Dimensions of Service Marketing Mix and its Effects on Customer Satisfaction: A Case Study of International Kurdistan Bankin Erbil City-Iraq

Jawdat Jaafar Khatab[1], Ezat Sabir Esmaeel[2], Bestoon Othman[3*]

1 Erbil Polytechnic University, Iraq. Email: Jawdat@epu.edu.com

2 Department of Economy, Faculty of Economy and Administration, University of Sulaimani, Iraq. Email:azizsabr@yahoo.com

3 Department of Business Administration, Koya Technical Institute, Erbil Polytechnic University, Iraq and UniversitiTun Hussein Onn Malaysia, Malaysia. Email: Bestoon2011@yahoo.com

Abstract:

Today, many economic sectors such as bankingindustries have recognized the importance of paying due attention to customers. Satisfying and retaining customers is a significant consideration for the growth and achievement of competitive advantage. The goal of this study was to investigate the relationship between the service marketing mix of banking services and customer satisfaction from International Kurdistan Bank. This study's research method is quantitative-inductive.Findings on the views of 131 international Kurdistan bank branches in Erbil are obtained. Data analysis is performed using covariance structures (structural equation modeling) confirmatory factor analysis and process analysis. The results of this study suggest a reliable and true measuring device and a good fit for the research model. The finding shows that there is a significant positive impact on customer satisfaction by all the dimensions of service marketing mix.The study advises that more focus should be on physical evidence and process, in their service delivery in order for International Kurdistan Bank to be able to satisfy its customers.

Keywords: *service marketing mix, customer satisfaction, international bank Kurdistan, Iraq.*

1. Introduction

Organizations stress more than anything in the creation of stable and successful partnerships with consumers in today's dynamic and challenging environment. Marketing is in a stage on its evolutionary path where advertisers are not only worried about new customers.In this climate, within addition to attempting to acquire new customers, modern advertising leads businesses to maintain existing customers and establish a permanent relationship with them (Othman et al., 2019). In regards to the need for customer orientation in today's business management scenario, it is known

that customer is the main resource of business processes and the performance of the company depends on maintaining productive customer relationships as attracting to so much new customers costs(Nethengwe & Shambare, 2018)**.**

Consumers are the central and crucial factor in supporting and improving organizations and focusing on retaining and sustaining consumers for all goals, strategies and resources. Consumer satisfaction is considered a tactical obstacle for businesses involved in maintaining and improving their competitive market position (Amran et al., 2019).Consumers ' in-depth knowledge of the market and access to information has resulted in less corporate satisfaction for consumers. Organizations are therefore searching for ways to build loyal clients(Hiranphaet, 2019)**.**

Service sector is one of the key economic sectors of any country and banks, as service organizations, play an important role in the economic growth and development of countries. Banks can highly affect economic growth of countries through customer satisfaction and encouraging them to have savings and capital accumulation and using them in manufacturing and consumption industries(Othman at al., 2018). In past years, the banking industry of Iraq has neglected customer orientation and its pillars due to different economic and social problems, being governmental, and most importantly the increase of demand over supply. However, with the arrival of private sector banks, the industry has gradually step toward being more competitive. Therefore, banks must guide and implement systems for establishing customer satisfaction by clearly identifying factors affecting customer

satisfaction (Supanun, 2019). In the meanwhile, organizations capable of rapid responding have the feature to effectively react to changes, change threats to opportunities, and optimally use opportunities. "Rapid response capability is interpreted as using market knowledge to take advantage of profitable opportunities in a fickle market"(Adil, 2013). Institutions and banks should strive to gain a proper share ofmarket by studying market and using marketing mix variables. They should also act more practically using desirable distribution methods and supplying good services, using informing ads, identifying opportunities and using them to attract more resources. In addition, they should attempt to increase market share and customers through creativity and innovation as well as matching resources with the needs of customers (Ho, Minh, & Id, 2019)**.**

Marketing mix components are management devices that contribute to customer satisfaction in the organization's hands(Puluhulawa, Mallongi, & Sufri, 2018). A clear understanding by service providers of marketing mix elements can impact future and existing customers and allow them to continue their business life (Behera, 2018).

This work seeks to answer the question of whether a significant relationship exists in International Bank Kurdistan between the marketing mix of banking services and customer satisfaction.

2. Literature review

2.1 Service Marketing Mix

The sales combination of resources includes products and services for advertising. Combines the method of advertising products and services is a reasonable

technique to achieve the result or gain, implementing the service marketing mix, 7Ps definition is a very challenging one. Applying the 7Ps definition means making efforts to improve marketing's role in producing maximum income (Sadq, 2019). The marketing service mix is divided into product marketing mix modeling consisting of product, price, promotion and place, commonly referred to as 4Ps and 3Ps marketing mix models (people, physical evidence and process). Product marketing mix is a marketing strategy used to reach the target market goal (Fernandes & Solimun, 2018).

Empirical evidence shows that the marketing mix on location dimensions and promotion has a significant impact on customer satisfaction, while product dimensions and prices are not important to customer satisfaction (Octavia, 2017). Results from previous studies indicate that the people, process, product, place, promotion, and physical evidence significantly affects customer satisfaction, but has a negligible effect on customer satisfaction (Zhengwei et al., 2019).

2.2 Customer Satisfaction

The word "customer satisfaction" is so common that it is easy to get into marketing literature and other literature and has a very deep sense, so that the expectations andgoals can be met by a business organizations nowadays (Othman et al., 2019). Throughout modern times, the use of the term "satisfaction" appears to broaden and is synonymous with the terms "satisfactory" (suitability) and "satisfies" (made into fun), but the term "customer satisfaction" has a very specific meaning throughout sales management itself. Arsanam (2014)notes

that satisfaction is an answer to the evaluation of customer satisfaction on the fulfillment of needs, wishes, aspirations and goals chosen in accordance with the criteria of enjoyment, perception, fun and satisfaction. Expectation disconfirmation theory explains that fulfillment is a difference that satisfies needs and desires with the desired goal, continuing disparity between expectations (Sukamto & Lumintan, 2015).

2.3 The relationship between service marketing mix and customer satisfaction

Corroboratively, Goi (2009)recognizes that marketing mix was an important idea for simplifying the management of marketing activities and allowing marketing efforts to be separated in order to meet customer requirements and satisfy them. This argument was confirmed by Verma & Singh (2017)'s study findings in the tourism context in which six elements of the service marketing mix were found to be important for customer satisfaction except price. Similarly, Jobhaarbima (2017)research in tourism also found that there was a significant relationship between five elements of the service marketing mix, namely price, place, product, people and physical evidence, and customer satisfaction. In other words, service marketing mix implementation would have an effect on customer satisfaction.

However, in past studies such as Dayang et al., (2019) and (Lin, 2011) and (Wahab, Hassan, Shahid, & Maon, 2016), the position of service marketing mix as one construct is still ambiguous and not clearly explained. This is a hole in the present study which needs to be investigated. Therefore, as shown in Figure 1, the research model has dimensions of the service marketing mix as

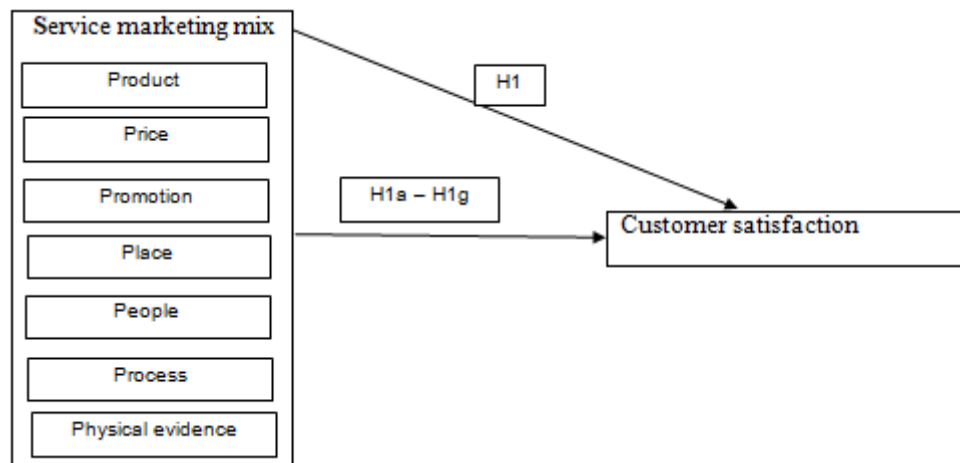an independent variable and customer satisfaction as a dependent variable.

Figure 1: Research framework

2.4 Hypotheses Development

H1: service marketing mix will have a positive impact on customer satisfaction

H1a: Product will have a positive impact on customer satisfaction

H1b: Price will have a positive impact on customer satisfaction

H1c: Promotion will have a positive impact on customer satisfaction

H1d: Place will have a positive impact on customer satisfaction

H1e: People will have a positive impact on customer satisfaction

H1f: Process will have a positive impact on customer satisfaction

H1g: Physical Evidence will have a positive impact on customer satisfaction

3. Research Methodology

Researcher sent an email through a non-probability, convenience sampling method to 160 International Kurdistan Bank customers. Ultimately, with a response rate of 82 %, 131 customers returned the questionnaires. The questionnaires completed were used for research. The research population is made up of the International Kurdistan Bank at Erbil city in Iraq. According to Sekaran (2003), a total of 131 responses were available and used for subsequent evaluation, providing a response rate of 82 % using the 5-point Likert scale for all responses with (1 = strongly disagree, 2 = disagree, 3 = undecided, 4 = agree, 5 = strongly agree). The data was further analyzed using structural equations modelling through partial least squares approach "PLS". The survey consisted of three parts. Three parts: part (1) demographic (5) variables; part (2) service marketing mix (28) items adapted from Parasuraman et al. (1994); Finally, part (3) customer satisfaction (4) items adopted from Al Muala and Al Qurneh (2012). In conclusion, the author used convenience sampling procedures in social science research as a common form of sampling layout, a systematic sampling.

4. Results

4.1 Response Rate

The percentage of males (53.9%) and females (46.1%) is very similar, resulting in less sampling bias. The dominant age groups were between 30 to 39 (44.7%) and between 20 to 29 (24.7%). White-collar workers (29.6%), professionals / managers (24.5%) and salespeople (22.5%) were the majority.In addition, 25.5% of respondents reported a $10,001 to $15,000 income level; 21.4%; $15,001 to $20,000 income level. Many respondents are graduates of high school (30.3%) or university (27.9%). Overall, the samples include a balanced number of subjects whose knowledge of banking services should be sufficient.

4.2 Measurement Model

According to Table 1, the "latent variables" are categorized by the "convergence validity"

of all loading factors and for all study variables, the value of (AVE) is higher than 0.5 and for all latent variables, the CR values are higher than the 0.7 criteria, showing that the qualified components maintain good reliability. Furthermore, using the reliability test "Cronbach's α," all latent values are higher than 0.6, and this evidence is sufficient to determine that the study material is reliable. While reviewing the validity of the dis-crimination, Table 2 shows that AVE root square values are greater than inter-structure correlations for all variables.We can therefore conclude that the measurement model has good reliability, and its validity to indicate the study variables is constructive and reliable.

Table 1: Reliability result

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Customer retention	0.849	0.856	0.900	0.692
People	0.939	0.942	0.958	0.852
Physical evidence	0.938	0.944	0.957	0.818
Place	0.930	0.930	0.946	0.778
Price	0.909	0.918	0.942	0.802
Process	0.904	0.908	0.934	0.780
Product	0.912	0.916	0.940	0.797
Promotion	0.869	0.877	0.915	0.730

Table 2: Discriminant Validity of Latent Constructs

	Customer retention	People	Physical evidence	Place	Price	Process	Product	Promotion
Customer retention	0.832							
People	0.751	0.923						
Physical evidence	0.807	0.834	0.904					
Place	0.749	0.811	0.828	0.882				

Price	0.712	0.735	0.807	0.784	0.895			
Process	0.800	0.861	0.903	0.827	0.809	0.883		
Product	0.690	0.745	0.798	0.774	0.814	0.860	0.893	
Promotion	0.739	0.801	0.842	0.839	0.816	0.841	0.800	0.854

4.3 Hypothesis Test

There is an important relationship between all service marketing mix dimensions and customer satisfaction. Results from the output of SmartPLS showing acceptance of all these hypotheses. The result indicates that the path coefficient from service marketing mix to customer satisfaction was statistically significant with a very strong standardized estimate and obtained a high t-value of more than 2,58 (β=0,828, S.E.=0,023, t=36,743, p<0,000).

The findings suggest that measurements such as people ($\beta = 0.108$, p<0.000), physical evidence ($\beta = 0.138$, p<0.000), place ($\beta = 0.125$, p<0.000), price ($\beta = 0.000$, p<0.05), process ($\beta = 0.105$, p<0.000), product ($\beta = 0.096$, p<0.000), promotion ($\beta = 0.093$, p<0.000), have positive and important effects on consumer satisfaction. Smart-PLS performance results also show that all hypotheses are accepted as shown in table 3.

All of these theories suggest that customer satisfaction is influenced by the banking services' marketing mix in International Kurdistan Bank.On this basis, therefore, it is recommended that an autonomous unit be set up to carry out market research and survey customers ' need to provide new services given the current situation and that customer needs and the need to improve and expand services and facilities. While the Research & Development Unit is responsible for all these tasks at International Kurdistan Bank, a strong and independent marketing unit is needed to identify customer needs, market segmentation, customer segmentation based on customers whose presence is essential to the bank's life and to implement future programs.

Table 3: Result of path coefficient

	path coefficient	Original Sample (O)	Sample Mean (M)	S.E	t-value	P-Values
H1	Service marketing mix -> Customer satisfaction	0.828	0.830	0.023	36.743	0.000
H1a	People ->Customer satisfaction	0.108	0.109	0.003	33.128	0.000
H1b	Physical evidence ->Customer satisfaction	0.138	0.138	0.004	33.143	0.000
H1c	Place ->Customer satisfaction	0.125	0.126	0.004	28.528	0.000
H1d	Price ->Customer satisfaction	0.099	0.099	0.004	26.207	0.000
H1e	Process ->Customer satisfaction	0.105	0.106	0.003	33.574	0.000
H1f	Product ->Customer satisfaction	0.096	0.096	0.004	26.051	0.000

| H1g | Promotion ->Customer satisfaction | 0.093 | 0.093 | 0.003 | 28.523 | 0.000 |

5. Discussion

The purpose of this study is to investigate a direct relationship with the provision of International Kurdistan Bank in Erbil, Iraq, between service marketing mix and customer satisfaction. Therefore, all hypotheses were established to find an answer to this study and tested using PLS-SEM route performance regression. This study argues the value of a service marketing mix to be operationalized as a first-order model in which seven service marketing elements should be performed simultaneously and systematically calculated. The idea of a service marketing mix should be carried out as in past studies higher order construct has been long established but rarely adapted.Another important point, in the present study, customer satisfaction was built from the reflection of four items to understand the complexity of human responses in consumer behavior, which was also rarely adapted in previous studies. All concepts have been extensively tested and have led to concrete results.

The empirical finding suggests that a significant relationship existed between the service marketing mix and customer satisfaction where variation in customer satisfaction was moderately explained by 68.6%.This highlights the significant service marketing mix as a major contributing factor in simulating customer satisfaction response in the context of banking services. This result is also consistent with the term interpretation of service marketing mix adapted in the current study in which service marketing mix has been pointed out to build the response it needs in the target market (Hooi, 2012).The important outcome of the relationship between service marketing mix and customer satisfaction was consistent with past studies such as Thalib (2015)in low-cost Thailand airlines, Gao & Bai (2014)in China tourism, and Nadiri et al., (2008) in the loyalty of North Cyprus passengers.As mentioned in the previous paragraph, the concept and methodology adapted in the aforementioned studies may not be similar to the present study and therefore considered partial support.

More in-depth analysis of this finding has shown that all elements of the service marketing mix, including physical evidence, place and process, product, price, promotion and people, have been significantly involved in creating a service marketing mix that provides a significant relationship to customer satisfaction. This finding indicates that Iraqi bank customers are conservative where they prefer the bank place to be service sufficient that is convenient, safe, and provide enough channel for banking payment for them to pay reasonable banking services fees such as marketplace prices and value rates. They also prefer adequately available bank staff, and professional staff serve as when they plan to seek help. In short, customers of the Iraqi bank expect a smooth banking services process that can be charged at a reasonable price and have the right staff when they seek help.

6. Conclusion, Contribution and Future Research

In general, according to the results of this research, it can be concluded that considering the state of International Kurdistan Bank service marketing mix is

important. One of the necessities of paying attention to this issue is the influence that service marketing mix leaves on customer satisfaction. On the other hand, ignoring this issue despite the prevailing market competitors, including other private and public banks, stock, and currency and gold coin markets, can have negative effects on the performance of banks and attract customers and depositors of the Bank to invest in another competitor.

The main hypothesis: Given that it was found that banking services' marketing mix affects customer satisfaction of International Kurdistan Bank, the role of banking services' marketing should be the priority of the plans and strategies of all International Kurdistan Bank branches must be under focused in marketing and advertising activities. Accordingly, as one of the banking services' marketing factors is staff, it is necessary to pay due attention to customer orientation in the first step since staff behavior affects customers. Therefore, it is suggested to train staff on how to interact with customers, to identify their needs, including communication and behavior skills, have the ability to listen and hear well. The exact definition of standards for hiring, training, motivating, and rewarding staff is essential, given the vital role and constant interaction with customers. International Kurdistan Bank can also use polls or interviews with customers to better understand customer needs and thus, take administrative measures to meet their needs in order to cause customer loyalty. Future, research is suggested to conduct a comparison of level of customer satisfaction of Islamic banks and conventional banks.

References:

[1]. Adil, M. (2013). The Relationship Between Service Quality and Customer Satisfaction in India's Rural Banking Sector: An Item Analysis and Factor-Specific Approach, *2*(Spring), 43–63.

[2]. Amran, H., Mahmud, Muliati; Othman, B., Ali, R., & Ismael, D. (2019). Understanding experienced consumers towards repeat purchase of counterfeit products: The mediating effect of attitude. *Management Science Letters*, *10*, 13–28. https://doi.org/10.5267/j.msl.2019.8.019

[3]. Arsanam, P. (2014). The Relationship between Service Quality and Customer Satisfaction of Pharmacy Departments in Public Hospitals. *International Journal of Innovation, Management and Technology*, *5*(4).

[4]. Behera, J. P. (2018). Impact of Service Quality on Customer Loyalty in Indian Banking Sector in Odisha, (June). https://doi.org/10.18231/2454-9150.2018.0165

[5]. Dayang Haryani Diana Ag. Damita*, Amran Harunb, David Martinb, Baban Jabbar Othmanc, B. O. and H. A. (2019). What makes a non-Muslim purchase halal food in a Muslim country? An application of theory of planned behaviour. *Management Science Letters*, *9*(12), 2029–2038. https://doi.org/10.5267/j.msl.2019.7.003

[6]. Fernandes, A. A. R., & Solimun, S. (2018). The mediation effect of customer satisfaction in the relationship between service quality, service orientation, and marketing mix strategy to customer loyalty. *Journal of Management Development*, *37*(1), 76–87. https://doi.org/10.1108/JMD-12-2016-0315

[7]. Gao, L., & Bai, X. (2014). Online consumer behaviour and its relationship to website atmospheric induced flow: Insights into online travel agencies in China. *Journal of Retailing and Consumer Services*, *21*(4), 653–665.

[8]. Goi, C. L. (2009). A Review of Marketing Mix: 4Ps or More? *International Journal of Marketing Studies*, *1*(1), 2–15.

[9]. Hiranphaet, A. (2019). Supply chain management factors affecting tourists ' satisfaction towards Thung Bua Daeng Floating Market ,. African Journal of Hospitality, Tourism and Leisure, 8(4).

[10]. Ho, E., Minh, C., & Id, O. (2019). The influence of destination image components on tourist satisfaction and loyalty : A case study in Côn Đả o Islands , Vietnam. African Journal of Hospitality, Tourism and Leisure, 8(4), 1–14.

[11]. Hooi, K. K. (2012). Customer Loyalty , Satisfaction and Marketing Mix : Empirical Evidence From Infant Formula Industry By Khoo Khay Hooi Research report in partial fulfillment of the requirements for the degree of Master of Business Administration Universiti Sains Malaysia.

[12]. Jobhaarbima, M. (2017). Marketing Mix and Service Quality Effect on Customer Satisfaction and Loyalty of Toyota Cars, *5*(2), 13–23.

[13]. Lin, S. (2011). Marketing mix (7P) and performance assessment of western fast food industry in Taiwan : An application by associating DEMATEL and ANP, *5*(26), 10634–10644.

[14]. Nadiri, H., Hussain, K., Haktan Ekiz, E., & Erdoğan, Ş. (2008). An investigation on the factors influencing passengers' loyalty in the North Cyprus national airline. *The TQM Journal*, *20*(3), 265–280.

[15]. Nethengwe, T., & Shambare, R. (2018). Perception of Service Quality : Voices of Guests and Lodge Managers in Vhembe District Municipality of South Africa. African Journal of Hospitality, Tourism and Leisure, 7(1), 1–17.

[16]. Octavia, A. (2017). THE INFLUENCE OF SERVICE MARKETING MIX AND SERVICE QUALITY ON STUDENTS ' SATISFACTION IN JAMBI UNIVERSITY , INDONESIA, *V*(6), 398–414.

[17]. Othman, B. A., Harun, A., Rashid, W. N., Nazeer, S., Kassim, W. M., & Kadhim, K. G. (2019). The influences of service marketing mix on customer loyalty towards Umrah travel agents: Evidence from Malaysia. *Management Science Letters*, *6*, 865–876. https://doi.org/10.5267/j.msl.2019.3.00 2

[18]. Othman, B., Harun, A., Rashid, W., & Ali, R. (2019). The impact of Umrah service quality on customer satisfaction towards Umrah travel agents in Malaysia. *Management Science Letters*, *9*, 1763–1772. https://doi.org/10.5267/j.msl.2019.6.01 4

[19]. Othman Bestoon Abdulmaged, & Nazeer Safdar, H. A. (2018). Issues and Challenges Faced by Malaysian Umrah Travel Agencies in Providing Excellent Marketing Mix Services to Umrah Pilgrims. *Journal of Social Sciences Research*, (2003), 611–618. https://doi.org/https://doi.org/10.3286 1/jssr.spi12.611.618

[20]. Puluhulawa, S., Mallongi, S., & Sufri, M. (2018). The Influence Of Marketing Mix , Culture And Quality Of Service To Customer Satisfaction Mediated Decision Of Selecting Sharia Bank In Gorontalo Province, *7*(9), 148–160.

[21]. Sadq, Z. M. B. O. R. K. K. (2019). The impact of tourism marketing in enhancing competitive capabilities. *African Journal of Hospitality, Tourism and Leisure*, *8*(5), 1–11.

[22]. Sukamto, R., & Lumintan, D. B. (2015). The Impact of Marketing Mix towards Customer Loyalty Mediated by Customer Satisfaction of Blackberry Indonesia, 3(2), 316–324.

[23]. Supanun, K. (2019). How service quality , guest trust and guest satisfaction affect a five- star hotel ' s reputation in Thailand. African Journal of Hospitality, Tourism and Leisure, 8(5), 1–14.

[24]. Thalib, S. (2015). The Effect of

Services Marketing Mix and Customer Value on Satisfaction , Trust , and Loyalty, *3*(9), 935–949.

[25]. Verma, Y., & - Singh, D. M. R. P. (2017). Marketing Mix, Customer Satisfaction and Loyalty: an Empirical Study of Telecom Sector in Bhutan. *Indian Journal of Commerce & Management Studies*, *VIII*(2), 121–129.

[26]. Wahab, N. A., Hassan, L. F. A., Shahid, S. A. M., & Maon, S. N. (2016). The Relationship Between Marketing Mix And Customer Loyalty In Hijab Industry: The Mediating Effect Of Customer Satisfaction. *Procedia Economics and Finance*, *37*(16), 366–371.

[27]. Zhengwei Huang, Xueke Pei, Jing Xi, Bestoon Othman, Sher Ali, L. L. (2019). The Infl uence of Consumers ' Perception on Perceived Value and Purchase Intention with respect to Regional Products Based on a C-A-B Model Vpliv dojemanja potrošnika na zaznano vrednost in na C-A-B. *Tekstilec,62*(3), 219–228. https://doi.org/10.14502/Tekstilec2019.62.219-228