

## The Role of Marketing Creativity and Innovation in Achieving Competitive Advantage for Banks

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**Abstract:** Marketing innovation and creativity requires organizations to continuously search for the development of its products and services in order to achieve new gains for its clients and fulfill their needs and requirements; a model is proposed to illustrate the role of marketing innovation and creativity in achieving competitive advantage for Jordanian banks. The results of the study shows that the independent variables (Marketing Innovation and Creativity) which were tested through the hypothesis and illustrated in the model plays a major role in achieving competitive advantage. The study shows the innovation and creativity are crucial in organizations success. The study concluded that through marketing innovation and creativity, Jordanian banks can improve their businesses and achieve competitive advantage.

**Key words:** Marketing innovation and creativity, competitive advantage, banking innovation and creativity, marketing mix for services, management's perception, client's perception

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### INTRODUCTION

During the last 40 years, the banking industry has undergone a series of changes through financial reforms, advancement of communication and information technologies, globalization of financial services and economic development. Those changes should have had a considerable effect on efficiency, productivity change, market structure and performance in the banking industry. There is an established relationship between business strategy, innovation and organizational performance. Innovation which refers to the use of a new product, service or method in business practice immediately subsequent to its discovery, influences economic success and market share in increasingly competitive global markets. In response to new technology-driven global markets, companies have increased their use of advanced technologies as well as their innovation efforts (Zahra and Covin, 1993). Innovation is associated with competitive advantage in both growing and mature markets. Innovation, unlike most other business practices can change the competitive balance in mature markets (Brown, 1992). The concept and practice of innovation became closely associated with economic gain and competitive advantage in the 1930s. In the 1930s, economist Joseph Schumpeter (1883-1950) created a theory of economic development based on five types of economic innovations: set up or discovery of a new product, a new manufacturing process, a new market, source or new organization (Letenyei, 2001). Contemporary business theory argues that companies

must compete to keep or gain market share. Innovation is considered to be the key to creating competitive advantage (Stalk, 2006). The increasingly competitive environment in the financial services market has resulted in pressure to develop and utilize alternative delivery channels. The most recent delivery channel to be introduced is electronic or online banking. The term electronic banking is used to describe the provision of information or services by a bank to its customers, via a computer or television. In its simplest form, online banking can mean the provision of information about a bank and its products via a page on the world wide web (www). A more developed service is one that provides the customer with the opportunity to gain access to their accounts and execute transactions or buy products online (Daniel, 1999). Commercial banks now are facing extreme challenges in the current competitive environment because the changes and new services became the base of marketing and in order to face those challenges commercial banks started to go towards marketing invocation and creativity which includes marketing invocation and creativity in creating new services, marketing invocation and creativity in delivering bank services to customers and marketing invocation and creativity in promoting those services and delivering those services to customers in the right time and place since time and speed became essential in the world of financial services and depends on innovation in this competition in order to deliver the best products and services in order to achieve competitive advantage and gain customer satisfaction and loyalty.

**Literature review:** Competitive advantage is an organization's ability to perform in one or more ways that competitors will not or cannot match (Kotler, 2000) and is realized by the organization's marketing strategy, the implementation of this strategy and the context in which competition unfolds. The target consumers will be the core and centre of the organization's marketing strategy. The organization should identify the total market and divide it into smaller segments and it should select the segment(s) and focus on serving it/them. The organization then engages in marketing analysis, planning, implementation and control to find the best marketing mix and take action.

**Marketing strategies for competitive advantage:** In the 1950s, frameworks such as the marketing mix were developed to make the most of market demand. The 4 Ps, product, price, place and promotion were used to describe the levers that if used appropriately could lead to an increase in company's profitability.

The strategy to strengthen the relationship between the needs and wants of the users and the products and services offered by the organization is better known as the marketing mix. This mix incorporates four elements, namely, product, price, place and promotion. To put in another way, a typical marketing mix consists of product or service offerings at a price, targeting a customer segment in certain place and a set of modalities to reach the target customer and promotion to tell the potential customers about the availability of the offering (McCarthy, 1978).

The 4 Ps represent the seller's view of the marketing mix variables available to influence buyers. From a buyer's perspective, each marketing tool is designed to deliver customer benefits. Lauterborn (1990) suggested that the seller's 4 Ps correspond to the customers 4Cs product correspond with customer needs and wants, price responds with cost to the customer, place responds with convenience and promotion corresponds with communication.

**Marketing mix variables for services:** Products and services are different in many ways. Unlike products/manufactured goods, services are intangible and cannot be stored, transported or resold. In goods manufacturing, on the other hand, repeatability and systematically controlled production are the key variables of success.

A key factor distinguishing the services marketing from marketing of physical products is the human element, often included as new parameter in the services marketing mix (Booms and Bitner, 1981; Cowell, 1984; Heuvel, 1993;

Melewar and Saunders, 2000; Grove *et al.*, 2000). The human factor underlines the personal nature of the services marketing; service providers play a double role in the marketing process as service delivering factors: the personnel is a powerful element tool of customer persuasion and a major parameter affecting the customer's perception on the delivered service quality.

The services marketing function in an organization is much broader than the activities and outputs of the traditional marketing department, requiring close co-operation between marketers and those managers responsible for operations and human resources (Lovelock, 1996). Therefore, the traditional marketing mix has been expanded by the addition of three new marketing mix variables people, processes and physical evidence. This expanded marketing mix consists of the following instruments product, price, place, promotion, people, processes and physical evidence.

## MATERIALS AND METHODS

The population targeted for the study was the adult (18 years and over) population residing in Amman whom are bank users or employees in the selected 15 Jordanian banks. The researcher chose a random sample of the population from the banks and their branches, where 240 questioners were given for the bank clients as well as 240 questionnaires were given the bank managers and employees. About 221 questionnaires were recovered from the banks clients and after auditing the sample 12 questionnaires were found unusable for the analysis and thus, the used questionnaires recovered from banks clients were 209 out of 240, which is 87.1% as for the questionnaires given to the banks managers and employees 227 were recovered and after auditing the sample 9 questionnaires were found unusable for the analysis and thus the used questionnaires from bank managers and employees were 218 out of 240 which is 90.1%. Several procedures were used to analyze the data for the purpose of addressing and answering the hypotheses and research questions of this study.

## RESULTS

**Hypothesis testing:** A combination of t-test and F-test and simple regression was the predominant means used for testing the main hypotheses. The Hypothesis ( $H_0$ ) will be accepted if F is less than (critical F-value) and significance level is  $<0.05$  at 0.95 confidence. The Hypothesis ( $H_0$ ) will be rejected if F is more than (critical F-value) and significance level is  $>0.05$  at 0.95 confidence.

Table 1: Marketing innovation and creativity

Competitive advantage dimensions	F	F-critical value	Sig-F	r	r <sup>2</sup>	H <sub>0</sub>
Efficiency	62.829	1.94	0.000	0.739	0.546	Rejected
Quality products and services	48.452	1.94	0.000	0.694	0.481	Rejected
Customer satisfaction	150.486	1.94	0.000	0.862	0.742	Rejected
Total	140.841	1.94	0.000	0.854	0.729	Rejected

**Ho:** There is no statistical relation between marketing innovation, creativity and achieving competitive advantage.

**HA:** There is a statistical relation between marketing innovation, creativity and achieving competitive advantage (Table 1).

This hypothesis was tested using multiple regression analysis were F was:

Efficiency where F-value was 62.829 which is higher the critical F-value 1.94 and also the sig-F is less than the significance level 0.05 and thus the hypothesis Ho will be rejected and HA is accepted which means there is a statistical relation between marketing innovation and creativity and achieving competitive advantage. Pearson's correlation coefficient for marketing innovation and creativity and efficiency was 0.739 which shows a strong positive correlation.

The coefficient of determination (R<sup>2</sup>) was 0.546 which shows that the independent variable (Marketing innovation and creativity) have a 54.6% of the total variation in the dependant variable (Efficiency).

Quality of Products and Services where F-value was 48.452 which is higher the critical F-value 1.94 and also the sig-F is less than the significance level 0.05 and thus the hypothesis Ho will be rejected and HA is accepted which means there is a statistical relation between marketing innovation and creativity and achieving competitive advantage. Pearson's correlation coefficient for marketing innovation and creativity and quality products and services) was 0.694 which shows a positive correlation.

The coefficient of determination (R<sup>2</sup>) was 0.481 which shows that the independent variable (Marketing innovation and creativity) have a 48.1% of the total variation in the dependant variable (Quality of Products and Services).

As for customer satisfaction were F-value was 150.486, which is higher the critical F-value 1.94 and also the sig-F is less than the significance level 0.05 and thus the hypothesis Ho will be rejected and HA is accepted, which means there is a statistical relation between marketing innovation and creativity and achieving competitive advantage. Pearson's correlation coefficient for marketing innovation and creativity and quality products and services was 0.862 which shows a positive strong correlation. The coefficient of

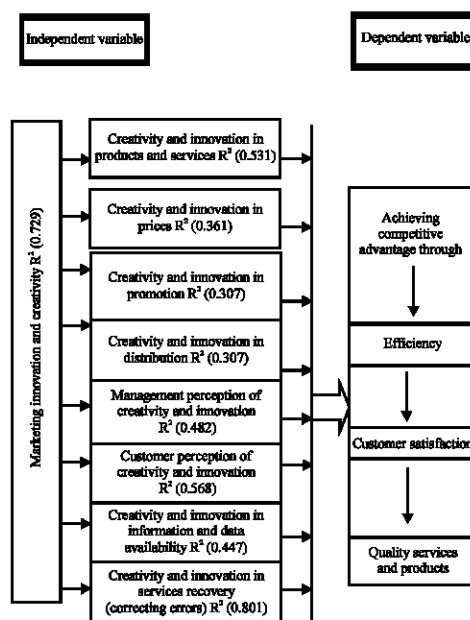


Fig. 1: Conceptual model

determination (R<sup>2</sup>) was 0.742 which shows that the independent variable (Enhancing (reviving) the bank financial services) have a 74.2% of the total variation in the dependant variable (customer satisfaction) (Fig. 1).

## DISCUSSION

The study shows that the independent variables (Marketing Innovation and Creativity) which were tested through the hypothesis and illustrated in the model plays a major role in achieving competitive advantage. The study shows the innovation and creativity are crucial in organizations success through the innovation and creativity in services, prices, promotion, distribution and the role of the upper management and their encouragement and motivation for the staff and the clients in accepting the innovations. The study also shows the role of the client's perception of innovation and creativity on achieving competitive advantage and that it aims to serve the clients and provide better services and the importance of marketing information availability to serve marketing innovation and creativity and the understanding for the client's needs and finally the importance of having a recovery strategy in order to correct the errors that may happens when conducting transactions and keep the clients satisfied.

## CONCLUSION

From the study findings, we can conclude that creativity and innovation in providing new and innovative services as an important factor in order to satisfy the client's need and that creativity and innovation in pricing and promotion and innovation and creativity in distribution through technological innovation are crucial to attract new clients.

The upper management perception and acknowledgement for innovation and creativity in banking helps in motivating the innovation and creativity in the bank. While the availability of marketing information for the innovation and creativity, whether through knowing services provided by other banks or creating a research and development department may be hard to achieve but it will keep the bank more up to date with the services and new technologies. And finally having a services recovery strategy, for correcting the errors that may occur when providing the services for the clients will help the bank in keeping the clients satisfied and attract new clients.

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