

AN EVALUATION OF THE MARKETING STRATEGIES OF SERVICE INDUSTRIES
IN NIGERIA.

A COMPARATIVE STUDY OF UNION BANK PLC AND INLAND BANK PLC.

BY:

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DECLARATION

I hereby declare that this project has been written by me based on my Research findings, and I am responsible for any errors either of omission or commission. Also, all materials used in the study have been duly acknowledged in the references.

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DATE

CERTIFICATION

This project entitled "AN EVALUATION OF THE MARKETING STRATEGIES OF SERVICE INDUSTRIES IN NIGERIA A COMPARATIVE STUDY OF UNION BANK PLC AND INLAND BANK PLC" meets the regulations governing the award of the degree of masters in Business Administration (M.B.A) of Ahmadu Bello University, Zaria, and is approved for its contribution to knowledge and literary presentation.

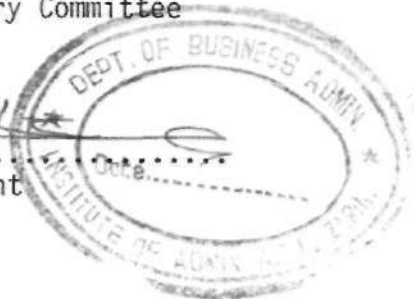

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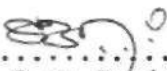
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DEDICATION

This project is dedicated to my dear parents, Professor and Mrs
Nayaya Mohammed and to my dear Husband, Alhaji Abubakar Suleiman.

ACKNOWLEDGEMENT

I wish to express my thanks and appreciation to all those who have contributed one way or the other in helping me to complete this project.

First, I am grateful to God Almighty for making it possible for me to undertake the programme in the first place.

My special thanks and appreciation to my Supervisor, Mr. Onu, whose patience, guidance and constructive criticisms made this work a success.

I also wish to thank the M.B.A. Co-ordinator, Mallam Sani for his words of advice and encouragement.

I am grateful to my parents, Professor and Mrs. Nayaya Mohammed for their moral and financial support which saw me through the trying periods.

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God bless you all Amen.

Aishatu Mohammed Abubakar

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ABSTRACT

Given the competitive nature of the business world today, firms must be up and doing in order to meet the ever-increasing challenges of the economy. One vital way to succeed is for a firm to be able to strategically market its products or services.

The banking industry, which is the focus of this study, is in business to render services. Therefore, the commercial banks must be prepared not just to provide the services, but to do so qualitatively and aggressively if they must survive.

Gone are the days when banking was viewed as a "sellers market" whereby customers had the impression that they were privileged to enjoy the services of a bank. Today it is the turn of the bankers to go out and seek for customers and also strive to retain them by identifying their various needs and satisfying them.

This study was done to review the marketing strategies of Union Bank Plc and Inland Bank Plc.

The findings have shown that the two banks have only just begun to grasp the full meaning and understanding of marketing and its application to business. Even then, there are still to be found traits of poor staff attitude to customers, long delays in banks, lukewarm attitude of management towards rural banking, among others.

In the light of these findings, the following recommendations were proffered:

- (1) That the banking industry should go all out to market their services more aggressively by stepping up the use of sales men, bankers who will serve as consultants and advisers to clients who are seeking financial services.
- (2) Furthermore, banks should get up research units to carry out more research into different customer needs; and based on that,
- (3) To be more customer - conscieous in the design of their services.

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CHAPTER I

1.0 INTRODUCTION

Marketing is becoming increasingly necessary in today's competitive business environment and in the service industry. The role of marketing in a service industry is synonymous with marketing in the banking sector. It is predominantly centred around the provision of diverse financial service to customers.

In Nigeria today, the present state of the economy, as it affects the financial sector in particular, has led banks to take marketing as a serious factor for survival in business.

The intense competition in the banking industry has made marketing to become the banking's tool for meeting new forms of competitors and for searching out new opportunities.

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1.1 HISTORICAL BACKGROUND

Modern Banking in Nigeria can be traced to the late 19th century.

According to Osubor 1984, "the origin can be traced back to 1892, when the Elder Dempster Company - a foreign shipping company based in Lagos, Nigeria invited the African Banking Corporation of South Africa to establish a branch in Lagos"¹ Since that date till about 1954 the Nigerian Banking Industry became dominated by expatriate banks notably the Bank of British West Africa (Later renamed Standard Bank and now First Bank) established in 1894 and Barclays Bank (now Union Bank) established in 1925. The indigenous banks that were established were unable to function due to a number of factors given by Osubor (1984) in his book "Business Finance and Banking in Nigeria" page 43.

- a. The backing provided to expatriate banks by their headquarters in terms of generating funds.
- b. The attitude of the colonial administration towards indigenous banking development.
- c. The problem of financial mismanagement and improper accounting by indigenous banks; and
- d. Competition.

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The foregoing factors created opportunities for the expatriate banks to dominate and dictate the pace of the Nigerian Banking Industry for a long time until the attainment of independence and the coming of the indigenization Decree in the mid 1970 with the Decree many expatriate firms and banks were forced to sell some or all of their shares to both indigenes and the Federal Government thus allowing Nigerians controlling Rights in the Ownership of such businesses.

One other problem was that the banks were mainly concentrated in Lagos. This situation made it difficult for Nigerian borrowers to secure loans and services from branches located in their states because decisions were mostly taken at the Head Offices. This problem is coupled with the fact that some states in the Federation without branches of the big banks felt cut off from the development process prompted them to establish state owned banks to cater for the needs of the people in their respective states. The early 1970's thus witnessed the emergence of such state owned banks as the National Bank owned by the three Western States, while in the North the Bank of the North (BON) was established to cater for the needs of the northern states.

And in 1970 the Rivers and Bendel States established their own Pan-African Bank and New Nigeria Bank respectively.

Since the 1970's there has been a phenomenal rise in the number of commercial banks whereas as at December, 1969, there were thirteen commercial banks with 228 branches operating in the whole of the country by December, 1976, the number had increased to 18 with 463 branches.

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This point is further buttressed by Agu (1988) (in his book - Nigerian Banking Structure and Performance page 42) when he stated that since 1973/74 when the oil revenue surged potentially the commercial banks have been experiencing a period of rapid expansion. The expansion in a bank's business can be determined from the volume of its assets and liabilities. The assets of a bank tells us the use to which the bank's management has put the resources at her disposal to generate revenue for its owners or shareholders.

On the other hand, the liabilities tells us where management got the resources that were put into use. Both the assets and liabilities of a bank tells us the uses and sources of a bank's funds or resources. Nigeria being a developing country requires increase in the marketing activities of the various banks. The researcher is in the opinion therefore that the topic is chosen in order to compare the marketing practitioners with marketing theories.

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1.2 STATEMENT OF THE PROBLEM

Due to the increasing wave of fierce competition in the business world, business executives are now paying more attention on how to generate more profit and to sustain their leadership position in their respective industries.

The answer to the above question has been found to be in effective marketing, that is to say, the ability and capability to identify different customers' needs and satisfying those needs. However, service marketing under which banking falls seemed to have been relegated to the background for quite a long time due a number of reasons. One of such is that traditionally, banking has been a seller's market whereby customers had the impression that they were privileged to enjoy the services of a bank.

Another reason is that for a long time, marketing as a discipline, has a strong "goods or products" inclination because services like banking possess some characteristics which limit the extent to which marketing could be applied. For instance, services cannot be inventorised, and there can be no standadized specification. Thus, it is not possible to put services on display for appeal to the sence of taste, smell, sight or touch.

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The absence of middlemen in most service industries is perhaps another major reason why delay in the application of marketing techniques to services persist because, in this wise, the marketing efforts at the various stages of the chain of distribution would be lacking.

The lateness in the application of marketing techniques to banking is not perculiar to Nigeria. In their article "The Myth of Marketing in Banking", Brien and Stafford observed that "Marketing has traditionally been the neglected stepsister in most of the service industries. No where has this been more evident than in the market for commercial banking services".²

The above problems notwithstanding, alot of tremendous changes have taken place in the banking industry in the past two decades or so following the adoption of marketing strategies by some commercial banks. For instance, branch Networks have increased and technological innovations, especially in the application of computers to daily operations are being applied. All these have tremendous implications for the development in the financial scene, particularly that of increased competition and the need for greater application of marketing techniques.

Strategic marketing, therefore, is an attempt to identify and analyse opportunities, strengths and weaknesses as well as problems and threats and setting priorities to capitalise on or overcome them so that the resources of the organisation can be judiciously and profitably used.

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1.3 HYPOTHESIS

1. H₀- That the two commercial banks fully understand the marketing strategies and apply them in their operations.

HI - That the two commercial Banks do not fully understand the marketing strategies and do not apply them in their operations.

2. H₀ - Customers are being treated fairly by staff of the two commercial banks.

HI - Customers are not given fair treatment by staff of the two commercial banks.

1.4 OBJECTIVES OF THE STUDY

The purpose of this study is to evaluate the marketing strategies of Union Bank Plc and Inland Bank Plc. This is with a view to determining their effectiveness or otherwise in meeting customers needs, their performance in general and also to make suggestions for improvement where necessary. To this end the study will look specifically at the following issues:

- a. The strategies pursued by the two banks with regards to their marketing mix.
- b. Evaluating and comparing their marketing strategies.

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1.5 SIGNIFICANCE OF THE STUDY

The application of marketing strategies by banking organisations could help in ensuring that their objectives are achieved successfully.

The research findings will give the banking service industry an insight into identifying those attractive marketing opportunities through better application of marketing strategies. This study will show the banks when and where marketing tools and techniques can be applied in solving their problems.

This study will serve as a ready reference to students and lecturers in similar fields of study.

1.6 SCOPE OF THE STUDY

This study will focus on Evaluating, Analysing and comparing the marketing strategies adopted by the two selected banks in rendering services to their customers.

The study will look at the history of marketing and banking in Nigeria and compare how effectively these service industries have applied marketing strategies in achieving their objectives.

This write up will attempt to appraise the marketing strategies of:

- a. Union Bank of Nigeria Plc (UBN and;
 - b. Inland Bank Plc
- ../.

The study will review their performances in recent years with regards to profits and market shares, their marketing objectives and the strategies being used to attain these objectives.

1.7 LIMITATIONS OF THE STUDY

The study is limited to Union Bank Plc and Inland Bank Plc in Nigeria.

Union Bank being a first generation bank in the country seems to have made it and its main aim now is how to continue to maintain the leadership role in the face of challenges from the new banks such as Inland Bank Plc.

The study will focus on the marketing strategies they adopt in the course of rendering services to their customers and how these have added their performance.

In a nutshell, the study is limited to Evaluating and comparing the marketing strategies of Union Bank Plc and Inland Bank Plc.

Finally, there is a dearth of literature on service marketing. This observation is confirmed by Hanson when he stated that "it is indeed a pity that so far no major work on the subject of bank marketing in the United Kingdom has been published Even in the United States, there was such a comparative shortage of literature on the subject".¹³

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The situation is even more critical in developing countries like Nigeria.

The above limitations notwithstanding, it is hoped that the quality of study is not seriously impaired.

1.8 DEFINITION OF TERMS

The relevant terms to be discussed in this section are "marketing", "strategy", "marketing strategy" and services.

MARKETING

The term "marketing" has no one universally accepted definition, rather it has been defined in several ways by different authors and bodies. Marketing has been defined by the institute of marketing (United Kingdom) as "a management process responsible for identifying anticipating and satisfying customer requirements profitably".

William Stanton defined marketing as a total system of business activities designed to plan, price, promote and distribute want-satisfying goods or services to present and potential customers".³

Philip Kotler, in his own words defined marketing as "a human activity directed at satisfying needs and wants through exchange processes".⁴

These various definitions address the central issue of marketing which is customer orientation. That is to say every organisation is expected to determine the needs and wants of its target markets and then adapt itself to meet their desired satisfactions more effectively and efficiently

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This study will adopt the definition given by Philip Kotler.

STRATEGY

The term "Strategy" was derived from the Greek word "Strategos" which means a general in the military profession it has been applied to business to mean some sort of planning or steps taken to achieve set objectives.

George Steiner defines strategy as "that which one does to counteract what a competitor did or was likely to do".⁵

According to Glueck and Janch "Strategy refers to a unified, comprehensive and integrated plan that relates the strategic advantages of the firm to the challenges of the environment and that is designed to ensure that the basic objectives of the enterprise are achieved through proper execution by the organisation".⁶

The concept of strategy can be said to be a plan which is the result of analysing one's strengths and weaknesses and what the environment has to offer so that an organisation can achieve its objectives.

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MARKETING STRATEGIES

Murphy and Enis have defined Marketing Strategy as focussing "explicitly on the quest for long run competitive and consumer advantage". 10

Marketing strategy has also been defined by Kotler as "a set of objectives policies and rules that guides over time the firms marketing efforts- its level, mix and allocation - partly independently and partly in response to changing environmental and competitive conditions".⁷

The above definitions confirm to us that the business world today is highly competitive and each competitor is out to occupy the leadership position both in terms of market share and profitability. This explains why the banks in Nigeria devise one new idea or the other in recent times.

The marketing strategy of a firm cannot be discussed in isolation of the term "marketing mix" which Kotler has defined as "the set of controllable variables and their levels that the firm uses to influence the target market".⁸ These variables have come to be popularly known in marketing literature as the 4P's namely,

- (1) Product/Service Planning
- (2) Price
- (3) Place (or Distribution)
- (4) Promotion

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These are defined below:-

Product - A product is defined as anything that can be offered to a market for attention, acquisition use or consumption. It includes physical objects, services and ideas.

Price - This is generally referred to as the value of exchange for a product or service for example, ₦20 paid in exchange for a hair cut.

Place - This involves the physical distribution and middlemen, who make it possible for what a firm produces to reach the desired target market at a convenience.

Promotion - This is defined as "an ingredient used to inform and persuade the market regarding a company's products. Advertising, personal selling and sales promotion are the major promotional activities".⁹

SERVICES

"Stanton and Ellis defined the term services as "seperately identifiable, intangible activities which provide want satisfaction when marketed to consumers and/or industrial user and which are not necessarily tied to the sale of a product or another services".¹¹

According to Philip Kotler a service is "any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything its production may or may not be tied to a physical product".⁸

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FOOT NOTES

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CHAPTER II

2.0 LITERATURE REVIEW

This chapter will discuss the view of some authors on the subject of Marketing in general and service. Marketing in particular, paying attention to the subject of marketing strategy.

2.1 THE ORIGIN OF MARKETING

The origin of marketing can be traced to the first appearance of trade among people. Marketing can be traced to the development and growth of the society from the pre-industrial area which was highly individualised to an economy built around division of labour industrialization and urbanisation.

In the later period, mass production of different products emerged which resulted into surpluses.

Like Stanton (1984) rightly observed, "whereever people make more than they want or want more than they make the foundation is laid for trade and trade (exchange) is the heart of marketing." ¹

First individuals and neighbours and later, nations, saw the need to exchange their surpluses with each other for other items which they could not produce due to one reason or the other, such as weather conditions whereas some individuals could undertake the whole exercise of exchange others could not and so employed the services of middlemen. And as such that is how the distribution and channeling aspects of marketing emerged.

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Marketing itself has many definitions as it has been defined by different people in different ways.

Crosier (1975) for example observed that no single definition "appeared to encapsulate the whole essence of what marketing is"²that the single word "marketing is used in practise in three different contexts, as follows: The marketing process, marketing concept and marketing orientation.

1. The marketing process - enacted via the marketing channel connecting the producing company with its market.
2. The marketing concept or philosophy - the idea that marketing is an exchange process involving willing consumers and producers for example the view that marketing is adjusting the total activities of adjusting the total activities of a business to the needs of customers.
3. The marketing orientation - the phenomeno which makes the concept and the process possible that is the somewhat lofty view that part of the human personality recognises that the source of everything good lies to an extent in exchange with other individuals at all levels in social exchange in this sense "marketing Orientation" is a term which can be used to describe both producers and consumers.

Stanton (1984) gives a more formal definition of marketing as "a total system of business activities designed to plan, price, promote and distribute wants satisfying goods and services to present and potential customers". 3

In his own words Kotler (1988) defined "marketing as a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others.

From the foregoing definitions it can be argued that the main purpose of marketing is to identify customers needs and then mobilise all necessary resources to satisfy those needs at a profit.

2.1.1 BASIC CONCEPTS OF MARKETING

A number of concepts or philosophies preceded the marketing concept they are; production concept, product concept and selling concept.

Let us examine each of these:

Production Concept

This is an old concept which assures that "Consumers will favour those products that are widely available and low in cost. Managers of production oriented organisations concentrate on achieving high production efficiency and wide distribution coverage. A marketer therefore is expected to find new production techniques for making his products or services at a low cost.

Product Concept

This concept "assures that consumers will favour those products that offer the most quality performance and features. Managers in these product oriented organisations focus their energy on making good products and improving over time. ../. .

In other words the product concept assures that quality is the standard which end users attach to given products or services.

Selling Concept

This concept holds that "consumers if left alone will ordinarily not buy enough of the organisations products. The organisation must therefore undertake an aggressive selling and promotion effort".⁶ What this philosophy is saying is that most people would not buy certain products because they might feel the products are not their priority but would only buy when pressure is brought upon them. Examples of such products or services are life insurance, used or second hand cars and other luxury items.

Marketing Concept

In a nutshell the marketing concept has a bearing on the dynamic and complex nature of the present day business environment. It is a kind of revolution in marketing which arose to challenge the other concepts, it is characterised by a shift in production and selling orientation to that of consumer orientation.

The marketing concept "holds that the key to achieving organisational goals consists in determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors".⁵

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The objective of the marketing concept therefore is to seek out the needs and wants of consumers and then design the appropriate products or services to satisfy those needs and wants bearing in mind, however, the need to achieve overall organisational goals as well.

The marketing concept has some set backs such as the inability to maintain satisfied customers over a long period. This is because a satisfied customer tends to make repeated calls or repurchase of a product or service over and over again while a dissatisfied customer on the other hand is most unlikely to continue to patronise the firm, worse still the firms reputation or credibility stands the risk of being seriously dented. It is pertinent to stress therefore that the long term survival of any business enterprise requires an equally long term satisfaction of its customers on a continuous basis. This can take the form of after sales service business advice and credit facilities.

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2.2 AN EVALUATION OF THE MARKETING STRATEGIES OF SERVICE INDUSTRIES

For quite a long time in the history of service industries the marketing concept has been relegated to the background. Yet the provision of a wide range of services to meet the various needs of customers had always involved one aspect of marketing techniques or another.

The increasingly competitive environment in which most service industries such as banks operate coupled with a myraid of dramatic and sometimes traumatic monetary and credit policy manipulations aimed at loosening bureacratic grip on the economy and arresting escalating inflation have combined to increase the awareness of the importance of marketing in other words the banks have woken up to the tough challenges of survival and it is this guest for survival that has given rise to various innovations to revolutionize the old fashioned banking industry.

Essentially marketing in service industries like banks have focused in two main objectives. One is that of maintaining a fair share of the financial market which though previously dominated by them has attracted other operators competing for their share of the financial cake the other objective is to improve the profitability of their operations as a whole. ../.

Since most customers now are borrowing more selective in their lodgements and deposits and forcing finer margins on borrowed funds, it is important that banking services are well packaged and delivered to satisfy the various customers needs.

2.3 SERVICE MARKETING MIX ANALYSIS

The marketing mix for products equally apply to services that is the 4ps, namely, product, price, promotion and place (distribution).

From the above, unique features of marketing it is imperative for marketing executives to evolve the appropriate marketing mix policies and strategies that will effectively and efficiently market the service to the different target segments and equally achieve their set goals.

Let us now discuss each of the marketing mix:-

Product Planning

This involve ensuring that the total service package is such as to meet the needs of the different consumers. In planning, the marketer will have to consider such issues as the type of service to be offered, need for expansion or diversification, and what needs to be done in terms of service attributes like making provision for guarantees. For instance, the banks may decide to expand their mix by working jointly with some supermarkets where majority of its customers do business by maintaining a kind of standing order to settle customer bills rather than the customers taking the trouble to do that. This is a way of encouraging good customer relationship.

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Pricing of Services

Pricing strategy is another area that calls for managerial creativity and skill designed to increase profits as well as encourage customers to 'call again'. High interest rates on deposits or reduced rates on loans and advance are good examples of pricing strategies.

Service Promotion

Advertising is the most widely used form of promotion in the marketing of services. One reason for this is that when a new service is being introduced, there is the need for advertisement to introduce it to the general public.

Secondly, advertising helps to acquaint the consumer with the value or benefits of a service and this can help widen the market for that particular service.

Service firms like the banks also try to participate actively in community affairs as a means of getting their names across to the public. United Bank for Africa's involvement in Women's Forum and the provision of easy credit facilities for peasant farmers under its Joint Liability Credit Scheme are good examples of community participating.

Finally, advertising helps to emphasize the courteous, friendly and efficient service rendered by a firm.

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Other forms of promotional strategy include personal selling, publicity and sales promotion.

Personal selling becomes very important when trying to develop a close relationship between the buyer and the seller. Free publicity of television programmes by some commercial banks also helps in service promotion.

PLACE (OR DISTRIBUTION) FOR SERVICES

Place strategies are concerned with ensuring the prompt delivery of the services to the target market. In other words, it refers to the selection of appropriate channels of distribution. Two main channels can be identified, namely the direct and the indirect channels of distribution.

The direct method means selling of services directly from the seller to the consumer, in this case, no middlemen are involved or used. This approach, however, limits the geographic markets that service sellers can reach although it has the advantage of enabling sellers to get quick and detailed customer feedback source it involves personal selling.

The indirect method, on the other hand, involves the use middlemen thereby broadening distribution. For instance, commercial banks apart from having branches in different locations, do arrange with companies to deposit their employees' pay-cheques directly into their bank accounts.

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This way, the employer serves as an intermediary in the distribution of the banks services.

2.4 CHARACTERISTICS OF SERVICES

The concept of services have no one universally accepted definition. However, Staton has defined the term services as "those separately identifiable, essentially intangible activities that provide want satisfaction, and that are not necessarily tied to the sale of a product or another service".¹⁶

According to Philip Kotler, a service is "any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything its production may or may not be tied to a physical product.

Industries that are engaged in the provision of services are many and divergent.

We are going to focus on two commercial banks (Inland Bank Plc and Union Bank Plc) This is because the importance of services in general and financial institutions in particular to the economic development of a nation cannot be over emphasised.

There are four major characteristics of services:-

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- (1) Intangibility
- (2) Inseparability
- (3) Variability
- (4) Perishability

Intangibility

Services are essentially intangible that is "they cannot be seen, tasted, felt, heard or smelled before they are bought". It is probably only after a purchase that a consumer can feel or sense the effect of the service. For this reason, it becomes very important for the marketer to adopt a strategy that would build confidence on the consumers of his services, to "tangibilize and intangible" and thus create a linkage between benefits and purchases.

Inseparability

By this term, we mean that services cannot be isolated from the seller in the sense that the client or consumer must also be present when the producer is rendering the service. It is a direct kind of link between the buyer and the seller. This feature tends to limit the scope of distribution. There are, however, some exceptions to this rule such as travel agents and insurance brokers who can conduct and sell the service on behalf of producers.

Variability

This refers to the heterogeneity of services in the sense that the quality of a service provided is not always the same. This is so because of differences in the people involved in the provision of

For instance, the services provided by one branch office of a commercial bank should be just as good as that offered at its other branches. This however is not always the case. Staffers in say Kano branch may be happy to offer good quality service probably because they receive some "gifts or dash" from rich Kano customers whereas those in Samaru - Zaria branch may be somehow non-challant in their attitude because they do not get similar treatment from their immediate customers who are mainly civil servants and are poor.

To ensure good quality control, two steps are recommended: the first is "investing in good personnel selection and training the second step is monitoring customer satisfaction through suggestion and complaint systems, customer surveys, and comparison shopping so that poor service can be detected and corrected." ⁶

Perishability

When a product or service is said to be perishable, it means that it is subject to a complete waste or decay if not used at the appropriate time good examples would be an idle cashier in a bank or an unused seat in an airplane or train such a situation becomes unprofitable to both the seller and the buyer of the service.

Apart from perishability there is also fluctuation of demand for services depending on the season and time. For instance, peak period such as month end would necessitate a commercial bank to either acquire more computers or hire the services of additional cashiers to speed up the processing of customers' cheques if they want to maintain their image and quality.

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2.5 BANKING SERVICES

The services rendered by banks are many and varied but the type and quality available will depend upon the degree of development of a country's financial system as well as the target market.

Banking services could be grouped as follows:-

Deposit Collection - Current account, fixed deposit, deposit receipt, savings account, etc.

Money transmission Services Cheque, cheque card, cash card, gift cheque, credit transfer, direct debit, standing order, bank draft, certified cheque, mail transfer, telegraphic transfer etc.

Financial Services Tax administration unit trust, stock exchange services, insurance services, investment advice, status equity, safe custody etc.

Foreign Services Travellers cheque, foreign currency, foreign draft, mail transfer, telegraphic transfer, letter of credit, bills collection and settlement.

Credit Loan, overdraft, advance, discounting, leasing, bills, acceptance, bonds and guarantee, credit facility etc.

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2.6 BANK MARKETING EFFECTIVENESS

The question of how effective a bank's marketing strategies are is a difficult one to answer. This is confirmed by Wole Adewunmi (1985) when he opined that a "measurement and evaluation of the Performance or efficiency for any socio-economic system is usually a difficult task..... the variety in the size, activeness and specialization of bank's is confounding. This makes doubtful the creditability of any basis for measuring the relative efficiency of these institutions." ²⁷ These obstacles, notwithstanding, there is still need to measure the relative efficiency of firms. This is because measures of efficiency are important for comparisons with other firms or comparisons with one's own past performance. For a firm to be able to know the effectiveness of its marketing strategies it is always useful to conduct a marketing audit.

Bonana (1984) define a marketing audit as "a comprehensive, systematic, independent and periodic examination of a company's or business units - marketing environments, objectives, strategies and activities with a view of determining problem areas and opportunities and recommending a plan of action to improve the company's marketing performance" ²⁵ usually, the starting point for marketing strategy audit is the corporate goals and objectives because they are the core elements that determine which strategy will be feasible. This view is shared by Tootelian et.al (1980) when they said that for any marketing strategy to be effective, it must be able to provide to the following questions:-

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- (1) Are the marketing objectives clearly stated and do they lead logically to the marketing objectives?
- (2) Are the marketing objectives stated in a clear form to guide marketing planning and subsequent performance measurement?
- (3) Are the marketing objectives appropriate given the company's competitive position, resources and opportunities?

Generally speaking the measures of economic performance of the Nigerian Banking system have always been considered from the points of the level of output and profitability. Talking of a bank's output refers to the number of deposit accounts or loans and the average of loan balance for various services. Agu (1988) has argued that "deposits as a measure of output have important social welfare implications because they determine the ability of the bank to finance industrial and agricultural activities and thus affect the rate of the economy's economic growth".²⁹ To support further the use of deposits as one of the indices of bank output, Revell (1980) has said that "Strictly Speaking, it is best measure increases in bank business by the growth in deposits and other funds available for lending, but the incompleteness of some of the balance sheet information makes it more convenient to use volume of business as a proxy.....".²⁸

Profit performance analysis, on the other hand, looks at a bank's strength in terms of adequacy of capital and competence of management. The role of profits and profitability in banking is crucial for a number of reasons.

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"Firstly, ... a good level of published profits reassures depositors that the business is competently managed..... second, bank profits provide the first line of defence against the risk inherent in banking and therefore reassure not only depositors but also the stockholders of the safety of their investment particularly in times of economic adversity"²⁷

Two most widely used indicators of a firm's profitability are its return on assets (ROA) and return on equity (ROE). Fanning (1981) confirms this when he noted in his study of bank performance that "the two fundamental measures of bank performance are growth in the operating profits before taxes, interest and extraordinary items".³⁰

It is this widely accepted that profit would be a satisfactory measure of a firm's performance since it provides a good indication of the efficiency with which the firm uses the resources available to it. Put in another way, profitability reflects the prudence with which the resources are being managed in an industry in the long run.

7 CONCLUSIONS

The task of effective measurement of a bank's performance is faced with a number of problems, for instance there is paucity of data and information on some of the balance sheet items of the banks.

Secondly, the level of profits may increase due to inflation, thereby giving a wrong picture of efficiency in the management of bank resources.

Finally, the feature of intangibility of products of service industries like banking creates output problems thus making it difficult to evaluate the output performance of these Banks.

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CHAPTER III

3.0 RESEARCH METHODOLOGY

This chapter comprises different tools used in the collection of data, hence, emphasis is on the instrument used, research population and sample size, sampling procedure, justification for sample selection, statistical techniques utilized for the study.

Both primary and secondary sources of information are used in this study. These include principally administering, of questionnaires, personal interviews and the annual reports of the banks studied.

In analysing the data collected, the study will consider the bank's performances in relation to the contribution of their marketing strategies.

Research method refers to the procedure of scientific inquiry into a problem situation in this study two methods of inquiry were adopted namely:-

Explanatory and descriptive

Explanatory research is concerned with discovering the general form of the decision or problem situation, while descriptive research focuses on the accurate description of the variables in the decision or problem situation.

3.1 JUSTIFICATION FOR APPROACHES USED

The purpose of this study is to evaluate the marketing strategies of Union Bank Plc and Inland Bank Plc. This is with a view to determining their effectiveness or otherwise in meeting customers needs; their performance in general and make suggestions for improvement where necessary.

Exploratory Research method is used because only a small proportion of existing knowledge and experience is documented on marketing activities in the service industry especially banks.

Descriptive Research is used to summarize data based on certain characteristics for the purpose of easy analysis.

3.2 SOURCES OF DATA

Primary sources of Data and information gathered by observations of activities, personal interviews, and distribution of questionnaires.

While secondary sources are data collected from publications, magazines, books, pamphlets etc.

In this study the sources of information gathering used were primary and secondary sources.

The primary sources of information used include observation of transactions going on between the staff of the banks and their customers and distribution of questionnaires to them.

The researcher also conducted interviews by asking the staff of both banks and their customers questions.

The secondary sources of data used are official documents of the banks, their annual reports, journals, publications and text books on marketing and banking.

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3.3 POPULATION AND SAMPLE SIZE

The population of management/staff of Union Bank Plc is 80 out of which 40 was chose as the sample while for Inland Bank Plc the management/staff population is 60 out of which 30 was chosen as the sample size.

For both banks out of about 600 customers 100 were chosen as the sample size.

3.4 SAMPLING PROCEDURES EMPLOYED

The random sampling procedures were adopted because it will enable the researcher to have a true representative of the total population since they are of unique characters and highly dispersed in some areas while others were highly concentrated.

This procedure also ensures that each member of the population has an equal chance of being chosen for the sample. This can be done by the "Lottery method". The essential purpose of Random sampling selection is to avoid subjective bias arising from a personal device of sampling unit.

3.5 INSTRUMENTS USED

The instrument used in this research survey is the use of personal interviews which was conducted in the banks and also the use of questionnaire which was administered on the management/staff and customers of the bank.

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3.5.1 PERSONAL INTERVIEWS - The Management and staff of the banks were interviewed personally by the researcher though some problems were encountered with regards to vital information on the amount received and given out by the banks. Some of the customers of the two banks were interviewed personally.

3.5.2 QUESTIONNAIRE - A questionnaire was prepared and distributed to the staff of the two banks in question.

The questionnaire was so designed to contain both structured and unstructured questions that are enough to cover the necessary areas on marketing strategy for this study.

3.6 JUSTIFICATION FOR SAMPLE SELECTION

The reason for selecting the random sampling method is to give each element in the population an equal chance or probability of being chosen.

The sample size of 100 customers is chosen from a population of 600 using random sampling procedure and as such each unit of the population was represented.

3.7 STATISTICAL TECHNIQUES USED

The statistical techniques used are simple percentages and the weighted average method.

For the analysis and tabulation of data collected through the use of questionnaires, the researcher will make use of simple tabulation

CHAPTER IV

4.0 DATA PRESENTATION AND ANALYSIS

This section of the study deals with the presentation and Analysis of data. The data used for analysis were obtained partly from the published annual reports and accounts of the individual banks (see Appendices) as well as from administered questionnaires and personal interviews.

The data collected is presented in tabular forms and expressed in percentages and weighted Average method.

4.1 PRESENTATION OF DATA

In this section data is presented in tabular forms and are expressed in percentages.

TABLE 4.1.1

PROFIT AFTER TAXATION OF THE TWO COMMERCIAL BANKS
BETWEEN 1993-1997

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BANK	1993	1994	1995	1996	1997
Union Bank	1,297,000	1,242,000	575,000	420,000	452,000
Inland Bank	139,424	42,598	4,601	4,348	22,721

Source:

Union Bank of Nigeria Plc Annual Report & Accounts 1997, Inland Bank (Nigeria) Plc Annual Report & Accounts 1997.

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Other Performance Indicators

Two other widely known profit indicators are the return on assets or investment (ROI) and return on equity (ROE).

1. Return on Assets - The return on investment, which is often called the firm's return on total assets, measures the overall effectiveness of management in generating profits with its available assets. It is computed as follows:-

$$\text{Return on Assets} = \frac{\text{Net Profit After Taxes}}{\text{Total Assets}}$$

2. Return on Equity (ROE) - The return on equity which is often called the firm's return on networth, measures the rate of return on the shareholders investment. It is calculated as follows:-

$$\text{Return on Equity} = \frac{\text{Net Profit After taxes}}{\text{Shareholder' fund}}$$

TABLE 4.1.2

PERCENTAGES RETURN ON ASSETS AND EQUITY

YEAR	INLAND BANK		UNION BANK	
	ROA%	ROE%	ROE%	ROA%
1993	2.2	25.8	45.5	1.4
1994	.4	3.3	31.8	.97
1995	.4	3.4	33.1	.75
1996	1.8	11.7	46.6	1.4
1997	2.9	21.8	38.8	1.4

Sources: Union Bank of Nigeria Plc Annual Reports & Accounts 1997
Inland Bank (Nigeria) Plc Annual Reports and Accounts 1997.

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TABLE 4.1.3

CREDIT NEWS MONTHLY BANK CUSTOMERS SURVEY

BANK	LOCATION	TIME SPENT BY CUSTOMERS	CASHIER'S ATTITUDE TO CUSTOMERS
Union Bank	Yakubu G/Way	About two hours	Fairly good
Inland Bank	Ahmadu B/Way	At least one hour	Normal

Source: Credit News Magazine, May 1996 P. 34.

4.2 STAFF/MANAGEMENT QUESTIONNAIRE

TABLE 4.2.1

	Union Bank Plc	Inland Bank Plc
No. of Copies distributed	25	20
No. of Copies returned	22	17

Q.1 The term marketing in your opinion means

TABLE 4.2.2

UNION BANK PLC			INLAND BANK PLC		
VARIABLES	RESPONDENTS	%	VARIABLES	RESPONDENTS	%
Selling	4	18.2	Selling	5	29.4
Market Research	8	36.3	Markt Research	5	29.4
Planning & Co-ordination	5	22.7	Planning & Co-ordination	3	17.6
No idea	-	-	No idea	-	-
Others	5	22.7	Others	4	23.6
Total	22	100	17	17	100

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Q.2 Does your Bank have a marketing Department: YES : NO

TABLE 4.2.3

UNION BANK PLC

INLAND BANK PLC

VARIABLES	RESPONDENTS	%	VARIABLES	RESPONDENTS	%
YES	15	68.2	YES	12	70.5
NO	7	31.8	NO	5	29.5
TOTAL	22	100	TOTAL	17	100

Q.3 If yes, at what level is your marketing Department Situated?

TABLE 4.2.4

UNION BANK PLC

INLAND BANK PLC

VARIABLES	RESPONDENTS	%	VARIABLES	RESPONDENTS	%
Head Office	22	100	Head Office	15	88.3
Area Office	-	-	Area Office	2	11.7
Branch Level	-	-	Branch Level	-	-
TOTAL	22	100	TOTAL	17	100

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Q. 4 What functions does your department perform?

TABLE 4.2.5

UNION BANK PLC			INLAND BANK PLC		
VARIABLES	RESPONDENTS	%	VARIABLES	RESPONDENTS	%
Advertising	-	-	Advertising	-	-
Marketing Research	-	-	Mrkt. Research	-	-
Public Relations	-	-	Public Relations	-	-
Planning	-	-	Planning	-	-
Personal Selling	-	-	Personal Selling	-	-
All of the above	22	100	All of the above	17	100
TOTAL	22	100		17	100

Q. 5 Do you apply marketing strategies in your operations?

TABLE 4.2.6

UNION BANK PLC			INLAND BANK PLC		
VARIABLES	RESPONDENTS	%	VARIABLES	RESPONDENTS	%
YES	20	91	YES	16	94.2
NO	2	9	NO	1	5.8
TOTAL	22	100	TOTAL	17	100

Q. 6 Who constitute the bulk of your market?

TABLE 4.2.7

UNION BANK PLC			INLAND BANK PLC		
VARIABLES	RESPONDENTS	%	VARIABLES	RESPONDENTS	%
Urban dwellers	22	100	Urban dwellers	17	100
Rural dwellers	-	-	Rural dwellers	-	-
TOTAL	22	100		17	100

Q. 7 How does your bank reach its customers?

TABLE 4.2.8

UNION BANK PLC			INLAND BANK PLC		
VARIABLES	RESPONDENTS	%	VARIABLES	RESPONDENTS	%
Branch Network	14	63.6	Branch Network	10	60
Advertising	4	18.2	Advertising	4	24.0
Personal Selling	4	18.2	Personal Selling	3	16
Others	-	-	Others	-	-
TOTAL	22	100	TOTAL	17	100

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Q. 8 If your bank is involved in personal selling, where does it carry out its functions?

TABLE 4.2.9

UNION BANK PLC			INLAND BANK PLC		
VARIABLES	RESPONDENTS	%	VARIABLES	RESPONDENTS	%
Customers Homes	3	13.6	Customers Homes	2	11.8
Offices	5	22.7	Offices	4	23.5
Bank Premises	10	45.5	Bank Premises	10	58.8
Others	4	18.2	Others	1	5.9
TOTAL	22	100	TOTAL	17	100

Q. 9 If your bank uses advertising which of the media does it consider most effective?

TABLE 4.2.10

UNION BANK PLC			INLAND BANK PLC		
VARIABLES	RESPONDENTS	%	VARIABLES	RESPONDENTS	%
Radio	5	22.8	Radio	4	23.5
Television	10	50.1	Television	6	35.4
Newspaper	3	13.6	Newspaper	3	17.6
Magazines	2	9	Magazine	2	11.8
Bill boards	1	4.5	Bill Boards	1	5.9
Others	1	-	Others	1	5.8
TOTAL	22	200	TOTAL	17	100

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Q. 10 Does your bank conduct research in customer needs and problem?

TABLE 4.2.11

UNION BANK PLC			INLAND BANK PLC		
VARIABLES	RESPONDENTS	%	VARIABLES	RESPONDENTS	%
Yes	22	100	Yes	17	100
No	-	-	No	-	-
TOTAL	22	100	TOTAL	17	100

Q. 11 Do you think that customers are being treated fairly by the staff of your bank?

TABLE 4.2.12

UNION BANK PLC			INLAND BANK PLC		
VARIABLES	RESPONDENTS	%	VARIABLES	RESPONDENTS	%
Yes	20	91	Yes	16	94.1
No	2	9	No	1	5.9
TOTAL	22	100	TOTAL	17	100

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Q. 12 How do you determine the success of your promotion?

TABLE 4.2.13

UNION BANK PLC			INLAND BANK PLC		
VARIABLES	RESPONDENTS	%	VARIABLES	RESPONDENTS	%
No. of Customers response	6	27.3	No. of Customers response	4	23.5
Profitability	5	22.7	Profitability	3	17.6
Sales Volume	11	50	Sales Volume	10	58.9
Others	-	-	Others	-	-
TOTAL	22	100	TOTAL	17	100

Q. 13 What is the nature of complaints from customers?

TABLE 4.2.14

UNION BANK PLC			INLAND BANK PLC		
VARIABLES	RESPONDENTS	%	VARIABLES	RESPONDENTS	%
Staff attitude related	10	45.5	Staff attitude related	9	52.9
Time related	11	50	Time related	6	35.4
Others	1	4.5	Others	2	11.7
TOTAL	22	100	TOTAL	17	100

Q. 14 How does your bank conduct research into customer needs and problems?

TABLE 4.2.15

UNION BANK PLC			INLAND BANK PLC		
VARIABLES	RESPONDENTS	%	VARIABLES	RESPONDENTS	%
Suggestion boxes	10	45.4	Suggestion boxes	13	76.5
Questionnaires	3	13.6	Questionnaires	2	11.8
Personal Interviews	1	4.5	Personal Interviews	1	5.9
Others	8	36.5	Others	1	5.8
TOTAL	22	100	TOTAL	17	100

Q.15 How are these problems resolved or minimised?

TABLE 4.2.16

UNION BANK PLC			INLAND BANK PLC		
VARIABLES	RESPONDENTS	%	VARIABLES	RESPONDENTS	%
Improved services	10	45.5	Improved services	10	58.3
Prompt Customer attention	12	54.5	Prompt customer attention	7	42
Aggressive Public Public Relations	-	-	Aggressive Public Public Relations	-	-
TOTAL	22	100	TOTAL	17	100

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Q. 16 Any other comments?

Most of the staff responded to this question by saying that in order to improve the quality of banking services.

Emphasis must be on staff training, intensification of welfare packages, morale boosting, and courtesy on the part of staff towards the customers.

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4.2 DATA ANALYSIS

This chapter attempts to analyse the realised economic performance of Union Bank Plc and Inland Bank Plc. The data used for the analysis have been obtained partly from the published annual reports and accounts of the individual banks (see Appendices) as well as from administered questionnaires and personal interviews specifically, profit performance measurement is stressed in this analysis for a number of reasons. One is the fact that profits form the basis upon which the two main pillars of banking strength rest i.e adequacy of capital and competence of management. In other words, a good level of published profits reassures depositors that the business is well managed, while retained profits are seen as making substantial contribution to the maintenance of capital base.

A second reason is that bank profits provide the first line of defence against the risk inherent in banking and thus gives reassurance to both depositors and shareholders of the safety of their investment, especially in an inflationary situation. Rose (1981) has observed that "increasingly management, regulatory authorities, the stockholders and the investment community at large are looking at the bottom line - profitability - as a measure of how well a bank is performing".¹ The tables in 4.1.1, 4.1.2 show the profit positions of the two banks as well as their returns on investment and equity over a five year period.

The figures in Table 4.1.1. indicates that for Union Bank the profit figures have decreased over the years while in the case of Inland bank the profit figures decreased and later increased in 1997.

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The figures in Table 4.1.2 show that the two banks have been performing creditably well in 1996 and 1997, though there was a decline in their ROA in 1994 and 1995.

In the case of ROE we can see that Union Bank Plc is doing better than Inland Bank Plc.

The situation in Nigeria has however, changed since 1980's. That the banks did not face any strong competition from other financial institutions does not imply that the Nigerian banking system is not competitive; there has been a good degree of competition between individual banks and that explains why each and every one of them is now adopting one form of marketing strategy or the other to boost their business and possibly become leaders in the industry.

In general, the tables above indicate that the two banks have been performing creditably well over the years due to their well designed marketing strategies some of which are highlighted in chapter two. Furthermore, the responses received by the researcher confirm that the banks are adopting the full marketing concept and are continuously bringing into focus the need for application of the complete marketing mix.

With regards to their distribution (place) strategies, the two banks tend to have the bulk of their market concentrated in the urban centres, essentially the big towns and cities where commercial and industrial activities take place.

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Most of the banks feel that they would incur costs rather than make profits in the rural areas. But with more banks springing up, the old banks feel threatened and therefore are having a change of attitude positively towards rural banking.

Since customers are normally regarded as "Kings", any business organisation that wants to succeed and maintain a good public image must treat its customers as such. It is unfortunate to observe, however, that in Nigeria the relationship that exists between bank staff and customers is still far from being cordial in one of the bank customers survey conducted by CREDITNEWS, the result were recorded in table 4.1.3. The table clearly shows that customers are not being given good enough treatment in some of the bank's branches. Otherwise, how can one explain a customer spending as much as two hours waiting to complete a transaction or be attended to. Not only that, some cashiers are known to be quite rude and vulgar in their approach to customers. These are some of the anomalies that need to be corrected by the banks if they have to retain their customers and attract new ones.

Out of 25 questionnaires distributed to the management and staff of Union Bank Plc, 22 were fully completed and returned while for Inland Bank Plc 17 were fully completed and returned out of the 20 questionnaires distributed to their staff/management. This represents a good response and it is therefore expected that a reasonable level of accuracy will be obtained. (see table 4.2.1.)./.

Both banks have marketing departments as represented in table 4.2.3, where 15 respondents from Union Bank and 12 respondents from Inland Bank representing 68.1% and 70.5% agreed.

For Union Bank their marketing department is situated at the Head Office as shown in table 4.2.4 whereby 22 respondents representing 100% hold this view. In the case of Inland bank Plc 15 respondents representing 88.2% agreed that their marketing department is at the Head Office, while 2 respondents representing 11.7% say that the area offices also have marketing departments. Both banks have marketing departments which performs functions such as advertising, market research, public relations planning and personnel selling as shown in table 4.2.5 with a percentage of 77.2% for Union Bank and 58.8% for Inland Bank Plc.

Both banks apply marketing strategies in their operations. This is shown in table 4.2.6 whereby 91% and 94.1% of respondents hold this view. Whereas 9% and 1% hold a contrary view. They do not believe that marketing strategies are applied in their operations. At this juncture, the working Hypothesis which states that "the two commercial banks fully understand the marketing strategies and apply them in their operations" is accepted while the null hypothesis is rejected.

The two banks go as far as conducting a research into customer needs and problems using mainly suggestion boxes, this is shown in table 4.2.11 and table 4.2.15. Whereby 100% of the respondents of the two banks hold this view. These problems are mainly solved or minimised by improved services and prompt customer attention (see table 4.2.16).

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The staff/management were asked, "Any other comments? The response was that in order to improve the quality of the banks services, emphasis must be on staff training, intensification of welfare packages, morale boosting, courtesy on the part of staff towards the customers, thus it suggests that the banks should undergo a total restructuring exercise and to look both inwards and outwards towards improving the quality of its services.

4.3 PROOF OF HYPOTHESIS

Based on the Hypothesis already formulated, the researcher will hereby attempt to institute a proof and determine the acceptance or rejection of the working or null hypothesis.

Hypothesis 1

H₀ - That the two commercial banks fully understand the marketing strategies and apply them in their operations.

H₁ - That the two commercial banks do not fully understand the marketing strategies and do not apply them in their operations.

Hypothesis Table 1

This is reflected in question 5 of the staff/management questionnaire and the question is: Do you apply marketing strategies in your operations?

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UNION BANK PLC			INLAND BANK PLC		
VARIABLES	RESPONDENTS	%	VARIABLES	RESPONDENTS	%
Yes	20	91	Yes	16	94.2
No	2	9	No	1	5.8
TOTAL	22	100	TOTAL	17	100

Working Hypothesis:-

$$\text{Favourable: } \frac{20}{22} \times 100 = \underline{90.9} \quad \frac{16}{17} \times 100 = \underline{94.1\%}$$

Null Hypothesis:-

$$\text{Adverse: } \frac{2}{22} \times 100 = \underline{9.09\%} \quad \frac{1}{17} \times 100 = \underline{5.8\%}$$

The above analysis shows that 91% and 94% of the respondents agreed that the two commercial banks apply marketing strategies in their operations while only 9% and 6% of the respondents of the two banks hold a contrary view. Under this condition the working hypothesis is accepted while the null hypothesis is rejected.

Hypothesis II

H_0 - Customers are being treated fairly by staff of the two commercial banks.

H_1 - Customers are not given fair treatment by staff of the two commercial banks.

Hypothesis Table 2

This question is called from question 11 of the staff/management questionnaire and it is as follows: Do you think that customers are being fairly treated by the staff of your bank?

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VARIABLES	RESPONDENTS	%	VARIABLES	RESPONDENTS	%
Yes	20	90.9	Yes	16	94.1
No	2	19.1	No	1	5.8
TOTAL	22	100	TOTAL	17	100

Working Hypothesis:-

$$\text{Favourable: } \frac{20}{22} \times \frac{100}{1} = \underline{90.9\%} \quad \frac{16}{17} \times \frac{100}{1} = \underline{94.1\%}$$

Null Hypothesis:-

$$\text{Adverse: } \frac{2}{22} \times \frac{100}{1} = \underline{9.09\%} \quad \frac{1}{17} \times \frac{100}{1} = \underline{5.8\%}$$

With the above responses 20 respondents from Union Bank Plc and 16 respondents from Inland Bank Plc agreed that customers of the bank are being treated with fairness, while only two respondents from Union Bank and one from Inland bank plc opposed this view in this instance, the null hypothesis is also rejected while the working hypothesis is accepted.

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4.4 FINDINGS

The findings in this study have revealed that the banks understand the importance of marketing, especially marketing strategies to their operations. There are a catalogue of innovative services now being rendered by the Nigerian banking system which are aimed either at attracting more deposits or at relaxing problems being encountered in the use of cheque as money transmission mechanism for example, the Union Bank's "save as you Earn scheme" are all designed specifically to attract deposits and improving the acceptability of cheques and enhancing bank's identity and image.

Another finding is that the banks regard competition as one of the most important factors influencing their pricing policies. Because they all want to have the controlling share of the market, they ensure that their prices are carefully designed in such a way that will attract more customers and deposits. Unfortunately, however, my investigation revealed that other market forces such as customer needs are hardly taken into consideration when setting prices. For instance, customer services have been found to be very unsatisfactory as there is usually long delays in effecting transactions such as slow process of granting bank credit facilities to needy customers. Thus, no matter how good a price that may be set, if the customers receive unsatisfactory and shabby treatment from the bank's personnel, they may decide to change bank and be prepared to pay more for quality and quick service.

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In fairness to the bank workers, it has been observed that the public has shown little understanding despite the fact that cashiers, on some occasions, work under pressure, monthends, for instance, constitute peak periods during which government ministries and companies pay their staff salaries through the banks. On their part, bank managements request their branches to turn in their reports on operations. All these create tension and pressure on the part of the bank workers which in turn has effect in their relationship with the customers.

Thirdly, our analysis further revealed that the banks initially had their branch network concentrated in urban centres to the neglect of the rural areas. Some of the reasons that have been advanced for this low development of the economy, the lopsided distribution of industries and infrastructures, as well as the lack of interest by the government until 1977, to control the spread of banks, since 1977, however, the Central Bank of Nigeria started invoking its statutory right under section 4 of 1969 Banking Decree directing all commercial banks to operate the rural banking scheme. This scheme was intended, among other reasons, to ensure effective access or rural dwellers to credit and hence allocation of credit and productive activities, to link together the various financial markets in the country, especially the money markets in the rural areas and the capital market in the urban centres, and finally, to enable the rural banks act as back-up support for the various government development programmes in the rural areas.

Analysis regarding promotion has revealed that the two banks carry out alot of promotional exercise especially through the media of radio and television.

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Thus, one hears such jingles as "Big strong and Reliaible" in reference to Union Bank; Advertisement in this respect by the various banks are quite stimulating and have motivational contents.

Apart from "service advertising", there is also what is called "institutional advertising" which is intended primarily to attract clients through a changed attitude to the services of the banks and also build a better image and goodwill for the bank. This type of advertising can take the form of either patronage, public relations, or when banks partake in activities outside the scope of banking like financing or sponsoring sporting activities, educational programmes, conferences, symposia etc., all aimed at image building.

Another promotional tool used is personal selling which is the process of assisting and or persuading a prospective client to buy a bank service or to act favourably on an idea that has commercial importance, from investigation, not much of this form of advertising is used by the banks rather, promotion is confined to radio and television, pamphlets and billboards.

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FOOTNOTES

1. Rose, P.S (1981) - Performance Analysis: how does your bank measure up? Canadian Banker and ICB Review, 881 (February 1981) P. 56.
2. Agu C. C. (1988) - Nigerian Banking Structure and Performance: The Banking System's contribution to Economic Development; Africana - FEP Publishers Ltd, Onitsha, Nigeria, P. 65.
3. Union Bank Plc Annual Report 1997
4. Inland Bank (Nigeria) Plc Annual Report 1997.

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CHAPTER V

5.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter attempts to bring out the summary of findings of the research work, the conclusion and the recommendations.

5.1 SUMMARY

In a nutshell this study has carefully evaluated the marketing strategies of Union Bank Plc and Inland Bank Plc.

The two banks understand the marketing strategies and apply them in their operations, they embark on marketing concepts and consult their customers in taking decisions that affect them.

The banks also apply the concept of 4ps as part of their managerial functions. Promotion by them include advertising, personal selling, public relation and sales promotion in some instances.

They have strategies they use to get and retain their customers such as embarking on innovative services aimed at attracting more deposits or at relaxing problems being encountered in the use of cheques as money transmission mechanism i.e. Union Bank's Save as you Earn Scheme".

Other strategies are product modification such as redevelopment of traditional operation of lending and saving in the form of establishment of Christmas/or vacation saving class, launching programmes on mortgage lending, offering instalmental purchase or participating in credit card.

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It should be noted that the two banks have a separate department for marketing activities.

The researcher was able to gather from management that the price objective of the banks are to provide banking services to its customers at a profit, sufficiently attractive to retain the confidence of their share holders and offer banking services with a view of improving the economic development of the country in general and also to provide financial support to qualified customers.

The two banks apply marketing strategies in their operations so that they can achieve the above objectives. They conduct personal research into their customer needs and problems and try to solve or minimise such problems.

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5.2 CONCLUSION

The contemporary marketing definition of product comprises all things that are capable of satisfying human needs and wants. This in essence means both tangible and intangible things or products. This line of thinking as it relates to product does not distinguish it in the basis of attributes.

The relevance and significance of this definition lies in the fact that satisfaction of human needs is the major determinant of what is regarded as a product.

A better understanding and application of service as a product as well as the application of it in the banking services sector would be to a great extent, dispel the pervasive wrong notion of the position of marketing as it relates to services.

The environment for bank marketing is constantly changing due to the fact that most customers of commercial banks are adjusting and changing in value in the face of the present depressive marketing conditions. Though these changes are felt slowly, they must be anticipated as early as possible to cope with the challenges of ever changing market condition. Marketing job is to conceive and formulate strategies, plans to reach and effect the markets that has been selected for exploitation. The marketers job also include continual appraisal and evaluation of services provided customers wants and needs must be undertaken to ensure that existing markets are not lost due to providing unnecessary and unwanted services. However, to ensure survival, Nigerian commercial banks must be market oriented in order to attract more customers and to retain existing customers.

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5.3 RECOMMENDATIONS

In light of the problems observed in the course of carrying out this study, the following suggestions are recommended for the improvement of marketing strategies of commercial banks.

1] Quality of Service

Bank's marketing efforts should take due cognisance of the need to improve the quality of service that customers get. The delays in effecting simple transactions coupled with poor staff attitude must be greatly discouraged. This can be done through continuous staff training and development during which time should be emphasised to employees that customers constitute the life-blood of the organisation and therefore, should be treated as 'Kings'. In other words, the customer must be recognised as prime to the services of the bank and as such must be made to feel satisfied with the services. Furthermore, since bank customers are people of different needs and expectations, bank services should be developed around customer preferences. This entails continuous assessment of customer needs, creating services and service packages specifically designed to satisfy the changing needs and informing the customers of available services and their benefits. This also means the efficient use of personal selling technique to be able to persuade prospective clients.

The use of computers should also be introduced to quicken the rendering of services to customers. This will surely minimise the incessant queues and long manhours that are usually wasted by customers to transact very simple business like withdrawing money.

To further reduce the problem of pressure and delays, bank managements should develop alternative dates for submitting branch returns instead of at month-ends which are usually 'pay days' and bank employees are under very high pressure at this time.

2] Rural Development

In view of the government's determination to develop the rural banking programmes, it is necessary that commercial banks should be made to provide the special credit needs of the respective localities they are meant to serve. In order to do this effectively, there is the need for the existing and future banks to decentralise their control by establishing more rural networks. This way the local branches can then take decisions to provide credit to the rural farmers with relative speed based on personal contact and on the local knowledge of the area in terms of industries and business as well as farm conditions. The branches would thus be acting as management consultants, identifying problems and proffering immediate solutions.

Since banks find it easier and cheaper to reach the rural populace through cooperative societies, the various local government councils should, therefore, show greater interest than hitherto in encouraging the formation of co-operative societies. Such a medium has been found to be one of the easiest ways of mobilising rural savings for capital investment in agriculture and other small-scale enterprises.

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3] Interest Rates

It is a statement of fact that where rates on interest - bearing deposits are high, it increases the number of clients. Conversely where it is high on loans and advances, it tends to reduce the number of clients especially the low and medium income investors for this reason, it is suggested that banks should review their present high interest rates on loanable funds while at the same time trying to maintain a balance to avoid losing some of their present and potential customers.

4] Promotion

The present level at personal selling a more dynamic and innovative role in the face of harsh economic realities of the present day contained in the structural adjustment programme (SAP).

Finally, the banks marketing philosophy should be defined in terms of their social responsibility to their immediate environment. The bank cannot dissociate itself from the economic life of the community it is serving. This social responsibility to the community being served should be seen in terms of how it mobilises savings, safety of community's liquid resources and making available essential credit needs to the community.

It is hoped that if the foregoing suggestions are considered and adopted, there is no doubt that the country's economic development, especially at the grass-root level would be greatly enhanced and would also spread to other spheres of national development.

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Department of Business Administration
Faculty of Administration
Ahmadu Bello University
Zaria

Date-----

Dear Sir/Madam

I write to request you to please grant me a few minutes of your busy time to answer some questions regarding your bank. I am a postgraduate (MBA) student undertaking research on the subject of "Marketing Strategies of Service Industries. Banks and your bank happens to be one of those I am studying.

I will be most grateful, therefore, if you can help me respond to the attached questions.

Please be rest assured that any information given will be used solely for academic purposes.

Your co-operation will be highly appreciated.

Thank you.

Yours faithfully

Aishat Mohammed Abubakar.

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RESEARCH INTO MARKETING STRATEGIES OF SERVICE INDUSTRIES.
A COMPARATIVE STUDY OF UNION BANK OF NIGERIA PLC AND
INLAND BANK PLC.

STAFF/MANAGEMENT QUESTIONNAIRE

1. The term marketing in your opinion means
 - selling
 - Market research
 - Planning and Co-ordination
 - No idea
 - Others specify
2. Does your bank have a marketing department?
Yes ; No (Please tick as appropriate)
3. If yes, At what level is your marketing department situated?
 - Head Office
 - Area Office
 - Branch Level
4. What functions does the department perform?
 - Advertising
 - Market research
 - Public Relations
 - Planning
 - Personal selling
 - All of the above
5. Do you apply marketing strategies in your operations? Yes No
6. Who constitute the bulk of your market?
 - Urban Dwellers
 - Rural Dwellers
7. How does your bank reach its customers?
 - Branch Network
 - Advertising
 - Personal Selling
 - Others (Please specify)

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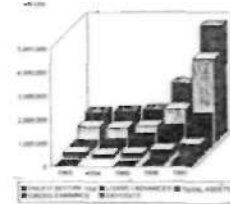
8. If your bank is involved in personal selling, where does it carry out this function?
- In the customers homes and/or offices
 - In your bank's premises
 - Others (please specify)
9. If your bank uses advertising which of the media does it consider most effective?
- Radio
 - Television
 - Newspapers
 - Magazines
 - Bill-Boards
 - Others (please specify)
10. Does your bank conduct research into customer needs and problems?
- Yes : No
11. Do you think that customer_ are being fairly treated by the staff of your bank?
- Yes : No
12. How do you determine the success of your promotion?
- Number of customer response
 - Profitability
 - Sales Volume
 - Others (Please specify)
13. What is the nature of complaints from customers?
- Staff attitude related
 - Time related
 - Others (please specify)
14. How does your bank conduct research into customer needs and problems?
- Through suggestion boxes
 - Use of Questionnaires
 - Personal Interviews
 - Others (please specify)

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15. How are these problems resolved or minimised?
.....
16. Any other comments?
.....
17. What is the name of your bank?
.....

FIVE - YEAR FINANCIAL SUMMARY

	1997 N'000	1996 N'000	1995 N'000	1994 N'000	1993 N'000
BALANCE SHEET ASSETS					
Cash and short term funds	1,757,318	364,540	297,831	310,338	374,026
Bills discounted	718,000	492,000	27,000	8,334	5,680
Investments	1,856	3,566	2,566	2,566	2,566
Loans and advances	1,403,061	925,123	532,730	324,685	266,859
Other assets	506,274	244,797	170,740	328,562	278,826
Fixed assets	313,914	222,008	93,686	78,642	84,567
	<u>4,700,423</u>	<u>2,252,034</u>	<u>1,124,553</u>	<u>1,053,127</u>	<u>1,012,524</u>
DEPOSITS AND LIABILITIES					
Deposits and other customers' accounts	3,624,110	1,477,506	751,929	703,513	733,913
Taxation, dividend and other liabilities	433,475	402,887	224,239	200,830	190,565
Redeemable debenture stock	5,000	10,000	15,000	20,000	-
	<u>4,062,585</u>	<u>1,890,393</u>	<u>991,168</u>	<u>924,343</u>	<u>924,478</u>
CAPITAL AND RESERVES					
Share capital	500,000	200,000	90,000	75,000	50,000
Reserves	137,838	161,641	43,385	53,784	38,046
Shareholder's funds	<u>637,838</u>	<u>361,641</u>	<u>133,385</u>	<u>128,784</u>	<u>88,046</u>
	<u>4,700,423</u>	<u>2,252,034</u>	<u>1,124,553</u>	<u>1,053,127</u>	<u>1,012,524</u>
PROFIT AND LOSS ACCOUNT					
Gross earnings	<u>637,144</u>	<u>388,093</u>	<u>239,034</u>	<u>193,368</u>	<u>247,851</u>
Profit before taxation	161,048	50,437	7,044	1,512	27,930
Taxation	<u>(21,624)</u>	<u>(7,839)</u>	<u>(2,443)</u>	<u>2,836</u>	<u>(5,209)</u>
Profit after taxation	<u>139,424</u>	<u>42,598</u>	<u>4,601</u>	<u>4,348</u>	<u>22,721</u>
DEALT WITH AS FOLLOWS:					
Transfers to reserves	69,424	42,598	4,601	4,348	13,721
Dividends	<u>70,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,000</u>
	<u>139,424</u>	<u>42,598</u>	<u>4,601</u>	<u>4,348</u>	<u>22,721</u>
Earnings per share (adjusted)	13.94k	4.26k	0.46k	0.43k	2.27k
Earnings per share (actual)	13.94k	10.65k	2.56k	2.90k	22.72k
Dividend per share (adjusted)	7.00k	-	-	-	0.90k
Dividend per share (actual)	7.00k	-	-	-	9.00k



NOTE:

- Earnings and dividend per share are based on the issued ordinary shares as at 31st December, 1997.

GROUP FIVE-YEAR FINANCIAL SUMMARY

FOR THE YEAR ENDED 30 SEPTEMBER

	<i>The Group</i>		<i>The Company</i>		
	1997	1996	1995	1994	1993
	N'm	N'm	N'm	N'm	N'm
ASSETS					
Cash and short term funds	5,963	10,363	7,154	5,331	5,434
Balances with other banks and financial institutions	42,166	35,147	45,666	15,926	17,397
Bills discounted	6,388	9,736	4,511	10,454	1,237
Investments	157	134	39	78	78
Investments in subsidiaries and associated companies	60	60	62	17	-
Loans & advances	23,364	16,704	11,255	7,105	4,219
Other assets	4,174	4,084	4,640	2,336	2,075
Equipment on lease	251	200	233	115	83
Fixed assets	6,019	3,627	2,863	1,912	1,485
Goodwill on consolidation	129	-	-	-	-
TOTAL ASSETS	88,671	80,055	76,423	43,274	32,008
Financed by:					
Deposits, current and other accounts	63,654	56,914	51,607	24,914	20,115
Taxation	370	261	320	221	165
Dividend	523	447	159	95	48
Other liabilities	17,786	18,259	20,841	16,021	10,003
	82,333	75,881	72,927	41,251	30,331
CAPITAL & RESERVES					
Share capital	397	397	159	159	79
Bonus issue reserve	132	-	238	40	-
Statutory reserves	1,487	672	345	259	196
General reserve	1,273	1,380	992	860	718
SHAREHOLDERS' FUNDS	3,289	2,449	1,734	1,318	993
Revaluation reserve	1,493	228	228	228	228
Exchange difference reserve	1,476	1,468	1,534	477	456
CAPITAL FUNDS	6,258	4,145	3,496	2,023	1,677
Minority interest	80	29	-	-	-
	6,338	4,174	3,496	2,023	1,677
	88,671	80,055	76,423	43,274	32,008
CONTINGENT LIABILITIES	12,298	8,033	4,256	4,046	2,941

	<i>The Group</i>			<i>The Company</i>	
	1997	1996	1995	1994	1993
	N'm	N'm	N'm	N'm	N'm
PROFIT & LOSS ACCOUNT					
Banking Operations					
Income	10,979	11,210	7,893	5,795	3,938
Exceptional item	-	-	1,976	-	-
Profit before taxation	1,615	1,257	839	606	615
Profit after taxation	1,297	1,142	575	420	452
Profit after taxation and minority interest	1,277	1,121	575	420	452
Dividend	437	397	159	95	48
	=====	=====	=====	=====	=====
Per 50 kobo share data (adjusted):					
Earnings	161k	141k	72k	53k	57k
Dividend	55k	50k	20k	12k	6k
Dividend cover (times)	2.92	2.82	3.62	4.42	9.42
Net assets	N8	N5	N4	N3	N2
Total assets	N112	N101	N96	N55	N40
Stock exchange quotation	1300k	804k	635k	246k	72k
	=====	=====	=====	=====	=====

NOTE:

Earnings and dividend per share are based on the number of issued ordinary shares at 30 September, 1997.



Mr. G. O. Folayan, ED (Resources), Union Bank of Nigeria Plc congratulating the 1995 National Farmer of the year, Chief (Mrs) D. N. Ozokwo during the Farmer of the Year presentation. Behind her, is her son and Alhaji G. A. Yakasai (left) ED (OUC) Union Bank of Nigeria Plc.