

# Marketing communication and banking service industry

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## Abstract

The purpose of the study is to identify the link between the Integrated Marketing Communication and service quality in the banking industry in Albania. The focus of the study is the impact that the promotion mix chosen by commercial banks in Albania has to the perceived service quality by customers. Commercial banks in Albania are facing to a growing competition and an environment that is constantly changing. Consumers and their growing needs, dynamic environment, force organizations operating in the banking industry in Albania to apply marketing practices that affect the customer perceived quality of services offered. The promotion mix is one of the elements which is increasingly applied by commercial banks in Albania in order to influence consumers and achieve their objectives. The impact of the promotional mix in the customer perceived quality is the focus of study. To achieve the objective of the study, as an instrument for collecting primary data are used 200 questionnaires with data from customers of commercial banks received in the study. These data integrated with existing literature and studies served as a basis for study. In this study is evidenced a close relationship between the elements of the promotional mix applied by commercial banks in Albania and the service quality perceived by customers. Integrated Marketing Communication applied by commercial banks in Albania has a positive impact on the service quality perceived by customers.

**Keywords:** Banking services, promotion, service quality

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## 1 Introduction

Oriented marketing organizations to achieve customer and the realization of their objectives, making continuous efforts to find new ways of communicating with customers or to improve existing ones. Marketing communication as part of marketing practices which has found widely application after 1950, has changed and evolved continuously. Increasingly changeable marketing environment on the one hand, and proactive organizations on the other hand, have contributed to the research and application of new approaches to communicating with customers. As a result of the impact of these factors from the mid-1980s, a new approach appeared in terms of marketing communication. This new communication approach aimed at improving communication with customers through integration of marketing communications. The term Integrated Marketing Communication reflect the new approach to communication. The integration of all communication channels and consistency of message sent to the customer constitute the core of this new practice in communication. The new marketing approach, as embodied in IMC, emphasize issues such as relationship marketing, retention marketing and database marketing (Iacobucci and Calder, 2003:6). This study is focused on this new approach to communication and influence in the service sector. Specifically, the impact of integrated marketing communications in the quality of banking services in Albania constitutes the object of study. Parasuraman et al. (1985) argues that service quality is the measure of service delivered as against expected service performance. Impact of integrated communication service quality in banking services in Albania is shown in this study. In analog studies by different researchers in the field is highlighted the important role that IMC has in the quality of banking services. Service quality and customers' service quality perceptions are related in effective service delivery (Zeithaml, Parasuraman & Berry, 1990). Tools and strategies of marketing communication are therefore often useful in an organization's technical endeavor to deliver services to the satisfaction of customers (Kondracki & Amundson, 2002).

### 1.1 Research Question

The study aims to show the connection between the integrated marketing communication and quality of service in the banking industry in Albania. So how does the integrated marketing communication affect the quality of

service perceived by the customer?

## 2 Methodology

The methodology of the study is based on the collection and study of primary data that realized by questionnaire as an instrument and secondary data by reviewing existing literature and studies on the same subject. In the questionnaire the questions were adopted from previous research. It measures service quality by implementing the five dimensions of the “SERVQUAL” instrument: each dimensions followed by questions. Customer Evaluation was conducted based on a Likert scale from 1 to 7. The survey questionnaire is design and distributed to target respondent randomly. Targeted respondents are the general public who are at the legal age to hold a Savings and/or Current Account in any of the banks in Albania. The respondents were 200 customers of various commercial banks in Albania. The questionnaires collected were divided into two groups, this based on the fact stated by the client if It has been part of the audience in a form of integrated marketing communication from the bank or not. In these two groups is evidenced the impact of the integrated marketing communication in each of the constituent elements of the quality of banking services specifically and in the quality of banking services in general.

## 3 Marketing communication and service quality

Marketing to be effective must communicate any product or service to the right audience. Existence of different goods, loses meaning if the audience, their potential customers do not know. Proper communication of a product, a service, an idea or an organization, the goods in general is a necessary condition for their success. People in marketing are becoming aware and give more importance to forms of communication they use. Marketing communication (MC) constitutes all the promotional elements of the marketing mix that involves communication between an organization and its target audiences on all matters that would affect its marketing performance (Akerlund, 2004, Picton & Broderick, 2001). Marketing communication as a process through which companies accelerate returns by aligning communication objectives with corporate goals (p. 7). Porcu et al. (2012). Marketing communications mix consists of the specific blend of advertising, personal selling, sales promotion, direct marketing, events and public relations that it uses to pursue its advertising and marketing objectives Kotler & Armstrong (2010).

Advertising is defined as paid form of non-personal communication about an organization, product, service or idea from an identified sponsor. (Keller, 2008). Advertising is defined as a one side paid form of communication in mass media (Wells et al (1992). American Marketing Association (AMA) defines advertising as placing announcements and persuasive messages in time or space purchased in any of the mass media by business firms, nonprofit organizations, government agencies and individuals who seek to inform and to persuade members of a specific target market or audience for their products, services, organizations or ideas.

Direct Marketing Association (DMA), defines direct marketing as any communication directly to a consumer or business that is designed to generate a response in the form of an order (direct order), a request for further information and a visit to a shop or other place of business to purchase products or specific services. According Belch & Belch (2009) Direct Marketing is a marketing system by which organizations communicate directly with target customers to generate a response or transaction.

According to Porcu et al. (2012), direct marketing touches on direct communications with carefully targeted individual consumers to obtain an immediate response; the use of mail, telephone, fax, e-mail, and other non-personal tools to communicate directly with specific consumers or to solicit a direct response. Sales promotion is a marketing activity that increases the value based products (added value) for a limited period of time by stimulating directly the interest of buyers and buying. It is direct stimulation of the sales force, distributors or customers with the aim of creating an immediate sale. According to Kotler (2008) sales promotion can be defined as short-term incentives to encourage testing or use of a product or service.

Sales promotion is a short-term incentive to encourage the purchase or sale of a product or service (Kotler & Armstrong, 2012). Sales promotion offers an opportunity for the organization to reward existing customers and to attract new customers (Kotler & Armstrong, 2010; Fill & Rawal, 2013).

Public Relations and Publicity are considered a very important element of the promotion mix. According to Kotler (2006) proactive publicity may be one of the most powerful and cost effective in building brand equity, especially for smaller organizations that can not afford relevant ads. According to Belch (2009), publicity refers to non-personal communication for which the organization does not pay and sponsorship is identified public

relations embraces building good relations with the company's publics by obtaining favorable publicity, building up a good "corporate image," and handling or heading off unfavorable rumors, stories, and events (Kotler & Armstrong, 2010; Rawal, 2013).

According to Belch (2009) the last element of a promotional mix for an organization is personal selling, a form of communication person-to-person in which a salesman tries to help and persuade prospective buyers to purchase the company's products or services or acting on an idea. Personal selling includes the direct contact between buyers and sellers, either face to face or through any form of telecommunication such as telephone sales. According to Manisha (2012), personal selling is suitable to winning new customers, though it is equally suitable for delivering services to the expectation of existing customers (Tawal, 2013).

Quality of service is an element which is considered very important in the service industry. Service quality has become a popular area of academic research and has been acknowledged as an observant competitive advantage and supporting satisfying relationships with customers (Zeithmal, 2000). Service quality is the comparison of expectations with performance (Lewis & Booms, 1983). Service quality is also defined by Harvey (1998, p. 587) as the degree to which services meet the expectations of customers. (Parasaraman, Zeithmal and Berry, 1988) defines service quality as the difference between customers expectations of provided service performance and their evaluation of actual service. ". A model which is a widely applied one, is from the authors as Authors: Parasuraman, Zeithaml, and Berry (1985). The SERVQUAL model of Parasuraman et al. (1988) proposed a five dimensional construct of perceived service quality tangibles, reliability, responsiveness, assurance and empathy as the instruments for measuring service quality (Parasuraman et al., 1988; Zeithaml et al., 1990). Reliability: Ability to perform the promised service dependably and accurately. Responsiveness: Willingness to help customers and provide prompt service. Assurance: Knowledge and courtesy of employees and their ability to inspire trust and confidence. Empathy: Caring, individualized attention the firm provides its customers. Tangibles: Appearance of physical facilities, equipment, personnel, and communication materials.

#### 4. Data analysis

The object of the study is the impact of integrated marketing communications in the perceived quality of banking services in Albania. The instrument used is a questionnaire, which is based on the questions focused on five dimensions of service quality. In both phases of the research asked consumers before and after the service, in order to get value for the quality expectations for the service will receive and perceived quality of service received. The difference between the results of the first phase and the second shows the impact of Integrated Marketing Communication on service quality. Likert scale with seven levels it is used in combination with questions based on the five dimensions of quality to measure this expectation and perception of service quality by customers. . Based as in previous studies but also to control through SPSS has a high correlation between Integrated Marketing Communication and service quality. Also the suitability of the questionnaire was done through validation, despite being the same element used as the SERVQUAL model as well as from other studies later. With the development of Integrated Marketing Communication activities of organizations that operate in the banking industry, customer perceived quality is higher. In this quest voluntarily attended 200 customers that receive banking services in the different branches of a commercial bank. The sample was kept unchanged in the two phases of research. In the following figure is reflected GAP method of calculation between customer expectations and perceptions of service after receiving. Customer Evaluation was conducted based on a Likert scale from 1 to 7. Customers give their opinion by no means agree to disagree. The values will result, will be from -6 to 6. These values will be the result of the difference between the larger, 7 and 6 smaller value that consumer products will provide about service quality expectations and perceptions of quality of service received. Values represent basically the space between expectation and perception.

#### 5 Conclusions

Due to service characteristics of intangibility, inseparability, heterogeneity and perishability, services are always described as hard to evaluate (Hoffman and Bateson, 2002). It is also stated that attention to service quality can lead a company different their services from others and gain a lasting competitive advantage (Morre, 1987). The results in this study show that service quality could be measured by the five important factors of reliability, responsiveness, security, communication and access.

The concept of measuring the difference between expectations and perceptions in the form of the SERVQUAL gap score proved very useful for assessing levels of service quality. With minor modification, SERVQUAL can be adapted to any service organization. Information on service quality gaps can help managers diagnose where

performance improvement can best be targeted.

The managers should periodically assess and monitor service quality in their banks and recognize its importance in developing and maintaining enduring relationship with their customers as crucial parameters leading to increased performance.

The study clearly shows a close link between Integrated Marketing Communication and service quality. Integrated Marketing Communication activities in the banking industry in Albania have an Impact on the quality of service as perceived by customers. This impact is positive and as a result, the quality of service in two phases of research confirms this. Tangibles, Responsiveness, Reliability, Assurance, Empathy the five dimensions of SERVQUAL on which model, reflecting the change in the perceived quality of service. These dimensions in the second phase of research have a significant change from the first phase, reflecting the impact of Integrated Marketing Communication activities by organizations. Integrated Marketing Communication positively affects the quality of service seen in the context of Albania.

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