

Study on Impact of Marketing Strategies on Customer Satisfaction: Case on Commercial Banks in Uva Province

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Introduction

Marketing strategy is one of the most important factors associated with the desirable business outcomes in a competitive market place. This research identifies marketing strategy as a remarkable impact on customer satisfaction.

Customer satisfaction differs from person to person and situation to situation. Many researchers have looked into the importance of customer satisfaction. Kotler (2000) defines satisfaction as a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance in relation to his or her expectations. Hoyer and MacInnis (2001) say that satisfaction can be associated with feelings of acceptance, happiness, relief, excitement and delight. Marketing strategy is the most essential factor that is required to product sustainability in a competitive market place. There are many examples of marketing programmes designed to build loyalty. If it has been done improperly, marketing strategy will not be able to achieve the goals of the client firm. One strategy is not appropriate for all the marketing programmes. The best marketing strategy must be adopted for a successful business. Marketing methods and tools are the basis of the marketing strategy that a company will use to raise to the top of their market (Kotler and Andreasen, 1996).

Customer repurchasing behavior for a particular product or service leads to profitability. In the early 1960s, Professor Neil Borden at Harvard Business School identified a number of actions that can influence the consumer decision to purchase goods or services. Bearden (1983) suggested that all those actions of the company represented a "Marketing Mix". Customer satisfaction is the most sensitive factor that is exposed to various factors. In order to maintain a stable customer satisfaction level, a continuous consideration is required. In the banking sector in Sri Lanka, there are many competitors such as, Bank of Ceylon, People's Bank, Commercial Bank, Hatton Nnational Bank, Development Finance Corporation of Ceylon, Hong-Kong Shanghai Bank Corporation. Therefore, to ensure the market share among these competitors, each bank has to take considerable efforts to maintain a stable customer satisfaction level.

In order to improve the customer retention through customer satisfaction, each competitor should focus on the particular strategies that are able to identify the sensitivity of customer satisfaction. Customer satisfaction in banking sector cannot be maintained by merely satisfying customers. Firms try to delight customers and then loyal customer base is retained. The strength of the marketing strategy is strongly affected the Customer satisfaction.

Methodology

The sample of the study is comprised with 180 savings account holders of commercial banks in Badulla and Monaragala districts. Bank branches were selected using stratified sampling method and saving account holders were selected by using systematic sampling method. Descriptive statistical techniques were used to discover

and summarize the attributes of the sample. Furthermore, correlation coefficient analysis was used to measure the degree of linear association between two variables. Multiple regressions analysis also used to combine contribution of each parts of the independent variable.

$$CS = A + \beta_1 P_1 + \beta_2 P_2 + \beta_3 P_3 + \beta_4 P_4 + \beta_5 P_5 + \beta_6 P_6 + \beta_7 P_7 + E$$

Where;

CS	=	Customer satisfaction	P4	=	Promotion
A	=	Intercept of the equation	P5	=	People
P ₁	=	Product	P6	=	Process
P ₂	=	Price	P7	=	Physical Evidence
P ₃	=	Place			

Results and discussion

Results revealed that averagely saving account holders were almost agree with existing situation of product, price, place, promotion, people, process, physical evidence provided by commercial banks. According to the analysis, the mean value with respect to product, price, place, promotion, people, process, and physical evidence were 4.003, 4.019, 4.068, 3.668, 4.072, 4.040, and 4.002 respectively. Considering the customer satisfaction, the mean value with respect to service quality, customer expectation, individual factors and reliability were 3.905, 4.027, 4.168 and 4.168 respectively. All these values were falling in to the category of almost agree.

Table 1-Correlation between the customer satisfaction and each factor of marketing strategies

Variables	Person correlation value	P-value
Product	0.474	0.000
Price	0.428	0.000
Place	0.523	0.000
Promotion	0.441	0.000
People	0.687	0.000
Process	0.523	0.000
Physical Evidence	0.593	0.000

Source: Based on primary data

According to the above table on correlation coefficient analysis, it can be identified that there is a strong positive relationship between place, people, process, physical evidence and customer satisfaction. Furthermore, it can be recognized that "people" factor has the highest value of correlation coefficient. In addition, it is clear that there is a statistically significant relationship between dimensions of marketing strategy and customer satisfaction as all the values are significant at the $P < 0.05$ level.

The fitted regression model can be expressed as follows.

$$CS = 0.832 + 0.068 P_1 + 0.049 P_2 + 0.134 P_3 + 0.104 P_4 + 0.255 P_5 + 0.063 P_6 + 0.137 P_7$$

According to above regression output, when product dimension increases by 1 unit, customer satisfaction will increase by 0.068. Moreover, when price increases by 1 unit customer satisfaction will increase by 0.049. Further, when place, promotion, people, process, physical environment increased by one unit, customer satisfaction will increase by 0.134, 0.104, 0.255, 0.063 and 0.137 respectively. Therefore, it indicates that there is a positive relationship between the dimensions of marketing strategies and customer satisfaction. Furthermore, according to the information given in above equation, it can be identified that people element is the most effective type of marketing strategy.

Conclusions

In accordance with the findings of the research, it can be concluded that customers are satisfied with the existing marketing strategies of commercial banks in Uva Province. Further, according to the correlation coefficient analysis, it can be identified that there is a strong positive relationship between place, people, process, physical evidence and customer satisfaction. According to the multiple regression analysis, it can be identified that there is a positive relationship between product, price, place, promotion, people, process, physical evidence and customer satisfaction.

Therefore, it is clear that the marketing strategies play a major role in any business and the banks should also plan the strategies and check whether it reaches the customers in a systematic way or not. Moreover, the commercial banks are spending higher amounts to improve their marketing strategies and they should use them in efficient and effective way to get maximum output.

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