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A Study on the Ethical Marketing Role in the Behavior of Banking Services Customers

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Abstract

Marketing has always been accused of lying, fraud, invasion of privacy, environmental pollutions, promoting consumerism, and disregarding vulnerable groups in society; while it has been formed with the aim of helping countries economy and providing consumer demands. So the present paper seeks to study the effect of ethical marketing on the behavior of banking services customers. Ethical marketing was measured in three dimensions, i.e. descriptive, normative, and analytic ethical marketing, and customer behavior was measured in two satisfaction and loyalty dimensions. The survey research method was applied in this paper. To achieve the research objectives, a researcher- made questionnaire was distributed among 360 customers of Mellat Bank in Tehran. Simple random sampling method was used. The results revealed that there is a significant relation among all three ethical marketing dimensions and two customer behavior dimensions and all research hypotheses were approved.

Key words: ethical marketing, customer behavior, bank, customer satisfaction, customer loyalty

1. Introduction

Nowadays in the analysis of organization behavior, it is necessary to study ethics and ethical values. Ethical behaviors form the external view of the organization and are the sum of various ethical values.

In the global trade, gaining greater market share is regarded as the main objective of companies and industries, and use of marketing scientific principles and techniques draw more attention day by day. In the modern marketing, products and services appropriate for customer wants and demands are considered instead of searching for customer for the produced products and services. In the other words, the main focus of thought and action in the modern marketing is value creation for the customer in order to attract him to the related product or service so that marketing has been regarded as the equivalent of fulfilling customer needs and wants.

In the market economy, any business is expected to act as it believes to meet its interests in the best way. Marketing goal is to create competitive advantages, and any organization achieves this advantage when it has better performance in fulfilling needs of target markets and providing products and services compared to its competitors. The organizations which are successful in providing competitive advantage act better in fulfilling their customer needs.

Descriptive ethics: the research is about describing and explaining ethics of different persons, groups, or societies. The research method in these studies is empirical not discursive and rational. It is only aimed at familiarity with behavior and ethics of a specific person, group, or society not prescribing persons to act in accord with the reported ethics. Descriptive marketing ethics study such issues as ethical beliefs of different societies about marketing, marketer ethical decisions, marketing effect on the poor economic development, the effect of advertisements on decision making in trade, people perception of advertisement goals, and so on.

Analytic ethics: analytic and philosophical studies regarding ethical reports are called analytic ethics or meta-ethics. In the analytic marketing ethics, such titles as nature of different marketing concepts, distinction or unity of marketing ethics and general ethics, why marketers must concern about

ethics and more importantly justification of main ethical norms of marketing are studied (Katler and Armstrong, 1999).

Marketers use different solutions and principles to treat ethical problems. These principles may be summarized under four general titles namely, utilitarianism, autonomy, ethical absolutism, and ethical relativism.

Normative ethics refers to normative studies about determining principles, criteria, and methods for explaining correct and wrong. This part of ethical research studies human arbitrary acts regardless of the viewpoint of a specific person or religion.

With regard to the importance of ethics in marketing, this issue has been studied by many researchers some of which are mentioned in the following. Akhavan Saraf and colleagues (2009) in a research titled as position of social responsibility in the marketing performance of Mellat Bank clarified social responsibility and developed an applied tool that includes a wide range of social responsibility dimensions. Also since success of economic systems is highly dependent upon performance of financial institutes in these systems and among financial institutes, banks play an important role as the axis of economic system, the role of social responsibility and ethical principles in the marketing performance of Mellat Bank were studied in five avoidance, positive, interactive, innovative, and stockholder approaches. Maleki (2012) studied the effect of organization social responsibility dimensions on the loyalty of Sepah Bank customers. This research reveals that satisfaction and identity lead directly to the customer loyalty; while social responsibility dimensions influence loyalty indirectly. Ethical behavior (ethical dimension of social responsibility) affects the received commercial performance and increases customer trust; while philanthropic responsibilities improves the sense of identity to the bank in the customers. Mohammadi Almani and colleagues (2012) in a paper, titled as the effect of ethical principles perceived by the customer on trust and loyalty and inclination to brand, integrated ethics, marketing business, and brand management and show for the first time in Iran that there is a relation between ethical principles that a consumer perceives from a company brand and his behavior and reaction towards that brand. So, they studied the effect of ethical principles perceived by the consumer on trust and loyalty and inclination to the brand. The statistical universe in this paper comprised all customers of consumer products in Rasht. The results indicate that the ethical principles perceived by the consumer have a positive effect on trust and inclination to brand. Also inclination to brand has a positive effect on the brand trust. Furthermore, trust and inclination to brand have a positive effect on loyalty. Malar (2008) in a paper titled as The ethics of being profit focused studied multiple companies that had focused on profitability and revealed that even these companies must pay more attention to their social responsibility in long term to reach their goal; because the companies that have considered ethical values and social responsibilities were more successful and have provided their own and the whole society interests. Abela (2013) in a paper titled as Appealing to the imagination: Effective and ethical marketing of religion has studied a kind of marketing communications for engaging the customer mind to control and influence decision making. He stated that by such characteristics as honesty, cheerfulness, and reliability, one may influence the mind of buyers and customers. He called it an ethical and effective method by which one can change buyer decision.

With regard to the importance of ethics in attracting customers in all commercial markets and also lack of a comprehensive research into different components of marketing ethics, this paper has studied this issue comprehensively.

2. Materials and Methods

2.1 Research Method

This paper applies a descriptive – survey method. This paper is among empirical studies, it is regarded as an applied research in terms of objective and a correlative research in terms of method.

2.2 Statistical Universe

The statistical universe of this paper comprises all customers of Mellat Bank in Tehran.

Since the questions are multi- value and the universe size is large, we use below formula (Cochran formula):

$$n = \left(\frac{Z_{\alpha/2} \times \sigma}{\varepsilon}\right)^2 \quad (1)$$

When we have Likert five- point scale, σ value is obtained by below relation:

$$\sigma = \frac{\max(x_i)-\min(x_i)}{6} = \frac{5-1}{6} = 0.667$$

(2)

So,

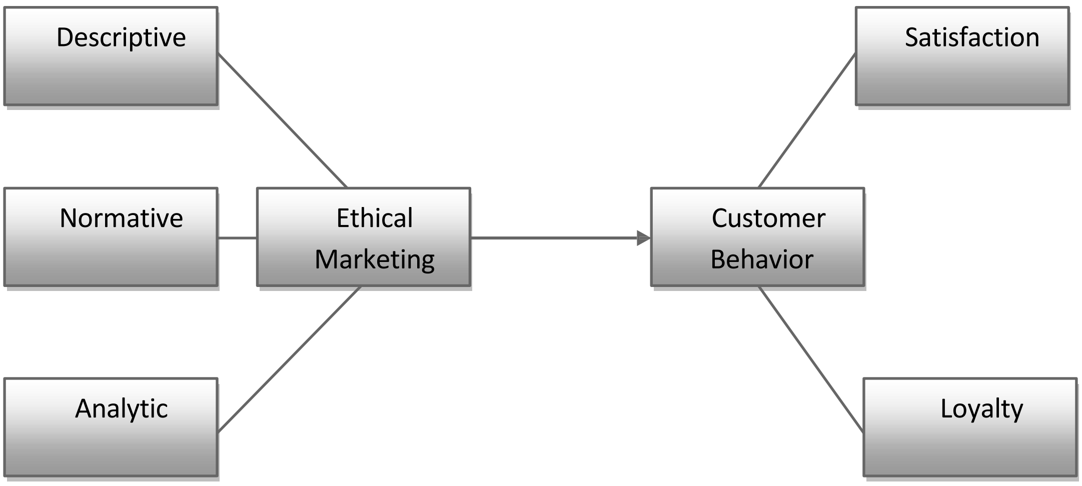
$$n = \left(\frac{1.96 \times 0.667}{0.07}\right)^2 = 347.793$$

(3)

By considering probable precision (0.07), sample number was estimated 349 by using Cochran formula. To compensate not replied questionnaires, sample number was considered 360. Customers were selected quite randomly from among 36 branches (10 persons from each branch) by using stratified systematic sampling method proper for sample size.

2.3 Conceptual Model

The present paper studied the research goals by using ethical marketing concept with three descriptive, normative, and analytic dimensions and customer behavior with two satisfaction and loyalty dimensions. So, the research conceptual model is as per below.



3. Findings

For descriptive statistics, dispersion and central indices as well as diagrams proper for tables were used. Also for deductive statistics and to estimate the hypotheses results and obtain values required for statistical analyses, Kolmogorov- Smirnov test and Pearson correlation coefficient were used.

3.1 Ethical Marketing

Ethical marketing has been measured in three descriptive, normative, and analytic dimensions. In the following, the status of each dimension is specified in the branches of Mellat Bank.

3.1.1 Descriptive Ethical Marketing

Table 1 shows items of descriptive ethical marketing. As seen,

48.4 percent of respondents have stated that they recommend Mellat Bank to their friends and relatives highly and very highly. The average of this item (3.3) shows that the studied sample is ready to recommend Mellat Bank to their friends and relatives. Descriptive ethical marketing index shows that 80.7 percent of respondents believe that branches of this bank are moderate in terms of descriptive ethical marketing implementation. The mean of this index (52.1) confirms it too.

Table 1- Descriptive ethical marketing

Row No.	Descriptive Ethical Marketing	Very Low	Low	Moderate	High	Very High	Mean
1	Recommending this bank to friends and relatives	3.3	7.2	41.1	45.6	2.8	3.3
2	Reputation of the bank managers	2.8	6.4	77.2	11.4	2.2	3.0
3	Better prizes and profits paid by bank compared to others	5.6	9.2	80.5	3.6	1.1	2.8
4	Descriptive ethical marketing idices	3.4	7.8	80.7	6.4	1.7	52.1

3.1.2 Normative Ethical Marketing

Table 2 shows the status of normative ethical marketing in the branches of Mellat Bank. As shown by the table, 9.2 percent of respondents believe that branches of this bank pay attention merely to the bank interests; while 9.9 percent are opposed to such a belief.

Normative ethical marketing index shows that 73 percent of respondents believe that acts that violate normative ethical marketing in the branches of Mellat Bank are low and very low. The mean of this index (38.5) confirms it too.

Table 2- Normative ethical marketing

Row No.	Normative Ethical Marketing	Very Low	Low	Moderate	High	Very High	Mean
1	Mere attention to the bank interests	2.5	7.2	81.1	8.6	.6	2.9
2	Exaggeration about future plans and received interests	10.3	63.9	16.9	7.2	1.7	2.2
3	Lying about	15.0	73.6	8.1	2.8	.6	2.
4	Determining the amount of deposits in current accounts	3.3	72.8	18.3	5.6		2.2
5	Determining a certain amount for opening an account	2.5	5.8	79.4	10.8	1.4	3.0
6	Determining the certain amount of investment for receiving loan	2.5	39.6	44.6	10.3	3.1	2.7
7	Normative et hical marketing index	1.7	71.3	23.4	3.3	.3	38.5

3.1.3 Analytic Ethical Marketing

Table 3 shows the status of analytic ethical marketing in the branches of Mellat Bank. As it is seen, 74.7 percent of respondents believe that braches of Mellat Bank provide services for the customers without any expectation.

Ethical marketing index that has been built by the items of this dimension shows that branches of Mellat Bank are in the moderate position (59.1).

Table 3- Analytic ethical marketing

Row No.	Analytic Ethical Marketing	Very Low	Low	Moderate	High	Very High	Mean
1	More attention to the customers who bring more benefit to the bank	2.2	4.4	70.6	14.4	8.3	3.2
2	Providing services for the customers without any expectation	2.2	5.8	74.7	11.9	5.3	3.1
3	Considering bank interests unilaterally in the contracts	3.1	6.9	80.3	8.3	1.4	2.9
4	Lack of attention to	9.4	9.4	73.3	5.8	1.9	2.8
5	Good faith of the	.8	1.1	13.6	75.0	9.4	3.9
6	Polite behavior of the bank employees	.6	2.8	11.1	76.9	8.6	3.9
7	Considering lawful and unlawful matters in the banking affairs	3.3	4.7	13.3	72.8	5.8	3.7
8	Considering Iranian culture in the banking affairs	2.5	5.3	64.4	21.1	6.7	3.2

9	Analytic ethical marketing index	0	1.9	71.1	25.3	1.7	59.1

3.2 Customer Behavior

Customer behavior has been measured by two customer satisfaction and customer loyalty indices. In the following, the status of each index in the branches of Mellat Bank is specified.

3.2.1 Customer Satisfaction

Table 4 shows the status of items of customer satisfaction index. For example, 80.6 percent of respondents have stated that they have high and very high satisfaction with the appearance of the staff; while 6.4 percent of the respondents have low and very low satisfaction with the appearance of the staff.

In general, customer satisfaction index shows that 71.6 percent of respondents have high and very high satisfaction with the branches of Mellat Bank. The mean of this index (65.1) shows that customer satisfaction is more than moderate.

Table 4- Customer satisfaction

Row No.	Customer Satisfaction	Very Low	Low	Moderate	High	Very High	Mean
1	I am satisfied with the services provided by this bank.	1.4	5.0	24.7	65.6	3.3	3.6
2	I am satisfied with the quantity of this bank services	.8	5.3	21.1	68.9	3.9	3.6
3	I am satisfied with	1.4	5.6	25.6	63.9	3.6	3.6

4	I am satisfied with the diversity of this bank services	1.1	5.8	27.2	62.5	3.3	3.6
5	I am satisfied with	.8	3.1	14.4	75.3	6.4	3.8
6	I am satisfied with	.6	3.6	14.4	73.6	7.8	3.8
7	I am satisfied with	.6	5.8	13.1	50.0	30.6	4.0
8	I am satisfied with the electronic banking services of this bank	1.1	4.2	73.6	15.6	5.6	3.2
9	I am satisfied with	.6	4.7	14.4	75.0	5.3	3.7
10	I am satisfied with the accountability of the bank manager	3.6	6.7	19.2	64.4	6.1	3.6
11	I am satisfied with the rate of bank deposit interest	6.9	12.5	74.2	5.0	1.4	2.8
12	I am satisfied with	8.1	10.6	44.2	36.1	1.1	3.1
13	I am satisfied with relationship with this bank in general	2.2	4.2	17.2	44.2	32.2	4.0
14	Customer satisfaction index	.8	4.7	22.8	67.2	4.4	65.1

3.2.2 Customer Loyalty

Table 5 shows items of customer loyalty. As shown by the table,

76.7 percent of respondents have stated that they consider this bank as the first option when needing banking services. Also 79.6 percent of the respondents have stated that they have a high and very high sense of prejudice and ownership to this bank branches. Customer loyalty index shows that 74.1 percent of respondents have had high and very high loyalty to this bank. The mean of this index (65.6) shows moderate to high loyalty of the customer of this bank too.

Table 5- Customer loyalty

Row No.	Customer Loyalty	Very Low	Low	Moderate	High	Very High	Mean
1	I always consider this bank as the first option when needing banking services.	3.1	6.4	13.9	48.6	28.1	3.9
2	I am ready to introduce this bank to my friends and relatives.	1.7	6.1	15.0	68.9	8.3	3.7
3	How much are you ready to re-use services of this bank when competitors have lower costs?	1.9	5.8	21.7	67.2	3.3	3.6
4	How much do you have sense of prejudice and ownership to this bank?	2.5	3.3	15.0	68.6	10.6	3.8
5	How much do you have confidence in not using services of the competitors in the future?	3.3	7.2	79.2	6.7	3.6	3.0

6	Customer loyalty index	1.9	6.4	17.5	66.9	7.2

Significance level of Kolmogorov- Smirnov test is less than 0.05 which indicates non-normality of the research data. So, non- parametric tests are used for studying the relations.

3.3 The Relation between Descriptive Ethical Marketing and Customer Behavior

Table 6 shows the relation between descriptive ethical marketing and customer satisfaction with the bank services. As it is seen, Spearman coefficient and significance are less than 0.05 which indicate that there is a positive relation between descriptive ethical marketing and customer satisfaction.

Table 6- The relation between descriptive ethical marketing and customer satisfaction

	Spearman coefficient	**Significance**
Descriptive ethical marketing and customer satisfaction	.638**	.000

Table 7 shows the relation between descriptive ethical marketing and customer loyalty to the bank services. As it is seen, Spearman coefficient and significance level indicate that there is a positive relation between descriptive ethical marketing and customer loyalty.

Table 7- The relation between descriptive ethical marketing and customer loyalty

	Spearman coefficient	**Significance**
Descriptive ethical marketing and customer loyalty	.546**	.000

3.4 The Relation between Normative Ethical Marketing and Customer Behavior

Table 8 shows the relation between normative ethical marketing and customer satisfaction. Pearson coefficient and significance level indicate that there is a positive significant relation between normative ethical marketing and customer satisfaction.

Table 8- The relation between normative ethical marketing and customer satisfaction

	Spearman coefficient	**Significance**

Normative ethical marketing and customer satisfaction	.600*	.000

Table 9 shows that there is a positive significant relation between normative ethical marketing and customer loyalty. So, by increasing implementation of normative marketing principles in the bank, customers have stated more loyalty to the bank.

Table 9- The relation between normative ethical marketing and customer loyalty

	Spearman coefficient	**Significance**
Normative ethical marketing and customer loyalty	.558*	.000

3.5 The Relation between Analytic Ethical Marketing and Customer Behavior

As shown by table 10, there is a positive relation between analytic ethical marketing and customer satisfaction. Significance level and Spearman coefficient indicate that this relation is significant statistically.

Table 10- The relation between analytic ethical marketing and customer satisfaction

	Spearman coefficient	**Significance**
Analytic ethical marketing and customer satisfaction	.562**	.000

Table 11 shows that there is a positive significant relation analytic marketing and customer loyalty. So, one can state that by increasing implementation of analytic marketing principles, customer loyalty to the bank is increased.

Table 11- The relation between analytic ethical marketing and customer loyalty

	Spearman coefficient	**Significance**
Analytic ethical marketing and customer loyalty	.415*	.000

3.5.1 Customer Satisfaction based on Gender, Age, and Education

Table 12 shows customer satisfaction based on gender, age, and education. In this table, we seek to find out whether customer satisfaction is dependent upon other factors except for ethical marketing or not. As shown by the table, significance level of Lambda statistic (0.000) depicts that there is a positive significant relation between gender and customer satisfaction. However the value of this statistic (0.030) shows that this relation is very weak. Spearman correlation coefficient indicates that there is a positive significant relation between customer satisfaction and age. In the other words, by increase in age, satisfaction with the bank services has been increased. The value of Spearman coefficient (0.401) shows that this relation is weak.

Also Spearman correlation coefficient shows that there is a negative significant relation between customer satisfaction and education. So by increase in the education, customer satisfaction

with the bank services has been decreased. This relation intensity is moderate.

Table 12- Customer satisfaction based on gender, age, and education

Row No.		Test Statistic Value	Sig.
1	Gender	0.030	0.000
2	Age	0.401	0.000
3	Education	-0.664	0.000

3.5.2 Customer Loyalty based on Gender, Age, and Education

Table 13 shows that there is a positive significant relation between customer loyalty and contextual variables such as gender, age, and education. So, women have stated more loyalty to the bank compared to men. But Lambda statistic shows that the relation between customer loyalty and gender is very weak.

Spearman correlation coefficient shows that there is a positive significant relation between customer loyalty and age. So, by increase in the age, customer loyalty has been increased. But correlation coefficient value (0.434) shows that the correlation between these two variables is low.

Spearman correlation coefficient value shows that there is a negative significant relation between customer loyalty and education. So, people with lower education have stated more loyalty to the bank. The relation between these two variables is moderate.

Table 13- Customer loyalty based on gender, age, and education

Row No.		Test Statistic Value	Sig.
1	Gender	0.046	0.000
2	Age	0.434	0.000
3	Education	-0.604	0.000

4. Conclusions and Suggestions

4.1 Conclusions

Similarity of banks advertisements in the media, press, municipal boards, and giving prizes do not seem to create the required motivation in the customers, and innovative plans and projects and new solutions must be taken into account. One of these solutions is use of ethical marketing.

Marketing has always been accused of lying, fraud, invasion of privacy, environmental pollutions, promoting consumerism, and disregarding vulnerable groups in society; while it has been formed with the aim of helping countries economy and providing consumer demands. The main reason of these accusations is neglect of social dimensions of marketing that has led to major offences and deviation from marketing ideals for increasing profitability. Different companies have thought that observing ethical principles in marketing reduces their access to the economic goals. So, their performance has always been associated with some offences which have caused a negative viewpoint towards marketing. Therefore one can conclude that not only the presented image of marketing has now been tarnished, but also despite utilitarian conceptions of directors, the amount of profitability in different companies has been reduced. So it must be noted that existence of a space full of trust in business may re-build confidence between two parties and direct organizations towards capital accumulation and profitability. So, the present paper sought to study the relation between ethical marketing and customer behavior in the branches of Mellat Bank.

Thus, a researcher made questionnaire was designed and distributed among 360 customers of Mellat Bank branches in Tehran. In the following, below results were obtained with regard to the research hypotheses.

First hypothesis: there is a significant relation between ethical marketing and customer behavior.

As observed, ethical marketing was measured in three descriptive, normative, and analytic dimensions; and customer behavior was measured in two customer satisfaction and loyalty dimensions. With respect to approval of the subordinate hypotheses, one can state that there is a significant relation between ethical marketing and customer behavior.

Second hypothesis: there is a significant relation between descriptive ethical marketing and customer behavior.

As observed in chapter four, there is a positive significant relation between descriptive ethical marketing and customer behavior, i.e. satisfaction and loyalty. So, there is a positive significant relation between descriptive ethical marketing and customer behavior.

Third hypothesis: there is a significant relation between normative ethical marketing and customer behavior.

As shown in data analysis chapter, there is a positive significant relation between normative ethical marketing and customer behavior dimensions, i.e. satisfaction and loyalty. So one can state that the hypothesis is approved and there is a positive significant relation between normative ethical marketing and customer behavior.

Fourth hypothesis: there is a significant relation between analytic ethical marketing and customer behavior.

Data analysis results revealed that by implementation of analytic ethical marketing in the bank branches, customer satisfaction and loyalty has been increased and so there is a significant relation between analytic ethical marketing and customer behavior.

4.2 Suggestions for Future Research

1) Studying ethical marketing supplementation programs in the banks

2) Comparing different banks in terms of success in implementation of ethical marketing principles

3) Comparing developing and developed countries based on implementation of ethical marketing principles.

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