Creating Value for Clients using a Holistic Approach in Banking Marketing

Doc. dr. sc. Marina Guzovski
Libertas International University, Croatia
Doc. dr. sc. Mirko Smoljić
University North, Croatia
Doc. dr. sc. Ivana Martinčević
University North, Croatia

Abstract

This paper investigates how marketing mix strategies' design affects customer value creation. The paper presents the results of empirical research conducted through a questionnaire that aims to show and determine which elements are key in choosing a bank, the extent to which branches and digital services are used, which affects customer satisfaction, loyalty, and customer experience for quality assessment and what are the reasons why clients would leave the current bank and choose a competing bank. The research results indicate that the availability of products and services is important to clients with support that increases the user experience, the application of innovative technologies in creating new offers, and friendly, educated, and friendly staff and channels. Respondents state the reasons for changing the bank: lack of branches, unfriendly or unprofessional staff, unsatisfactory quality of service, excessive fees, and more.

Introduction

The specificity of products and services of banking institutions, which arises from (un) attractiveness and undesirability, is a special challenge in approaching and orienting to the client and designing marketing strategies for positioning, differentiation, recognition, and image creation in the market of financial products and services. It can achieve long-term prosperity and competitive advantage by applying a holistic approach to developing marketing mix strategies and internal and interactive marketing while creating additional value for the client.

The marketing concept includes a customer orientation that is a co-creator of values in the design of products and services. It aims to create additional values based on the client's user experience. Designing and developing strategies of elements of the marketing mix from product/service, price, distribution, promotion to people, service environment, and ways of providing services are extremely important for creating value and benefits and meeting the needs and desires of target markets on the one hand and achieving business goals on the other.

Services and the provision of services, due to their specificity and complexity in interactions with clients, require the application of a holistic marketing perspective. A holistic approach refers to external, internal, and interactive marketing. The marketing goal is to connect a specific image with a specific brand name, develop a visual identity and tangible reminders of services, and create a brand (brand) for positioning and differentiation. People play this key role in providing services and the environment that turns immateriality into materiality and tangibility, according to which clients perceive the quality of the service itself. Employees are in direct communication with clients, so their proper selection and competence, education, additional training, and motivation to work are key.

The paper discusses a holistic approach to developing strategies of elements of the marketing mix in banks to create value for the client and influence its satisfaction, loyalty, and overall quality. The research aims to determine and show which elements are key in choosing a bank, the extent to which branches and digital services are used, which affects customer satisfaction, loyalty, and customer experience, which is key to quality assessment and the reasons for leaving the current bank and chose a competing bank. Concerning research questions, the paper's main hypothesis is that the H0 - Holistic approach creates additional value for clients in banking marketing.

Literature review

The basic concept of marketing, according to Kotler et al. (2007), stems from his very definition that marketing is an organizational function and a series of processes for creating, communicating, and delivering value to clients and managing customer relationships in a way that benefits the organization and its shareholders. To achieve this, it is necessary to strategically and proactively manage and develop marketing strategies based on the elements of the marketing mix that form its conceptual basis. Paliaga et al. (2017) point out that the optimal combination of marketing mix elements and their management with customer orientation in defining customer needs and desires or developing and producing products or services that will better meet the needs and desires of target markets than the competition. Meler (2002:262) states that the basis for achieving competitiveness is the differentiation of products and services, which can be: technical-technological, distribution-sales, and information-communication. According to Bratko and the authors (2011), it also

represents a specific combination of elements used to simultaneously achieve the company's goals and meet the needs and desires of target customers.

A product can be offered to the market, encourages purchase, use, and consumption (Kotler et al., 2006), and can meet the desires or needs of consumers (Anusha, 2016) and thus affect customer satisfaction. In the banking sector, these are product packages, i.e., services formed according to the client's needs and the capital market's development (Bratko et al., 2011). Turkalj (2016) states that products and services are specific, and therefore customers often distrust these services, so they need to be brought closer to customers so that they understand them. With banks, one of the key assumptions to start with when creating an offer is that customers buy the product because of its benefits. Banking products are not purchased as items of final purpose but to achieve another outcome in the form of benefits and value for the client, which is their key feature. Central to marketing in banking is understanding what customers want and how they use products and services. Then an offer is formed based on product levels, from key benefits and product properties to improved supply (delivery channel, communication, connectivity, and relationship) which affects the degree of differentiation or the ability to create value. According to Išoraitė (2016), the actual benefit provided by a product is the main reason why consumers buy products that show such benefits to the consumer.

Price as an element of the marketing mix is the only source of income for the company (Previšić et al., 2007). According to Singh (2012), the price should be dynamic, making it easier to cope with changes over a longer period. For the client, it is a cost and an indicator of the value and quality of a product or service. Before deciding on heights, it is necessary to observe and investigate the microenvironment and macro environment, i.e., factors that may affect prices (suppliers, customers, competition, similar products on the market, legislation, technology development, market trends, etc.) because determining the right price it can be the key to profitable business operations and achieving the desired and sustainable position in the selected market (Previšić et al., 2004). When setting prices, it is important to achieve two goals: to attract as many clients as possible from the selected segment and to do so under conditions that ensure the greatest profit (Previšić et al., 2007).

Kotler and the authors (2007) state that the most important management decisions are related to marketing or distribution channels, which significantly influence other marketing decisions. In the banking sector, these are direct distribution that takes place in direct contact with clients such as branches, internet (online), GSM banking, ATM / POS terminal, self-service kiosk; contact/call centers) and indirect distribution systems involving the use of third parties as intermediaries in sales transactions (agents (insurance sales), brokers, telemarketing (outsource)). Technological and globalization have influenced the distribution channels, the availability of products and services, and the behaviour of customers who, given today's lifestyle, want the availability of products and services 24/7. According to Enwey and the authors (2007), the choice of channels is influenced by various factors, from market and product characteristics to the organization's characteristics. Banks will determine their business model following the conditions in the micro and macro environment, the level of competition, the technical and technological equipment of the bank, competition as well as the professionalism of employees, and the client's ability to use banking innovations (Panova, 2021).

The development of technology has influenced not only distribution as an element of the marketing mix but also marketing communication with customers and promotional activities that have the role of informing, persuading, and/or

reminding people about products, services, images, ideas, or social inclusion (Previšić et al., 2004) Application of integrated marketing communication as a process of development and application of various forms of persuasive communication (Kesić, 2003) from advertising, personal sales, sales promotion, public relations and direct marketing with different combinations of communication content, forms and media authors 2007) allows the target segment to be approached with a customized marketing message with greater efficiency of promotional activities.

The client gets the first impression by entering the branch and arranging it. The client and the employee interaction is realized only after the observed physical environment. Based on contacts with employees who present certain services, provide assistance, influence the retention of existing and attract new clients through contacts, they also gain a complete impression. In the interaction between the employee and the client, the client must feel comfortable and gain trust, reliability of the service provided, and security towards the selected bank and the overall process. The visual manner and overall perception must reduce the client's distrust of the banking sector.

Processes refer to all activities between the bank and the clients, i.e., the way of providing the service. The user evaluates the service by comparing perceptions with expectations, ultimately affecting his satisfaction or dissatisfaction. Satisfaction is the result of fulfilled expectations. Perception is how an individual selects, organizes, and interprets stimuli into a meaningful and meaningful picture of the world. It can be described as how we see the world around us (Schiffman et al., 2004). Customer satisfaction and value are extremely related because satisfaction is a consequence of the value received concerning the expected value for the customer. According to Vranešević (2000), the basic connection between satisfaction and value is that satisfaction is a measure of received value, which is an important component of a successful long-term exchange between a financial service provider and its users (Estelami, 2007)

In this sense, the notion of quality is defined, which, according to Buntak and the authors (2021), implies the overall characteristics and characteristics of a product or service that affect its ability to meet expressed and unspoken needs. By expressed needs, authors mean the characteristics of a product or service that relate to the technical and functional properties of the product or service, functionality, reliability, and durability. Unspoken needs imply added value beyond the reach of functionality, which thus affects the fulfillment of user requirements. According to Avelini Holjevac (2002), quality is the level of meeting the needs and requirements of consumers, i.e., compliance with their growing demands and expectations. Regarding creating value, quality is viewed from two points of view: the client (consumer) and the bank (producer): from the client's point of view in terms of meeting his needs and desires, and from the manufacturer's point of view in terms of recognisability, competitiveness, differentiation, and fulfillment of requirements.

Competitive advantage cannot be understood by looking at the company. According to Vrdoljak and the authors (2012), the competitive advantage stems from several different activities the company carries out in the design, production, marketing, delivery, and support of its product. Only products and services characterized by a high level of quality can become a strong brand. The meaning of a brand is extremely important since the brand is often identified with quality (Previšić et al., 2007). The brand is a means of differentiation and creating benefits for both the bank and the client. It identifies and proves the bank, product, or service. For the client, it reflects the pledge of satisfaction and quality. The emotional

component of the brand gives the client trust, security, success, etc., while the rational component carries product features, prices, distribution, etc. The path to brand building is not easy and requires long-term access, knowledge, developing product and service levels, and financial investments. Strong brands lead to loyal customers, resulting in a lower customer loss rate and the cost of attracting new customers. Loyal customers stay with the brand, pay a premium price, are a reference for new customers, influence satisfaction, pass on positive experiences, promote the company's reputation and create a positive image. Their loyalty is reflected in their commitment to their preferred product or service and their commitment to the bank. Kumar et al. (2006) define the loyalty program as a marketing process that rewards the customer for encouraging his loyalty or repurchase and has become an important CRM tool for identifying, rewarding, and retaining profitable customers. Customer relationship marketing is a process that allows communication with customers as well as interactivity in terms of tracking their reactions.

Given the specific characteristics of banks' products and services, managing the elements of the marketing mix that relate to people, processes, and the environment is extremely important. Through these elements, the implementation of the service itself is differentiated; the intangibility is transformed into tangible elements that customers recognize as a quality that affects the image itself. The institution's image is influenced by quality assessment criteria such as reliability in service delivery, business, and responsibility, competence, accessibility, friendliness, communication with the user, credibility, security, understanding of the user, and tangible elements (Vučemilović et al., 2016).

Methodology

One hundred seventeen respondents using banking services participated in the survey conducted using the Google Forms form. The survey questionnaire was sent to 130 addresses, and 117 correctly completed forms were returned. The response rate is 90%. The survey was conducted from 01 Mar to 15 Mar 2022 on a random sample of respondents who voluntarily participated. The respondents are from the territory of the Republic of Croatia. The survey questionnaire consisted of 21 closed-ended questions. The results of the research conducted through a questionnaire are presented below and relate to the research questions: Which elements are key to choosing a bank? Which of the elements of the marketing mix for the client mean value? To what extent do clients use bank branches, and what is important to them? What forms of digital services do they use? What factors influence customer satisfaction, loyalty, and customer experience? What elements are important to them for the quality assessment? What are the reasons why they would stop being clients of the bank?

Results and discussion

The empirical part of this paper aimed to investigate which elements are key in choosing a bank, the extent to which branches and digital services are used, which affects customer satisfaction, loyalty, and customer experience, which is key to quality assessment, and what are the reasons clients left the previous bank and chose a competing bank.

Of the 117 respondents who participated in the study, 69 are female, 59% of the total number, and 48 are male, 41% of the total number of respondents. Concerning age, most respondents aged 36 to 45 are 32 or 27%, followed by respondents aged

46 to 55, 28 or 24%, respondents aged 26 to 35, 21 or 18%, aged 18 to 25 years is 15 respondents or 13%, from 56 to 65 years 12 respondents or 10% and 66 and over years of age is nine respondents or 8%. According to education, the majority of respondents have a university degree, 45% or 39%, followed by respondents with a university degree, of which 32 are respondents or 27%, with secondary education, 25 respondents or 21%, masters have eight respondents or 7%., a doctor of science is five respondents or 4% while two respondents with primary school or 2%. According to employment status, most respondents are employed, 56 or 48%, followed by occasionally employed 18 respondents or 15%, unemployed respondents 15 or 13%, pupils or students 15 respondents or 13% and retirees 13 or 11%. According to monthly personal income in the net amount, the largest number of respondents 41 or 35% have a monthly income of HRK 5,001.00 to HRK 8,000.00, followed by respondents with income below HRK 5,000.00 39 or 33%, 25 respondents, or 22% have income from HRK 8,001.00 to HRK 10,000.00. Twelve respondents, or 10%, receive more than HRK 10,000.00. (Table 1)

Table 1
Profile of respondents

Socio-demographic characteristics	Frequency (N)	Percentage (%)
Sex		
male	48	41
female	69	59
Age		
18 – 25	15	13
26 – 35	21	18
36 – 45	32	27
46 – 55	28	24
56 – 65	12	10
66 and more	19	8
Level of education		
elementary school	2	2
high school	25	21
college education	32	27
higher education	45	39
Master of Science or Science	8	7
doctor of science	5	4
Working status		
pupil or student occasionally	15	13
employed	18	15
employed	56	48
pensioner	13	11
unemployed	15	13
Monthly income		
less than 5,000 HRK	39	33
from 5,001 HRK - 8,000 HRK	41	35
from 8,001 HRK - 10,000 HRK	25	22
more than 10,000 HRK	12	10

Source: Author's research

From the conducted research and questions related to the elements crucial for the selection of the bank by the respondents (first research question), the main reasons that influenced their choice are the recommendation of existing clients, friendly staff, application of innovative technologies in product and service

availability, product prices and services, proximity to branches, products and services as well as the image of the bank. These reasons also affect their loyalty, given that the majority of respondents (61%) have been in one bank for more than five years (from 5 to 10 years, 28%, from 10 to 20 years, 20%, over 20 years, 13%), and others 39% of the respondents are clients of the same bank under five years of age, which is also partly the answer to the fifth research question related to loyalty.

As elements of the marketing mix that mean value to the client (second research question), respondents pointed out that improved product offer through delivery channels, developing relationships with them, communication as well as brand, quality, support in using products and services, and only then the key benefits themselves. Changes in the prices of fees did not affect the respondents for the most part. Only 20% of respondents changed their bank due to the change in the price of fees, and 13% of respondents stayed in their bank and realized some of the services competed. Banks use different channels to communicate with customers. Most respondents were informed about news in business and products via SMS 30%; in the branch, 19% of respondents were informed; through social networks, 17% of respondents; via e-mail, 13% of respondents; telephone banking, 8% of respondents and none of these forms 13% of respondents.

Based on promotional messages that indicated the values and benefits for the client, 28% of respondents realized a product or service after seeing a message that prompted them to think, more detailed information and final realization, 36% of respondents were more informed, and 17% were interested but did not take further steps. For 19% of respondents, the promotional message did not provoke any reactions; 30% of respondents perform various banking transactions exclusively through a branch office, while the rest use the internet, mobile banking, a virtual wallet, and others, 51% of respondents go to the branch once a month, 19% of respondents go to the branch 2 to 3 times a month, and 19% of respondents do not go to the branch once during the month, 9% of respondents leave as many as 4 to 10 times. When it comes to the essential features of the branch, the respondents pointed out that the expertise and professionalism of employees (24%), security in performing transactions in contact with employees (21%), the possibility of additional information (16%), arranging the branch (15%) are important, secured parking 10%), close to the branch (9%) and other (5%). The structure of the answers shows that regardless of the development of digital communication channels and the availability of banking products and services, one-third of clients go to branches due to personal contact with bank employees who provide security in performing various transactions and have the possibility of additional information (third research question).

Digital services used by respondents in conducting banking transactions (fourth research question) are Internet banking (24%), mobile banking (21%), and to a lesser extent, virtual wallet (10%). The answer to the rest was chosen by only three respondents (3%). Respondents use them to perform a variety of simple to complex transactions. Only simple transactions, such as payment of bills, transfers of funds, payment of loans, checking balances on accounts, cards, etc., are used by 27% of respondents, and complex transactions, such as contracting loans, insurance, and savings are used by 17% of respondents. Both simple and complex transactions through digital services are used by 37% of respondents, while 19% of respondents said they did not answer any of the above.

Factors influencing customer satisfaction, loyalty, and customer experience, and by which respondents also assess quality (fifth and sixth research questions) are support in providing services (24%), reliability and kindness of employees (20%), trend

monitoring and introduction innovation in supply (19%), mode of communication (13%) and the rest 7%. Elements of influence on customer satisfaction are shown in Figure 1

Figure 1
Elements of influence on customer satisfaction
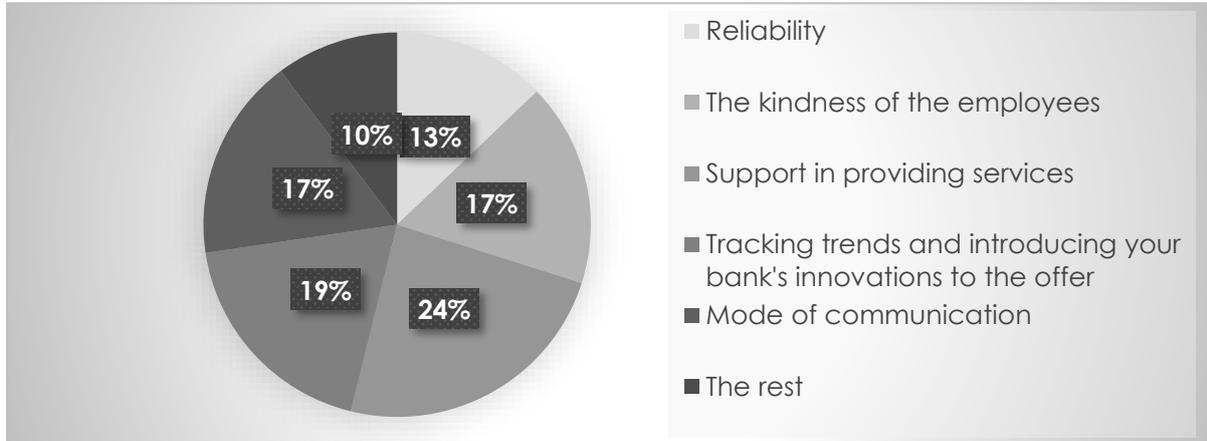
Source: author's research

The most important elements for evaluating quality for most respondents are the expertise and kindness of employees (21%), product (20%), mode of service (19%), distribution channels (13%), interior design (9%), promotional activities (9%), price (8%) and other 1%. Elements of quality assessment by the client are shown in Figure 2.

Figure 2
Elements of quality assessment by the client
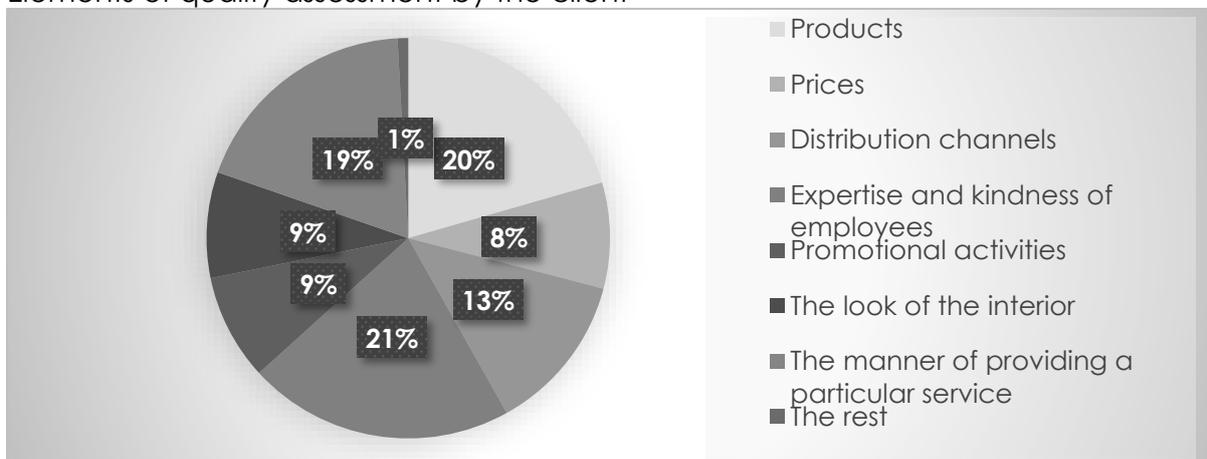
Source: author's research

The reasons why respondents would stop being clients of the bank (seventh research question) are the lack of nearby branches (25%), unsatisfactory quality of service 20%, excessive fees (15%), lack of ATMs (7%), unsecured parking (7%)) and the remaining 6%. Given that customer satisfaction with banking services is key to their loyalty to the bank, one of the questions asked in the questionnaire is how often customers are asked about satisfaction with products and services by the bank during one year. What is interesting in the answers is that 52% of respondents were never asked to rate satisfaction with their bank's services during the year, 18% of respondents did so once or twice a year, 13% of respondents more than twice a

year, 8% of respondents asked monthly, and 9% of respondents answered none of the above.

Conclusion

A holistic approach focuses on innovative and unique marketing activities that integrate internal, external, and interactive marketing activities. Coordination in the approach and integration of all marketing mix elements and their continuous development, improvement, and innovation creates value for the client. It affects his satisfaction and loyalty, which was determined by the research.

Internal marketing through employees is one element that affects customer satisfaction and quality. For clients to be satisfied, employees must be satisfied first because only a satisfied employee can provide quality service and interact with the client, which will affect his satisfaction. The developed internal marketing system is the basis for marketing to all stakeholders in the environment (external) and interactive marketing, which includes communication within the bank as well as communication with external stakeholders. This holistic approach achieves value for both the bank and its customers. Customer relationship management requires the mutual integration of people, information, operations, processes, and marketing activities with technological support, which aims to deliver value to the client and coordination and sales at various stages of the life cycle of products and services. This system primarily aims to: build, develop and improve long-term, profitable business relationships with the client, create additional value for clients through appropriate products and services, etc., and successfully developed system brings multiple benefits such as increasing: profitability, customer satisfaction, the profitability of investments, sales efficiency, the efficiency of marketing investments, reduction of marketing costs, minimization of loss of clients, improvement of efficiency of sales campaigns, acquisition of new (quality) clients. Customer experience is particularly important to bank marketing as it creates value for the customer through brand experience, transaction experience, and relationship experience. Ease of access, developing customer relationships, trust in the institution, product and service offerings, staff quality, web interactions, digital communication channels, product and service availability, and customer support are some elements that affect customer experience and value more than the product itself. The components of quality or experience also contribute to customer satisfaction, retention, developing loyalty, and attracting new customers.

When interpreting the research, the limitations of the research should be taken into account, given that the research was conducted on a random sample of 117 respondents who voluntarily wanted to fill out a questionnaire. To generalize the conclusions, the sample should be increased and representative of the whole population. Descriptive statistics were used in this paper. This survey can be the basis for future surveys on a representative sample of bank clients using appropriate variables and statistical methods.

References

1. Anusha, KS. (2016), „Brand and Marketing Mix-A Review", Journal of Global Economics, Vol. 4 No. 3, pp.1-4.
2. Avelini Holjevac, I. (2002), „Upravljanje kvalitetom u turizmu i hotelskoj industriji", Fakultet za turistički i hotelski menadžment, Opatija.
3. Bratko, S., Previšić, J. (2011), „Marketing", Sinergija, Zagreb.
4. Buntak, K.; Baković, T.; Mišević, P.; Damić, M.; Buntić, L. (2021), „Kvaliteta i sustavi upravljanja kvalitetom", Sveučilišni priručnik, Hrvatska gospodarska komora, Zagreb.
5. Enwev, C., Waite, N. (2007), „Financial Services Marketing - e book", Elsevier Linacrehouse Jordan Hill, Oxford.
6. Estelami, H. (2007), „Marketing Financial Services, Dog Ear Publishing", New York.
7. Išoraitė, M. (2016), "Marketing mix theoretical aspects, International Journal of Research – Granthaalayah, Vol.4 No.6, pp 25-37.
8. Kesić, T. (2003), „Integrirana marketinška komunikacija", Opinio d.o.o., Zagreb
9. Kotler, P., Wong, V., Saunders, J., Armstrong, G. (2006), „Osnove marketinga", Mate, Zagreb.
10. Kotler, P., Keller, K. L. (2007), „Upravljanje marketingom", 12. izd., Mate d.o.o., Zagreb.
11. Kumar, V., Reinartz, J.W. (2006), „Customer Relationship Management: A Databased Approach", John Wiley & Sons, Inc.
12. Meler, M. (2002), „Marketing, Ekonomski fakultet u Osijeku", Osijek.
13. Paliaga, M., Oliva, E. (2017), „Marketing financijskih usluga", MPS d.o.o., Rovinj
14. Panova, G. (2021), „Evolution of traditional banks' business models", International Review, No. 1-2, pp. 127-133.
15. Previšić, J., Ozretić Došen, Đ. (2004), „Marketing", Adverta d.o.o., Zagreb.
16. Previšić, J., Ozretić-Došen, Đ. (2007), „Osnove marketinga", Adverta, Zagreb.
17. Schiffman, L.G.; Kanuk, L.L. (2004), „Ponašanje potrošača", Mate d.o.o. Zagreb.
18. Singh, M. (2012), „Marketing Mix of 4P"S for Competitive Advantage", IOSR Journal of Business and Management, Vol. 3 No. 6, pp 40 – 45.
19. Turkalj, K. (2016), „Banke na društvenim mrežama – Erste banka, Zaba i PBZ". Pula: Sveučilište Jurja Dobrile u Puli, Fakultet ekonomije i turizma (Diplomski rad), available at: https://core.ac.uk/download/pdf/198066497.pdf / (12 March 2022)
20. Vranešević, T. (2000), „Upravljanje zadovoljstvom klijenata", Golden marketing, Zagreb
21. Vrdoljak Raguž, I., & Tolušić, M. (2012), „Implementacija Porterovih generičkih strategija i postizanje konkurentskih prednosti na primjeru automobilske industrije", Ekonomska misao i praksa, Vol.1, pp. 381-398.
22. Vučemilović, V.; Blažević, Z. (2016), „Marketing usluga", Visoka škola za menadžment u turizmu i informatici u Virovitici, Virovitica.

About the authors

Marina Guzovski, Ph.D. in economics, works as an Assistant professor at Libertas International University. The topic of her doctoral dissertation was "The impact of social marketing on the creation of a healthy lifestyle." She is the author and co-author of numerous domestic and international professional and scientific articles and has participated in several international conferences. The author can be contacted at: **mguzovski@libertas.hr**

Mirko Smoljić is an Assistant professor in the Interdisciplinary field of science (economics, law, information, and communication sciences) and head of the Department of Business and Management at the University North. He is the former dean of the Lavoslav Ružička Polytechnic in Vukovar. He has been an advisor to three Ministers of Science, Education, and Sports from 2005-2012. and quality manager (introduced a quality system in all administrations of the Ministry of Science and Education). He is a member of the Scientific Council for Anthropological Research of the Croatian Academy of Sciences and Arts, a full member of the International Research Academy of Sciences and Arts, and a director of the Academy for the Republic of Croatia. The author can be contacted at e-mail: **msmoljic@unin.hr.**

Ivana Martinčević (Ph.D. in economics) works as an Assistant professor at the University North, Department of Logistics and sustainable mobility. She gained her Ph.D. at the University of Applied Sciences Burgenland. She is the author and co-author of numerous domestic and international professional and scientific articles and has participated in several international conferences. The author can be contacted at **ivana.martincevic@unin.hr.**