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THE EFFECT OF CUSTOMER PROFITABILITY ON STRATEGIC COST CHOICES FOR IRAQI BANKING INSTITUTIONS

Mohanad Mohamed AlMudhafar[A], Mohanad Hadi AlHawazi[B]

ARTICLE INFO	ABSTRACT
Article history: **Received** 26 September 2022 **Accepted** 01 December 2022 **Keywords:** Strategic Cost; Customer Profitability; Customer Relationship.	**Purpose:** the aim of this research is to find out the extent of compatibility between the strategy adopted by the Iraqi private banks and the trends of the customers of these banks**.** **Theoretical Framework:** Although the study was conducted in the Iraqi economic environment, its applications can be implemented in different environments, whether at the level of different countries or different sectors. **Design/Methodology/Approach:** The data was collected through the establishment of two types of questionnaire, the first type is for banks, as 100 forms were distributed, and the second type is specific to the customers of those banks, as 1000 forms were distributed. And to conduct the necessary analysis, the researchers used the statistical analysis program SPSS V.24. **Findings:** Through the statistical analysis of the questionnaire, it was found that there is a clear difference between the strategic orientations of the Iraqi banks that focus on the cost strategy on the one hand, and the orientations of the customers of those banks who prefer the differentiation strategy. **Research, Practical & Social implications:** More future studies can be conducted to determine the extent of compatibility between the strategic directions of companies in different sectors with the orientations of the customers of those companies. **Implications/Originality/Value:** The study provides a good way to identify the success of the company's strategy in achieving the desires of customers, and thus achieve a higher level of loyalty of these customers towards the company. Doi: https://doi.org/10.26668/businessreview/2022.v7i5.733

[A] *PhD in Accounting with a focus on Cost and Management Accounting, from University of Basrah, Basrah - IRAQ. He is a lecturer at the Faculty of Economics and Administration. Department of Accounting.*
E-mail: muhaned_ma@yahoo.com Orcid: https://orcid.org/0000-0002-0452-4560
[B]*PhD in Accounting with a focus on Cost and Management Accounting, from University of Basrah, Basrah - IRAQ. He is a lecturer at the Faculty of Economics and Administration. Department of Accounting.*
E-mail: mo19741982@gmail.com Orcid: https://orcid.org/0000-0002-3417-4004

O EFEITO DA RENTABILIDADE DO CLIENTE NAS ESCOLHAS ESTRATÉGICAS DE CUSTOS PARA AS INSTITUIÇÕES BANCÁRIAS IRAQUIANAS

RESUMO
Objetivo: o objetivo desta pesquisa é descobrir o grau de compatibilidade entre a estratégia adotada pelos bancos privados iraquianos e as tendências dos clientes destes bancos.
Estrutura teórica: Embora o estudo tenha sido conduzido no ambiente econômico iraquiano, suas aplicações podem ser implementadas em diferentes ambientes, seja no nível de diferentes países ou de diferentes setores.
Concepção/Metodologia/Proteção: Os dados foram coletados através do estabelecimento de dois tipos de questionários, o primeiro tipo é para bancos, pois foram distribuídos 100 formulários, e o segundo tipo é específico para os clientes desses bancos, pois foram distribuídos 1000 formulários. E para conduzir a análise necessária, os pesquisadores utilizaram o programa de análise estatística SPSS V.24.
Conclusões: Através da análise estatística do questionário, verificou-se que existe uma clara diferença entre as orientações estratégicas dos bancos iraquianos que se concentram na estratégia de custos por um lado, e as orientações dos clientes daqueles bancos que preferem a estratégia de diferenciação.
Pesquisa, implicações práticas e sociais: Mais estudos futuros podem ser realizados para determinar o grau de compatibilidade entre as orientações estratégicas de empresas de diferentes setores com as orientações dos clientes dessas empresas.
Implicações/Originalidade/Valor: O estudo fornece uma boa maneira de identificar o sucesso da estratégia da empresa em alcançar os desejos dos clientes, e assim atingir um maior nível de lealdade desses clientes para com a empresa.

Palavras-chave: Custo Estratégico, Rentabilidade do Cliente, Relacionamento com o Cliente.

EL EFECTO DE LA RENTABILIDAD DE LOS CLIENTES EN LAS ELECCIONES ESTRATÉGICAS DE COSTES DE LAS INSTITUCIONES BANCARIAS IRAQUÍES

RESUMEN
Objetivo: el objetivo de esta investigación es averiguar el grado de compatibilidad entre la estrategia adoptada por los bancos privados iraquíes y las tendencias de los clientes de estos bancos.
Marco teórico: Aunque el estudio se ha realizado en el entorno económico iraquí, sus aplicaciones pueden llevarse a cabo en diferentes entornos, ya sea a nivel de diferentes países o de diferentes sectores.
Diseño/Metodología/Enfoque: Los datos se recogieron mediante el establecimiento de dos tipos de cuestionarios, el primero para los bancos, ya que se distribuyeron 100 formularios, y el segundo específico para los clientes de dichos bancos, ya que se distribuyeron 1000 formularios. Y para realizar el análisis necesario, los investigadores utilizaron el programa de análisis estadístico SPSS V.24.
Resultados: A través del análisis estadístico del cuestionario, se comprobó que existe una clara diferencia entre las orientaciones estratégicas de los bancos iraquíes que se centran en la estrategia de costes, por un lado, y las orientaciones de los clientes de esos bancos que prefieren la estrategia de diferenciación.
Investigación, implicaciones prácticas y sociales: Se pueden realizar más estudios en el futuro para determinar el grado de compatibilidad entre las orientaciones estratégicas de las empresas de diferentes sectores con las orientaciones de los clientes de dichas empresas.
Implicaciones/Originalidad/Valor: El estudio proporciona una buena forma de identificar el éxito de la estrategia de la empresa en la consecución de los deseos de los clientes, y así lograr un mayor nivel de fidelidad de estos clientes hacia la empresa.

Palabras clave: Coste Estratégico, Rentabilidad del Cliente, Relación con el Cliente.

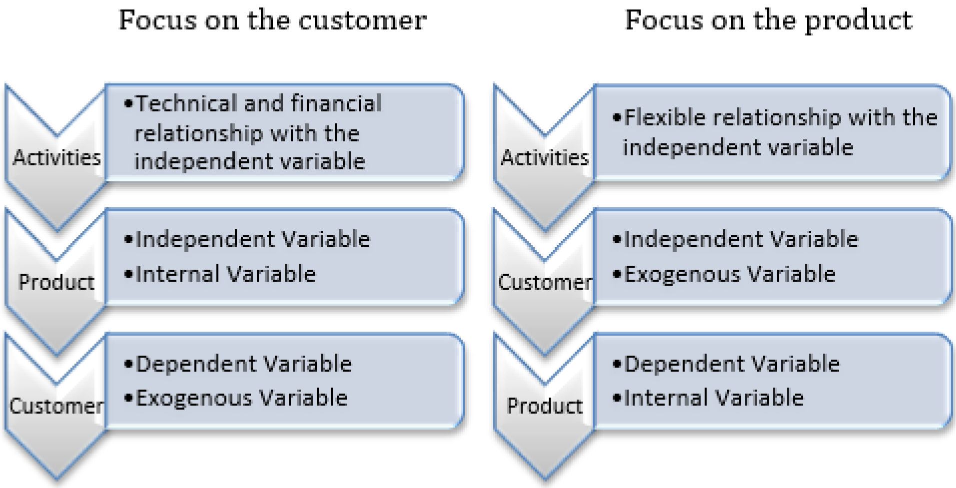
INTRODUCTION

After the Industrial Revolution, the idea of mass production flourished widely. This idea was further reinforced after the Second World War because most of the military production factories were transformed into civilian activities. The restriction of production centers to specific countries has helped this idea to continue for a long time. There were limited countries that have companies with large production capacities that strive to meet the needs of the vast and thirsty markets for various types of goods. Although these companies are working to produce the largest possible amount of products based on the cost structure, they were not able to satisfy the market except partially (Bradley, 2003). As a result, the consumer did not reach the stage of satisfying his basic needs to move to the stage of Choice and distinction between commodities. So everything produced was sold and companies did not face any problem in disposing of their products.

Generally, companies during this period were characterized as selling orientation or what is also called Product-Orientation. Selling orientation means that the management regards the marketing function as just a selling function, in other words it is the activity that ensures that goods are not accumulated in stores (Solomon, Marshall & Stuart, 2015). While the production management is regarded as a function that ensures the exploitation of all available resources for greater production, and the accounting function is looked at as a guarantee in calculating and reducing costs to the possible minimum. Perhaps one of the most important effects of this type of trend on the company is that each of its jobs was focused on with its own activities without interfering with other jobs. Accordingly, each job becomes part of a successive series of activities that collectively aim to produce and sell the largest number of units produced.

Although production in large quantities lasted for a relatively long time, recently, this type of production faced a number of challenges. The most important of which were globalization and the emergence of new production centers around the world which posed a challenge to main production centers in the developed countries. This led to saturation of markets by increasing and diversifying products, consequently, the level of individual satiation is raised to the point of differentiation and choice. This transformation process dramatically changed the rules of work and activities. In other words, all the activities were focused on the product, which is almost completely under the control of company, but nowadays, all the activities focus on the customer, who is out of the control of company (Figure 1).

Figure (1) Orientation to the product vs. orientation to the customer



Most of the top management realized that differentiation among traditional elements alone such as price, product and quality is not effective (Lywood, Stone & Ekinci, 2009). Thus, the shift towards the customer has become an urgent matter. In order to achieve this transformation, the first step that the company must take is to understand the customer's buying behavior and determine the type of the relationship with him.

Motives of Buying Behavior

In the light of the changes in the surrounding environment, companies have realized that the customer is the determining factor to their continuity or decline. Therefore, they realized that they must abandon considering the product the main stimulus of its activities and shift to deal with the customer as the main stimulus of its activities. Hooley et al. (2017) summarized the shift toward customer focus and he stated that "The consumer is our boss, quality is our business, and monetary value is our goal." The customer has taken primary interest at the heart of the companies' long-term growth strategies, marketing and sales efforts, product development, distribution of labor and resources, and all of the company's profit trends (Peppers & Rogers, 2011). Nowadays, the customers do not need more products and services, but what they actually need is producing the right products for their needs (Bradley, 2003). According to this change, the nature of the economic relationship between the product and the consumer has shifted from a customer who seeks the product to a product that seeks the customer. In light of flooding the market with various types of products, companies have become the ones who are looking for the right customer to sell their products. Many companies around the world have entered the race towards customers. So they are by presenting the characteristics that can provoke customer buying behavior, such as product quality, on-time delivery, product innovation, and low operating costs (Savic, Vasiljevic & Dordevich, 2014). Just as the president is the leader of the company's success, the customer is also considered the leader of the company's continuity.

Although most companies are aware of this transformation and the importance of adapting it, they face a big problem caused by this change. Moving from focusing on the product to focusing on the customer means changing the perceptions of activities. The product can be determined easily with its technical characteristics accurately, and therefore the company will not find it difficult to determine the activities necessary to deal with it. However, it is not easy to know the characteristics of the customer and his purchasing behavior. Therefore there is a difficulty in determining the appropriate activities to deal with the customer. People differ in their purchasing behavior even if they live in the same community and family. Herein lies the problem, as how can the customer's purchasing behavior be predicted in order to provide him with the right goods. Therefore, these companies began searching for the motives that drive the buying behavior of the customer. Perhaps the most prominent motive is the needs that the customer seeks to satisfy by obtaining different products. Needs are considered the basic requirements of human, such as air, food, drink, clothing and housing, in addition to entertainment, education and others, and these needs become desires when directed to specific things that can satisfy these needs (Kotler & Keller, 2016). The nature of desires varies from person to person. Each person has his own way of satisfying his needs and consequently desires change from person to person even under the same needs. The difference in desires between individuals is due to a set of values that are mostly formed according to the nature of the society in which the person in question lives. Customers are heterogeneous, so each different group of customers can get different benefits from the same product (Hollensen, 2015). Individuals develop their own concepts and, consequently, their way of life based on a variety of internal (psychological and physical) and external (social and demographic) influences. These concepts and lifestyle are what generate needs and desires, most of which require consumer decisions to satisfy them (Mothersbaugh & Hawkins, 2016).

In order for the customer to make a purchase decision, he chooses between a wide range of products that can satisfy his needs. This process of gratification represents the value that the customer gets from a particular product and it is called customer value so the customer value is the process of comparison the customer makes it between what he gives and what he obtains from the product. We must realize that some purchase decisions may not have rational aspects, for example the decision to buy a luxury car is a psychological decision more than it is practical. But in all cases, these decisions are taken by the customer to satisfy certain type of his needs.

These decisions may not be rational for some customers, but they are certainly rational for some others. The total benefit that the customer obtains from the product is called the total product. It includes a wide range of tangible and intangible benefits that the customer obtains as a result of the purchasing process (Hansen & Mowen, 2006). The customer seeks, through these decisions, to obtain the greatest possible benefit, taking into account some restrictions that can limit these benefits, such as costs, limited knowledge, transportation, and others (Kotler & Keller, 2016). Therefore, the focus of today's companies is on the amount of benefit from the customer's point of view. The maximization of the benefit obtained by the customer through the products offered to him means the repetition of the buying behavior of the customer. But the characteristics and desires of individuals may change from one period to another, therefore providing a superior value to the customer must be a continuous administrative process, because providing this value leads to a higher level of loyalty, which means repeating purchase decisions in favor of the company’s products (Hollensen, 2015). Since the marketing function is the most in contact with the customer, it has shifted from a means of selling to a more comprehensive and important function that works on sensing and understanding the customer’s behavior and exploring his needs and desires through marketing research (Mothersbaugh & Hawkins, 2016), in addition to Using tools that fit with the new orientation of the marketing function. That’s how the customer relationship management has emerged.

Customer Relationship Management

Customer Relationship Management (CRM) is a set of business practices designed to put the company in direct contact with the customer to increase customer knowledge in order to achieve superior value for both customer and the company (Peppers & Rogers, 2011). In other words, i is a method that works to achieve the maximum possible compatibility between the customer's desires and the characteristics of the products. This approach seeks to understand, anticipate and manage the needs of the organization's current and potential customers (Thakur & Summey, 2010). As this process results in the provision of important and necessary information that is distributed throughout the organization to achieve the largest possible adaptation towards the customer's desires. By integrating people, processes and technology to maximize the organization's relationships with all types of customers (Krasnikov, Jayachandaran & Kumar, 2009). In order to maximize the organization revenues from its products, it must sell the right product to the right customer at the right time (Cross, 1997). Certainly, the organization that possesses the most comprehensive and accurate information about the desires and trends of customers is the one that achieves superiority in the market and obtains the largest market share. The main factor for the company to maintain the competitive advantage is to meet the needs of customers (Islambegovic & Gadzo, 2015).

To achieve this compatibility, CRM plays two main roles, that's external role and internal role. The external aspect includes the ability to track, understand, analyze and anticipate the behavior of customers. In this way, the organization will be able to be in personal contact with customers by knowing their purchasing behavior over time and when this behavior may change (Thakur & Summey, 2010). While the second aspect, which includes the ability to transfer the information it obtains from its role in the external aspect to the internal units in the organization. Marketing, accounting and production are the three basic functions to achieve internal compatibility with changes in the purchasing behavior of customers. Marketing is the linking point between the external and internal aspects of the organization. The faster and correct transmission of information means achieving the better competitive advantage for organization. The essence of developing the marketing strategy of any organization is to ensure that its capabilities are compatible with the market environment in which it operates, not only for the present time, but also for the foreseeable future (Hooley, et al., 2017). Figure No. (2) shows the nature of the interaction between marketing, accounting and production. Surely, the proper integration of the three functions should lead to an increase in the profitability of the company.

Figure (2) Internal compatibility to achieve competitive advantage

Customer Profitability

The important of managing relationships with customers is due to the fact that each customer represents a source of income for the organization. In order for this income to continue, the organization must maintain the loyalty of this customer and also encourage him to repeat the behavior of buying the organization's products. Therefore, we find that the idea of dealing with the customer as an asset of the organization has begun to take its place in the management thought (Subramanian, Raju & Zhang, 2014). The customer does not appear suddenly, but is formed by spending a lot of money to make him ready to generate revenue. These expenses are incurred through marketing activities that include core groups (such as marketing research, sales force, and advertising), and they also include costs of acquiring new customers such as free products, discounts, cash-backs, cost of loyalty programs, costs of support and free services (Triest, et al., 2009). By all of these costs, the organization seeks to build a certain culture for its products, which results in increasing customer loyalty and repeat purchase behavior of those customers. Therefore, customer profitability (CP) can be defined as "the difference between the revenues received and the costs associated with the relationship with the customer during a specified period" (Pfeifer, Haskins & Conroy, 2005). Thus, it was necessary for the organization to achieve a balance between satisfying the needs of customers and achieving profits to reach the customer profitability (CP). Since the most important part of implementing CRM tasks is to obtain information about the quality of the customer, and the bulk of that information is in the accounting department of the organization (Islambegović & Gadžo, 2015), And that customer profitability is a financial assessment of the customer for the organization. It is considered a basic concept for linking accounting and marketing (Gleaves, et al., 2008). Marketing makes effort and expenses to reach the customer who achieves the highest revenues, while accounting compares those expenses with the revenues generated to determine the profitability of this customer. A profitable customer is that person or company that generates a flow of revenue that exceeds the flow of costs from the company in order to attract, sell and serve that customer (Kotler & Keller, 2016). As a result, identifying and understanding the profit area for the organization is a critical and important factor. Without knowing from which products and customers profits come and why profits come from them, the organization will not be able to make the necessary decisions based on facts to achieve success (Hicks, Olejniczak & Curell, 2009). Certainly in light of these changes, all organizations realize that they are unable to meet the requirements of all customers due to the great differences among them in desires. If the organization deals with everyone with the same level of services provided, it will lose a large part of its resources that will go to customers who do not have loyalty to this organization and therefore do not achieve profitability for it. Therefore, It is very important to identify and select one or more segments of the market to focus on (Mothersbaugh & Hawkins, 2016). This choice comes after in-depth marketing studies confirming that the target and chosen part is the most profitable for the organization. An organization that possesses information by which it can distinguish between a customer that makes a profit for it and a customer that incurs a loss is able to increase its performance significantly (Järvinen & Väätäjä, 2018). Thus, the process of customer targeting is known as "the strategy of distributing the resources of the organization efficiently" (Keegan & Green, 2005). The organization must realize that measuring the profitability of the target customer cannot be done through a single purchase process, but rather it must cover a specific period of time. Also, not all marketing expenses are appropriate costs for the profitability of the customer. Marketing expenses can be divided into general marketing expenses and specific marketing expenses (Triest, et al., 2009). General marketing expenses are costs that are inappropriate to measure the profitability of the customer, as they are expenses spent for the purpose of performing the normal activities of the organization and are not linked to a particular customer. While the specific marketing expenses are those expenses incurred to provide a specific service to a particular customer, to distinguish him from other customers. Specific marketing expenses are appropriate to measure the customer's profitability, which have used by professionals and academics in marketing and management accounting to measure customer profitability and determine the most beneficial categories of customers for the organization, as well as directing the organization's resources properly towards the target group. This collaboration has resulted in two main methods for measuring customer profitability: Customer Profitability Analysis (CPA) and customer lifetime value (CLV).

Customer profitability analysis (CPA) can be defined as " Analysis of the revenue streams and service costs associated with specific customer or customer groups" (CIMA, 2005). According to this definition, customer profitability analysis can help organizations to know, identify and understand their profit resources, expenses, and customer cost structure to reach customer profitability (Cokins, 2015). Customer Profitability Analysis (CPA) is a contemporary management accounting technique that relies on the customer as the unit of analysis, providing information to manage customer mix from a profit perspective (Noone & Griffin, 1998). This method is based on a comparison between the costs incurred by the organization as a result of providing services to a customer or group of customers and the revenues generated by this customer or group of customers.

On the other hand, the customer lifetime value (CLV) is defined as "the present value of all future cash flows obtained from a customer over his or her life of relationship with the firm" (Gupta, et al., 2006). The CLV can be calculated by predicting three elements: a) customer activities (recurrence) b) contribution margin from each customer c) future marketing costs (Kumar, Venkatesan & Rajan, 2009). Although both methods aim to determine the profitability of the customer, each of them has its own method to reach this goal. Customer profitability analysis (CPA) depends mainly on matching actual revenues and expenses for a previous period, while customer time value (CLV) depends on forecasting revenues and expenses for each customer in the future to reach customer profitability (Pfeifer, Haskins, & Conroy, 2005). That is, the first method (CPA) depends on actual data in estimating customer profitability, while the second method (CLV) depends on future estimated data in estimating customer profitability.

Strategic Directions for Cost and Customer Profitability

Since the concept of customer profitability began to be considered, there has been a clear partnership between the marketing function and the accounting function. Both of them realized that the activities of the organization no longer pursue short-term goals only, but that the strategic goals have the final say in the presence or absence of the organization. Therefore, we find that the jobs most affected by this change are the marketing function and the accounting function. The transformation of marketing activities towards ensuring customer loyalty, for example, is a strategic shift that requires achieving consistency between the needs and desires of the customer and the product or service provided. The greater the compatibility is, the higher level of customer satisfaction will be, and as a result, the higher his loyalty is. The level of customer satisfaction is related to the value (benefit) that he obtains from a particular product or service. The amount of this value (benefit) is what distinguishes one organization from another according to the customer's point of view of course. That is, this value represents the competitive advantage of the organization. The competitive advantage is the maximum value that the organization can offer to the customer. Because this competitive advantage is linked to the customer's preferences, it varies from one customer to another and from one community to another. As for the organization, the competitive advantage is linked to costs (Hansen & Mowen, 2006), and both parties, company and customer, will compare what they will give and what they will receive.

In light of this type of transformation, understanding the relationship between satisfying customer needs and company costs is necessary to follow up on sources of profitability at the customer level (Gurau & Ranchhod, 2002). Costs can be a double-edged sword, because high costs may cause a high, non-competitive price for the product, or the price is competitive, but it does not cover the cost and thus causes a loss (Cugini & Caru, 2007). Therefore, strategic cost management has emerged, which is considered a strategic shift for accounting. According to the strategic cost management, the process of reducing costs is no longer the only task of accounting, but added to that other tasks such as reducing the time required for production and distribution, improving the quality of products, continuous improvement, increasing revenues and other tasks through which all seek to achieve the satisfaction of customer needs. Thus, strategic cost management shifted its focus in the structuring of costs from the product or service to the focus on the customer, through the methods that link the revenues and the costs of a specific category of customers (Gosman, et al., 2004). The customer today has become the main cause of costs and is the one around whom all activities revolve. Among the basic elements of strategic thinking is the Strategic Fit, which considers the strategy effective only when it can achieve compatibility between the needs and requirements of the customer and the resources and capabilities of the organization that seeks to implement this strategy (Hooley, et al., 2017). Strategy describes how an organization can create value for its customers while at the same time distinguish itself from its competitors (Horngren, Datar & Rajan, 2015). The right choice of strategy and its proper application is what gives the organization a competitive advantage. Therefore, strategic cost management uses cost data to develop and diagnose the best strategies that can produce continuous competitive advantage (Hansen & Mowen, 2006). Therefore, when using the organization's resources to achieve competitive advantage within the framework of the target market, the organization is faced with four general strategies, which are - low costs (cost leadership), differentiation, focus on costs, and focus on differentiation. The first and second strategies are related to the mass market while the third and fourth one are related to a specific market niche (Savić, Vasiljević, & Đorđević, 2014). Certainly, choosing the strategies that the organization must adopt will not be random, but the choice must be made according to the capabilities of the organization concerned and the nature of the market in which it operates. Here comes the role of strategic positioning analysis, which determines the competitive strategy that will be adopted by the company to obtain the competitive advantage, is it the cost orientation or the differentiation orientation? (Jao-Sheng & I-Ching, 2018). The extent to which the organization succeeds or fails in its choice of the strategy depends on the accuracy and importance of the strategic information on which it based its choice. Without strategic information, the company is likely to stray from its competitors, making wrong strategic decisions in manufacturing and marketing, by choosing the wrong products or wrong customers (Blocher, Stout & Cokins, 2010). The choice of strategy should lead to the highest level of profits, and this certainly depends on the categories of customers in the target market. It is not enough for the organization to know that there are people who want to buy its products in a specific market, but it must also measure the number of individuals willing and able to buy those products (Kotler and Keller, 2016). All categories are present in all markets, but the question is whether the target group achieves the required level of profits. Therefore, measuring the appropriateness and success of choosing a particular strategy depends not only on the way the company chooses this strategy, but also on the compatibility of this strategy with the direction of the target group. That is, the company must follow the sources of profitability resulting from the target group, whether it comes through differentiation strategy or cost leadership (Horngren, Datar, & Rajan, 2015).

Methodology

The Sample

The study population consists of two samples: a sample private banks operating in Iraq, and a sample of customers of these banks. This is to find out the extent to which the strategy used by these banks is compatible with the trends and needs of their customers. Each questionnaire consists of two main parts, the first includes questions about the cost leader strategy and the second includes questions about the differentiation strategy.

The Questionnaire

Two questionnaires were created and distributed to two groups. The first group is the upper and middle management, some accountants and marketing officials. The other group is a sample of the customers of these banks. Distributed and received questionnaire copies for these groups are shown in the following table (1):

Table (1) Distributed and Received Questionnaires

Groups	Distributed Copies	Valid and Returned Copies	Percentage (%)
Group1: Banks	100	89	89
Group 2: Customers	1000	743	74.3
Total	1100	832	75.6

Analysis and Discussion

The statistical program SPSS v.24 was used to analyze the data. The stages of the analysis and results were as follows:

1. Reliability Analysis

Alpha Cronbach coefficient has been used to test the reliability of the two questionnaires. The test results were shown in the following table (2):

Table (2) Reliability Analysis (Cronbach's Alpha)

Questionnaire	Reliability	N of Items
Banks (Total)	0.805	42
Banks (Section 1)	0.774	21
Banks (Section 2)	0.844	21
Customers (Total)	0.701	18
Customers (Section 1)	0.711	9
Customers (Section 2)	0.755	9

According Cronbach's Alpha test, the table above shows that the two questionnaires have passed the test with reasonable levels of reliability (>0.70) after excluding the third question from the customer`s questionnaire.

2. Descriptive Statistical

The sample was distributed statistically as in the table (3) and (4):

Table (3) Sample Description (Banks)

	Distribution	Items
Experience	0 - 5	11
	6 - 10	21
	11 – 15	25
	16 – 20	21
	More than 20	11
Gender	Male	65
	Female	24

Table (4) Sample Description (customers)

	Distribution	Items
Age	20 - 30	36
	31 - 40	230
	41 – 50	358
	More than 50	119
Gender	Male	565
	Female	178

3. Compare Means

The questionnaires were designed to determine the trends of banks and customers. By presenting a two-part questionnaire, it is possible to determine the direction of each group, whether towards cost leader or differentiation via compared means. The results were as in the following table (5):

Table (5) Compared Means

Group		Section 1	Section 2	Trend
Banks	Mean	3.9267	1.9866	Lead Cost
	N	89	89	
	Std. Deviation	0.16037	0.25442	
Customers	Mean	2.655	3.5731	Differentiation
	N	743	743	
	Std. Deviation	0.57137	0.62013	

The preThe previous table shows that the banks tend towards the strategy of cost leader with mean is 3.9267, which greater than the mean of the differentiation strategy, which is 1.9866. While customers tend towards differentiation strategy with mean of 3.5731 which is greater than the mean of cost leader strategy of 2,655.

4. Significant Differences

The measurement of the level of responses in each questionnaire and for each section requires recognizing whether there are significant differences in the means of answers which received from Banks and Customers related to categorical variables. In this case the Tow-way ANOVA test will be used to discover whether there are statistically significant differences between the mean of responses according to the categorical variables for each group. The rule of decision will be if Sig. > 0.05 there will be no statistically significant differences between the means. If Sig. < 0.05 there will be statistically significant differences between the means. The results are shown in following table (6) and (7):

Table (6) Tow way analysis of variance (Banks)

Source	F	Sig.
Experience	1.482	0.215
Gender	3.428	0.068
Experience* Gender	0.661	0.579

Through the above table, we can notice that there are no statistically significant differences between the average answers of a sample of banks, whether at the level of experience, gender, or the interaction of experience and gender, as the result of all the two-way analysis of variance tests was greater than 0.05.

Table (7) Tow way analysis of variance (Customers)

Source	F	Sig.
Age	0.111	0.979
Gender	0.048	0.827
Age* Gender	0.075	0.990

Furthermore, conducting a binary variance test on the averages of customers' answers to professional banks has shown that there were no statistically significant differences between the average answers of this sample, whether at the level of age, gender, or the interaction of age and gender, as the result of all binary variance analysis tests was greater than 0.05.

CONCLUSION

The researchers concluded that there is a clear difference between the trends of bank administrations (average answers) and customers (average answers) in the directions of the preferred strategy for each of them. Perhaps this is due to the fact that bank administrations see that there is a clear lack of basic banking services in the Iraqi environment with the increase in demand for such services, and they are adopting a cost leadership strategy (as is clear from the questionnaire analysis) and they do not have to spend more costs to provide differentiated services, but they can achieve profits by reducing costs. While customers, due to the increase in demand for banking services, think that it is the responsibility of bank administrations to provide more differentiated services, and that they have the right to choose the best and most valuable services for them.

Despite the clear difference between the two parties (banks and customers), it is the responsibility of bank administrations to look to the future in the light of an increase in the number of banks and the saturation of the Iraqi market with basic banking services. Thus, the banks that priorities providing distinguished services to the customers will definitely have the priority in achieving profits Therefore, the researchers recommend that bank administrations take the initiative from now on providing privileged banking services in order to be able in the future to maintain and increase their market share.

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