



## The Role of Customer Feedback in Shaping Business Strategies: A Case Study of Erbil Bank

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### ABSTRACT

The banking sector in the Kurdistan Region of Iraq has become increasingly competitive, requiring banks to adopt customer-centric strategies to remain sustainable. Therefore, this study aims to investigate the effect of customer feedback on business strategies in Erbil Bank. The research employed a quantitative research approach and a structured questionnaire that was distributed to 63 customers. The research findings show that customer feedback has a major effect in relation to business strategies in Erbil Bank, as indicated by  $R^2$  of 0.860, accounting for 86% of business strategies in Erbil Bank. The research findings also show that customer feedback has a major effect in relation to customer satisfaction, accounting for 42% of customer satisfaction as indicated by  $R^2$  of 0.421. In addition, customer satisfaction was also found to be a significant determinant of customer loyalty, which explained about 61% of customer loyalty behavior. It was also confirmed that customer satisfaction plays the role of a mediator in the relationship between customer feedback and customer loyalty. In conclusion, the significance of customer feedback in enhancing service quality, customer satisfaction, and customer loyalty, especially in the banking industry, is underscored.

Keywords: Business Strategies, Banking Sector, Customer Feedback, Customer Loyalty, Customer Satisfaction

## 1. INTRODUCTION

The customer is considered a vital component for success and growth in the current business world, where competition is extremely high and change is occurring rapidly. To succeed and grow in business, companies must respond rapidly and accordingly to their customers' needs and expectations, and this is considered a foundation for developing long-term business strategies. Finally, customers' feedback is considered a source of information that could help in making better business strategies and improving the quality of products and services in a continuous manner (Smith & Zook, 2019).

The purpose of this research is to investigate the role of customer feedback in companies in the Kurdistan Region in a scientific manner. The main aim of the study is to find out the level at which this feedback impacts major strategic decisions such as product development, price setting, marketing strategies, and enhancing the overall client experience. Thus, the practical implications of the study would be helpful to entrepreneurs in the Kurdistan Region to come up with more successful strategies in the field of business (Anand, 2025).

The profitability of any company depends on the level at which the clients are happy. Companies always focus first on the clients. Companies that make their clients extremely happy always end up at the top. Customer contentment is the key to the good results of any company. Customer contentment helps in increasing the worth of any company (Layarda & Achmadi, 2024). Clients buy what they need. Clients buy what they want to achieve (Haseeb, 2024). A business needs to provide good service, which is commensurate with the price. This will attract more clients, and they will also remain loyal. Clients will also attract more clients because they will share the story about the company's staff. Being happy means that one feels good

after getting what he or she wanted. It is not easy to know whether the client is happy with the provided services. It is hard to make the client content because many things need to be considered. There is a lot of competition between companies, which is a challenge in the market. Companies are making their marketing channels work, which is not easy, especially in a growing market (Shah & Rai, 2022).

In order to attract the client, one needs to provide good products in this competitive market. If the client is content, he or she will remain loyal. Making the client content is very important in getting more clients. It is also very important in getting the company's goals. Hence, the bond between the client and the company is very important (Ifinedo, 2016). In the highly competitive business environment that exists in the industry today, it is important to know what makes the customer happy or unhappy in order to succeed. This is nothing new; the modern quality movement can be traced back to Walter Shewhart's work in 1931. This has been further developed by various scholars like Santhoshkumar et al. (2022), who proved the importance of customer happiness in increasing the quality. Although it costs five times more to acquire a new customer than it does to retain an existing customer, businesses seem to be ignoring this important fact (Khodr et al., 2009). This existing customer has their own experiences and opinions, both good and bad, which can be a valuable learning experience for the future.

A study by Richardson et al. (2020) has proven that critical business decisions are often not influenced by customer feedback systems. This study has clearly shown that although businesses spend a considerable amount of money collecting customer feedback, it is rarely utilized for good. The problem is not in collecting the information; it is in acting on it (Xu & Li, 2023). Customer feedback is considered one of the most crucial elements of the relationship between companies and customers. It is a useful source of information and is helpful in improving innovation and company performance. The use of digital technology has made it easier and faster for companies to gather feedback from customers. Despite this, making use of this information as a source of competitive advantage is still a challenge. This underlines the importance of developing a proper understanding of feedback, its determinants, and its potential value for companies and customers (Jung & Kim, 2023).

All companies have to keep customer satisfaction as a top priority in their business. Even if their survival is in danger, customers are essential for keeping customers and making them brand ambassadors. In other words, a happy customer is an ambassador for a company; he or she will tempt other customers to do business with that company. Therefore, both customer satisfaction and loyalty are combined in order to focus on a broad range of customers. The more customers are satisfied and/or loyal, the more business success is achieved (Mukarromah et al., 2021). Despite the increasing significance of customer feedback in developing successful business strategies, banks in the Kurdistan Region have failed to leverage customer feedback in their business strategies. Even though the Erbil Bank collects customer feedback through different means, there is a lack of evidence that this customer feedback is analyzed and incorporated into business strategies. This has led to a situation where customer feedback is not fully leveraged, thus minimizing its potential contribution to business performance. This research aims to bridge this gap by investigating the role of customer feedback in business strategies at the Erbil Bank (Wang & Wang, 2020).

Customer feedback plays an important role in helping organizations understand customer needs and expectations. This study examines how customer feedback is collected and used by Erbil Bank to improve business strategies and enhance customer satisfaction. The research aims to identify the main methods used to gather feedback and evaluate how effectively this information influences strategic decisions. Additionally, the study highlights the importance of feedback in improving service quality, strengthening customer loyalty, and supporting better managerial decision-making in the Kurdistan business environment (Mukarromah et al., 2021).

## 2. LITERATURE REVIEW

In the contemporary business environment, customer feedback has been identified as one of the most important calculated assets of a business. In light of the changing needs of customers and the rising competition in world markets, it has become necessary for businesses to frequently change their strategies (Berger et al., 2002). Customer feedback facilitates easy and simple communication between customers and businesses and provides insight regarding the satisfaction and views of customers, which can be wisely used

by businesses to enhance their performance and build superior competitive advantages (Zhu et al., 2010). Businesses are realizing more and more the significance of understanding the feelings and desires of customers. By collecting customer feedback, businesses are able to identify new opportunities. In the current business environment, customer feedback has turned out to be perhaps the most significant asset for organizations in terms of strategy (Nasr et al., 2018). As customer needs, tastes, and expectations continue to change rapidly, and the business environment is becoming increasingly competitive in local and global arenas, organizations are often required to rethink their strategic directions. Organizations which fail to listen to their customers often stand to lose their relevance, market share, and sustainability (Nnenna et al., 2025).

**2.1. Customer Feedback**

Within the context of business policy and strategic management, customer feedback is defined as the process of collecting, analyzing, and utilizing customer information about their experiences, expectations, and perceptions with regards to a company’s products, services, and overall performance. Despite the fact that different scholars have attempted to define customer feedback in different ways, a clear definition is applicable in this study (Park et al., 2019).

**Table 1. Definition the Term of Consumer Feedback by the Authors**

Names	Definitions	Importance
Park et al. (2019)	Consumer feedback is information provided by consumers or customers about how a business, good, or service has met their needs.	Focuses on meeting customer needs.
Mourtzis et al. (2018)	Customers’ actions to provide information on a business’s goods or services are referred to as feedback.	Emphasizes customer participation.
Erickson and Eckrich (2001)	A consumer’s experience using a product or service is known as customer feedback.	Highlights the real experience of customers.

**2.1.1. The Role of Customer Feedback in Business Success**

The importance of the quality concept is vital in the assessment of a business’s success. The perspective applied in assessing the needs of an organization’s products and services has a substantial influence on how the business defines quality. In a bid to ensure consistency in service quality, there is a need to ensure that three important orientations coincide. This includes process efficiency, customer perception, and product or service characteristics. This is especially important even when a product is a process. It is worth noting that when the service marketing mix, employee satisfaction, and profitability are considered, service quality consistency is vital (Vial, 2019). Good goods and services are vital for survival and development in the current dynamic environment. A company’s capability to offer good products is a clear indication that they are good at what they do and that you can trust them. Therefore, quality is a measure of how well a good or service can meet the needs of consumers. However, quality is subjective to different people. Therefore, it is vital for a business to define what quality means to them. It is easier to ensure constant customer satisfaction when everyone understands what quality means. This ensures that customers remain happy at all times (Agustian et al., 2023).

There are a number of important factors considered while assessing service quality. These factors include appearance, the overall experience, the location, and the equipment used. Trust is a commitment to serve customers promptly while displaying a willingness to serve them. It is a confidence in employees based on their expertise and good behavior. It is also a commitment to give the individual undivided attention. All these factors have a bearing on customer satisfaction (Gadzali et al., 2023). Therefore, if the people are happy, it is a sure bet your business is doing well. Customer happiness is the feeling customers get when they find that the product or service they used is as good, if not better, than they expected. Happy customers not only want more, they want to share the experience with friends and family. Old-fashioned ads can make people happy, and the secret to success is to keep making things better based on what the customers say and what they experience (Cheng et al., 2023).

Organizations seeking to achieve success in the contemporary business environment must ensure the delivery of quality products while remaining attentive to consumer feedback. Quality products generate customer satisfaction, which can be further enhanced through the continuous incorporation of customer input, thereby fostering sustained satisfaction, improved employee performance, and organizational growth. Firms

that consistently prioritize and respond to customer feedback are therefore more likely to attain a competitive advantage over their rivals (Liu et al., 2023). Based on the foregoing arguments, the following hypothesis was formulated:

**H1:** Customer feedback has a positive and significant impact on business strategies at Erbil Bank.

### 2.1.2. The Role of Customer Feedback in Customer Retention Strategies

For businesses, loyal customers are very important. To keep those customers, make sure they get goods and services that meet or exceed their needs. Service managers can keep or even improve customer empathy by using good recovery methods. Good customer service not only turns unhappy customers into loyal ones, but it can also create more positive feelings than if nothing had gone wrong (Kshetri, 2018). A good recovery can turn angry clients into loyal ones. Return of service problems happen when the work done does not meet what customers expect. Just like anything people do, services should have plans to get back on track. Service recovery means doing things to solve the issue, shifting the bad feelings of unhappy people, and keeping those people as customers (Zamadinov & Subaeva, 2019). the following hypothesis has been proposed to identify the relationship between Organizational culture and agile leadership and digital transformation:

**H2:** Customer feedback has a positive and significant effect on customer satisfaction at Erbil Bank.

### 2.1.3. The Role of Customer Feedback in Value Creation

The integration of customer feedback into marketing strategies has garnered considerable attention among academics and researchers. This concept is grounded in several key theoretical frameworks developed over the past decade, which collectively underscore the significance of customer feedback in enhancing consumer satisfaction with purchased products. In this regard, the notion of the customer feedback loop is particularly prominent, asserting that the continuous collection, monitoring, and application of customer feedback facilitates the ongoing improvement of products and services. Within the marketing domain, the optimization of marketing strategies necessitates the establishment of systematic mechanisms for gathering and utilizing customer feedback. In the context of advertising, this enables organizations to refine their campaigns in response to emerging insights regarding customer reactions (Zhu et al., 2010).

The author discusses the concept of Service-Dominant Logic (SDL), positing that value is co-created through a collaborative process between organizations and their customers. SDL reconceptualizes the customer not as a passive recipient, but as an active participant in the value creation process. In the context of advertising, SDL contends that the incorporation of customer perspectives into campaign development is essential, thereby enabling organizations to align their marketing strategies more precisely with consumer needs and preferences.

Recent research has proven that the advantages of utilizing customers' feedback in marketing are real. For example, research done by Anand (2025) has proven that companies that utilize customers' feedback in marketing have happier and more loyal customers. The research has proven that feedback-based marketing plans are more effective in meeting customers' wants, making customers perceive a better brand image, and keeping customers satisfied.

To conclude, recent research has proven that customers' feedback is a major deal in setting up a marketing plan in the advertising business. The ideas of customers' feedback loop, service-dominant logic, and expectancy-confirmation theory have been proven in recent research in marketing. Recent research and new digital tools are also shedding light on the advantages and disadvantages of utilizing customers' feedback in setting marketing plans and making customers happy (Rigby et al., 2018). Based on the discussion above, the study come up with the following hypothesis:

**H3:** Customer satisfaction has a positive and significant effect on customer loyalty at Erbil Bank.

## 2.2. Business Policy

A business policy is a structure for decisions within the firm. It helps to bring together the goals of various parts of the firm and make sure that actions taken at every level are helping to meet the mission and goals of the firm. The policies help to establish the rules and guides for how things are done and how things are distributed. Good business policies are the key to keeping things consistent, ensuring good ethics are followed, and helping to attain the goals of the business (Haseeb, 2024).

In simple terms, business policy refers to the set of guidelines, principles, and rules that are followed for making decisions and actions within the firm. The policies are intended to help the firm attain its mission and vision. Business policy involves many areas of the firm, including ethics, workplace environment, safety, financial management, marketing strategies, and operational strategies. Business policies are usually formulated by the top management of the firm and help employees make decisions regarding their daily activities. They embody the organization's values, ethics, and long-term aspirations. In addition, business policies are not set in stone and can be revised and/or updated in response to changing business environments, industry trends, or shifts in strategic direction (J. He et al., 2003).

### **2.3. Business Strategy**

A business strategy is a plan that represents a business's intention of attaining certain goals in a specific competitive environment. The business strategies are influenced by various factors, including the business's industry, business size, market situation, and goals that a business intends to accomplish. An effective business strategy is meant to help a business have an edge over its competitors, increase its market share, and increase its profits. The business strategy is also meant to explain resource utilization, risk management, and responding to market dynamics (Shehadeh et al., 2024). Samsung Electronics focuses on a product differentiation strategy that involves constant innovation and improvement of product quality in order to differentiate its products from those of its competitors and provide customers with additional benefits. An intensive marketing policy and market research are essential in ensuring that Samsung's products meet market demands (Franciosi et al., 2022).

### **2.4. Understanding the Modern Business Environment**

To comprehend the modern business environment, it is important to understand how internal and external factors are interrelated and impact the functioning of groups. Within an organization, it is important for the management to examine what the organization does well, what it does poorly, where it has the potential for growth, and what challenges it faces. This will enable them to devise strategies that leverage their strengths and minimize their risks. This involves evaluating factors such as the company culture, resources, and core competencies to ensure that they align with what the market demands (B. He & Bai, 2021).

Outside the organization, there are numerous factors that influence its functioning. These factors include new technology, government regulations, the economy, and consumer demands. Rapid technological advancements have completely transformed various sectors, disrupted traditional methods of functioning and unlocked new opportunities for growth. Government regulations and global events can also affect the functioning of organizations (Linh et al., 2025). This requires them to stay updated and comply with the law. Things like the economy and uncertain markets mean companies must be prepared to change. This way, they will prosper even if things are hard. Doing business worldwide has given us new markets and chances to grow. At the same time, it has made competition better and supply chains more complicated (Park et al., 2019). Shifts in consumer preferences and behaviors which influenced by demographic factors and the proliferation of social media necessitate that organizations continuously monitor market trends and evolving customer demands. Such external intelligence enables firms to identify growth opportunities and potential risks, while informing strategies aimed at sustaining competitive advantage and long-term organizational growth.

### **2.5. Business Strategies and Competitive Advantage**

In recent times, the level of competition in business has increased, and businesspeople need to find ways to win in their respective fields. In the process of choosing the business model and business concept to adopt, individuals in business need to incorporate local resources and consider the industrial structure outside the business. After considering the industrial structure on the basis of external factors, the business might have been able to make the most of the internal resources by creating different advantages (Nasr et al., 2018). The reasons for the creation of competitive advantage are the ones that are obtained or developed. Competitive advantage is the result of the decisions of the business to seize the market opportunity. Business strategy, also known as competitive strategy, is often developed at the department level. It mainly aims at improving the position of the company concerning the products and services in the niche industry segment or market. Business strategy for the department might aim at increasing the profits from the products and services. Business strategies are the ones that integrate different activities to accomplish the division goals. This paper is founded on the notion of dynamic capacity because it enables the company to perform better compared to

the rest. An example of this is the downfall of Nokia in the mobile phone market (Anand, 2025). Nokia did not take the developments and tech gains in the mobile phone market sufficiently. Nokia did not take the emergence of smartphones seriously. This led to the failure of Nokia in the smartphone revolution, where the products of Nokia were not embedded with tech that was new and innovative compared to other smartphones, such as Apple and Samsung. Unlike resources, abilities are developed on the foundation of growth, management, and exchange of knowledge through the company's human capital. Abilities are useful in the competitive environment where the pace of change is fast and often difficult to predict (Kezar et al., 2023).

### 2.5.1. The Role of Customer Feedback in Business Strategies

Customer feedback is important in the way businesses develop, evolve, and improve their plans. Customer feedback indicates to businesses what customers think of their products, services, and experiences. By listening to customer feedback, businesses can make informed decisions that suit customer needs (Salas et al., 2015). First, customer feedback helps businesses understand what customers want. Customers can express their opinions about products, services, and experiences through reviews, surveys, or social media. This way, customers inform businesses about what they like, dislike, and want. This helps businesses correct their products and services. Rather than making guesses, businesses can rely on customer feedback to tell them what to do.

Customer feedback guides businesses on how to improve their products. For example, if customers frequently complain about poor products, poor delivery, or poor service, businesses can correct these issues first. Positive feedback indicates what businesses do right, such as producing quality products or providing quality service. Additionally, feedback influences marketing strategies. Sentiment analysis tools help in determining if customers have positive, negative, or neutral feedback. If customers are happy about some things, companies can use those in marketing. If customers are unhappy about some issues, companies can solve those problems and inform customers of the improvements (Aithal & Aithal, 2019).

Feedback supports methods of retaining customers. Negative words could mean customers are upset or losing customers. When companies respond well and solve problems, this brings joy and encourages long-term loyalty. This emphasizes the importance of feedback in acquiring and retaining customers. Mostly, feedback offers insights about companies like yours. Customers often use similar brands in expressing feedback. This helps companies in determining where they are and opportunities to differentiate (Zeng et al., 2004). Based on the discussion above, the study come up with the following hypothesis:

**H4:** Customer feedback indirectly influences customer loyalty through customer satisfaction.

## 3. RESEARCH METHODS

The research method employed by this research will be quantitative with a descriptive and analytical approach. The quantitative method will be employed for its appropriateness to measure the relationships between customer feedback, business strategies, customer satisfaction, and customer loyalty with the help of numerical data. The research will be conducted with the help of a case study method with particular emphasis on Erbil Bank (Silva et al., 2025).

### 3.1. Research Design

This study adopts a quantitative research approach, incorporating both descriptive and analytical research designs. The quantitative paradigm is deemed appropriate for this investigation, as it facilitates the systematic measurement of relationships among key variables namely customer feedback, business strategies, customer satisfaction, and customer loyalty through the analysis of numerical data. Furthermore, the study employs a case study design, concentrating on a single organizational entity, Erbil Bank, as the primary unit of analysis (Wu et al., 2021).

### 3.2. Data Collection Procedure

For the data collection process, the online survey method was adopted for this study. The online survey method of data collection is conducted using Google Forms, which is then sent to the customers of Erbil Bank using electronic means. A total of 63 valid responses were obtained for the purpose of this study. The online

method of collecting data is adopted because this method is cost-effective, time-saving, and also easy for the customers to respond to the survey (Abella et al., 2019).

### 3.3. Questionnaire Design

The questionnaire adopted a structured format with closed-ended questions to facilitate the quantitative analysis of collected data. It was organized into two main sections. Section A addressed the demographic characteristics of the sample population, encompassing respondents' gender, age, educational attainment, and banking experience. Section B comprised the measurement items corresponding to the study's key variables, namely customer feedback, business strategies, customer satisfaction, and customer loyalty.

The items for measuring the variables were formulated after conducting the literature review for the study, which aligned well with the aims of the study and its hypotheses formulated for testing. A five-point Likert scale ranging from 1 = Strongly Disagree to 5 = Strongly Agree was adopted for measuring the perceptions of the sample population (Duarte Neto et al., 2017).

### 3.4. Descriptive Analysis

Descriptive analysis was employed in the process of summarizing the data in terms of the demographic profile of the respondents as well as the main variables of the study. Descriptive analysis was used in the process of creating a general picture of the profile of the sample as well as the general perceptions of the respondents regarding customer feedback in the overall process of creating business strategies in Erbil Bank.

### 3.5. Period and Duration of the Study

This study was conducted over a specific period of time during the academic year. The distribution of the questionnaires and the collection of the data were done over a short period of time using Google Forms. The analysis of the data, its interpretation, the writing of the findings, conclusions, and recommendations were done after the completion of the data collection process.

## 4. RESULTS AND DISCUSSION

### 4.1. Research Results

The following section presents the results of the data analysis derived from 63 valid respondents associated with Erbil Bank. Statistical analysis was conducted using SPSS-equivalent methods to examine the demographic characteristics of the sample, assess the reliability of the measurement scales, and perform hypothesis testing with respect to the study's key variables, namely customer feedback, business strategies, customer satisfaction, and customer loyalty.

#### 4.1.1. Demographic Profile of Respondents

**Table 2. Demographic Characteristics of Respondents (N = 63)**

Variable	Category	Frequency	Percentage (%)
Gender	Male	47	74.6
	Female	16	25.4
Age Group	Below 25 years	10	15.9
	25-34 years	31	49.2
	35-44 years	17	27.0
	45-54 years	3	4.8
	Above 55 years	2	3.1
	Education Level	Secondary School	4
	Diploma	15	23.8
	Bachelor's Degree	39	61.9
	Master's Degree	5	7.9
Length of Relationship	Less than 1 year	9	14.3
	1-3 years	23	36.5
	4-6 years	15	23.8
	More than 6 years	16	25.4

Table 2 summarized the demographic findings which reveal that the majority of the respondents are male (74.6%), which implies that more males are involved in banking services or responding to the survey. The majority of the respondents belong to the age group 25-34 years (49.2%), which implies that the major customers of Erbil Bank are young and actively involved in the economy. Regarding education, the majority of the respondents (61.9%) have a Bachelor’s degree, which implies that the customers are well-educated and able to assess banking services and offer valuable feedback. With regard to the duration of banking experience, the majority of the respondents have been customers for more than one year, which enhances the validity of their views on the banking services offered by Erbil Bank.

4.1.2. Reliability Analysis (Cronbach’s Alpha)

Table 3. Reliability Test Results

Construct	Number of Items	Cronbach’s Alpha	Interpretation
Customer Feedback	5	0.888	Excellent
Business Strategies	5	0.940	Excellent
Customer Satisfaction	3	0.878	Very Good
Customer Loyalty	2	0.782	Acceptable

Based on the table 3 above, all the values of Cronbach’s Alpha are greater than the recommended value of 0.70, which confirms the reliability of the scales. This shows that the scales are measuring the variables well, and they are reliable for regression and hypothesis testing.

4.1.3. Combined Regression Results

Table 4. Regression Analysis Results (N = 63)

Hypothesis	Variable	$\beta$ (Beta)	R <sup>2</sup>	F-value	Sig.	Result
H1	Customer Feedback → Business Strategies	0.771	0.860	381.0	0.000	Accepted
H2	Customer Feedback → Customer Satisfaction	0.649	0.421	45.9	0.000	Accepted
H3	Customer Satisfaction → Customer Loyalty	0.781	0.611	94.7	0.000	Accepted
H4	Customer Feedback → Customer Satisfaction → Customer Loyalty	Indirect	—	—	—	Accepted

The regression analysis results shown in table 4 offer robust empirical support for all research hypotheses developed for this research. H1 was designed to investigate the effect of customer feedback on business strategies for Erbil Bank. The regression analysis results revealed a strong positive and statistically significant relationship between customer feedback and business strategies ( $\beta = 0.771$ ,  $p < 0.001$ ). The R<sup>2</sup> value of 0.860 revealed that 86% of the variation of business strategies was explained by customer feedback; thus, it was evident that business strategies for Erbil Bank are greatly influenced by customer opinions, complaints, and suggestions. This further validated the research argument that customer feedback indeed takes center stage in the management and strategic planning of the firm.

H2 was developed to investigate the link between customer feedback and customer satisfaction. The regression analysis results revealed a statistically significant positive effect of customer feedback on customer satisfaction ( $\beta = 0.649$ ,  $p < 0.001$ ), with 42.1% of the variance for customer satisfaction being explained by customer feedback. This revealed that customers are satisfied with the services of Erbil Bank since they feel they are being heard by the firm. H3 studied the effect of customer satisfaction on customer loyalty. The results show a strong and significant relationship between the variables, with a correlation coefficient of 0.781 and  $p < 0.001$ , and an R<sup>2</sup> value of 0.611. Therefore, it is clear that if the customers are satisfied with the services, they are highly likely to be loyal and continue using the bank’s services. H4 stated that customer feedback indirectly influences customer loyalty through the dimension of customer satisfaction. The acceptance of H2 and H3 confirms the indirect effect of customer feedback.

## **4.2. Discussion**

The findings of this study highlight the critical role of customer feedback in the banking sector, particularly within Erbil Bank. The results reveal a significant relationship between customer feedback and business strategies, indicating a shift from traditional management approaches toward more customer-centric strategies. This outcome is consistent with prior studies, which emphasize that integrating customer feedback into strategic decision-making enables organizations to remain responsive and adaptable in dynamic market environments. Such alignment demonstrates that modern banks increasingly rely on customer insights to guide their competitive positioning and service development. Moreover, the study found a significant positive impact of customer feedback on customer satisfaction. This finding supports earlier research suggesting that customers highly value being listened to and acknowledged. It indicates that satisfaction is not solely determined by service quality but also by the organization's responsiveness to customer concerns and suggestions. In this sense, feedback mechanisms act as a psychological assurance for customers, enhancing their trust and confidence in the bank.

In addition, the significant relationship between customer satisfaction and customer loyalty is in line with well-established literature, which identifies satisfaction as a key determinant of long-term customer relationships. Satisfied customers are more likely to remain loyal, continue using banking services, and engage in positive word-of-mouth communication, thereby contributing to the bank's reputation and growth. Furthermore, the mediation role of customer satisfaction identified in this study reinforces existing theoretical frameworks, such as the service-profit chain model, which suggests that organizational practices (e.g., feedback utilization) influence customer outcomes indirectly through satisfaction. This finding is also supported by previous empirical studies that highlight satisfaction as a critical mediator between service-related factors and loyalty outcomes. Overall, the results suggest that customer feedback should be recognized as a strategic asset for banks. By effectively managing and utilizing feedback, banks can enhance customer satisfaction and strengthen loyalty, ultimately achieving a sustainable competitive advantage in the highly competitive financial services industry.

## **5. CONCLUSIONS**

This research aimed to investigate the importance of customer feedback in determining business strategies at Erbil Bank. The findings confirmed that customer feedback is an important strategic resource with a significant impact on managerial decisions, customer satisfaction, and customer loyalty. The regression analysis indicated that customer feedback explains a large proportion of the variation in business strategies, clearly demonstrating that customer opinions have a direct impact on service improvement and strategic planning.

Furthermore, the effective application of customer feedback was found to have a positive impact on customer satisfaction, which ultimately results in customer loyalty. This clearly indicates that satisfaction serves as an important mediating variable between customer feedback and customer loyalty. Customers who feel that their opinions are valued and respected are more likely to remain loyal to the bank and recommend its services to others. It is therefore concluded that Erbil Bank can create sustainable competitive advantage through the effective collection, analysis, and integration of customer feedback into its strategic processes, as listening to customers is not only important for service improvement but also plays a critical role in the long-term success of the bank within the competitive banking industry.

It is recommended that digital feedback mechanisms, such as mobile and online banking platforms, be enhanced at Erbil Bank. Feedback analysis reports should be conducted to inform strategic planning. Customer feedback ought to be incorporated into the service innovation process. Training should be provided to employees with regard to responding to feedback received from customers. The bank should update customers regarding the changes implemented in response to their feedback. Customer satisfaction surveys should be administered on a regular basis. Further research should be conducted with a larger sample size to examine different banking institutions.

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