The Marketing Practices and the Level of Customers Satisfaction Among Lending Institutions

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ABSTRACT

The study made a serious investigation on the marketing practices and the level of customer’s satisfaction among lending institutions in Nasipit, Agusan Del Norte. The study aimed to assess the marketing practices and the level of customer satisfaction among lending institutions in Nasipit. The researchers used the descriptive-survey type
of research design. The study conducted in Nasipit which lies between 8 degrees, 59 minutes north latitude, and 125 degrees, 20 minutes east longitude of Agusan del Norte. The respondents of the study were the manager, the employees, and the customers of the different lending institutions in Nasipit. The data gathered revealed that majority of the lending institutions are corporation type of business organizations, with 16-above number of branches, and P2,000,000-above initial capitalization. Based on the result, the researchers concluded that the marketing practices among the different lending institutions in Nasipit, Agusan del Norte are evident, and in return, the customers are satisfied with the services rendered among the lending institutions. The researchers highly recommend that lending operators should provide or evaluate techniques in promoting their services such as advertisement through radio, newspaper, brochures, tarpaulin, or conduct a house-to-house/barangay-to-barangay promotion in its loan services to attract more customers.

KEYWORDS

Branches, Business Organization, Capitalization, Customers, Customers Satisfaction, Lending Institutions, Marketing Practices, Place, Price, Product, Promotion, Services, descriptive-survey, Philippines

INTRODUCTION

The lending business is a significant business today. It provides an additional source of credit, especially to borrowers who are not qualified to obtain small loans from other financial institutions (Armstrong, Adam, Denize, & Kotler, 2014). According to Sirks (2017), loan means the delivery by one party and the receipt by the other party of a given sum of money upon an agreement, express or implied to repay the total amount loaned, with or without interest. As regards the borrower, the consideration is the acquisition of the thing (Kotler, & Armstrong, 2013).

One of the activities of the business is marketing which has been described by Baker (2016) as the management process responsible for identifying, anticipating, and satisfying customer requirements profitably. Marketing is also concerned with planning and implementing the conception, pricing, promotion, and distribution of products or services that will fulfill the firm’s objectives.

The ability of the company to meet the needs of their customers is a significant aspect of the marketing function (Armstrong, Adam, Denize, & Kotler, 2014). It based on the principle of the efficient marketing function, where customers are not only obtained but maintained as well (Armstrong, Adam, Denize, & Kotler, 2014). Thus, lending institutions in Nasipit have a unique way of promoting their services.

The municipality of Nasipit, Agusan del Norte has a large number of population in which most of the people acquire lower-income and want to find financial sources in
times of crises. Thus, the researchers want to conduct a study on the marketing practices and the level customer satisfaction among lending institutions in Nasipit, Agusan del Norte to determine if they still offer quality services and satisfies their customers despite competition.

**FRAMEWORK**

The study anchored on the theory that marketing mix also known as 4P’s: product or services, price, promotion, and the place is the requirement to meet the effectiveness of customer satisfaction.

Ghouri, Khan & Malik (2011) stated that marketing is the competitive edge of every business. In every organization, there are different marketing practices used. Marketing practices differ from one place to another about economic, social, and cultural aspects. Also, the differentiation among space, time, and effectiveness of marketing practices is important since it could be the difference for any firm or business in a particular environment.

Moreover, according to Malone (2004), marketing mix is the set of marketing tools that an organization uses to obtain its marketing goals in the target market. It is intended to assist or influence the customers in his purchasing decision. Each of the four variables, separately or jointly, attracts the buyer. These controllable variables or marketing tools when blended constitute the marketing mix. The controllable variables are product offering (including the breadth of the product line, quality levels, and customer’s services); price; promotion (advertising, sales promotion and sales force decision); and place (or distribution).

To further understand the marketing mix, here are its elements in more detail according to Kotler & Armstrong (2013);

**Product**

It is anything that a firm offers to customers (both consumers and business buyer) for acquisition, use, or consumption. Consumer goods, ideas, organizations, and people are an example of product and services.

**Price**

It is the amount which consumers pay in exchange for a product/service. Marketers consider various factors before setting a price for a product. One of the factors is the marketing objective of the company. There are some firms which set a low price to maintain the high demand for the product. There is an instance, on the other hand, when the primary goal of the firm is to maximize its profits. In line with this, the potential cost and profits of a product are analyzed.
Promotion
It is referred to as the series of steps taken by firms to introduce a product to its target consumers. There are different types of promotional techniques that firms can use to market a product to the consumers. These are advertising, public relations, personal selling, sales promotion, and direct marketing.

Place
The fourth P in the marketing mix is the place. Marketers sometimes call it the product’s channel of distribution. They see to it that the product reaches its target customers.

On the other hand, the level of customer satisfaction is determined according to the delivery of products or services and meeting customers’ expectations. Angelova & Zekiri (2011) stressed that customer satisfaction does have a positive effect on an organization's profitability. Also, this could be a worthy goal of the marketing company. Most often, an organization must be aware of the different needs and wants of the customers to be able to know and meet their expectations. According to Kim, Vogt, & Knutson (2015), customer satisfaction is a vital antecedent of customer loyalty. Thus, customer satisfaction is a measure of how an organization’s total product performs customers’ expectations in meeting their needs and wants.

OBJECTIVE OF THE STUDY
The study aimed to assess the marketing practices and the level of customer's satisfaction among lending institutions in Nasipit.

METHODOLOGY

Research Design
The researchers used the descriptive-survey type of research design. It is descriptive because it assessed the marketing practices and the level of customer satisfaction among lending institutions in Nasipit, Agusan del Norte by using a questionnaire.

Research Locale
The study was conducted among the different lending institutions in Nasipit namely: ASA Philippines Foundation, Bohol Community Multi-Purpose Cooperative, Davao A+ Credit Corporation, First Community Cooperative, Lifebank Foundation, Micro Access Loans Corporation, Microventures Philippines Financing Company, Pagasa Philippines Lending Company, and Uhland Loans Corporation.
Research Respondents
The respondents of the study were the manager, the employees, and the customers of the different lending institutions in Nasipit, Agusan del Norte.

Research Instruments
The researchers used the research questionnaire utilized by Ms. Rhea N. Olaiz with her group Sheila Mae B. Galola, and Hanelyn O. Sang-an in their study entitled; “The Level of Effectiveness on Customers Satisfaction among Pawnshops in Nasipit, Agusan del Norte,” conducted on 2010.

Ethical Standards
The study followed an ethical standard by conducting an orientation for the respondents to know about the study, and by giving the respondents an informed consent form to fill-out before distributing the questionnaire formulated by the researchers.

Data Gathering Procedure
The first step before going to the testing proper is to make a request letter. The researchers gave personally a letter of request asking for permission to survey the different lending institutions in Nasipit, Agusan del Norte. Upon approval by the manager of the lending institution, the researchers conducted an orientation to the respondents about the study. Then, the informed consent form was distributed to the respondents to be filled out and then retrieved the informed consent form. Upon retrieval of the informed consent form, the researchers distributed the questionnaire to the respondents. Then, questionnaires were retrieved. After the gathering, data would be subjected to tabulation, analysis, and interpretation.

Statistical Treatment
In treating the data statistically, the researchers used weighted mean.

RESULTS AND DISCUSSION

Table 1. Marketing practices among lending Institutions

<table>
<thead>
<tr>
<th>Marketing Practices</th>
<th>Weighted Mean</th>
<th>Verbal Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Product or Services</td>
<td>3.76</td>
<td>Very Evident</td>
</tr>
<tr>
<td>2. Price</td>
<td>3.89</td>
<td>Very Evident</td>
</tr>
<tr>
<td>3. Promotion</td>
<td>2.48</td>
<td>Slightly Evident</td>
</tr>
<tr>
<td>4. Place</td>
<td>3.78</td>
<td>Very Evident</td>
</tr>
<tr>
<td>Total</td>
<td>3.48</td>
<td>Evident</td>
</tr>
</tbody>
</table>
Based on the study undertaken by the respondents, the data on the table above showed that the marketing practices among lending institutions in Nasipit, Agusan del Norte in terms of price is Very Evident with a weighted mean of 3.89. As to the place, the weighted mean of 3.78 with a verbal description of Very Evident. As to product or services, the weighted mean is 3.76 with a verbal description of Very Evident. While in terms of promotion, the weighted mean is 2.48 with a verbal description of Slightly Evident. Thus, the marketing practices have an average weighted mean of 3.48 with a verbal description of Evident which means the marketing practices are implemented and evident in the lending institution.

Table 2. Customer satisfaction in terms of meeting customer’s expectations

<table>
<thead>
<tr>
<th>Customer Satisfaction</th>
<th>Weighted Mean</th>
<th>Verbal Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delivery of Product or Services</td>
<td>3.39</td>
<td>Satisfied</td>
</tr>
<tr>
<td>Meeting Customer’s Expectations</td>
<td>3.42</td>
<td>Satisfied</td>
</tr>
<tr>
<td>Total</td>
<td>3.41</td>
<td>Satisfied</td>
</tr>
</tbody>
</table>

On the other hand, the table above shows that the level of customer satisfaction in terms of meeting customer’s expectations is Satisfied with an average weighted mean of 3.42. While as to the delivery of product or services, the average weighted mean is 3.39 with a verbal description of Satisfied. Thus, the level of customer satisfaction among lending institutions in Nasipit, Agusan del Norte has an average weighted mean of 3.41 with a verbal description of Satisfied which means the customer is satisfied with the services rendered by the lending institution.

**CONCLUSIONS**

Based on the results of the study, the researchers concluded that the marketing practices being practiced among the different lending institutions in Nasipit, Agusan del Norte are evident, and in return, the customers are satisfied with the services rendered among the lending institutions. Therefore, the theory of marketing mix also known as 4P’s: product or services, price, promotion, and the place is accepted. According to Malone (2004), marketing mix or 4P’s is intended to assist or influence the customers in his/her purchasing decision. Each of the four variables, separately or jointly, attracts the buyer. Schaper, Volery, Weber, & Gibson (2014) also stated that marketing mix serves as the parameter in which a manager will be able to make decisions that cater the client’s needs to create value and generate a positive response. Since satisfied customers according to Angelova & Zekiri (2011), form the foundation of any successful business, managers or owners of a firm will look forward on customer satisfaction which leads to repeat purchases, loyalty, positive word of mouth, and retention. Angelova & Zekiri (2011) also stated that customer satisfaction is the outcome felt by those that have
experienced a company’s performance that has fulfilled their expectations and satisfied their needs and wants.

RECOMMENDATIONS

From the conclusion of the study, the following recommendations are presented:

Primary Recommendation
The researchers highly recommend that lending operators should provide or evaluate techniques in promoting their services such as advertisement through radio, newspaper, brochures, tarpaulin, or conduct a house-to-house/barangay-to-barangay promotion in its loan services to attract more customers.

Secondary Recommendations

To the Employees
1. Employees should undergo training and orientations to improve their interpersonal skills so that they will be able to serve their customers efficiently and effectively.
2. Employees should be courteous and highly competent to provide efficient and effective services so that customers will be very satisfied with their services rendered.

To the Future Researchers
1. Future Researchers should replicate this study so that they can further study the marketing practices and to determine what other factors may influence customer satisfaction.

LITERATURE CITED


