The Impact of Service Marketing Mixes on Customer Perception Regarding Modern Banking
(A Study on Trust Bank Limited , Khulna Branch)

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Abstract
Banking industry is now growing at a very satisfactory rate .In the emerging market of the banking industry, the banks are very careful about their success in the competitive market. So, to get the competitive advantage they use marketing mixes (7P). The aim of this study is to identify whether there is any relationship between the marketing mixes used by the bank and the customers perception .A structured questionnaire has been used to collect the data and the target population are the customers from all department of "Trust Bank Limited, Khulna Branch". Some statistical tools such as regression, ANOVA etc. have been used to analyze the data and interpret the findings. The results show that five of the Marketing mixes has significant relationship with the perception of the customer regarding the modern banking. Those five are product, place, promotion, process and physical evidence all of which have P Value less than .05 and is has positive beta value. The price and people show insignificant value and that is why these two marketing mix have not any relationship with the customer perception regarding the modern banking.
Keywords: 7P, Private Banks, Bangladesh, Customer perception

1.1 Background of the study

Banking sector is now an emerging sector in Bangladesh .Basically the private banks are trying to imitate the banking system and operation of the developed countries. Those banks are using modern technologies, hiring talented human assets and applying various marketing tools to expand the services. Today is the day of competition and keeping this in mind the banks are providing better services to the customers than that of others. Marketing is a vital issue regarding maintaining the banks performance better than its competitor. Different marketing tools are used by the banks .Marketing mix has been extended from 4P to 7P in case of the service business. As service is invisible, untouchable and difficult to compare because of the client's attitudinal differences, the service encountering period is the best time of attracting and holding the customers. So, the human capital, physical evidence and the process of banking activities are important to get more customers. This is very important what action is working how much. Every Banks use the marketing mixes. Different studies has been done through this concept earlier. Based on those, in this study, it has been tried to show the implication of the marketing mix by private commercial bank and the impact on the customers by using marketing mixes (7P). The report tries to find out the impact of the service marketing mixes used by the banks on the customer's perception regarding the modern baking. The banks are trying to attract the customers by using various marketing mixes. What element is playing to what extent of the role of attracting the customers towards the modern banking is the main concern of this study. A simple regression analysis has been done to find out the result.

1.2 Objectives of The Study
Primary Objective
  ➢ To identify the relationship between the 7ps of marketing and customer perception regarding the modern banking services offered by Trust Bank Limited.
Secondary Objective:
  ➢ To identify whether there is any difference on perception in terms of different demographic variables

1.3 Problem Statement
The problem of this study lies with the fact that whether the implication of marketing mixes are working or not. A huge number of research has done based on it. Now in this study, whether the customer perception regarding modern banking after applying the marketing mixes is working according to the objective of the Bank or not has been shown

1.4 Methodology: The methodology is given below:

1.4.1 Sampling

Here quota sampling method has been used which is under a non-probability sampling technique. Trust Bank Limited, Khulna Branch has been selected for this research. The department of this bank has been divided into three categories. Those are General banking department, Loan department and Remittance Department.

Sample size has been calculated by the following formula:

Initial Sample Size, $S_0 = \frac{Z^2 \times p \times (1-p)}{c^2}$

$$\text{So, } S_0 = 384.16$$

Here,

Z = Z value (1.96 for 95% confidence level)

p = Percentage picking a choice, expressed as decimal (0.5 has been used)

c = confidence interval, expressed as decimal (.05 = ±5)

As population is finite,

So, adjusted Sample Size, $S_1 = \frac{S_0}{1 + \frac{S_0 - 1}{POP}}$

$$\text{So, } S_1 = 376.153 \cong 376$$

Here,

POP = Total Population which is 18000

So, The Sample size is 376. From every department 125 customers have been selected.

1.4.2 Instrument: A structured questionnaire has been developed based on a theoretical framework from the previous literatures. This study has been done based on primary data. Questions has been set based on 5 points likert scale ranging from 1=strongly disagree to 5=strongly agree.

For collection of data from the employees a checklist has been collected of marketing tools and will also collect other information by face to face interview.

1.4.3 Data collection: Data has been collected from three department of the customers of Trust Bank Limited, Khulna Branch.

1.4.4 Data Analysis: Data has been analyzed by SPSS version 21.0. Here different statistical tools has been used e.g. Correlation, Regression and ANOVA. Especially regression has been used to identify the strength of relationship among different variables.

1.5 Reliability:

Table 1 shows the reliability statistics of the factors used for this research. Result portrays that all the dimensions are reliable (Cronbach Alpha> 0.60).

1.6 Scope of the study:

As the author is an existing employee of the bank, so it has been very easy to collect various useful data from the bank .The Bank's actions and performances have easily been collected.

1.7: Limitation of the study

➢ Only a limited number of statistical tools have been used to analyze the data. Use of other statistical tools could also help to analyze the dimensions in different ways.

➢ Sample has been drawn from a bank of Khulna city only. Sample from the whole Bangladesh could help to get a deeper insight on the study.

2.1: Literature Review:

The marketing mix for the first time was introduced in an article at Business Review Harward magazine as a title of marketing mix conceptions. Professor Neil Borden who was this article author applied the term of marketing mix for describing the various elements in marketing district. He meant marketing mix or mixed marketing in this way: "we should determine how these factors are mixed together. We divide this factor in to four main parts: product, distribution, price and promotion. The marketing strategy means the regulating and applying the marketing mix. Tools and tactics in marketing are the marketing mix. The marketing mix, mixed marketing, marketing tools and marketing tactics are all the words which are used for translating the marketing mix. The

intention of this mix is a mix or mixed who should be considered by a systemic and harmonic point of view to be effective in influencing and proving customers. In other words, the good distribution and applying the adequate communicative ways. If each part of these elements is not in harmony with other parts, it will cause decreasing the effects and the collection efficiency and stop the firm from achieving its goal. Tools and tactics of the firms to compete in market and improve are the important factors. Jerome McCarthy classified the marketing mix to four known variants as four p in the early decade of 1960 they were mentioned in this way: product, price, distribution of place and promotion. All of these marketing tools have some subsets. Bomz and Bitner differentiated the service marketing or 7p that is related to different decisions rather than the goods. In their mix, 3p includes personnel, physical assets and processes in 4p. (Lovelock, 1382, Dargy, 1384). 4Ps delimits four distinct, well-defined and independent management processes. Despite the consistent effort by many physical businesses to deal with the 4P in an integrated manner, the drafting but mainly the implementation of the policies remains largely the task of various departments and persons within the organization. Even more significant thought is the fact that the customer is typically experiencing the individual effects of each of the 4Ps in diverse. Occasions, times and places, even in case that some companies take great pains to fully integrate their marketing activities internally (Constantinides, 2002; Wang, Wang and Yao, 2005). However, a study by Rafiq and Ahmed (1995) suggested that there is a high degree of dissatisfaction with the 4Ps framework. Even, overall these results provide fairly strong support Booms and Bitner's (1981) 7P framework should replace McCarthy's 4Ps framework as the generic marketing mix. Development of marketing mix has received considerable academic and industry attention. Numerous modifications to the 4Ps framework have been proposed, the most concerted criticism has come from the services marketing area (Rafiq and Ahmed, 1995).The introductory marketing texts suggest that all parts of the marketing mix (4Ps) are equally important, since deficiency in any one can mean failure (Kellerman, Gordon and Hekmat, 1995). Number of studies of industrial marketers and purchasers indicated that the marketing mix components differ significantly in importance (Jackson, Burdick and Keith, 1985). Two surveys focused on determination of key marketing policies and procedures common to successful manufacturing firms (Jackson, Burdick and Keith, 1985). Udell (1964) determined that these key policies and procedures included those related to product efforts and sales efforts. This followed in order by promotion, price, and place. In a replication of this survey, Robicheaux (1976) found that key marketing policies had changed significantly. Pricing was considered the most important marketing activity in Robicheaux's (1976) survey, although it ranked only sixth in Udell's (1964) survey. Udell (1968) found that sales efforts were rated as most important, followed by product efforts, pricing, and distribution. La Londe (1977) found product related criteria to be most important, followed by distribution, price, and promotion. Perreault and Russ (1976) found that product quality was considered most important, followed by distribution service and price. McDaniel and Hise, (1984) found that chief executive officers judge two of the 4 Ps, pricing and product to be somewhat more important than the other two – place (physical distribution) and promotion. Kurtz and Boone (1987) found that on the average, business persons ranked the 4 Ps to be of most importance in the following order: price, product, distribution, and promotion. Thus, it appears from these studies that business executives do not really view the 4 Ps as being equally important, but consider the price and product components to be the most important (Kellerman, Gordon and Hekmat, 1995). The concept of 4Ps has been criticized as being a production-oriented definition of marketing, and not customer-oriented (Popovic, 2006). It's referred to as a marketing management perspective. Lauterborn (1990) claims that each of these variables should also be seen from a consumer's perspective. This transformation is accomplished byconverting product into customer solution, price into cost to the customer, place into convenience, and promotion into communication, or the 4C's. Möller (2006) highlighted 3-4 key criticisms against the Marketing Mix framework:

- The Mix does not consider customer behavior but is internally oriented.
- The Mix regards customers as passive; it does not allow interaction and cannot capture relationships.
- The Mix is void of theoretical content; it works primarily as a simplistic device focusing the attention of management.
- The Mix does not offer help for personification of marketing activities.

A review of another article, "Revision: Reviewing the Marketing Mix" (Fakeideas, 2008) found that:

- The mix does not take into consideration the unique elements of services marketing.
- Product is stated in the singular but most companies do not sell a product in isolation. Marketers sell product lines, or brands, all interconnected in the mind of the consumer
- The mix does not mention relationship building which has become a major marketing focus, or the experiences that consumers buy.
- The conceptualization of the mix has implied marketers are the central element. This is not the case. Marketing is meant to be 'customer-focused management'.

2.2 Theoretical Framework

According to Customer-Based brand Equity Model, the first stage of branding is identity, which is associating a brand to a product class or a customer need (Keller K. L., 2008) and describing the four Ps of marketing Kotler says that Product is something that satisfies some customer need. A product shall satisfy the core need and contain value added features such as design, packaging etc along with additional benefits such as guarantees and after sale services. (Kotler P., Armstrong, Saunders, & Wong, 1999).Kotler's core product, that delivers some core benefits to consumers, relates itself to some customer need, which is the first stage (Identity) of Keller's brand building process; to associate a brand to a customer need. From this it can be inferred that a product and a brand, both create some *Identity* for themselves in minds of customers. If a core product, equipped with features such as design, packaging, and quality and carrying additional benefits, such as guarantees and after sale services, fairly priced, well communicated and made available to customers, achieves a unique *identity* in customer's mind, we could say that the first step of a brand building process is offering a product. Product along with price, promotion and place creates awareness in consumers, gets itself known, gets attention and gets some *identity*. So, creating identity while branding, is to offer a product, price, promote and place it to create awareness and get identified.

The second step in CBEM is Brand meaning, which is linking brand associations with tangible and intangible properties. (Keller K. L., 2008) While Price, Packaging, Promotion and Place of Kotler's marketing mix are the elements that associate benefits with a product such as affordability, availability, recognizability etc and create a perception about the product. (Kotler P., Armstrong, Saunders, & Wong, 1999). From this it can be concluded that Price, Promotion and Place along with a product generate *Brand Meaning* to the customers as they associate performance and imagery with product style and design, and prices and promotion, especially advertisement.

At third stage, company collects customer feedback about Brand Identity and Meaning. Brand meaning means customer's judgment and feelings about brand's performance and imagery. (Keller K. L., 2008) Customers associate brand imagery with Product, Price, Promotion and place, and evaluate performance against what they had to pay (price), what was promised to them (promotion) and what effort they did to reach to that product (place), so it can be deduced that at this stage customer's response about the basic marketing mix is being gathered and analyzed. And at the fourth and final stage, the company converts customer's response into a relationship. (Keller K. L., 2008). While Kotler's (1999) definition of Relationship Marketing suggests that long term relation with customer can be established by consistently delivering quality *product* on a fair price. The core product with its value adding (Quality, Design, Packaging) and additional features (Guarantees, after sale services, Installation etc) provided consistently carves basis for a strong relationship. Hence, to establish a long term relationship it is necessary to consistently deliver quality product on a fair price.

2.3 Research Model:

Different studies has shown how marketing mixes in service industry works to attract and retain the customers and how these increase the market share.

4P of marketing mix has been extended to 7P in case of service oriented businesses.
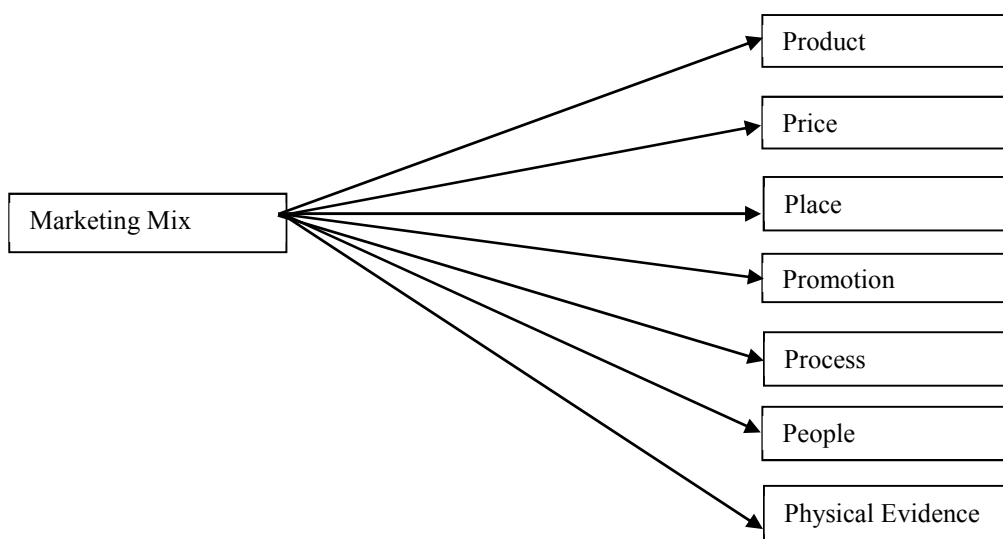
2.4 Research Hypothesis:

H1 : There is a relationship between Product and Customer perception

H2 : There is a relationship between Price and Customer perception

H3 : There is a relationship between Promotion and Customer perception
H4 : There is a relationship between Process and Customer perception
H5 : There is a relationship between Physical Evidence and Customer perception
H6 : There is a relationship between Place and Customer perception
H7 : There is a relationship between People and Customer perception

3.1 Findings and Analysis :

Table – 1 : Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.665[a]	.442	.431	.358	2.154

Regression statistics in Table-1 shows that R^2 is .442 or 44.2%. It indicates that 44.2% of the variation of perception can be explained by 7P of Marketing mix.
The Durbin-Watson statistics shows that the serial correlation of residuals is 2.15 which is acceptable (range=1.5-2.5). This indicates that there is no auto correlation problem in the data.

Table -2 ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	37.273	7	5.325	41.642	.000[b]
	Residual	47.055	368	.128		
	Total	84.328	375			

In table-2 it can be seen that the F value (41.642) is found to be significant at 5% level of significance (0.000) . So, regression analysis has best fitted the population from which the data were sampled.

Table-3 Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.247	.213		5.868	.000
	Product	.336	.035	.438	9.612	.000
	Price	-.039	.035	-.044	-1.096	.274
	Promotion	.152	.027	.250	5.517	.000
	Process	.225	.031	.321	7.206	.000
	PE	.077	.022	.144	3.499	.001
	Place	.169	.026	.275	6.610	.000
	People	-.055	.031	-.079	-1.765	.078

In Table-3 it can be seen that the price and people have insignificant relationship with the perception of the customers. The other five marketing mixes (Product , Promotion , Process , Physical evidence , and place) have significant relationship with the customer perception regarding the modern banking.

Table-4 Collinearity Statistics

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Product	.730	1.370
	Price	.927	1.078
	Promotion	.740	1.352
	Process	.766	1.305
	PE	.889	1.125
	Place	.876	1.141
	People	.754	1.327

VIF= Variance Inflation factor

Two major methods were used to determine the presence of multicollinearity among independent variable in this study (Table 4). These were tolerance test and variance inflation factor. The variance inflation factor and

tolerance fall within acceptable range (VIF=1-10, tolerance=0.1-1.0). This states that there is no multicollinearity problem in the regression model used for this study. This concludes that the regression model used in this study was fit.

3.3 Anova Test

Table – 5 Independent Samples Test (T-Test)

		Levene's Test for Equality of Variances		t-test for Equality of Means	
		F	Sig.	t	df
Perception	Equal variances assumed	4.656	.032	3.176	374
	Equal variances not assumed			3.192	311.287

Here , as the male and female are only two dimension of a question, Anova test cant's be done here .So , a T-test has been conducted to find out whether there is any perceptual differences between male and female regarding the marketing mixes . The analysis has found that the significance level of the result is less than .05 and that indicates that there is not any significant difference between the perception of the male and female respondent of this study.

Table-6 ANOVA (Age)

Perception

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.457	2	1.228	5.596	.004
Within Groups	81.871	373	.219		
Total	84.328	375			

Table – 6 indicates that the significance of this analysis is less than 0.05 that means there is not also any perceptual differences among various age group respondent regarding the marketing mixes.

Table-7 ANOVA (Education)

Perception

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	9.367	3	3.122	15.494	.000
Within Groups	74.962	372	.202		
Total	84.328	375			

Table – 7 indicates that the significance of this analysis is less than 0.05 that means there is not also any perceptual differences among different respondent from different background regarding the marketing mixes.

Table-8 ANOVA (Profession)

Perception

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	5.182	3	1.727	8.118	.000
Within Groups	79.146	372	.213		
Total	84.328	375			

Table – 8 indicates that the significance of this analysis is less than 0.05 that means there is not any significant perceptual differences among different respondent from different background regarding the marketing mixes .

Table – 9 ANOVA (Income)

Perception

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.523	2	.261	1.164	.313
Within Groups	83.805	373	.225		
Total	84.328	375			

Table – 9 shows that there is not any significant relation among the perception of different income earning respondents. So, their perception regarding modern banking is different.

Reliability Statistics: (Alpha):

Variables	Coefficient alpha
Product	0.65
Price	0.73
Place	0.80
Promotion	0.78
People	0.64
Process	0.61
Physical Evidence	0.89
Perception	0.77

Here, in Table-10 we can see that every value of Alpha of each marketing mix and Perception is more than 0.60 and this means that all the dimensions used in the research are reliable.

Conclusion

The study has found that the customers of Trust Bank Limited, Khulna branch have positive relation with the product, place, promotion, process and physical evidence and their perception. If the product variety with new category appears, the Bank set up more branches and ATM Booth, More promotional activities is done and the process become easier and hassle free, the customers will be more satisfied but the result of the study shows that there is not any significant relationship with the people and the price. That means if the bank charges more or less price, hide or unhide any cost, the customers have not any perceptual impact. They are neither satisfied nor dissatisfied with the change. The employees are also not any factor for them to change their perception.

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