UNIVERSITY OF NAIROBI

SCHOOL OF BUSINESS

MULTICULTURAL MARKETING COMMUNICATIONS AND ITS EFFECTS
ON KEY LATENT VARIABLES THAT DETERMINE CUSTOMER
SATISFACTION IN RETAIL BANKING IN KENYA

BY

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DECLARATION

This independent conceptual study paper is my original work and has not been submitted in any other university or institution.

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This independent conceptual study paper in marketing has been submitted for examination with my approval as university supervisor.

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CONTENTS

LIST OF FIGURES

CHAPTER ONE

1.0   Introduction

1.1   Multicultural Marketing

Marketing is a system that comprises activities that facilitate co-presence and aggregation of individuals having a multiple sense of being (Badot et al. 1993; Cova, 1999). According to Wilkinson and Cheng (1999), there is need for a shift from simple, even simplistic, representations of some ethnic communities in marketing campaigns to a more sophisticated understanding of the rich cultural diversity that exists among and within ethnic groups.   A shift from mono-culturally focused marketing strategies to multi-culturally focused strategies that engage a larger slice of society.

These include campaigns that have a sophisticated mix and integration of features designed for different but related ethnic groups and cultural dimensions and campaigns that celebrate and value aspects of multiculturalism as an essential and natural part of an overall campaign. A move away from multicultural marketing as a marginal add-on in a campaign or strategy to campaigns in which it is either automatically considered or built directly into the fabric of the overall campaign.

The main proposition is that marketing liberates lifestyles and facilitates openness and tolerance or different ways of being and living among consumers of different ethnic backgrounds (Jamal, 2001). It is crucial that companies take a multicultural approach to marketing. They must lead with in-depth multicultural insights, but have a general consistent message that resonates across all markets and publics (Ford, 2008).

Therefore the aim of this paper is to explore whether multicultural marketing has any effects on the latent variables that determines the overall performance of retail banking in Kenya. These latent variables include corporate image, customer expectations and perceived quality which directly influence the perceived value and subsequently customer satisfaction and bank performance. It also attempt to provide evidence that multicultural

1

marketing is solution to unite the highly ethnicised Kenyan communities and also help companies to tap the potential opportunities within cultural diversity.

1.1.1 Multiculturalism

The issue of controversial or offensive advertising has been raised in Western countries (Wilson and West, 1981); Rehman and Brooks, 1987; Shao, 1993; Fahy et al., 1995; Barnes and Dotson, 1990; Crosier and Erdogan, 2001). According to Walter, Fam and Erdogan, (2005) in recent years there has been a increasing number of advertisements being broadcast, printed or exposed to the public that are for products considered by some to be controversial, or socially sensitive and the portrayal of controversial images in advertisements. Reasons for this include the use of global promotional strategies, creative thinking of less offensive ways of communicating the message; the desensitizing of the community; the growth of new media; people becoming more aware of some products; and agencies try to 'cut through the clutter' to gain awareness.

Wallar et. al. further state that while this is a global phenomenon, the showing of some advertisements in a culturally diverse and sensitive, region can cause some offense to some members of the public. This includes advertising of products such as alcohol, contraception, underwear and feminine hygiene products, and the use of indecent language and anti-social behaviour. While the degree of controversy generated may or may not assist the brand with added publicity, it is important to analyze products and images that can cause offense to different cultures around the world. To undertake a broad, standardized promotional strategy could result in offending some members of the country's population. Therefore care should be taken to ensure that particular images in one culture are acceptable in other cultures, otherwise some embarrassing mistakes can occur, (Ricks, 1983).

A view that demonstrates the potential conflict between different authors is that of Eley and Suny, (1996) who warn: 'Culture is more often not what people share, but what they chose to fight over.' That people have gone to war over cultural issues is a sobering

reminder of the importance of culture and the challenges it presents in communication (Macnamara, 2003).

Patz(2000) stated that the predominance of English as an international language has contributed to western ethnocentrism. She suggested that it is not simply that many nations speak English that lulls westerners into a false sense of security in communication: language differences reflect fundamental codes that vary across cultures. She gives examples including the limited numbers of terms in English for personal relationships such as 'father', 'mother', 'brother', 'sister', 'aunt', 'uncle' and so on. Other languages distinguish between older and younger brothers and sisters, male and female cousins, aunts and uncles on the father's and mother's side, and a number of languages use familiar terms for persons other than blood relations.

According to Macnamara (2003) social rules and shared values, i.e. the culture of communities, affect organizations seeking to communicate Multi-culturally and cross-culturally at two levels. First, the 'home' culture of the organization wishing to communicate shapes policies, plans and products that are produced' Secondly, the cultures of audiences inform and substantially shape their interpretation and use of information. What one says or shows is frequently not what others hear or see.

In multicultural and cross-cultural communication, major cultural differences between those who wish to communicate messages and their audiences mean that relevant experiential knowledge is limited or not available to communicators and intuitive decisions located within a foreign culture can be misdirected. Macnanmara (2003), further states that quantitative data, such as populations, demographics statistics and market sizing are only the rudimentary beginnings of understanding another culture. Qualitative information on audience attitudes, perceptions, language (not only spoken and written text but signs and symbols that denote meaning), religion, customs, moves and social and political systems are essential for effective communication.

CHAPTER TWO

2.0   Theoretical Framework

This chapter covers the theoretical framework about marketing communication theory and criticism of the theories.

2.1   Marketing Communication Theory

The increasing need to manage relationship building has brought forth a variety of "new generation" marketing approaches - customer-focused, market-driven, outside-in, one-to-one marketing, data-driven marketing, relationship marketing, integrated marketing, and integrated marketing communications (IMC) (Whiteley 1991); Day 1992; Webster 1992, 1994; Parvatiyar and Sheth 1994; Cross and Smith 1995; Payne 1995; Stewart 1995; Reichheld 1996). The increasing importance of communication in marketing is demonstrated by its ability to differentiate these new marketing approaches from traditional ones (Duncan and Moriarty, 1998). Each approach emphasizes two-way communication through better listening to customers and interactivity and the idea that communication before, during, and after transactions can build or destroy important brand relationships (McKenna 1991; Peppers and Rogers 1993; Schultz et al. 1993; Zinkhan et al. 1996; Duncan and Moriarty 1997).

Duncan and Moriarty, 1998 argued that the new generation marketing is best explained, understood, and accomplished with a communication-based model of relationship marketing. In their article they made the following propositions:

- There are common theoretical roots of communication theory and marketing theory that parallel and enrich each other.
- Marketing is more communication dependent.
- Brand communication includes more than marketing communication
- Brand communication (both one- and two-way) operates at the corporate, marketing, and marketing communication levels.

- Managing brand communication must take into consideration stakeholders other than just customers i.e. employees, suppliers, channel members, the media, government regulators, and the community.
- Communication is the primary integrative element in managing brand relationships.

2.1.1 A Review of the Fourth P by Duncan and Moriarty, 1998

Borden's, 1964 seminal work on the marketing mix, which identified 12 elements - product, pricing, branding, distribution, personal selling, advertising, promotions, packaging, display, servicing, physical handling, and fact finding and analysis. McCarthy's, 1964 4Ps model - product, price, place, and promotion simplified Borden's work and has been the instructional guideline for most marketing courses. Over the years, various scholars have attempted to modify McCarthy's work by adding functions to the set (Mindak and Pine1981; Shapiro 1985; Christopher, Payne, and Ballantyne 1991; Rafiq and Ahmed 1995).

These modifications, however, continue to perpetuate the functional approach to marketing. Recognizing the need for an approach that more realistically reflects the relationships embedded in the marketing mix, Waterschoot and Van den Bulte (1992) concluded that a major flaw of the 4Ps model is that it equates communication with persuasion. They argue that all the Ps are persuasive or at least designed to be. Promotion (i.e., persuasion) is separated from the fourth P and becomes a common denominator that underlies the four mix categories: product mix, price mix, distribution mix, and communication mix (mass, personal, and publicity). In other words, their model identifies promotion/persuasion as a common denominator of the product (e g., extra sizes, two-for packaging), pricing (e.g., price deals), distribution (e g., trade incentives), and communication (e.g., premiums, contests, sweepstakes, events).
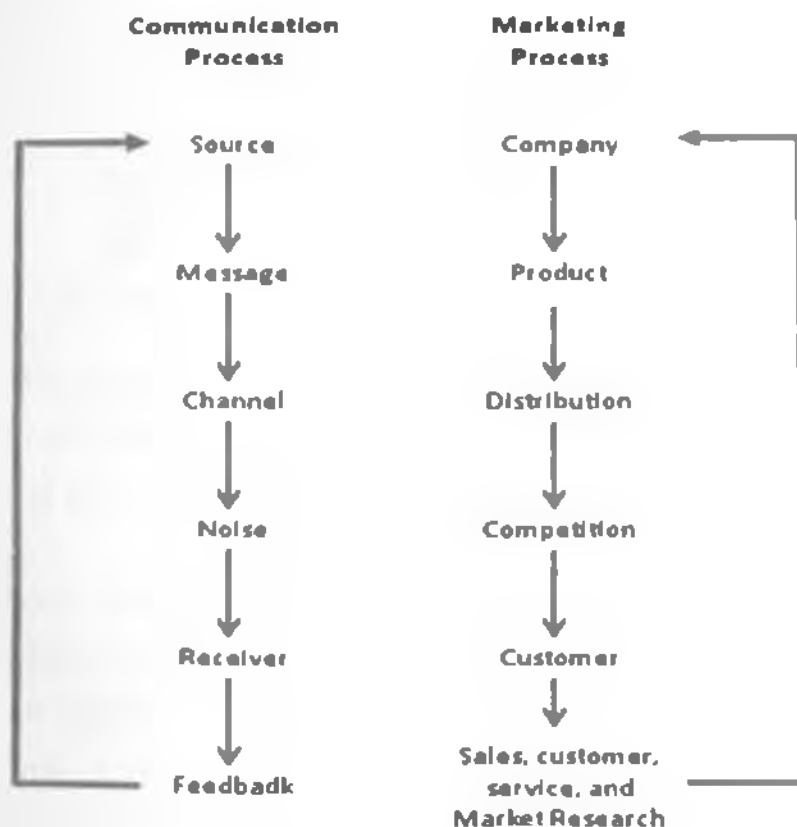
In response to Waterschoot and Van den Bulte's work, Duncan and Moriarty, 1998 had some concerns on the following matters:

- Calling the common denominator persuasion rather than communication they agreed that all marketing mix elements send messages but disagreed that they always are intended to be persuasive. The notion of persuasion as traditionally used in short-term, transaction marketing is manipulative (dictionary definitions of *persuasion* use such words as *urge, influence, entice, impel,* and *induce* i.e. winning someone over to a certain course of action or point of view).

- Persuasion, especially in transaction-based marketing strategies and executions, is primarily one-way communication – they suggested that there are communication roles in relationship building other than persuasion, such as informing, answering, and listening i.e. persuasion is more limited in impact and scope than communication. Companies interested in being more customer focused and in building relationships focus on communication rather than just persuasion, because communication - not persuasion - is the platform on which relationships are built.

- Marketing mix is the only or primary source of brand messages they propose that this is too limiting. Everything a company does, and sometimes does not do, can send a brand message with varying impact (Schultz et al. 1993). For example, a company's hiring practices, its environmental polices and behaviour and its financial performance have communication dimensions that cue or signal important meanings that affect brand relationships. Companies and brands must manage better what they do not say as well as the broad spectrum of planned (marketing communication), unplanned (e g., word of mouth, media investigations), product (price, distribution, design/performance), and service messages they deliver.

- Marketing roles they suggested that many marketing roles, particularly in services, are fundamentally communication positions that take communication deeper into the core of marketing activities. Bankers, for example, have found that their role has shifted to financial counseling, which involves the processes of listening, aligning, and matching—all of which require communication and active listening skills, as well as persuasion. The fact that more than three-fourths of the gross domestic product is now service based and most business-to-business and mid- and high-priced consumer goods (e.g., cars, appliances, and computers) have critical service components increases the pervasiveness of communication activity. Another example is in sales

6

force automation, in which the primary objective is to manage data to respond to customers faster and to increase the personalized aspect of presentations and responses. According to Duncan and Moriarty, communication not only is spread throughout all marketing activities; it is at the heart of many marketing functions.

The traditional communication model (Lasswell 1948), which includes a *source* that encodes the message, the *channel* or medium through which the message is transmitted, *noise* that interferes with the communication processing, a *receiver* who decodes it, and *feedback* that sends the receiver's response back to the source, could be a metaphor for marketing (see Figure 1 below).

FIGURE 1: Parallel Communication and Marketing Processes

Communication Process	Marketing Process
Source	Company
Message	Product
Channel	Distribution
Noise	Competition
Receiver	Customer
Feedback	Sales, customer, service, and Market Research

Source: Duncan and Moriarty, (1998)

7

The source is the company, the message the product, the channel the distribution system, noise the clutter of competitive products and claims, the receiver the customer, and feedback the information received through customer service, sales, and marketing research. In other words, the connections between marketing theory and communication theory go beyond the simplistics of the communication fallacy.

2.1.2 Integrative Role of Communication

From the perspective of communication theory, Waterschoot and Van den Bulte's model, which positions persuasion as the integrative marketing communication function, reverses the relationship between communication and persuasion. In most communication models, persuasion is an element of communication and communication is the integrative factor, not the other way around. According to Duncan and Moriarty:

> Schramm (1973, p. 46) makes the relationship clear: "Persuasion is primarily a communication process." Here, and in other models of communication in communication textbooks, persuasion is only one of the traditional areas of study and research which also include mass, interpersonal, nonverbal, and organizational communication. The notion that communication is a central integrative process in marketing is demonstrated in the evolving theories of integrated and relationship marketing. In a special session on IMC and relationship marketing at Emory University's 1996 relationship marketing conference, Zinkhan and colleagues (1996) argued that these two are complementary metaphors. (1998)

When properly done, communication is the integrative element that helps tear down functional silos internally while closing the distance between the company, its customers, and other stakeholders.

2.1.3 Points of Theory Intersection

Both marketing and communication theory are in the midst of fundamental changes that are similar in origin, impact, and direction. Parallel paradigm shifts move both fields from a functional, mechanistic, production-oriented model to a more humanistic, relationship-based model. In his introduction to communication studies, Fiske (1990) identifies two schools of thought - the functionalist approach and the newer interpretive approach, which focuses on the receiver. Others suggest that the functionalist approach is

8

giving way to a more humanistic and interpretive communication model (Jensen 1988; Newcomb 1988). This shift in communication theory was explored in *Ferment in the Field,* an international symposium held in 1983 (Dervin et al. 1989). As Everett Rogers observed at the time, there have been two decades of fractious debate in the communication community that has produced this paradigm shift.

In Webster's (1992) call for a paradigm change, he suggested that marketing should shift emphasis from products and firms to people, organizations, and social processes. He observed that the narrow conceptualization of marketing as a short-term profit maximization function seems increasingly out of date. He identified the change as one that focuses on relationship management rather than transaction management.

FIGURE 2: Communication and Marketing Intersections
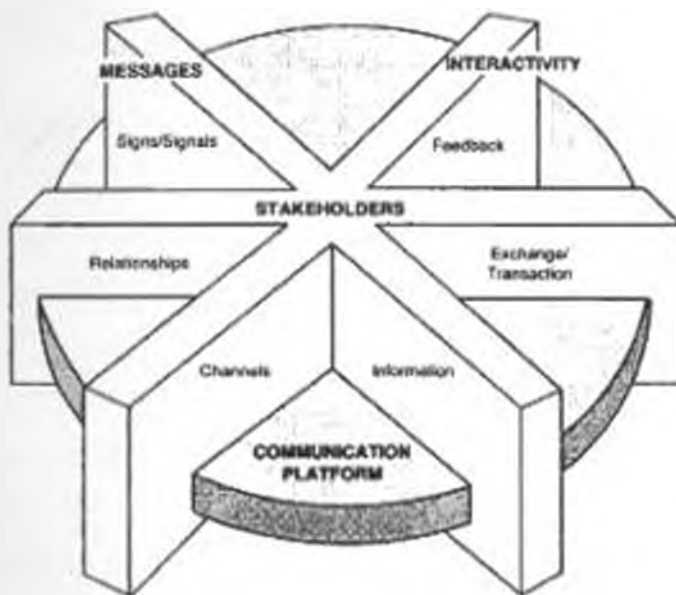
Source: Duncan and Moriarty, (1998)

The figure identifies pairs of conceptually linked intersections. Customers and other stakeholders, for example, connect to an organization through relationships. Interactivity is only possible if there are channels for communication and feedback to turn one-way communication into two-way. Messages are signs or signals that are composed of

Information. Figure 2 also depicts how these pairs intersect with each other on a platform of communication. In Table 1, Duncan and Moriarty, (1998) summarized these intersections as three critical factors - stakeholders, messages, and interactivity - in a communication-based model of relationship marketing.

TABLE 1

Intersections among Marketing, Communication and IM

Common Elements in Marketing and Communication		Related Key Factors in Integrated Marketing
Relationship Exchange	↔	Customers & other stakeholders
Channels Feedback	→	Interactivity
Information Signs/Signals	→	Everything sends a message

Source: Duncan and Moriarty, (1998)

2.1.4 The Integration Perspective

Customers and other stakeholders automatically integrate brand messages (Duncan and Moriarty, 1997). Marketers must decide whether to abdicate this integration to customers and stakeholders or to manage it. A communication-based model of relationship marketing underlines the importance of managing all brand communications as they collectively create, maintain, or weaken the profitable stakeholder relationships that drive brand value. Shapiro (1985) notes in his review of marketing mix literature that the marketing mix must be planned as an integrated whole by applying such ideas as consistency and integration. He explains (p. 28), "While consistency is a coherent fit, integration is an active harmonious interaction among the elements of the mix."

Implied in the phrase "Everything sends a brand message" is the need (1) for brand messages to be strategically consistent to positively influence the perception of these

messages, (2) to focus on stakeholders and not just customers, and (3) to ensure that brand communications are not just one-way, but interactive.

2.1.4.1 Messages

Brand messages originate at the corporate, marketing, and marketing communication levels. In other words, all corporate activities, marketing mix activities, and marketing communications have communication dimensions. At the corporate level, messages sent by the company's overall business practices and philosophies have communication dimensions. For example, its mission, hiring practices, philanthropies, corporate culture, and practice of responding or not responding to inquires all send messages that reconfirm, strengthen, or weaken brand relationships.

At the marketing level, a communication-driven model of marketing requires that brand messages sent by other aspects of the marketing mix also must be managed for consistency. Product messages, for example, are the ones customers and other stakeholders infer from the product's performance, appearance, design, pricing, and where and how it is distributed. Service messages conveyed by distributors, sales staff, customer service representatives, and corporate staff, such as secretaries and receptionists, also affect brand relationships.

At the marketing communication level, a basic premise of relationship marketing is the need for executional consistency among all marketing communication messages, so that trust can be built and there is coherence in stakeholder perceptions. At this level, IMC generally has one voice and one look for each target audience, regardless of the marketing communication function (e.g., advertising, public relations, sales promotion) or media being used.

The key to managing the point of perception is to deliver and receive messages on a platform of strategic consistency. That does not mean all messages say the same thing. Strategic consistency means the messages are appropriate for their audiences; however, there is consistency in the way corporate values are presented, how products perform, and

how the brand is identified and positioned. As brand messages are decoded - assuming they are not inconsistent - they are transformed into the stakeholder perceptions that are the building blocks of brand relationships.

Perception is more important than reality in managing many relationships. The PIMS studies (Buzzell and Gale 1987, p. 103), for example, identify two types of quality - conformance quality and perception quality. Although conformance quality, meeting a set of specifications or standards is important, perception quality, which calls for viewing quality from the customer's perspective, is even more so. Perception quality drives behavior and often is influenced by the hidden or implied communication dimensions of the corporate philosophy and marketing mix. Although production is responsible for conformance quality, in most companies, marketing is responsible for perception quality.

2.1.4.2 Stakeholders, Not Just Customers

The review of intersections shows that there are several constituencies important to a brand's success other than customers. At the organizational level, a company or brand's stakeholder relationships involve far more than just customers. Ruth and Simonin (1995) refer to a much broader set of stakeholders—investors, the financial community, vendors and suppliers, employees, competitors, the media, neighbours and community leaders, special interest groups, and government agencies—that are corporate constituencies who can affect and be affected by a company's marketing program

The marketing level also has a broader set of constituents than just customers. Although Webster (1992) believes that ongoing customer relationships are the company's most important stakeholder group (he states that customers are "first among equals"), he also identifies two relationships that are key to marketing's success - suppliers and resellers

Gilly and Wolfinbarger (1998) focus attention on the importance of employees. The discussion of exchange included employees as well as customers; the signal literature includes competitors as well as consumers. Hence there is a variety of stakeholders other than customers who are involved in, and affected by, a marketing program. The wider

stakeholder focus is also true at the marketing communication level. Although customers and prospects are primary targets of most marketing communication efforts, the trade is also important. If public relation is included in the communication mix, then it also manages communication programs for employees, the financial community and investors, government and regulators, the local community, and the media.

Another important integration reality that relates directly to stakeholder perception is the notion that stakeholders overlap. Customers also can be employees, investors, members of special interest groups, and neighbors in the community. The extent of the overlap will vary by industry and company. This means companies must take into consideration how the intended target audience will respond not only to a brand message, but also when they wear their other stakeholder hats.

Webster (1992) notes that there is a blurring of boundaries in relationships and that customers can be competitors and vendors, as well. Identifying a broader set of constituencies has bottom line implications. Kotler and Heskett (1992) found that firms that emphasized the interests of three constituencies - customers, employees, and stockholders — outperformed those that emphasized only one or two. In these high-performing companies, Kotler and Heskett found a value system that communicated the importance of all these constituencies, a commitment that often was described by employees as integrity, or "doing the right thing."

2.4.3 Interactivity

Interactivity is a hallmark of the paradigm shift in both marketing and communication. If relationships are the objective, then impersonal mass communication must be supplemented, especially in business-to-business and service categories, by personal customized communication that by definition is interactive.

As interaction is implemented at the marketing level, partnerships with suppliers and distributors become more important. Buzzell and Ortmeyer (1995) acknowledge that channel partnerships are based on exchange of information and just-in-time

13

communication technologies, which help lower costs and improve service to the customer. In an integration program, both one- and two-way communication tools are used strategically to reinforce each other and maximize interactivity.

At the marketing communication level, interactivity is generated through a combination of one-way (e g., mass media advertising, publicity) and two-way communication (e g., personal selling, customer service). Direct marketing, sales promotion, and event marketing use both one- and two-way communications. Even packaging can be a mix of both if the package contains a customer service number or other response device.

2.2 A Communication-Based Marketing Model and its Managerial Implications

Using the three key points at which the two disciplines intersect - messages, stakeholders, and interactivity - Duncan and Moriarty, 1998 developed a communication-based model of marketing. They demonstrated how interactive communication at three levels - corporate, marketing, and marketing communication leads to the brand relationships that drive brand value.

FIGURE 3: A Communication-Based Marketing Model for Managing Relationships
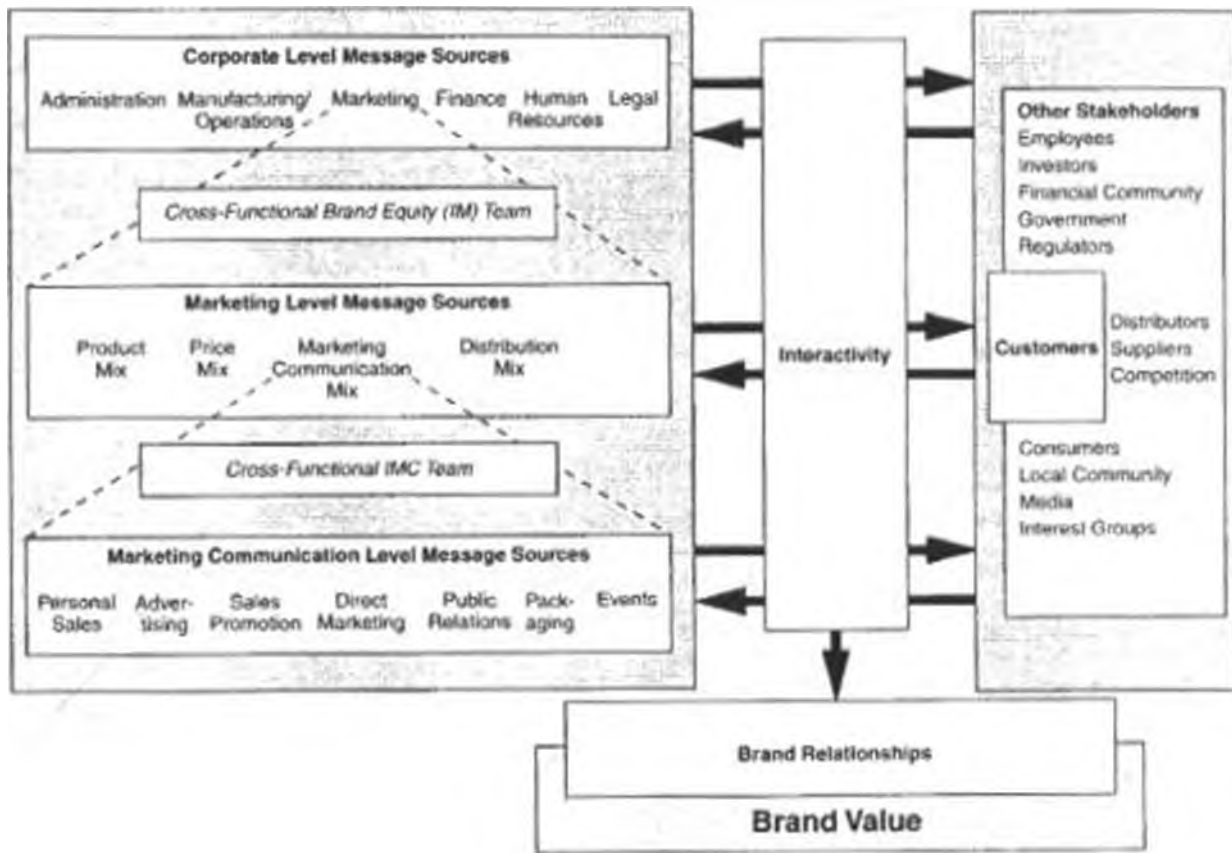
Because a communication-based model of relationship marketing recognizes that everything a company does (and sometimes does not do) sends a message that can strengthen or weaken relationships, it has several managerial implications. These implications apply to three areas: corporate focus, processes, and organizational infrastructure.

2.2.1 Corporate Focus

Because it is more cost-effective to sell to current customers than new ones, corporate focus should place more emphasis on relationships than transactions. Corporate focus also should be on stakeholders rather than just customers, as this helps companies avoid

sending conflicting messages to overlapping stakeholder/customers (Gilly and Wolfinbarger, 1998).

2.2.2 Processes

A process should be in place to facilitate purposeful dialogue with customers and other stakeholders. This dialogue should be purposeful for both the company and the target audiences; otherwise brand messages will be seen as "brag and boost" or intrusive. A system also is needed to ensure that all brand messages are strategically consistent. There should be a process for incorporating the mission of the company into all operations to continually remind all stakeholders what the company stands for. Both consistency and a well-regarded mission helps strengthen the trust on which brand relationships depend.

Finally, there must be a process of zero-based planning for marketing communication that is driven by prioritized SWOT's (strengths, weaknesses, opportunities, and threats). Zero-based planning helps identify those marketing communication functions that are the most cost-effective ways to leverage critical strengths and opportunities and address key weaknesses and threats. For example, a brand with a credibility problem should consider using public relations rather than more mass media advertising.

2.2.3 Organizational infrastructure

Integration is a systematic process that requires certain organizational support elements. These include:

- Competency - Ensure that managers have a core competency in integration that requires (1) knowing the strengths and weaknesses of the company and how their respective area affects these, (2) understanding how the company works and how communication impact is created at various contact points, and (3) understanding and respecting the strengths of the various marketing and marketing communication functions.

- Partnering with communication agencies that understand and practice integrated brand communication - These agencies also must recognize that keeping and growing customers is just as important, if not more so, than acquiring new ones.

16

Cross-functional management - Because relationship marketing (versus traditional transaction-based marketing) is more communication intensive at each level (e.g., corporate, marketing, marketing communications), cross-functional management is needed to plan and monitor messages for strategic consistency and inconsistency. A brand level cross-functional team must integrate the corporate and marketing levels, and a marketing communication cross-functional team must integrate activities between the marketing and the marketing communication levels (see Figure 3). This organizational structure makes it possible to plan and monitor brand messages going to and coming from all divisions. Cross-functional management not only breaks down walls between departments and stakeholder groups but also helps institutionalize feedback and learning. Communication must be managed as a boundary-spanning activity to achieve linkage in a learning organization. For a cross-functional team to be successful, it must have the authority to reallocate budgets e.g. from mass media advertising and sales promotion into training to maximize the positive impact of brand contact point.

he social and associational nature of marketing and business in general depend on ationships. Therefore understanding the role of communication in establishing and aintaining profitable stakeholder relationships is essential. Not only has communication ways played a role in attracting and keeping customers (and other stakeholders), but th advances in new media and computer technologies, the benefits of understanding d applying communication theory and strategies to marketing have never been greater

CHAPTER THREE

3.0   Empirical Review and the Conceptual Framework

This chapter covers the details of the conceptual framework, empirical review and establishes the knowledge gap.

3.1 Empirical review

There can be potentially many antecedents of customer satisfaction as the dimensions underlying satisfaction judgements are global rather than specific (Taylor and Baker, 1994; Rust and Oliver, 1994). For instance, research on customer satisfaction has largely relied on the disconfirmation paradigm, which views satisfaction with products and brands as a result of two cognitive variables: pre-purchase expectations and disconfirmation (Churchill and Surprenant, 1982; Oliver, 1989; Yi, 1990; Peter and Olson, 1996).

According to Peter and Olson (1996), Pre-purchase expectations are beliefs about anticipated performance of the product; disconfirmation refers to the difference between pre-purchase expectations and post-purchase perceptions. Hence, if the perceived performance exceeds a customer's expectation (a positive disconfirmation), then the customer feels satisfied. On the other hand, if the perceived performance falls short of a customer's expectations (a negative disconfirmation), then the customer feels dissatisfied

There is a considerable amount of empirical evidence that confirms the disconfirmation paradigm (Szymanski and Henard, 2001; Yi, 1990). For instance, in an earlier study, Churchill and Surprenant (1982) reported that disconfirmation positively affects satisfaction That is, when customers perceived the product performing better than expected, they became more satisfied (Churchill and Surprenant, 1982). Further empirical research supports the notion that satisfaction is caused by expectations and requires considerable cognitive effort on the part of customers (Bearden and Teel, 1983; Cadotte et al., 1987). However, others argued that customers develop norms for product performance based on general product experiences and these, rather than expectations for

a focal brand's performance, determine the confirmation/disconfirmation process (Cadotte et al., 1987; Woodruff et al., 1983). Previous research also demonstrated a direct link between actual performance and satisfaction levels (Bolton and Drew, 1991; Churchill and Surprenant, 1982; Tse and Wilton, 1988). Other studies work argued that in addition to the cognitive components, satisfaction judgements are also dependent upon affective components as both coexist and make independent contributions to the satisfaction judgements (Westbrook and Oliver, 1991; Mano and Oliver, 1993).

Also, some have recently demonstrated a positive relationship between equity and satisfaction whereby equity is viewed as a: Fairness, rightness and deservingness judgement that consumers make in reference to what others receive (Oliver, 1997).

According to Martensen, Gronholdt, Eskildsen and Kristensen, (2000), in 1989, Sweden became the first country in the world to have a uniform, cross-company, cross-industry national measurement instrument of customer satisfaction and evaluations of quality of products and services, the Swedish Customer Satisfaction Barometer (SCSB). SCSB has been adopted and adapted for use in the American Customer Satisfaction Index (ACSI)

The successful experience of the Swedish and American customer satisfaction indexes have inspired recent moves towards creating an European Customer Satisfaction Index (ECSI), founded by the European Organization for Quality (EOQ), Academic Network for Customer-Oriented Quality Analysis, and supported by the European Commission.
A pilot study in 1999 started in 12 European countries, including Denmark. (Martensen et al, 2000). European experts, both academics and practitioners, have developed the ECSI methodology, based on a set of requirements (ECSI Technical Committee, 1998). The basic ECSI model (see figure 1) is a structural equation model. The model links customer satisfaction to its determinants, and in turn, to its consequence, namely customer loyalty. The determinants of customer satisfaction are perceived company image, customer expectations, perceived quality and perceived value ("value for money"). Perceived quality is conceptually divided into two elements: "hard ware", which consists of the quality of the product/service attributes and "human ware", which represents the associated customer interactive elements in service, i.e. the personal

19

behaviour and atmosphere of the service environment. Main causal relationships are indicated actually there can exist many more points of dependence between the variables Martensen et al, (2000).

FIGURE 4: ECSI – European Customer Satisfaction Index, 1998
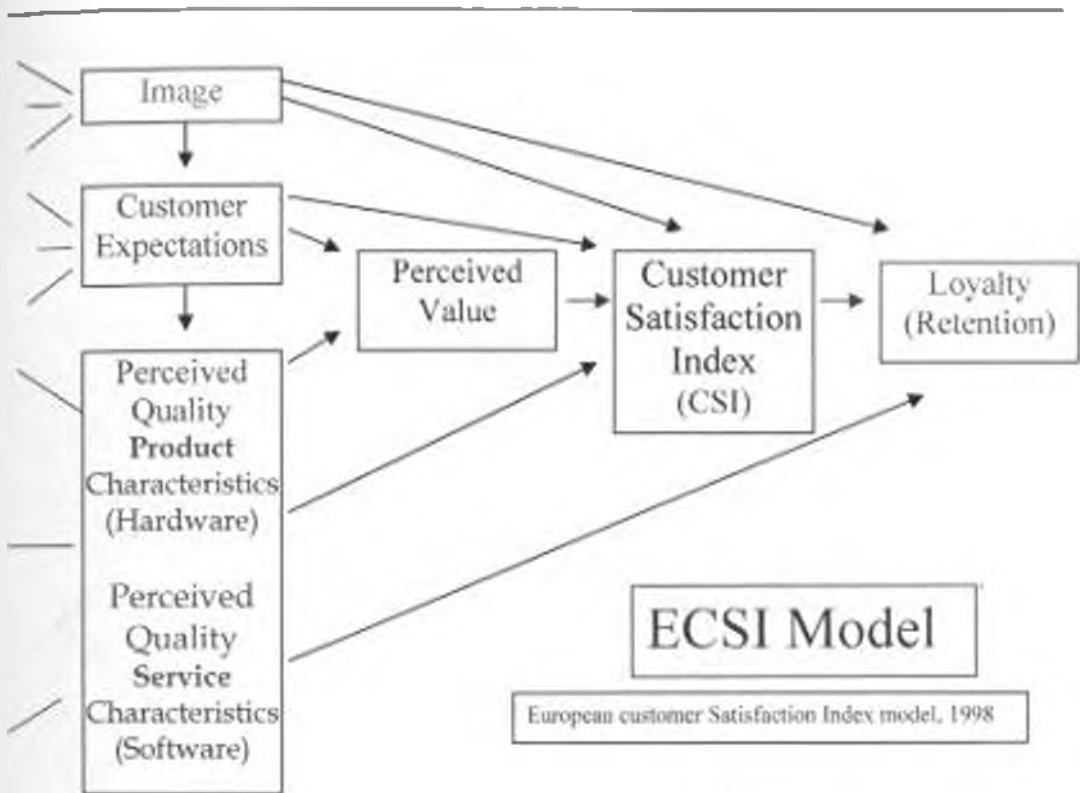
These seven variables are seen as latent, non-observable, variables. Most of the recent researches have concentrated on how the latent variables affect perceived value and subsequently customer satisfaction (Cronin et al, 2000; Kashyap and Bojanic, 2000; Grace and O'Cass, 2005; Lee et al, 2005; Roig et al, 2006; Lee and Jun, 2007; Chen and Hun Hsin — Hui, 2010). The aim of this study therefore is to assess the effect of multicultural marketing communications on these key latent variables.

Valencia (1985) describes acculturation as the process of learning a culture that is different from the one in which a person was raised. Acculturation is the acquisition of the attitudes, values and behaviours of a dominant or host culture (Laroche et al 1997). In
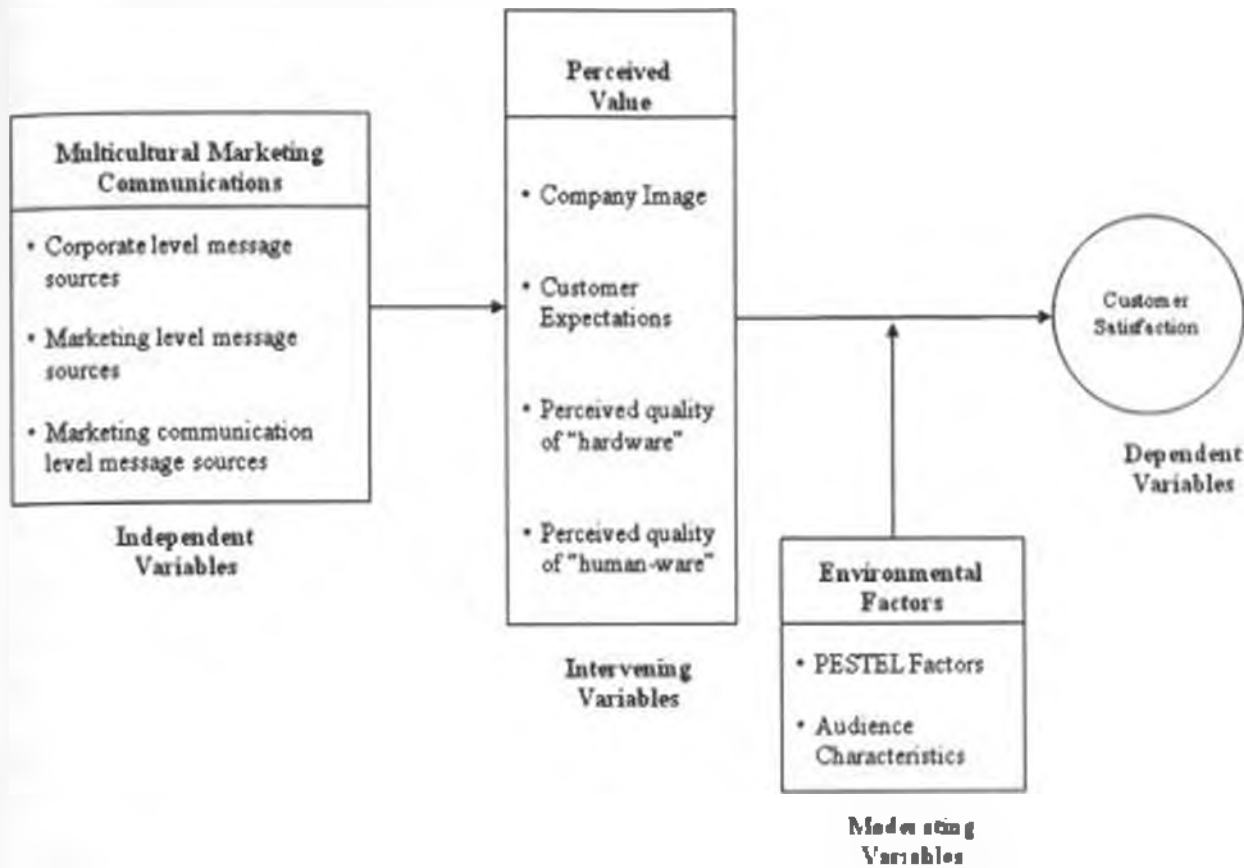
20

a 1999 study, Penaloza and Gilly point out that acculturation outcome occur on several levels: the individual marketer, the firm, the marketplace and larger social relations.

Jamal, (2001) states that marketing plays an important role in facilitating the co-existence of a variety of modes of consumption and of a sense of being in the contemporary market place. By doing so marketing promises liberty and freedom and liberates the lifestyle of consumers. Consumers of one culture do interact with one another and with marketing practices of marketers from another culture. This is in line with the findings reported by Penaloza and Gilly (1999) who argued that intercultural contact and adaptation was a defining feature of the contemporary market place.

The underpinnings of acculturation research have been related to the idea that subcultures have unique cultural differences of their own while sharing some values and norms with the dominant culture (Ueltschy, 2002). Significant differences in purchase behavior have been found to be related to these subculture – specific characteristics, making differential marketing campaigns essential for success (Ownbey and Horridge 1997, Roslow and Nicholls 1996, Delener 1995, Webster 1992, McCracken 1986, Hayes – Bautista et al 1984). Laroche, Kim and Clarke (1997) examined the differences between English – and French – Canadians and found that acculturation has significant effect on consumer deal interests.

Ueltschy, (2002) in her study found that the Mexican — Americans surveyed do indeed differ in terms of level of acculturation and that this lack homogeneity within the Mexican — American segment results in significant differences in advertising preferences. These results suggested that using a standardized advertising approach to reach the Mexican – American market would yield less than optimal results. She cited the dilemma facing the marketer attempting multicultural marketing in the United States as analogous to that which faces international marketers struggling to find that degree of standardization vs customization in advertising which will yield the greatest profits.

3.2 Conceptual framework

Multicultural Marketing Communications

- Corporate level message sources
- Marketing level message sources
- Marketing communication level message sources

Independent Variables

Perceived Value

- Company Image
- Customer Expectations
- Perceived quality of "hardware"
- Perceived quality of "human-ware"

Intervening Variables

Environmental Factors

- PESTEL Factors
- Audience Characteristics

Moderating Variables

Customer Satisfaction

Dependent Variables

3.2.1 Multicultural marketing

The term multicultural marketing is used here to refer to the ways firms use and respond to opportunities and challenges that arise from a multicultural society in serving domestic and international customers. Such marketing increasingly is becoming part of mainstream marketing communication campaigns and business strategy in retail banking in Kenya as in case of Muslim and Asian banking.

3.2.2 Image

Corporate image is the net result of the interaction of all experiences, impressions, beliefs, feelings and knowledge people have about a company (Worcester, 1997). People's attitudes and actions toward an object are highly conditioned by their beliefs about the object. Company image is the set of beliefs, ideas and impressions that a person holds of the company (Kotler, 1988). Corporate image is not a single entity, since it

depends on the perception of each specific group of people and on the type of experiences and contacts they have had with the company (Dowling, 1986, 1988; Nguyen and LeBlanc, 1998, 2001).

Many authors consider that a strong corporate image is the most effective means for differentiation in banking (Morello, 1986; Richardson and Robinson, 1986; Van Heerden and Puth, 1995) and the start point for subsequent customer loyalty-building (Nguyen and LeBlanc, 1998).

In view of all this, the banking system has been attempting to gather more and more information on aspects that induce people to do their banking over the Internet (Gerrard and Cunningham, 2003; Sathye, 1999). At the same time, it has particularly been interested in finding out customers' perceptions of banks operating in this medium, in a bid to master the technology that will enable the banks to make innovations, stand out from the others, and provide services that are more attractive to their customers.

In this context, image has become an important management tool for these companies (Worcester, 1997) and an extremely complex concept that calls for an increasing number of elements for its analysis (Balmer and Stotvig, 1997; Biel, 1992; Keller, 1993; LeBlanc and Nguyen, 1996; Nguyen and LeBlanc, 1998; Park *et al.*, 1986; Van Heerden and Puth, 1995; Worcester, 1997).

3.2.3 Customer Expectations of Service

Customer expectations may be described as the desires or wants of the consumer. The crux is that customer expectations are what the customer expects from the organization, and its range of products and services, i.e. what customers feel the organization should offer them. These expectations are in most instances, different from what the customer gets in a real-life situation from the organization. Zeithaml and Bitner, (2000) are of the opinion that customers have different expectations about the service that they get from an organization. The first expectation is called the desired service and can be described as the level of the service the customer hopes to receive from the organization. This is what

23

the customer believes the services should be. The customer must lower his or her expectations to what can be described as the threshold of acceptable service. The adequate service level that the customer will accept.

Customers may hold the same desired expectation levels between two organizations in the same industry. It is very important for the marketer to understand the factors that shape customer expectations. These expectations are influenced by personal needs such as norms, values, learning ability, personality and lifestyle. Even the stage in the life cycle of the customer will influence the expectations. It is clear that outside factors such as reference groups and family influence will help shape customer expectations. There are three basic groups/sources of customer expectations of service. These are:

- Sources of derived service expectations
- Sources of adequate service expectations
- Sources of both desired and predicted service expectations

FIGURE 5: The Nature and Determinants of Customer Expectations of Service

(Sources of derived Service expectations)

Enduring service intensifiers
- Derived expectations
- Personal service philosophies

Personal needs

Transitory service intensifiers
- Emergencies
- Service problems

Perceived service alternatives

Self-perceived service role

Situational factors
- Bad weather/ Catastrophe
- Random over-demand

EXPECTED SERVICE
- Desired service
- Zone of tolerance
- Adequate service

Explicit service performances
- Advertising
- Personal selling
- Contracts
- Other communications

Implicit service performances
- Tangibles
- price

Word-of-mouth communications
- Personal
- Expert (consumer reports, publicity, consultants, surrogates, etc.)

Past experience

Predicted service

(Sources of both desired and Predicted service expectations)

(Sources of both desired and predicted service expectations)

3.2.3.1 Derived service expectations

The employer of an organization is under pressure form derived service expectations when he or she selects the venue for the year- end function of the organization that he or she works for. We say that the employee's individual expectations are intensified because they experience derived expectations from the rest of the personnel of the organization. This is a classic situation where the individual carries the burden of all the employee's service expectations, because he or she will be held responsible if the value does not live up to them.

Another factor mentioned here is the personal service philosophies of the customer that play a role in determining the desired service level. A customer who is a former garage service manager will have different standards with regard to service provided by the garage where he is currently having his car serviced. This will be because of his training and experience. Such people will set higher standards and have a stronger service philosophy than the layperson.

Sources of adequate service expectations: sources of adequate service expectations are influences that have short-term power and tend to fluctuate more than the sources of desired service expectations. There are five factors that may influence the customer regarding the desired service level. These are:

Transitory service intensifiers – the temporary individual factors that make the customer more aware of the need for a service. This is usually the case in emergency situations such as where the car you are driving breaks down on the highway and you need help urgently. During such a time, the expectation level for adequate service will be higher because your life could be in danger.

Perceived service alternatives – the situation where thee are alternatives to the service provider that the customer is currently using.

Self-perceived service role – the amount of influence the customer exerts on the service received. When the customer is succinct about his of her service expectations and has communicated this to the provider, the customer is much more critical and has a higher service level expectation. When customers do not state their service expectations, they are usually more lenient regarding the level of adequate service they will accept. A dissatisfied customer who does not complain has usually a lower service expectation than a customer who does complain. To summarise, we can say that a customer's zone of tolerance is usually wider when the organization is not fulfilling their self-perceived service role, and much smaller when they have eloquently specified the service role.

Situational factors – this is where the customer feels that some things are beyond the control of the organization. When there are disasters such as floods or earthquakes, the customer of a short-term insurance firm is much more lenient and has a lower adequate service expectation than when he or she is the only person in the area claiming.

Predicted Service the service that the customer believes he or she will get from the organization or service provider. The predicted service is an objective calculation by the customer of the probability of performance that he or she can expect

3.2.3.2 Sources of both desired and predicted service expectations

In Figure 5 above, on the right-hand side, there is a group of four factors that have an influence on both the desired and adequate service expectations. These four factors are:

Explicit service performances – the face-to-face and indirect statements made about the service by the organization to the customers. Face- to- face promises are personal communications such as those of a salesperson or a receptionist to a customer. Indirect or non-personal communications are those made in the mass media, such as advertisements on TV or in the newspaper, which are aimed at the customer. Obviously, the service promises delivered by the direct and indirect statements are under the control of the organization. These explicit service promises influence the desired service expectations. Most organizations over-promise on radio and TV – for example, the garage will promise total peace of mind if you service your car at the advertised service station. This promise is, however, seldom kept Explicit service promises influence both the desired service level and the predicted service level expectations (the customer learns from his mistakes!) and thus will also influence the adequate service level expectations.

Implicit Service performances – other service-related cues that lead to expectations about the quality of service that will be received. Price is the most obvious example. Most customers have a positive inference between a higher price and the quality of service expected, which will then also influence the desired service level.

27

Word-of-mouth communications – what people tell each other about organizations. Because the customer sees word-of-mouth as an unbiased source of information, it influences the expected service levels to a great extent.

Past experience – is gained by the customer, and also shapes the desired and predicted service levels. This may be in the form of a direct comparison between the level of service received the previous time and currently.

### 3.2.4 Perceived Quality, Perceived Value and Customer Satisfaction
3.2.4.1 Perceived quality

In this study, perceived quality is taken to be a global judgment of a supplier's current offering (Steenkamp 1989). This is similar in spirit to the position taken by Zeithaml (1988, p. 3) in summarizing an extensive review of the literature on quality. "Perceived quality can be defined as the consumer's judgment about a product's overall excellence or superiority." However, it is worth noting that there are several distinct conceptualizations of quality (Holbrook 1994).

In marketing and economics, quality often has been viewed as dependent on the level of product attributes (e.g., Hauser and Shugan 1983; Rosen 1974). In operations management (e.g., Garvin 1988; Juran 1988), quality is defined as having two primary dimensions: (1) Fitness for use – Does the product or service do what it is supposed to do? Does it possess features that meet the needs of customers? and (2) Reliability—To what extent is the product free from deficiencies? In the services literature in marketing, quality is viewed as an overall assessment (e.g., Parasuraman, Zeithaml, and Berry 1985). Service quality in this context is believed to depend on gaps between delivered and desired service on certain dimensions.

Four quality outcomes are possible, as can be seen in Figure 6.

28

FIGURE 6: The Quality Options
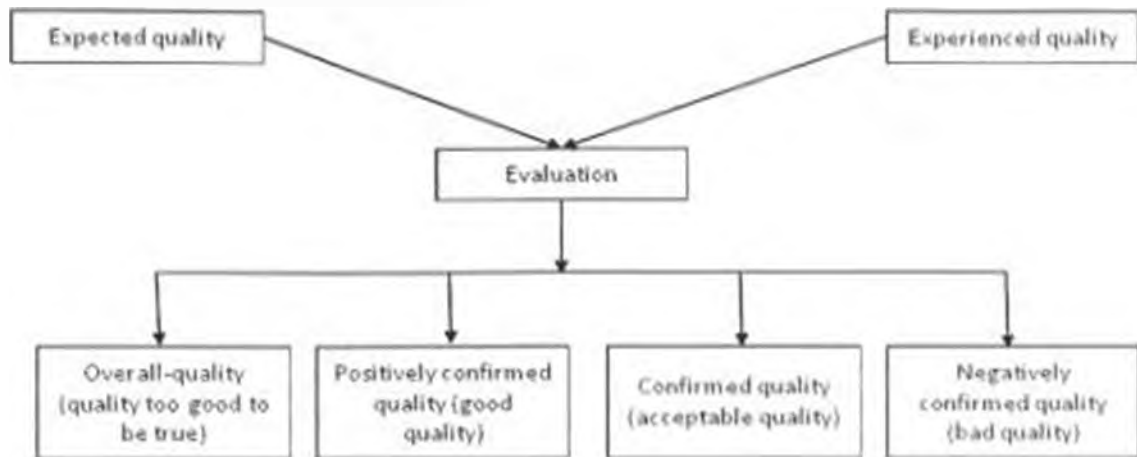
There is usually a big difference between what the expected quality is and what quality is actually delivered. In evaluating quality, the customer has four possible quality experiences, namely:

- **Over-quality** is a situation where even the customer realizes that more is delivered than is economically justified.

- **Positively confirmed quality** is a situation where a little more is delivered than the customer expected. This situation is also called 'customer delight' and makes the customer feels positive about continuing the relationship with the organization. This also leads to good word-of-month communication about the organization, and its products and services.

- **Confirmed quality** is the minimum quality that the customer will accept, and which does not necessarily make the customer feel that he or she must continue the relationship with the organization.

- **Negatively confirmed quality** is bad quality experienced by the customer, which will result in the customer breaking the relationship with the organization and spreading negative word-of-month communications about it.

Quality is obviously situation-specific or organization-specific, and the benchmark which may represent high quality today may not be perceived as such in a few months' time. In this study there is needed to determine what precisely represents a quality experience.

The main objective with the study is also to see if there is quality gaps (shortfalls) between what the customer expects and the service actual delivered.

3.2.4.2 Perceived value

According to Zeithaml, (1988) perceived value is a customer's overall assessment of the utility of a product (or service) based on perceptions of what is received and what is given. It is the result or benefits customers receive in relation to total costs (McDougall and levesque, 2000). Parasuraman and Grewal, (2000) distinguished four types: acquisition value, transaction value, in – use value, and redemption value. Acquisition value is defined as the benefits buyers think they receive when acquiring the service. Transaction value is the pleasure consumers feel for getting a good deal. In – use value is the utility derived from using the service and redemption value is the residual benefits received at the time of termination. In nutshell Chia – chi Lin, (2003) state that perceived value represents a trade off for the customer between the 'give' and 'get' components.

Customer perceived value explores the interaction between the product and service, while service quality generally focuses on the product or service, i.e. what the organization provided (woodruff and Gardial, 1996). The important contribution of the stream of research on service quality measurement is that it led to the explicit measurement of the impact of a company's total offers to their customers (Chen and Hsin – Hui, 2010). Despite the increased attention being given to customer perceived value and its relationships with service quality (Lee et al, 2004, 2005), there has not yet been empirical work done to address the effect of determinant attributes of service quality on perceived symbolic value (e.g. social and emotional) (Chen and Hsin – Hui, 2010); an approach which surpasses the strictly perceived functional value such as the value for money, and the simple quality for the price – paid approach (Gallarza and Saura, 2006).

Sheth, (1983) proposed two shopping motives: functional motives related to tangible needs such as convenience, quality, and price, etc. and non – fuctional motives related to intangible wants concerning reputation, and social and emotional needs for interaction. Taking the same position as (Chen and Hsin – Hui, 2010), this study posits that perceived

30

value can be better understood in terms of functional value and symbolic value. The functional value perspective is based on the assumption that customers are objective and rational, (Rust et al, 2000), applying the traditional functional value trade – offs involving quality, and monetary and behavior price that have been empirically proposed and tested among many researchers (Holbrook, 1994; Mathwick et al, 2001; Petrick, 2002; Rintamaki et al, 2006; Sweeney and Soutar, 2001; Tsai, 2005).

The symbolic value of consumption is based on subjective and intangible assessment of products and services (Rust et al, 2000; Vazquel et al, 2002). The symbolic meaning can be attached to products and services that may convey the kind of person someone is or wants to be; customers use products or services to express their self image to others (Solomon, 1983). Rintamaki et al, (2006) verified that the social dimension of consumption could be understood through a symbolic interactionism perspective of customers' social behavior.

3.2.4.3 Customer Satisfaction in Retail Banking

At least two different conceptualizations of customer satisfaction can be distinguished: transaction-specific and cumulative (Boulding et al. 1993). From a transaction-specific perspective, customer satisfaction is viewed as a post - choice evaluative judgment of a specific purchase occasion (Hunt 1977; Oliver 1977, 1980, 1993). Behavioral researchers in marketing have developed a rich body of literature investigating the antecedents and consequences of this type of customer satisfaction at the individual level (Yi 1991). By comparison, cumulative customer satisfaction is an overall evaluation based on the total purchase and consumption experience with a good or service over time (Fornell 1992; Johnson and Fornell 1991). Whereas transaction-specific satisfaction may provide specific diagnostic information about a particular product or service encounter, cumulative satisfaction is a more fundamental indicator of the firm's past, current, and future performance. It is cumulative satisfaction that motivates a firm's investment in customer satisfaction.

The conceptual framework presented here views customer satisfaction as distinct from quality for several reasons. First, customers require experience with a product to determine how satisfied they are with it. Quality, on the other hand, can be perceived without actual consumption experience (Oliver 1993). Second, it has been long recognized that customer satisfaction is dependent on value (Howard and Sheth 1969; Kotler and Levy 1969), where value can be viewed as the ratio of perceived quality relative to price or benefits received relative to costs incurred (Dodds, Monroe, and Grewal, 1991; Holbrook 1994; Zeithaml 1988). Hence, customer satisfaction is also dependent on price, whereas the quality of a good or service is not generally considered to be dependent on price. Third, quality is viewed as it pertains to customer's current perception of a good or service, whereas customer satisfaction is based on not only current experience but also all past experiences, as well as future or anticipated experiences. Finally, there is ample empirical support for quality as an antecedent of customer satisfaction (e.g., Anderson and Sullivan 1993; Churchill and Suprenant 1982; Cronin and Taylor 1992; Fornell 1992; Oliver and DeSarbo 1988)

Customer satisfaction is an important theorectial as well as practical issue for most marketers and consumer researcher (Dabholkar et al. 1996; Fournier and Mick, 1999; Meuter et al., 2000). Customer satisfaction can be considered the essence of success in today's highly competitive world of business. Thus, the significance of customer satisfaction and customer retention in strategy development for a "market oriented" and "customer focused" firm cannot be underestimated (Kohil and Jaworski, 1990). Consequently, customer satisfaction is increasingly becoming a corporate goal as more and more companies strive for quality in their products and services (Biner and Huhbert, 1994).

A review of the literature suggests that the understanding of the relationship between customer satisfaction judgements and service quality perceptions remains a problematic issue (Taylor and Baker, 1994). A stream of research has argued that customer satisfaction judgements are causal antecedents of the service quality judgements (Bitner, 1990; Parasuraman et al., 1988). However, others have reported that it is the service

quality that appears to be the causal antecedent of customer satisfaction (Taylor and Baker, 1994). This conflicting empirical evidence service quality is likely to lead to different customer behaviour outcomes, which in turn could have important service quality, and in doing so focuses on two of its overriding dimensions (Levesque and McDougall, 1996). The first dimension includes the core or outcome aspects (contractual) of the service (e g. reliability) and the second one includes the relational or process aspects (customer-employee relationship) of the service (e.g. tangibles, responsiveness, assurance and process aspects (customer-employee relationship of the service (e.g. tangibles, responsiveness, assurance and empathy) However, only a limited set of empirical research has reported the relationship between the two dimensions of service quality and customer satisfaction.

A review of the literature also suggests that expectations for service quality are likely to be based on perceptions of excellence, whereas satisfaction judgements are likely to be based on a broad range of non-quality issues (Taylor and Baker, 1994). More specifically, there can be potentially many antecedents of customer satisfaction, including service quality, which is probably due to the fact that the dimensions underlying satisfaction judgements are global rather than specific (Rust and Oliver, 1994). Some widely reported determinants of customer satisfaction include service quality, expectations, disconfirmations, performance, desires, affect and equity (Churchill and Suprenant, 1982; Glenn et al., 1998; Levesque and McDougall, 1996; Oliver, 1993; Patterson et al., 1997; Spsreng et al., 1996; Szymanski and Henard, 2001). However, a review of the literature indicates that formation of performance expectations during product or service evaluation can be moderated by customers' expertise (Bettman, 1970; Fishbein and Ajzen, 1975). Previous research suggests that expert customers are likely to have a superior knowledge of existing alternatives. They are also likely to have superior ability to encode new information and to discriminate between relevant and irrelevant information (Alba and Hutchinson, 1987). In the context of complex services (such as banking, insurance, pension, mortgages etc.), anecdotal evidence identifies a general trend in the marketplace whereby an increasing number of customers are making their financial decisions on their own. However, in spite of this, no prior research has

33

attempted to explore the role of customers' expertise in the formation process leading to overall customer satisfaction.

3.2.5   Intervening Variables

The intervening variables are factors that influence the bank in their marketing of products and services and are beyond the banks control. The bank does not generally influence any laws (although it is accepted that they could lobby or be part of a trade organization). Technology is continuously changing, and the bank needs to be flexible to adapt (White and Nteli 2003) and this has also revolutionized communications. There may be aggressive competition and rivalry in a market. Globalization means that there is always the threat of substitute products and new entrants. The wider environment is also ever changing, and the bank marketer need to compensate for changes in culture, politics, economics and technology. Market changes such as socio-cultural influence the perception of customers towards the banking products. For instance, the Muslim banks that only concentrate on Muslim Clientele do not   charge interest rates.

3.3   Conclusion

Customer satisfaction in a business is a measure of how products and services supplied by a company meet or surpass customer expectation. It is seen as a key performance indicator within business and is part of the four perspectives of a balanced scorecard.

In a competitive marketplace where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy.

Customer satisfaction is generally described as the full meeting of one's expectations (Oliver, 1980). Customer satisfaction is a major outcome of marketing activity whereby it serves as a link between the various stages of consumer buying behaviour. Customer satisfaction is widely recognized as a key influence in the formation of customers' future purchases intentions (Taylor and Baker, 1994). Satisfied customers are also likely to tell others about their favourable experiences and thus engage in positive word of mouth

advertising (Richens, 1983; File and Prince, 1992). This positive word of mouth advertising is particularly useful in collectivist Middle Eastern cultures like that of Abu Dhabi where social life is structured in a way to improve social relationships with others in the society (Hofstede, 1980; Hall and Hall, 1987). Dissatisfied customers, on the other hand, are likely to switch brands and engage in negative word of mouth advertising. Furthermore, behaviours such as repeat purchase and word-of-mouth directly affect the viability and profitability of a firm (Dabholkar et al., 1996). A study conducted by Levesque and Mc Dougall, (1996) confirmed and reinforced the idea that unsatisfactory customer service leads to a drop in customer satisfaction and willingness to recommend the service to a friend. This would in turn lead to an increase in the rate of switching by customers.

As indicated earlier Marketing is a system that comprises activities that facilitate co-presence and aggregation of individuals having a multiple sense of being (Badot et al. 1993; Cova, 1999). No study has attempted to investigate how multicultural marketing communications influence the various antecedents of customer satisfaction This study hypothesized the following:

H1: Multicultural marketing communications affect customer satisfaction

H2. Multicultural marketing communications affect the perceived value.

H3: The environmental factors influence the relationship between multicultural marketing communications and customer satisfaction

H4: The perceived value influences the relationship between multicultural marketing communication and customer satisfaction.

H5: Environmental factors influence the relationship between perceived value and customer satisfaction.

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