INVESTIGATING THE EFFECT OF VIRAL MARKETING ON CUSTOMER'S PREFERENCES IN SELECTING BANKS (CASE STUDY: PUBLIC AND PRIVATE BANKS IN ILAM CITY)

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Abstract: *Today, most consumers resistant to the traditional methods of marketing, subjects such as the use of traditional methods and failure to comply with customer's preferences have also faced banking industry with challenges. This study aimed to identify viral marketing factors influencing customer's preferences in selecting a bank, is a descriptive – correlational study with a sample size of 384 by simple random sampling among all customer of state-owned and private banks in Ilamcity was performed. To collect the data, two standard questionnaires with reliability equal to 0.981 units and to analyze the results of the inferential statistics Pearson's correlation coefficient and regression and SPSS 22 software was used. The findings showed the viral marketing due to all factors of technology factors(Most of the significance: 0/941), behavioral factors, financial factors, physical factors has a significant and positive effect on Customer's Preferences in Selecting Ilam Banks. So variety of banking services, instant access, good and new appearance of bank, bank's credit, taking advantage of the update technology, appropriate treatment of employees, increase profits paid to deposits, low cost of loan fees, the quality of advertising messages, the number of branches, extends the working hours and the number of working days per week is very effective on selecting bank by customers.*

Keywords: *Viral Marketing, Customer's Preferences, technology & behavioral, factors, financial & physical factors, IlamCity Banks.*

1. INTRODUCTION

Attention to the customer's wants is the first and most important principle of marketing. Attention to the wishes and preferences of customer lead totheir satisfaction, and loyalty. And as a result, it leads to increase company's reputation and increase in future profitability of the company. Customer's

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preferences, is the result of attitude to a specific product or brand (Ranjbaryan&gholami, 2014, 50).

Creating new competitive environment in the banking industry is the need for more attention to the demands, needs and expectations of customers and providesconsistent services and beyond their expectations is inevitable. Today, for the realization of the philosophy of marketing, traditional marketing methods are not efficient and organizations in the market in the long term, will be sustainable and successful, the optimal utilization of modern marketing.New marketing process begins by identify customer's needs, wants, and preferences that are not meet and set by considering customer.

In fact, bank marketing is adaptation between bank resources and customer's need, to achieve the best profitability (sepahvand&azadi, 2011, 34). Viral marketing is a new method of marketing used for the company's compliance with customer's preferences at present.Viral marketing of any strategy encourages individuals to transfer the marketing message to others and Causing possible to foster growth in influence and display of the message (khosravi, 2011).

1.1 Problem Statement

Today, most consumers resistant to the traditional methods of marketing, subjects such as the use of traditional methods and failure to comply with customer's preferences have also faced banking industry with challenges. In the banking industry due to gradual changes in customer's behavior, lack of use proper and efficient methods to attract and retain customers, caused waste of human and material resources and loss of market share in the industry that the banks of Ilam city also is not exempt from this phenomenon.

1.2 Significance of the study

Being aware of the potential preferences of customers can be very important and lead to their satisfaction and loyalty and therefore increase the company's reputation and increase future profitability of the company.If you know the preferences of customers, we can predict their behavior and have control over their behavior (Ranjbarian and Gholami, 2014: 50).Ilamcity is a border towns, and even banks, institutions and loan funds; it is suitable for investors who need financial support in critical condition.

Therefore, studies such as "the impact of viral marketing on customer's preferences in the selection of banks and identify important factors affecting it are necessary in this city.

1.3 Research purposes

This study condactedaimed to investigate the effect of viral marketing (with emphasis on factors: technology, behavioral, financial, physical) on customer's preferences in selecting a public or private banks in the city of Ilam. So it is a step to resolve the problems of banks, find out the wishes and preferences of customers, and meet them.

1.4 The research main hypothesis and sub-hypotheses

Main hypothesis:the viral marketing has a significant effect on customer's preferences in selecting a public or private banks in the Ilam city .

The subsidiary hypothesis

Each of technology, behavioral, financial, physical factors has a significant effect on customer's preferences in selecting a public or private banks in the Ilam city.

1.5 Research Innovation

The viral marketing, as a new marketing method, is innovation for this research.

2. PREVIOUS RESEARCH

In modern banking there are several factors that influence the mobilization of bank's financial resources. Identifying and determiningthe effect and its relation with the success of banks in mobilizing financial resources is an important matter. So identify the factors influencing customer's preferences is an important issue that banks need considered (Amanikelarijani&metani , 2013, 1).

2.1 Communication with customers in the banks

The banking industry is different from other industries because in the banking relationship average between the customer and the bank is longer than other industries. When a customer opens a bank account, his relationship and dependency to the bank (frequently through Czech, deposits, money transfers, services bill payment, etc.) increased. The bank

also continued to send monthly reports associated with him(moghali, 2007, 82).

The banking services Marketingrequires commitment in the management sector to adopt a customer-oriented approach as the institute's philosophy. In fact, bank marketing is matchingbetween bank's resources and customer need to achieve the best profitability mode. The main goal of any organization, beyond selling their products, is creating a strong relation between the product and a particular group of customers that its extract will be a sort of commitment and loyalty to the organization. Establishing such commitments take place during a process that includes; customer familiar with the product getting, knowledge about it and then prefer product. If success in this process caused customer's satisfaction and loyalty obtained (Ta, &Har, 2013).

Therefore, customer relationship management (CRM) is a crucial element in marketing management of banking services. Customer relationship management is a point of view that emphasized the cooperation between the parties of exchange in order to create value. The view is that the recent advances in technology gathering and organizing customer's information in data bases trying to better and faster respond to the demands and their needs and, as a result, consolidated customer's communication and survival of the organization (taheriardakani&heydari, 2013, 88).

2.2 Channels to provide banking services

Electronic banking is a instrument for the development of banking services and therefore in terms of features and market needs in models, methods and various types are available: 1-Internet, 2-mobile, 3-Fax, 4-ATM, 5- kiosk, 6 - sale terminals, 7- bank phone. (fathiyan et all , 2009, 5).

2.3 The effective factors in customer preferences

There are effective factors in choosing banks, therefore, in this study; these factors have been divided into several categories: 1: Technology Factors (services provided by ATM, speed of processes, diversity of services, air conditioning units, sorters, notification via SMS, notification via email, etc.). 2: Financial factors (short, medium and long term interest rates, lower interest rates on loans, the cost of fees, payment of bank loans with favorable conditions, interest payments on the account balance, timing repayment of loans, etc.). 3:Behavioral factors (including the attention to customer's character, how to express and talk and deal with him, courtesy of staff, the name and reputation of the bank, and provide necessary guidance by bank

employees). 4: Physical factors (physical factors, including the appearance of the bank, bank's internal view, number of bank branches, etc.) (safari et all , 2009, 45).

2.4 The Viral marketing

Viral marketing is a kind of mouth to mouth transmission of message by those who through some marketing messages about the company, brand or product of the company through public media tools (usually the Internet) widely publicized among the general public(fathiyan et all , 2009, 5). Viral marketing refers to marketing techniques that seek to use social networking opportunities for exponential increase in awareness to brand and this through a viral process similar to that in the case of an epidemic is occurred. Viral marketing via the internet network is still useful that can quickly access to a large number of people.

Viral marketing refers to marketing techniques that seek to use social networking opportunities for exponential increase in the awareness of the brand through viral processes similar to what is happening in the case of an epidemic. Viral marketing works via the internet and can be very useful to a lot of people to quickly access(khosravi, 2011).

2.5 Viral marketing applications

1. Free granting valuable products and services such as free information and software.

2. Providing an easy transition for others: the virus is released when the transmission is easy. Media that publishes commercial messages should be easily transferable and alternative to simply transmit messages (email, web, graphics, etc.)

3. Easy expansion from small to very large: for quick release like a terrible fire, transition from small to very large is effective, such as the transfer of a rumor.

4. Operation of the common motivations and behaviors: a good program of viral marketing take advantagesfrom people's common incentives for transmission.

5. Using existing communication networks: Most people are social and developing their relations on the Internet. We learn in the viral marketing that placed our messages in synchronous communication between people.

6. Benefit from other sources: The most creative viral marketing plans are using other sources to expressintention. For example, insert a text or graphics on another website or use a paper roll of POS machines, abank PSP by another bank PSP.

2.6 The most effective strategies in viral marketing

(a) It's possible to see that people are free to use a set of products and services on the site, this in fact is the most powerful viral marketing strategy.The idea behind viral marketing is that company offers their ad with a free product or service to people.

(b) Writing articles its subject related to the product or service as well.

(c) Ability to send any of the pages or documents on the company's website by visitors to their friends and relatives, so that people just entering their favorite name and email address can be sent text to another person (safari et all , 2012).

(d) The possibility of visitor's membership in the company's site as well as the ability to send newsletters to user's email and providing enough space to them to build a personal website freely and in subset of company's main site, so that they have space for their presentations and to achieve their goals and the company may advertise their goods and services in that space (jannesarahmadi & ghafari , 2011, 23).

(e) Taking forums for contact with people and linking them with each other for the exchange of information and communication between people together and company is very easy (khosravi, 2011).

Sepahvand et al (2011), in a study entitled "investigating the impact of marketing mix elements on customer's preferences in selecting a bank in the city of Khorramabad", concluded that all elements of the marketing mix of service had a positive impact on customer's preferences in selecting a bank.Also, staff, service (product), process, location, amenities and physical equipment, price and promotion have had the most influence on the choice of customers.

Amini et al. (2012), in examining the effect of customer's selected variables on the selecting behavior of customer suggested that there is a positive significant relationship between the desire variables for social relationships and channel selection of branch, recognizing the ATM and the ATM channel selection, a desire to control personal information, ATM channel selection, knowledge of the Internet and Internet channel selection,

perceived ease of the Internet and Internet channel selection. Results showed that there is a significant positive relationship between demographic variables such as age and college education and variable of electronic channels selection and bank customers.

Yassin and Zohri (2011), in analyzing the importance of family and viral marketing in a customer-based brand equity formation shows viral marketing only has a significant positive effect on all aspects of brand equity.

2.7 Conceptual model

Therefore the operating model ofthis study using two NorjayaYasin (2012), and Safari et al (2009) models is as below figure 2.1.

Fig 2.1 study operating model (NorjayaYasin (2012), and Safari et al (2009)
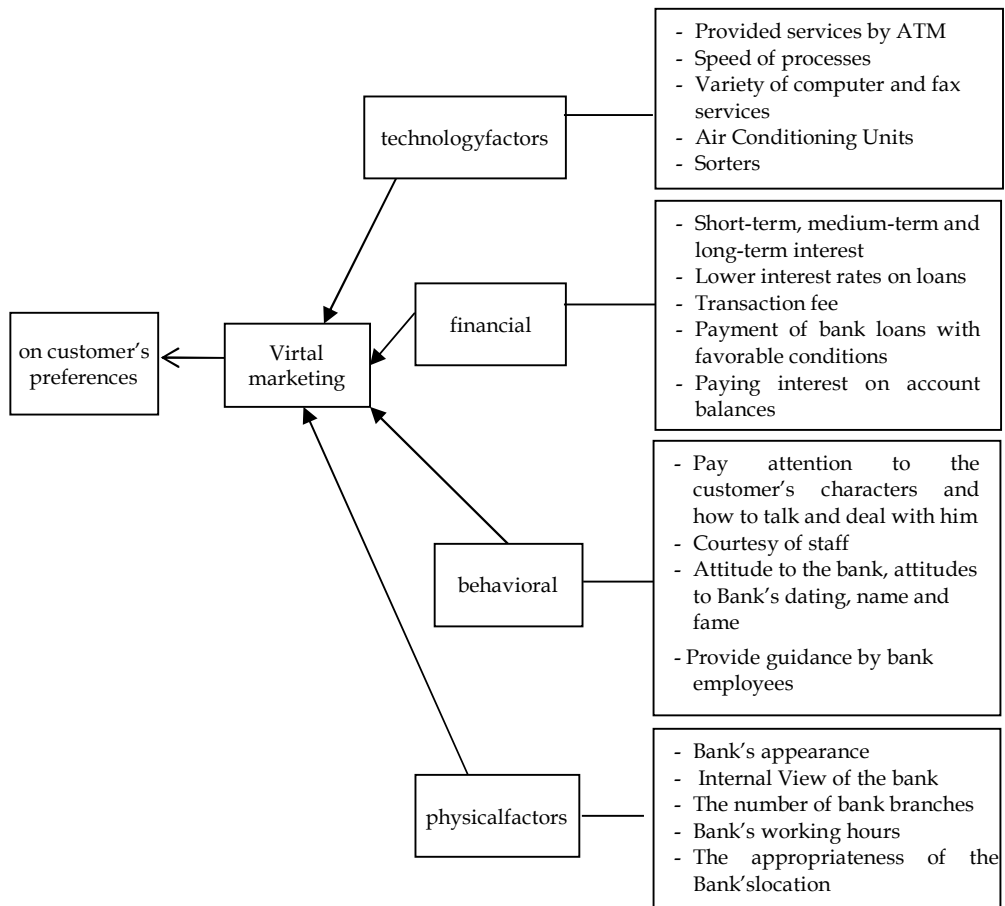
3. RESEARCH METHODOLOGY

This study aimed to identify viral marketing factors influencing customer's preferences in selecting a bank, is a descriptive – correlational study with a sample size of 384 by simple random sampling among all customer of state-owned and private banks in Ilam city (Table 3.1) was performed.

To collect the data, two standard questionnaires,Yassin&Zohri(2011)and Safari et al(2009)questionnaires and reliability equal to 0.981 units and to analyze the results in the descriptive statistics section (demographic variables) from dispersion and central indices and in the inferential statistics Pearson's correlation coefficient and regression and SPSS 22 software was used.

Table 3.1
Questionnaire Distribution

Bank name	The number of population	The proportion of people in the community P	The number of samples based on the ratio of N	Type of Bank
Mellat Bank	5086	21/6	84	Public
Melli Bank	6215	26/4	103	Public
Saderat Bank	5263	22/5	88	Public
Sarmayeh Bank	3675	15/7	58	Private
EghtesadNovin Bank	2195	9/3	28	Private
Ayandeh Bank	1054	4/5	23	Private
Total	23488	100%	384	

Table 3.2
Calculating Cronbach Alpha Coefficient

Cronbach alpha coefficient	Variables
0/875	web-based Information systems
0/926	customer satisfaction

4. RESEARCH FINDINGS

4.1 Normal distribution of the dependent variable

Results of distribution using the Kolmogorov – Smirnov test (Momeni and Fa'alGhiomi, 2012: 166): Given:

Ho: Distribution of variable data is normal

H1: Distribution of variable data is not normal

Table 4.1
Determination of data normality test (Kolmogorov-Smirnov)

Components	Significance level	Test Statics	Result
Technology factors	0/09	1/321	Normal distribution
Financial factors	0120	1/459	Normal distribution
Behavioral factors	/059	1.890	Normal distribution
Physical factors	0/078	1/211	Normal distribution
Viral factors	0/064	1/190	Normal distribution
Total	0.065	1.571	

According to Table 4-1, the validity of test is more than 0.05, as a result of assuming H0 is approved at the level of 5% and distribution of data for each variable is normal. In other words, according to larger p-value than α assumption H0 (normal distribution of variables) is confirmed. Therefore it can be said to test the hypothesis parametric tests used.

4.2 Testing the main research hypothesis

Viral marketing has significant impact on the customers' preferencein selecting public and private banks ofIlam city.

Ho: There is no significant impact β = 0

H1: There is a significant impact   β ≠ 0

Table 4.2
Durbin-Watson test for model components

Model	correlation coefficient	coefficient of determination	Adjusted coefficient of determination	Standard error of estimation	Watson camera
1.	.941[a]	0/886	0/885	1/44667	
2.	0/955[b]	0/912	0/911	1/27245	
3.	0/775[c]	0/601	0/592	1/88239	
4.	0/960[e]	0/922	0/921	1/20066	1/918

According to Table 4.2, the assumption of independence between the errors is confirmed. The value of Durbin-Watson test is located 1.5 to 2.5 (1.918), there is no autocorrelation between errors.

The regression analysis of the data is valid. So H0 is confirmed. The simple correlation coefficient is equal to R=-0.960 and the coefficient of determination is equal to 0.922and the adjusted coefficient of determination is equal to 0.921 calculated. On the other hand F result of ANOVA amount is equal to F=1491.564 and significance level is equal to sig=0.000.Therefore, by observing the coefficient of determination variables alone can be stated that 92.2 percentage changes in the dependent variable explained.

According to the coefficients output ofTable 3-4 t values for the intercept is equal to 1.380 and for changing technology is 0.326, for variable of behavioralfactors is equal to 0.153, for variable of financial factors is equal to 0.205 and for variable of physical factors is equal to 0.633. The model is as follows:

$$Y = 1/380 + 0/326 \ x1 + 0/153 \ x2 + 0/205 \ x3 + 0/633 \ x4$$

Table 3-4
Regression coefficients of the model components

	Model	Non-Standardized coefficients		Standardized coefficients	t-statistic	Significant level (sig)
		B	Standard error	Beta		
1	Intercept	.633	.288		2.202	.028
	Technology factors	.388	.062	.941	54.424	.000
2	Intercept	1.312	.261		5.029	.000
	Technology factors	2.068	.136	.574	15.224	.000
	Behavioral factors	.335	.032	.401	10.619	.000
3	Intercept	.895	.253		3.530	.000
	Technology factors	1.380	.162	.383	8.513	.000
	Behavioral factors	.326	.030	.391	10.961	.000
	Financial factors	.153	.022	.224	6.922	.000
4	Intercept	1.380	.162	.383	8.513	.000
	Technology factors	.326	.030	.391	10.961	.000
	Behavioral factors	.153	.022	.224	6.922	.000
	Financial factors	.335	.032	.401	10.619	.000
	Physical factors	.633	.288	.941	2.202	.000

Pearson correlation coefficient

Table 4.4
Pearson correlation coefficient test

	Physical factors	Financial factors	Behavioral factors	Technology factors
Pearson correlation coefficient for viral marketing	0.834	0.890	0.926	0.941
Sig value	0.000	0.000	0.000	0.000
Number of data	384	384	384	384

The critical value for above hypothesis is equal to 0.000 or the same level of significance was considered for the test by SPSS. According to Table 4-4, the validity of the test for the first hypothesis is equal to 0.000 and less than 0.05 as a result of the assumption of H1 is confirmed at the level of 5% and we can say there is a significant relationship between technology factors, behavioral factors, financial factors, physical factors and customer's viral marketing in Ilam province.

4.3 Testing the subsidiary hypothesis

To avoid long text for each hypothesis has been presented only regression coefficients table.

1. Technology factors has significant impact on the customers' preference in selecting banks of customers.

   Ho: There is no significant impact $\beta = 0$

   H1: There is a significant impact $\beta \neq 0$

   Since the regression analysis, scale of most independent variables are often composed of different units,so not easily be compared to the contribution of each independent variable in explaining the dependent variable changes or variances. Therefore, standardized regression coefficients (B) help us explain the relative contribution of each independent variable on the dependent variable to identify customer's preferences. According to Table 3-4, in this hypothesis we say that changing a single modern banking technology; lead a change 0.388in unit in customer's preferences.

2. Financial factors has significant impact on the customers' preference in selecting banks of customers.

   Ho: There is no significant impact $\beta = 0$

H1: There is a significant impact   β≠0

According to Table 3-4, in this hypothesis we say that changing a single 2) financial factors; lead a change 0.609 in unit in customer's preferences.

3. behavioural factors has significant impact on the customers' preference in selecting banks of customers.

Ho: There is no significant impact β = 0

H1: There is a significant impact   β≠0

According to Table 3-4, in this hypothesis we say that changing a single behavioural factors; lead a change 0.774 in unit in customer's preferences.

4. physical factors has significant impact on the customers' preference in selecting banks of customers.

Ho: There is no significant impact β = 0

H1: There is a significant impact   β≠0

According to Table 3-4, in this hypothesis we say that changing a single behavioural factors; lead a change 0.697 in unit in customer's preferences.

5.   CONCLUSIONS AND SUGGESTIONS

According to the findings, viral marketing effect with respect to each technology factors, behavioral factors, financial factors, and physical factors on customer's preferences in selecting public and private banks in Ilam, in consistent with the results of Amini et al. (2012), was approved. A variety of banking services, instant access, good and new appearance of bank, bank's credit, taking advantage of the update technology, appropriate treatment of employees, increase profits paid to deposits, low cost of loan fees, the quality of advertising messages, the number of branches, extends the working hours and the number of working days per week is very effective on selecting bank by customers.

As a result, due to the significant influence of technology, private banks and institutions given importance to measures such as: deposit interest and loans fee, the importance of location and better performance ATM devices, and Internet service can be allocated greater share of future customers' market.

About financial factors, given that lending in private banks is much easier than state-owned banks, it is suggested that due to the risk of non-repayment, very effective insurance created regarding the loan payments. Confirming the effects of behavioral factors also suggest that physical ad placement from consumer's point of view, today inner-city advertising of institute,banks is not physically responsive to consumer's desire and only will lead to waste of time and cost of financial institutions and banks. So cost focusand allocation and promotional forces towards the media,benefit higher efficiencies in this area.The treatment of bank employees (modesty and propriety), has the greatest impact on the holders of current account in the bank that provide services to them. Therefore, special training courses for staff on how to deal with customers, strengthen the monitoring system on the motivation of employees and investment and encourage employees to achieve this goal is necessary due to behavioral factors.

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