ISSN 2394-7322

International Journal of Novel Research in Marketing Management and Economics
Vol. 4, Issue 2, pp: (220-227), Month: May- August 2017, Available at: www.noveltyjournals.com

EFFECT OF MARKETING MIX STRATEGY ON CUSTOMER SATISFACTION OF CUSTOMERS OF COMMERCIAL BANKS IN KENYA

Victor Lusala Aliata

Department of Business Administration, Maseno University, Maseno, Kenya

Abstract: **Marketing strategy remains a critical driver of customer satisfaction and competitiveness in the banking industry globally. The main purpose of this study was to analyse the effect of marketing mix strategy on customer satisfaction of commercial banks customers in Kenya. Correlational research design was employed through cross sectional survey. The target population was 1,072,500 customers of commercial bank customers in Nairobi. A sample of 384 was drawn using proportionate stratified sampling technique to constitute 242 retail, 81 business and 61 corporate customers. Primary data was collected through use of questionnaires validated through a pilot study of 15 customers. Cronbach's Alpha reliability coefficient was 0.799.The results revealed that marketing mix strategy significantly contributed to customer satisfaction (β=0.650, p=0.000) implying marketing mix strategy initiatives increases levels of customer satisfaction. Study concludes: marketing mix strategy contributes positively to customer satisfaction Study recommends: bank management to maintain a good blend of marketing mix strategies that will lead to high customer satisfaction levels. Study provides a marketing mix strategy model that will aid in improving customer satisfaction.**

Keywords: **Marketing mix strategy, Customer satisfaction, Customers, Commercial banks, Kenya.**

1. INTRODUCTION

Marketing strategy remains a global critical driver of banks customer satisfaction and competitiveness. Globally, Customer confidence in banking continues to fall, with 40% of customers losing trust in the industry and only 22 % gaining confidence (Global Consumer survey, 2012).The art of marketing entails carrying the correct amount and quality of product or service to meet the need of customers at the right place and time, and ensuring that customers benefit from its activities (Arto & Sample, 2005). The marketing concept, a corner stone of modern marketing thought, stipulates that to achieve sustainable success, firms should identify and satisfy customer needs more effectively than their competitors (Day, 1994; Kotler, 2002).

Marketing mix is the set of tactical marketing tools that the firm blends to produce the response it wants in the target market. The marketing mix consists of everything the firm can do to influence the demand for its product or service (Kotler & Armstrong, 2013).Cutler says that a set of marketing mix variables can be controlled by the marketing companies and institutions in their target market and its composition are required for the reaction (Cutler, 2000). Elements of the marketing mix are a set of marketing tools for achieving the goals of the institute of marketing (Hakansson &Waluszewski, 2005).

Borden (1964) introduced the marketing mix concept through describing a marketer as a mixer of ingredients in practicing company activities. However, the formal use of the marketing mix model in the marketing context was presented by McCarthy (1971) who proposed the 4ps of the marketing mix ingredients model, which are product, price, promotion and price. A marketer should make a combination of these elements to create a distinctive marketing mix by which a company may achieve its objectives.

Booms and Bitner (1981) forwarded the most intense criticism related to the 4ps marketing mix paradigm. They argued that the traditional marketing mix model is inadequate for services marketing context especially with the existence of the unique characteristics of services. They modified and expanded the traditional marketing mix elements from 4Ps to become 7Ps by adding another three new Ps which are people, process and physical evidence. These new variables are fundamental marketing variables for the success of any service company.

Service marketing mix plays an important role in bank marketing. It consists of the various elements of a marketing programme which need to be considered in order to successfully implement the marketing strategy and positioning in the market. It helps in differentiating services of a particular bank from its competitors (Kaura, 2013).

Customer satisfaction is a post consumption evaluation or a pleasurable level of consumption related fulfilment (Henning *et al.*, 2003). In the case of banks, satisfaction refers to the extent to which banking products and services meet customers' needs. Once customers are satisfied and have a positive image or intentions about a particular firm, it will take some time for competitors to snatch or convince them to switch to them. Benefits derived by companies from customer satisfaction include loyalty, repurchasing to increase sales or profit, speak well about the products or services to others to purchase (He & Song, 2009; Sit *et al.*, 2009).

2. LITERATURE REVIEW

Effect of Marketing Mix Strategy on Customer satisfaction:

Ahmed *et al*., (2013); Akroush, (2011); Aliata *et al*., (2012); Khan et al., (2014); Kushwana & Shiv (2015); Mise *et al.*, (2013); Mohammad *et al.*, (2015); and Ojo, (2012) carried out studies to analyse the effect of marketing mix strategies on customer satisfaction. The results found that marketing mix strategies were both significantly and insignificantly related to customer satisfaction. Mohammad *et al*.,(2015) carried out a study to analyse customer satisfaction using 7ps marketing mix elements on retail bank customers in North east Nigeria and found out that product, process physical evidence were significantly related to customer satisfaction while price, promotion, place and people are not significantly related. Ahmad *et al.*, (2013) investigated the impact of marketing mix strategy on patient satisfaction in private sector hospitals in Jeddah city in Saudi Arabia. The results indicated that health service, promotion, physical evidence, process and personal strategies are significant while pricing and distribution are insignificant. Akroush (2011) findings indicated that the explained 3ps (people, process and physical evidence) of SMM have loaded on only one factor named as "people" thus the 7ps of SMM are found to be only 5ps in Jordanian context, while Khan et al.,(2014) established that price, promotion, people and physical evidence were found to be statistically significant with customer perception thus price, promotion, people and physical evidence have positive impact on perception of the customers whereas, product, place and process were found having no significant impact on customer perception. Kushwana and Shiv (2015) found that physical evidence, process, place and people have a positive and significant effect on customers and that managing the marketing mix dimensions of product, price and promotion is of less importance except place than managing interactive marketing dimensions such as people, physical evidence and process. Mise *et al.*, (2013) sought to investigate the determinants of brand loyalty in global FMCG markets of soft drinks consumers in Kenya and India. Among the key findings were that promotion was the strongest factor to brand loyalty among Kenyan soft drinks consumers while in India it was product quality. The study did not focus on the service industry and also did not address the role of all the seven elements of the marketing mix in determining brand loyalty. Aliata *et al.*, (2012) examined the nature and influence of the relationship between the banks promotional strategies and its performance. The study results established that there was a positive relationship between promotional strategies and performance. The study only focussed on one element of the marketing mix strategy and study respondents did not include customers while the sample size was too small which may not be used for generalizability of the findings. These studies found that not all the 7ps marketing mix strategies have a positive and significant effect on customer satisfaction thus little is still known on the effects of marketing mix strategy on customer satisfaction.

Novelty Journals
ISSN 2394-7322
International Journal of Novel Research in Marketing Management and Economics
Vol. 4, Issue 2, pp: (220-227), Month: May- August 2017, Available at: www.noveltyjournals.com

3. METHODOLOGY

The study adopted cross-sectional correlational research design. Correlational design represents a general approach to research that focuses on assessing the relationships among naturally occurring variables. It aims to determine the relationship between two variables as well as how strongly these variables relate to one another (De Vaus, 2002). It provides an accurate and efficient means for describing people's thoughts, opinions, and feelings. The goal of correlational research design is to identify predictive relationships among variables by using correlation and regression statistical techniques of analysis. The design was appropriate because it assisted in determining the relationship between service quality and customer satisfaction and the effect of marketing mix strategy in the relationship. Cross sectional study entails the collection of data on more than one case (Usually quite a lot more than one) and at a single point in time in order to collect a body of quantitative data in connection with two or more variables (usually many more than two) which are then examined to detect patterns of association (Bryman & Bell, 2007).The study entailed collection of data from more than one case (384 respondents) in connection to service quality, marketing mix strategy and customer satisfaction thus the reason for cross- sectional study.

The questionnaire was the main instrument of data collection. The respondents were asked to express their experiences, expectations and levels of satisfaction measured on a five point Likert scale ranging from "1 – Strongly disagree to 5 – Strongly agree. A Likert scale is easy to construct and administer. It is also easy for respondents to understand (Malhotra, 1996). This has been acknowledged by Vickers cited in Hansson and Arnetz (2005). In addition, Hansson and Arnetz (2005) indicate that coding and interpretation are easier.

Regression Model:

$Y_j = \beta_0 + \beta_1 Z_j + e$ Eq. 1.

Where;

Y_j = Customer satisfaction of customer j (Measured by loyalty, repurchase intention and customer retention)

Z_j = Marketing mix strategy-combination of the 7ps which are product, price, place, promotion, physical evidence, people and processes),

β_1 = The regression coefficient to be estimated

β_0= The constant

j represent the customers being 1,2,3,4………….n

e = The error/residual in the equation which is assumed to be identically and independently distributed with zero mean and constant variance

4. RESULTS AND DISCUSSION

Effect of Marketing mix Strategy on Customer Satisfaction of Commercial Banks Customers in Kenya:

The elements of marketing mix strategy that were measured included bank products, pricing of the bank products, Promotional activities over the bank products, wide branch network that makes it easy to access bank products (distribution), Bank staff providing excellent service (people), Bank processes in delivering services are well defined thus do not delay service delivery and finally the banks' physical evidence .The researcher intended to establish if the marketing mix elements would influence the relationship between service quality and customer satisfaction. The results are presented in Table 4.10 using frequency counts, percentages, means and standard deviation on a 5- point Likert scale starting with 1 and 5 being strongly disagree and strongly agree respectively.

International Journal of Novel Research in Marketing Management and Economics
Vol. 4, Issue 2, pp: (220-227), Month: May- August 2017, Available at: www.noveltyjournals.com

Table 1: Marketing Mix Strategy

Marketing mix Strategy	S D	D	N	A	S A	mean	STD
The bank has good products			68(17.9)	225(59.2)	87(22.9)	4.05	.638
Customers are satisfied with the Pricing of the bank Products		69(18.2)	138(36.3)	122(32.1)	51(13.4)	3.41	.936
The bank consistently carry out Promotional activities over its Products	17(4.5)	17(4.5)	106(27.9)	206(54.2)	34(8.9)	3.59	.884
The bank has a wide branch network thus easy to access its services (distribution).		51(13.4)	17(4.5)	225(59.2)	87(22.9)	3.92	.898
Bank staff provide excellent service(people)			35(9.2)	311(81.8)	34(8.9)	4.00	.427
Banks processes in delivering service are well defined and does not delay service delivery (Processes).			86(22.6)	243(63.9)	51(13.4)	3.91	.594
The banks service provision environment is appealing and well organized (Physical evidence).			17(4.5)	312(82.1)	51(13.4)	4.09	.414

Source: Survey data, (2016)

The results in Table 1 indicate that there was an approval of the respondents over the products that the banks offer as shown by the highest percentage of the respondents, (59.2%), and in addition, customers emerged to be satisfied with the pricing of the bank products as indicated by a percentage of 32.1% as shown in the table. The results also revealed that banks consistently carry out promotional activities over its products as reported by 54.2% of the respondents who agreed over the statement and 8.9 percent who reinforced by strongly agreeing on the statement. From the respondents' views, the bank has a wide branch network thus making it possible for customers to easily access its services as obtained from 59.2% of the respondents and bank staff also provides excellent service as reported by 81.8% in the table. A mean of 4.00 was obtained on the latter statement implying that staff of the bank offer excellent service, a finding that was almost collaborating with the bank physical environment which was found to be appealing and well organized by the customers indicated by 82.1% and a mean of 4.09 as shown in the table. A percentage of 63.9 established that bank processes in delivering services are well defined and does not delay service delivery. It implies that if commercial banks in Nairobi city, Kenya consistently put in place good marketing mix strategies, customer satisfaction will be enhanced.

The researcher further tested a null hypothesis that; "There is no significant effect of marketing mix strategy on customer satisfaction of commercial banks customers in Nairobi Kenya" Pearson product moment correlation was used to correlate the scores of marketing mix strategy after obtaining the overall mean as the basic step. The second step involved using simple linear regression model to regress the scores of customer satisfaction on marketing mix strategy in order to find the overall percentage change in customer satisfaction explained by marketing mix strategy. The results for the correlation between marketing mix strategy and customer satisfaction are presented as shown in Table 2.

Table 2: Correlation between Marketing Mix Strategy and Customer Satisfaction

		customer satisfaction	Marketing mix strategy
Customer satisfaction	Pearson Correlation	1	.650**
	Sig. (2-tailed)		.000
	N	380	380
Marketing mix strategy	Pearson Correlation	.650**	1
	Sig. (2-tailed)	.000	
	N	380	380

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

Source: Survey data, (2016)

ISSN 2394-7322

International Journal of Novel Research in Marketing Management and Economics
Vol. 4, Issue 2, pp: (220-227), Month: May- August 2017, Available at: www.noveltyjournals.com

From the results in Table 2, Pearson product moment correlation revealed a strong positive significant correlation between marketing mix strategy and customer satisfaction (r=.650, p=.000). This implies that the high scores of marketing mix strategy were associated with the high scores of customer satisfaction of commercial bank customers, and therefore there was a high relationship between the two variables. After obtaining this relationship using Pearson product correlation coefficient, a simple linear regression model was used to test the hypothesis of the study. First, the model results were tested in order to assess the model null hypothesis before testing the research null hypothesis. The model null hypothesis of the regression model states that "none of the independent variables is associated with the dependent variable in the population", a constituent of F-statistics derived from F distribution, usually referred to as F-test. The model results are presented as shown in Table 3.

Table 3: Model Significance for the Influence of Marketing Mix Strategies on Customer Satisfaction

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	46.350	1	46.350	276.884	.000[b]
	Residual	63.276	378	.167		
	Total	109.626	379			

a. Dependent Variable: customer satisfaction

b. Predictors: (Constant), Marketing mix strategy

Source: Survey data, (2016)

From the results in Table 3, the model is found to be significant at 0.05 alpha level, F (1, 379) =276.884. This implies that the model null hypothesis is rejected and an alternative hypothesis adopted, indicating that the independent variable, in this case, marketing mix strategy is associated with customer satisfaction in the study population, and therefore the model is fit for testing the research hypothesis. Therefore the research hypothesis summary model results to assess whether marketing mix strategies influenced customer satisfaction were presented as shown in Table 4.

Table 4: Summary Model for the Percentage change in Customer Satisfaction Explained by Marketing Mix Strategies

Model	R	R^2	Adjusted R^2	Std. Error of Estimate	Change Statistics				
					R^2 Change	F Change	df1	df2	Sig. F Change
1	.650[a]	.423	.421	.40914	.423	276.884	1	378	.000

a. Predictors: (Constant), Marketing mix strategy

b. Dependent Variable: customer satisfaction

Source: Survey data, (2016**)**

The results as shown in Table 4 indicate that there was a significant coefficient of determination (R^2=.423, p<=.000) which simply indicates the relationship between marketing mix strategies and customer satisfaction. After controlling for the effect of under-estimation or over-estimation of R^2 results, an adjusted R square value of 0.421 was obtained (Adjusted R^2=0.421, P=.000), however, the R square value was multiplied by 100% in order to obtain the percentage change in customer satisfaction explained by marketing mix strategy, giving rise to 42.3% value. The results are very significant as shown by a significant value of 0.000, which is below the set alpha value of 0.05. The results imply that marketing mix strategy alone is able to explain 42.3% change in customer satisfaction. This means that marketing mix strategies initiated by commercial banks in Nairobi city, Kenya account for 42.3% of variance in customer satisfaction. Thus since marketing mix strategy has a significant effect on customer satisfaction, we reject the null hypothesis and adopt alternative hypothesis that there is a significant effect of marketing mix strategy on customer satisfaction. More results for the model coefficients were also presented in order to get the unique contribution of marketing mix strategy on customer satisfaction as shown in Table 5.

Table 5: Estimated Regression Coefficients for the effect of Marketing Mix Strategy on Customer Satisfaction

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Correlations		
		B	Std. Error	Beta			Zero-order	Partial	Part
1	(Constant)	.630	.215		2.926	.004			
	Marketing mix strategy	.925	.056	.650	16.64	.000	.650	.650	.650

a. Dependent Variable: Customer satisfaction
Source: Survey data, (2016)

From the results in Table 5, marketing mix strategy had a significant contribution on customer satisfaction ($\beta=0.650$, $p=0.000$). These results imply that when the means of both marketing mix strategy and customer satisfaction are standardized on the same scale and regressed, marketing mix strategy has a unique contribution on customer satisfaction. This beta value indicate the number of standard deviations that scores in customer satisfaction would change if there was a one standard deviation unit change in marketing mix strategy. Practically, it means when commercial banks continuously execute and implement marketing mix strategies, there will be an increase in customer satisfaction.

Findings of this study are inconsistent with previous studies. Mohammad et al. (2015) found out that product, process physical evidence was significantly related to customer satisfaction while price, promotion, place and people are not significantly related. Ahmad et al. (2013) indicated that health service, promotion, physical evidence, process and personal strategies are significant while pricing and distribution are insignificant. Khan et al.(2014) established that price,promotion,people and physical evidence were found to be statistically significant with customer perception thus price, promotion, people and physical evidence have positive impact on perception of the customers whereas, product, place and process were found having no significant impact on customer perception. Mise et al. (2013) sought to investigate the determinants of brand loyalty in global FMCG markets of soft drinks consumers in Kenya and India. Among the key findings were that promotion was the strongest factor to brand loyalty among Kenyan soft drinks consumers while in India it was product quality. The study did not focus on the service industry and also did not address the role of all the seven elements of the marketing mix in determining brand loyalty. Aliata et al. (2012) examined the nature and influence of the relationship between the banks promotional strategies and its performance. The study results established that there was a positive relationship between promotional strategies and performance. The study only focussed on one element of the marketing mix strategy and study respondents did not include customers while the sample size was too small which may not be used for generalizability of the findings. These studies found that not all the 7ps marketing mix strategies have a positive and significant effect on customer satisfaction thus little is still known on the effects of marketing mix strategy on customer satisfaction. The current study established that marketing mix strategy has a positive effect on customer satisfaction. The study therefore contributes to existing knowledge and theory by providing a marketing mix model with the 7Ps that will be essential in enhancing customer satisfaction.

5. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Research objective sought to analyze the effect of marketing mix strategy on customer satisfaction. Using simple linear regression model, the findings indicated that Marketing mix strategy had a strong significant influence on customer satisfaction. The findings indicated that marketing mix strategy explained some change in customer satisfaction and had a significant contribution on customer satisfaction such that a decrease in executing marketing mix strategy would lead to a decrease in customer satisfaction.

Conclusions:

The research objective sought to analyze the effect of marketing mix strategy on customer satisfaction. The study established that marketing mix strategy had a very strong effect on customer satisfaction, and therefore concludes that marketing mix strategy is a very important determinant of customer satisfaction.

Recommendations of the Study:

The research objective sought to analyze the effect of marketing mix strategy on customer satisfaction of commercial banks customers. The study recommends that commercial banks should prioritize marketing mix strategy and its effect on customer satisfaction due to its high relationship with customer satisfaction. The bank management should invest more on marketing mix strategy programs and should continuously execute the strategies to ensure a high level of customer satisfaction is maintained.

Suggestion for Further Studies:

The following suggestions are made for future studies. A study can be carried out on other financial institutions like insurance firms, Sacco's and micro finance institutions. Still; studies can be carried out in other service industry firms like the hotel and the airline industry. Future studies may consider having service quality as a moderator in the relationship between marketing mix strategy and customer satisfaction. Future researchers may also try to interrogate the effect of some specific elements of the marketing mix strategy like product or price on customer satisfaction as compared to looking at the marketing mix strategy as a whole.

REFERENCES

[1] Ahmed, A., Eddin, M.K., Abdullah, A., Omar, Z.A., Dalia, A.Q., & Najla, K. (2013).The impact of marketing mix strategy on hospitals performance measured by patient satisfaction. An empirical investigation on Jeddah private sector hospital senior managers' perspective, International Journal of Marketing studies, 5(6)210-227.

[2] Akroush, M.N., (2008). Exploring the mediating effect of service quality implementation on the relationship between service quality and performance in the banking industry in Jordan. Global business and Economics Review, 10(1), 98 – 122.

[3] Aliata, V.L., Odondo, A.J., Aila, F.O., Ojera, P.B., Abong'o B.E., & Odera, O. (2012). Influence of promotional strategies on banks performance. International Journal of Business, Humanities and Technology, 2(5), 169-178.

[4] Arto, A., & Sample, J. (2005). Everybody's selling something: An introductory guide to marketing human resource development programs.

[5] Booms, B., and Bitner, M. (1981). Marketing Strategies and organization Structures for Service Firms', in Marketing of services. Special educators' conference proceedings, James Donnelly and William.

[6] Borden, N. (1984). The concept of the marketing mix, Journal of Advertising Research, June, 2-7.

[7] Bryman, A., & Bell, E. (2007).Business Research Methods. The nature of quantitative research. New York: Oxford University.

[8] Cutler, R. P. (2000). Principles of marketing, Translation Pararsayyan, A .Published birthday

[9] Day, G. (1994). The capabilities of market driven organisations, Journal of Marketing, 58(10), 37 – 52.

[10] de Vaus, D.A. (2002).Surveys in Social Research, 5th ed.London: Rutldge

[11] Global Consumer Banking Survey, (2012). The customer takes control, Ernst & Young. EYGM Limited

[12] Hansson, D. & Arnetz, B.B. (2005).Validation and findings comparing Vas vs. Likert scales for psychosocial measurements, International Electronic Journal of Health Education 8,178-192.

[13] He, V., & Song, H. (2009). A mediation model of Tourists' repurchase intentions for packaged Tour services, Journal of Travel Research, 47(3), 317 -31.

[14] Henning – Thurau, T., & Thurau, C. (2003). Customer orientation of service employees towards a conceptual framework of key relationship marketing construct, Journal of Relationship Marketing, 12(1), 1-32.

[15] Khan,S.M., & Rez W.M(2014).Impact of service marketing mixes on customer perception. A study on Eastern Bank Limited, Bangladesh. European Journal of Business and Management, 6, (34), 164 – 174.

[16] Kotler, P. (2002). Marketing management, 11thed.Englewood cuffs, NJ: Prentice Hall.

[17] Kotler, P., & Armstrong, G. (2013).Principles of marketing, 13thed, Prentice Hall, Pearson International edition.

[18] Kushwana, G.S., & Shiv, R.A. (2015). An Indian customer surrounding 7Ps of service marketing. Journal of Retailing and Consumer Services, 19 (2), 85-95

[19] Malhotra, N.K. (2007).Marketing research: An applied orientation, 5thed.NewDelhi: Prentice Hall of India Private Limited.

[20] McCarthy, E.J. (1971).Basic marketing: (4thed).Homewood, 111, R.D.Irwin.

[21] Mise, J.K., Nair, C., Odera, O., & Ogutu, M. (2013).Exploring the determinants of brand loyalty in global FMCG markets of soft drinks consumers in Kenya and India.International Journal of Research in Management, 3 (2), 2-15.

[22] Mohammed, H.I. (2015).7 Ps marketing mix and retail bank customer satisfaction in Northeast Nigeria. British Journal of Marketing Studies, (3), 71 -88

[23] Ojo, M.O. (2012).Marketing strategies and bank performance in Nigeria. A post consolidation analysis. Global Journal of Management and Business research, 12(12). 16 – 26.

[24] Sit,W.Y., Ooi,K.B., Lin,B., & Chong, A.Y.L.(2009). TQM and customer satisfaction in Malaysia's service sector, Industrial Management and Data Systems, 109(7), 957 – 75.