

Effect Of Extended
Marketing Mix On
Customer Satisfaction
In The Ghanaian
Banking Sector

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ABSTRACT

The study investigates the effect of extended marketing mix on customer satisfaction in the banking sector of Ghana. 310 bank customers in the Ashanti Region of Ghana were selected out of which 204 representing 65.81% response rate participated. IBM SPSS version 20 was used for the analysis. Data was collected using questionnaires. Purposive and convenient sampling techniques were adopted in selecting respondents. The study found that, people element in service delivery has a positive and significant impact on customer satisfaction. The study also found physical evidence to have impacted positively and significantly on customer satisfaction. Again, the study revealed that, Process plays a positive and significant effect on customer satisfaction. The study recommends the use of the extended marketing mix to satisfy customers.

Keywords: People, Physical Evidence, Process, Customer Satisfaction

1. INTRODUCTION

The Banking sector is currently an emerging sector in Ghana. Basically, both state and private banks are trying to upgrade the banking system and operation to gain competitive advantage due to globalization. Existing literatures have shown a lot of studies in customer satisfaction. For instance, Akroush (2012) used the 4Ps of marketing mix to identify the drivers of customer satisfaction. The highly competitive Ghanaian banking industry has made banks to be practical in innovating different products, offering incentives, seriously deploying new distribution channels, engrossed in promotional activities, training employees, opening branches and increasing the use of modern technology to satisfy customers. Even with all these efforts, the banks are faced with marketing challenges such as pressure selling from marketing personnel, weak services, long queues and large crowds in the banking halls.

Marketing is vital in maintaining the banks performance better than its competitor. Marketing mix has been extended from 4Ps to 7Ps. The traditional marketing mix are Product, Price, Place and Promotion, but then talking about the Banking sector, it is better to introduce the Service Mix which has three additional elements thus People, Physical Evidence, and Process. Knowing the right marketing mix to market the services of the banking industry is very much significant. 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 retaining customers. Therefore, the human capital (people), physical evidence and the process in banking activities are important to get more customers. People are those involved in the service delivery, and their attitude, and interpersonal behaviour plays a vital role in customer satisfaction. Owing to this, (Hennig-Thurau, Gwinner, Walsh, & Gremler, 2004) proclaims that, customer orientation of service staff is significant to customer satisfaction. The communication between corporate staff and customers produce good customer satisfaction. The environment where the business operates, for instance, parking area, fittings and fixing (furnishings), paint,

disability friendly, air-conditioning systems, and safety or security systems. Customers tend to evaluate the intangible banking services through physical elements, therefore, financial companies must consider office buildings, equipment, technologies, decor, colors, employees' uniform and appearance in general. Customer use these physical evidences provided to evaluate the company.

Process in the service marketing mix is an important element. Process illustrates procedures or ways of offering services. Similarly, Al-Eisa and Alhemoud (2009) identified that quick or speedy services and readiness of personal-banking services were amongst the most significant features that impact customer satisfaction with Kuwaiti banks. Customer satisfaction, is one of the utmost significant results of all marketing events. Customer satisfaction leads to firm expansion, increase market share, and acquire continues and recommend business to others. Most banks only focus on getting new customers, without thinking about retaining their existing clientele. Though some banks are using the technology to serve their customers, they are faced with network challenges, while some banks are reluctant to even adopt the technology in banking. The frequent malfunctioning of Automated Teller Machines (ATM) leaves clients frustrated, joining long queues also contributes to time wasting. Traditionally, customer satisfaction is definition as the model that client satisfaction or displeasure is the result of inter-action between the client's pre-purchase actions and post-purchase dissonance or reaction (Poon & Lock-Teng Low, 2005).

To meet customers' expectations, the banking industry must strategically focus on creating a long lasting positive impression on customers, this can be achieved when the staff of the banks are trained to be customer oriented, and well-motivated. In addition, service quality, convenient parking, adequate internet service as well as interior and exterior design are important contributors to Customer satisfaction. The location of some banks also makes customers dissatisfied and the entrance are also not friendly to the physically challenged, hence this study accesses the effect of the extended marketing mix on customer satisfaction.

2. LITERATURE REVIEW

2.1 EXTENDED MARKETING MIX

The extended marketing mix is also known as the Service mix. The essence of any marketing activity is its marketing mix, which is proclaimed as the set of marketing tools organizations use to pursue its marketing goals. The components of marketing mix are Product, Price, Place and Promotion but in discussing the banking sector it is prudent to apply Service Mix, thus: People, Physical Evidence and Process. Having the correct elements of the marketing mix and balancing it well to project the services of the banking business is very important and can ensure that their marketing efforts fetch them expected result. Customers' needs are ever changing and Marketers in their effort to satisfy customers with their product and services. According to Kotler and Armstrong (2013) product is anything tangible or intangible taken to a market for attention, usage and

consumed with the purpose to satisfy customers' needs and wants. In this explanation, product is regarded to include services.

Products in the Ghanaian banks are the accounts for customers to use, for instance current accounts, susu accounts, savings accounts, joint account, save for children, funerals, offering of loans, investment advice (treasury bills). The characteristics of services thus; intangibility, inseparability, perishability and heterogeneity make service challenging, hence the strategic combination of the extended marketing mix to satisfy customers. The service mix encompasses the people, physical evidence and process. People are the individuals who deliver the services thus the human resource, and their relationship (communication) with customers significantly affect customer satisfaction. Process refers to the ways or procedures the services passes through as it is being delivered. Process according to Al-Eisa and Alhemoud (2009) is the most significant feature in customer satisfaction with banks in Kuwait. They found out that fast service and availability of self-banking services were among the crucial characteristics. Casaló, Flavián, and Guinalú (2008) also stated that website usability as the major factor affecting customer satisfaction in Spanish e-banking service; (Jamal & Naser, 2002) are of the view that service quality offered by the banks as a significant determinant of customer satisfaction. Physical evidence is used to aid the service delivery, it is with this theory that Akroush (2012) proclaimed that physical evidence is an important element in the perception of service quality for patients in health sector. The physical evidence in the banking sector would be logos, signages, colours, vehicles, and among other tangibles.

2.2 PEOPLE

People, are the individuals involved in the providing the service. Their training levels, inter-personal relation or behaviour, discretion or opinion in providing the service and personal attitude plays a significant role in customer satisfaction in the banking sector. Hennig-Thurau et al. (2004) is of the view that, customer orientation of service personnel is important to customer satisfaction. Communication between employees and clients breeds good customer satisfaction. Customers depend on bank staff for advice, assistance, complaints and direction to some of the banks' service and products and distribution channel. Communication quality is a significant factor when clients assess service quality. Ennew and Binks (1999), stated that, communications drive that service producers use to have important effect on customer perception on service quality. , showed that interaction among staff and clients has a positive significant correlation with customer satisfaction. Similarly, Ladhari (2009), found that empathy is the strongest factor of customer satisfaction. Sarker, Aimin, and Begum (2012), found evidence of important relationship between people and customer satisfaction. Management should therefore have the correct marketing mix of people to market their banks' products. Employees (People) that are not bad-mannered and see the customer as king and who pay critical attention to customer complaint.

For this to be sustained management of the banking industry are to design activities that retain and motivate their staff. If staff are happy and know their job descriptions, they tend to render quality services that meet customer's expectation, however disgruntled staff are bound to send negative signals to customers which makes them unsatisfied. Also, top management must ensure cordial relationship exist among staff, and have a consistent message for customers. Thus, the cordial relationship between staff (people) and customers enhances customer satisfaction and loyalty. The study therefore hypothesized

H₁: People element in service delivery positively and significantly impact on Customer Satisfaction

2.3 PROCESS

Process shows procedure or way of rendering services. Herington and Weaven (2009), in their research to find the features hindering customer satisfaction in Australian banks found out that four features, personal needs of clients, website design, user-friendliness of the websites and usefulness were rated as high. Similarly, Al-Eisa and Alhemoud (2009) identified the most significant features that impact on customer satisfaction with banks in Kuwait. They found out that fast service and availability of self-banking services were among the crucial characteristics. Casaló et al. (2008), in their work found website usability as the major factor affecting customer satisfaction in Spanish e-banking service. Jamal and Naser (2002) found service quality offered by the banks as a significant determinant of customer satisfaction.

The bulky accounts opening forms and requirements deter potential customers from opening an account, breakdown of internet access, all delay customers' time, hence making them dissatisfied. Banks should design a decent service process aimed at satisfying customers, retain existing clients, and charm potential or new clients. Therefore, the relationship amongst process and customer satisfaction is established. The study therefore hypothesized that

H₂: Process positively and significant impact on Customer Satisfaction

2.4 PHYSICAL EVIDENCE

This deals with the environment where the business operates, for instance, area for parking, fittings and internal decor, colour, logo, disability friendly, air condition systems, and security systems. Physical evidence is critical in providing service. To support this argument, Gan, Clemes, Wei, and Kao (2011), stated that, physical evidence significantly affects overall bank service quality. Also, Duncan (1996), is of the view that service environment increases customer satisfaction and that within the service environment clients can be opened to many factors which automatically affect their actions, and the level of satisfaction they derive with service experience. Bitner (1992), suggested that the service environment has a significant influence on customer perception of overall service quality. Again, Bitner (1990), highlighted that customers make inferences about the service quality based on tangibles like building, and physical design that surround the service environment. To link physical evidence from the Banking sector to the health sector, (Akroush, 2012) proclaimed that

physical evidence is an important element in the perception of service quality for patients in health sector. Similarly, Babu and Rajalakshmi (2009), proposed that it is important for hospitals to be well organized, special care taken to make the whole hospital tidy. In as much as a good atmosphere at a hospital can help patients recover, one can also argue that a well-furnished banking hall makes customers feel secured, comfortable and happy to transact their financial businesses.

The study believes interior layout of the banks, staff appearance, labelling of vans, availability of comfortable seats, computers all play a role in the satisfaction as customers feel relaxed and confident when dealing with banks. The study therefore hypothesized that;

H₃: Physical evidence positively and significantly affect Customer Satisfaction

2.5 CUSTOMER SATISFACTION

Customer satisfaction is based on the perception and degree of satisfaction in meeting customer expectation, high quality of products and service should be offered. Satisfaction is the customer's fulfillment response. It is a judgment that a product or service feature, or the product or service itself, provides a pleasurable level of consumption related fulfillment (Oliver, 1980). According to Gustafsson, Johnson, and Roos (2005) client satisfaction is defined as a customer's overall evaluation of the performance of an offering to date. Hayes (2008) defined customer satisfaction and perception as labels used to summarize a set of observable actions or reactions related to the product or service. Also, Anand and Selvaraj (2012) states that for every organization, customer satisfaction plays vital roles that enhance loyalty and profit.

Customer satisfaction stands for emotional states of pleasure or disappointment which a person may feel due to comparison between his perception and expectations of a product's performance (Keller & Richey, 2006). According to Kipkirong Tarus and Rabach (2013) dissatisfied customer is one whose expectations surpassed the actual performance or outcome of service whereas a delighted or happy customer is the one whose expectations were surpassing by the product or services. Customer satisfaction, according to Tse and Wilton (1988) is the customer's reactions to the assessment of the perceived experience between prior expectations to the actual performance of the product as perceived after its consumption. Customer satisfaction will have a significant impact on an organization's current and future life. The finest service lifespan is shown based on the relationship between client's satisfaction and staff satisfaction. It reduces withdrawal and substitution of labor force. In addition to providing job satisfaction and improving workplace morale, likely customer satisfaction also increases. Customer satisfaction is expected: For longer duration, remain among the organization customers.

3. METHODOLOGY AND MEASUREMENT OF CONSTRUCT

This study is an explanatory in nature aimed at establish causal relationship between extended marketing mix and customer satisfaction. The population of the study consists of Bank customers in the Kumasi metropolis. Population size of Kumasi is estimated to be over one million five hundred and seventeen thousand (1,517,000) of which 400 were the sampled, using Purposive and convenient sampling techniques in selecting respondents. The study called on 400 banks customers respectively in the Kumasi metropolis to administer questionnaires them. Some little portion of the questionnaire was adopted from general knowledge of literature, with modification made by the researchers to suit the industry and the environment under study. Structured questionnaires were used to collect data with Likert scale of 1-5 which ranges from “Strongly Disagree” to “Strongly Agree” was applied in the questionnaire to identify responses on customer orientation. Statistical package of IBM SPSS version 20 was the software used for the analysis. The study test internal consistency among the variables using Cronbach alpha coefficient; tested munticollonearity by use of Pearson correlation and used multiple linear regressing in interpretation of the results.

3.1 RELIABILITY OF THE DATA USING CRONBACH ALPHA

The study reliability is based on the various scales and the variables used, using Cronbach alpha coefficient to determine the reliability. In conducting the study, a wide range of scales were included, hence, checking the how well these scales produce results that are good enough for analysis in very paramount. The motive for assessing the reliability is to be sure of how consistent the items used to define the variables are. In checking the reliability of the scales, the Cronbach alpha was used. Researchers postulate that, for a scale reliability, Cronbach alpha value should be 0.7 and more (Creswell, Fetters, Plano Clark, & Morales, 2009) . According to (DeVellis, 2003), Cronbach alpha coefficient should be above 0.7. Cronbach alpha values above 0.7 are accepted and values that are above 0.8 are preferable. In checking the reliability for the scale used for the study, the results showed Cronbach values of .814, .830, .773, .704, .843, .814, and .920 for people, physical evidence, process, customer complaints, customer knowledge, customer relations, and customer satisfaction accordingly. Cronbach alpha coefficient for the variables present that the scales used were reliable and items contained in them appropriately measures the underlying variables. The table below presents the reliability results of the scale.

Table 1: Reliability of data using Cronbach Alpha

Variables	Cronbach Alpha	Number of items
People	.814	4
Physical Evidence	.830	5
Process	.773	5
Customer Satisfaction	.920	10

Researcher field data, (2018)

3.2 CORRELATION MATRIX

The Pearson correlation was also run to test the relationship that existed between the variables used in the study and to aid the study to assess if there is a multicollinearity among the variables used for the study. In quantitative research, the concept correlation is one of the techniques invariably used to assess whether there is a relationship between two or more variables. Statisticians have developed and used statistical tools which enable them to make statistical analysis about the relationship between variables. Thus, to check the extent to which a variable is accounted for by another variable. In checking whether the strength of the relationship between the variables will affect further statistical analysis; a multicollinearity test was performed using the correlation statistics. For the method to be robust, it is suggested that the correlation statistics should not exceed 0.7

As shown on the table below, all the variables fall within range as suggested in the literature. This means that, multicollinearity is not a threat to this analysis. Table 4.2 below shows the pearson correlation matrix.

Table 2: correlation matrix

	People	Peevidence	Pro	Cknowledge	Crelations	Csatisfaction
People						
Peevidence	.509**					
Pro	.609**	.686**				
Cknowledge	.520**	.627**	.430*			
Crelations	.675**	.530**	.488*	.549**		
Csatisfaction	.553**	.671**	.559*	.476**	.683**	

Key: peevidence: physical evidence, Pro: Process, Cknowledge: Customer knowledge, Crelations: Customer relations, Csatisfaction: Customer satisfaction.

** correlation is significant at the 0.01 level (2-tailed).

*correlation is significant at the 0.05 level (2-tailed)

4. ANALYSIS AND DISCUSSION

4.1 EFFECT OF EXTENDED SERVICE MIX ON CUSTOMER SATISFACTION IN THE BANKING SECTOR OF GHANA

In assessing the effects of extended service mix on customer satisfaction in the Ghanaian banking sector, a multiple linear regression analysis was conducted. According to (Hennig-Thurau et al., 2004), customer orientation of service staff is the driving force of customer satisfaction. The relationship between employees and customers creates a good and lasting customer satisfaction. Table 3 below shows the output from regression analysis.

Table 3: Effect of extended service mix on customer satisfaction

		B	Std. Error	Beta		
1	(Constant)	.300	.160		1.873	.062
	People	.369	.061	.379	6.027	.000
	Physical evidence	.120	.061	.121	1.973	.050
	Process	.431	.064	.409	6.708	.000
	R	.823				
	R2	.672				
	F	139.640				
Customer satisfaction						
a. Dependent Variable: Customer Satisfaction						

The output in the regression table represents the multiple linear regressions to establish the effect of extended marketing mix on customer satisfaction. The regression equation was $y = a + b_1x_1 + b_2x_2 + b_3x_3$, the value from the output are computed, the equation becomes; $y = .300 + .369(x_1) + .120(x_2) + .431(x_3)$. The regression results show that there is strong relationship between people, physical evidence with R value of 0.823. The R square value indicates that 67.7% (.667) of customer satisfaction could be accounted for by the extended marketing mix thus people, process and physical evidence. From the ANOVA results depicts that, the combination people, process and physical evidence (extended marketing mix) on customer satisfaction is statistically significant ($F=139.640$; $P=.000$). An F-statistics of 4 shows the model is fit and therefore a value of 139.640 indicates that the model is fit.

The regression results show that, the coefficient (B) value for process is .431 depicting a positive relationship with customer satisfaction. This means that, when the other variables (people and physical evidence) remain constant, customer satisfaction will increase. Process is statistically important and is making a strong contribution on customer satisfaction with a t value of 6.708 and significant of .000. This suggests that the process matters to customers and hence contribute immensely to their satisfaction in the Ghanaian banking sector. Al-Eisa and Alhemoud (2009), in their study on customer satisfaction with Kuwaiti banks found quick service, and availability of personal- baking services among the critical attributes to customer satisfaction.

With regards to people, the regression results show that, is has a positive relationship between customer satisfaction with a coefficient (B) of .369. This means that when the other independent variables (process and physical evidence) are held constant customer satisfaction will increase steadily. People is statistically important to customer satisfaction meaning it has a unique influence on customer satisfaction with a t value of 6.027 and significant of .000. To support this, Siddiqi (2011), in a research on inter-relations between service quality, attributes, customer satisfaction and customer loyalty in banking in Bangladesh, found that interaction between employees and customers has a significant relationship with customer satisfaction.

Physical evidence was assessed, and the results proved that it has a positive relationship on customer satisfaction with a coefficient (B) of .120. It implies that all things being equal, should the other independent variables (people and process) remain constant, customer satisfaction will increase. Physical evidence is statistically significant and contributes to customer satisfaction with a t value of 1.973 and a significant of .050. To back this, Bitner (1992), specified that the service surrounding has an important impact on customer's perception of the overall service quality, he pointed out that clients make interpretations about the service quality based on tangibles thus buildings, the physical design, that surround the service environment.

5. CONCLUSION

The study is reveals that extended marketing mix plays a vital role in satisfying customers in the Banking sector especially in the Kumasi metropolis. Customers over the years were joining queues at the bank to transact business, however, the increase in banks in the country brought about competition hence, the need for the banks to compete for customers. Likewise, modern technology has also contributed to the effectiveness and efficiency of the banking service. All these developments and globalization has enlightened customers to demand for the best when it comes to Banking. Customers want to be satisfied within the shortest possible time, therefore, management of the Banks must employ the extended marketing mix element to strategically fight competitor in satisfying customers by really identifying and knowing customers wants and customers knowing what the banks stands for.

5.1 DIRECTION TO FUTURE STUDIES WITH LIMITATIONS

This research has provided additional insight into the effect of extended marketing mix on customer satisfaction. The present study is limited to Ghanaian Banks based in Kumasi and the assertion needs to validated by further studies in different Regions (Areas).

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