

## *Original Paper*

# The Role of Service Promotional Mix on Customer Satisfaction; Case Study of Agriculture and Rural Development Bank in Djelfa

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### ***Abstract***

*Now days, the issues of promotional efforts of banking services are becoming more complicated, in today's competitive environment, in terms of competing effectively with other financial institutions. In banking sector communication elements are especially important, they help to create powerful images, confidence and a sense of reliability to achieve customers' satisfaction.*

*The main purpose of this study is to reach a better understanding of the promotion's strategies in financial institutions. In order to reach this target we've conducted a questionnaire for clients of our case study bank, to examine the role that the promotion mix components play in terms of reaching the bank customers' satisfaction. The results show that the personal selling plays an important role on achieving customer satisfaction.*

### ***Keywords***

*promotion mix, customer satisfaction, advertising, sales promotion, personal selling, public relations, direct marketing*

## **1. Introduction**

A business is not a business if it cannot stay in business. It cannot stay in business if it does not attract and hold enough customers, no matter how efficiently it operates. Levitt, T. (Levitt, T, 1981, pp. 94-102); explains that all the techniques and strategies of marketing are used so that ultimately they induce the people to do business with a particular bank. To create and keep a customer means doing all those things so that people would like to do business and continue to do it with a particular bank rather than with the competitors.

➤ **Promotional mix**

According to Brassington and Pettitt (Brassington & Pettitt, 2013, p. 393) promotion is the direct way in which an organization communicates the product or service to its target audiences.

The promotion is the direct way an organization tries to reach its publics, this is performed through the five elements of the promotion mix: advertising, sales promotion, personal selling, Public relations and direct marketing. (Czinkota & Ronkainen, 2004, p. 78)

These days banks are focusing heavily on building long term relationships with their existing customers and thereby gaining new customers. All the techniques and strategies of marketing are used so that ultimately they induced the people to do business with the particular bank.

This can be firmly said that well-designed promotional strategies are very important to promote banking services effectively. The reasons for marketing scope to have importance in banking and for banks to interest in marketing subject can be attributed to the following factors (Anita Kumari Panigrahi, 2018, p. 48)

- ✓ Change in demographic factors.
- ✓ Cut throat competition in the service industry.
- ✓ Increased profit consciousness of the banks.
- ✓ Deregulation of interest rates.
- ✓ Entry of various private and foreign banks.
- ✓ Increasing awareness, education and urbanization.
- ✓ Indigenous growth of non banking financial institutions Disintermediation.
- ✓ Advent of the technology.
- ✓ Increasing the reach of innovative banking products.

➤ **Components of promotional mix**

The promotional component of the marketers offering is aimed at providing information to assist the consumer in their problem solving process.

✓ **Advertising**

Advertising is any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor. Advertising is structured and composed non-personal communication of information, usually paid for and usually persuasive in nature, about products (goods, services) and ideas by identified sponsors through various media. (Philip Kotler and Gary Armstrong, 2014, pp. 436-454)

✓ **Sales Promotion**

The American Marketing Association (AMA) defines sales promotion as: “marketing activities, other than personal selling, advertising, and publicity, that stimulate consumer purchasing and dealer effectiveness, such as displays, shows and exhibitions, demonstrations, and various non-recurrent selling efforts not in the ordinary routine” (John Burnett, 2010, pp. 424-425), it refers to short-term and temporary incentives to purchase or induce trials of new goods. The tool includes contests, games, gifts,

trade shows, discounts, etc. Sales promotional activities are often carried out at retail levels.

✓ **Personal selling**

Personal selling is the only promotional technique to involve face-to-face communication between seller and buyer, and is normally the focus of an organizational division quite separate from that with responsibility for the rest of the mix. (Michael, 2003, p. 422)

✓ **Public Relations**

A non-personal stimulation of demand for a product, service, or business unit by planting commercially significant news about it in a published medium (i.e. publicity) or obtaining favorable presentation of it through vehicles not paid for by the sponsor. Although commissions are not paid to the various media, there are salaries and other expenses that mean that public relations is not a costless form of promotion. (John Burnett, 2010, p. 211)

It is promotion via a news release to chosen news media, delivering exposure to a known target audience if newsworthiness earns an editorial mention, in return for the cost of producing and distributing the release.

✓ **Direct marketing**

Direct marketing consists of connecting directly with carefully targeted consumers, often on one-to-one interactive basis. Using detailed databases, companies tailor their marketing offers and communications to the needs of narrowly defines segments or individual buyers. (Philip & Gary, 2014, p. 496) So we can conclude that direct Marketing is an interactive system of marketing, using one or more advertising media to achieve measurable response anywhere, forming a basis for creating and further developing an on-going direct relationship between and organization and its customers. To be able to create and sustain quality relationships with sometimes hundred or even thousands of individual customers, and organization needs to have as much information as possible about each one, and needs to be able to access, manipulate and analyze that information.

➤ **Customer Satisfaction**

Kotler defined customer satisfaction as “the level of a person felt state resulting from comparing a product’s perceived performance or outcome in violation to his/her own expectations”. So customer satisfaction could be considered a comparative behavior between inputs beforehand and post obtainments (Ming & Chich, 2006, p. 196)

The physical environment affects customers’ experience during the service encounter enhancing or undermining customer satisfaction. In some services such as theme parks, restaurants, cafes, and hotels service environment might even be a key to customer satisfaction, making great impression and leaving long-lasting memories. Thus, physical evidence is an important component of a service company marketing-mix strategy and overall value proposition. Due to the intangibility of services, customers rely on physical evidence when assessing the expected quality level, so careful design of all tangible elements can increase perceived value of the market offering (Maria Johann, 2015, p. 75)

➤ **Recent studies**

✓ **Md. Maniruzzaman (Mohammed Maniruzzaman, 2020): Impact of Service Marketing Mix in the Banking Sector: A Study of Private Commercial Banks in Dhaka City, Bangladesh.**

The study attempted to collect, analyze & evaluate the Marketing Mix in the Banking Sector in Bangladesh. This study suggests a marketing Mix that could be inherent by direct marketing, personal marketing, one to one marketing, network marketing and social marketing elements for adding value in the Banking Channels. The results of the shows that there is a relationship between Banking products and services and the competitive advantage in banking sector in Bangladesh.

✓ **Anita Kumari Panigrahi (Anita Kumari Panigrahi, 2018) Marketing strategies in banking sector: a literature review.**

The research is a conference paper which made a review of marketing strategies prevalent in Banking Sector. And focused on the orientation of banks should be with a much wider focus in relation to consumer and market needs, and the consequent marketing strategies. The paper comes with a result that the strategic model should focus on communication, diversification and globalization. And to be the best banker, the focus should be on exceeding customer expectations with base expertise, quality people, excellent products and service.

✓ **Charef Wahiba) Charef (2020 The Effectiveness of the promotional mix elements in customer perception of the value of the product "study of sample of Mobilis' customers "**

The objective of the study is to define the role of promotional mix in recognizing the customer value of the product in the telecommunications sector, the study concluded that the use of the promotional mix have a significantly role in customer perception of the value of telecom services in Mobilis.. The most important of the study recommendations are taking advantage of technological developments to expand promotional mix elements in the marketing communication services.

➤ **Current Vs recent studies:**

Some of the studies focused on the Promotional mix in other service sectors-telecommunication service for example-while other discussed the case of banking industries in terms of marketing strategies and marketing mix. The current study aimed to highlight the main important components of promotional mix in banking services and focused on one of the commercial banks in the city of Djelfa.

## **2. Methodology**

➤ **The study Problem**

The study is based on discussing an important question which is: what is the role of promotional mix on reaching customer satisfaction in the banking services?

➤ **Research hypothesizes**

Starting from the principal question of the research; the study was build on a hypothesis that the promotional mix plays a huge role on reaching the customer satisfaction at Bank of agriculture and rural development in Djelfa city.

While the Sub-hypotheses are;

- ✓ The advertising has a role on achieving the customer satisfaction at the level of significance ( $\alpha \leq 0.05$ )".
- ✓ The Sales promotion has a role on achieving the customer satisfaction at the level of significance ( $\alpha \leq 0.05$ )".
- ✓ The Personal selling has a role on achieving the customer satisfaction at the level of significance ( $\alpha \leq 0.05$ )".
- ✓ The Public relations has a role on achieving the customer satisfaction at the level of significance ( $\alpha \leq 0.05$ )".
- ✓ The Direct marketing has a role on achieving the customer satisfaction at the level of significance ( $\alpha \leq 0.05$ )".

➤ **Research target and importance**

The research aims to achieve several targets—which made its importance well recognized- as following;

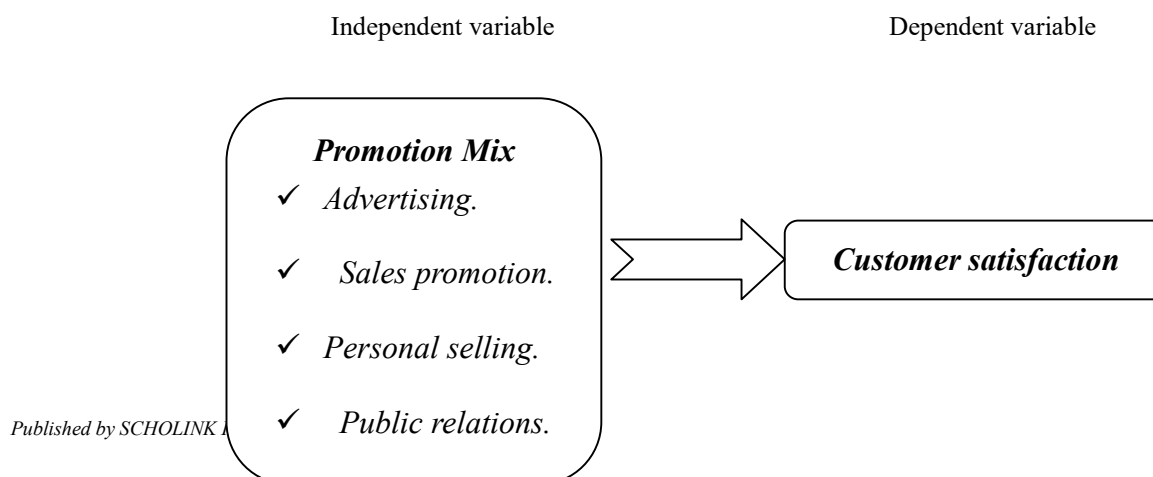
- ✓ To understand and highlight the marketing mix definitions and customer satisfaction.
- ✓ Discuss the role that the promotional mix elements play on achieving the customer satisfaction in banking services and in our case study financial institution.
- ✓ Highlight the most influential promotional mix component on the customer satisfaction.
- ✓ To help the case study bank and the other banking institutions in djelfa city to understand their customers in aim of saving the current customers and attract more new ones.

### ► Data collection

A questionnaire was used to collect the relevant data to study the role of promotion mix on customer satisfaction. The study was conducted between 10/10/2020 to 01/04/2021, and targeted a group of clients of the Agriculture and Rural Development Bank in Djelfa city, 100 questionnaires were distributed, 95 were retrieved, and 90 questionnaires were approved for the statistical study.

## ➤ Research framework and Model

The model of the study is built on two main variables: the customer satisfaction as dependent variable and the promotional mix components - Advertising. Sales promotion. Personal selling. Public relations. Direct marketing- as independent variables.



### Figure 1. Research Model

Source: Made by author.

#### ➤ Case study profile

**The Bank for Agriculture and Rural Development BADR** is a national financial institution that was established on March 13, 1982 and is legally considered as a joint stock company.

The bank has been working for more than forty years to actively support the projects of its customers, including financing agricultural projects, food industries, and fishing, which are areas that make it a support for the development of the national economy.

In order to achieve customer satisfaction, the bank employs a team of 7,000 employees, including 1,200 employees charged with listening to customers' concerns through 321 agencies and 39 regional exploitation complexes distributed across the country. In addition to a modern banking information system for more safety, ease, speed and efficiency banking service providing. ( Bank of Agriculture and Rural Development ., 2021)

### 3. Results

#### ➤ Validity

The Cronbach alpha test was used to measure the stability validity of the study, the value of  $\alpha$  (for all paragraphs of the questionnaire) was 78 percent, which is higher than the acceptable percentage for analysis (60 percent). This represents an acceptable value for analysis. While the value of  $\alpha$  for the rest of study' variables between (0.698-0.953)

**Table 1. The Cronbach Alpha Test for Study' Variables**

Variables	N of Questions	Value of $\alpha$
Advertising.	8	<b>0.953</b>
Sales promotion.	7	<b>0.698</b>
Personal selling.	7	0.713
Public relations.	7	0.834
Direct marketing	6	0.747
Total	35	0.789

Source: SPSS data.

#### ➤ Study hypothesizes test

We've tested the validity of the study's hypotheses at the level of significance ( $\alpha \leq 0.05$ ) The results were as follows;

**The principal hypothesis: There is a role for the promotional mix on achieving customer satisfaction. At the level of significance. ( $\alpha \leq 0.05$ )**

**Table 2. Multiple Linear Regression and ANOVA Results**

	Mean	Std, deviation	R	R Square	F	Sig.
Promotion mix	4.29	0.08	0.691	0.477	61.458	0.000

Source: SPSS data.

**Hypothesis 1: The advertising has a role on achieving the customer satisfaction at the level of significance ( $\alpha \leq 0.05$ )".**

**Table 3. Multiple Linear Regression and ANOVA Results**

	Mean	Std, deviation	R	R Square	F	Sig.
Advertising	4.17	0.268	0.252	0.063	6.430	0.000

Source: SPSS data.

**Hypothesis2: The Sales promotion has a role on achieving the customer satisfaction at the level of significance ( $\alpha \leq 0.05$ ).**

**Table 4. Multiple Linear Regression and ANOVA Results**

	Mean	Std, deviation	R	R Square	F	Sig.
Sales promotion	4.12	0.114	0.070	0.004	12.028	0.001

Source: SPSS data.

**Hypothesis 3 The Personal selling has a role on achieving the customer satisfaction at the level of significance ( $\alpha \leq 0.05$ ).**

**Table 5. Multiple Linear Regression and ANOVA Results**

	Mean	Std, deviation	R	R Square	F	Sig.
Personal selling	4.30	0.462	0.793	0.628	113.77	0.000

Source: SPSS data.

**Hypothesis4 The Public relations has a role on achieving the customer satisfaction at the level of significance ( $\alpha \leq 0.05$ )".**

**Table 6. Multiple Linear Regression and ANOVA Results**

	Mean	Std, deviation	R	R Square	F	Sig.
Public relations	3.52	1.02	0.374	0.139	30.128	0.001

Source: SPSS data.

**Hypothesis 5** The Direct marketing has a role on achieving the customer satisfaction at the level of significance ( $\alpha \leq 0.05$ )".

**Table 7. Multiple Linear Regression and ANOVA Results**

	Mean	Std, deviation	R	R Square	F	Sig.
Direct marketing	4.50	0.503	0.470	0.220	19.426	0.000

Source: SPSS data.

### 3. Analysis

➤ **The principal hypothesis:** The table 2 above shows the role of the promotional mix in achieving customer satisfaction, the Mean value reached **4.29**. While the standard deviation was **0.08**, which reflect a positive relationship between the promotional mix and the customer satisfaction. As the results of the statistical analysis showed a statistically significant effect of the promotional mix on customer satisfaction, the correlation coefficient reached **0.691** and the coefficient of determination **0.477**, which means **47.7%** of customer satisfaction is due to Bank's promotional mix. The calculated F value **61.458** It is a statistically accepted at a significance level of ( $\alpha \leq 0.05$ ) And since the level of significance Sig 0.000 is less than 0.05, therefore we accept the principal hypothesis: *There is a role for the promotional mix in achieving customer satisfaction at the Bank of Agriculture and Development rural. At the level of significance. ( $\alpha \leq 0.05$ )*

➤ **Hypothesis 1:** The table 3 shows the role of the advertising in achieving customer satisfaction, the Mean value reached **4.17**. While the standard deviation was **0.268**, which reflect a positive relationship between the advertising and the customer satisfaction. As the results of the statistical analysis showed a statistically significant effect of the advertising on customer satisfaction, the correlation coefficient reached **0.252** and the coefficient of determination **0.063**, which means **6.3%** of customer satisfaction is due to Bank's advertising. The calculated F value **6.430** It is a statistically



accepted at a significance level of ( $\alpha \leq 0.05$ ) And since the level of significance Sig 0.000 is less than 0.05, therefore we accept the alternative hypothesis: *There is a role for the advertising in achieving customer satisfaction at the Bank of Agriculture and Development rural. At the level of significance. ( $\alpha \leq 0.05$ ).*

➤ **Hypothesis 2** The table 4 shows the role of the Sales promotion in achieving customer satisfaction, the Mean value reached **4.12**. While the standard deviation was **0.114**, which reflect a positive relationship between the Sales promotion and the customer satisfaction. As the results of the statistical analysis showed a statistically significant effect of the Sales promotion on customer satisfaction, the correlation coefficient reached **0.070** and the coefficient of determination **0.004**, which means **0.04%** of customer satisfaction is due to Bank's Sales promotion. The calculated F value **12.028** It is a statistically accepted at a significance level of ( $\alpha \leq 0.05$ ) And since the level of significance Sig 0.001 is less than 0.05, therefore we accept the alternative hypothesis: *There is a role for the Sales promotion in achieving customer satisfaction at the Bank of Agriculture and Development rural. At the level of significance. ( $\alpha \leq 0.05$ ).*

➤ **Hypothesis 3** The table 5 shows the role of the Personal selling in achieving customer satisfaction, the Mean value reached **4.30**. While the standard deviation was **0.462**, which reflect a positive relationship between the Personal selling and the customer satisfaction. As the results of the statistical analysis showed a statistically significant effect of the Personal selling on customer satisfaction, the correlation coefficient reached 0.793 and the coefficient of determination **0.628**, which means **62.8%** of customer satisfaction is due to Bank's Personal selling. The calculated F value **113.77** It is a statistically accepted at a significance level of ( $\alpha \leq 0.05$ ) And since the level of significance Sig 0.000 is less than 0.05, therefore we accept the alternative hypothesis: *There is a role for the Personal selling in achieving customer satisfaction at the Bank of Agriculture and Development rural. At the level of significance. ( $\alpha \leq 0.05$ )*

➤ **Hypothesis 4** The table 6 shows the role of the Public relations in achieving customer satisfaction, the Mean value reached **3.52**. While the standard deviation was **1.02**, which reflect a positive relationship between the Public relations and the customer satisfaction. As the results of the statistical analysis showed a statistically significant effect of the Public relations on customer satisfaction, the correlation coefficient reached **0.374** and the coefficient of determination **0.139**, which means **13.9 %** of customer satisfaction is due to Bank's Public relations. The calculated F value **30.128** It is a statistically accepted at a significance level of ( $\alpha \leq 0.05$ ) And since the level of significance Sig 0.001 is less than 0.05, therefore we accept the alternative hypothesis: *There is a role for the Public relations in achieving customer satisfaction at the Bank of Agriculture and Development rural. At the level of significance. ( $\alpha \leq 0.05$ )*

➤ **Hypothesis5** The table 7 shows the role of Direct marketing in achieving customer satisfaction, the Mean value reached **4.50** . While the standard deviation was **0.503**, which reflect a positive relationship between Direct marketing and the customer satisfaction. As the results of the statistical

analysis showed a statistically significant effect of Direct marketing on customer satisfaction, the correlation coefficient reached **0.470** and the coefficient of determination **0.220**, which means **22%** of customer satisfaction is due to Bank's Direct marketing. The calculated F value **19.426** It is a statistically accepted at a significance level of **( $\alpha \leq 0.05$ )** And since the level of significance Sig 0.000 is less than 0.05, therefore we accept the alternative hypothesis: *There is a role for Direct marketing in achieving customer satisfaction at the Bank of Agriculture and Development rural. At the level of significance. ( $\alpha \leq 0.05$ )*

### 3. Discussion \$ Conclusions

#### ➤ Study' results

Through the statistical study of clients of Agriculture and rural development bank in Djelfa city, and By testing the hypotheses of the study we come out with some of results, which are summarized as follows:

- ✓ The promotional mix plays a huge role on achieving customer satisfaction through the high relationship between the two variables.
- ✓ There is significant role for all components of the promotional mix on customer satisfaction at the level of  $\alpha \leq 0.05$ .
- ✓ Personal selling **has the most important role on achieving the customer satisfaction at the level of significance ( $\alpha \leq 0.05$ ) with a coefficient of determination 0.628.**
- ✓ Direct marketing **has a role on achieving the customer satisfaction at the level of significance ( $\alpha \leq 0.05$ ) with a coefficient of determination 0.22.**
- ✓ Public relations **has a role on achieving the customer satisfaction at the level of significance ( $\alpha \leq 0.05$ ) with a coefficient of determination 0.139.**
- ✓ Advertising **has a role on achieving the customer satisfaction at the level of significance ( $\alpha \leq 0.05$ ) with a coefficient of determination 0.063.**
- Sales promotion **has a role on achieving the customer satisfaction at the level of significance ( $\alpha \leq 0.05$ ) with a coefficient of determination 0.004.**

#### ➤ Recommendations and suggestions

- ✓ The need to pay attention from banks to all the components of the promotional mix because of its impact on achieving customer satisfaction and consequently customer loyalty.
- ✓ Bankers have to evaluate each promotional element carefully to choose the best and most suitable way to distribute their services to customers.
- ✓ The Banks need to select their best employees and decide how to train and motivate them as well as what measures to use to evaluate their performance.
- ✓ Design and implement training programs for employees to improve their performance. The front office employees need to be motivated to achieve better results, so service providers should understand

intermediaries' needs and offer them adequate financial and non-financial incentives. However, system of rewards should be linked to evaluation standards set by the bank.

✓ More efforts are needed in terms of advertising and sales promotion, in addition to public relations, to achieve customer satisfaction.

✓ Banks should facilitate work procedures and reduce the time for providing service to the customer, and developing the offered services by motivating employees and enabling them to provide new services.

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