

LBC INSTANT PESO PADALA SERVICE PRICING STRATEGY TOWARDS CUSTOMERS' LEVEL OF SATISFACTION: EVIDENCE FROM A BUSINESS DISTRICT IN QUEZON CITY, PHILIPPINES

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ABSTRACT

Remittances are an important source of family and national income and also are one of the largest sources of external financing. Beneficiaries in the Philippines can receive domestic and international remittances through banking and postal channels. According to a World Bank Study, the Philippines is the second largest recipient for remittances in Asia. It was estimated in 1994 that migrants sent over US\$2.6 billion back to the Philippines through formal banking systems. With the addition of money sent through private finance companies and return migrants, the 1994 total was closer to US\$6 billion annually. The total is estimated to have grown by 7.8 percent annually to reach US\$21.3 billion in 2010. Remittances are a reliable source of revenue for the Philippines, accounting for 8.9 per cent of the country's GDP. For success and survival in today's competitive business environment, delivering quality service is of paramount importance for any economic enterprise. No organization can be successful without satisfying its customers.

KEY WORDS: - Channels, migrants, remittances, survival.

1. INTRODUCTION

Service business is a commercial enterprise that provides work performed in an expert manner by an individual or team for the benefit of its customers. The product service business delivers isn't like a product you buy at the store, such as a television, piece of clothing, or food item. A service business delivers a product that is primarily composed of personal labor and expertise to deliver the desired work. The typical service business provides intangible products, such as accounting, banking, consulting, cleaning, landscaping, education, insurance, treatment, and transportation services.

A big part of whether you are happy with a service business is based on your customer service experience. Your customer service experience is all the things the business does to ensure your satisfaction. This is a key part of the success of these businesses and how they try to differentiate themselves from the competition. This includes the quality of work they perform, how friendly they are, the timeliness of completing their job, and their ability to answer questions or address any problems that may arise. In-country Filipinos, characterized by domestic migrants who have moved for better economic and employment opportunities and permanent residents together, accounted for major share of the total domestic remittances. Additionally, majority of the overall domestic remittances was funded by people/families who have also received international remittances from Filipinos in other countries. Domestic remittances were observed to be transferred from top cities to the provinces.

Domestic remittance market is dominated by pawnshops and Money Transfer Operator (MTO) due to the large under-banked population in the Philippines. The enormous potential of domestic remittances has also engrossed international players such as Western Union into the market and domestic service providers such as banks, regional and national pawnshops including LBC, 2Go, M.Lhuillier, and other remittance shops, have a noteworthy presence in the domestic market and have provided stiff competition to the international players.

2. STATEMENT OF THE PROBLEM

This study is being conducted to determine the pricing strategy towards customers' level of satisfaction in LBC on the following attributes:

1. Customer Purchase Behavior

- 1-a. For whom the remittance/money do they send?
- 1-b. Their reason for sending remittance/money?
- 1-c. How much remittance/money do they send?
- 1-d. How frequent do they send remittance/money?
- 1-e. What are your major considerations in choosing a remittance center?

2. Customer level of importance and satisfaction with the following:

2-a. Are the Customer Service:

- Efficient?
- Courteous?
- Friendly?
- Prompt?

2-b. Is the domestic remittance service fee satisfying?

2-c. Is it safe and secured to send remittance in LBC?

2-d. Are the Location satisfying in terms of:

- Ambiance?
- Cleanliness?
- Accessibility?
- Operating Hours of branches?

2-e. Are the technology satisfying in terms of:

- Speed of transaction and sending of remittance?
- Mobile apps and tracking of remittance?

2-f. Are the discounts or promos satisfying?

3. Comparative Advantages of LBC:

3-a. What is their perception on pricing of LBC compared to other Brands?

3-b. What is their perception towards LBC domestic remittance fee and the value for money/service?

3. HYPOTHESIS

HO: The level of satisfaction among respondents is relative to the pricing strategy and the overall quality of service offered by LBC

4. SIGNIFICANCE OF THE STUDY

Management

The study would help determine what is the firm's comparative advantage.

Employees

They will know what are the factors that needs to be improve or needs to be maintain to achieve customer service excellence.

Customers

Customers are price conscious, but the price of your service should always partner with quality and value. If the service provided to them is worth it then they will be happy and will keep on patronizing your business.

Prospective Customers

Upon knowing the pricing strategies and the kind of service that is given by LBC and its competitors, they can easily decide which remittance center they will patronized.

5. SCOPE AND DELIMITATIONS

The main purpose of the study is to identify the pricing strategy and its relation to the level of satisfaction of customers who are using the domestic remittance service.

The study also seeks to know what the customers' preferences in terms of their consumption of service and their reasons for patronizing LBC. Each of the respondents are given same online survey to answer. The researcher was not able to determine the exact amount of service revenue in the domestic remittance of LBC.

6. RESEARCH DESIGN AND PROCEDURES

The researcher used the descriptive method in the study. Descriptive method of research is a purposive process of gathering, analyzing, classifying and tabulating data about prevailing conditions, practices beliefs, processes trends and cause-effect relations and then making adequate and accurate interpretation about such data with the used of statistical methods. It is most appropriate method to use in the study because it focuses on "To determine LBC pricing strategy and its relation towards customers' level of satisfaction in their domestic remittance service".

The research study is about the Assessment of the Pricing Strategies towards Customers' Satisfaction in the Domestic Remittance service of LBC. The employees in Cubao business district in Quezon City were chosen as online respondents in a Google survey form, which is a tool within Google Drive. Data was accumulated, grouped, tabulated, analyzed and interpreted qualitatively and quantitatively. This has given the researcher the knowledge and information to generate conclusion and recommendation that leads to the bringing about the realization of the study.

7. FINDINGS

Based on the result of the survey and the data gathered the following findings are enumerated:

1. Customer Purchase Behavior

1-a. Purpose for which remittance are used?

Most of the respondents uses domestic remittance service for paying household expenses, having a percentage of 64%.

1-b. To whom they send the remittance/money?

Most of the respondents send remittance/money to their parents having a percentage of 36%.

1-c. How much remittance/money on average do they send?

Almost all of the respondents send remittance on the average amount of PHP 1.00 – PHP 5,000.00 with a percentage of 92%.

1-d. How frequent do you send remittance?

Most of the respondents send domestic remittance occasionally having a percentage of 44%

1-e. Major consideration in choosing a remittance center

All respondents consider customer service, cost of domestic remittance fee, security fee, security of sending remittance, location, technology and discounts or promos as their major consideration in choosing a remittance center.

2. CUSTOMER LEVEL OF SATISFACTION IN USING THE LBC INSTANT PESO PADALA SERVICE

2-a. Customer Service

All the respondents who use the service of LBC are strongly satisfied with their service provider's efficiency, courteousness, friendliness and promptness.

2-b. Cost of Domestic Remittance

Respondents who use the LBC INSTANT PESO PADALA SERVICE are strongly satisfied with the cost of their service fee.

2-c. Security of Sending Domestic Remittance

Respondents who use the LBC INSTANT PESO PADALA SERVICE find that sending money in LBC is safe and secured that's why they are strongly satisfied with it.

2-d. Location

Most of the respondents who use the LBC INSTANT PESO PADALA SERVICE are strongly satisfied in the location of its branches in terms of the ambiance, cleanliness, accessibility and their operating hours.

2-e. Technology

Respondents who use the LBC INSTANT PESO PADALA SERVICE are strongly satisfied with the technology that is being used in the process of sending domestic remittance.

2-f. Discounts or Promos

Respondents who use the LBC INSTANT PESO PADALA SERVICE are strongly satisfied with the discounts or promos provided by LBC.

3. COMPARATIVE ADVANTAGES OF LBC:

3-a. Pricing of LBC Compared to other Brands

Most of the respondents find the price of domestic remittance of LBC a little cheaper than the others with a percentage of 32% for LBC.

3-b. Value for Money/Service

Most of the respondents who uses the service of LBC find that the value of their money and the quality of service that they get is a lot more than the others having a percentage of 56% for LBC.

8. SUMMARY

This study is focused in determining LBC INSTANT PESO PADALA SERVICE pricing strategy towards customers' level of satisfaction in their domestic remittance service.

The researcher created an online survey for the respondents for them to be answered and to know their reaction and experience during their use of domestic remittance service. The online survey was given to employees that are working in the busy Cubao business district in Quezon City and who are using the domestic remittance service of LBC and other domestic remittance shops, the result of their answers will be used as basis for comparison. The online survey was given to them during lunch break for them to have ample time to finish answering it.

The researcher then used of frequency distribution and weighted mean method to determine the pricing strategies and level of satisfaction of LBC customers.

9. CONCLUSION

Consumer behavior is affected by several factors, chief among them being gender, age, civil status, education, income. While preferences change it also affect their product/service choices and decision-making patterns, which is very essential in coming up with an effective and efficient pricing strategy. In this study it shows that LBC is aware of its current market profile that's why they know how to price their service both of this company use the Market Penetration Pricing, wherein it involves setting a low price for a service/product, and aside from that they also know the price of their competitors that's why they go with flow with the prevailing market price of domestic remittance fee.

The researcher also concludes that customers will continue to use a service of a business if they believe it commensurate with the value they place on the service which is a result of extra benefits derived or enjoyed from consumption of the service or product. Proper pricing strategies or a blend of strategies also increase demand.

10. RECOMMENDATIONS

The researcher recommends that LBC needs to keep on motivating their service providers to maintain the satisfaction of their customers. LBC should also have more branches that operates for longer hours. LBC must always be up to date with regards to their current market profile and preferences because change is constant.

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