Ranking the Effect of Services Marketing Mix Elements on the Loyalty of Customers by Using Topsis Method (Case Study: Saderat Bank Branches in Isfahan)

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ABSTRACT

Successful companies do not only pursue sale but they are seeking satisfactions of customers and their loyalty. This study aims to rank effect of services marketing mix elements on the customers' loyalty in the Saderat Bank. Method of this research is survey, causal-comparative and domesticated questionnaire was used for gathering data which its validity was confirmed by experts and its reliability with Cronbach alpha 0.908. Statistical sample size was 384 loyal customers of Saderat Bank in Isfahan based on Cochrane formula and simple random sampling was used as sampling method. Findings showed that there is significant relationship in average level between physical factors and environmental factors including distribution of physical facilities and customer loyalty and the relationship between competence related factors including promotion of employees or customers' loyalty is strongly significant. Besides, there is significant relationship between services related factors including product, price, operation management and quality of services or customers' loyalty in moderate level. It is suggested that for attracting loyal customers, more attention should be paid to promotion which has very strong relationship with customers' loyalty. It is suggested that Saderat Bank increases the motivation of employers in providing careful and rapid services for improving productivity and services quality by providing suitable incentives.

Keywords: Marketing Mix, Services, Customer Loyalty, Topsis, Saderat Bank.

1. INTRODUCTION

Real mission of the marketing units in an organization or company is to understand the needs and demands of customers and presenting solutions for production of products demanded by customers. In this process, those companies not only pursue sale but they seek customers' long-term satisfaction through high quality products with long-term survival goals (Kotler & Armestrong, 2000).

One of the methods for increasing satisfaction of customers is using marketing mix. Marketing mix is factors or tools that can be control and used by organization to satisfy customer or communicating with customer (Ekhlasi, 2011). In marketing mix, there is systemic and coordinated attitude among marketing elements in order to influence customer. In fact, marketing mix seeks to meet the needs and continuously tries to do this better and this is new ways of meeting the needs that distinguishes successful companies from unsuccessful companies (Imamgolicand & Piri, 2015).

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Due to diversity of services, definition has always been difficult. What complicates this is the fact that due to intangibility, most data and outputs cannot often easy to understand and diagnose. Services are some types of economic activity that by creating given change and service receiver or as his/her representative, develop value and advantages for customers in certain times and places (Lovelock & Wright, 2003). Zeithmal and Bitner (2008) believe that services are act, process or performance. Marketing mix includes seven factors known as 7Ps which is product (service), price, distribution, promotion, employees, physical facilities and operation management (Roosta, Venus, Ibrahimi, 2010). In recent years, productivity and service quality has been added to seven factors known as 7Ps .It is now clear that customer satisfaction and loyalty is the key success in business activities. Customer loyalty means that customers are satisfied with products and services of an organization. Besides, customer will extend loyalty to one service or product of organization to all products and services during its life time and in sum he/she will be loyal to the organization brand (Bat, 2004). Preserving and enhancing customers' loyalty for companies who want to preserve and develop competitive position in the market is a strategic challenge (Sutton & Klein, 2003).

In Iran, most financial institutions and banks that emerged in the monetary and financial system had done only simple work to attract customers to bank system. Realities and analysis of facts in the market are often ignored; this research is important for banks especially Saderat Bank. This research aims to evaluate the extent of basic concepts of services' marketing mix are considered for achieving marketing goals (customers' loyalty) in Saderat Bank. This research try to answer the following questions: 1) Which of the services; marketing mix factors is more influential on the customers' loyalty?, 2) How much (ranking) is the effect of services' marketing mix factors on the customer satisfaction in Saderat Bank? and 3) What solutions can be presented for improving effectiveness of services' marketing mix on the customers' loyalty in Saderat Bank?

2. LITERATURE REVIEW

2.1 BSI Bank

As a private bank, BSI was established in 1952 with around 3000 active branches. BSI runs the largest banking network in Iran. In 2000, BSI started offering electronic online services and now pioneers in the number of online branches ATM machines and point of sale terminals with remarkable share of the market.

With close to 60 years of banking experience, a deep sense of commitment to its basic principle and a full implementation of usury-free Islamic banking, BSI, as a credible popular bank always attempts to maintain its top position among other rivals through following the lead in international banking and customer–oriented principles and offering quality banking services. In addition, BSI has a leading role in achieving customer satisfaction and developing the economy of our Islamic country.

From the very beginning, BSI endeavored to encourage innovation in banking services in line with its customer – oriented marketing strategy. Some of the international awards that Bank Saderat Iran has received are as follows:

  i. Brand Valuation Certificate and International Standard ISO 10668:2010, from ICS Group in Canada.
 ii. Certificated of Quality Management Standard ISO 9001.
iii. International Certificate on Clients Trust in Banking Industry, from ICS Group in Canada.
 iv. Premium Bank of the 2nd Conference on Electronic Banking and Payment Systems.
  v. Market Leading on Banking in the 8th National Festival of Iran Industry Championship.

vi.   National Award of Organizational Development in Banking Industry.
vii. Premium Award of Public Relation Management in Developing Commercial Brand.

In line with respecting the customers and achieving customers' satisfaction, Bank Saderat Iran, with its constant mottos "BSI at people's service" and "Customer is right", has been awarded the following honors:

i.   In 2001 "The Banker" announced BSI as the Bank of the Year 2001.
ii.   In 2005 "Euro Money" announced BSI as the most honest financial institution in Iran.
iii. In 2006 "Islamic Finance News" announced BSI as the best Islamic Bank in Iran for the quality of its banking products and services.
iv.   In 2008 "Global Finance", published in New York, announced BSI as the best Islamic Financial Institute in Iran.
v.   In 2011 "The Banker" ranked BSI 259th within 1000 world top banks in terms of capital tier one, becoming No. 1 among other Iranian banks. Last year, BSI was ranked fifth on the list of 100 top national companies, released annually by Iran Industrial Management Organization.

2.2. Services' Marketing Mix

Marketing mix is set of factors that are controllable by company to influence customer purchase. The combination of these factors can promote the position of certain product in the market (Kotler, 2011). On the other hand, by balancing the factors in marketing mix, companies can develop required floating in productivity, customer satisfaction and competitiveness in modern competitive world. Cullition (1948), for the first time, presented marketing decisions depending on the guiding plans for production. The discussion was followed in 1950s and 1960s by marketing mix presented by Borden (1964). Mc Carty (1960) plays major role as marketing experts in extending the marketing mix term which he suggested four elements of marketing mix including product, price, place and promotion. Some researchers have added other elements to marketing mix elements. For example, Nickles and Jolson (1976) added packaging while Mindak and Fine (1981) added public relations. On the opposite, Booms and Bitner (198) enumerated the elements to seven where they added process and market information to the 4Ps. Lovelock and Wright (1999) believe that public relations, productivity, people and work processes should be embedded in mix marketing and transforms it to 8Ps marketing mix model as in Fig. 1:


Figure 1. Services marketing mix model (8P) (Lovelock & Wright, 1999).

2.3. Customer Loyalty

Attempt in defining loyalty is more difficult than imagined. The major problem is that whether loyalty is a behavioral variable related to attitude (Duffy, 1998). The term loyalty brings up the concepts such as interest or love, honesty or commitment. Using satisfaction criteria to represent loyalty is common because it is assumed that loyalty has positive effect on the satisfaction. Despite that, research indicated that it is very simplistic to assume that unsatisfied customer will leave while satisfied customers remain. In fact, findings of Reichheld (1994) indicated that most customers leave. Due to the limitations of satisfaction as loyalty criteria; criteria based on the robustness, repetition and monetary value, i.e. criteria which are used in direct marketing have been applied increasingly. These criteria provide real picture of how companies outperform their competitors. Prediction ability increases purchase probability and makes the measurement of customer life cycle value possible (Divett, Crittenden & Henderson, 2003). Customer loyalty is important for purchase repetition. However, if someone buys many times from a company it does not not indicate that he/she is loyal to that company but he/she may be indifferent (Khorshidi & Kardgar, 2009). As mentioned, loyalty factors and their importance differ from one company to another. Effective factors on loyalty of bank customers can be classified as in the following:

i. Factors related to employees' competence: including all personality, behavioral and outward aspects of service providers for bank. These factors encompass all characteristics of service providers which may include satisfaction and loyalty of customers like dress, close relationship of employers with customers, interest in answering customers.
ii. Factors related to the services: type and features of services of an organization like bank. When customer refers to a service organization, its reason is receiving services of that organization and this distinguishes organization from other organization, such as service diversity, remote services, stability in providing service, loan payment conditions and etc.
iii. Environmental-physical factors: include outward and physical aspects in presenting services like external and internal views of branches, hours and work days, locating branches near business and office places, ATMs and etc. we can present the model as following:
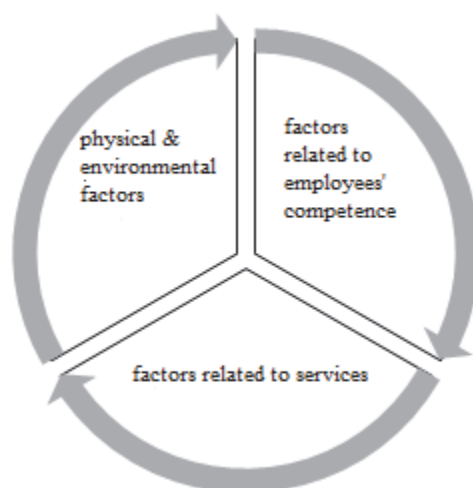
Figure 2. Effective factors on bank customer loyalty model (Richeld, 1994).
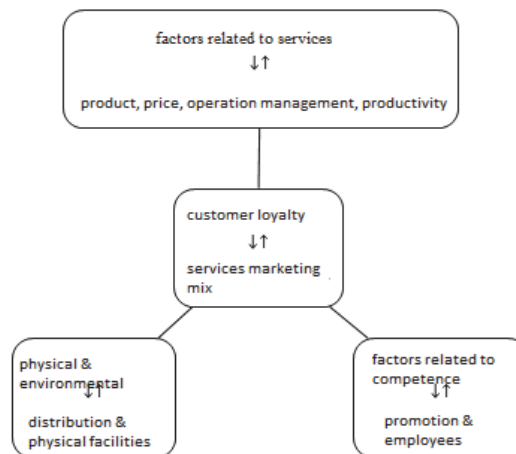
2.4. Services Marketing Mix and Customer Loyalty Relationship

As said in the definition of effective factors on customer loyalty, these factors includes: 1) factors related to competence like employee dress type, formal close relationship of employee with customers, answering to customers and etc.

In marketing mix, factors like promotion of employees exist that we can match and measure them with this variable; 2) factors related to the services like diversity of services, remote services, stability in presenting services, loan payment conditions and etc.

On the other hand, in services' marketing mix, we have factors like product (service), price, operation management, productivity and service quality that can be measured; 3) physical-environmental factors like external-internal views of branches, hours and bank work days, locating branches near business and office places and ATMs. In factors related to service marketing mix, elements like distribution and physical facilities are discussed which are synonymous with this factor.

2.5. Research Model

Figure 3. Conceptual model for services marketing mix and effective factors on customer satisfaction relation (Davis-Srameck, Mentzer & Sank, 2007).

2.6. Research Hypothesis

Tested hypotheses in this research are:

H1: There is significant relationship between physical and environmental factors including distribution and physical facilities with customers' loyalty.
H2: There is significant relationship between competence related factors including promotion and employees with customer loyalty.
H3: There is significant relationship between service related factor including product, price, operation management and service quality with customer loyalty.

3. RESEARCH METHODOLOGY

This is a descriptive research in terms of purpose and applied in terms of results. It is survey, causal-comparative research. Variables in the research model, a questionnaire, was prepared by domesticating related foreign questionnaires and expert opinions and its measurement scale is

Likert five-point scale. Validity of the questionnaire was confirmed by experts in bank services field. Samples were obtained using multistage sampling method in three levels. In first level, Saderat Bank branches in Isfahan were classified. Saderat Bank has four supervision branches in Isfahan. 4 branches were selected from every branch. Regarding statistical population size and for measuring questionnaire validity, 20-member sample was used. These subjects were customers of 4 selected branches that confirm their loyalty by bank authorities; they were selected randomly with equal male/female ratio. The,reliability of the questionnaires was measured by Using SPSS software and Cronbach alpha found as 0.908. We can conclude that questionnaire has high reliability. Using Cochrane formula in 0.95 confidence level, and 0.05 error, statistical sample was 384 by considering 16 branches, share of each branch was 24. As said, data gathering tool in this research was domesticated questionnaire by researchers confirmed with bank experts. This questionnaire includes 27 specific questions which are based on 8P services marketing mix (three questions related to one P) and 4 demographic questions.

4. RESEARCH FINDINGS

Research hypotheses were analyzed by Spearman correlation coefficient test. Results indicate that in the first hypothesis, there is significant relationship between physical and environmental factors, including distribution and physical possibilities with customer loyalty in moderate level, because Spearman correlation was 0.4. In second hypothesis, the relationship between competences related factors including promotion and employees with customer satisfaction was found significant and strong with Spearman correlation 0.8. It was observed that in third hypothesis, the relationship between factors related to services including product, price, operation management, productivity and service quality with customer loyalty is significant in moderate level with Spearman correlation coefficient 0.4. The correlation result is shown in Table 1.

Table 1 Results obtained by hypotheses analysis using Spearman correlation coefficient

Hypothesis	Variables	Spearman correlation coefficient	Significance
H1	There is significant relationship between physical and environmental factors including distribution and physical facilities with customers' loyalty.	0.4	Average
H2	There is significant relationship between competence related factors including promotion and employees with customer loyalty.	0.8	Very strong
H3	There is significant relationship between service related factor including product, price, operation management and service quality with customer loyalty.	0.4	Average

These results indicate verification of the three hypotheses and it is found that these factors can be ranked by using TOPSIS technique. Topsis model is one of the best multi-criteria decision-making models with high uses. The TOPSIS technique is based on the concept that the selected option should have least distance from positive ideal and largest distance from negative ideal (Momeni, 2013). It is necessary to break and analyze the hypotheses such that each 8P factors of services' marketing mix were considered separately in order to analyze them in TOPSIS technique. Three effective factors on customer satisfaction in bank system were assumed and classify services' marketing mix elements. In this matrix, there are 8 options which are

measured by three variables. The required data were entered in Topsis Solver 2014 and results were presented in Table 1.

Table 2 Results obtained by services' marketing mix elements based on the effective factors on bank customer loyalty by Topsis method

Rank	Option	Near to positive ideal (1)
1	Promotion	0.974496
2	Productivity and service quality	0.742411
3	Product (services)	0.686509
4	Operation processes	0585520
5	Physical assets	0.523448
6	Distribution	0.506069
7	Employees	0.308050
8	Price	0.007568

As seen in Table 2, promotion factor which encourage customers in different fields related to bank services is very effective compared to other ranking factors and it is considered as strength factor for significant relationship in H2 hypothesis. This indicates importance of awards and incentive plans for bank customer loyalty. Second rank belongs to productivity and service quality and this means that customers, in order to convince themselves to be loyal to Saderat Bank, expect that bank provides services with least error or mistakes and good quality. Third rank is product or service that bank provides for customer. Customer wants service diversity and if Saderat Bank considers this factor, customer will be loyal to them instead of going to other banks. Ranks 4, 5, and 6 are operation processes, physical assets and distribution which are in middle of Table 2 and indicate that banks will have higher share in customer loyalty.

The last two ranks which is price and employees have the least importance in customers' loyalty. Today, in all banks, in all work stages from recruitment to daily encounter with customer, employees are selected according to certain rule and trained. From customer point of view, employees of all banks are in same level and they have no certain effect in loyalty of customers to bank. The last point is that lack of certain effect on customers' loyalty in bank system or Saderat Bank relates to fixed rates of facilities and deposits which is the result of prescriptive policy of economy ministry and central bank.

5. CONCLUSION

According to statistical analysis, there is significant relationship between physical and environmental, employees' competence and services related factors with services marketing mix elements as this shows importance of these factors for enhancing the relationship between banks and customers. In raking 8P marketing mix, it was observed that factors with highest influence on the customers such as promotion have the highest attraction for loyalty of customer to bank. It was also observed that factors like price and employees is not effective in gaining customers' loyalty.

Regarding these findings, the following practical suggestions are presented for attracting loyal customers by Saderat bask as follows:

i. Regarding the hidden motivation of customers in promotion, by implementing incentives and lotteries for deposits or ATM users, they reached customer loyalty.
ii. When we observed second rank in productivity and service quality, it indicates its high importance for loyal customers and Saderat Bank should provide suitable incentives for employees in different time scales in order to improve their accuracy and speed of services.
iii. Regarding the importance of products (services) presented in the third rank, Saderat Bank can become aware of customer loyalty through interview or questionnaire and focuses its resources on the services.
iv. Saderat Bank, for emphasis on the operation processes which are important for customers, can design clear and rich brochures regarding information and providing it for customers or sending short message, help them in understanding operation processes in this bank.
v. Physical assets of Saderat Bank can have good share of loyal customers by expanding number of branches and counters because one of the important customer loyalty factors is rapid access of customers to bank services.
vi. Attractions in decoration of branches, bank brand and etc. is in the sixth rank but we should not ignore effect of prestige and its mental effect in using colors in human; Saderat Bank can study it and this factor has higher share in attracting customers.
vii. Low rank of employees' factor in customer loyalty should force Saderat bank to think about gaining customers through systemic marketing between customers and employees. For example, they can use a system in the branch by which customer become aware of all actions and mutual understanding between employee and customer.
viii. Last factor is price or profit for Saderat Bank services. Although these regulations communicate by Central Bank to all Banks but by presenting plans to Central Bank by board of managers of Saderat Bank can increase effect of this factor in customer loyalty.

Regarding finding of research, there are some suggestions for future research:

i. A research related to the relationship or effect of decoration and arrangement of branches in terms of psychology on the customer, for feeling comfort and security in Saderat Bank and increasing loyalty to Bank.
ii. A research related to the employees' penetration methods in relation with customers, beyond a client and in level of friend or financial managers.
iii. Research about mental effects of Saderat Bank brand and its slogans for attracting loyal people.
iv. Research about Saderat bank counters to become mobile and customer can reach any service in every time or place.
v. Research about selection of employees in different time intervals for motivating them and also customer satisfaction from quality level of services.

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