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Analyzing the Impact of the Product Mix on Competitive Advantage in the Banking Industry. Case of study/ BNA TIARET

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Abstract:

This study aims to examine the impact and contribution of product in gaining a competitive advantage which can have an impact in facing the huge competition in banking industry. The findings reveal that the Consistency index of the product mix plays the most significant role in achieving a competitive advantage within the BNA bank.

key words:

Differentiations, competitive advantage, product portfolio

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Introduction:

Given to the unstable business environment and many different challenges that have emerged in the field of marketing, both locally and internationally, especially in the banking sector, which has recently witnessed changes and developments as a result of several factors, including information and communication technology, endless needs and desires. In addition, today's banking markets have been characterized by intense competition, taking various forms.

Undoubtedly, the goal of economic organizations, especially banking ones, is to adapt to these changes and the constraints imposed by the highly competitive markets in order to ensure continuity, reinforcing and consolidating their mission, and achieve the highest possible return. In light of these challenges within the highly competitive market, banking organization must make their efforts to find one or more elements that can be relied on to develop an effective marketing strategy that achieves a competitive advantage.

As suggested by some researchers, there are several approaches that economic institutions can rely on, provided that they make the right choice according to their situation and capabilities, which make them distinct from their competitors. These include: product value, product quality, product mix, affordable price, good organization, and unique technology…...etc.

According to this proposition, the main issue that can be phrased as follows:

How does the banking product mix contribute to achieving a competitive advantage for "the National bank of Algeria"?

Which we consider appropriate for gaining a competitive advantage for "the national bank of Algeria", is that the product/service mix can be relied upon as an important and key input to formulate an effective marketing strategy.

To get a better understanding of this question, it was necessary for us to reframe it into sub-questions.

- What is meant by the banking product mix?
- What is meant by competitive advantage?
- What is the relationship between the product mix and competitive advantage?
- How can "the National bank of Algeria "gain a competitive advantage through the product (service) mix offered to its customers?

It is hypothesized that there is a statistically significant causal relationship between the dimensions of the product mix and competitive advantage, where we see (hypothetically) that "the National bank of Algeria «can distinguish itself from its local competitors by focusing on the product mix configuration as an

independent variable, represented by depth, breadth, and coordination, and the dependent variable of competitive advantage is an output that depends on additional services in addition to the core service. To further clarify the main hypothesis, it can be formulated into sub-hypotheses, as follows:

- First hypothesis: There is a statistically significant causal relationship between the depth dimension of the product mix and competitive advantage.
- Second hypothesis: There is a statistically significant causal relationship between the range dimension of the product mix and competitive advantage.
- Third hypothesis: There is a statistically significant causal relationship between the coordination dimension of the product mix and competitive advantage

The importance of this study is evidenced by the content of its topic, as it is considered one of the modern topics. The banking product mix variable acts as a link and a common factor in achieving the goals of both the customer and the bank. On the other hand, competitive advantage is a cornerstone of the important forces for financial institutions that seek to prove their existence within the constraints of intense competition that characterizes today's banking markets in general.

To achieve the objectives of the study and obtain the best results regarding the enhancement and adoption of the banking product mix as an approach for the bank under study to gain a competitive advantage, we will rely on the following scientific qualitative method by analyzing a collection of information obtained from the applied study, as well as reports based on interviews.

The theoretical framework of the study.

This section is devoted to presenting the key variables of the study, specifically the product (service) mix and competitive advantage, along with a detailed identification of their respective dimensions.

The Banking Service (Product) Mix

In order to further clarify and understand the aspects of this variable, the concept of product can be presented as a preliminary presentation of the banking service.

There are several definitions of the banking product, and the most comprehensive in our view is the one that looks at the banking product from three complementary aspects, namely: the core product (service), the actual product, and the supporting product

- Service Essence: It represents the set of basic benefits that the customer targets when obtaining the service, or in other words, it is the basis and the fundamental

reason for the existence of the institution or company, for example, the core service for the bank is withdrawal and payment, and so is the transportation service for Algerian Airlines .... etc.

- Actual service: Refers to the dimensions of quality, distinctive features and branding. This facet has a major role in guiding the customer's purchasing behavior in terms of the degree of preference, as it is sometimes called the customer satisfaction package. In other words, it is the core service after packaging that will be actually perceived by the customer after delivery.

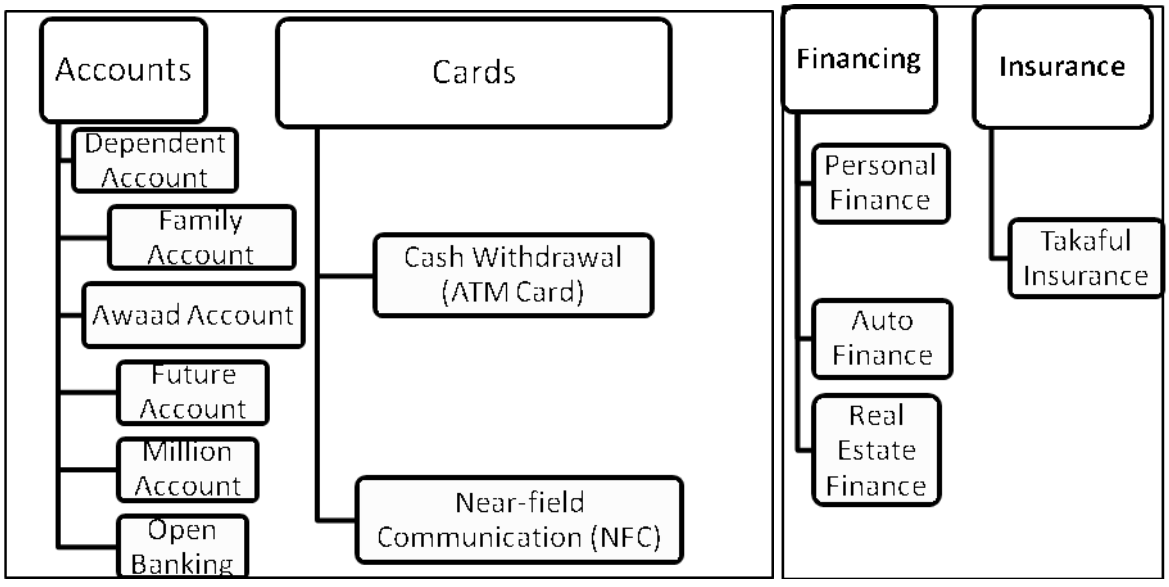
- Supporting service: These are those services that accompany the basic service (the core) and that make the core product (service) gain a special advantage compared to its alternatives, for example: The presence of a sophisticated electronic description and guidance board at the front desk, a parking lot with surveillance cameras belonging to the bank ..... etc **(al-berezenjy, 2018, p. 120).**

First section: the Banking Service Mix

The service mix is defined as the set of services offered and marketed by the bank, in order to satisfy the needs and desires of its customers, or more precisely, to strive for their complete satisfaction **(ibrahim, 2005, p. 46/47).**

To further explain this definition, we can provide an example of a service mix for Al Rajhi Bank in the Kingdom of Saudi Arabia.

Figure (1): The Set of Services Provided by Al Rajhi Bank in the Kingdom of Saudi Arabia



source: https://www.alrajhibank.com.sa/Personal/Apply-for-Retail-Products

Firstly: Dimensions of the Banking Service Mix

There is a consensus among marketing researchers, as most of them agree on a set of dimensions through which the value and importance of the services provided by the bank can be measured or identified. Based on this, these dimensions can be mentioned as follows: Breadth, Consistency, Depth.

a)- **Breadth:**

This dimension represents all the lines of services, which are presented in a gradual form-namely, classified groups called "service lines" or "product lines

B)- **Consistency/Coherence:**

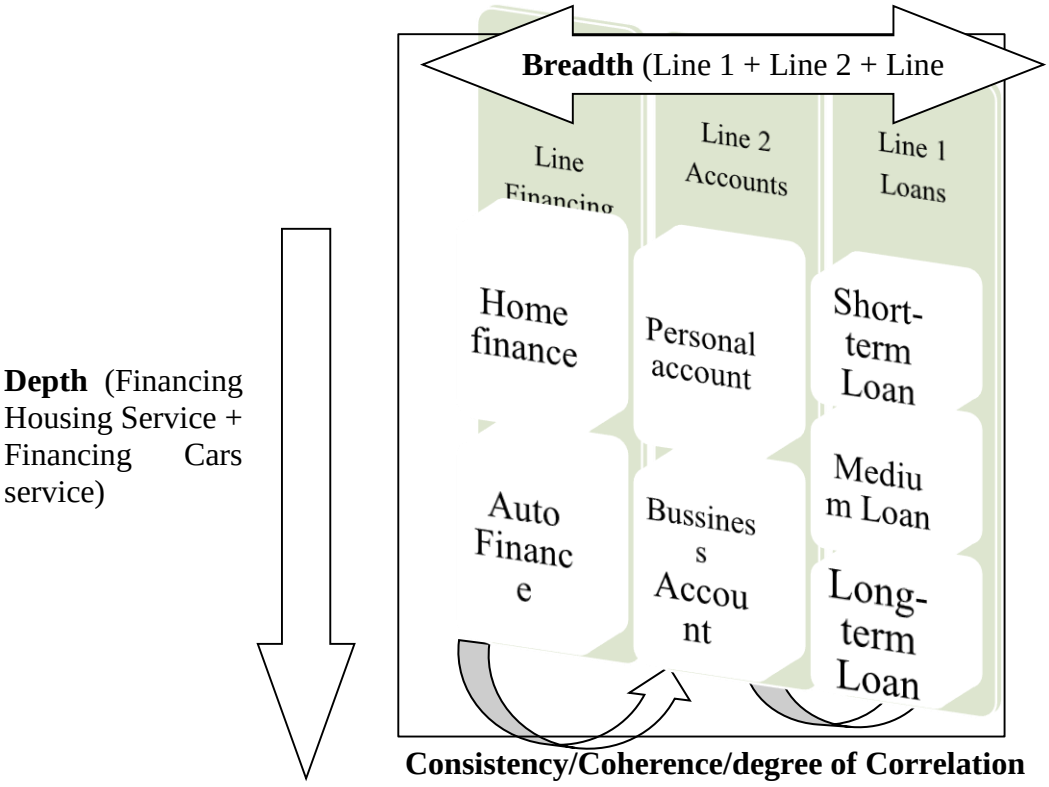
This dimension indicates the extent to which the services offered in the mix are related and overlap, or in other words, the relationship between the various services included in the mix and the degree of influence they have on each other.

c)- **Depth:**

This dimension refers to the range of sub-services included in a single line. The depth of the mix can be judged by the largest line, depending on the number of sub-services within the same line **(Philip Kotler, 2009, pp. 433,434).**

Based on what has been mentioned above, these dimensions can be presented graphically in the following example.

Figure (2): Dimensions of the Banking Service Mix



source: https://almerja.net/reading.php?idm=20376

The Second section: Competitive Advantage

There is no unified definition of the term competitive advantage this is because of the multiple vision and trends of researchers in this field therefore some of them can be listed according to porter "competitive advantage" is built through trends and effective methods that are now compared to its competitors here porter focused on the process of innovation and developmental which he considers the essence of competitive advantage**(SOURYA & SAID, 2017,p. 03).**

Others also believe that competitive advantage is the set of processes and activities if offered by the organization in order to satisfy its customers focusing on the inability of its competitors to imitate the use of some (**MEKKI & MHAMED, 2021, p. 58).**

Why there are those who believe that competitive advantage is the most important elements through which the difference between the institution and its competitors is made or achieved according to the angle from which the customer sees **(Ilyass, 2021, p. 11/12).**

According to these divinations in defining the concept of competitive advantage accurately as it would have been more likely to have an answer to the question that is asked when reading each of these definitions which is: is every difference made by the organization compared to its competitors called a competitive advantage ?; What can be noted or worth showing is that the difference must be **positive** for the institution which is considered the first move of its competitors otherwise what is the value of the advantage of the gained difference, if it does not have a positive impact on the institution

Firstly: Dimensions of Competitive Advantage

Competitive advantage realizes on fundamental foundation and columns that are important indicators to measure among these dimensions or indicators accepted by most researchers in marketing for most of which is partner who believes that among the dimensions that improve the competitive advantage in cost quality time and flexibility

a)- **Cost**:

this dimension is considered one of the important pillars through which economic institution can be considered unique from their competitors if they have the ability to control their costs especially direct costs the letter is also considered a strong point and barrier within the competition market

b)- **Quality:**

Quality is one of the basic dimensions it is important that achieves a competitive advantage for economic institution focusing on the qualities and characteristics of the product relying of the organization and the ability to reduce the god especially the Gap that show between what the institution gives (service) and what the customer ...

c)- **Time**:

The time management index is one of the elements that are defined by a kind of complexity because it's association with different and unclear factors especially those within the external environment that is difficult to control but institutions can differ themselves from their competitors through the factors that have the ability to control them some elements such as delivery time for product and the market entry time (early, late)

d) - **Flexibility:**

It is the ability of the institution to accept quality to the changes of the internal or external environment and this is what makes it win a competitive advantage **(rachad, 2019, p. 129).**

The second requirement: The Relationship between the Service Product Mix and Competitive Advantage

It can be said the term product advantage is matching model the product is incomplete to the customer it is not defined by competitive advantage depends on characteristics (shape, performance, sensory or definition identity, design, parking.... etc.)

Banking institution aims to achieve a competitive advantage can depend on one of the pillars of true response predictive communication, acceptable cost in the eyes of the customer, finally hard tradition of service by the competition.....

It is clear to us that the relation of competitive advantage with the service mix is helpful relation. The service mix is one of the contribution that gain a competitive advantage, the banking service it tells by difficult imitation it is important pillar of competitive advantage, the banking service can be judged by mixity of product, the goal of service in the banking sector in overall is both their excellence is hold by the elements of formation that accept the efforts and needs of the banks customers.

Finally, an important point should be held which is we believe that quality is not. Cause institution or other banking institution can make quality one of the condition in building the strategies by which they aim to build the positive image

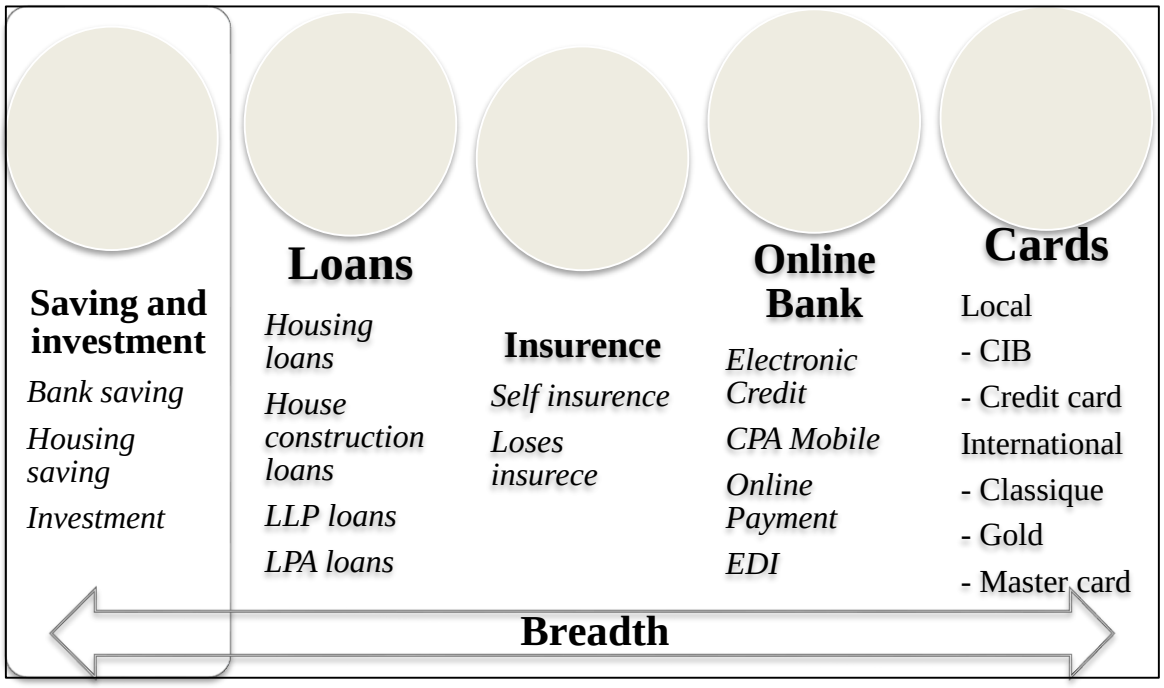
that makes it clear, but it is not important thing that will increase its sales while the competitive advantage it gains as a result of the aforementioned product elements it is necessary to increase its sales compared to its competitors base on the axiom of preference in the purchase decision of the final customer and that the destination is subject to the principle of the subjectivity then objectivity, quality is subject that fix criteria more objective than subjective

The experimental framework for the study

According to decree No. 178/66 issued on June 13, 1966, the national bank of Algeria (BNA) was established with a capital of 15 million Algerian dinars, based on the networks of the national bank of Algeria, Oran, Annaba, Constantin **(Souria, & said, C. 2017, p3).**

Later on, November 04, 1983, the agency (BNA-TIARET) began operations, which adds more assets to the capital of the city knowing the city after. The agency contains 23 employs staff members distributed across various departments and 12 employees from extern companies (8 guards and 4 cleaning)

Figure (01): Presentation of services in the bank (BNA-TIARET)



Source : https://www.BNA-bank.dz

The first requirement: Research Methodology

a) - **Method**: Qualitative survey through semi-structured interview

b) -Number of participants: 61 Client (48 Retail customer, 13 corporate customer).

c) - Duration of interview:15 to 20 minutes

d) - Tool: Structured interview guide

e) - Validity: We used peer debriefing to review and validate the interpretations, as we shared this part with participants, who agreed and confirmed the point of view and what he was meaning.

First section: Presentation and discussion of data

The data were collected through a interview to 80 clients, out of this, 61 valid responses were obtained, representing an effective response rate of 76.25%

a) - Preliminary information about the survey participants

Table (1): Additional data about customers

/	*Description*	*Frequency*	*Percentage*
Gender	Male	26	42.62%
	Female	35	57.38%
Age	18 to 29 Y. O	17	27.78%
	30 to 39 Y. O	26	42.72%
	40 to 49 Y. O	09	14.75%
	More than 50 Y. O	09	14.75%
Education	Primary	01	01.63%
	Middle school	07	11.48%
	High school	30	49.19%
	University	23	37.7%
Experience	Less than 1 year	08	13.12%
	1 to 3 years	29	47.54%
	4 to 6 years	07	11.47%
	More than 6 years	17	27.87%
Type of client	Retail customer	48	78.69%
	Corporate Customer	13	21.31%

Source: prepared by the researchers based on respondents' information

B)- Analysis of the additional data

1)- Gender Distribution

Among the participants, 35 were female, representing 57.38%, while 26 were male, comprising 42.62%.

This indicates that female respondents formed the majority in the sample, which may suggest a slightly higher engagement or presence of female clients in the survey or customer base.

2)- Age Group Distribution

The largest age group was 30 to 39 years old, with 26 individuals (42.72%), followed by the 18 to 29 age group at 27.78% (17 respondents). Both the 40 to 49 years and more than 50 years age groups had equal representation, with 9 respondents each (14.75%).

This suggests that the majority of respondents are younger adults, particularly between 30–39 years old, which may reflect the bank's appeal to the economically active working-age population.

3)- Educational Background

The dominant education level was high school, with 30 respondents (49.19%), followed by university graduates, who constituted 23 respondents (37.7%). Only 1 respondent (1.63%) had primary education, and 7 (11.48%) had middle school education.

These figures indicate that the bank's clientele is largely well-educated, with the majority having completed secondary or higher education, which may correlate with a better understanding of financial products and services.

4)- Experience with the Bank

The largest group in terms of experience were those with 1 to 3 years of engagement with the bank, 29 respondents (47.54%), suggesting that nearly half the participants are relatively new clients.

- 17 participants (27.87%) had more than 6 years of experience, reflecting a solid base of loyal and long-term clients.

Those with less than 1 year were 8 respondents (13.12%), and 4 to 6 years were 7 respondents (11.47%), indicating that while new customer acquisition is ongoing, there's also a core of experienced clients.

5)- Type of Client:

A large majority, 48 out of 61 respondents (78.69%), were retail customers, while 13 (21.31%) were corporate clients.

This confirms that the bank's customer base is heavily dominated by retail clients, which may reflect its market strategy, branch coverage, or product orientation.

c) -Extracted responses from client interviews:

Table (2): presentation of product mix and competitive advantage

	Parameters	*Retail customer*	*%*	*Corporate Customer*	*%*
Product mix	Diversity of products in the bank (Credit, Cards, Investment …..etc.).	$\frac{40}{48}$	83.33	$\frac{9}{13}$	69.23
	Personalization of products to some clients.	$\frac{2}{48}$	4.16	$\frac{1}{13}$	7.69
	Satisfaction about the consistency of products.	$\frac{3}{48}$	6.25	$\frac{10}{13}$	76.92
Competitive Advantage	Flexibility of the bank.	$\frac{5}{48}$	10.41	$\frac{11}{13}$	84.61
	Low coast comparing to other banks.	$\frac{10}{48}$	20.83	$\frac{10}{13}$	76.92
	High quality of products.	$\frac{7}{48}$	14.58	$\frac{7}{13}$	53.84

Punctuality.	$\frac{40}{48}$	83.33	$\frac{12}{13}$	92.30

Source: prepared by the researchers based on respondents' information

d)- Analysis of the extracted responses:

1)- Product mix:

40 retail customers among 48 which is 83.33% agreed about the parameter of the diversity of products in the bank, and 9 corporate customers of 13 69.23%. Which means most of the clients agreed and they were satisfied about their services, and can be count as a plus for the bank.

Only 2 retail customers out of 48, 4.16%, and 1 corporate customer out of 13, 7.69%, believed that products are personalized to some clients. This reflects a clear weakness in tailoring products to meet individual customer needs. Regarding satisfaction about the consistency of products, 3 out of 48 retail customers (6.25%) expressed satisfaction, while 10 out of 13 corporate customers (76.92%) were satisfied. This indicates a significant contrast, where corporate clients are much more confident about product consistency compared to retail clients.

2)- Competitive advantage:

On flexibility of the bank, only 5 of 48 retail customers (10.41%) were satisfied, compared to 11 of 13 corporate clients (84.61%). This again suggests that corporate customers perceive greater adaptability and responsiveness, while retail clients do not.

For low cost compared to other banks, 10 retail clients (20.83%) and 10 corporate clients (76.92%) agreed, indicating that corporate clients appreciate the bank's pricing strategy more than individual consumers.

Regarding the high quality of products, 7 of 48 retail clients (14.58%) and 7 of 13 corporate clients (53.84%) agreed, which implies that the perceived quality is more favorable among corporate clients.

Punctuality received strong approval from both groups: 40 retail clients (83.33%) and 12 corporate clients (92.30%), reflecting a high level of satisfaction regarding timely service delivery across the board.

E)- Extracted responses from client interviews

Table (3): the relationship between the product mix and competitive advantag

Variables	Verbatim	Retail customrr	%	Corpore Customrr	%	Tatol
Breadth./Competitive advantage	-Indeed, the breadth element plays a major role to the	6/48	12.5	1/13	7.69	11.48

	advancement of Competitive advantage					
Consistency./Competitive advantage	-Yes, The consistency of product mix presence enhances Competitive advantage	28/48	58.33	10/13	76.92	62.29
Depth./Competitive advantage	-yes, the depth of product mix that contributes to building a competitive advantage.	14/48	29.17	2/13	15.38	26.23

Source: prepared by the researchers based on respondents information

F)- Interpretation and results

11.48% of the respondents acknowledged the role of the breadth in forming the Competitive advantage. And it was found that the share of retail customers (12.5 %) was higher than that of corporate customers (7.69%)

The Consistency of product mix impact and contribute to a competitive advantage rate reached (62.29%), which is considered high, and indicates that most customer (corporate customer 76.92%) are pleased with their experience with the services of bank.

Only (26.23%) of participants agree that the depth of product contributes to building a competitive advantage. And the data shows that retail customers make up a large share (29.17%) compared to other corporate customer (15.38%) And the depth of product mix is one of the strongest factors contributing to a positive competitive advantage

Conclusion:

In conclusion, the Consistency product mix-related factors effectively is essential for creating competitive advantage, and the creation of reliable and persistent competitive advantage begins with the auxiliary services such as negotiation, responsiveness, proper reception and trust …

In light of participants, the research concluded the following results

- Bank BNA offers a diverse range of products that cater to the needs and desires of its concerned customers, with an 80% satisfaction rate.
- However, the bank faces challenges in aligning these services with the needs of retail customers. For example, the banking card service is not satisfactory due to repeated activation issues.

- The improvement in product mix is limited because of centralized decision-making at BNA. There is also a mismatch between the promises made on social media platforms and the actual services provided.
- Ancillary and supportive services are essential for achieving a competitive edge for the bank.

Recommendations

- Technology plays a crucial role in delivering banking services. It enables banks to offer efficient, secure, and accessible services to customers. For instance, digital platforms and mobile
- To ensure the delivery of services aligns with operating systems, it's essential to rely on advanced security standards to gain customer trust.
- Integrating stock sale requests into digital services allows for remote transactions without the physical presence of the shareholder at BNA.

Footnotes:

1- (al-berezenjy, 2018, p. 120).
2-(ibrahim, 2005, p. 46/47).
3- (Philip Kotler, 2009, pp. 433,434).
4- (SOURYA & SAID, 2017, p. 03).
5-(MEKKI & MHAMED, 2021, p. 58).
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