SERVICE MARKETING MIX AND THEIR IMPACT ON BANK MARKETING PERFORMANCE: A CASE STUDY ON JANATA BANK LIMITED, BANGLADESH

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Abstract

In the era of fierce competitive financial markets and the fastest growth of banking sector and other financial institutions, it is very tremendous task for service marketing people to meet the demands of customers and to apply marketing techniques and strategies to attract, grow and retain customers and increase their volume of deposits. The aim of this study is to analyze the service marketing mix elements especially 7P's to attract customers and to achieve the competitive advantage and their relationship as well as their impact on bank marketing performance of Janata Bank Limited. The research is descriptive in nature and survey questionnaire were used for the collection of data with personal face to face interview with branch manager, executives, officers and customers of the bank. The study questionnaire included 21 questions and the sample size was 200. Non probability judgment sampling technique was used to select the respondents. Descriptive statistics, ANOVA and multiple regressions were used to analyze the data. The results demonstrate that most of the variables have at least minimal relationship with bank marketing performance. It is observed in the study that among the seven service marketing mix elements products and service, and price were found to have more positive relationship and effects on bank marketing performance. The important finding help gather knowledge and understanding

about the scenario of elements of service marketing mix and highlights elements that mostly influence the marketing of banking product and service. The contribution made by the study is to make clear understanding about the concept of marketing mix tools that will help service marketing managers to properly construct and design customized banking products and service with affordable price to satisfy their needs more effectively and efficiently through dynamic and innovative service marketing strategies.

Keywords: service marketing; product; price; place; physical evidence.

1. Introduction

After the injured and cruel birth of Bangladesh in 1971, United Bank Limited and Union Bank Limited were nationalized and renamed as Janata Bank Limited. It is one of the largest state owned commercial banks are catering the needs of the mass business people from its inception. It was corporatized on 15th November 2007. Janata Bank has already made remarkable progress and has been noticed as an excellent bank in the country through internationally accepted CAMELS rating. The bank has already created an enviable and strong position among its competitors after achieving success in all territory of business operations and has promoted broad-based participation in the Bangladesh economy through the provision of top-most quality banking products and services. At the very arena of globalization and technological innovation, banking sector has become highly competitive as well as challenging. To cope up with this, modern day's bankers should have profound theoretical knowledge and professional skills as well as technical basis. Modern Banking is an ultimate outcome of development that is strongly shaped and driven by changing financial activities and lifestyle. It offers-the widest range of financial services-specially credit, savings, and payment and performs the wide variety of financial functions of any business firm in the economy.

The service marketing mix: The service marketing mix is an amalgamation of the different components of services marketing that companies blends together and use to communicate their services, organizational and brand messages to customers. The mix consists of the seven P's for instance, Product, Pricing, Place, Promotion,

People, Process and Physical Evidence. The service marketing mix, also renamed as the extended marketing mix, treats the service that the business offers just as it would treat as a product. Due to the intangible nature of services products, tangibilizing them becomes indispensible.

Product – Actually, product means customer solution and the solution provided by the product must be accepted by the society. Unlike a product, a service is intangible, inseparable, perishable and cannot be measured in terms of look, feel and other qualities present in a commodity. However, it can be customized to suit the user requirements and give a personal touch. Generally Janata bank does not follow any specific product strategy but they provide a wide range of deposit and loan products. They sale these products to their customer by adding the core benefit, augmented benefit and expected benefits of the products. They provide monthly deposit scheme, term deposit, education scheme, overdraft loan, commercial loan to their individual customers and business persons by satisfying the need and want of customers. They develop the new product in new market or existing market if necessary according to the requirements, taste and preference of the customers and market demand.

Price – From the seller's point of view price is the amount of money charged for any product or getting any sorts of service but from the buyer's viewpoint it is the cost of customer that must be affordable. The pricing strategy for services is tricky to achieve unlike in products, wherein the final price depends on the raw materials, cost of production and distribution etc. However, in service pricing, you cannot measure the cost of the services you offer that easily. Therefore, pricing plays a crucial role in the services marketing mix for business. They charge the cost plus pricing for loan products because they charge the higher interest rate and they charge the lower interest rate for deposit products on the basis of situation of the financial position of the bank**.**

Place – Sending the right product and service to the right customers at the right time and convenience location is the ultimate goal of place or distribution. The place where you choose to conduct your service business can make or break organizational prospect and growth. You need to understand how visible your setup would be to potential customers and how frequently it would be visited by consumers. Although widely used in

the retail trades it is not often employed in banking due to a lack of cost knowledge in many cases. Janata bank uses the both direct channels and indirect channels to sale their deposit, loan, various saving scheme and other services to their customer countrywide by opening banking branches at the suitable and attractive locations. They also expand their channels home and abroad to sale their banking products and services. They perform banking functions smoothly and efficiently by mail, POS, EFT, and ATM as indirect channels to sale products.

Promotion – Promotion really denotes sending and communicating the correct message to the target customers that must be able to create awareness to the minds of customers. Especially the banking industry usually has stiff competition across different angels and your business would need a lot of promotions to pass on the right message to potential customers. While advertising, online and direct marketing are the best ways to promote your service you need to have a good mix of communication channels to address a larger audience. For tangible product advertising is the most important component. But for intangible product (e.g. bank service) personal selling is the most important component. Janata bank also uses the personal selling to sale their products. They also use the internet banking service to provide information about product and they also make transaction through internet.

People – Due to the inseparability of the nature of service marketing, to get the optimum benefits from service both the service providers and service takers must perform together that implies people from both sides are responsible for smooth functioning of service. Service marketing is not just built on goals, vision and principles but also depends heavily on employees both internal, external as well as interactive are the people who work for company and customers and who are responsible for creating customer driven products for customers delight, growing and retaining them. People in organization are the epicenter and the life-blood for ensuring the quality of services and need to have the best of talents to gain customer loyalty and trust. The impact that your people can have on your marketing cannot be underestimated. At its most obvious, this element covers your front line sales and customer service staff who will have a direct contact and impact on how service is presented along with perceived. As a service provider, need to consider the knowledge and skills of your staff,

their motivation and investment in supporting your service brand. In this bank the employees are well trained to provide their service to customers. They have good customer contact, good customer interaction. Their attitude towards customer is very friendly.

Process – In the arena of service marketing, process of service is meant how efficiently and effectively services are delivered to the ultimate customers at hand is an essential aspect of service blueprint and need to emphasize on setting up a process for doing so. Service marketing mix must have a process that is quick, reliable and easy to monitor to ensure superior quality service to hold strong position in the market. In today's competitive world, companies are always in the constant race to deliver services quickly, efficiently and with the highest quality. As the bank is state owned commercial bank it follows all the rules and regulations imposed by government. Bank follows standard policy and procedures to provide their excellent services to their customers. They use various new and innovative technologies to provide standard and superb services to customers.

Physical Evidence – Physical evidence in service marketing refers to all the tangible, visible touch points that customer will encounter before they get or purchase the benefits of service from reception area and in the service territory. Staff's clothing, logo, sign, symbols, location, annual reports, images, corporate brochures all are essential conditions for rendering really high quality service to customers. These are two category both internal that create the environment in which the service or product is perfectly delivered. Physical evidence as a strategy tool for the bank marketer derives its sustenance form the intangibility principle. Banking products are intangible. And tangibilising this intangible commodity is a major challenge to the bank marketers. The instrument of physical evidence focuses a banker's attention on this crucial aspect. Under this strategy factors are include- environment, decorations, lighting, atmosphere, visual corporate, facilitating goods.

Borden (1965) claims to be the first to have used the term, marketing mix and that it was suggested to him by Culliton's (1948) description of a business executive as mixer of ingredients. Kalyanam & McIntyre (2002) include the 4 Ps inside their 4P+ P2+C2+S3 model in a wider operative context which, thanks to the three-dimensional representation, can give a more complete taxonomy of the elements forming the mix. Number of

studies of industrial marketers and purchasers indicated that the marketing mix components differ significantly in importance (Jackson, Burdick and Keith, 1985). Möller (2006) highlighted that the shortcomings of the 4Ps marketing mix framework, as the pillars of the traditional marketing management have frequently become the target of intense criticism. He proposes that the four determinants of competition and sales are price, quality, service and advertising. McCarthy (1964) refined Borden's (1965) idea further and defined marketing mix as a combination of all of the factors at a marketing manger's command to satisfy the target market. Distribution channels are primarily set up to perform a set of essential economic functions in society, bridging the gap between production and consumption. It is important to recognize that it is through distribution that the Manufacturer can provide the kinds and levels of service that create superior customer value and lead to very satisfied customers. Especially in the 1980s onward, a number of researchers propose new P'into the marketing mix. .Kotler (1986) adds political power and public opinion formation to the Ps concept. Moller (2006) presents an up-to-date picture of the current standing in the debate around the mix as marketing paradigm and predominant marketing management tool by reviewing academic views from five marketing management sub-disciplines (consumer marketing, relationship marketing, services marketing, retail marketing and industrial marketing) and an emerging marketing (E-commerce) (Iranian Events, 1986). Most researchers and writers that reviewed in these domains express serious doubts as to the role of the mix as marketing management tool in its origin form; and therefore propose alternative approaches, which is adding new parameters to the original mix or replacing it with alternative frameworks altogether.

2. Objectives of The Study

The purpose of the study is to analyze the present scenario of service marketing mix elements practiced by banking section to find to show the relationship between service elements of marketing mix with the marketing performance of banking sector. More specifically, the study aimed to achieve the following specific research objectives:

o   To analyze scenario of service marketing mix elements practiced by banking section especially Janata Bank Limited in Bangladesh.

o   To investigate the relationship between the elements of service marketing mix with the bank marketing performance of banking sector.

o   To appraise the impact of product, price, place, promotion, physical evidence, people and process of service on marketing performance of banking product and service.

3.   Methodology

The study is conclusive in the form of descriptive design. The study has been conducted using primary data for statistical analysis and secondary data for literature review analysis. The data collection mode is survey in the personal face to face interview with branch manager, executives, officers and customers of the bank. The measurement techniques is non-comparative scaling in the form of Itemized rating scaling technique through 5 point Likert scale ranging from 1 to 5 where 5= Strongly agree, 4=Agree, 3=Neutral, 2= Disagree and 1= strongly disagree. The sample size is 200 and non probability judgmental sampling used to collect the survey data. The study is limited to branches of Janata Bank Limited in the area of Rangpur division during July-Dec, 2014. For the reliability and validity of data the Cronbach's Alpha and KMO Bartlett's test of sphericity have been used. The data analysis tools are Descriptive statistics, one way analysis of variance (ANOVA) and multiple regressions.

4.   Research Question

Do the elements of service marketing mix have relationship and impact on bank marketing performance of banking sector?

Table 1: Research Hypotheses

Factors	Hypotheses
Product and Service	H_1= There is a statistically significant relationship between product and service and marketing performance of banking sector.
Price	H_2= There is a statistically significant relationship between price and marketing performance of banking sector.
Place (Distribution)	H_3= There is a statistically significant relationship place (distribution channel) and marketing performance of banking sector.
Promotion	H_4= There is a statistically significant relationship between promotion and marketing performance of banking sector.
People	H_6= There is a statistically significant relationship between people and marketing performance of banking sector.
Process	H_7= There is a statistically significant relationship between process and marketing performance of banking sector.
Physical Evidence	H_5= There is a statistically significant relationship between physical evidence and marketing performance of banking sector.

Figure 1: A proposed model based on research hypotheses:
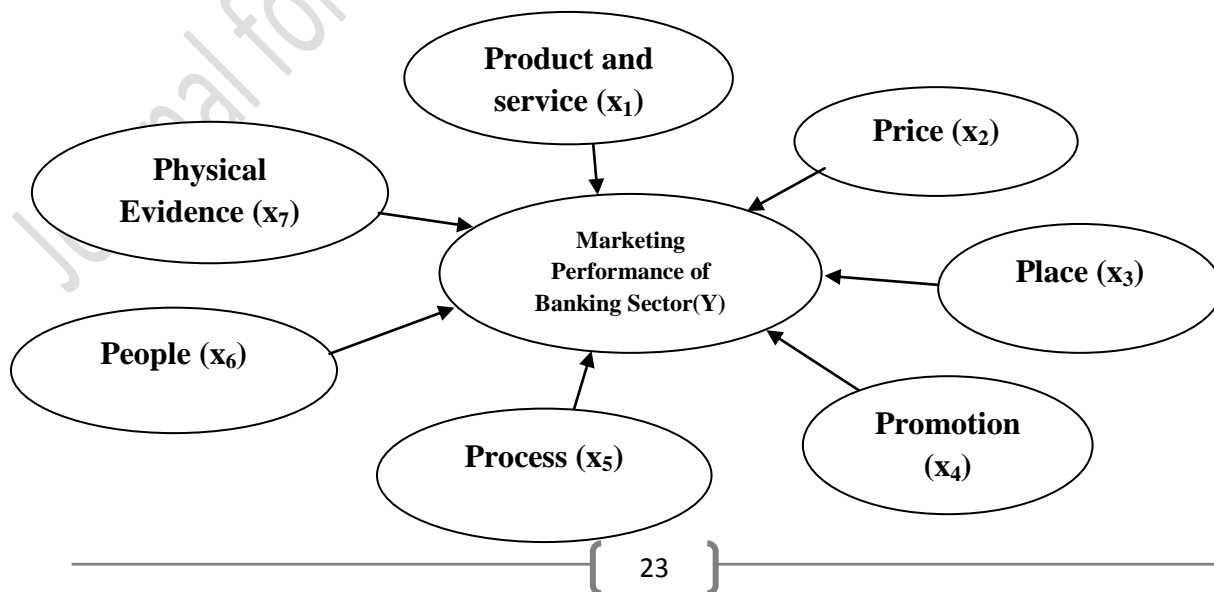
Where,

$$Y = \beta_0 + \beta_1 x_1 + \beta 2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5 + \beta_6 x_6 + \beta_7 x_{7+e}$$

$$Y = \beta_0 + \beta_1(PS) + \beta_2(P) + \beta_3(PL) + \beta_4(PR) + \beta_5(PR) + \beta_6(PE) + \beta_7(PHE) _{+e}$$

Where, β_{0-} Intercept, PS- Product and Service, P- Price, PL –Place (Distribution), PR-Promotion, PR- Process PE-People PHE-Physical Evidence, and ε-coefficient of error term.

5. Discussion and analysis

Demographic profile and descriptive statistics of respondent: It can be observed that, among the 200 sample there are 40% male and 60 % female in gender variable; 21% 15-25 years, 39% 25-35 years, 35% 35-45 years and 5% 45-above in age variable; 6% S.S.C., 27% H.S.C.,47% Bachelor and 20% Masters and above in education variable; 22% Student, 40% Business, 25% service Holder and 13% Others in Profession variable; 28% 3000-8000Tk, 30% 8000-13000Tk, 26%13000-18000Tk and 16% 18000-above in Income variable. This table depicts the influences of gender, age, education, profession, Income on the marketing performance of banking sector. The highest mean is 2.81 that is education and the lowest mean is 1.60 that is gender. An examination had been made to rank the most important demographic factor that influence the marketing performance of banking sector is education (Rank1) followed by, income profession, age, and gender.

Table 2: Demographic Profile and Descriptive Statistics of Respondents

Variable	Category	Frequency	Percentage	Mean	Rank
Gender	Male	80	40%		
	Female	120	60%	1.60	5

Age	15-25	42	21%		
	25-35	78	39%		
	35-45	70	35%	2.24	4
	45-above	10	5%		
Education	S.S.C.	12	6%		
	H.S.C.	54	27%		
	Bachelor	94	47%	2.81	1
	Masters and above	40	20%		
Profession	Student	44	22%		
	Business	80	40%		
	Service Holder	50	25%	2.29	2
	Others	26	13%		
Income	3000-8000	56	28%		
	8000-13000	60	30%		
	13000-18000	52	26%	2.30	3
	18000-above	32	16%		

Table 3: KMO and Bartlett's Test and Reliability Statistics

KMO and Bartlett's Test			Reliability Statistics		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.680			
Bartlett's Test of Sphericity	Approx. Chi-Square	82.267	Cronbach's Alpha		No. of Items
	df	21	.696		21

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	df	21	.696	21
	Sig.	.000		

The table 3 shows that the KMO measure of sampling adequacy and Bartlett's Test of Sphericity. Kaiser (1974) advocated accepting values greater than 0.5. Furthermore values between 0.7 and 0.8 are good. So our KMO measure of sampling adequacy test is 0.680 or 68 % is reliable and acceptable for further computation. For these data Bartlett's test is highly significant ($p < 0.05$), and therefore further analysis is appropriate for this study. The reliability of the data had been examined to check the consistency for all questions of this study through Cronbach's Alpha coefficient and also used to identify the validity of items used in survey. According to Hendrickson et al (1993) and McGraw and Wong (1996) the alpha of a scale should be greater than .700 for items to be used together as a scale. The value is .696 and can be regarded as acceptable. This indicates that the 21 item scale is quite reliable.

One way ANOVA: The table 4 shows that the output of the one way ANOVA analysis and whether we have a statistically significant difference between group means and the outputs are used to test the hypothesis that are depicted in the last column.

Table 4: One- Way –ANOVA

Service Marketing Mix Elements	Sum of	Df	Mean	F	Sig.	Decision of

		Squares		Square			Hypotheses
Product	Between Groups	12.063	3	4.021	4.179	.008	H$_1$
	Within Groups	92.364	96	.962			
	Total	104.428	99				Accepted
Price	Between Groups	8.700	3	2.900	5.096	.030	H$_2$
	Within Groups	54.628	96	.569			
	Total	63.328	99				Accepted
Place	Between Groups	.435	3	.145	.250	.861	H$_3$
	Within Groups	55.752	96	.581			
	Total	56.188	99				Rejected
Promotion	Between Groups	2.105	3	.702	1.037	.380	H$_4$
	Within Groups	64.985	96	.677			
	Total	67.090	99				Rejected
People	Between Groups	3.448	3	1.149	1.424	.241	H$_5$
	Within Groups	77.500	96	.807			
	Total	80.948	99				Rejected
Process	Between Groups	4.732	3	1.577	1.617	.190	H$_6$
	Within Groups	93.616	96	.975			
	Total	98.348	99				Rejected
Physical Evidence	Between Groups	4.953	3	1.651	1.898	.135	H$_7$
	Within Groups	83.457	96	.869			
	Total	88.410	99				Rejected

Multiple Regression Analysis: The purpose of multiple regression analysis is to investigate the relationship between the independent variable and the dependent variables. The model summery provides the R, R^2, adjusted R^2, and the standard error of the estimate, which can be used to determine how well a regression model, fits the data. The value of R represents the multiple correlation coefficients. It is seen from the table that the value of R equals 0.381 indicates a moderately good level of prediction. The R^2 value represents the coefficient of determination which is the proportion of variance in the dependent variable that can be explained by the independent variables and the value of R square is equivalent to 0.145 which means that 15% of the variance in the dependent variable of bank marketing performance can be accounted for by a variation in the independent variables. The F-ratio in the ANOVA table tests whether the regression model is a fit for the data. The table shows that the independent variables statistically significantly predict the dependent variable, $F_{(7, 92)} = 2.237$, $p < .0005$ (i.e., the regression model is a good fit of the data). The coefficient is significant at $\alpha=0.05$.here product and service along with price are the statistically significant but on the contrary place, promotion, process, people physical evidence are not statistically significant. Unstandardized coefficients indicate how much the dependent variable varies with an independent variable, when all other independent variables are held constant. To determine if one or more of the independent variables are significant predictors of bank marketing performance, we examine the information provided in the coefficient table. From the above 07 independent statements only 2 statements are statistically significant and rest 5 are not statistically significant. The standardized coefficient beta column reveals the product and service has a beta coefficient **-.**217 which is significant 0.016 and price has a beta coefficient **-.**247 which is significant 0.019 but on the other hand, other factors place, promotion, process, people and physical evidence all have beta value that are not significant in our case study.

Table 5: Multiple Regression Analysis

Model Summary	ANOVA[b]

R	R Square	Adjusted R Square	Std. Error of the Estimate		Sum of Squares	df	Mean Square	F	Sig.
.381[a]	.145	.080	.88726	Regression	12.325	7	1.761	2.237	.038[a]
				Residual	72.425	92	.787		
				Total	84.750	99			

a. Predictors: (Constant), Product, Price, Promotion, Place People, Process, Physical Evidence

b. Dependent Variable: Bank Marketing Performance.

Table 6: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	3.974	.933		4.258	.000
	Product	-.196	.109	-.217	-1.794	.016
	Price	-.286	.120	-.247	-2.383	.019
	Place	.128	.133	.104	.961	.339
	Promotion	.033	.111	.029	.297	.767
	People	.189	.108	.185	1.751	.083
	Process	-.161	.104	-.174	-1.551	.124
	Physical Evidence	.148	.102	.151	1.446	.152

a. Dependent Variable: Bank Marketing Performance

6. Conclusions

Janata Bank Limited is committed to provide high quality financial services/products to largely contribute to the remarkable growth of GDP of the country through stimulating trade and commerce, accelerating the pace of industrialization, and sustainable socio-economic development of the country. An examination had been made to rank the most important demographic factor that influence the bank marketing performance of banking sector is education and the standardized coefficient beta column reveals the product and service has a beta coefficient **-.**217 which is significant 0.016 and price has a beta coefficient **-.**247 which is significant 0.019 among the 7 marketing mix elements in the study because the customers group of state owned commercial banks are the middle income group but all factors are correlated and somehow dependent on each other. In the customer survey, it was revealed that customers are very price-conscious. Especially customers of Janata bank who comes from largely middle class income groups are likely to be very price sensitive. So the bank should offer products and services at fewer service charges. Hence the banks marketing strategies must be dynamic and flexible to meet the dynamic need of the banking customers by properly modifying service marketing mix. The bank should increase their branches as part of distribution strategies and every rural area to sell their bank marketing products and services. Promotional strategies as advertising should thus emphasize tangible cues that will help the customers understand and evaluate the service. The bank can use the type of advertisement by creating its name, which is designed to distinguish itself in the mind of the customer from its competitors and refer attractive. They should introduce other promotional item these are EID card, happy New Year card and specialty advertising items for instance name or logo printed t- shirts, mugs and gifts for the entire customers. And other type of special gifts like wallet, wall clock, pen for only special clients as promotional strategies. Marketing by private sector banks and foreign banks is more creative and effective than public sector banks because these banks are much more IT oriented. As the technology has become a big challenge before public sector banks, so the bank should use e-delivery channels to enhance the marketing of various products and services. The bank should think to start new innovative product scheme loans and deposits with affordable

price with expected services and take different types of innovative service marketing strategies to get more customers in this competitive market of banking era.

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