vehicle that pools the money of investors and invests it in a variety of securities as shares, bonds, debentures etc., according to fund’s specific objectives and strategies. The money thus generated is distributed among investors in the proportion of number of units held by them. Mutual fund acts as a means of participation in the stock market for people who do not have the time and expertise to take direct investment decisions in the equities successfully. Mutual funds serve as a link between the savings of public and capital market as they mobilize savings from investors to the borrowers in the capital markets. By the very nature of their activities, and by virtue of being knowledgeable and informed investors, mutual funds influence the stock markets.

**Why do people invest?**

Though people tend to invest for numerous reasons, National Council of Applied Economic Research (NCEAR), India with the sponsorship of Securities and Exchange Board of India (SEBI) has conducted a research on household savings and investments. In their report for the year 2011, they have mentioned the following prime reasons for people to invest.

**Securing post retirement life:** As per the recent World Health organisation report (WHO 2012) on the life expectations of people around the world, it is mentioned that people across
the globe are expected to live longer life but with bad health. This is a real cause of concern for many in the world, due to the increase in medicines and treatment. When most of the people are expected to live longer life after their retirement, they can have enough money when needed, only when they are able to invest during their days of earnings.

**Children education and marriage:** Due to the love and affection on the children, most people in this world feel that, it is their moral duty to create better future for their loved ones. As the needs of their children, whether education expenses or marriage expenses will arise after a long time, which in many cases may range over a decade or two, one can fulfil this family obligation only by making proper investment.

**Creation of wealth:** As someone famously said “yesterday is history and tomorrow is mystery”, it is true that no one knows what will happen in future. Hence, it is always advisable to invest today to face unforeseen events of future. Especially after every economic recession, the people who lost their earning capacity and could not invest during their earning days remained as unfortunate examples for others. If people invest and nothing unfortunate happens in the future, they can use investments either to spend on tours or can have a life much above the regular comfort and they will be in a position to create wealth to pass on them to their next generation who can utilise for any productive activity.

Barberis, N., A. Shleifer, and R. Vishny. (1998) have stated that apart from the above mentioned most common reasons for investment, some people who are very generous make investments to use the proceeds in future for social cause and some people are investing to obtain tax exemption.

Investors can select the suitable avenue according to their desired level of risk, return and liquidity. Investment in securities of capital market can be made through primary market or secondary market. In the primary market corporate entities offer new securities directly to the investors and mobilise the funds needed for their development. The secondary market provides continuous liquidity to the securities by trading them in the stock exchanges. The investors can buy or sell the existing securities at the prevailing market prices in the stock exchange through stockbrokers.

Investment is an act of placing funds in some opportunity or instrument with expectation that will be preserved or increase in value or generates positive returns. The overall
investment process is the mechanism for bringing together suppliers (those who have extra funds) with demanders (those who need funds). Suppliers and demanders are most often brought together through financial institutions, which act as financial intermediaries in the financial market.

It is said that investment activity directly depends upon saving. Saving can be defined as the access of income over expenditure. People may save funds but they may not be investors. For example, an individual who sets aside some money in locker for education of spouse or for marriage purpose is a saver. He cannot be considered an investor whereas an individual who opens a saving account in bank and deposits some money regularly or as and when he has some spare amount of money for some specific purpose would be called an investor. The distinction between a saver and an investor cannot be made on the basis of the motive of savings. The distinction can be made on the basis of their expectations. The saver who puts his money in a locker or somewhere in his house does not expect excess returns from the savings where as an individual who opens a saving bank account expects a growth of its funds through additional return from the bank. Thus we may conclude that the expectation of return is an essential characteristic of investment. An investor expects to earn additional return on its present money from the mode of investment that could be in the form of physical / financial assets. An investment in shares, Debentures, Mutual funds, ULIPS, or Fixed deposits in bank etc., is a financial asset whereas the purchase of house, gold, land, etc., is an investment in physical asset.

The past few decades have experienced the radical changes in the Indian financial environment, from saving oriented economy to investment oriented economy. Due to the changes made in policies, leading to liberalization and globalization, the financial markets have experienced the product innovation, increased international integration more transparency and coordination. Due to these economic developments the Indian financial markets have found greater participation of individual investor in capital market as well as, in other investment avenues such as mutual funds, pension funds and the other traditional avenues, such as deposits and government securities. A developed securities market enables all individuals, no matter how limited their means, to share the increased wealth provided by competitive private enterprise. This has opened a new vision of studies from simple consumption saving choice, to the study of spending plans and consequently the portfolio
composition of individual investor. In India the growth in service sector was very much
delayed and the household sector was still not taken care of, although the
sector was contributing substantially to the total gross domestic savings. The Indian
financial system has undergone a considerable change in the recent past. It has left the
backwaters & entered in the open sea. It has to be competitive as what a free financial
system ought to be in the era of globalization. It has to be competitive, market-oriented,
cost-effective, modern, & should try to remain a float and struggling to push ahead. The
transformation implies that the components of the Indian financial system, that is, the
institutions and markets functioning within it have chosen to be well managed and growth-
oriented. The system has become modern, having features such as derivatives & commodity
market; with all new innovative financial instruments such as deep discount bonds,
securitized paper, paperless trading, floating rate bonds etc.

Savings form an important part of the economy of any nation. With the savings invested in
various options available to the people, the money acts as the driver for growth of the
country. Indian financial scene too presents a plethora of avenues to the investors. Though
certainly not the best or deepest of markets in the world, it has reasonable options for an
ordinary man to invest his savings. Banks are considered as the safest of all options, banks
have been the roots of the financial systems in India. Promoted as the means to social
development, banks in India have indeed played an important role in the rural upliftment.
For an ordinary person though, they have acted as the safest investment avenue wherein a
person deposits money and earns interest on it. The two main modes of investment in banks,
savings accounts and fixed deposits have been effectively used by one and all.

However, today the interest rate structure in the country is headed southwards, keeping in
line with global trends. With the banks offering little above 9 percent in their fixed deposits
for one year, the yields have come down substantially in recent times. Add to this, the
inflationary pressures in economy and one has a position where the savings are not earning.
The inflation is creeping up, to almost 8 percent at times, and this means that the value of
money saved goes down instead of going up. This effectively mars any chance of gaining
from the investments in banks. Just like banks, post offices in India have a wide network.
Spread across the nation, they offer financial assistance as well as serving the basic
requirements of communication. Among all saving options, Post office schemes have been offering the highest rates. Added to it is the fact that the investments are safe with the department being a Government of India entity. So, the two basic and most sought after features, such as - return safety and quantum of returns was being handsomely taken care of. Though certainly not the most efficient systems in terms of service standards and liquidity, these have still managed to attract the attention of small, retail investors. However, with the government announcing its intention of reducing the interest rates in small savings options, this avenue is expected to lose some of the investors.

Public Provident Funds act as options to save for the post retirement period for most people and have been considered good option largely due to the fact that returns were higher than most other options and also helped people gain from tax benefits under various sections. This option too is likely to lose some of its sheen on account of reduction in the rates offered. Another often-used route to invest has been the fixed deposit schemes floated by companies. Companies have used fixed deposit schemes as a means of mobilizing funds for their operations and have paid interest on them. The safer a company is rated, the lesser the return offered has been the thumb rule. However, there are several potential roadblocks in these. First of all, the danger of financial position of the company not being understood by the investor lurks. The investors rely on intermediaries who more often than not, don't reveal the entire truth. Secondly, liquidity is a major problem with the amount being received months after the due dates. Premature redemption is generally not entertained without cuts in the returns offered and though they present a reasonable option to counter interest rate risk (especially when the economy is headed for a low interest regime), the safety of principal amount has been found lacking. Many cases like the Kuber Group and DCM Group fiascoes have resulted in low confidence in this option. The options discussed above are essentially for the risk-averse, people who think of safety and then quantum of return, in that order. For the brave, it is dabbling in the stock market.

**Stock markets** provide an option to invest in a high risk, high return game. While the potential return is much more than 10-11 percent any of the options discussed above can generally generate, the risk is undoubtedly of the highest order. But then, the general principle of encountering greater risks and uncertainty when one seeks higher returns holds
true. However, as enticing as it might appear, people generally are clueless as to how the stock market functions and in the process can endanger the hard-earned money.

For those who are not adept at understanding the stock market, the task of generating superior returns at similar levels of risk is arduous to say the least. This is where **Mutual Funds** come into picture.

Mutual Funds are essentially investment vehicles where people with similar investment objective come together to pool their money and then invest accordingly. Each unit of any scheme represents the proportion of pool owned by the unit holder (investor). Appreciation or reduction in value of investments is reflected in net asset value (NAV) of the concerned scheme, which is declared by the fund from time to time. Mutual fund schemes are managed by respective Asset Management Companies (AMC). Different business groups/financial institutions/banks have sponsored these AMCs, either alone or in collaboration with reputed international firms.

With the advent of banking sector reforms, the scenario of banking in the 1990s has totally changed. In order to bring efficiency, accountability and high degree of customer service, competition has been induced by granting license for banking business to new operators like private banks, local area banks, foreign banks, regional rural banks and cooperative banks. In such a competitive environment, the ability of a bank to achieve growth rate depends on how well the needs of customers are identified and effective marketing strategies evolved. This involves developing new and improved products and services, providing better amenities and facilities, exploring new distribution channels and evolving effective marketing strategies so as to continuously meet the changing customer needs.

The policy initiatives and reform measures have compelled Indian Banks to focus on market forces, customer service and aggressive marketing techniques and be prepared to meet any challenges for existence and sustenance. Globalization of the economy and integration of financial sector with the world has also enabled banks to bring the latest trends of banking industry at the doorstep of Indian customers. Today understanding the needs, desires and problems of customers and redefining its business for satisfying customer needs are the major
challenges facing the banks. Promotion has thus emerged as an important element in the activities of banks. Advertising, an aspect of promotional strategy, has both an informative and persuasive role, and in this respect can alter customers’ perceptions of a product or service. Advertising can have a cumulative and long lasting effect on memory and mind of customers.

Major advertising campaigns are undertaken continuously by Non Banking financial Institutions. The main purpose of advertising is to create awareness about various features of the products to the customers. Today, many banks are developing promotional activities below-the-line using sophisticated database to target direct mail campaigns at market segments by using publicity, sponsorship and other promotional means. Once the initial inquiry is done through telephone, repeated call to customer and personal selling will be made. The staff skill and customer care have been developed to enable a strong personal selling strategy to work. The importance of personal selling is now widely recognised and many institutions offer home visits.

Mass media advertising includes TV commercials and advertising in national level newspapers which have a wide coverage. Advertising in these media has made maximum people aware about the offerings of the investment product’s and established most of the products in the mind of the customers.

Different types of advertisement campaigns have been seen in form of TV commercials and as print ads in newspapers. Print ads mainly focus on corporate image advertising of financial products as well as a new offering of the financial products such as increase in interest rate on deposits or fund performance of the scheme and so on. TV commercials mainly focused on corporate advertising, where banking service is promoted as a whole rather than a particular product of banks

Personal Selling is found to very much popular and effective for Mutual fund and equity shares trading in India. It is concerned with face to face meeting with the customer and making the presentation of the service offering to the prospect and making the person customer of the company. This process has its own advantages and disadvantages. Financial services company may have some complex service offer which may include so many charges and facilities of different types. The biggest advantage of personal selling in financial services company is that the salesperson can make the prospect well understood
about the service. Further customers may prefer it because they need not to go anywhere; the sales person comes to them. But there is certain limitation also. People usually do not give their time to meet and talk on issue. It also does not become cost effective if the sales are not closed in a handsome number.

Sales promotional has become popular due to the popularity of the usage of debit and credit cards. The offers are also given to the customers for registering and transacting with internet banking. For example recently HDFC bank has come with the offer where a flip book light is free on opening an account and a DVD of famous movie on shopping with Debit Card. Further there are lots of other schemes also like giving discount and gifts on different types of purchase on debit and credit cards of the bank. However the sales promotion has its nature that it is always for a particular time being. The purpose of sales promotion is to enhance the sales in particular time duration. The sales promotion offers are redesigned frequently for effective promotion in sales. Consumers feel happy when they get something extra then the regular utility. Sales promotion offers really attract customers.

In present time the most popular tool for promotion of financial product’s services has become Internet Marketing of services. E-Advertising is being very much popular. In surat city people use internet so frequently. Studies tell that they use internet mostly for checking their mails, finding results and educations and research purposes. The e-advertising of investment product’s services not only promote the services by giving offers but it also interacts with the person and a potential customer can purchase the product with the help of this. However internet advertising in pop ups irritates the internet users but advertisements done on home page of any website such as email service provider is useful and customers get knowledge about the new financial products and promotions. When they see something in front of their eyes they can remember it much.

Today’s financial services market requires new promotion strategies for their products. They have to adopt new promotion strategies and tactics. This will enable them to capture the opportunities to meet the tough competition from various players of financial services. The financial services product’s promotion has more human element and hence personal skills and relationship play a greater role.

In this context it would be highly rewarding to examine as to what extent the financial products’ promotion tools have been successful in meeting the needs of customers. More
specifically, the attention given to various promotional strategies and their effectiveness in the mind of customers need in-depth analysis. The present study is an effort in this direction.

The present study aims at providing better understanding of the promotion tool’s effectiveness, which will help in designing a better promotion strategy to retain existing customers and attracting new customers. The study is a unique one, as not much work has been done earlier related to effectiveness of promotion Strategy of financial products in Surat. The main objective of the present study is to understand the promotions of financial products. The study is mainly based on field survey and is exploratory in nature. The source of data is mainly primary. Data are collected through structured questionnaires, i.e., Customer Survey. It is hoped that this study will be of immense use to the bankers, bank customers and the researcher scholars in the field of banking and service marketing.

1.2 Need for the Study

Ensuring confidence in the minds of individual investors about various equity and debt market’s products required various promotion tactics. Their active involvement in the capital market helps the financial services company to design effective promotion strategy. But the individual investors are experiencing a number of difficulties from different market participants. Their widespread geographical distribution, unorganized nature and lack of awareness about capital market investment have instigated unscrupulous market participants to exploit them. Therefore it is felt necessary to study the effective promotional tools encountered by investors and examine their likes and source of information for investment and, analyze investment instruments, i.e., 1. Bonds 2. Debentures 3. Equity 4. Mutual funds 5. Derivatives 6. PPF/KVP/NSC 7. FD/RD. Through this study we identified that marketing promotion as the most important facet of marketing strategy leading to effective information source.

1.3 Research Questions

This study is based on following research questions. There are basic two question.

(1) What was the effectiveness of Promotion in the Purchase Decisions of Investment in Various Financial Products\Services?
(2) What factors influenced customers’ decision to invest in Various Financial product\ services?

1.4 Objectives of the study

The financial products which can cater to the changing needs of the society make the life of investors more convenient. This is applicable to the financial products offered by the various banks, insurance company, post office and asset Management Company to general public. The Financial products offered by Financial services sectors suiting to the needs and wants of customers are essential in the modern competitive 21st century. The Financial products offered by financial service sector use various promotional tools to induce investors. Our research work revolves around effectiveness of promotional tools to buyers’ decision of investment in various financial instruments. The objective of study can be defined as under

- To study the impact of Promotion on buyers Purchasing decision of investment in various financial Products\ services
- To find out which promotional Tools or tactics are more used for Persuading Customers.
- To measure the Consumers response process in terms of Income-wise, Age-Wise, Gender-wise.
- To find out various Elements are involved in internal and external information searches by consumers, as part of the purchasing process
- To investigate what Promotion tools were the effective for Financial Products\ services.

1.5 Importance of the study

In any economy investors have to play important role. They release finance in it and mobilize the investment. On various products banks provide earning to the customers. So banks function basically as intaking money and financing or lending it. This process should be strong enough to sustain and boost the economy of the country. India is a developing country aspiring to grow its economy. If the banking system is supportive than definitely
the country will have its pace. Like other sellers banks do sale out their products, but these products are not tangible in nature such as consumer durables. They are financial products needing unique marketing efforts. Now it is buyers market and the sellers are paying attention on the marketing concept. This concept says that the products should be designed and manufactured according to the needs and wants of the customers. It applies in the case of financial products also because gone are the days where the awareness level of public was low and any product offered will be accepted by the customers.

This modern twenty-first century is of customers. Here the customers have a wide range of product choice. Vast number of organizations is playing in the same field and if one organization is not offering the satisfactory product the customers might switchover to some other organization leading eventually to the closure of that organization.

Earlier after the independence of India government followed the approach of strict regulations over financial service sector as our government was following the steps of mixed economy in which Socialist content was higher. Banks were nationalized and the government was controlling them. Though banks survived at that time but there performance was poor. When liberalisation wave swept India after 1991 and financial reforms came into the financial service sector. The Investors scenario changed. A lot of private and foreign financial services company has entered the banking market and now only banks cater to the needs and wants of customers offering them suitable products will survive in this era of stiff competition. In this study we have taken the topic to study the promotional tools effectiveness for catering the financial products. It will be analysed in the study as to what type of promotional tools are used by these company as well which factors of promotional tools is most important for reliable financial information used by customers.

The financial products offered by financial sector have similarities or dissimilarities. What opinion customers will have for these promotional tools whether they are satisfied or not. In present scenario this study is of immense importance as the topic of product is taken which is centre point for the success of any organization. Such type of study is not done in this surat region. Definitely it will be of great importance as it can give insight to the banks promotional strategy as what is required by the customers what changes we should do to become more successful. This study provided useful information on the Effectiveness of Promotion tools on Financial Services sector’s (Banks, Insurance, Brokerage Firm)
Financial Products\Services. The results of this study provide Promotion tools for bank managers, sales officers, Relationship Manager, Insurance Agent to plan and improve the quality of their services. This study is also useful for financial services industries, Marketers, Advertisement Industries and companies interested in applying Promotion to improve or enhance their businesses.

1.6 Scope of the Study

The study will be helpful to society in understanding the concept of financial products. The different variants of products offered and the various aspects of products leading to satisfaction and dissatisfaction with the offerings of financial service sector. On reading the report they can take steps as to which promotion tools have reliable information to accept. Whether from Advertisement, Sales promotion, Advisors, company leaflets or Exhibition. The general person can judge the differences in financial products as well as information source and their impact for decision making for purchase.

The study will be helpful to industry, as it will have information of important areas such as about the opinion of customers regarding their source of information for financial products. On which aspects of their Financial products are leading and what are their weak points. They can decide on the improvement of their product offerings more tilted towards the needs and wants of customers.

The study will be of immense use to academia as in past no such focused, and comprehensive study on the topic has been done in the area covered for study. This study will Invite scholars for further research in this area and hence sets ball rolling.

1.7 Assumptions

In this study we analyze various assumptions which need to check on the basis of data collection from respondents. Assumptions are predictions which need to analyze on the basis of information. Following are the various assumptions.

(1) The higher the level of buying decision of various services, the higher the level of Promotion.

(2) Promotion is directly and positively related to marketing communication performance.

(3) Promotion is directly and positively related to Product performance.
1.8 Hypothesis of the study

The following hypotheses are framed to justify the objectives drawn.

(1) $H_0$ = There is no significance association in perception of effectiveness of Promotion on Purchase of Financial Product\services (null Hypothesis)

$H_1$ = There is significance association in effectiveness of Promotion on Purchase of Financial Product\services

(2) $H_0$ = There is no significance association in effectiveness of each Promotion tools on Purchase of Financial Product\services (null Hypothesis)

$H_1$ = There is significance association in effectiveness of each Promotion tools on Purchase of Financial Product\services

(3) $H_0$ = There is no significance difference in effectiveness of Promotion on Purchase of Financial Product\services amongst Surat City (null Hypothesis)

$H_1$ = There is significance association in effectiveness of Promotion on Purchase of Financial Product\services amongst surat City

(4) $H_0$ = There is no significance difference in effectiveness of Promotion on Purchase of Financial Product\services on Male-Female (null Hypothesis)

$H_1$ = There is significance association in effectiveness of Promotion tools on Purchase of Financial Product\services on male-female

(5) $H_0$ = There is no significance association in effectiveness of Promotion on Purchase of Financial Product\services on various income group (null Hypothesis)

$H_1$ = There is significance association in effectiveness of Promotion tools on Purchase of Financial Product\services on various income group.

1.9 Research Methodology

The research methodology of the study consists of two aspects – exploratory and descriptive in nature. The first stage of the research was exploratory in nature. This was done in two
phases. The initial phase was to undertake a detailed review of the behavior finance in the context of promotional tools literature and the Preparing the different strata of surat city’s population in terms of various zones. The exploratory research forms the basis for preparing the questionnaire for the next stage. The second stage of the study was descriptive research, which was carried out by applying a survey method. Data for the study were collected from the urban investors in surat city of gujarat. The tool used for data collection is questionnaire, which covered the demographic profile of investors, information on the patterns of savings/investment and various factors considered before investment and the selection of saving media/investment medium, investors’ perception towards the financial service availability, consideration of their needs and wants, investors source of information for investment e.g advertising, sales promotion, exhibition etc. and role of promotion tools as an influencer for decision making while purchase the financial products.

1.10 Significance of the Study Region

Surat, also known as Silk or Diamond city, is a major industrial city in the State of Gujarat. Surat City scores over the state average in terms of several economic parameters. Surat city has consistently outpaced the larger metros in economic growth rates, and it is witnessing strong growth in incomes. But even more significant is the changing lifestyles and aspirations, and the fundamental shift in the demographic mindset towards earning, spending and saving. The difference in earning between the urban class family and rural class family is also very wide around the Surat city. The urban class earns an average of 85 per cent higher than their rural counterparts and also spends 72 per cent more and saves nearly double the amount of Rs.28,852 compared with Rs.14,413 every year as against per household income Rs.65,0413. The reasons behind investment also vary from people to people. The above stated reasons are considered very vital to select this region as the study area.

1.11 Sampling Frame Work

The city of Surat was constituted as a Municipality in the year 1852 and was subsequently constituted as a City Municipal Corporation from 1966. The Surat City has seven Zones which comprise 90 Municipality wards. The Total Population of surat city as per census 2011 is 4466826 out of which total household is 946306.
1.12 Sampling design

The total number of surveyed respondent is 500 which evenly distributed in seven zones of Surat city on the basis of percentage of household in different zones. The number of respondent selected in particular ward is based on those zones shares in total household percentage. In following table no.1, 2 & 3 the researcher highlights the sample size percentage from various zones and wards on the basis of their contribution in total household.
Table 1.1 Various Zone and Ward

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<tr>
<th>Sr. No</th>
<th>Various Zones of Surat</th>
<th>Ward Names of Different Zone</th>
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<tr>
<td></td>
<td>West</td>
<td>Central</td>
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<tr>
<td>1</td>
<td>Adajan Patiya</td>
<td>Nanpura</td>
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<td>2</td>
<td>Adajan Gam</td>
<td>Makaipul</td>
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<td>Rander</td>
<td>Rustampura</td>
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<td>Salabatpura</td>
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<tr>
<td>8</td>
<td>Palgam</td>
<td>Begunpura</td>
</tr>
<tr>
<td>9</td>
<td>Palanpore</td>
<td>Moti Tokies</td>
</tr>
<tr>
<td>10</td>
<td>Variav</td>
<td>Haripura</td>
</tr>
<tr>
<td>11</td>
<td>Tadwadi</td>
<td>Mahidharpura</td>
</tr>
<tr>
<td>12</td>
<td>Shalimar Depot</td>
<td>Saiydpura</td>
</tr>
<tr>
<td>13</td>
<td>---</td>
<td>Laldarwaja</td>
</tr>
<tr>
<td>14</td>
<td>---</td>
<td>Gopipura</td>
</tr>
<tr>
<td>15</td>
<td>---</td>
<td>Wadi Faliya</td>
</tr>
<tr>
<td>16</td>
<td>---</td>
<td>Chowk Bazar</td>
</tr>
<tr>
<td>17</td>
<td>---</td>
<td>Nanavat</td>
</tr>
<tr>
<td>18</td>
<td>---</td>
<td>Shahpore</td>
</tr>
</tbody>
</table>
Table 1.2 Population Detail of Surat city-Zone Wise Data

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Zone</th>
<th>Area Sq.Km</th>
<th>Population 2011 Census</th>
<th>Density Per Sq.Km</th>
<th>Decade Growth 2001-2011</th>
<th>Total Number of Census House</th>
<th>Total Number of House Hold</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Central</td>
<td>8.18</td>
<td>408760</td>
<td>49971</td>
<td>-1.18</td>
<td>153638</td>
<td>80939</td>
</tr>
<tr>
<td>2</td>
<td>South West</td>
<td>111.912</td>
<td>347447</td>
<td>3105</td>
<td>43.30</td>
<td>114734</td>
<td>72437</td>
</tr>
<tr>
<td>3</td>
<td>South</td>
<td>61.764</td>
<td>695028</td>
<td>11253</td>
<td>70.36</td>
<td>251079</td>
<td>167629</td>
</tr>
<tr>
<td>4</td>
<td>South East</td>
<td>19.492</td>
<td>748304</td>
<td>38390</td>
<td>88.37</td>
<td>221643</td>
<td>155732</td>
</tr>
<tr>
<td>5</td>
<td>East</td>
<td>37.525</td>
<td>1137138</td>
<td>30303</td>
<td>59.82</td>
<td>313105</td>
<td>234327</td>
</tr>
<tr>
<td>6</td>
<td>North</td>
<td>36.363</td>
<td>705163</td>
<td>19392</td>
<td>69.36</td>
<td>201978</td>
<td>141898</td>
</tr>
<tr>
<td>7</td>
<td>West</td>
<td>51.279</td>
<td>424986</td>
<td>8288</td>
<td>48.0</td>
<td>130068</td>
<td>93344</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>326.515</td>
<td>4466826</td>
<td>13680</td>
<td>55.29</td>
<td>1386245</td>
<td>946306</td>
</tr>
</tbody>
</table>

Table 1.3 Sample Size Percentage of different Zones and Wards

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Zone</th>
<th>Total Number of House Hold</th>
<th>% Share</th>
<th>Respondent Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Central</td>
<td>80939</td>
<td>8.55</td>
<td>43</td>
</tr>
<tr>
<td>2</td>
<td>South West</td>
<td>72437</td>
<td>7.65</td>
<td>38</td>
</tr>
<tr>
<td>3</td>
<td>South</td>
<td>167629</td>
<td>17.71</td>
<td>89</td>
</tr>
<tr>
<td>4</td>
<td>South East</td>
<td>155732</td>
<td>16.47</td>
<td>82</td>
</tr>
<tr>
<td>5</td>
<td>East</td>
<td>234327</td>
<td>24.76</td>
<td>124</td>
</tr>
<tr>
<td>6</td>
<td>North</td>
<td>141898</td>
<td>14.99</td>
<td>75</td>
</tr>
<tr>
<td>7</td>
<td>West</td>
<td>93344</td>
<td>9.86</td>
<td>49</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>946306</td>
<td>100 %</td>
<td>500</td>
</tr>
</tbody>
</table>
1.13 Data Source
The study is principally based on the primary data. The required primary data were collected with the help of well structured questionnaire after testing its reliability and validly measures. The secondary data needed for the study were sourced from RBI Bulletin, NSO (National Sample Survey) Information Bulletins, research works published in the journals, magazines and also from published and unpublished Ph.D. theses.

1.14 Limitations of the Study
The researcher has taken all possible care and efforts to avoid the statistical discrepancies and maintained reliability of data supplied at the time of collection of data. However, the present study is subjected to the under-mentioned limitations:
1. The results are location specific as the data has been collected from the respondents of Surat City and the conclusions drawn may not be applicable to a different City having different socio-economic conditions.
2. A few respondents were reluctant in expressing their opinion and views on their investment pattern and have expressed common view on their saving, investment pattern and also about financial campaign conducted by Various companies, that could have supplied biased information on investment behaviour of individuals.

1.15 Gap in Literature
The researcher made a preliminary survey of available literature on the subject by scanning the relevant journals and books by visiting reputed management libraries in the state and by using various information databases. The researcher also made an exhaustive search on various Internet sites to locate earlier studies. On review, it was found that major studies on this topic were carried out by south Indian academics.

A detailed Literature Review on the topic is provided in Chapter II. All studies reviewed concentrated on certain literary devices and their influence on advertising, the linkage between promotional effectiveness and buying decision of financial products and various aspects of investment and promotion. No studies were available pertaining to the Indian context. In the absence of such studies within our national and cultural context, the researcher was quite keen to undertake such a study to fill this gap. The previous studies covered only one or two aspects or components of literature and its impact on advertising and all studies were done in the context of western societies. The researcher also felt that it
would be productive to study the various components of promotional tool and the nature of the impact of this tool on buying decision Effectiveness in financial product. Al though there may be limitations to cover all the aspects or components in a single study.

The researcher feels that the effort therefore should be make to define the effective promotional strategy which will applicable by industry to ascertain their return on investment on promotional campaign. As there is a gap in promotional strategy and as there is a dearth of studies in the Indian context on this topic, the researcher decided to explore this topic further. Surat is a multi-lingual and multi-cultural city with a rich tradition of investment and per capita spending habits. Surat is the financial hub of Gujarat in term of economic indication and therefore the researcher feels that it is a fertile ground to study the effectiveness of promotion tool for investment instruments.

1.16 Review of Literature
This chapter deals with the review of relevant literature pertaining to the objectives and hypothesis define for the study. The review of literature of previous studies either theoretical or empirical may assist in the delineation of the new problem area and provide a basis for developing a theoretical framework of the study. It may also give an insight into suitable methods, procedures and operational definitions of major concepts and provide a base for interpretation of the findings. The researcher finds on paucity of literature in the relevant area of promotional mix.

1.17 Analysis and Interpretation of Data
The data thus collected were classified, tabulated, analyzed and interpreted with the help of relevant statistical tools making use of Statistical Package for Social Sciences (SPSS). Simple Percentage, Weighted Average Analysis, Factor Analysis and Multiple Regression Analysis were put to use in analyzing the data. Charts, diagrams and graphs were also used in this study to simplify the data and to facilitate easy understanding.

1.18 Operational Definitions of Key Terms used in the Study
(1) Investment Product:- The Term Investment products in this study are available for individual and institutional investors, and are purchased in an attempt to generate a profit. Some investment products, such as certain types of bonds, provide a fixed interest payment in addition to a return of the initial investment at the time of maturity. Other types of investment products, such as stocks, entail greater risk and
while earnings (and profits) are anticipated, they are not guaranteed. An investor who diversifies will have a variety of investment products in his or her portfolio to manage risk.

(2) Investment behavior

In this study Investment behaviors are defined as how the investors judge, predict, analyze and review the procedures for decision making, which includes investment psychology, information gathering, defining and understanding, research and analysis.

(3) Behavioral finance

Behavioral finance is a relatively new paradigm of finance, which seeks to supplement the standard theories of finance by introducing behavioral aspects to the decision making process. As the name suggests, behavioral finance aims at improving the understanding of financial markets and its participants, by applying insights from behavioral sciences (e.g. psychology and sociology). Behavioral finance studies the psychology of financial decision-making. Most people know that emotions affect investment decisions. In other words, behavioral finance takes the insights of psychological research and applies them to financial decision-making.

(4) Promotion

Promotion means a method is used for getting people to create awareness among people about products or services being offered by the company. Advertising, public relations, point-of-sale displays, and word-of-mouth promotion are all traditional ways for promotion. Promotion is the method for providing the link of information between the seller and prospects of the products or services. The choice of a promotional strategy will be dependent upon objectives, type of offers, budget, and availability of said promotional vehicle.

(5) Buyer Decision

Prior to any purchase decision, consumers engage in pre-purchase information search. Consumers' main sources of information can broadly be categorized in internal and external sources. The search of internal sources is based on a scan of memory and it is based on the previous experience. Because internal sources are one’s own experiences, they are regarded as very reliable. In a situation where
internal sources are not available or are insufficient, consumers lean on to external sources of information. External sources can either be personal or non-personal

(6) Promotion Effectiveness

It is the strength of the promotion to communicate and influence the customers succinctly about the product/Services promoted, its persuasive power in getting better Product/services preferences with respect to other Product/Services, Persuasive Power and Willingness to purchase the Product/Services.

1.19 Pilot study

Before carrying out the original study, Pre-testing of interview schedule has been done by the researcher. For this purpose, 25 respondents were selected randomly from different zones of Surat city and they were asked to respond the questions included in the Interview schedule. This pilot study was carried out only for testing the validity and worthiness of the constructed interview schedule.

1.20 Construction of the Interview schedule

Based on the pilot study some of the unwanted questions were removed from the interview schedule and certain new questions were added. The interview schedule consists of two parts. The first part of the questionnaire consists personal factors of the respondents. The second part consists the questions related to the study factors.

1.21 Fieldwork and Collection of data

To identify the effectiveness of promotional tools for financial products, primary data were collected from the sample respondents through an interview schedule by the researcher directly approaching them. The terms considered important in the schedule were explained clearly to them to fill up the interview schedule. It was conducted during the period from Jan 2014 to Feb 2015 covering a period of 12 months.

1.22 Measurement of Variables and Construction of Scale

The data obtained from the questions asked in the interview schedule were transferred to master table. In the master table, the interview schedule serial numbers are allotted in the row and the questions asked in the interview schedule are serially numbered along with choices in the column side of the master table and the respondents response for every question were worked by ticking accordingly. After the marking of all the data in the master table for all the 500 respondents response, sub-tables were prepared based on the grand total
of master table's each column. For analyzing the data presented in the sub-tables, statistical tools of Percentage Analysis, Chi-square Test, Weighted Average Scoring Technique and Weighted Average Ranking Technique were applied.

1.23 Chapter Scheme

The report of the study is presented in five chapters

Chapter – I Introduction
This chapter deals with Introduction, Importance of the study, statement of the problem, scope of the study, formulation of hypothesis, objectives of the study, pilot study, construction of the interview schedule, collection of data, sampling design, Review of literature and the limitations of the study.

Chapter – II Literature Review of Promotion effectiveness on financial products
This chapter summarizes and discusses various studies related to the topic of study. It also Discusses various approaches for studying the connection between Promotion and Financial products and finally delineates a conceptual framework for the topic under study. It focuses on the reviews from the relevant literature in this field carried out by various researchers.

Chapter – III Theoretical aspect of the study
The Third part, which deals about the introduction of various investment instrument which include Equity share, Fixed Deposits, Commodity Market, KVP/FD/RD and Mutual Fund. This part also cover promotion, types of promotion, advantages and disadvantages of promotion, impact of promotion etc., It presents the overview on investors’ behavior and investors’ level of awareness on various financial products.

Chapter – IV Analyses the data and interprets the results
This chapter deals with analysis and interpretation of the collected data using various statistical tools like Percentage analysis, Chi-Square test, Weighted Average Scaling technique and Weighted Average Ranking Technique.

Chapter – V Lists the summary of findings, conclusions and the recommendations based on the study
The chapter contains the detailed figures about the major findings of the various statistical analyses in this study. Finally, the report ends with a conclusion along with a relevant and more informative statistical data with a few relevant suggestions and recommendations.