

Marketing practices and customer satisfaction in pawnshop business in Laguna

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Abstract

The study assessed the level of effectiveness of the marketing practices and customer satisfaction of pawnshops business and the significant relationship between the two variables in Los Baños and Pagsanjan, Laguna. Specifically, it describe the firmographic profile of the pawnshop business in terms of type of Business Organization, Number of Employees, Number of Branches, Initial Capitalization; determine the marketing practices in terms of: Product, Price, Promotion, Place, People, Physical Evidence, Process, and Philosophy; describe the level of customer satisfaction in terms: product delivery and services and Meeting customer's expectation, tested the significant difference on the responses when grouped according to profile, practices and level of satisfaction and proposed an action plan to enhance marketing practices. The researcher employed both qualitative and quantitative design, used a modified questionnaire as data gathering tool. The study revealed that the general profile of the respondents are more than 40 years old, dominantly female, either married/widow/separated and with a permanent employment status. 6 out of 7 indicators have been rated strongly effective with the ordered rank: physical evidence, process, product/service, price, place, and people. Promotion has been ranked the least and rated effective. There was a significant relationship on place when respondents are grouped according to status. There was no significant relationship and that implies that the level of satisfaction was not affected by the marketing practices and vis-à-vis.

Keywords: marketing practices, effectiveness, customer satisfaction, Laguna

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1. Introduction

The growth of micro enterprises in the city and town area in the Philippines is an indicator that people desire to have an additional income due to the rising prices of basic commodities and services. The business and investment sectors are looking for a crisis proof business that entails a good return on investment. They do not want to risk their money to start a business without enough knowledge about the market. But for the pawnshop industry, it is the economic crisis that the people experienced why they are in business.

Concurring to individuals who have encounter within the field, pawnshops continuously have commerce, indeed in spite of the fact that it is common information that they purchase things at a much lower cost than their genuine value. Nowadays, when the whole world has suffered from the COVID-19 Recession, pawnshops continued to thrive. In the Philippine scenario per se, many individuals have lost their jobs and unemployment rate continued to rise. With these outcomes, pawnshop industry is facilitating income supplementation, especially in the low-income communities. More and more people in the middle and low – income bracket who have experienced hard times are visiting pawnshops for short term loans, selling jewelries and other valuable items and this makes pawnshops to flourish and profit in these uncertain times. Unlike banks, pawnshops do not require collateral such as real estate, tangible assets such as machines and equipment which the people from the low and middle classes do not possess. Also, pawnshop do not require tedious processing that result to untimely release of short – term credit that people need to pay overdue bills and other financial obligations. Furthermore, the pawnshop business allows a small amount of loan by providing average small loans of P1, 000.00 and up for a period of two to four months to pay, making the customers to have plenty of time in paying said loan. Emergencies happen and sometimes, they can soil your pockets. According to Borres (2020), clients come into a pawnshop for three reasons. To begin with, they require cash, to get a speedy advance. The moment is to pawn private having a place such as adornments, contraptions and other important things and the final is to purchase unredeemed things that are for sell off. But presently it has advanced into multi purposes. Pawnshop is now the same as “sari-sari store” that sells variety of products and services. Through a long time like speculation, pawnshop is moreover broadened into disconnected trade procedure just like the trade of cash settlement, cash changing, bills installment for collections administrations, e-load, giving offices in either deal of smaller scale protections items to family units. Pawnshop is the most seasoned source of credit. It obtained ubiquity as an alternative source of credit within the Philippines.

At present, there are more than 15,000 pawnshop business with 967 registered pawnshops (Registered Pawnshops with the AMLC as February 2020) and 5,500 pawnshop owners in the Philippines (Bangko Sentral, 2015). It was randomly selected the Thirteen (13) pawnshops in Los Baños and Twelve (12) pawnshops in Pagsanjan, Laguna. The number of pawnshops allows that there is a stable growth rate of 10 to 20 percent in the next several years. This means that more pawnshops will be operating in the country in the next years and a stiff competition among the pawnshops in terms of the effectiveness of marketing practices (FSD IX, List of BSP – Supervised Pawnshops, 2020).

Los Baños is the 2nd District in the Province of Laguna, Region IV-A known as CALABARZON; CALAMBA-LAGUNA-BATANGAS-RIZAL-QUEZON. People in Los Baños and Pagsanjan have minimal income and go to pawnshops in times of financial difficulties. It is sad to note that the pawnshops fail to meet their expectations in terms of produce and services offered. Pawnshops need create a value for the customers in providing the right products and services. Customers are buying the products and services on what it can do for them. Also, pawnshops need to create customer’s satisfaction and to meet their expectations. This situation motivated the researcher to undertake a study on the level of effectiveness of the marketing practices and customer satisfaction of pawnshops operating in Los Baños and Pagsanjan Laguna in order to understand the

nature of the business and how they cater the needs of the individuals in the community.

Objectives of the Study - This study determined the marketing practices of pawnshop business in Laguna and how it affects customer satisfaction. Specifically, it sought to determine the effectiveness of marketing practices in terms of: product, price, promotion, place, people, physical evidence, and process; to describe the level of customer satisfaction in terms: product delivery and services and meeting customer's expectation; to analyze the significant relationship between marketing practices and customer satisfaction; and based on the result, develop an action plan to enhance marketing practices.

2. Methods

Research Design - The study used the descriptive-correlational research design. It is descriptive because it assessed the level of effectiveness of the marketing practices and customer satisfaction of pawnshop business in Los Baños and Pagsanjan, Laguna. It is correlational because it determined the relationship between the level of effectiveness of the marketing practices of the pawnshop business and customer satisfaction.

Participants of the Study - The study involved 11 pawnshops of Los Baños and 8 pawnshops in Pagsanjan. There are 300 actual respondents. The primary source of data was derived from the information provided by the respondents through the survey instrument. The secondary sources were taken from published and unpublished library source.

Instrument of the Study - The instrument was adopted by the researcher from the study of Silvosa (2016). There were two (2) sets of instruments used in the study. Part 1 contained items on the profile of the respondents and part 2 on the extent of effectiveness of the marketing practices and on the level of customer satisfaction.

Data Gathering Procedure - The researcher personally asked permission from the owner/manager of pawnshops to conduct a survey as a requirement of the graduate program. After the approval was granted, the researcher administered the survey instrument personally to the target respondents. A list of regular customers and their address was provided by the office of the pawnshop and the researcher personally went to their respective houses located in the poblacion of Los Baños and Pagsanjan for the distribution of the instrument. The instrument was then retrieved after two weeks of its distribution. Then, the data collected was tallied, analyzed, and interpreted by LPU stat Department.

Ethical Consideration - "Good research should be well adjusted, well-planned, appropriately designed, and ethically approved". The researcher responsibly conducted the study, first obtains approval from the institution and discussing research proposal with the adviser on potential ethical issues. After the approval, it then seek permission to the respondents through an intent letter in specific questions, rather than just collect data with utmost confidentiality of information provided by the respondents. The researcher is responsible in analyzing data appropriately. Although inappropriate analysis does not necessarily amount to misconduct, since the researcher is fully aware that falsification of data constitutes misconduct. Appropriate data analysis may achieved when all sources and methods used should be fully disclosed, if not, it may lead to misinterpretation of the results. The researcher ensured that the study is conducted in a moral and capable way from arranging to distribution.

Data Analysis - The following statistical techniques were employed for analysis and interpretation. Weighed Mean to determine the level of effectiveness of the marketing practices and customer satisfaction. Pearson Product Moment Coefficient of Correlation to the relationship between the level of effectiveness of the marketing practices and the level of customer satisfaction.

3. Results and discussion

Table 1 reveals the summary on the level of effectiveness of marketing practices in terms of product, price, promotion, place, people, physical evidence, and process. With the composite mean of (3.78) indicates that the

pawnshop business is capable of providing services to the clients in Los Baños and Pagsanjan to satisfy their needs and wants.

Table 1

Summary Table on the Marketing Practices

Indicators	Weighted Mean	Verbal Interpretation	Rank
1. Products / Services	3.95	Strongly Agree	3
2. Pricing	3.88	Strongly Agree	4
3. Promotion	2.98	Agree	7
4. Place	3.85	Strongly Agree	5.5
5. People	3.85	Strongly Agree	5.5
6. Physical Evidence	4.00	Strongly Agree	1
7. Process	3.97	Strongly Agree	2
Composite Mean	3.78	Strongly Agree	

Legend: 3.50 – 4.00 = Strongly Agree; 2.50 – 3.49 = Agree; 1.50 – 2.49 = Disagree; 1.00 – 1.49 = Strongly Disagree

The highest is physical evidence with the mean of (4.00) since pawnshops value authenticity and security the highest. Presidential Decree No.114 states that pawnbrokers keep strict records and must follow policies. As both a service and a merchandise business, process and products/services has been ranked next with the mean (3.97) and (3.95) respectively. They are the main factors that affects businesses. Respondents are also satisfied with the pricing with the mean of (3.88), location and staff with both means of (3.85). These are crucial for customer satisfaction. Promotion was ranked the least with the mean of (2.98). Small but long-term business care least about promotions because of expenses. According to National Pawnbrokers Association (2021), pawnshops are commonly generational and localized. Otherwise, pawnshops are in liege with state or local associations which assist with resources.

Table 2

Summary Table on the Level of Customer Satisfaction

Indicators	Weighted Mean	Verbal Interpretation	Rank
1. Delivery of Product and Services	4.00	Very Satisfied	1
2. Meeting Customer Expectation	3.96	Very Satisfied	2
Composite Mean	3.98	Very Satisfied	

Legend: 3.50 – 4.00 = Very Satisfied; 2.50 – 3.49 = Satisfied; 1.50 – 2.49 = Unsatisfied; 1.00 – 1.49 = Very Unsatisfied

Table 2 reveals the summary on the level of effectiveness of marketing practices in terms of Delivery of Product and Services and Meeting Customer Expectation. With the composite mean of (3.98). It indicates that the pawnshop business is capable of meeting customer satisfaction in Los Baños and Pagsanjan with their service and facilities. With only a small difference between items 1 and 2 with means (4.00) and (3.96) respectively, they have been rated very high. It indicates that the pawnshop business is capable of meeting customer expectation and is very efficient in delivery. Pawnbrokers (2017) states that, customers usually prefer pawnshops to banks because their delivery is more seamless and more negotiable to meet expectations.

Table 3

Relationship Between Level of Customer Satisfaction and Marketing Practices

Meeting Customer Expectation	rho-value	p-value	Interpretation
Products / Services	-0.027	0.643	Not Significant
Pricing	-0.007	0.898	Not Significant
Promotion	-0.092	0.110	Not Significant
Place	0.103	0.076	Not Significant
People	0.047	0.416	Not Significant
Physical Evidence	-	-	-
Process	0.001	0.981	Not Significant

Legend: Significant at p-value < 0.05; Delivery of Product and Services is constant

Table 3 presents the relationship between the level of effectiveness of the marketing practices and customer satisfaction. It displays the association between the level of customer satisfaction and marketing practices. The

computed r-values indicates almost negligible association and the resulted p-values were greater than 0.05 alpha level. This means that there was no significant relationship exists and implies that the level of satisfaction was not affected by the marketing practices and vis-à-vis. The marketing mix describes the specific combination of marketing elements used to achieve objectives to satisfy the target market. The mix consists of 7 major factors: product or service, place, people, physical evidence, process, promotion and price. Each of the marketing mix or the 7Ps interrelate with the others to influence the buying decision making process of the clients and thereby achieve customer satisfaction. One factor cannot function without the others.

Table 4*Proposed Plan of Actions to Improve Marketing Practices of Promotion for Pawnshops*

	Findings	Strategies	Objectives	Persons Involved	Expected Outcome	Frequency/ Timeline
Promotes its services through radio, television, newspaper, social media and using billboards, leaflets, sponsorship and brochures.	The respondent's rate (3.29) which means "effective"	This was rated highest among others so it would be appropriate for business to focus on.	To rationally maximize level of effectiveness by focusing on highest rated marketing practice	Owners/ Managers/ Department Heads	The level of effectiveness for customer satisfaction would increase with improved marketing practices for promotion.	At least monthly/ or as the need arises
Promotes services by inviting a celebrity to endorse the services they are offering.	The respondent's rate (3.17) which means "effective"	Celebrity endorsers are common which is why pawnshops must also be attentive to studios/designers they hire for presentable promotions	To give a boost to presentation/ advertisements with celebrity endorsers to improve promotion practices	Owners/ Managers/ Department Heads	The level of effectiveness for customer satisfaction would increase with improved marketing practices for promotion.	At least annually/ or as the need arises
Offers discounts on services offered.	The respondent's rate (3.05) which means "effective"	Placing discounts based on product/service popularity should be practiced rather than placing discounts on customer loyalty	To utilize discounts wisely to improve promotion while not damaging revenue	Owners/ Managers/ Department Heads	The level of effectiveness for customer satisfaction would increase with improved marketing practices for promotion.	Annually
Gives incentives for referral activities.	The respondent's rate (2.72) which means "effective"	Giving incentives like discounts or premiums should be to both referee and referred	To give customers a reason to refer friends and family, which alone will get more business.	Owners/ Managers/ Department Heads	The level of effectiveness for customer satisfaction would increase with improved marketing practices for promotion.	Quarterly
Offers a pointing system or other redemption activities for customers to acquire extra incentives.	The respondent's rate (2.69) which means "effective"	Gaining points takes long and is not very engaging. Improve point redemption by having incentives that are easier to redeem.	Improve pointing system or other redemption activities with an easy redemption process and the prizes available.	Owners/ Managers/ Department Heads	The level of effectiveness for customer satisfaction would increase with improved marketing practices for promotion.	

4. Conclusion and recommendation

From the foregoing findings, the following conclusions are drawn. Everything that is done in the pawnshop business influence the demand for the products, goods or services that receives around the 7 groups of variables popularly known as the 7Ps of marketing product/service, price, promotion, process, people, physical evidence and place. 6 indicators have been rated strongly effective with the ordered rank: physical evidence, process, product/service, price, place, and people. Promotion has been ranked the least and rated effective. Customers who have availed of the services of the pawnshop business connotes that they are very satisfied of the services offered and therefore manifest loyalty to the firm for patronizing its product or services. There was no significant relationship and that implies that the level of satisfaction was not affected by the marketing practices and vis-à-vis. A framework has been develop that would identify the predictors that will enhance customer satisfaction. Based on the conclusions generated in the study, the following recommendations are offered for considerations. Pawnshop managers may provide staff training or re-orientation to understand further the customer's expectations. Pawnshop Managers may conduct periodic monitoring of the marketing processes to improve the quality of services. Pawnshop owners may enhance marketing practices particularly in providing awareness to customers on where the pawnshop is located to improve sales and gain repeat customers. Other researchers may evaluate the processes and procedures involved in operating the pawnshop to find out how the process can be improved and to be able to serve the customers and meet their expectations. The framework may be adopted to enhance customer satisfaction.

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