MARKETING STRATEGIES OF FINANCIAL INSTITUTIONS IN NIGERIA: A STUDY OF SELECTED BANKS

BY

MR. ANIETIE BENSON AKPAN
Ph.D/ADMIN/3630/1989-90

A Ph.D THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF DOCTOR OF PHILOSOPHY IN BUSINESS ADMINISTRATION, DEPARTMENT OF BUSINESS ADMINISTRTION, AHMADU BELLO UNIVERSITY, ZARIA

JUNE, 1999

DECLARATION

I declare that this thesis is a product of my own research, and has to the best of my knowledge and belief never been published or previously presented in any application for a higher degree.

All works consulted have been duly acknowledged. All errors found herein are entirely mine.

ANIETIE BENSON AKPAN Signature 5/4/2001 Date

CERTIFICATION

We certify that this thesis entitled "***Marketing Strategies of Financial Institutions in Nigeria: A study of Selected Banks***" by Mr. Anietie Benson Akpan meets the regulations governing the award of the degree of Doctor of Philosophy of Ahmadu Bello University, Zaria, and it is approved for its contribution to knowledge and literary presentation.

PROF S.A. ABDULLAH		18/4/2001
NAME OF FIRST SUPERVISOR	SIGNATURE	DATE
Prof I.A. Ayagi		23/5/2001
NAME OF SECOND SUPERVISOR	SIGNATURE	DATE
Dr. A.M. Abu-Abdissamad		16-5-2001
NAME OF HEAD OF DEPARTMENT	SIGNATURE	DATE
NAME OF EXTERNAL EXAMINER	SIGNATURE	DATE
		15/06/01
NAME OF DEAN POST GRADUATE SCHOOL	SIGNATURE	DATE

DEDICATION

To my beloved parents, Late Chief (Elder) Benson Akpan Abasiattai, Late Madam Alice Benson Akpan Abasiattai, and my step mother, Late Madam Bella (Nkoyo) Benson Akpan Abasiattai, for their love and innovativeness.

To my loving wife, Mrs. Ofonmbuk A. Akpan, for her understanding and support to get this work completed.

To my children, Ini, Ekaete, Benson, Ufon, Uduak, Omodot, Anietie, and Inemesit for their patience and understanding during the period of this study.

To all my brothers, sisters and cousins for their ceaseless prayers.

To Alhaji Yayus Amao, for his unending support and encouragement.

To my mother In-Law, Mrs. Serah H. Ibanga for her ceaseless prayers.

To my late Uncle, Elder Etim Fred Akpan for his love and financial support during my early school days.

ACKNOWLEDGEMENT

A study like this is never solely the work of the reseacher. Many people aided this enterprise, and I gratefully acknowledge their contributions.

First, I thank my supervisors - Prof(Alhaji) Sheikh Abdullahi and Prof Ibrahim Ayagi for the professional advice and encouragement during the course work and while writing this thesis.

I owe a debt of gratitude to the following who contributed immensely to the completion of this study. They are: Mr. Patrick Tardin Abende, Mr. John K. Naye, Mr. Paul Cyrcil Uduk, F. Eguche, C. Oraeki, Mallam Ibrhaim Shema, Chief and Mrs. J. C. Uzokwe, and Mr. S. J. A. Ekpo. Mr. Nsikan Udoh of the Department of Business Administration and Mr. J. K. Omoniyi and Taiye Koku of Jay Kay Computer Centre, Rimin Tsiwa Estate, Kongo, Zaria, provided the much needed computer facilities, and to them I owe much debt.

I also thank the following good friends: Mr. A. Sombo; Mr. Sam Tende, Alhaji Kuru Ahmed, Prof. James Bale, Alhaji M. Kaoje, Engr. Yusuf Ahmed and Alhaji Muazu Ladan for their love, trust and encouragement.

To all my course mates- Mrs. M.S. Akanet, Mrs. D. Saror, Dr. F. Adidu, and Alhaji Nasiru Maiturare, I say thank you all for your wonderful support.

KASHIM IBRAHIM LIBRARY

Finally, my unqualified appreciation goes to my brothers and sisters: Prof. M. B. Abasiattai, Mr. Udo Benson Akpan, Mr. Ufot Benson Akpan, Mr. Ifiok Benson Akpan, Mrs. Grace M. Udonquak, Mrs. Nancy Akpabio, Mrs. Doris Udo, Mrs. Grace Brownson, and Mrs. Idorenyin Udo. I love you all.

TO GOD BE THE GLORY

GREAT THINGS HE HAS DONE

WITH HIM ALL THINGS ARE POSSIBLE.

ABSTRACT

A major problem facing the Nigerian banking industry has been a less than primary attention to or recognition of strategic marketing. Consequently, customers are not very familiar with the banks, their proucts and services. The banks have not fared very well in their effort to stimulate favourable attitude and impression toward their products and services. In most cases lack of innovativeness and strategic flexibility, which are the basic ingredients for sustainable competitive advantage have been deliberately encouraged.

This study, marketing strategies of financial institutions in Nigeria: A study of selected Banks, was designed to (among other objectives), determine the extent to which Nigerian Banks have adopted strategic marketing. The study was also designed to identify current and future functional area strategies relevant to bank service marketing in Nigeria.

A primary objective of this study was the identification of marketing strategies used by commercial banks to reach out to their markets. A total of five commercial banks (Savannah Bank of Nigeria Plc, First Bank of Nigeria Plc, United Bank for Africa Plc, Citizens International Bank Ltd., Union Bank Plc) were included in the study.

The survey research method was used, using a semi-structured questionnaire. The five banks used were directly selected on the basis of years in operation. Data for the study were collected from both management and staff of the five banks under study.

Data collected from these sources were collated and analysed using simple percentages, chi-square and trend analysis. The study revealed that:

a) Banks apply marketing strategies in the achievement of their objectives.

b) The marketing strategies are effective.

c) Majority of bank customers are not satisfied with their banks, and consequently rated their banks services as being "somewhat" favourable.

d) The banks have recently adopted Total Quality Managment (TQM) as a means of satisfying their customers.

e) There is a relationship between strategic marketing and customer familiarity with a bank, its products and services.

f) Favourable impressions about a bank, its products, and services depend on effective marketing strategies.

g) Profitability, growth, and competitiveness are associated with effective marketing strategies.

TABLE OF CONTENTS

CHAPTER ONE **Page**

1.1 Introduction 1

1.2 Statement of the Problem 5

1.3 Objectives of the Study 7

1.4 Significance of the Study 7

1.5 Scope of the Study 8

1.6 Research Questions 8

1.7 Hypothesis 9

1.8 Research Methodology 9

1.9 Limitations of the Study 10

CHAPTER TWO - LITERATURE REVIEW

2.1 Introduction 11

2.2 A Review of Concepts Relevant to the Study 11

2.2.1 Financial Institutions 11

2.2.2 Commercial Bank 12

2.2.3 Marketing 12

2.2.4 The Marketing Concept 15

2.2.5 Stategy 23

2.2.6 Quality Customer Service 30

2.3 Selected Strategies Used by Firms 48

2.3.1 The Generic Strategies 48

2.2.2 Segmentation Strategies 50

2.2.3 Market Share Strategies 63

2.2.4 Image Ehnacement Strategy 72

2.2.5 Customer Satisfaction 84

2.4 Marketing of Commercial Bank Services 95

2.5 Total Quality Management (TQM) As A Recent Strategy for marketing Commercial Bank Services 102

2.6 Selected Studies on the Relationship Between Marketing Strategies and Commercial Banks' Performance in Nigeria 113

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction 118

3.2. The Research Design 118

3.2.1 Population 118

3.2.2 Sampling 119

3.4 Research Instrument and Administration 119

3.5. Methods of Data Analysis 120

CHAPTER FOUR: DATA PRESENTATION AND ANALYSIS

4.1 Introduction 123

4.2 Strategies Used by Banks 127

4.3 Bases for Segmentation 127

4.4 Promotional Strategies Used by the Banks 129

4.5 Hypotheses Testing 136

4.6 Trend Analysis For Profit After Tax, Total Deposit, Total Assets and Shareholders' Funds 144

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary 160

5.2 Summary of Major Findings 161

5.3 Conclusions 163

5.4 Recommendtions 165

5.5 Suggestion for Further Studies (Research) . . . . . .

BIBLIOGRAPHY 168

APPENDIX 180

LIST OF TABLES

TABLE

2.1 Commercial Banks' Service Attribute Checklist 46

2.2 IBM Defect Rates (1980-1983), Rates Per Million Parts 110

2.3 Performance of Selected Countries by GNP Per Capita (1980-92), And GDP (1965-1992 113

4.1 Percentage of Responses From Management Staff of Banks 124

4.2 Percentage of Respnses from Customer of Banks 125

4.3 Existence of Marketing Departments 125

4.4 Functions Performed by the Marketing Departments 126

4.5 Effectiveness of Strategies Used by Banks 128

4.6 The Primary Objecives of the Banks 129

4.7 Sources of New Product Ideas 130

4.8 Media Used for Promotion 131

4.9 Number of Banks that Adopted TQM 132

4.10 Rating of Banks Present Quality Orientation 133

4.11 Level of Knowledge of Banks Services 134

4.12 Type of Feelings About the Banks Services 135

4.13 Level of Satisfaction with the Way the Banks Handle Complaints 136

4.14 Chi-Square Analysis of Level of Knowledge of Banks Services 138

 KASHIM IBRAHIM LIBRARY

4.15 Chi-Square Analysis of Type of Feeling
About the Banks' Servoces 140
4.16 Citizns International Bank (CIB) Ltd.
Time Polt for Prfit After Tax (1995) 144
4.17 Citizens International Bank (CIB) Ltd. Time Plot
For Total Deposits (1991-1995) 145
4.18 Citizens International Bank (CIB) Ltd. Time Plot
For Total Assets (1991-1995) 146
4.19 Citizens International Bank (CIB) Ltd. Time Plot
For Shareholders' Funds (1991-1995) 147
4.20 United Bank For AFrica (UBA) Plc Time Plot For
Profit After Tax (1991-1995) 148
4.21 United Bank For Africa (UBA) Plc Time Plot For
Total Deposits (1991-1995) 149
4.22 United Bank For AFrica (UBA) Plc Time Plot For
Total Assets (1991-1995) 150
4.23 United Bank For Africa (UBA) Plc Time Plot For
Shareholders Funds (1991-1995) 151
4.24 Union Bank of Nigeria (UBN) Plc Time Plot For
Profit After Tax (1991-1995) 152
4.25 Union Bank of Nigeria (UBN) Plc Time Plot For
Total Deposits (1991-1995) 153
4.26 Union Bank of Nigeria (UBN) Plc Time Plot For
Total Assets (1991-1995) 154

4.27 Union Bank of Nigeria (UBN) Plc Time Plot For Shareholders Funds (1991-1995) 155
4.28 First Bank of Nigeria (FBN) Plc Time Plot For Profit After Tax (1991-1995) 156
4.29 First Bank of Nigeria (FBN) Plc Time Plot For Total Deposits (1991-1995) 157
4.30 First Bank of Nigeria (FBN) Plc Time Plot For Total Assets Tax (1991-1995) 158
4.31 First Bank of Nigeria (FBN) Plc Time Plot For Shareholders Funds (1991-1995) 159

LIST OF FIGURES

FIGURE

2.1 A Business Strategy 26

2.2 Levels of Strategy 28

2.3 Service Quality Model 37

2.4 The Complaint Handling Process 93

2.5 Busness Customer Intergration Loop 105

2.6 Relationship Between Market Share and Pre-Tax Return On Investment (ROI) 116

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND INFORMATION

The viability of any bank calls for more than assembling men, machines and materials, and making products and services readily available to target customer. The bank must design and implement effective strategies that will provide sustainable competitive advantages - (SCAs). Every bank has this responsibility. Consequently, they have responded by hiring functional managers to design and carry persuasive messages, select suitable locations, pricing strategies and position products and services to attract and initiate enduring relationships with customers. Some banks go a step further to engage advertising agents to develop attention - creating adverts and using sales promotion specialists to develop sales campaigns; and public relations firms to enhance the organization's image. They continue to invest large and growing sums in strategy development. However, for most banks the question is not whether to design and implement strategies, but, what, when, and how to go about them.

The bank's strategic marketing responsibilities go beyond targeting end consumers and users. The bank must match its strategies effectively with its task environment, particularly its customers, both individual and corporate. It must communicate effectively with its internal publics, particularly its directors, managers, and other

workers. It must design strategies to handle major external publics, such as stockbrokers, the financial community, the media, and various government agencies, as well as counter the competitive reactions and actions of other banks.

This means that the bank must know how to market itself to various publics in order to gain their confidence and goodwill. It must develop a clean corporate identity as an aspect of differentiation. This calls for answering a very critical question - what does it want to achieve, or be? Kotler (1980) has observed that whether or not the bank answers this question, it would certainly achieve something and, also be something to its customers and other publics, since the bank's products and services, employees, and actions would certainly create impressions.

Many of today's banks got their start by coming out with the right products and services at the right time. Kotler (1980) has argued that many of the past decisions of the banks were made without the benefit of a financial strategic thinking and planning. Effective marketing of bank services will certainly require a careful analysis of relevant market opportunities, choosing market positions, programs, and controls that create and support the bank's purpose and objectives. (Kotler 1980).

Recently, there has been a strong awareness within the Nigerian banking industry that effective marketing initiatives have dramatically reshaped the fortunes and images of some banks. These successful banks, it is claimed, have achieved success because

they became completely committed to satisfying the needs and wants of target markets by initiating and implementing market driven strategies. Such market oriented attitude calls for a complete shift from the traditional methods of satisfying customers to new and challenging methods that add value to services provided.

Strategic marketing regime derives its importance from its ability to satisfy the diverse needs and wants of customers. Mazur (1947), believes that marketing is an activity that delivers a standard of living. The truth however, is that this standard of living can only be delivered when and if customers' needs are effectively analysed and understood, within the limits of society, and relevant functional area strategies are positioned to provide needed value to the customers. On the whole, the essence of strategic marketing is to effectively and efficiently meet customer needs and expectations with recourse to the capabilities of the organization. This calls for innovativeness in strategy formulation and implementation.

Responsive strategies that are grounded in effective customer orientation are not easy to initiate and implement. But when they are operational, they become the source of a powerful competitive advantage that is very difficult for competitors to emulate or duplicate.

George Day (1998) has argued that another major aim of strategic marketing is to create and maintain loyal customers. particularly in mature markets where other

sources of competitive advantage can be quickly eroded. It is therefore, not surprising that banks are embracing customer-responsive strategies which use critical information about customers to tailor products and services to them. George Day listed elements of customer responsive strategies to include excellence of product or service, and observed that once this was established, personalised interactions with customers, strategic designs to demonstrate trustworthiness and incentives for customers to remain loyal could come into play.

The period, 1984 to 1992, witnessed a significant rise in the number of banks in Nigeria. From a situation of about 25 banks prior to the inception of Structural Adjustment Programme (SAP), in 1986, the number rose to 120 by 1992 (66 Commercial and 54 Merchant Banks), along side several new non-bank financial institutions (Thanda, 1998). The very large number of banks and non-bank financial institutions within so short a time, unleashed a high level of competition never witnessed in the economy (Thanda, 1998). In recent times, especially since the first quarter of 1994, the banking industry as a whole has witnessed systemic distress characterised by capital inadequacy, illiquidity and losses. The Central Bank of Nigeria (CBN) as the apex banking regulatory authority responded to these problems by liquidating the terminally sick banks and taking over the moribund ones with a view to saving them.

Several factors have combined to place the Nigerian Banking Industry where it is today. Up-till now, strategic marketing of banking services continues to enjoy less

KASHIM IBRAHIM LIBRARY

than primary attention in Nigeria. Corruption, mismanagement, and foolhardiness in risk taking continue to feature in the management of banks.

Many Nigerian bank executives are yet to appreciate the benefits associated with strategic marketing. Consequently, they have failed to see and exploit the abundant opportunities available to them in the form of unmet needs and expectations of the customers, and general trends in their marketing environments.

In Nigeria, there is a wide spread tendency for banks "to follow the crowd". These banks lack focus innovativeness and strategic flexibility. In their attempt to serve general markets, quality, customer base, and profits are sacrificed.

1.2 STATEMENT OF THE PROBLEM

The problem of the banking industry seems to have been intractable over the years. Ever since its inception, the sector has suffered one form of distress or the other contrary to public expectation and despite the government's effort to sanitize the industry.

Various authors have cited several problems affecting banking services in the country. Okereke (1999).saw the problem of the banking industry as an image problem and advanced that while banks were still managing the injuries to image caused by distress, the management of banks should not leave the shareholders alone to bring more funds as capital to the bank, but to perform at their best to make as much profit as

possible. Ojoma (1999), Olayinka (1999), and Olatoun (1998) have cited the incidence of poor service and prevalence of lack of confidence in the system. Uduk (1995), has argued that the increasing mortality rate among commercial banks in the country while adding to the severe turbulence within the industry has also contributed to the banks' overall poor image rating and unfavourable customer impression of their services.

Dayer, (1999), believes that the major problem facing the industry focuses on efficiency, acceptability and service satisfaction. Kofoworola (1996) has identified four competitive forces that have posed serious threats to the banking industry. These are threats of new entrants, bargaining power of customers, bargaining power of suppliers, and threats of substitute firms. Oruma (1998) in his argument points out that customer demand and expectation for quality banking services have generated problems for those banks that cannot consistently provide such quality services. He further identified poor management as one of the factors that led to the collapse and eventual liquidation of some banks that hitherto were held highly in the Nigerian banking industry in recent past.

Looking at all these problems and their consequences to commercial banking operations in Nigeria, it is very obvious that banks in Nigeria lack effective strategies in marketing their services to customers. The author therefore believes that timely investigation and subsequent application of the recommendations to be given would go a long way in alleviating the problems faced by the banking industry in Nigeria.

1.3 OBJECTIVES OF THE STUDY

Today, the Nigeian banking industry has become very competitive, putting an end to the era of arm-chair banking. This competition in banking is based on ability to compete effectively and efficiently. This calls for the design and implementation of sustainable competitive strategies.

The major objective of this study is to identify the marketing strategies used by commercial banks in Nigeria to:

a) consistently provide quality customer service;

b) position themselves against competition and threat and exploit opportunities in the environment;

c) differentiate their products and services.

The goal is to examine the relationships between marketing strategies and profitability: between growth and competiveness of the banks; and between favourability and customer familiarity with banks' products and services.

1.4 SIGNIFICANCE OF THE STUDY

In the area of corporate repositioning, banks will consistently need to redefine their focus, mission statements and vision to enhance their presence in the domestic and investment economy. The liquidation of about 31 banks and the persistence of a cloud of uncertainty definitely inform the determination of banks to reposition their corporate

and marketing objectives to focus on customer satisfaction. Banks in this millennium would need a lot of modelling to achieve credibility within the industry. This Study should provide some thoughts for new models in the banking industry, particularly, in the area of strategic marketing management.

The answers obtained from the research questions for the study will form the major contributions of this research work.

1.5 SCOPE OF THE STUDY

The study is designed to examine the marketing strategies of financial institutions in Nigeria, with particular emphasis on commercial banks. Five commercial banks - First Bank of Nigeria Plc., Union Bank of Nigeria Plc., United Bank for Africa Plc., Savannah Bank Plc. and Citizens International Bank - were selected for the study. The Selection was based on their years in operation. The first four banks are considered old generation banks while the last one is a new generation bank. Also the five selected banks provide a range of banking services similar to those offered by other commercial banks in the country.

1.6 RESEARCH QUESTIONS

In carrying out above stated objectives of the research, the followinng research questions were asked:

1) Does the application of marketing strategies lead to customer familiarity and favourability with a bank, its products and services?

2) Does the application of marketing strategies lead to a bank's profitability and growth?

1.7 HYPOTHESIS

Based on the above research questions, the following hypotheses were formulated.

1. There is no significant relationship between marketing strategies adopted and customer familiarity with a bank's services.
2. Favourable impression of a bank's services significantly depends on effectiveness of marketing strategies adopted by the bank.

In hypothesis 1, the independent variable is marketing strategies, while the dependent variable is customer farmiliarities with the banks, its products and services.

In hypothesis 2, the independent variable is marketing strategies used by the banks while the dependent variable is favourable impression about banks' services.

1.8 RESEARCH METHODOLOGY

Survey research method was employed, using a semi structured questionnaire. Non probability convenience sampling was used in selecting banks to be studied. Five commercial banks were accordingly selected on the basis of years in operation.

Questionnaires were administered to bank managers and customers. Data relevant to strategic marketing of services were collected and collated. The research used both primary and secondary sources of information. The secondary data came from both published and unpublished works in the area under study. Simple percentage, chi-square, and trend analysis were used for data analysis. These methods were used because of their relevance of application.

1.9 LIMITATIONS OF THE STUDY

a. A major limitation of this work lies in the fact that very few detailed studies have been conducted in this area. There was therefore, a relative paucity of literature on the subject.

b. The secrecy of revealing information pertaining to banking operations constituted a major limitation.

c. Time and funds constraints also prevented the researcher from making repeated calls on all the respondents.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

This chapter carefully reviews relevant literature within the framework of this study. The chapter is divided into five parts. The first part deals with "the review of concepts relevant to the study"; the second part reviews strategies used by firms other than commercial banks; the third part reviews literature "on marketing of commercial bank services"; the fourth part reviews literature "on Total Quality Management, (TQM) as a recent strategy for marketing commercial bank services". The fifth part reviews literature on "selected studies on the relationship between marketing strategies and commercial banks' performance in Nigeria".

2.2 A REVIEW OF CONCCEPTS RELEVANT TO THE STUDY

2.2.1 Financial Institutions

These are organizations that provide financial services to the individuals, corporate bodies and the government. They iclude commercial banks, merchant banks, mortgage banks, finance houses, discount houses, bureaus de change, and insurance companies.

KASIM IBRAHIM LIBRARY
RECEIVED
22-4-2002
ZARIA NI
Ahmadu Bello University

473239
HG
1616.M3
AKP

2.2.2 Commercial Bank

An institution incorporated to: (a) accept money and collect cheques from customers and place the proceeds of such cheque to the customers' credit in a running account; (b) honour cheques or orders drawn on the bankers by their customers when presented for payment to debit their running account accordingly; (c) keep customers' running account in which credits and debts were entered.

2.2.3 Marketing

Marketing links two basic functions in the society, namely, those of production and consumption. As society has become more complex, and the processes of manufacture and supply more varied, so the means by which the community is supplied with the goods and services it demands has itself become more complicated and important. Within the business enterprise, it is the marketing activity which should provide this means by ensuring that the enterprise supplies its market with goods or services that customers wish to buy.

According to Morden (1991), marketing is "an activity which is directed at satisfying the needs and wants of customers through exchange processes which occur in the market".

The United Kingdom Institute of Marketing defines it as "the management process responsible for beautifying, anticipating and satisfying customer requirements profitably."

Ralph (1960) defines marketing as "the performance of business activities that direct the flow of goods and services from producer to consumer or user."

According to Backman (1967), "Marketing is the process, in a society, by which the demand structure for economic goods and services is anticipated or enlarged and satisfied through the conception, promotion, exchange and physical distribution of such goods and services."

Holloway and Hancock (1968) see marketing as "those activities necessary and incidental to bring about exchange relationships".

Martin, Christopher et al(1975) define marketing as "the ways in which an organisation matches its own human, financial, and physical resources with the wants of its customers."

Rosenberg (1977) views marketing as "a matching process, based on goals and capabilities, by which a producer provides a marketing mix, (product, services, advertising, distribution, pricing, etc) that meets consumer needs within the limits of society."

According to Kotler (1991), "Marketing means working with markets" which means attempting to actualize potential exchanges for the purpose of satisfying human

needs and wants. But in order to satisfy human need and wants, certain things or activities must be carried out. Considering the day to day exchange process, these activities will include product planning, pricing, promotion and distribution.

Put in another way, Kotler (1991) says "marketing is a social and managerial process by which individual and groups obtain what they need and want through creating and exchanging products and value with others."

Since marketing is seen as a matching process and the satisfaction of needs and wants through exchange of products and value, it therefore appears natural that any mis-match will lead to a failure. It follows then that, a business, whether private or public, exists by selling its products and services. By doing this it seeks to achieve its profit and other objectives. To be able to achieve this the marketer has to adopt a method of carrying out his marketing activities effectively.

The management and staff of an organisation's marketing department would then be responsible for a number of inter-related activities that should enhance the organisations ability to achieve its objectives. These activities include, but are not limited to the following (Kotler 1991):

(a) Identifying market opportunities and needs

(b) Keeping abreast with relevant technological developments.

(c) Managing its products/services.

(d) Choosing and motivating channels of distribution.

(e) Advertising and promoting its products/services.

(f) Selling its products/services

(g) Setting prices and terms of supply

(h) Planning the marketing activity.

From the foregoing definitions of marketing the following key elements are noteworthy; needs, wants and demand; products/services; utility, value and satisfaction; exchange, transactions and relationships; markets; marketing and marketers. These key elements constitute the basic concept of marketing.

It follows then that:"Marketing is getting the right people, at the right places, at the right time, at the right price, with the right communications and promotion" (Kotler 1967).

2.2.4 The Marketing Concept

Schnaars (1998), admits that the origin of the marketing concept lies with three prominent authors in the 1950s: (1) Peter Drucker in his landmark book 'The Practice of Management' (2) John B. McKitterick of General Electric, (3) Ted Levitt, the noted Harvard Professor and author of the seminal article 'Marketing Myopia'. According to Schnaars (1998), "all three agree that the purpose of business is to create satisfied customers."

The marketing concept could be seen to be a common sense managerial orientation that understands the needs and wants of customers in the market, and adopts the operations of the organisation to deliver the right goods and services more effectively than company's competitors. Kotler (1991), puts this into two practical perspectives namely; Company management remaining sensitive to market needs and company management operating the enterprise in a market-oriented manner.

These constitute the two main areas of responsibility for the management in an organisation. This is, moreso, where the organisation concerned is a service oriented one.

Kotler (1991), therefore describes the marketing concept as:
the most important managerial task within the organisation is that of understanding the needs and wants of consumers in the market, and of adopting the operations of the organisation to deliver the right goods and services more effectively and efficiently than its competitors. According to him, the premises of the marketing concept are: That organisations must find out not only needs but wants; must adopt right at the beginning and not at the end of the production cycle; that is, every adjustment, both in name or slogan, or in machinery or men must be adapted to the needs of the customer right from the beginning. Effectively and efficiently have to do with profitability and met objectives, which will keep the organisation in business to continue serving (Tende 1998).

Risley (1973), accepts that the marketing concept has become popular, but argues that its implications are not always understood. As a result most managers spend a lot of effort on techniques such as market research and forecasting, but fail to realize the huge benefits or gains that accrue from changed managerial attitudes. The net result is that the marketing concept becomes partially implemented if at all.

Infact Risley (1973), strongly believes that "renaming a sales by a marketing department may look good on a chart for the directors or annual report but it accomplices little except kid both the viewer and the manager." Also "arrangement of people on the organization chart will accomplish little. It is the individual who is oriented, not the company."

In the views of Shapiro (1973), "the marketing concept is the focusing of all company activities on what will best serve the consumer. This according to Shapiro requires an internal marketing organisation in which all marketing activities are consolidated under the leadership of an executive placed in top management."

The problem with the marketing concept has assumed an immense dimension that there has been a plea for the revision of the concept. Groeneveld and Medford (1973) in their book. "IS IT TIME TO REVISE THE MARKETING CONCEPT?" suggest that "emphasis on the somewhat unique 'consumer satisfaction' be replaced by 'the consumer best interests'." According to them this will leave the supplier with some scope to make his own interpretations.

Although the phrase "marketing concept" is routinely used in banking circles, there remains substantial confusion as to the essence of its meaning. In recent years, a number of related forces in the business environment have operated to strengthen the case for marketing's significance as an organisational function. These according to Capaldini (1974), are:

(i) The emergence in the last several decades of an overall economic condition wherein the availability of goods and services is greater than the demand for them, continues as the characteristic economic condition of contemporary times. This state of affairs is commonly referred to as a "buyer's market". "A buyer's market" gives rise to intense competition among product/service suppliers, whereas in a "Sellers market," the market tends to buy what is available. In a buyers market, there is a choice and it becomes economically pragmatic to fulfill consumer desires. When this objective is important, the significance of marketing becomes pronounced.

(ii) Substantive increases in personal disposable income leading to greater mass market opportunity, which in turn contributes to intense competition among suppliers to the market. It becomes incumbent upon the marketing function both to detect emerging market opportunities before the competition and to develop effective means for outdoing them once they arrive on the scene.

iii) Advancing technological sophistication in the economy, contributing to more and more technological "Sameness" among competing products and services in many industries. In circumstances where competing products or services become more or less alike, marketing tends to emerge as the real opportunity for distinguishing one firm from its competitors. For example, eventhough Bank P may be unable to market a superior checking account from a "technical" or "production" standpoint, Bank P may be able to achieve a disproportionately high share of the market in checking accounts with effective cross-selling, the "packaging" of such accounts with other services, sensitive pricing practices, well-executed advertising, and so on. These activities are all marketing activities and are quite strategic in context. .

(iv) Accelerating social, economic, technological, political and competitive change, impacting on the shape and nature of markets on a continuing basis. As the market changes, so must the firm that serves it. Importantly, in a marketing oriented organisation, it is marketings job to "manage" the market by initiating change within the control of the firm (new products/services, changed advertising strategy, different sales-training methods) to adapt to environmental change beyond the control of the firm that nonetheless impact on its markets.

The banking industry is, of course, no stranger to a volatile, rapidly changing market place hence, executives of banks have come to realise marketing's importance to their respective business organisations, basically, because of such forces as those enumerated above.

There are four basic and ultimate organisational objectives that epitomise the marketing concept (Capaldini, 1974), (Porter, 1980): These include: Customer orientation in all aspects of organisation and operation; Scientific pursuit of profitable volume;integration of effort towards common goals and Social responsibility in decision making.

Given these objectives, the marketing concept may be defined as "customer satisfaction at a profitable volume in an integrated, efficient framework and in a socially responsible manner" (Porter, 1980). "The marketing concept is a philosophy, it is an intangible. It is not something amenable to role memorisation but is something to believe in; it is a frame of reference, a basis for decision making, a guide for effective managing of resources" (Capaldini, 1974).

A key point of this philosophy is that the responsible satisfaction of the customer's wants is the economic and social justification for the organisations existence; that in the final analysis, it is the customer who makes the economic system function, and in a volatile and competitive buyer's market, significant resources in the organisation must

be mobilised and channeled towards determining and then satisfying the customer need. As one reputed scholar has put it,"the customer is the business" (Drucker, 1964).

The marketing concept is predicated on the conviction that many of the most critical challenges now facing firms are challenges of marketing, therefore under the marketing concept, a principal role for the firm becomes that of change-maker", "doer", innovator", in continuous search for new products, for new user for old products, for new markets and new market segments (Drucker, 1964).

The marketing concept is an aggressive philosophy- offensive rather than defensive in its central thrust. An organisation that understands this becomes increasingly dynamic and pro-active rather than becoming reactive to the changes in its operating environment. Drucker (1964) argues that, under the marketing concept, "it is not only important for organisations to do things right, it is also important for organisations to find the right things to do. That is, it is important to maximise opportunity which leads to profit to allocate precious resources on exploiting opportunities rather than solely on solving problems." (Drucker 1964).

It then becomes the direct responsibility of the marketing function to anticipate and adapt to a change that is beyond the control of the firm by initiating change that is within its control. Markets are always changing, and organisations adapt to external change with internal change. Drucker asserts that to continue satisfying customers

profitably, efficiently and responsibly is what marketing and its philosophy is all about. Good marketing according to Drucker(1964) is concerned with risk taking, with change, with the customers and profits, with system, with social responsibility and with maximizing opportunity". It is this function in the bank that is responsible for stimulating the organisation to adapt itself to the customers' changing desires. It is a function responsible for creating products/services and product packages designed to satisfy their desires, and communicating the availability and benefits of such products/services (Drucker 1964, McGree and Spiro 1988).

Kotler (1991), Rosenberg (1977), and Morden (1991) have identified critical realities that must exist in the firm if the marketing concept is to succeed. These are:

> Top executives in the organisation must understand and believe in the marketing concept; the marketing concept must be looked upon as a philosophy of the entire organisation and not just that of the marketing department; and the total organisation's orientation must be to markets rather than to product/services, in as much as the quality and standards of products/services are maintained.

2.2.4.1 Making The Marketing Concept Work

Inspite of the difficulties inherent in implementing the marketing concept, Rosenberg (1977), believes that "Where there is a will to use the marketing concept, there will be a way to implement it. However, the proper method of implementation will

vary with each organisations size, product, markets, management style etc". Rosenberg (1977), believes that, to make the marketing concept work, there must be Customer Orientation. This orientation must be top down. That is, it has to start with the head of the organisation. The executive must have a thorough understanding of the concept and its application to the organisation. Infact he has to adopt a marketing frame of mind. Rosenberg adds that "this commitment to the marketing concept must also be shared by key members of the executive staff. There must be a unity of purpose and outlook; The "Prima donna syndrome" in which a particular person or unit within the organisation perceives himself (or itself) as the heart of the company, with other persons or unit performing only peripheral functions should be avoided."

In addition, Rosenberg (1977), recommends a marketing department with a marketing executive, integration of marketing functions and a marketing staff. This is the phenomenon which makes the marketing concept and process possible. In Rosenberg's view, integration is necessary because marketing is in nature, one part, art while the other is science. The conceptual imagination and operational skill of arts must therefore be integrated with the statistical and behavioural aspects of science. Also, marketi makes use of all the possible elements or actions for reaching and influencing consu and customers-product design, price, distribution, and promotion (both sell advertising).It involves all top executives of an organisation regardless of the responsibilities. All the steps or actions must be unite together in a pu (Rosenberg 1977). A Profitable Volume Criterion (not just sales honourable goal is also required. This ensures continued service to cus

marketing concept, it is the long run profits that should be sought. Because of large production or marketing expansion called for in launching a product, profits may be low or non existent in the short run. Long run profits are often used to measure the balance between customer satisfaction and organisation financial efficiency (Drucker 1964; Rosenberg, 1977).

2.2.4.2 Benefits of the Marketing Concept

Rosenberg (1977), provides the following benefits of implementing the marketing concept:

(a) Reduced business risk as a result of systematic market research, the scientific acquisition and analysis of market data relevant to decision making and better market and sales forecasting.

(b) Improved business planning as a result of earlier identification and assessment of future market trends and opportunities and the acceptance of a planning discipline based on defined objectives with which all departments must gear their programs.

(c) Greater competitiveness based on marketing skills. As more and more of our competitors achieve technological and manufacturing efficiency, the differences in the products from companies will tend to narrow.

473239

2.2.5 Strategy

The term strategy is derived from the Greek word "STRATEGOS", meaning general. In a military sense, it involves the planning and directing of battles or

campaigns. In the business sense however, it refers to action by management to offset actual or potential actions of competitors. The following definitions of strategy are in common use.

(a) A term used to describe how objectives are to be accomplished (Runyon 1982).

(b) A unified, comprehensive, and integrated plan relating the strategic advantages of the firm to the challenges of the environment. It is designed to ensure that the basic objectives of the enterprise are achieved (Gluek 1980).

A business strategy, sometimes termed a competitive strategy or simply strategy, is here defined or shaped by six elements or dimensions, (Aaker, 1992). Aaker gives the elements or dimensions as:

a) **The Product Market in which the Business is to Compete:**

According to Aaker (1992), the scope of business is defined by the products it offers and chooses not to offer; by the markets it seeks to serve and not to serve; by the competitors with whom it chooses to compete and to avoid; and by its level of vertical integration.

b) **Level of Investment**

A business scope or strategy can also be defined by its level of investment. The questions according to Aaker are: is the business investing: to grow (or enter the product

market), to maintain the status quo,to milk the business by minimising investment,to recover as much of the assets as possible by liquidating or diverting the business?

c) **The Functional area Strategies needed to compete in the selected product market:**

Companies compete using functional area strategies such as: product line strategy, Positioning strategy, manufacturing strategy and logistical strategy.

d) **The Strategic assets or skills that underlie the strategy providing the sustainable competitive advantage (SCA)**

A strategic skill is something a business unit does exceptionally well, such as manufacturing or promotion which has strategic importance to that business.

Drucker (1964) sees a strategic asset or simply asset, as a resource, such as brand name or installed customer base that is strong relative to competitor.

To formulate strategy, management must consider the cost and feasibility of generating or maintaining assets or skills that will provide the basis for a sustainable competitive advantage.

e) **The Allocation of resources over the Business Units:**

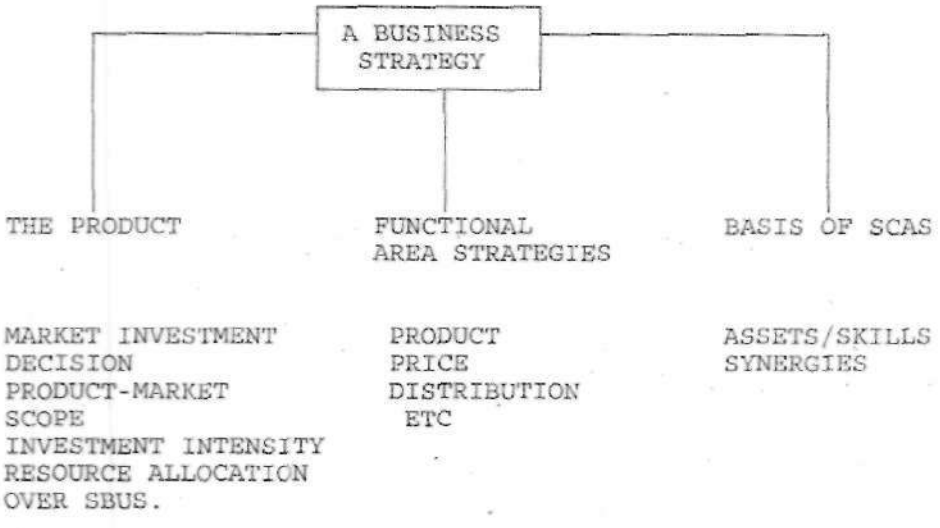
All resources (people, finance, physical) generated both internally and externally need to be effectively allocated.

f) **The Development of Synergistic effects across the business:**

Aaker (1992) sees this as the creation of value by having business units that support and complement each other. Business firms that have synergistic effects will have a competitive advantage over those that do not.

Aaker has grouped all six elements of the strategy concept into three core elements as presented below:

Fig.2.1 A BUSINESS STRATEGY



SOURCE: AaKER, A. DAVID, STRATEGIC MARKET MANAGEMENT, (JOHN WILEY & SONS, INC. 1992).

An analysis of figure 2.1 is as follows:

i) The product market investment decision encompasses the product-market scope of the business strategy, its investment intensity, and the resource allocation over multiple business.

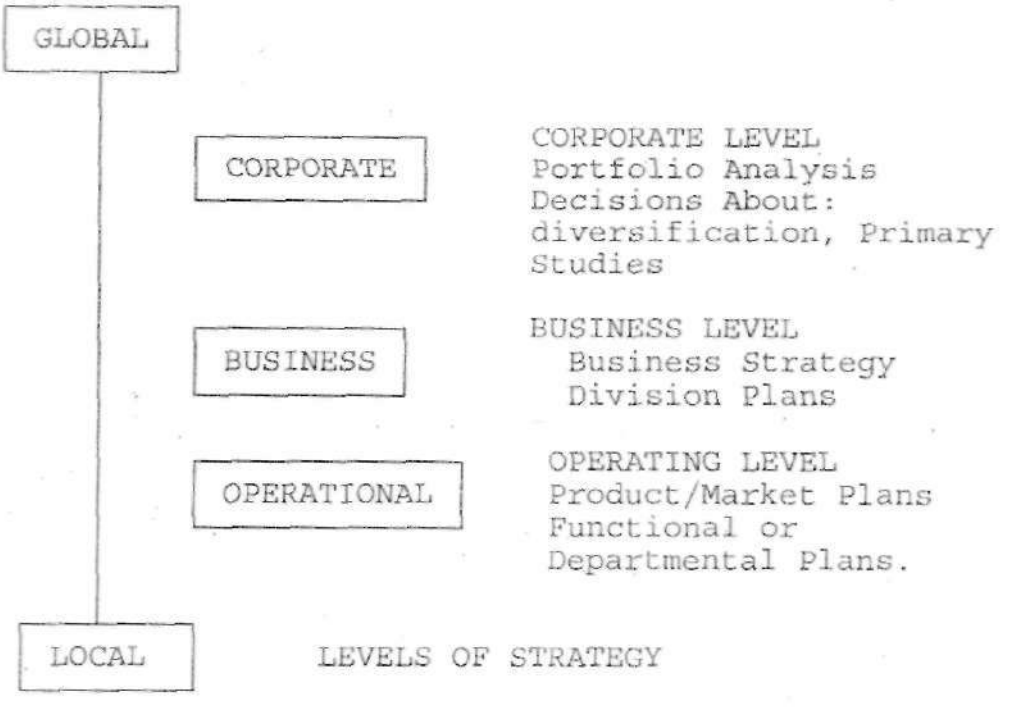
ii) The functional area strategies - (what you do).

iii) The Basis of SCAS to compete in those markets. This core concept encompasses assets, skills and or synergies matched with functional area strategies.

Brown and Asch (1987), define strategy as the match an ortganization makes between its own resources and the threats or risk and opportunities created by the external environment in which it operates". From the definition, strategy can be seen as a link between the ortganizations objectives and the policies adopted to guide the organization's activities.

There is no limit to the number of strategies an organization can have, and these strategies are likely to exist at a number of levels in an organization (Brown & Asch, 1987).

Fig.2.2 LEVELS OF STRATEGY



SOURCE: CLIFF BROWN & DAVID ASCH, Strategic Management, (Hounds null, Basinstoke, Hampshire, 1987).

The Various levels of strategy formulation and the way they may vary on a global local continuum is shown on figure 2.2 above.

The corporate strategy is concerned with the type of business the firm, as a whole is in or should be in. Issues under consideration here have to do with the balance in the organization's portfolio. Emphasis is on the attractiveness of the entire businesses, with reference to

important strategic criteria, such as markets, contribution to corporate profits and growth in a particular industry. Corporate issues subsume questions concerning diversification and the structure of the firm as a whole.

"Business Strategy is concerned with how an operating unit within the corporate whole can compete in a particular market (Brown and Asch 1987). CRAVENS (1982), sees business unit strategy as including the mission and objectives of the business unit and the functional plans that spell out how the unit will achieve its objectives. Such strategies are regarded as the parts which call for and shape the organizational whole.

A firm's operating level strategy is concerned with how the various functions - finance, marketing, operations research and development, etc. - contribute to both business and corporate strategy (Brown & Asch 1987). The preoccupation at this level is likely to be on the maximization of resource productivity. A point to note is that key elements or variables in strategy formulation vary among organizations. The nature and type of influences on the formulation process are also likely to vary at each level in the three-tier structure.

From Craven's (1982) point of view, it is within the strategic marketing plan that target market strategies, objectives, and maketing program positioning strategies are specified". Included in this plan too are the design of the maketing organization and supporting financial analyses.

2.2.6 Quality Customer Service

A service is often described as an intangible solution that is provided to a client's problem(s). Kotler (1988), defines service as "any act of 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."

Companies' offers to the market place range from pure tangible goods to pure services. A pure services offer consists primarily of a service. Services differ as to whether they are people based or equipment based and as to whether they meet a personal need (personal services) or a business need (business services).

As a consequence of the varying goods-to-service mix, it is difficult to generalise about services unless some further distinctions are made.

Here are some commonly held perceptions of what makes a service different from a product.

a. Sales, production and consumption of a service take place almost simultaneously.

b. A service cannot be centrally produced, inspected, stockpiled or warehoused. It is usually delivered to wherever the customer is, by people who are beyond the immediate influence of management.

c. A service cannot be demonstrated, nor can a sample be sent for customer approval or trial in advance of purchase. The provider can explain, promise and tell how the service has benefitted others but the service doesn't exist for the prospective customer.

d. The person receiving the service generally owns nothing tangible once the service has been delivered. The value is frequently internal to the customer.

e. A service is frequently an experience that cannot be shared, passed around or given away to some one else once it is delivered.

f. The more people there are involved in the delivery of the service, the less likely it is the receiver will be satisfied.

g. The receiver of the service frequently has a critical role to perform in the actualisation of the service. The customers, then have to know their role in the delivery process.

h. Delivery of the service usually requires some form of human contact. Receiver and deliverer frequently come into contact in some relatively personal way.

i. The receivers' expectations are critical to their satisfaction with the service. What they get compared or contrasted to what they expect to get determines satisfaction.

j. Exerting quality control over a service requires monitoring of processes and attitudes.

To some extent managing service quality is more difficult because some elements are intangible and difficult to measure. A survey of service employees by a company (Inset Systems company of Brookfield, Connecticut, USA, The Inserter, 1992) concerning what 'quality' means in terms of job performance yielded the following responses (Badiru and Ayeni, 1993):Providing extremely polite, prompt, and accurate service". 'Viewing the customer as having done us a favour by buying our product; 'knowing as much as possible about products in order to support them better; researching problems to come up with good, solid solutions; maintaining good relationships with distributors and dealers to make customers feel comfortable; giving your all and going all out to die for the customer; and providing the customers with simple solutions that enable them to do their own work more efficiently.

Despite the difficulty in defining service and measuring some service elements, one advantage of managing service quality can be that a greater percentage of a company's employees are in contact with the external customer, therefore customer orientation can be easier to achieve. This increased customer contact has been described as 'moments of truth' by Jan Carlson, then president of the Scandinavian Airlines Systems (SAS). He says "each time customers come into contact with an organisation, they form an impression; each time is a moment of truth." The sum of the moments of truth forms the overall company quality rating. To be successful, companies need to manage the moments of truth so that a good quality impression is formed and the customers will come back. (Liswood, 1991)

Berry et.al, (1985) have developed a list of the major determinants of service quality. They found that customers use basically similar criteria regardless of the type of service. The criteria are described below:

a. Access: This refers to the receptiveness of the service provider to the customer requests; the service is easy to access in convenient locations at convenient times with little waiting.

b. Courtesy: The employees are friendly, respectful, polite, considerate, empathetic.

473239

c. Competence: This refers to the adequacy of skills and knowledge required to deliver service by employees.

d. **Communication:** This refers to the ability to listen to the customer, keep the customer informed, describe the service accurately in the customer's language, and accept customer feedback.

e. Credibility: The company and employees are honest, trustworthy and have the customer's best interest at heart.

f. Reliability: This deals with the consistency, accuracy, and dependability of service.

g. Responsiveness: The employees respond quickly, willingly, promptly and creatively to customers' request and problems. Responsiveness encompasses timeliness.

h. Understanding (Comprehension): The readiness of the service provider and all employees to know the customer understand the customer's needs and provide individual attention.

i. Security: The service is free from danger, risk or doubt.

j. Tangibles (Tools): This deals with the appearance of physical facilities, equipment, personnel and communication materials.

Laura Liswood (1991) adds the following customer wants.

a. **Personal treatment**: Not becoming a statistic.

b. **Price/Value legitimacy:** Getting what you pay for.

Various studies of excellently managed service companies show that they share a number of common practices with respect to service quality. Among them are the following (Kotler, 1991):

a. A history of top management commitment to quality: Companies such as Marriott, Disney, Delta, and MacDonalds have thorough commitments to quality. Their management look not only at financial performance on a monthly basis but also at service performance. Ray Kroc of McDonalds insisted on continually measuring each McDonald's outlet on its conformance to QSCV, namely, quality, service cleanliness, and value. Franchisers that failed to conform were dropped.

b. The setting of high standards: The best service providers set high service quality standards. Swissair, for example, aims for 96 per cent or more of its passengers rating its services as good or superior; otherwise it takes action.

c. Systems for monitoring service performance: The top service companies audit service performance, both their own and competitors', on a regular basis. They use a number of devices to measure performance: comparison shopping, ghost shopping, mystery shopper, customer surveys, and suggestion and complaint forms. General Electric sends out seven hundred thousand response cards a year to households to rate its service people's performance. Citibank checks continuously on measures of ART, namely, accuracy, responsiveness, and timeliness. It does 'ghost shopping' to check on its employees' delivering good service.

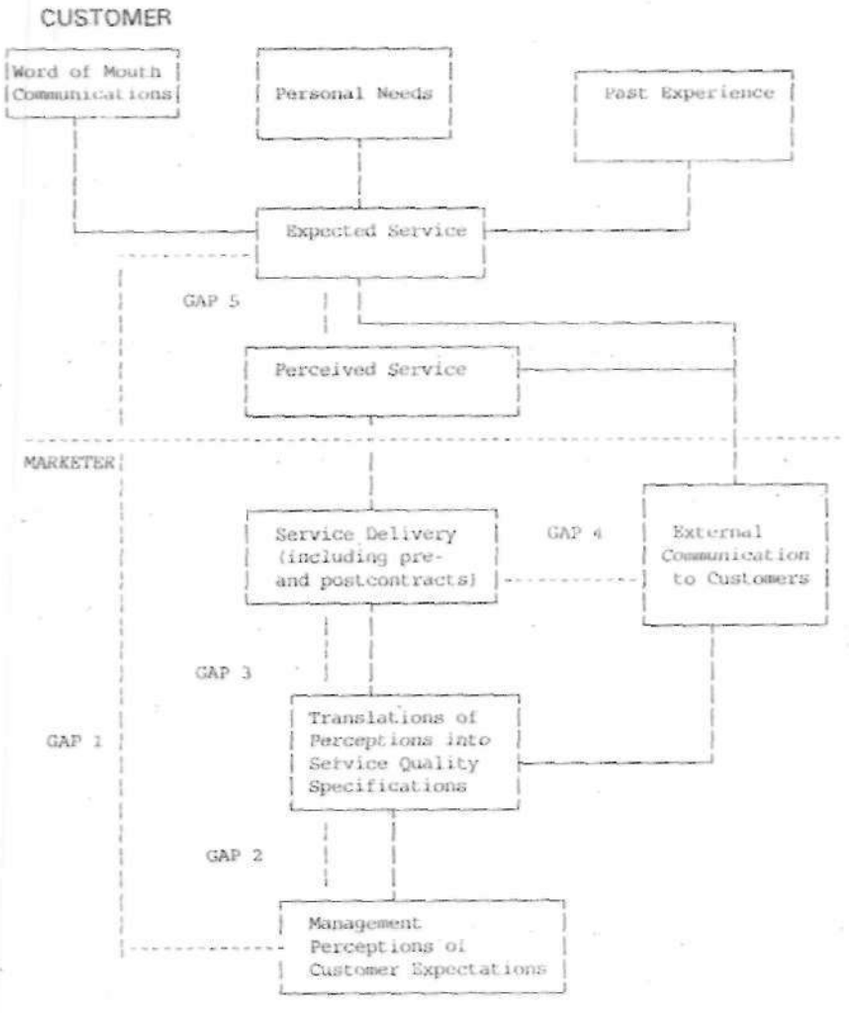
d. Satisfying the employees as well as the customers: Excellently managed service companies believe that employee relations will reflect on customer relations. Management creates an environment of employee support and rewards for good service performance. Management regularly audits employee satisfaction with their jobs.

Parasuraman, Zeithany and Berry (1985) have formulated a service quality model that highlights the main requirements for a service provider

delivering the expected service quality. The model is shown below in Figure 2.3 It identifies five gaps that cause unsuccessful service delivery. The gaps are described below:

a. Gap between consumer expectation and management perception: Management does not always perceive correctly what customers want or how customers judge the service components. Thus hospital administrators might think

Fig.2.3 SERVICE QUALITY MODEL HIGHTING THE MAIN REQUIREMENTSFOR A SERVICE PROVIDER DELIVERING THE EXPECTED SERVICE QUALITY



Source: Berry et.al, 1985.

that patients judge hospital service by the good quality

whereas patients may be more concerned with nurse responsiveness.

b. Gap between management perception and service quality specifications: Management might not set quality standards or very clear ones, or they might be clear but unrealistic; or they might be clear and realistic but management might not be fully committed to enforcing this quality level. For example, an airlines management may want phones to be answered within ten seconds of ringing but not provide enough operators nor do much about it when service falls below this level.

c. Gap between service quality specifications and service delivery: The personnel might be poorly trained or overworked. Their morale might be low. There might be equipment breakdowns. Those handling operations typically drive for efficiency and sometimes this runs counter to a drive for customer satisfaction. Consider the cross-pressure on the bank teller who is told by the operations department to work fast and by the marketing department to be courteous and friendly to each customer.

d. Gap between service delivery and external communication: Consumer expectations are affected by promises made by the service provider's communications. If a resort hotel's brochure shows a gorgeous room but the guest arrives and finds the rooms to be cheap and tacky looking, then the fault lies in the expectations created by the external communication.

KASHIF

e. Gap between perceived service and expected service: This gap results when one or more of the previous gaps occur. It becomes clear why service providers have a hard time delivering the expected service quality.

A fundamental change in the culture of the organisation is required to sustain long term quality improvement. Changes in the corporate culture in turn demand more than executive support or involvement. They necessitate leadership by example, objective analysis, the courage to take risks and allocate money, a willingness to share responsibility and rewards with employees, and an intense commitment to the ideal of creating value and satisfaction for customers. Robert Galvin, Chairman of Motorola, says the commitment has to be "deeply personal" and that real change won't take place until this personal feeling is transmitted throughout the ranks. And John C. Marous, chairman of Westinghouse Electric adds that "total quality is a cultural change which requires an emotional experience": Strong leadership is the crucial ingredient to create and sustain a quality culture. The leadership must completely embrace the quality process in everything it and its organisation does(Liswood, 1991).

Managing quality customer service as Sewell and Brown, (1992) point out requires the key element of strategy, systems, standards, staff, communication, coordination, cooperation, and measurement. A quality service strategy must be guided by a compelling vision, built around customers priorities, communicated through out the organization and be subjected to frequent and formal measurement. Customer oriented systems are designed for the convenience of the customers; constantly reviewed, provide

the customer with added value and allow swift and effective recovery. Quality staff have the following characteristics: they are carefully selected; undergo excellent training; are empowered to work for the customer and are generously rewarded (Sewell and Brown, 1992).

On the whole, pro-active tools of assessment as essential elements of the improvement strategies are needed. The techniques listed below are representative of the sort of proactive methods from which an organisation should select an appropriate mix and develop its own strategies. To devise a strategy for service you need to:

a. Have a vision of the sort of experience you want the customers to have.

b. Have a vision of how the service strategy will make difference.

c. Express your core purpose in a mission statement and communicate it to your staff.

d. Know your customers, their needs and satisfaction levels.

e. Understood how service can be used to create a competitive edge.

f. Know why some customers choose to use your competitors.

g. Build an organisation designed to respond to the customer.

h. Develop systems which ensure quality of your product, service, environment and delivery.

i. Create a climate in which staff wish to respond to customers needs and provide them with the skills and knowledge to do so.

j. Establish people systems, policies and procedures which facilitate excellent service.

Ansell (1993), points out that, applying quality in the financial services industry is not just a matter of taking the techniques developed in other industries and using them without change. There are some important differences that need to be understood.

a. Customers are usually suppliers as well as buyers.

b. Many areas require cooperation with competitors to complete, example, money transmission.

c. Customers often have only a very limited understanding of what they are buying.

d. Most banks are large integrated companies with central purchasing and relationship management for large clients.

e. Manufactured goods can have tolerance level, money must be accurate (a customer would not be pleased if he paid in _1,000 and found his account was credited for _999.99k an error of only 0.001%. Bring close is not enough.

Managing quality customer service in the banking industry is difficult but it is certainly attainable. The first step in that journey is the need to pay great attention to details. Bank management thinks in terms of hundreds of millions of naira and tens or hundreds of thousands of customers, but that one customer whose cheques are bouncing, a deposit did not get credited promptly is thinking in equally great terms on a personal level. To the bank manager, a ₦100 returned cheque may seem trivial; to the customer, it can mean the difference between a good or bad credit rating. To the cashier, a long queue may be a normal way of doing banking business, to the customer, it may be the difference between meeting or losing an appointment. The issue is customer empathy,

as Laura Liswood points out. "Many banks are so caught up in their internal policies, procedures, and systems that managers and frontline employees forget or never learn, how to be empathetic towards the customer. For that matter, the delivery chain itself may contain built-in-barriers to empathy (Liswood, 1991).

In the delivery of a product or service there is a chain of events cutting across departmental boundaries which need to be diagrammed and continuously audited to ensure that all its links are in place. Someone, should have an overview of how the chain fits together and be in a position to predict where breaks may occur. This is nowadays called Business Process Management or Mapping (BPM) or Business Process Re-engineering (BPR). This involves re-examining the fundamental ways in which the business is operated. Re-engineering is even a more relevant phrase as it involves taking processes to pieces and building a better, different, more effective process that more closely meets the objectives of the customer and the business.

In the Trustee Savings Bank, their BPM consisted of six phases, as reported by Peter Ellwood, (1993), Group Chief Executive, TSB Group. These were (Ellwood 1993).

a. Identifying, mapping and costing the core business processes.

b. Selecting the process on which to work and establishing stretching goals for their redesign.

c. Conducting a detailed analysis of the process, asking fundamental questions like "what does the customer want?" and "what would we have to do to be, and be seen as, the best?".

d. Radically redesigning the process by simplifying and rationalising.

e. Managing the change closely to ensure that real benefits are obtained.

f. Establishing measurement and improvement programmes to ensure that the process continues to improve.

In a paper written for the 21st Cambridge Seminar of The Chartered Institute of Bankers, held at Christ's College, Cambridge, in September 1993, Peter Ellwood whose bank is implementing TQM said:

> We have already identified and mapped 54 key processes, including their associated costs for our business. The first process we selected for redesign was home buying because it incorporates major contract with the customer. Even the first measurements we made showed that there was considerable waste which could be avoided thereby removing hassles both within TSB and for our customers. The average turnaround time from mortgage application to formal offer was 30 days, with less than one third achieved within 20 days. It took an average of four to five interviews with the customer to achieve completion, and there were five forms covering 167 questions of which only 24 were unique-for instance we asked them to fill in their account number no less than seven times. Not only was this an inefficient process, it also put us at some competitive disadvantage for a key product area. Our only comfort is that in the year to October 1992, we grew mortgage balances at a rate two and a half times the rate of national market growth, and in six months to April 1993 this rose four times the rate of national market growth detracting from credit quality or varying our criteria for lending, which remain in line with those of the competition. Clearly the strength of our products and our promotion of them have more than made up for any deficiencies in processing. But I also suspect that the issues we have identified are not unique within the industry or indeed to the home buying process. TSB's redesigned process cuts the cost by more than 25% and cuts the time from application to formal offer to less than seven days. The customer needs to complete only one form, which has been greatly simplified. We believe we have proved the principle of BPM, and we are now carrying this sort of analysis forward to other parts of the business. (Ellwood 1993)

Having mapped out the chain, the question arises: At what juncture is it most likely that a customer can become dissatisfied? One believes it does not require complex mathematical calculations to establish the weak links in the service chain. What is needed is the organisation's willingness to see things from the customer's viewpoint. Seeking and understanding the customers' requirements and putting in place a system for regular customer feedback is therefore the necessary starting point. Liswood (1991), suggests using simple devices such as telephone surveys, mail surveys (with pre-paid envelopes), in-house suggestion boxes, mystery shoppers, focus groups, mall "intercept" interviews; interactive video systems, in detecting how the customer feels.

Another is the willingness of the top management to put in place an organisation that encourages employees to constantly question the status quo. Employees must be positively motivated to question "the way we do things around here". Bland statements that "constructive criticism" is welcome is never enough. Such gimmicks, as Liswood (1991) points out can even be counterproductive if employees sense unwillingness on the part of the management to effect changes in the way things are carried out despite management's claimed intentions. Take a simple case of almost any bank on a Friday afternoon. The typical scene is usually the long lines of frustrated customers. What the banks in these cases fail to recognise or refuse to accept is their own responsibility for repairing this weak link in their service chain. With same Friday afternoon scenes recurring week in and week out, year in and year out, its about time some body in the bank said "we have got a service problem. All these customers cannot always be wrong.

They must be trying to tell us something". To ask these sort of questions and initiate an action process of change requires courage (Liswood, 1991).

A typical banking relationship involves the basic processes of opening the account, running or servicing the account and closing the account. In between you have account statements, returned cheques, opening and closing hours, forms used, information about available services, Mistakes and errors, procedures to control queues or lines and to direct the customer how the account should be operated. Sometimes you have a customer who has diligently operated his account for five or eight years and has had his cheque bounced for minor infringement without attempt to find out if there was a death in the family or something happened that took him away from his normal routine. Somebody in the bank may blame the computer for such lapses but the customer's loyalty to your company may be suddenly and seriously diminished. The message you have sent to the customer as Liswood (1991), say is "we are interested in you when all is well, we do not really appreciate your loyalty, in fact, we do not even know about it."

Organisations and their employees always have to be alert to the customer-satisfaction implications of all the company's standard procedures and policies. There are a number of simple but effective actions that will show customers the bank really cares about what happens to them. Liswood suggests for example, somebody can call the customer a day after a new cheque booklet is supposed to arrive and ask whether the booklet arrived and if the cheques were printed correctly. After the first statement is

sent, somebody can call and ask whether it is accurate and if the customer needs anything explained. On the first anniversary of the account's opening, a phone call or letter might ask: "Are you pleased with our services? What can we do better? can we advise you on anything involving finances or perhaps help you with some major purchases you are planning to make (Liswood, 1991).

One bank sends birthday cards, and sometimes presents to its important customers and members of their families. Using information technology each customer's birthday appears on Visual Display Unit (VDU) screens once the account is accessed. As was pointed out, Citibank checks its customers accounts continuously on measures of ART, namely, accuracy responsiveness and timeliness (Kotler 1991).

Table 2.1 below by Laura A. Liswood (1991), represents an excerpt from a commercial bank's "service attributes" checklist.

Table 2.1

COMMERCIAL BANK'S SERVICE ATTRIBUTES CHECKLIST

Function	Timeliness	Reliability	Responsiveness
Loan Request	Chief loan officer will meet within 5 days	Loan documents to credit dept. 100% accurate and complete	Chief Loan Officer will provide commitment/answer within 30 days
Teller line	Limit % of time customer wants 3 minutes	Transaction completed accurately	Teller greets, thanks, and uses customer's name
Customer complaint	Response wanted within 24 hours		All resolution of errors within 5 working days

Source: Laura A. Liswood (1991)

Looking at the customer complaint column we see there is a wide gap between the customer's want and the bank's response. The customer wants a response within 24 hours while the bank's standard is 5 working days (or 7 where a weekend intervenes). This presents an opportunity for improvement to align the bank's standard with the customers' requirement.

As Deming (1982), points out, and Beskett (1994) reconfirms, it is no longer adequate to satisfy the customer, it is necessary to delight, even astonish him or her. Fred Crawley (1993), admonishes "if quality was once a winning ticket, it is now no more than an admission ticket. The Japanese are already bringing to bear on service the same intensity, passion and detailed implementation that they brought to product quality. Quality has become no more than a staging post en route to a destination that seems always to recede. This suggests that the sooner we get it done and dusted, the better(Uduk 1996).

For us in Nigeria this suggests that the sooner we got into the Quality train the less likelihood that we shall be left marooned in a wilderness of underdevelopment as the 21st century dawns (Uduk, 1996).

Table 2.1 gives a simple checklist, by Laura A. Liswood (1991), that can be used by top executives to test their customer service satisfaction commitment.

2.3 SELECTED STRATEGIES USED BY FIRMS

2.3.1 The Generic Strategies

Many firms have used variety of potential strategies to achieve strategic competitive advantage (SCA). However, Porter (1980) has suggested two most useful strategies available to firms. These are differentiation and low cost.

In a differentiation strategy, the product offering is differentiated (or made different) from the Competition by providing value to the customer, either by performance, the quality, the prestige, the features, the service backup, the reliability, or the convenience of the product. Aaker (1992), Porter (1980), Schnaars (1998) have emphasized the need not always to associate the differentiation strategy with higher price. According to the authors, the result of a differentiation strategy is usually to make price less critical to the customer.

Contrary to the above, the low cost strategy is to provide that sustainable cost advantage in some important element of the product or service. High market share, favourable access to raw materials or state of the art, manufacturing equipment are factors that can contribute to the overall cost leadership position. A low cost strategy may not often lead to low prices, because lower cost could lead to enhanced profits, increased advertising or promotion instead of reduced prices(Aaker, 1992).

Aaker (1992), Collins and Montgomery (1995), Dereck and Cool (1989) agree on other strategic thrusts that are not in the same category with differentiation and low cost. They are: focus,preemptive moves and synergy.

A focus strategy involves focusing the business on either a relatively small buyer group or a restricted portion of the product line. Such a focus is a driving force and can be instrumental to the creation of an SCA. Thus, a retailer could focus on students or on a relatively narrow line such as breakfast items.

A Preemptive strategic move is a strategic innovation into a business area. And because it was first that ever was, generate an asset or skill forming on SCA. For a first strategy implementation to create "first mover advantage," competitors must be inhibited or prevented from duplicating or entering it. "For example NANET Ltd., achieved an SCA in Nigeria because of ability to design and deliver quality service. Other competitors are now at a greater disadvantage because they had been preempted" (Hudson, 1998).

Synergy occurs when a business has an advantage because it is linked to another business within the same firm or division. The two businesses, for example, may be able to share a sales force, office or warehouse and thus reduce costs or investment. They may be able jointly to offer a customer a combination of products such as tennis shoes and tennis appeal that are coordinated. The combination thus creates a value that would not exist if the two business were distinct (Aaker, 1992).

2.3.2 Segmentation Strategies

Segmentation holds the key to developing a sustainable competitive advantage based on differentiation, low cost, or a focus strategy. This view is shared by (Aaker 1992) and Kenichi Ohmae, head of Mckensey in Japan.

In a strategic context, segmentation means the identification of customer groups that respond differently than other customer groups to the competitive strategies (Aaker 1992; Porter 1980). A segmentation strategy couples the identified segments with a programme to deliver a competitive offering to those segments. Thus, the development of a successful segment strategy requires the conceptualization, development, and evaluation of a competitive offering (Aaker, 1992).

47323

Specifically, a major premise of segmentation is that it is difficult to serve all customers in a broad market. In support of this, (Kotler, 1991) points out that, "customers are too numerous, dispersed, and varied in their buying requirements". Consequently, "some competitors will be in a better position to serve particular customer segments of that market" (Kotler, 1991). Kotler concludes by saying that, the company instead of competing everywhere, often against superior odds, needs to identify the most attractive market segments that it can serve effectively."

In Morden's (1991), words, market segmentation means the analysis of a particular market demand on the basis of its constituent parts, so that sets of buyers can

be differentiated". Like Kenichi (1982), Morden(1991) believes that market segmentation is an important input to marketing planning, because it can be used in formulating company - product - market objectives by which the enterprise may:

define its markets, position ranges of brands and product varieties,identify gaps which offer segmentation opportunities for expansion or new product positioning, rationalize policies for existing brands, products and mixes.

The importance of market segmentation is also seen in its ability to serve a dual role, namely (i) as a marketing tool, and (ii) as a basic input to business planning. This view is strongly shared by Morden, (1991).

Segmentation can also be explained along the motion that:

a) Marketers rather than being homogenous are actually heterogenous,(b) no two buyers or potential buyers of a product are the same in all respects, (c) however, large groups of potential buyers of a product share certain characteristics of distinction (Sam Tende, 1997).

"Before going into details of market segmentation, however, we need to consider a broad approach sometimes used by marketers. Instead of subdividing the overall market into smaller, more homogenous (similar) segments, they may approach all consumers in the aggregate - as one large group (Schewe and Smith, (1980). This gives rise to two overall strategies available to marketers; market aggregation and market segmentation (Schewe and Smith, 1980, Rosenberg, 1997)."

In market aggregation, "a single marketing program is used to offer a single product to all customers (Schewe and Smith 1980).The two authors argue that "even though the diversity of wants and needs among consumers make it difficult for marketers to perfectly satisfy the consumers' needs and wants through market aggregation approach, they still use this strategy when they believe that there are enough consumers who will compromise and buy the product to make it a profitable venture. "According to Schewe and Smith (1980), "Market aggregation is also called undifferentiated marketing and product differentiation." This approach is still practiced consciously by some organizations, primarily for tangible commodities such as industrial chemicals and raw agricultural products. (Schewe and Smith 1980). Some authorities hold market aggregation as a characteristic of marketing in developing economies. Porter (1985), is of the opinion that some companies try to achieve "overall cost leadership" by offering one or a few versions of a product.

Schewe and Smith (1980), believe that "the market aggregation strategy has been used in the past by marketers dealing in mass - appeal, basically standardised items, such as beer, cigarettes, coffee, household cleaners and gasoline." They add that with the market aggregation approach, the products offered are such that little or no differences can be perceived by customers". That is, competing products are virtually the same physically and chemically. In such cases, "marketers use promotion to make their products seem different from and better than competitors' products (Schewe and Smith), 1980). Where this happens, only the brand or packaging is different.

In the words of Schewe and Smith (1980), "the basic advantage of the market aggregation strategy is that it results in lower costs for both marketing and production." Production runs can make maximum use of the principles of mass production, since only one product is made and assembly techniques do not have to be attached for variation. The strategy too has the effect of reducing media charges since discounts can be obtained for only one large scale advertising campaign.

From the perspective of demand, "market segmentation means the analysis of a particular total demand in terms of its constituent parts, so that sets of buyers can be determined (Morden, 1991). Murphy and Enis (1985), go further to define segmentation as "the process of breaking down the total heterogenous market (environment) into smaller, more homogenous groups with similar needs that the organization can successfully satisfy." To Kotler (1991), "market segmentation is the subdividing of a market into homogenous subsets of customers, where any subset may conceivably be selected as a market target to be reached with a distinct marketing mix."

More often, the strategy of market aggregation does not totally satisfy consumers needs. Consequently, marketers often pursue the alternative strategy of market segmentation. From the definition therefore, marketers who follow a strategy of market segmentation view the overall market as being made up of many smaller parts, whose elements have common characteristics and resemble one another more than the total market. Market segmentation then breaks up the larger heterogenous market into smaller

homogenous segments. The elements of each smaller segment are more similar in terms of wants, needs or behaviour than the total market is. A separate marketing programme is developed to best match each segment's individual needs and wants (Schewe and Smith, 1980).

To writers and other professionals, the concept of segmentation is based upon three propositions (Engel et al, 1972). The authors list the three propositions as: (a) that customers are different, (b) that differences in customers are related to differences in market demand, and (c) that segments of consumers can be isolated within the overall markets.

Baker (1985), argues that while these three propositions may seem eminently reasonable, it has to be appreciated that according to the classical economic theory, supply and demand are homogenous. Baker goes on to state that it was not until 1930s when chambelein and Robinson proposed the theories of imperfect competition that implicit recognition was given to the observed reality that in the majority of markets, both supply and demand are heterogenous. In turn, it was not until mid 1900s that a marketing writer, Wandell Smith (1956), was to point out how recognition of diversity on hetrogenity in demand and supply suggested the existence of two quite different marketing strategies - product differentiation and market.

In his seminal article, Smith (1956) argued that both planned and uncontrollable differences exist in the products of an industry which result in sellers making quite different appeal - effects. Smith proposed the following:

a) Variations in the production equipment and methods or process used by different manufacturers of products designed for the same or similar uses.

b) Specialises or superior resources employed by favourably situated manufacturers.

c) Unequal progress among competitors in design, development and improvement of products.

d) The inability of manufacturers in some industries to eliminate product variations even through the application of quality control techniques.

e) Variations in producers' estimates of the nature of market demand with reference to such matters as price sensitivity, colours, materials, or package size.

The essential production orientation of Smith's analysis with its emphasis on variations or heterogeneity can be clearly seen on the supply side of the market. For example, the last points above seems to imply that variations exist in the supplier's perception of demand rather than in the demand itself (Baker, 1985).

"However, given that such differences exist, Smith (1956) argues that "marketing managers could pursue one or two alternative strategies. Either they could seek to bring about the convergence of individual market demands for a variety of products upon a single or limited offering to the market which is a strategy of product differentiation

usually through advertising or promotions or in some cases, however, the marketer may determine that it is to accept divergent demand as a market characteristic and to adjust product lines and marketing strategy accordingly, which is a strategy of segmentation" (Smith, 1956).

Smith, admirably summarizes the differences between these two strategies as follows:

> In its simplest terms product differentiation is concerned with the bending of demand to the will of supply. It is an attempt to shift or change the slope of the demand curve to the market offering of an individual supplier ... segmentation is based upon developments on the demand side of the market and represents a rational and more precise adjustment of product and marketing effort to consumer or user requirements.

The above definition vividly portrays segmentation as a genuine marketing concept which occupies a central location between the polar extremes of the perfectly homogenous market (Enis, 1980).

Segmentation offers several benefits. Engel et al (1997), identify the following benefits of segmentation:

a) A segmentation perspective leads to the market in terms of consumer needs. Segmentation thus improves management's understanding of the customer and more importantly why he buys.

KASHIM IBRAHIM LIBRARY

b) Management, once it understands consumer needs, is in a much better position to direct marketing programmes that will satisfy these needs and hence parallel the demands of the market.

c) A continuous programme of market segmentation strengthens management capabilities in meeting changing market demands.

d) Management is better able to assess competitive strengths and weaknesses of greatest importance. It can identify those segments where competition is thoroughly entrenched. This will save company resources by foregoing a pitched battle of locked-in competition, when there is little less hope of market gain.

e) It is possible to assess a firms strengths and weaknesses through identifying market segments. Systematic planning for future markets is thus encouraged.

f) Segmentation leads to a more efficient allocation of marketing resources. For example, product and advertising appeals can be more easily coordinated. Media plans can be developed to minimize waste through excess exposure. This can result in a sharper brand image, and target consumers will recognise and distinguish products and promotional appeals directed at them.

g) Segmentation leads to a more precise setting of market objectives. Targets are defined operationally, and performance can be evaluated against these standards. Segmentation analysis generates such questions as these: Should we add another brand? Should we modify existing products, or should we attempt to reposition a faded and obsolete brand image?

As important as segmentation is seen to be, there are still some limitations of the concept. Thomas (1980), provides the following three situations when the concept of market segmentation cannot be used: (a) where the market is so small that marketing to a portion is not profitable, (b) where heavy users make up such appropriation of sales that they are the only relevant target, (c) Where the brand is a dominant brand in the market, there is no basis for segmentation.

It is pertinent to note here that segmentation is not a cure-all concept. While its benefits are noteworthy, the concept has its own disadvantages. Writing in support of the above, Murphy and Enis (1980), conclude that "segmentation is expensive, and the resulting pattern of market coverage may be less than ideal."

Rosenberg (1977), provides four criteria for selecting market segments. The criteria are:

a) **MEASURERABILITY:**

Characteristics on which the segment is based should be able to be measured, e.g. the population of a city, or college graduates.

b) **SIZE:**

The segment has to be large enough to make the marketing effort worthwhile. There must be enough potential buyers with enough money to cover the cost of producing and marketing the product to gain sufficient profits.

(c) **REACHABILITY:**

Segment must be accessible to organization's marketing efforts.

d) **MARKET RESPONSIVENESS:**

A clearly defined segment should react to changes in the market mix. E.g. if segments are determined by reactions to pricing, the potential customers interested in economy will buy less if a product price is raised.

Kotler (1991), has cited segment structural attractiveness as a major criterion for selecting segments. According to Kotler (1991), "the segment may have desirable size and growth and still not be profitably attractive." Porter (1980), has identified five forces that determine "intrinsic long run attractiveness" of the whole market or any segment in it. According to Porter (1980), the forces which the company must appraise are: industry competitors, potential entrants, substitutes, buyers and suppliers. Kotler (1991), believes that these forces pose the following threats:

a) **THREAT OF INTENSE SEGMENT RIVALRY:**

According to Kotler (1991), any segment that has the following is unattractive:numerous strong and aggressive competitors, the segment is stable or declining, if fixed costs are high, if exit barriers are high, If competitors have high stakes in staying in the segment; price wars, advertising battles, and new product introductions which will make it expensive for companies to compete.

b) **THREAT OF NEW ENTRANTS**

A segment is unattractive if it is likely to attract new competitors who will bring in new capacity, substantial resource and a drive for market share growth. According to Kotler (1991), a segment is difficult to enter if entry barriers are high and retaliation from incumbent firms also high. If the two are low then the segment is less attractive. Porter(1980) holds that "a segments attractiveness varies with the height of the entry and exit barriers." "Companies therefore enter during good time, but find it hard to leave during bad times. The result is chronic over capacity and depressed earnings for all (Kotler 1991).

c) **THREAT OF SUBSTITUTE PRODUCTS:**

The segment is unattractive if actual or potential substitutes exist. Substitutes have the tendency of forcing prices down thus eroding profits.

d) **THREAT OF GROWING BARGAINING POWER OF BUYERS:**

Porter (1980), holds that "buyers compete with the industry by forcing down prices, bargaining for higher quality or more services, and playing competitors against each other - all at the expense of industry profitability." Kotler (1991), therefore, believes that there is segment unattractiveness if: "buyers possess strong or increasing bargaining power." He shares the same view with Porter (1980), that the growing bargaining power of buyers will force prices down and erode profits.

According to Porter (1980), buyers bargaining power will grow if: they are organized or more concentrated; when the product is undifferentiated; when the buyers switching costs are low; when the buyers are price sensitive because of low profits; and when the buyers can integrate backward.

e) THREAT OF GROWING BARGAINING POWER OF SUPPLIERS

A segment is unattractive if the company's suppliers - raw material and equipment suppliers, public utilities, banks, trade unions etc are able to raise prices or reduce the quality or quantity of ordered goods and services. Suppliers are powerful when they are organized or concentrated: when there are few substitutes; the supplied product is an important input; when the switching costs are high, and when the suppliers can integrate forward. (Kotler, 1991; Porter, 1980; Schnaars, 1998).

We shall use Schnaars words to summarize segmentation strategies. In his words, "The pressence of clustered preference patterns creates an opportunity for segmentation." He goes ahead to provide the following six possible segmentation strategies:

a) GO FOR THE LARGEST MARKET

This is the first possible segmentation strategy a firm might pursue-going for the largest segment. The intent is to build a strong position in the most attractive segment and to concede smaller segments to smaller firms.

b) SELL MULTIPLE PRODUCTS IN MULTIPLE SEGMENTS

Selling multiple products in multiple segments allows the firm to cover the entire market with different product offerings. This is the case with COCA-COLA.

c) SELL A SINGLE PRODUCT TO ALL (OR MOST) SEGMENTS

"Some sellers forego segmentation. The firm hopes that consumers in many prices. The product may not be exactly what they want but it is acceptable given the price."

d) FOCUS ON SMALL SEGMENTS

Schnaars (1998), notes that "many smaller firms have succeeded by focusing on smaller segments of the market where they can exploit their competitive advantages.

e) CREATE A NEW SEGMENT

Some firms have succeeded in using innovation to create new market segments. "The new product might reconfigure the market before industry incumbents realize that the new product s neither a fad nor a farce."

f) BREAK SEGMENTS INTO EVEN FINER SUBSEGMENTS

Schnaars (1998), notes that "many firms have succeeded by segmenting big segments into many smaller segments. He cites the case of NIKE- which designed socks specifically for eighteen different sports.

2.3.3 Market Share Strategies

Schnaars (1998), has observed that over the years, more attention has been paid to market share than any other marketing variable. He argues that the interest has resulted from a long history of research that show that higher share leads to higher profits. We shall examine the following four possible market share strategies.

a) Gaining Share, (b) holding or maintaining share, (c) harvesting, and (d) divestment or abandonment.

2.3.3.1 Gaining Market Share

Gaining or building market share is an offensive or attack strategy aimed at trying to increase market position at the expense of competitors. A firm builds market share by stealing it from others. There is a clear sense of a battle Schnaars notes that discussions of share gaining are rife with allusions to military combat.

Schnaars (1998), has observed that gaining share is expensive and risky and takes more than desire on the part of the firm wishing to gain share. According to Schnaars, the overwhelming conclusion of research on the topic is that it is not always possible nor advisable to gain share. He however, provides the following five conditions under which share gains are most appropriate:

i) In-High-Growth Markets. Competition is often thought to be less Severe in high growth markets. This is a central belief of the product life cycle. The logic here is that building share is easiest when a market is new and competitors have not had a chance to establish an impenetrable position. No competitor will like to start to start a price war when the pie is expanding.

ii) When the firm has developed a breakthrough innovation.

The argument here is that the introduction of a major new product creates an opportunity to gain share from an assisting product. That product may offer consumers better performance or lower costs.

iii) When an acquisition can be expanded. A small start-up with a hot product may be starved for cash for Expansion. When a large firm with deep pockets acquires the small firm, it may be able to transform it into a larger market opportunity.

iv) When a competitor is unwilling to fight back. Five reasons exist why a market leader may be unwilling to defend its share.

First, the leader may be unwilling to sacrifice profit margins.

Second, the share leader may be preoccupied with opportunities in other industries. It may be focussing its attention elsewhere and not on the point of the challange.

Third, the share leader may be unwilling to spend the fuinds necessary to defend its share of the market. It may be willing to cede market position rather than spend to defend.

Fourth, in some industries there may be no history of vigorous competition. In fact competition may be viewed as a "gentleman's game," where retaliation are considered indignified (Porter, 1985).

Fifth, some market leaders are "asleep at the wheel." They seemingly invite new entrants to attack their markets.

v) When a Compeitor is Unable to fight back. Defending share is expensive. In some situations a competitor may have the desire to Defend its share but lack the strength to do so. Two basic reasons exist why a competitor would not be able to respond to the competitive threats of an attacher.

First, the eefender may be a large firm in financial trouble. The second reason why a defender would be unable to fight back is because of a resource mismatch. Small firms simply cannot match the marketing museles of large, well finance giants.

Schnaars (1998), provides the following six ways to gain share. They are:

a) lowering prices,

b) increasing promotion,

c) new Products,

d) improving product quality,

e) increasing service, and

f) breaking the rules.

2.3.3.2 **Holding Share**

The strategy of holding or maintaining share is a defensive strategy that seeks to protect what has already been gained. Schnaars (1998) argues that it is a reaction to an attacker challenge.

The advantage of holding share belongs to the defender. It is always easier to hang on to the share one has than to steal some from someone else.

The following tactics are used:

473239

a) **Selective Price Cuts -**

Market leaders are often reluctant to make outright price cuts for fear of losing margins. Selective price reductions that target the attacking product is an option. By targeting price cuts to only part of the market, or to only a few products in the line, the defending firm exposes only part of his sales to lower prices. Schnaars (1998), observes that this Strategy works especially well against smaller competitors with no other source of income. They cannot retaliate across a broad front.

b) **Price Cutting In the Attackers Home Market -**

A variation of selective price cutting is to cut prices in the attachers home market. This entails for example a larger airline going into the profitable routes of a smaller airline which has expanded into the larger airlines profitable routes. There, the larger airline cuts prices thus sapping the financial strength of the weaker opponent.

c) **Heavy Promotional Spending -**

Heavy spending on advertising and promotion also favours the share leader since it has a larger volume over which to spread promotional expenditures. In an all-out war the advantage in promotional spending lies with the market leader.

d) **A Focus On Cuttings Edge Innovation -**

Innoation can also be used defensively. Market leaders can twart the moves of aggressive competitors by flooding the market with new products, leaving no room for the attacker to leap frog current products.

e) **Blocking Access to Distribution -**

The rapid introduction of new products offers another benefit to market l It leaves the competitors products with no shelf space. Other tactics that can keep others from gaining share include: exclusive agreements, backward in other defensive measures.

f) **Signalling Commitment -**

Firms going for share gains will look for opportunities where competitors will not fight back. That makes it easier for them. Schnaars (1998), argues that competitors will be reductant to fight committed competitors. Attacking new products in test markets is one way to signal committment. Often, defending firms offer two-for-one coupons or blanket a test market area with free samples of their own product while a competitor's test market is in progress. Schnaars (1998), observe that more insidious, defending firms sometimes buy up large guantities of the test-marketed product to analyse and reverse engineer. As a result, the firm running the test market might mistakenly conclude that it has a sure winner on its hands when it really has a dog.

Another defensive tactics is the use of fighting brands. Fighting brands are perepheral brands used to fend off attacks on the mother brand.

On the whole, committment is the key to market share retention. If competitors think that the defender is not interested, and that they can enter unopposed, they will do so.

g) **Relationship Marketing -**

Maintaining cordial relationships with customers has the effect of precluding competitors from gaining share.

h) Vigorous Later Entry -

This is entering the market (after the attacker might have gained entry) with a competitive advantage. This sometimes serves as the best defense against an attacker's offensive use of innovation.

Later entrants after regain the share cost through imitation and improvement. They introduce a new product that is second but better. To do so the defender must have an advantage in brand name, reputation for quality, or distribution.

Schnaars provides two additional responses - imitation coupled with heavy promotional expenditures, and price cutting for a sampler version of the new product which is targeted more towards the more price sensitive mass.

2.3.3.3 Havesting Strategies

Harvesting is seen as a compromise between defending and divesting. Harvesting extracts cash from products that face emminent decine or prolonged stagnation of demand.

The strategy recognize the fact that the business or product can still generate income, but that future prospects do not justify heavy reinvestment. Experts have cautioned that the decision to harvest is a delicate one that depends on the answers to two key questions:

a) what are the future prospects for the product or service, and

b) what will happen if investment in the business is reduced.

TYPES OF HARVESTING

Two different types exist - sustained harvesting and severe harvesting.

Sustained harvesting extracts a moderate amount of cash over a long period of time with the intention of staying in the business for years to come. The guiding principle here is to extract cash without destroying the product that provides the cash in the first place. The intention is to reduce costs drastically while reducing sales and market share only slightly.

Severe harvesting extracts a large amount of cash over a much shorter period of time. The goal is to get as much cash as possible out of the business before the bottom falls out of the market. Many situations exist where severe harvesting is an option. Schnaars (1998), argues that short-term harvesting is the best choice when (i) a technological innovation has made an existing obsolete. (ii) a model change may be in the work, and (iii) the market might simply be disappearing.

Kotler (1978) provides the following ways:

a) Cutting marketing expenditures, (b) Cutting research and development expenditures, and (c) cutting plant and equipment expenditure.

Schnaars (1998), points out that harvesting in essence is a strategy that lives off the past good will of customers. He however, cautions that abusing that good will can quickly boomerang unless the following steps are taken: (i) fergning commitment and maintaining employee morale.

According to him a firm that shows clear signals that it is not interested in a product category and is harvesting profits will find the wholesalers and retailers are relunctant to carry the product. It is important to show some commitment to the trade, the market and customers if harvesting is to continue. Equally, employees must be considered. Good employees will leave while bad employees will sabotage business targeted for severe harvesting.

2.3.3.4 **Abandonment**

Abandonment is the ultimate lack of commitment to a product or service. A firm that divests seeks to sell or abandon the business. Two primary reasons exist why a firm would want to divest. They are: when the product or service has a poor market position and when it does not fit into the company's strategic base of business. Divesting a product with a poor fit allows the firm to concentrate, and build a sompetitive advantage, in one area of business.

2.3.4 Image Enhancement Strategy

Over the years, people have come to associate store patronage with several factors. Such factors range from purely objective attributes to basically psychological oriented factors as well as functional beliefs of individual consumers (Akpan, 1990).

However, image has been given various definitions. Martineau (1958) thinks of image as the personalities of the store and defined it as the way in which a store is defined in the shoppers mind partly by its functional qualities and partly by an aura of psychological attributes.

Arons (1961), defines image as "a complex of meanings and relationships serving to characterize the store for people". Kotler (1991), Richeat et al (1954) see image as "the impression, personality, or mental picture, generally called to mind when the firm's name is mentioned."

As a result, your friend will either react with a lot of excitement to an invitation to visit a particular store, or turn down the invitation with excuses such as that place is good for nothing or that place is good for the pigs". These descriptions express your friends feelings about this store. And since such feelings may be shared by a great majority of customers, it becomes necessary for this store to embark upon a programme to erase this impression. This is what image enhancement is all about. However, a store image is more complex than say the image of an individual or personality because it is

the cumulative effect of all the impressions made by all the firm's employee either directly or indirectly. For example, each time a sales clerk attends to a customer, each time a bank advertises, each window or interior display each assortment of goods, each remark about the store made by an employee (or anyone else) all contribute to the store; image.

Since customers are aware of these characteristics, and their decision to patronise or not depends on whether such image is good or bad or in line with the company's mission, management has a responsibility of fine- tunning, its policies to guide employees in making day to day judgements in their work.

However, at any given time, the current image of a store is likely to lag behind the reality of its mission. For this reason, management has to continually access the visibility/favourability position as well as the content of the banks image. In order to achieve this, management has to carry out an image assessment of the bank.

2.3.4.1 Image Assessment

No fruitful image assessment can be done with organization until research is conducted to determine how the organization is seen by its various key publics (Kotler 1991). After the research the store's management may be very happy with its measured image and simply strive to maintain it. On the other hand, the organaization might discover that it has some serious image problems, in which case its interest lies in

correcting and improving its image. What is involved here is a reassessment of the specific functional elements of the bank image. The elements are many, but the important ones are location, design, assortment, services and personnel (Berry, 1969).

Since these elements are vital to any image enhancement program, it becomes relatively useful to discuss then here in detail to highlight their importance.

Walters (1987) defines location as physical placement of the enterprise in its environment". Today, many owners and management have realized the fact that location of their establishments influences the way consumers perceive them and their operations and are choosing their sites accordingly. Several eating, drinking places, and recreational facilities are intentionally located at remote obscure corners to depict the "get away" image. Here individuals as well as partners can "spirit away" from the watchful eyes of spouses and parents (Akpan, 1990).

Stores that are located adjacent to their primary markets get more customer traffic than those located elsewhere. Customers see these banks as friendly, interesting and cooperative and their locations as offering convenience (Walters, 1987).

Another way of enhancing a bank's image is by locating it among others. A bank that is located among others that emphasis equality is likely to be associated with high quality service. Such a location has a sort of trading up effect on the bank. Due to

psychographic tendencies, some customers prefer hotels, homes and offices that overlook police stations and other security posts because of the safety and security these locations communicate. On the whole, it is a matter of consumer preference. Consequently, a location that meets customer preference creates a positive image of the store.

Accessibility is another image enhancement factor. When a seller makes his store accessible to shoppers, he is communicating convenience. Shoppers consider such factors as traffic flow, and parking as important criteria for store choice. Some sellers locate their stores in busy down town areas without adequate parking facilities and expect customers to beat a path to them. These stores sooner or later become victims of poor location. No amount of advertisement or other promotional gimmicks can completely offset the effect of poor location. "Promotion can help to reduce the poor image, but that is all it can accomplish" (Walters, 1987).

The store design also creates impressions in the customers mind. Indeed, the most obvious of the physical qualities of a store is the design itself. The type of fixtures, arrangement of fixtures and equipment and store decoration are all carefully planned to enhance a particular image. The customer is likely to feel that the bank's mission is reflected in these facilities. Consequently, the store should always be designed around a theme. For example "a men's store may want to stress a manly and athletic image. By use of solid wood fixtures, natural wood colours, a few autographed photos of local and national sports personalities, the store has the basis for the derived image (Wingate and Samson, 1975).

Some stores convey the children store image by using light colours, balloons, pictures of clowns, wildlife and story books characters on the wall. "If the stores' exterior and interior are old fashioned, people tend to view the company as traditional and conservative" (Jones, 1976).

Modern facilities convey liberal images and are viewed as willingness to change and adopt new methods. Any management that allows its facilities to become run down, is conveying a message of incompetence and poor quality.

Recently, the use of burnt bricks in buildings has brought the rural theme into prominence. Most recreational facilities are also enhancing the rural theme by emphasizing traditional or local eating and drinking implements (Akpan 1990). For example, sellers of 'Isi Ewu' a traditional delicacy, use traditional wooden mortars to popularize this theme. Sellers of "palm wine and pito" use both local calabash cups and filters for the same purpose. Also in this area the use of thatched huts by most recreational outlets is an example of rural theme properly communicated(Akpan, 1990).

Display fixtures in a store aid in creating the desired atmosphere or the impression to be made on a consumer. "If the policy of the store is to make an economy appeal and to handle merchandise at moderate prices, the fixtures should be simple and not expensive. When the policy is to handle top quality merchandise and to extend considerable personal services, the fixtures should be in keeping with the theme (Jones

1976). This means that the finish and construction of such fixtures should suggest quality and service.

Several aspects of store's design can go along way to inhibit the store image. A store entrance with steps and columns is a useful example. These features are hazards for the company, the elderly , and the customer who is in a hurry, hence do not create any positive image. Store owners are now capitalising on this convenience factors by providing automated doors and escalators. In some communities things like candles in restaurants to create an atmosphere, crosses, triangles as well as certain colours are considered offensive as they are closely associated with personal issues such as religion.

Assortment refers to different classification of goods, such as clothing, furnishing, groceries, building materials etc. "But often the term is used to refer to the range of the variations of a single product as, for example, the different kinds of light bulbs that may be carried (Jones, 1976).

"Laboratory experiments and surveys indicate that stores offering either a deep assortment or wide variety of product lines are preferred over stores having medium depth or breadth of assortment (Alderson and Sessions, 1962). "However, as customers continue to look for savings through one-stop shopping, the completeness of product assortment becomes an important evaluative criterion. It takes a little time for a restaurant owner who offers only Okro soup to realise that he is losing business to a

competing restaurant that happens to have more than three types of soup on its menu. In the same manner, a bar owner who sells almost every available brand of beverage is likely to get more patronage than his competitor who sells only one or two brands (Tende and Alfa, 1998). A wider assortment encourages suggestive selling, explanation, and service, all of which give completeness to the product (Akpan, 1990).

Related to product assortment is the products package. The products package is considered a stimulus factor, and has the ability of shaping consumers perception of the product. For instance, when an hotel uses toilet paper to wrap its meat pie for customers, they are more or less associating their meat pie with the kind of human wastes that go with toilet papers. The customers' perception of their meat pie is not far from this either. An appropriate packaging evokes good impression and awakens the store's image (Akpan, 1990).

The price of the product is another image enhancer. However, the importance of price in this area depends on the type of the product, store and customer. If a seller emphasizes low prices and is appealing to the low income group, discount pricing is recommended (Tende and Alfa 1998).

To many customers, high prices are surrogate indicators of high quality and sellers can use high prices to appeal to a particular market segment. But as the present economic trend continues to make what should be necessities to become luxuries for most

consumers, the importance of discount pricing as an image factor is bound to increase (Akpan, 1990).

Rachman (1969), defines services as "none price devices used to help the retailer differentiate his offering in order to achieve high sales and thereby maintain a certain segment of the market".

Larson et al (1976), sees services as 'all those non price activities undertaken by a retailer to assist him or her in carrying out the mission to achieve the firm objectives of customer satisfaction and higher sales volume. Unfortunately, Nigeria store owners do not seem to consider service as an important aspect of their image (Eguche, 1998).

There is no questioning the fact that firms that offer similar merchandise use services to make specialized appeal to consumers. A seller who wants to increase his product satisfaction can employ such services as credit, alterations, installations and performance checks. Delivering, parking, and wrapping, can also be employed to enhance convenience(Tende and Alfa, 1998).

Special benefit services such as product return, handling of complaints and repairs, all add up to create positive impressions in the minds of consumers. It is sad to realize that many stores in Nigeria do not provide shopping baskets and carriers for shoppers. How then can they expect people who buy in bulk to patronize them? Shopping

baskets provide convenience, while the provision of carriers communicates appreciation and friendliness (Akpan, 1990). " Installation and alteration are type of service that usually can not be separated from the product as they are necessary to complete the product (Walters, 1987). "As a result sellers of heavy equipment and apparel can effectively enhance their images if they make these services available to consumers. Imagine the magnitude of embarrassment one gets trying on a trouser in a general apparel store which has no fitting room.(Akpan, 1990).

Another image enhancer is availability of clean basic conveniences. Most of our stores especially recreational places provide only make shift urinanries. They forget about other important facilities, like toilets and related fixtures (Akpan, 1990).

On the whole, while the provision of service may appeal to either the real or whimsical needs of many consumers, "the reduction of service has been converted to a positive selling tool since it infer that a retailer is pursuing a policy of low prices (Larson, 1976).

"Store personnel are the living symbols of the company (Walters, 1987)." All the good effects of product assortment, location, store design and service offering can be destroyed by ineffective personnel. Many consumers consider the attitude of employees as the best guide to the true personality of the business (Burstiner, 1975).

Following this, observers agree that ".... failure of a store to make sales is a direct result of the negative attitude of store employees (Olsharsky, 1973). They also agree that an estimated 70% of consumers who stop patronizing a particular store do so because of employee attitude. In order therefore, to create a favourable image of their company, employees have to treat customers fairly. They have to show interest and attention rather than focus on the sales. It is part of an expected service for store employees to be able to direct, be friendly, courteous, helpful and knowledgeable in the area of product features.

According to Walters (1987), "any enterprise, whether self service or using sales personnel can benefit from a company of friendly, courteous, helpful customer relation." How often have you been 'disgusted' by the presence of unkempt personnel, especially in the food service business (Akpan, 1990). Personnel's personal appearance matters a lot. Management can build on this by stressing employee personal cleanliness and dress code (Jones, 1976).

This is as a result of the great emphasis that is placed on consumer contact in retailing. Excessive make ups, unacceptable dress styles, unkempt hair and nails coupled with offensive body odour can communicate a negative image of a store (Akpan, 1990). To avoid this, management must prescribe dress code and proper length of hair for both male and female employees (Jones, 1976). Observation shows that several personnel actions, such as chewing gum, sleeping on duty, staying on the phone, throwing

customers change on the counter, playing loud music in the store, using offensive language, picking on certain parts of the body/especially nose) and exhibiting preferential treatment can be very detrimental to a store image (Akpan, 1990).

To check this, a very effective training program is prescribed. "Training changes attitude. It .... helps the employee to gain confidence in his or her ability and this is reflected in overall attitude and behaviour toward the customers, store itself, and fellow employee" (Larson 1976).Effective training leads to customers satisfaction which helps to build patronage. If management is anticipating the opening of a new store, employees should be trained before the new store is opened (Larson, 1976). However, for any training that is directed toward enhancing the firm's image to be effective, it must be "top-down". The top down method is important because workers are more attentive to training if their supervisors thoroughly understand the program and are sold on it. A chain that embarks on a training program that is based on the company's manual of operation offers better store operations, and customers get a consistent product from Calabar to Sokoto (Akpan, 1990).

2.3.4.2 Objectives of Image Enhancement

Kotler's (1991) definition of image as "the set of beliefs, ideas and impressions that a person holds of an objects clearly captures the major objectives of image enhancement- that of conditioning the attitudes and action of people toward the business. Other objectives are given as: the need to cultivate are image in the customer's mind;

the need to captive a given target market; the need to increase the organisations market share; to develop confidence and social status in its customer; to benefit from an expected, untapped market opportunity and to correct negative profit.

Kolter (1991), however, points out that an organisation might, not want a very specific image, some settle for a diffused image so that different groups will see the organisation in different ways.

2.3.4.3 Benefits of Image Enhancement

The benefits of image enhancement are three dimensional (Kotler 1991). They are:

a. the benefits to the organisation

b. the benefits to customers and

c. the benefits to employees.

The benefits to the organisation can be listed as follows:

a. increased market share,

b. establishment of a long term good- will,

c. creation of confidence in customers,

d. increase value of organisations offerings,

e. increased customers patronage leading to high profit,

f. leads to a sustainable competitive advantage (SCA), and

g. acts as a factor of differentiation between the organisation and the competition.

The benefits to the customer are: (a) It creates awareness on what is sold and the type of service offered; (b) It affords convenience to customers.

To the employees of an organisation an effective image enhancement programme stimulates and sustain high employee morale toward high productivity.

2.3.5 Customer Satisfaction

It has been observed that starting in the late 1980s, customer satisfaction turned from a back water curiosity into a mainstream craze. Schnaars (1998), has also noted that companies in virtually every industry recognized that they could gain competitive advantage by keeping customers happy, or even "delighted." Companies embraced the idea that satisfied customers were more loyal, less likely to switch to a competitor who offers lower prices, and could spread favorable word-of-mouth communications.

Schnaars notes that the Craze for customer Satisfaction grew out of the total quality management (TQM) movement of the 1980s, and that as the 1980s faded, it became clear that merely providing customers with products that were reliable and durable was not enough. The search for quality evolved into the search for total customer satisfaction.

2.3.6.1 Why Customer Satisfaction Is Important

Schanaars (1998), has identified the following clear Strategic benefits to customer satisfaction. They are discussed below:

a) **A Reaction To Low Cost Producers**

Schnaars (1998), has observed that competition in many industries are characterized by over capacity and over supply, that has led, in some cases, to sheer price cutting as a means to gain maket share. The recent interest in customer satisfaction can therefore be seen as an attempt to defend against low-cost producers. The argument is that firms have discovered that many customers are willing to pay higher prices for better service and higher quality.

A macro economic effect has also been associated with those countries that have higher cost structurtes that have embraced customer satisfaction as a means to compete globally. They offer higher-priced, but better-quality merchandise, along with supperior service as an antidote to low-cost producers.

b) **The Economic Benefits of Customer Retention Versus Perpetual Prospecting**

Sound economic reasons exist for keeping customers satisfied, even if doing so cost money in the short run. Numerous economic studies have shown that it is cheaper to keep current customers satisfied than to prospect continually for new customers. Current customers have no acquisition costs. Keeping them happy, and hopefully loyal,

can boost profits compared to a firm that must perpetually replace the 10 to 20 percent of its customer base that the average firm loses every year.

c) **The Cumulative Value of Continued Relationships**

In recent years, there has been a growing recognition of the life-time value of customer relationshps. Schnaars (1998), has observed that keeping a customer loyal to the firm's products and services for an extended period of time creates an annuity that dwarfs the value of individual purchase.

d) **The Power of Word of Mouth**

The persuasiveness of opinion leadership is well documented (Schnaars, 1998). Schnaars, observes that many companies have found that the opinions of friends and family are far more persuasive than advertisements. For that reason many firms track not only overall satisfaction but how willing a customer is to recommend the firm's products to others. It is an especially popular practice in industries such as cars and appliances, where consumers purchase once and are then out of the market for years. In such instances, recommendations can mean more than satisfaction ratings.

Schnaars (1998), notes that recommendations are especially important in business where every firm is given a high customer satisfaction rating. A firm that earns high ratings but low recommendation scores has a problem.

Experience has shown that negative word of mouth can be as devastating to a company as positive word of mouth is beneficial. Dissatified customers infect others with a strong, negative predisposition toward a firm's products and services even though the recipients of that advice have no direct experience with the firm. The problem is said to grow exporentially as the number of dissatisfied customers increases. "If the firm creates enough dissatisfied customers, negative word-of-mouth communications dominate, and even define, the firm's public image. That is why dissatisfied customers can be "terrorists" to a firm's repotation." (Schnaars, 1998).

Schnaars (1998), notes that an equally troublesome is the tendency for negative word of mouth to spread faster and farther than positive word of mouth. Dissatisfied customers are more likely to tell others about their bad experiences than satisfied consumers are likely to relate good experiences. That alone is a potent reason for firms to adopt a customer satisfaction program.

e. **Reduction In Price Sensitivity**

It has been proven that satisfied customers with long-term ties to a company are less likely to bargain for lower prices on every individual purchase. In many instances, customer satisfaction takes the emphasis off price and puts it in service and quality.

2.3.5.2 Consumer Satisfaction As A Forward Looking Indicator Of Business Success

Consumer satisfaction is believed to be a long-term strategy. It takes time to cultivate a reputation for superior service, and requires that a firm invest heavily in a wide range of activities meant to plase present and future customers. Schnaars, has argued that whereas customer satisfaction programs are expensive propositions that add nothing to the immediate bottom line, the payoff he notes comes long after, and the benefits persisit long-term. This according to Schnaars is what makes customer satisfaction a forward-looking indicator of business success that measures how well consumers will respond to a company in the future. Other measures of market performance, such as sales and market share, are backward-looking measures of success. "They tell how well the firm has done in the past, not how well it will do in the future. A firm may sport fine financials but if it is sowing dissent and dissastifaction among its customer base those financials will not last" (Schnaars, 1998). Customer satisfaction measures are said to be more predictive of future performance than current accounting data.

2.3.6.3 Seven Elements Of A Successful Customer Satisfaction Program

Schnaars (1998), has identified the following seven customer satisfaction programs. (a) Quality products and services, (b) relationship marketing. (c) loyalty promotion programs (d) a focus on the best customers, (e) effecient complaint handling, (f) unconditional quaranties and (g) pay-for-performance packages.

a) Quality Products And Superior Service

Before a firm can even hope to implement a customer satisfaction program, it must have a quality product and good service. At the very least, standards must meet those of major industry players. Quality comes first, satisfaction programs follow. The truth is that high customer satisfaction firms tend to provide high levels of suctomer service. That according to Schnaars (1998), is often how they justify their higher prices. It has also been observed that on the average, high service firms charge 10 percent more than lower-service firms.

b) Relationship Marketing

A key ingredient to any loyalty promotion program is the building of long-term relationships with customers. The assumption is that strong, mutually beneficial relationshps between buyers and sellers build repeat business and promote consumer loyalty. Schnaars (1998), has noted an increase in the trend toward more and stronger relationships. He points out that today, an increasing number of economic transactions take place between buyers and sellers who are working together. The following differences between single-transaction and relationship marketing have been identified: Single-transaction marketing focuses on a discrete, individual sale. Like a one-night stand, the relationship is said to end once the sale is consummated. Relationship mearketing assumes a different kind of courtship. It proposes a veritable marriage betwen the buyer and seller that starts once the first sale is transacted.

Other differences have been cited. While single-transaction marketing forcuses on prices, relationship marketing shifts the emphasis to non-economic satisfactions, such as service, delivery time, and the certainty of continued supply.

Relationship marketing presupposes the opportunity for shared benefit. Based on this experts believe that it can only work if the buyer and seller can agree on a relationship that satisfies both partners. Single transaction marketing according to Schnaars (1998), works on a model of contradictory needs - the buyer wants a good price; the seller wants a high profit.

It has also been observed that some relationships are forced. This happens when firms enginner switching costs into their transactions. Buyers can however leave the realtionship, but will do so at a cost. "Firms that rely on proprietary technologies and patented parts also form forced relationships. Long term contacts do the same. In each of these cases the seller may bolt given the opportunity to do so." (Schnaars, 1998).

Relationship; marketing has its own risks. A firm that builds a relationship with its customers usually charges a premium price for increased service. That leaves the firm vulnerable to price competition from low-price Sellers, who offer less service but also charge less.

The defection may however be partial. That is, customers may switch their large, easy to fill orders to lower-priced competitors who specialize in such transactions, and leave the smaller, more difficult orders to the high-Service.

It has also been noted that attempts to build relationships with customers may fail because:

a) Some customers may refuse to become dependent on a single supplier. (b) There may be no mutual benefit for buyer and seller. (c) Some customers may prefer a short-term focus based solely on how prices ... Schnaars (1998), argues that relationship marketing is often, but not always, successful.

c) Loyalty Promotion Programs

Loyalty promotion programs have become a widely used way to build buyer-seller relationships. The objective is reward heeavy users for staying loyal to a single seller's product. The airline industry, hotels and car rental companies engage in loyalty promotion programs.

d) A Focus On The Best Customers

Schnaars (1998), argues that although loyalty promotion programs vary greatly, what all have in common is that they target the most valued customers. Their focus is almost on 20 percent of customers that routinely consume 80 percent of sales. Attention

is drawn to the fact that the best customers are more than merely heavy users. Other qualities include prompt payment of bills, requirement of less service (because they already know how to interact with the firm) and less price sensitivity, preferring Stability over perpetually changing to the vendor that currently offers the lowest price.

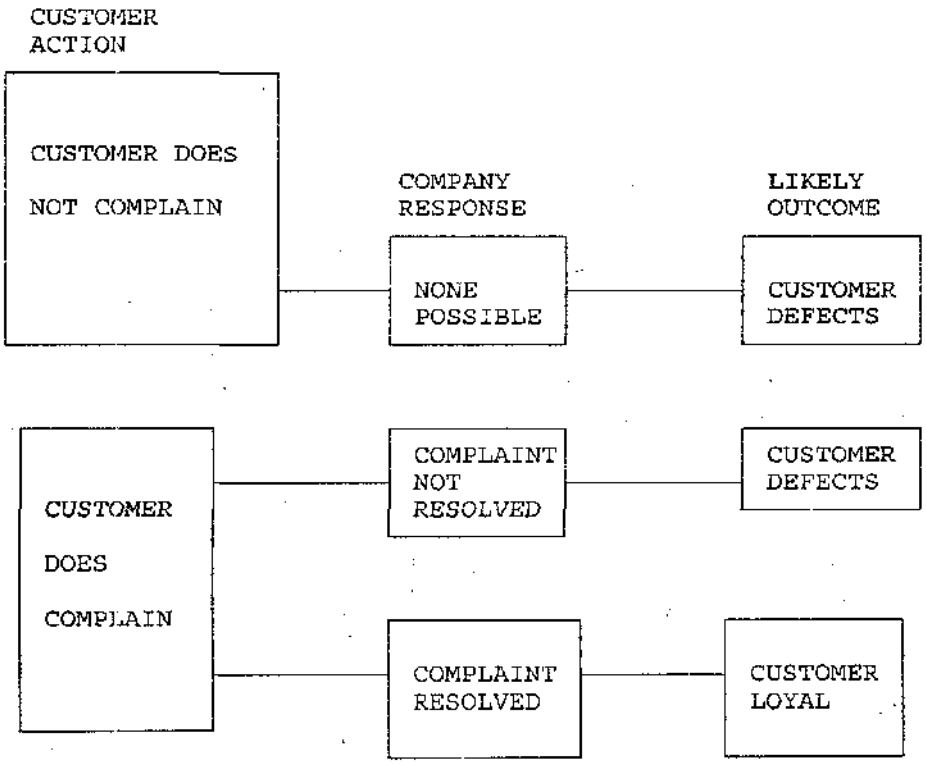
While pursuing a focus on the best customers program, the seller must be ready to let bad customers go. Studies have shown that many small customers not only do not generate enough sales volume to make their business worthwhile but they often take up a disproportionate amount of the seller's servife time. There is always a tendency for the seller to lose money on each such transation. It has been observed that just as loyalty promotion programs reward heavy users, so too do additional fees and annoying surcharges discourage continued patronage of small, unprofitable buyers.

e) Effective Complaint Handling

Schnaars (1998), has observed that complaint handling is tied tightly to product quality. He opines that a firm must make products that work right the first time before it even considers installing a complaint handling system. He summarizes by saying that quality assurance must precede complaint handling.

Strong economic arguments exist for installing a complaint handling system. Areas of customer complaints include the products delivery times, or Service. The figure 2.4 below shows what happens once customers have a problem.

Fig. 2.4: THE COMPLAINT-HANDLING PROCESS



SOURCE: Schnaars, p.192.

The dissatisfied customer typically decides either to complain or not to complain. Schnaars (1998), cautions that an absence of complaints is not necessarily a good thing. He notes that 70 percent of customers experiencing a problem with a product or service do not complain, either because they do nt have the time or they do not think it will do any good.

These dissatisfied customers usually unknown to the firm defect.

Complaining customers are said to be a "top of the ice-berg." They give firm a chance to resolve the complaint to the satisfaction of the customer. It takes speed of response to turn the dissatisfied customer into a loyal patron. This is one of the reaons front-line employees must be empowered to act quickly on customer complaints, without having to obtain myriad signatures and approvals.

Complaining customers must have easy access to the company. "A firm that allows for easy access stands in stark contrast to a firm that passes consumers from one person to another in the organization until they give up and shop elsewhere." (Schnaars, 1998).

It is also important to be customer sensitive. It is through having empathy with irate customers that continued brand loyalty is sustained.

f) Unconditional Guarantees

Unconditional quarantees are required for any customer Satisfaction program. They reduce the risk of consumer purchase, signal product quality, and unequivocally state that the company stands behind its products. Schnaars (1998), argues that the best quarantee is the one that the customer will never have to act on.

Fraud has been cited as one of the risks of unconditional quarantees. However, it is generally believed that the vast majority of consumers involve quarantees only when

KASHIM IBR

they are truly disatisfied. Also, the good will and positive word of mouth that is created by the quarantee usually outweighs the inevitable rip-off.

g) **Performance-Related Pay**

People make a customer satisfaction program to work. Employees must be rewarded for helping increase customer satisfaction. In fact, a recent study found 26 percent of all sampled companies has sales compensation programs tied customer satisfaction and quality measures (Romano, 1995).

2.4 MARKETING OF COMMERCIAL BANK SERVICES

Olalusi (1986), defines marketing of commercial banks services as "identifying and stimulating demand for the banks services; meeting that demand by making available the banking services in the most effective manner to present and potential customers; and achieving the profit and other objectives related to the identification, stimulation and satifaction of demand for the bank services." In Seebohm's (1998) words (see Kuru 2000), marketing of banking services can be described as: (i) identifying present and future markets for services; (ii) selecting which markets to serve and identifying customer needs within them; (iii) setting long and short-tern goals for the progress of existing and new services; (iv) managing the services as to persuade customers to use them at a profit, and controlling their success in so doing.

In Ajayi's (1996), view, marketing of bank services involves the provision of arrangement for orderliness at banks; efficiency in the performance of basic tasks such as cashing a cheque; the need to speed up the process of intra-city and inter-city clearing of cheques; provision of basic information on customer accounts; and the training of staff to be courteous and effective in rendering services to the customers. According to Nwankwo (1982), the customers of the bank must be placed in the forefront of the corporate thinking, since the survival of the whole business lies on the customer's patronage. In his opinion, effective marketing of bank services implies the following:

a) The forward thinking followed by forward action i.e. identifying and anticipating, which involves courageous decision taking. It also involves the determination of good image projection to the customer and the public at large.

b) A total company audit to identify areas of strengths and weaknesses, to determine areas of specialization.

c) Meaningful market segmentation that allows services to be effectively tailored to identifed interests.

d) provision of the right service at the right time at the right price to the right customers at the right place.

473239

Nwankwo emphasizes that the starting point of marketing is the "need indetification." "Once the need of the customer is identified, the bank will be able to develop a product or service that will suit this customers need at a profit to the bank." He goes on to state that since the banking environment is very ddynamic, the banker

must always be on his toes scouting the environment to see whether his services is still satisfying the customers need or there are changes in the demand for his financial services. Nwankwo (1980), concludes by stating that "with the maketing approach, the bank no longer sees itself as offering traveller's cheques or safe deposits, but as marketing security, no longer as issuing cheque books or crdit cards but as facilitating cash requirements, and no longer offering loans but enabling customers to satisfy their needs and wants today instead of wating till tomorrow when they would have saved enough."

Seebohm (1973), stresses the role of Chief executives in determining marketing strategy. He identifies two important responsibnilities of the chief executives - strategy determination and seeing that the bank is always properly positioned in the business environment. Seebohm concludes by pointing out that the survival of banks as individuals and as industry, depends on the management at all levels being market oriented. In this regards the bank must decide what customers want in the form of service and make them available. Ajayi (in Kuru 2000), is also of the opinion that for a successful marketing of bank services to take place, there must be commitment at all levels of the organization. Acording to him, every member of staff - from lower level to top level management must realize the importance of bank marketing. He concludes by pointing out that the quality, effectiveness and good face to face selling of financial services rendered by bank are vital factors for successful marketing.

Maiden (1983), has observed that the marketing of banking services "was concerned primarily iwith the problem of establishing itself as an acceptable worth-while function." In Maiden's view, many bankers are fast in realizing the importance and impact of marketing in changing not only the banking business but global financial world. They are coming to grips with the idea that consumers needs and desires are the basis upn which the future of their business depends. Maiden (1983) attributes the increasing importance of marketing in the banking industry to four occuring market place factors. The factors are:

a) increase competition

b) increase technology

c) increase sophistication of those customer and

d) increase cost of meeting customers needs profitably.

Oguntade (1987), holds that bank marketing iis relatiely new in Nigeria. According to him, "until recently, the banks operated in the sellers market and this gave rise to the phenomenon of demarketing." Oguntade, argues that the Nigerian banker is an "arm-chair" banker who aims for busikness and cares little or nothing about his customers.

Arguing in a similar direction, Nwankwo (1980) observes that "Nigerian today is a sellers market. It is a place where the problem is not selling but producing because anything and e erything sells." Accoding to Usman, Banking is no exception. One

would therefore question the rationale for bank marketing in nigeria since the country is in a sellers market.

Usman (1988), is in support of Oguntade (1987). He argues that "the marketing of financial services in nigeia is characterized by what is commonly known as "arm-chair", where officers simply stay glued to their chairs and waited for the business to come to them."

Olayinka (1999), has however, pointed out that "it is pertinent to know that the banking sector is no longer operating under the sellers market again." According to the author the whole industry became very competitive as a result of the entry of merchant banks and other finance houses, coupled with the instroduction of the Structural Adjustment Programme by the government in 1986.

2.4.1 Market Segmentation In the Banking Industry

Kotler (1991), defines market segmentation as "the sub-dividing of a market into homogenous subsets of customers, where any subset may conceivably be selected as a target market to reach with a distinct market mix." Kuru (2000), observes that the market for banking services is divided into two distinct categories; the personal and corporate customers. In his opinion, each segment can be further sub-categorised i.e., the personal customers can be segmented into age groups, income levels, social class, marital status, geographical location, etc. On the other hand corporate customers can be

segmented into small medium and large scale businesses, or importers, exporters and domestic traders. Kuru also believes that "segmentation analysis may be used to influence decision about how many and what types of products and services are needed to satisfy different demands. Alternatively, it is used to plan different ways of selling the same product or service." Kuru identifies the essence of market segmentation to the banker as follows:

a) The bank can make adjustments to their products or services, which give a more deirect appeal, by satisfying customers' needs specifically.

b) The bank is able to discover and develop market opportunities more readily.

c) The bank is able to develop a marketing plan and programme with a better perception of how distinct segments of the market will respond to their programmes.

The choice of target markets by a bank and its decision about developing a service more energetically or cutting a service will depend on profitability of the service. profits depend on market demand, the price at which services can be sold, their cost and competition from other banks and organizations.

2.4.2 The Marketing Concept and Bank Service Marketing

Gwarzo (1999), strongly believes that executives in our banking industry have traditionally not been marketing oriented. In his view these executives have lagged behind sellers of other products in accepting the marketing concept, and have been

generally slow in adopting promotional methods, "product" strategies and other marketing techniques. However, Gwarzo believes that most banks are striving to wear a new image. According to him, a major contributing reason has been the dynamic nature of the industry.

Several banks are making concerted efforts to attract and keep retail (consumer) business. "Buildings and internal layouts are now designed to project an image of warmth, friendliness, and informality." (Gwarzo 1999). These banks have also enlarged the assortment of their service to include insurance, personal financial counselling, payment of customers' monthly bills, 24-hour outside deposit and withdrawal facilities, and programs for electronic banking in supermarkets.

Gwarzo (1999), has however, noticed a trend in the banking industry. He argues that "new banks had overtaken quite a number of old ones, and had surprised everyone by way of returns." He however, warns that those who are growing too fast may be swimming in troubled waters. Patrick J.D. (Former M.D., Merchant Banking Corporation) confirms this. He argues that, the too aggressive banks may go under because banking is a conservative business. From the MD's experience, those banks that grew too quickly had problems, but those that grew conservatively stayed. The former Chief executive believes that one way to get on well as a bank is to try to be different from all the others.

KASIM IBRAHIM LIBRARY
RECEIVED
22-4-2002
ZARIA NIGERIA
Ahmadu Bello University

473239
HG
1616-M3

2.5 TOTAL QUALITY MANAGEMENT (TQM) AS A RECENT STRATEGY FOR MARKETING COMMERCIAL BANK SERVICES

Within the TQM framework the terms Quality and Excellence are nowadays used interchangeably. The term Excellence became popular in the late '70s and early '80s with the publication of the book IN SEARCH OF EXCELLENCE by Tom Peters and Robert H. Waterman Jr. The book did a lot to raise Quality awareness in America and the rest of the world.

In one of its numerous graphic examples, the book tells the story of how workers in Frito Lay, a subsidiary of the Pepsi Cola Company, braced snow, sleet, mud, hail and storm to service customers all in their continuous bid to uphold the company's service record (Peters and Waterman Jr., 1982). Such is the emotional appeal TQM has on people when it takes hold.

Globally, it has been recognised that the process of continuous improvement (Kaizen in Japanese), the hallmark of the Total Quality Movement has been the key to Japan's economic ascendancy. In a relatively short period of 40 years from the end of the Second World War, the Japanese have taken over and now dominate so completely certain markets that were previously the exclusive preserve of American and European companies. These include steel, shipbuilding, cars, cameras, watches, television and other household entertainment electronics, to mention a few. Such names as Sonny, Toyota, Honda, Toshiba, Sanyo, to mention a few, are now household names worldwide.

The success of the Japanese industries cannot be separated from their close attention to Quality. Mcdonald; (1993) Juran (1961) predicted the Japanese miracle.

So what is TQM all about and what are the pay offs? Total Quality Management (TQM) is a concept that has emerged as a way to achieve a systems approach to Quality management. TQM refers to a total commitment to Quality. Total in this sense refers to an overall integrated approach to all aspects of quality, considering all the people, all the hardware, all the software, and all the organisational resources. Quality management involves an integrated management of all the functions that can impact on the quality of a product (or service). Summarising the essence of Total Quality Management, Badiru and Ayeni (1993), give this important clarification: "Quality assurance sets the standards for product (and service) quality, while quality Control implements or enforces those standards." Quality management oversees and integrates all functions that can influence quality." (Badiru & Ayeni, 1993).

TQM is a comprehensive system for achieving continuous improvement in customer satisfaction. It is a philosophy of total integration of the business to achieve the required result. The goal is to achieve greater efficiency and effectiveness, lower operating cost, and increased market share. TQM practices focus on satisfying customer needs. This means making the needs of the customer the priority, expanding the relationship beyond traditional services and incorporating the customer's needs in the company's business plan and corporate strategy. For top management, TQM means

improving the internal financial and operational management of the company thereby better serving the needs of all stakeholders (AIMR, 1993).

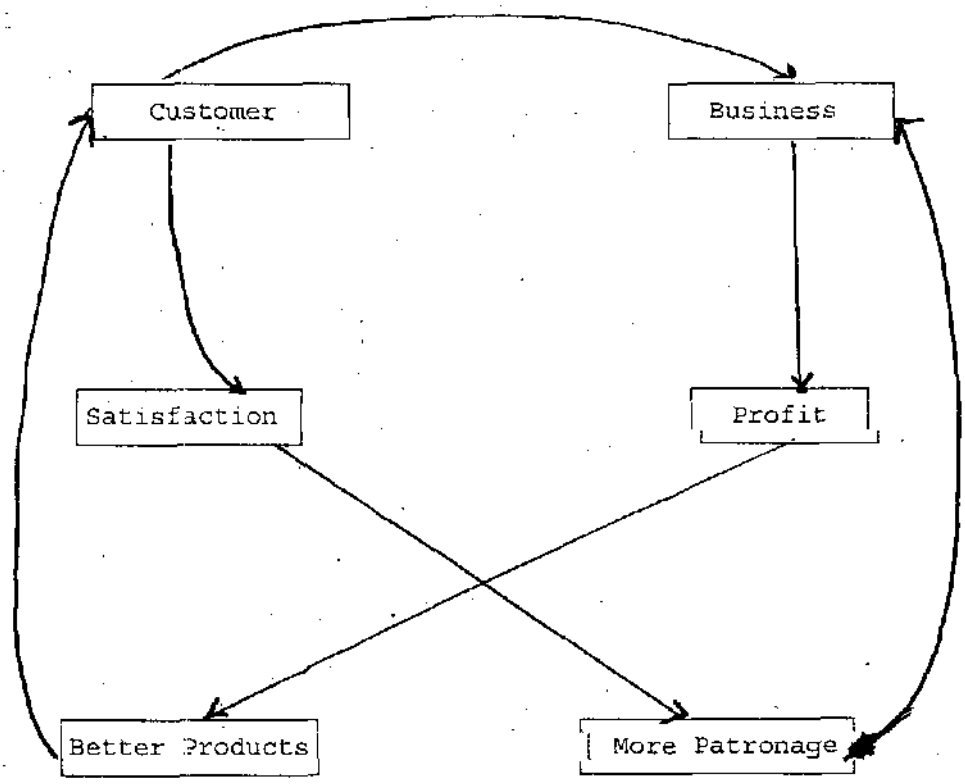
Fortuna (1992), writing in the same vein says "what we mean by quality is more than the traditional notion of quality of products and services. Our definition simultaneously encompasses improvement cost position, delivery performance, time taken to get products unto the market, and responsiveness to changes in the market-place. It is a bottom line issue that addresses the very roots of a business, and it requires a change in thinking from the top of the organisation to the bottom" (Fortuna, 1992).

TQM means changing the way people do things so as to minimise the potential for error and or defects. The TQM approach uses statistical methods to find problems that cause errors or defects. The TQM philosophy is so called because as Mike Robson (1990), points out, "It involves everybody in the organisation, it involves every single piece of work done in the organization, and it requires total (management) commitment(Robson, 1990).

Badiru and Ayeni (1993) use the business-customer integration loop to explain the TQM approach. Quality systems integration requires that the business looks out for the customer, while the customer looks out for the survival of the business. For, if there is no business, there will be no product, if there is no product, customers' needs cannot be met. If the customers are satisfied, they will be more willing to embrace the products

offered by the business thereby creating further profit potential for the business. This is illustrated in the model of the business-customer integration loop, Figure 2.7, below. A business in this virtuous circle will inevitably achieve unending success.

Fig. 2.5 BUSINESS-CUSTOMER INTEGRATION LOOP



Source: Badiru A. B and Ayeni, 1993.

As Walker (1990) who helped design the strategy underpinning the 'Customer First' campaign at the British Airways points out:

> customers are constantly measuring actual or perceived service against the image you are projecting and the promises you are making. They are also telling other potential customers of their experiences and creating their expectations and prejudices. If customer service really differentiates you from your competitors, you need to tell your customers about it. But if you cannot match your own propaganda, you will not be treated kindly in the market place. Advertising raises customer expectations to a certain level. If the product or service meets those expectations, the market position is strengthened but, at the same time, customers expect even better service next time. If services fail to meet expectations, then customers are dissatisfied, particularly when an advertising campaign has promised them something better. Staff morale suffers and economic performance declines.

Numerous research have established the strong relationship between quality and business success. In the US, one of the most extensive studies carried out and that has established conclusively the strong connection between quality and business performance was the Profit Impact of Market Strategies (PIMS) studies by Buzzell and Gale (1987). Buzzell and Gale note that "there is no doubt that relative perceived quality and profitability are strongly related. Whether the profit measure is return on sales or return on investment, business with a superior product/service offering clearly outperform those with inferior quality. Market share is key to a company's growth and profitability, and one factor above all others - quality drives market share. And when superior quality and large market share are both present, profitability is virtually guaranteed". They believe that there are two basic ways to beat the competitors. "One is to achieve superior perceived quality by developing a set of product specification and service standards that more closely meet customer needs than competitors. The other is to achieve superior

conformance quality by being more effective than your competitors in conforming to the appropriate product specifications and service standards. These ways of winning are not mutually exclusive, so you should try to out perform your competitors on both perceived quality and conformance quality. Achieving superior perceived quality gives your business three options: first, you can charge a higher price for your superior quality offering and gain higher profit; second, you can charge a higher price and invest the premium in Research and Development and in new products to ensure your perceived quality and market share for the future. Third, you can offer the customers better value by charging the same price as competitors, but for your superior product/service offering. This will allow you to build for the future by gaining market share. The gain in share means volume growth, rising capacity utilisation, and ultimately allowing you to introduce new equipment that embodies the latest cost-saving technology. Achieving superior conformance quality yields two key benefits. First, it means a lower cost of quality than that of competitors, and thereby a lower overall cost. Second, conformance quality is often one of the key attributes that count in the purchase decision. So, achieving conformance quality yields both a lower cost and superior perceived quality - a double benefit. Quality is related not only to profitability, but also to growth, the other key dimension of business performance through the impact of quality on perceived value. Value is the relationship between quality and price. A customer who gets superior quality at a low price gets better value; a customer who gets inferior quality at a high price obviously gets worse value. In a competitive market, it is the customer who determines what constitutes a good or a poor quality, high or low price. who he buys

from and at what price, determines who wins or loses. Therefore, quality is whatever the customer says it is, and the quality of a particular product or service is whatever the customer perceives it to be. The customer decides whether a particular offering represents superior or inferior quality, or a high or low price on the basis of comparison: is this offering (product and services) better or worse than those of competitors? At how much higher or lower a price? (Buzzel and Gale, 1987).

The relationship between financial performance and customer satisfaction holds true in service-oriented businesses as well. For instance, the Technical Assistance Research Programme (TARP) Institute in the US reported that each customer retained by a bank for over five years equated to roughly $263 in profits (Fortuna, 1992).

The TARP research findings is similarly summarised below:

a. 26 out of 27 people having a bad service experience do not report it i.e. only about 4% actually complain.

b. 91% of those who don't complain don't come back.

c. On average though, they tell 9-10 colleagues about it.

d. 13% tell more than 20 people

e. 90% return if "saved" by a well handled recovery (Fortuna 1992).

The service company that shuns its complaining customers is taking a very short term view. Losing a customer usually has a "domino effect" which is poorly understood or not recognised at all by management (Liswood, 1991).

Two other US surveys carried out in 1998 by the American Society for Quality Control (ASQC), the Gallup Organisation also suggested a strong relationship between quality and price realisation. Survey respondents indicated that they were willing to pay substantial premiums for higher quality goods over the baseline price for the same goods for "average" quality (Fortuna, 1992).

In a Mckinsey & Company Survey "Customer Satisfaction Versus Repurchase Intent", 85% of customers who were satisfied with sales and service expressed the intent to repurchase from the same dealer compared to 1% by dissatisfied customers. In another Mckinsey, 36% of respondents said they would switch banks because of poor service compared to other factors such as high fees(32%), long lines at window (28%) inconvenient hours (27%), and errors on statements (22%). In yet another survey by Mickinsey titled "Why Industrial Companies Lose Customers", company indifference was cited as the most important reason for leaving (68%), while other factors such as lower price (else where), and relocation, to mention a few, ranked far below at 9% and 3%, respectively(Seminar Material,1994).

There is ample evidence in the literature to the positive contribution of the focus on quality to business performance. Here are some further examples.

The company JWS Technologies saw their late deliveries per month drop from over 300 to below 10 within six months after implementing a TQM programme (Seminar Material, 1994). Also International Business Machines (IBM), the computer giant saw its products defect rate drop sharply after embracing total quality.

Table 2.2

IBM DEFECT RATES (1980-1983), RATES PER MILLION PARTS

	1980	1983
Transistors	2800	200
Transformers	4200	100
Capacitors	9300	80

Source: Paul Cyril Uduk, "Quality of Customer Service In the Nigerian Banking Industry," MBA Project, Department of Business Administrtion, A.B.U., Zaria, 1995.

Similarly between 1987 to 1990, the Wallace Corporation in Texas increased it sales by more than 75%, from $52m to $90m; market share rose from 10.4% to 18%; operating profit increased 7.4 times, after the company embraced TQM. The company went on to win the MBNQA in 1990 (McKibbin, 1990).

From the experience of world class companies, it is clear that high quality and low cost can be achieved simultaneously. This is certainly contrary to the conventional wisdom that higher quality can only be achieved through higher costs, such as for increased inspection. This again points to an expanded view of quality as a way of doing business rather than as a tactical objective, where quality and cost are determined long before manufacturing.

Research by TARP indicates that only about a third of all instances of customer dissatisfaction are traceable to production problems. In the world class quality company, costs are lower because customer requirements are better known, reducing the need for redesign and engineering and for expensive solutions to customer problems. Design are optimised before production, further reducing manufacturing costs. Higher quality in the field is not coincidental to lower costs. It goes hand in hand with a low internal rate of defects, scrap and rework.

Regardless of the exact definition of quality, quality and satisfaction are determined ultimately by the customer's perception of a total product's value or service relative to its competition. As Berry (1985), points out "customers' expectations about levels of service are entirely reasonable." Philip B. Crosby is quoted as saying in his book QUALITY IS FREE that manufacturing companies spend around 20% of revenues doing things wrong and doing them again. According to Crosby this can be 35% of operating expenses for service companies (Uduk, 1996).

Certainly, the economics of Total Quality are totally compelling. The spectacular economic growth of Japan and other countries of the Pacific Rim has been attributed in part to their relentless pursuit of Quality, which was erroneously ascribed to Eastern cultural values, by companies in the West. The World Bank gives the following economic comparison of countries on major indices and the indices speak for themselves. See Table 2.4 below. The phrase "The Customer is King" may sound hackneyed, but like it or not, nations, states, cities, corporations, agencies and individuals run away from Quality at their own peril. Now is the time for Nigerian banks to turn to Quality. As Buzzell and Gale (1987), put it, "Quality is King."

Table 2.3: PERFORMANCE OF SELECTED COUNTRIES BY:

GNP PER CAPITA (1980-92), AND GDP (1965-1992)

Country	GNP per Capita $,1992	GNP Ave. Growth Rate, % 1980-92	GDP(M$), 1965	GDP(M$) 1970	GDP(M$ 1992
Nigeria	320	-0.4	5,850	11,594	29,667
Sudan	+480	0.0*	1,330	1,764	11,240+
Ghana	450	-0.1	2,050	2,214	6,884
South Korea	6,790	8.5	3,000	8,887	296,136
Malaysia	2,790	3.2	3,130	4,200	57,568
Indonesia	670	4.0	3,840	9,657	126,364

+1988, *1965-88

Source: World Development Report 1990, 1994.

2.6 SELECTED STUDIES ON THE RELATIONSHIP BETWEEN MARKETING STRATEGIES AND COMMERCIAL BANKS' PERFORMANCE

Recently, Oruma (1998), Ameh (1998), and Ojoma (1999) have used the simple trend analysis to show the existence of relationship between marketing strategies and bank performance.

In her study of the effect of Advertising on the financial performance of Citizens International Bank Ltd., from 1993 to 1995, Ojoma reported a significant rise in trend values for after tax, total deposits, total assets, and shareholders' funds for the same period. According to Ojoma, the bank spent ₦5 million in 1993; ₦5 million in 1994 and ₦5 million in 1995 on advertising. In Ojoma's conclusion, "this shows that advertising as a marketing strategy plays a very vital role in the banking industry and the financial institution in general as the amount of cash invested goes along way in boosting the turnover at the end of each fiscal year." Oruma (1998) and Ameh (1998) independently used simple trend analysis to show a relationship if any between Total Quality Management (as a strategy) and bank performance. The two studies showed steady increases in trend values for profit after tax, total deposits, total assets, and shareholders' funds of Citizens International Bank Ltd.

Jang (1998), and Hussaini (1998) have used the Chi-Square (X^2) test to find whether there is any correlation between quality customer service as a strategy and customer satisfaction with commercial bank services.

Gyallesu (1994) studied the impact of advertising on banking services. In his study of 200 customers of the Nigerian Universal Bank Limited, 80 percent of respondents admitted that they were influenced by the bank's advertising campaign. Other studies on the impact of advertising on banking services include Hussain (1998), Ndajiya (1998); Olatuun (1998) and Kofowarola (1996). All the studies report a

significant relationship between advertising and marketing strategy and the profitability of commercial banks.

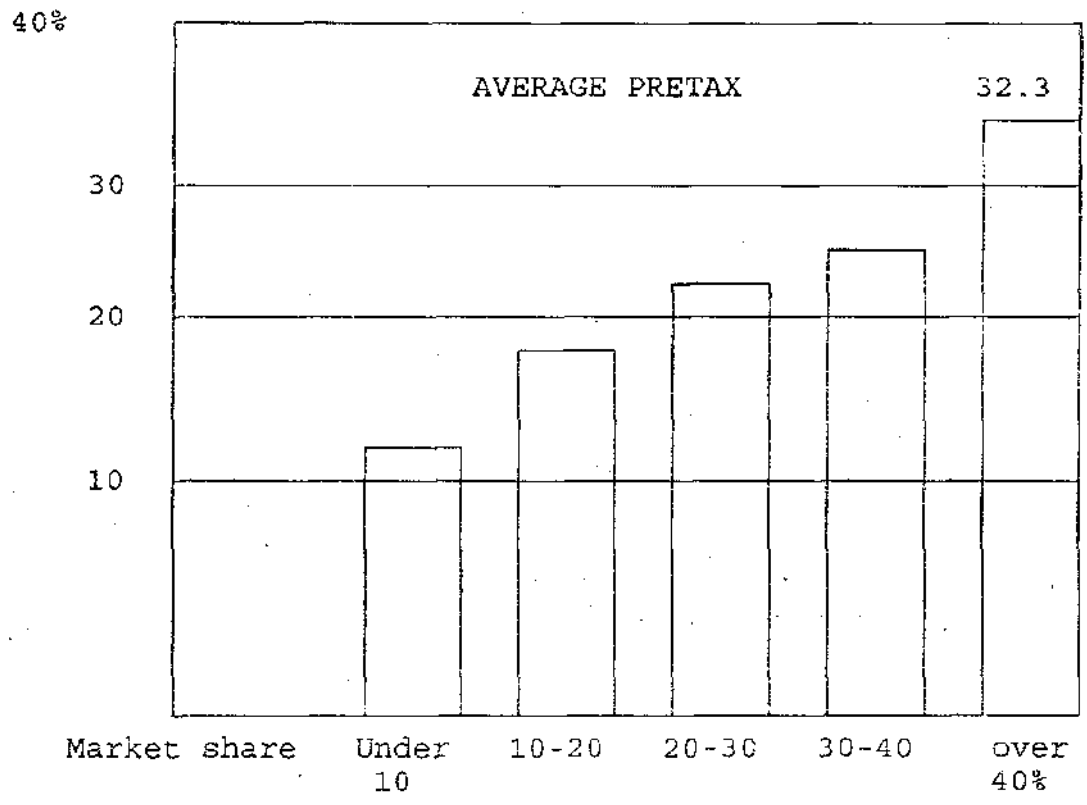
Other studies exist outside the banking industry that confirm that there is a relationship between marketing strategies and profitability.

Aaker (1992) has argued that a host of empirical studies suggest that profitability is related to market share. One of the most relevant, because of the extensive database involved, is the PIMS (Profit Impact of Market Strategy) study.

The well-publicized Profit Impact of Market Strategies (PIMS) studies by Schoeffler, Buzzell, and Heany (1974), indicate that profitability (measured by pretax ROI) rises with market share. The analysis of the PIMS data base generated the relationship shown in figure 3.1 below. On the average, a difference of 10 percent in market share is accompanied by a difference of about 5 percent in pretax R01.

Fig. 2.8 Relationship Between Market Share and Pretax ROI

Number of business: approximately 2,000



SOURCE: Rbert D. Buzzell and Federerick D. Wierpema
Successful Share - Building Strategies
Havard Business Review, January - February, 1981, p.137.

In the early 1960s, General Electric used the PIMS database to explain the differences in profitability among its various strategic business units (SBUS). All the 3000 SBUs representing over 450 firms provided data for the study. Each SBU supplied to the database detailed information such as:

a) ROI (Return on Investment)

b) Market Share

c) Investment Intensity, the ratio of investment to sales

d) R & D. expenditures

e) Marketing expenditures

f) Perceived product quality, the percent of offerings that were superior to competitors and the percent perceived by the SBU managers as inferior.

Analysis of these data revealed that highly capital-intensive businesses did not tend to have high ROI because they tended to be capital-intensive industries characterized by vigorous price competition (Aaker, 1992).

Another PIMS study by Carolyn R.Woo (1984), determined that high-market share businesses with reltively low ROI tended to have low-quality reputations, charge higher prices, share marketing resources with other businesses and be in regional and fragmented markets.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter discusses the procedure adopted in this research work. For the purpose of this research, the survey method was used. The administration of the questionnaire is discussed and the method of data analysis selected for this research is examined.

3.2 THE RESEARCH DESIGN

The researchers Scope in this work is limited to five (5) Commercial Banks in the country.

3.2.1 Population

The study examines the marketing strategies of financial institutions in Nigeria with reference to five (5) selected commercial banks in Nigeria namely, First Bank of Nigeria Plc., Union Bank of Nigeria Plc., United Bank for Africa Plc., Savannah Bank Plc. and Citizens International Bank. The population of the study therefore, covers all the customers and management staff of these selected commercial banks.

3.2.2 Sampling

Random sampling procedure was used to select the samples from the total population in each of the banks covered. In each of these banks, respondents were selected from both management and customers were randomly picked by means of ballotting. The researcher believed that random sampling procedure would drastically reduce the degree of error, thus enhancing the chance of obtaining representative opinions on the subject under study. Some of the ballot papers were marked "X" while some were marked "Y". Those who picked "X" were the ones who were given the questionnaires. Eight (8) managers from each bank were picked at random while two hundred and fifty (250) customers in each of the five (5) banks were also picked at random. Based on the above procedure, a total number of 1,290 respondents were used for the study, comprising 1,250 customers and forty (40) managers.

3.4 RESEARCH INSTRUMENT AND ADMINISTRATION

The study used a semi-structured questionnaire to collect relevant information. Sample frame was difficult to secure as the banks were reluctant to provide a comprehensive list of their customers. Consequently, the researcher resorted to administering questionnaires to customers within and outside bank premises.

Questionnaires were administered to two hundred and fifty (250) customers per bank, over a period of six months. A total of one thousand, two hundred and fifty (1,250) customers of the five banks under study were therefore administered with questionnaires. Eight questionnaires each were administered per bank to the managers of the selected banks. A total of fourty (40) questionnaires for managers were therefore administered. Five commercial banks were selected by the researcher and they are: First Bank of Nigeria Plc., Union Bank of Nigeria Plc., United Bank for Africa Plc., Savannah Bank of Nigeria Plc. and Citizen International Bank.

The selection of these banks was based on their years of operation and percentage of customer patronage enjoyed by these banks. Apart from Citizens International Bank which is a new bank, the other four are old generation Banks in Nigeria.

The five selected banks provide a range of banking services similar to those offered by any other commercial banks in the country.

3.5 METHODS OF DATA ANALYSIS

Simple percentages, trend analysis and the Chi-Squre were used for data analysis and test of hypothesis.

The chi-square, denoted by the Greek letter X^2 seeks to determine whether a significant difference exists between the observed frequencies of a sample and a corresponding set of expected frequences. The chi-square X^2 was used and considered most appropriate in this research work because of its simplicity of application.

The values of the chi-sqaure X^2 were obtained using the formular:

$$X^2 = \frac{(O - E)^2}{E}$$

Where O = observed frequency

E = Expected frequency

X^2 = Chi-square Value.

In order to test the hypothesis using the chi-square X^2, the observed frequencies and the computed expected frequencies were used in the chi-square formular above to obtain the calculated value. Reference was made to the chi-square table of critical values for each number of degree of freedom (df) at a predetermined level of significance.

DECISION RULE

The values of the chi-square X^2 calculated were compared or matched with the computed values from the chi-squre table. It is the rule to accept the Alternative Hypothesis when calculated X^2 is more than the computed critical X^2 values. When the calculated X^2 value is less than the computed X^2 value, we accept the Null Hypothesis. If and when the Null Hypothesis is accepted, the Alternative Hypothesis is rejected and vice versa.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 INTRODUCTION

This chapter deals with the presentation and analysis of data collected.

The data presented here is based on returned questionnaires. Two sets of questionnaires were administered. The first set of questionnaire(A) was meant for and administered to forty (40) senior management staff of the five under-studied banks. Out of this number five(5) of them representing 12.5% were wrongly filled thus the analysis is based on Thirty five(35) correctly filled questionnaires.

The second set of questionnaire (B) was administered by the researcher to a cross section of bank customers in the eight selected branches across the country. One thousand, two hundred and fifty questionnaires were administered and one hundred and fifty were either wrongly filed or destroyed. This represents 12% of the total number. The analysis of questionnaire 'B' was therefore based on 1100 correctly completed and returned questionnaires. The analysis is shown in tables 4.1 and 4.2 below.

Table 4.1

PERCENTAGE OF RESPONSES FROM MANAGEMENT STAFF OF BANKS

BANK	NO:OF QUESTTIONAIRES SENT OUT	NO.OF QUESTIONAIRES RETURNED	PERCENTAGE (%)
FIRST BANK OF NIGERIA PLC	8	6	17.4
UNION BANK OF NIGERIA PLC	8	7	20
UNITED BANK FOR AFRICA PLC	8	6	17.4
SAVANNAH BANK PLCE	8	8	22.85
CITIZINS INTERNATION BANK	8	8	22.85
TOTAL	40	35	100

SOURCE: QUESTIONNAIRE A

Table 4.2

PERCENTAGE OF RESPONSES FROM CUSTOMERS OF BANKS

BANK	NO.OF QUESTTIONAIRES SENT OUT	NO.OF QUESTIONAIRES RETURNED	PERCENTAGE (%)
FIRST BANK OF NIGERIA PLC	250	200	18.18
UNION BANK OF NIGERIA PLC	250	240	21.82
UNITED BANK FOR AFRICA PLC	250	200	18.18
SAVANNAH BANK PLCE	250	250	22.73
CITIZINS INTERNATION BANK	250	210	19.09
TOTAL	1,250	1,100	100

SOURCE: QUESTIONNAIRE B

ANALYSIS OF QUESTIONAIRE A

Table 4.3

EXISTENCE OF MARKETING DEPARTMENTS

RESPONSES	NO. OF RESPONDENTS	PERCENTAGE (%)
Yes	35	100
No	0	0
Total	35	100

SOURCE: FIELDWORK.

Table 4.3 above shows that all the five banks under study (First Bank Plc, Union Bank of Nigeria Plc, United Bank for Africa Plc., Savannah Bank of Nigeria Plc, and Citizens International Bank Ltd.) have marketing departments.

Table 4.4

FUNCTIONS PERFORMED BY THE MARKETING DEPARTMENTS

FUNCTIONS	Yes	NO
Research	35	0
Product/Service Design	35	0
Promotion	35	0
All of the Above	35	0
Others (Specify)	0	0

SOURCE: FIELDWORK.

Table 4.4 shows that the marketing departments of the five banks perform various duties. The duties include: research and development, product and service design, prospecting for customers, complaint handling, strategy formulation and implementation.

4.2 STRATEGIES USED BY THE BANKS

The banks use many customer oriented strategies. These include segmentation, innovation strategy, fortification strategies, harrasment strategy, Nicher strategies, differentiation strategies, market share strategies, customer satisfaction, image enhancement, new product planning and development, positioning strategies, credit service, and total quality management.

4.3 BASES FOR SEGMENTATION

The bases used by the banks for segmentation include the type of services required by the customers. However, all the banks group their customers into operative and non-operative customers.

Operative customers are those who operates savings accounts with the bank. Operative customers are further divided into current account holders and savings account operators, while the non-operatives fall mainly into those who seek one service or another from the bank without prior business contract. Such businesses include business advice, loans, etc.

Table 4.5

EFFECTIVENESS OF STRATEGIES USED BY THE BANKS

RESPONDENTS	NO. OF RESPONDENTS	PERCENTAGE (%)
Very Effective	20	57.14
Fairly Effective	15	42.86
Not Effective	0	0
Total	35	100

SOURCE: FIELDWORK.

Table 4.5 above shows that 20 respondents out of 35 sampled, (six from Citizens International Bank, 4 from Savannah Bank Plc, 4 from United Bank for Africa Plc, 3 from Union Bank Plc and 3 from First Bank of Nigeria Plc), representing 57.14 percent saw their strategies as being very effective. However 15 respondents out of 35, (1 from Citizens Internationa Bank Plc, 3 from Savannah Bank Plc, 3 from United Bank Plc, 4 from Union Bank of Nigeria Plc and 4 from First Bank of Nigeria Plc.) representing 42.86 percent of those interviewed saw their strategies as being fairly effective.

4.4 PROMOTIONAL METHODS USED BY THE BANKS

The study reveals that the banks adopt all the tools of promotion (advertising, personal selling, sales promotion, and public relations). A major promotional strategy used by the banks is the pull strategy.

Table 4.6

THE PRIMARY OBJECTIVES OF THE BANKS

FIRST BANK PLC	SAVANNAH BANK	CITIZENS INT.BANK
"The objectives of First Bank are embedded in her Mission statement- "the mission of First Bank of Nigeria Plc is historically determined. Its primary objectives must be to remain true to its name at all times as the leading financial institution in the country by providing to its customers across the nation and beyond, within the parameters of regulatory policies, the best banking services available."	1. Growth and diversification 2. Provision of efficient banking Services to the people. 3. To be more forward looking to market forces 4. To create a more pragmatic and corporate image	1. To become No. 1 or 2. In every market that we serve. 3. To be a leader in the use of Banking Technology in Nigeria. 4. To become No.1 exports and energy sector Bank in Nigeria.

SOURCE: FIELDWORK

Table 4.6 shows the objectives of the five banks. It is clear that Union Bank, UBA and First Bank have not stated explicitly their objectives. Union Bank, UBA and First bank refused to give their objectives since management said it was not the culture of their banks to give their objectives to outsiders. The objective stated by First Bank was from its 'Mission Statement'. This represents 60% of the banks that have refused to give out their objectives from the 5 banks studied.

KASHIM IBRAHIM LIBRARY

Table 4.7

SOURCES OF NEW PRODUCT IDEAS

SOURCES	NO. OF RESPONSES	PERCENTAGE
Competitors	--	--
Customers Suggestions	--	--
Customers Complaints	--	--
Staff	--	--
All of the above	35	100
Others specify	--	--
Total	35	100

SOURCE: FIELD WORK

Table 4.7 above indicates that the five banks studied (First Bank, Union Bank, UBA, Savannah and Citizens International Bank) collect new product ideas from different sources including competitors, customers' suggestions, customers complaints, and staff. In fact all the 35 managers representing 100 percent are of this opinion.

Moreso, because of the need for the banks to be alert in reaction to the recent traumatic experience in the banking industry in the country, all the five banks have adopted the proactive method of developing new products.

Table 4.8

MEDIA USED FOR PROMOTION

MEDIA USED	NO. OF RESPONDENTS	PERCENTAGE
Television	--	--
Radio	--	--
Bill Board (out door)	--	--
Newspapers	5	14.29
Magazines	--	--
Journals	--	--
All of the above	30	85.71
Any other	0	0
Total	35	100

SOURCE: FIELD WORK

Table 4.8 shows that 14.29 percent, that is 5 respondents which happened to be two from Citizens International Bank and one each from Savannah, Union and UBA are of the opinion that the media used to inform customers of the services and products of the banks is Newspapers. However, for the remaining 30 respondents which represent 85.71 percent, the media used by the banks include Television, Radio, Bill Boards, Newspapers, Magazines and Journals.

The major customers of the banks cut across all shades of customers.

On the location of branches, many factors are considered. They range from:

a Commercial Viability

b. Competitors

c. Management decision, etc.

Table 4.9

NUMBER OF BANKS THAT HAVE ADOPTED TQM

RESPONSES	NO. OF BANKS	PERCENTAGE
HAVE ADOPTED TQM	35	100
HAVE NOT ADOPTED TQM	0	0
TOTAL	35	100

SOURCE: FIELDWORK

Table 4.9 shows that 35 respondents representing 100 percent agree that their banks adopt Total quality Management (TQM). For instance Citizens International Bank Ltd. has a cohesively flattened hierarchical type of management and organizational structure. This is to enable free flow of communication, authority and responsibility within the organization. This is purely in line with TQM's core concept of having flattened structures in organizations.

Table 4.10

RATING OF BANKS PRESENT QUALITY ORIENTATION?

LEVEL OF QUALITY	NO. OF RESPONDENTS	PERCENTAGE RATINGS
Excellent	10	28.57
Satisfactory	5	14.29
Average	15	42.85
Not Satisfactory	5	14.29
Total	35	100

SOURCE: FIELD WORK

Table 4.10 above shows that 10 respondents representing 28.57% are of the opinion that quality orientation in their banks is excellent, while 5 others representing 14.29 percent view quality orientation in their organization as being satisfactory. 15 respondents which represents 42.85 percent see quality orientation in the banks as being on the average. Yet still 14.29 percent which is 5 respondents are not satisfied with the present quality orientation.

In respect to handling customers complaints most banks are of the opinion that they permit first and foremost the clearing of complaints, by counter clerks or from an immediate officer who receives the complaint. But where the complaint is such that can not be handled by the immediate officer room is given for onward treatment of the said complaint.

ANALYSIS OF QUESTIONNAIRE 'B'

Data collected from customers are analysed below:

The customers of the banks (First Bank, Union Bank, UBA, Savannah and Citizens Internationa) have different motivating factors for the choice of their banks. These are:

a. proximity to bank premisses,

b. image attraction,

c. advertisement,

d. solicitation from banks staff, and

e. recommendation from friends or colleagues.

Table 4.11

LEVEL OF KNOWLEDGE OF BANKS SERVICES

LEVEL OF KNOWLEDGE	NO. OF RESPONDENTS	PERCENTAGE
Never heard of	150	13.64
Heard of only	250	22.72
Know a little bit	550	50.00
Know a fair amount.	--	--
Know very well	150	13.64
TOTAL	1,100	100

SOURCE: FIELD WORK

Using the familiarity scale, the rating of knowledge of bank services by customers shows that 150 respondents representing 13.64 percent, have never heard of most services offered by their banks. 250 bank customers representing 22.72 percent have only heard of some services but do not participate in them. On the other hand 550 customers representing 50 percent know a little bit about services provided by the various banks, while 150 customers which represents 13.63 percent know very well about the services and actually patronize them.

Table 4.12

TYPE OF FEELINGS ABOUT THE BANKS' SERVICES

TYPE OF FEELINGS	NO. OF RESPONDENTS	PERCENTAGE
Very Unfavourable	--	--
Somewhat unfavourable	150	13.64
Indifferent	150	13.64
Somewhat favourable	550	50.00
Very favourable	250	22.72
TOTAL	1,100	100

SOURCE: FIELD WORK

From the table above (Table 4.12) the feelings expressed by customers show that 150 respondents representing 13.64 percent have a somewhat unfavourable attitude towards services offered by the various banks. 150 others representing another 13.64 have an indifferent attitude, while 550 customers representing 50 percent have a somewhat favourable attitude offered by the banks, yet still another 250 customers representing 22.72 percent have a very favourable attitude towards services offered by

the five banks under study (First Bank PLC, Union Bank PLC, UBA PLC, Savannah Bank and Citizens International Bank).

Table 4.13

LEVEL OF SATISFACTION WITH THE WAY THE BANKS HANDLE COMPLAINTS

LEVEL OF SATISFACTION	NO. OF RESPONDENTS	PERCENTAGE RATING
Satisfied	750	68.18
Not satisfied	350	31.82
TOTAL	1,100	100

SOURCE: FIELD WORK

Table 4.13 shows that 750 bank customers representing 68.18 percent are satisfied with the way their complaints are handled, by the various banks. However, 350 others representing 31.82 percent are not satisfied with the way their complaints are treated by the banks.

4.5 HYPOTHESES TESTING

4.5.1 HYPOTHESIS I

There is no significant relationship between marketing strategies adopted and customer familiarity with a bank's services.

Here the independent variable is marketing strategies while the dependent variable is customer familiarity with the bank, its products and services. The chi-square test is used to test the hypothesis.

Question 2 in Questionnaire 'B' (for customers) was used. The responses are tabulated in table 4.6 as reproduced below:

Table 4.11

LEVEL OF KNOWLEDGE OF BANKS' SERVICES

LEVEL OF KNOWLEDGE	NUMBER OF RESPONDENTS	PERCENTAGE
Never heard of	150	13.64
Heard of only	250	22.72
Know a little bit	550	50.00
Know a fair amount		
Know very well	150	13.64
TOTAL	1,100	100

SOURCE: FIELD WORK

TEST STATISTIC

CHI SQUARE ANALYSIS OF LEVEL OF KNOWLEDGE OF BANKS' SERVICES

Table 4.14

RESPONSES	Observed 0	Expected E	0-E	$(0-E)^2$	$\frac{(0-E)^2}{E}$
Never heard of	150	220	-70	4,900	22.28
Heard of only	250	220	30	900	4.5
Know a little bit	550	220	330	108900	495
Know a fair amount	0	-220	-220	48400	220
Know very well	150	220	-40	4900	22.27
TOTAL	1100	1100	0		$X^2=764.05$

Table Score:

$g = 5$

$m = 1$

Degree of Freedom (df) = 5-1 = 4

Significance = 0.01

Critical Value at 0.01 level of significance with 4 degrees of freedom:

$X^2 0.01$ = 13.277

Decision Rule

(1) If $X^2 >$ 13.277 reject H_o and accept H_a

(2) If $X^2 \leq$ 13.277 accept H_o and reject H_a

KASHIM IBRAHIM LIBRARY

Since the computed X^2 value of 764.05 greatly exceeds the critical value of 13.277, the Null Hypothesis of independence between strategic marketing and customer familiarity with a bank, its products, and services is rejected. This shows that there is a strong relationship between strategic marketing and customer familiarity with a bank, its products and services.

Our findings confirm Jang's (1998), and Hussaini's (1998) studies which established a strong relationship between quality customer services as a strategy and customer familiarity, and satisfaction with the banks' products and services.

4.5.2 Hypothesis 2

Favourable impression of a bank's services significantly depends on effectivenees of marketing strategies adopted by the bank.

The Chi-square test (x^2) is used to test this hypothesis. The independent variable here is effective marketing strategies used by the banks, while the dependent variable is "favourable impressions of a bank." Question 3 in Questionnaire 'B' for customers will be used. The responses are tabulated in table 4.7 as reproduced below:

TABLE 4.12

TYPE OF FEELINGS ABOUT THE BANKS' SERVICES

TYPE OF FEELINGS	NUMBER OF RESPONDENTS	PERCENTAGE
Very unfavourable	0	0
Somewhat unfavourable	150	13.64
Indifferent	150	13.64
Somewhat favourable	0	0.00
Very favourable	250	22.72
TOTAL	1,100	100

SOURCE: FIELD WORK

473239

TEST STATISTIC

Table 4.15

CHI SQUARE ANALYSIS OF TYYPE OF FEELING ABOUT THE BANKS' SERVICES

RESPONSES	Observed O	Expected E	O-E	$(O-E)^2$	$\frac{(O-E)^2}{E}$
Very unfavourable	0	220	-220	48,400	220
Somewhat unfavourable	150	220	-70	4,900	22.27
Indifferent	150	220	-70	4,900	22.27
Somewhat favourable	550	220	330	108900	495
Very favourable	250	220	30	900	4.09
TOTAL	1100	1100	0	16800	$X^2=763.63$

SOURCE: FIELD WORK

g = 5

m = 1

Degree of Freedom (df) = 5-1 = 4

Significance = 0.01

Critical Value at 0.01 level of significance with 4 degrees of freedom:

X^2 0.01 = 13.277

Decision Rule

(1) If $X^2 >$ 13.277 reject H_o and accept H_a

(2) If $X^2 \leq$ 13.277 accept H_o and reject H_a

Since the computed X^2 value of 763.63 is greater than the critical value of 13.277, the Null hypothesis is rejected. This means that favourable impressions of a bank, its products and services really depend on effective marketing strategies.

4.5.3 **Investigation of Research Question 2**

Does the application of marketing strategies lead to a bank's profitability and growth?

Profitability, growth, and competitiveness of a bank are not significantly associated with effective marketing strategies adopted.

The investigation is based on data shown on tables 4.11 to 4.26.

Here simple trend analysis was used to analyse the performance of the banks. The independent variable still remains marketing strategies adopted by the banks, while the dependent variables are growth and profitability. Growth here is simply measured by total deposits, shareholders' funds, and total assets. Profitability is measured by profit after tax.

Since the researcher had no access to actual yearly targets for profits after or before tax, total deposits, total assets and shareholders' funds, it was not possible to measure performance in terms of a detailed comparison between actual operating results and set targets in order to arrive at both positive or negative deviations. However, simple trend analysis was used to enable the researcher make some inferences.

It is worth noting here that reliance on these indices alone does not imply an exhaustive or schemed spread of the bank's statements; the study recognizes the importance of ratio analysis covering every statement of source and uses of funds as well as bonus issues and dividend sharing. This aspect of the analysis is not intended to be exhaustive since adequate data on set targets are not available for such details. These indices will only serve as a guide purely for the academic purpose of this investigation as regards the performance (profitability, growth and competitiveness) of the banks under study.

All trend value figures (see Tables 4.11 to 4.26) for the four banks show a gradual steady corresponding increase in total deposits, total assets and shareholders' funds, except for profit after tax for Citizens International Bank Ltd (1993-1994) which

KASHIM IBRA...

slumped from ₦156,963,000 to

₦134,306,000. The profit before tax for UBA PLC slumped from ₦368,000,000 to ₦213,000,000 for the same period while profit before tax for Union Bank PLC. fell from ₦615,000,000.00 to ₦606,000,000 and profit before tax for First Bank of Nigeria PLC also dropped from ₦932,000,000.00 to ₦874,000,000. for the same period.

Since there is a gradual increase in the indices under consideration, (total assets, total deposits, total shareholders funds), the Null hypothesis is rejected. This then means that profitability, growth and competitiveness are associated with effective marketing strategies.

Our findings confirm Oruma's (1998), earlier result which found that there is a significant relationship between marketing strategies and bank performance. Ojoma's (1999), also supports our findings. In her study of the effect of Advertising on the financial performance of Citizens International Limited from 1993 to 1995, she reported a significant rise in trend values for profit after tax, total deposits, total assets, and shareholders' funds.

Studies that have had similar findings to ours include Oruma, (1998) and Ameh (1998) earlier cited in the literature review.

4.6 TREND ANALYSIS FOR PROFIT AFTER TAX, TOTAL DEPOSIT, TOTAL ASSETS AND SHAREHOLDERS' FUND

TABLE 4.16

CITIZENS INTERNATIONAL BANK (CIB) LTD.

TIME PLOT FOR PROFIT AFTER TAX (1991 - 1995)

Year	Actual Value ₦000	2 Years Moving Average ₦000	Trend Values ₦000
1991	24,252	$\frac{24,252+53,845}{2}$	39,048.5
1992	53,845		
1993	156,963	$\frac{53,845+156,963}{2}$	105,404
1994	134,306	$\frac{156,963+134,306}{2}$	145,634.5
1995	208,973	$\frac{134,306+208,973}{2}$	171,639.5

SOURCE: Five Years Financial Statements of CIB Ltd.

Table 4.16 above shows a gradual increase in the value of profit after tax for Citizen's International Bank Ltd. for the period 1991 - 1995, from ₦24,252,000.00 to ₦208,973,000.00. The table however, shows a slum in profit after tax from ₦156,963,000.00 to ₦134,306,000.00 from 1993 to 1994. The table also shows a gradual increase in the trend values for profit after tax from ₦39,048,500.00 to ₦171,639,500.00 from 1991 to 1995.

TABLE 4.17 CITIZENS INTERNATIONAL BANK LTD.

TIME PLOT FOR TOTAL DEPOSITS (1991 - 95)

Year	Actual Value ₦000	2 Years Moving Average ₦000	Trend Values ₦000
1991	240,252	$\frac{240,252+929,720}{2}$	584,987
1992	929,720	$\frac{929,720+2,171,162}{2}$	1,550,441
1993	2,171,162	$\frac{2,171,162+2,440,592}{2}$	2,305,877
1994	2,440,592	$\frac{1,440,592+4,870,164}{2}$	3,655,378
1995	4,870,164		

SOURCE: Five Years Financial Statements of CIB Ltd.

Table 4.17 shows a gradual increase in total deposits for Citizens Internal Bank Ltd. for the period 1991 to 1995 from ₦240,252,000.00 to ₦4,870,164,000.00 The table also shows a gradual increase in the trend for total deposits from ₦584,987,000.00 for 1991 to ₦3,655,378,000.00 for 1994.

TABLE 4.18 CITIZENS INTERNATIONAL BANK LTD.

TIME PLOT FOR TOTAL ASSETS (1991 - 1995)

Year	Actual Values ₦000	2 Years Moving Average ₦000	Trend Values ₦000
1991	505,287	$\frac{505,287+1,474,717}{2}$	990,002
1992	1,474,717	$\frac{1,474,717+3,245,981}{2}$	2,360,349
1993	3,245,981	$\frac{3,245,981+3,505,003}{2}$	3,375,492
1994	3,505,003	$\frac{3,505,0033+8,097,66}{2}$	5,801,334.5
1995	8,097,666		

SOURCE: Five Years Financial Statements of CIB Ltd.

Table 4.18 shows a significant increase in total assets of Citizens International Bank Ltd. from ₦505,287,000.00 in 1991 to ₦8,097,666,000 in 1995. The trend values for total assets of Citizen International Bank Ltd for this period also show a significant increase - from ₦990,000,000.00 in 1991 to ₦5,801,334,500.00 in 1994.

TABLE 4.19 CITIZENS INTERNATIONAL BANK LTD

TIME PLOT FOR SHAREHOLDERS' FUNDS (1991 - 1995)

Year	Actual Value ₦000	2 Years Moving Average ₦000	Trend Values ₦000
1991	51,003	$\frac{51,003+77,848}{2}$	64,425.5
1992	53,845	$\frac{77,848+199,811}{2}$	138,8229.5
1993	199,811	$\frac{199,811+284,117}{2}$	241,964
1994	284,117	$\frac{284,117+493,089}{2}$	388,603
1995	493,089		

SOURCE: Five Years Financial Statements of CIB Ltd.

Table 4.19 shows a significant increase in share holders funds for Citizens Internationa Bank Ltd. for ₦51,003,000.00 in 1991 to ₦493,003,089,000.00 in 1995. The trend values also show a significant increase from ₦64,425,500.00 in 1991 to ₦388,603,000.00 in 1994..

TABLE 4.20

TIME PLOT FOR PROFIT AFTER TAX (1991-1995)

Year	Actual Value ₦000	2 Years Moving Average ₦000	Trend Values ₦000
1991	-	-	-
1992	-	-	-
1993	368000	$\frac{368000+13000}{2}$	290,500
1994	213,000	$\frac{213000+488000}{2}$	350,500
1995	488000		

SOURCE: Five Years Financial Statements of UBA PLC.

Table 4.20 shows a slump in the profit tax for UBA Plc from ₦368,000,000.00 in 1993 to ₦213,000,000.00 in 1994, and a slight increase to 488,000 in 1995. The trend figures also show a slight increase. No profits were recorded for the yers 1991 and 1992.

TABLE 4.21

UBA PLC TIME PLOT FOR TOTAL DEPOSITS (1991 - 1995)

Year	Actual Values ₦000	2 Years Moving Average ₦000	Trend Values ₦000
1991	11,894	$\frac{11894+17356}{2}$	14625
1992	17,356	$\frac{17356+18627}{2}$	17991.50
1993	18,627	$\frac{18627+18353}{2}$	18490
1994	18,627	$\frac{18353+33161}{2}$	25757
1995	33,161		

SOURCE: Five Years Financial Statements of UBA PLC.

Table 4.21 shows a gradual increase in total deposits for UBA Plc from ₦11,894,000 in 1991 to ₦33,161,000.00 in 1995. The trends values also show a gradual increase from ₦14,625,000 in 1991 to ₦25,757,000 in 1994.

TABLE 4.22

UBA PLC TIME PLOT FOR TOTAL ASSET (1991 - 1995)

Year	Actual Value ₦000	2 Years Moving Average ₦000	Trend Values ₦000
1991	12,688	$\frac{12,688+18,649}{2}$	15,668.50
1992	18,649	$\frac{18,649+22975}{2}$	20,812.00
1993	22,975	$\frac{22975+24281}{2}$	23628.00
1994	24,281	$\frac{24,281+44200}{2}$	34,240.50
1995	44,200		

SOURCE: Five Years Financial Statements of UBA PLC.

Table 4.22 shows a significant increase in total assets for UBA Plc from ₦12,688,000.00 in 1991 to ₦44,200,000.00 in 1995. The trend values also show a significant increase from ₦15,688,500.00 in 1991 to ₦34,240,500 in 1994.

TABLE 4.23

UBA PLC TIME PLOT FOR SHAREHOLDERS FUNDS

Year	Actual Values ₦000	2 Years Moving Average ₦000	Trend Values ₦000
199	488474	$\frac{488474+509,742}{2}$	499,108.00
1992	509,742	$\frac{509,742+739,149}{2}$	624,445.50
1993	739,149	$\frac{739,149+1577,392}{2}$	115,8270.50
1994	1577,392	$\frac{1,577,392+3,611,309}{2}$	2594350.50
1995	3,611,309		

SOURCE: Five Years Financial Statements of UBA PLC.

Table 4.23 shows a significant increase in shareholders fund from ₦488,474,000 in 1991 to ₦3,611,309,000.00 in 1995. The trend values also show a significant increase from ₦499,108,500 in 1991 to ₦32,594,350,500 in 1994.

UNION BANK OF NIGERIA PLC TIME PLOT FOR PROFIT AFTER TAX (1993-1995)

TABLE 4.24

Year	Actual Value ₦000	2 Years Moving Average ₦000	Trend Values ₦000
1991	-	-	-
1992	-	-	-
1993	615000	$\frac{615000+60600}{2}$	610500
1994	606000	$\frac{606000+838000}{2}$	422000
1995	838000		

SOURCE: Five Years Financial Statements of UBN PLC.

Table 4.24 shows a drop in profit After tax for Union Bank Plc from ₦615,000.00 in 1994. The profit after tax shows a signiicant rise from ₦606,000,000.00 in 1994 to ₦838,000,000 in 1995. The trend figure shows a gradual increase from ₦610,500,000.00 in 1993 to ₦722,000,000.00 in 1994. No profits were recorded in 1991 and 1992.

TABLE 4.25

UNION BANK OF NIGERIA PLC TIME PLOT FOR TOTAL DEPOSITS

(1991 - 1995)

Year	Actual Value ₦000	2 Years Moving Average ₦000	Trend Values ₦000
1991	9,739	$\frac{9739+15712}{2}$	1272515
1992	15,712	$\frac{15712+20114}{2}$	17913
1993	20,114	$\frac{20114+24913}{2}$	22513.5
1994	24,913	$\frac{24913+51606}{2}$	38259.5
1995	15,606		

SOURCE: Five Years Financial Statements of UBN PLC.

Table 4.25 shows a graduate increase in total deposit for Union Bank Plc from ₦9,739,000.00 in 1991 to ₦15,606,000.00 in 1995. The trend values for this period also shows a gradual increase from ₦12,725,150.00 in 1991 to ₦38,259,500.00 in 1994. No profits were recorded in 1991 and 1992.

TABLE 4.26

UNION BANK OF NIGERIA TIME PLOT FOR TOTAL ASSETS

(1991 - 1995)

Year	Actual Value ₦000	2 Years Moving Average ₦000	Trend Values ₦000
1991	13,166	$\frac{13,166+23869}{2}$	18517.5
1992	23,869	$\frac{23869+32008}{2}$	27938.5
1993	32,008	$\frac{32008+43273}{2}$	37640.5
1994	43,273	$\frac{43273+76550}{2}$	59911.5
1995	76550		

SOURCE: Five Years Financial Statements of FBN PLC.

Table 4.26 shows a significant increase in Total Assets for Union Bank Plc from ₦13,166,000.00 in 1991 to ₦76,550,000.00 in 1995. The trend values for the period in view also show a significant increase from ₦18,517,500.00 in 1991 to ₦59,911,500.00 in 1994.

KASHIM IBRAHIM LIBRARY

TABLE 4.27

UNION BANK PLC-TIME PLOT FOR SHAREHOLDERS FUNDS
(1991 - 1995)

Year	Actual Values ₦000	2 Years Moving Average ₦000	Trend Values ₦000
1991	524184	$\frac{524184+587869}{2}$	556026.5
1992	587,869	$\frac{587869+992,608}{2}$	790238.5
1993	992,608	$\frac{992608+1317551}{2}$	1155079.5
1994	1,317551	$\frac{1317,551+1733250}{2}$	1525400.5
1995	1,733,250		

SOURCE: Five Years Financial Statements of FBN PLC.

Table 4.27 shows a significant increase in Shareholders fund for Union Bank Plc from ₦524,184,000.00 in 1991 to ₦1,733,250,000.00 in 1995. The trend values also show a significant increase from ₦556,026,500.00 in 1991 to ₦1,525,400,500.00 in 1994.

TABLE 4.28

FIRST BANK OF NIGERIA PLC.-TIME PLOT FOR PROFIT AFTER TAX (1991 - 1995)

Year	Actual Value ₦000	2 Years Moving Average ₦000	Trend Values ₦000
1991	-	-	-
1992	-	-	-
1993	932000	$\frac{932000+874000}{2}$	903000
1994	874000	$\frac{874000+1006000}{2}$	940000
1995	1006000		

SOURCE: Five Years Financial Statements of FBN PLC.

Table 4.28 shows a slump in profit after tax for First Bank of Nigeria Plc from ₦932,000,000.00 in 1993 to ₦874,000,000.00 in 1994. It also shows a significant increase in profit from ₦874,000,000.00 in 1994 to ₦1,006,000,000 in 1995. The trend figures also show a significant increase from ₦903,000,000.00 in 1993 to ₦940,000,000.00 in 1994. No profit figures were recorded in 1991 and 1992.

TABLE 4.29

FIRST BANK OF NIGERIA PLC-TIME PLOT FOR TOTAL DEPOSITS (1991 - 1995)

Year	Actual Values ₦000	2 Years Moving Average ₦000	Trend Values ₦000
1991	8,287	$\frac{8287+11,965}{2}$	10126
1992	11,965	$\frac{11,965+16439}{2}$	14202
1993	16,439	$\frac{16439+23,275}{2}$	19857
1994	23,275	$\frac{23,275+41,641}{2}$	32458
1995	41,641		

SOURCE: Five Years Financial Statements of FBN PLC.

Table 4.29 shows a signigicant increase in Total Deposits for First Bank Plc from ₦8,267,000,000.00 in 1991 to ₦41,641,000,000.00 in 1995. The trend values for total deposit within the period a significante increase from ₦10,126,000,000.00 in 1991 to ₦32,458,000,000 in 1994.

TABLE 4.30

FIRST BANK OF NIGERIA PLC-TIME PLOT FOR TOTAL ASSETS (1991 - 1995)

Year	Actual Values ₦000	2 Years Moving Average ₦000	Trend Values ₦000
1991	11,319	$\frac{11,319+16986}{2}$	14152.50
1992	16986	$\frac{16986+23552}{2}$	20269.00
1993	23552	$\frac{33955+23552}{2}$	28753.50
1994	33955	$\frac{33955+59621}{2}$	46888.00
1995	59821		

SOURCE: Five Years Financial Statements of FBN PLC.

Table 4.30 shows a significant increase in total assets for First Bank Plc from ₦11,319,000.00 in 1991 to ₦59,821,000.00 in 1995. The trend values for this period also show a significant increase from ₦14,,152,500.00 in 1991 to ₦46,888,000.00 in 1994.

TABLE 4.31

FIRST BANK OF NIGERIA PLC., TIME PLOT FOR

SHAREHOLDERS FUNDS (1991 - 1995)

Year	Actual Values ₦000	2 Years Moving Average ₦000	Trend Values ₦000
1991	457000	$\frac{457000+955000}{2}$	276,250.00
1992	955000	955000+149000	1,224,500.00
1993	1494000	$\frac{1494000+1831000}{2}$	1,662,500.00
1994	1831000	$\frac{1831000+5775000}{2}$	3,803,000.00
1995	577500		

SOURCE: Five Years Financial Statements of FBN PLC.

Table 4.31 shows a gradual increase in Shareholders funds for First Bank Plc from ₦457,000.00 in 1991 to ₦5,775,000,000.00 in 1995. The trend values for shareholders fund also show a gradual increase from ₦276,250,000.00 in 1991 to ₦3,803,000,000.00 in 1994.

CHAPTER FIVE

SUMMARY, FINDINGS AND RECOMMENDATIONS

5.1 SUMMARY

This study "Marketing Strategies of Financial Institutions In Nigeria: A Study of Selected Banks", was informed by recent events and trends in the Nigerian banking industry.

The banks' major problems were identified to include poor image, poor services, systemic inefficiency, unfavourable customer impression about the bank services, poor management and the banks' inability to design and implement sustainable marketing strategies.

The objective of the study was to identify the marketing strategies used by commercial banks in Nigeria to consistently provide quality service, position themselves against competition and differentiate their products and services from the competition.

The goal was to examine the relationship between marketing strategies and bank profitability and growth and also with customers familiarity and favourability with banks services.

The study was limited to commercial banks in Nigeria. Five (5) commercial banks (First Bank of Nigeria Plc, Union Bank of Nigeria Plc, United Bank for Africa Plc, Savannah Bank Plc and Citizens International Bank) were involved in the study.

The Study covered eight (8) Nigerian cities - Kano, Kaduna, Abuja, Aba, Lagos, Warri, Onitsha and Port-Harcourt-.

The study applied the survey research method, using a semi-structured questionnaire. Two sets of questionnaires were designed. One set was administered on the management staff of the 5 banks.

Simple percentages, trend analysis and the chi-square were used for data analysis and test of hypothesis.

The study revealed that there is a significant relationship between the marketing strategies adopted by a bank and the banks profitability and growth and also with customers' familiarity and favourability with the bank, its products and services.

The study strongly recommended that banks use effective marketing strategies to achieve sustainable competitive advantages.

5.2 SUMMARY OF MAJOR FINDINGS

The study's major findings are summarized below:

5.2.1 There is a significant relationship between strategic marketing and customer familiarity with a bank's services.

Reactions from bank customers confirm this finding. All the customers attributed their familiarity with the banks' services to deliberate efforts of these banks to create awareness and initiate favourable opinion change through promotion, and favourable word of mouth. Commercial banks are also taking advantage of the persuasiveness of opinion leadership by planting favourable testimonials by well-known business people and celebrities in the media. However, the banks need to spend more on adverts aimed at creating customer awareness, as 50 percent of bank customers still know a little bit about the services they provide. The advertising expenditure for Citizens International Bank Ltd. decreased from ₦5 million in 1994 to ₦2 million in 1997; instead of increasing the advertising budget to enhance the volume of business.

5.2.2 Favourable impression of a bank's services significantly depends on effectiveness of marketing strategies adopted by the banks.

The ongoing efforts by banks to be totally customer focused supports this finding. All the banks under study have adopted Total Quality Management as a means of achieving continuous improvement in service quality. Citizens International Bank Ltd. for example has adopted the TQM prescribed flattened hierarchical type of management and organizational structure, that permits free flow of communication and employer empowerment. All the five banks have started providing their customers with bags for carrying large sums of money. The provision of bags provides convenience and security to customers while stimulating favourable customer impression. The banks have also scored high marks in other areas of high customer sensitivity, such as complaint handling, customer-friendly hours of operation, and timely provision of

customer related information. However, the banks still have a lot to do in the areas of waiting time, and simplification of customer related processes.

5.2.3 Profitability, growth, and competitiveness of a bank are associated with effective marketing strategies.

The gradual increase in the indices under consideration (total assets, total deposits, total shareholders funds) for the banks under study confirm this finding. The entry of new commercial banks into the industry, and the establishment of new branches by the older banks are other indicators of profitability, growth and competitiveness. Recently, Citizens International Bank Ltd. has opened new branches in Kaduna, Warri, Ariaria, Port-Harcourt and Abuja.

5.3 CONCLUSION

The study made definite conclusions from the data analysis. The major conclusions are given below:

It was found that all the banks under study have elaborate marketing departments. It is within the marketing departments that policies and strategies relating to product and service positionings as well as customer cultivation are formulated. Other functions of the marketing departments include: marketing research, service design and development. Promotion, and quality related activities aimed at delighting the customers.

KASHIM IBRAHIM LIBRARY

The Study also revealed that all the banks studied apply marketing strategies. This means that the banks deliberately follow through strategic marketing in the achievement of their objectives. However, 57.14 percent of respondents saw their marketing strategies as being fairly effective. This lack of total effectiveness of strategies accepted by the banks, might have been responsible for the fact that only 13.64 percent of customers were very familiar with the banks' services. Another 13.64 percent of customers never heard of these banks' services, while 50 percent of customers know a little bit about such services.

The study also found that 22.72 percent of customers had very favourable attitude toward services offered by the banks. 50 percent of the customers had some-what favourable attitude toward the banks' services, while 13.64 percent had some-what unfavourable attitude toward services offered by the banks. This may explain the general lack of confidence in our banking system as well as a high incidence of customer switching.

All the banks studied adopted Total Quality Management (TQM). Total Quality Management is a comprehensive system for achieving continuous improvement in customer satisfaction. TQM practices focus on satisfying customer needs through quality service. However, the study revealed that 14.29 percent of bank staff rated their quality orientation as not satisfactory. Also 31.82 percent of customers were dissatisfied with the way complaints were handled by the banks. This shows that the banks still have a long way to go on the journey to Total Quality Management.

5.4 RECOMMENDATIONS

In the light of the findings and conclusions arrived at in 5.1 and 5.2, the following recommendations are made:

a) Commercial banks must deliberately stimulate customer familiarity with their services through purposeful communication, and at the same time initiate and sustain favourable impression of their services through selective advertising, personal selling, publicity and sales promotional efforts. For this effort to be meaningfully successful, the author further recommends effective customer and competitor analysis for effective service positioning.

b) The commercial banks should create and sustain positive customer impression of their services by going into rapid modernization of the banking system to keep pace with the rapid development all over the industrialized world. The use of more computers and other electronic devices and modern techniques of operation for faster dispensation of banking services in both urban and rural centres will immensely add to this awareness and positive image.

c) It is also recommended that commercial banks should initiate and maintain favourable impression of their services by:

   i) monitoring the degree of customer satisfaction with their services on a continuous basis. This can be achieved through consumer research. It is generally agreed that satisfied customers are more loyal, less likely to switch to a competitor who offers lower prices, and could spread

favourable word-of-mouth communication. In recent years there has been a growing interest in measuring customer satisfaction using observational methods. "Mystery Shoppers" are sent into banks to see if employees meet or exceed service standards set by the banks.

ii) establishing human resource departments in their head offices to be charged with the responsibility of selecting, training, and empowering employees to provide quality service to customers. Effective training provides employee confidence and competence. Confident employees know their job and they are prepared to handle any situation that might be presented to them. Confident employees mean reassured customers. This is very important because customers want to be reassured; they do not want to worry that what they are buying is substandard or unreliable. Contact with a confident and seemingly competent employee reduces the uncertainty of the purchase.

iii) infecting the customer service, people with transparent humility, hard work, friendliness and knowledge of their bank's offerings as well as those of the competition to enable them provide consistency of service quality between employees, visits and geographical locations.

e) One of the major findings of the study is that growth, profitability and competitiveness of a bank are associated with effective marketing strategies. For the commercial banks to grow, remain competitive, and be profitable, we make the following recommendations:

i) The banks must focus on growth markets while adopting systematic ways of analysing customers, competitors and their marketing environments.

ii) They should be consistently innovative, striving to match and or improve customer satisfaction and loyalty by increasing attention to quality control as service expands.

iii) They should focus advertising on stimulation of selective demand; stress services superior features and benefits; as well as increase reminder advertising. Effort should be made to increase sales forces servicing of current accounts and also consider the formation of key account representatives for major customers of the bank.

iv) The banks should encourage, and simplify repeat transactions by making customer services accessible and consistent with simplified processes. They should also reduce attractiveness of switching by developing services with features or prices that are more appealing to a specific segment of current customers, while deliberately seeking new customers both within and outside their target markets.

5.5 SUGGESTIONS FOR FURTHER STUDIES (RESEARCH)

We strongly suggest a comparative study of the effectiveness of marketing strategies adopted by commercial banks in Nigeria.

KASHIM IBRAHIM LIBRARY

BIBLIOGRAPHY

1. Aaker, David A. and Briance Mascarenhas (Fall 1984), "Flexibility: A Strategic Option", Journal of Business Strategy.

2. Aaker, David A. and George S. Day (1986), "Perils of High-Growth Markets", Strategic Management Journal.

3. Aaker and Shansby (1987), "The Role of Product Quality," Journal of Marketing, (October.

4. Amar, Bhide, "Hustle as Strategy," Harvard Business Review, September - October, (1986), P.59.

5. Arons, Leon (1961), "Does Television Viewing Influence Store Image and Shopping Frequency?", Journal of Retailing.

6. Barry, Leonard L. (Spring 1969), "The Component of Department Store Image: A Theoretical and Empiriral Analysis;" Journal of Retailing, Vol.45.

7. Bendell, T., "The Quality Gurus: What Can They Do for Your Company?" DTI Managing in the 90s, London.

8. Berry, et al. (Fall 1985), "A Conceptual Model of Service Quality and its Implications for Future Research," Journal of Marketing, , p.4 In Kotler P. (1988), Marketing Management: Analysis, Planning Implementation, and Control, 6th Ed. (Prentice Hall).

9. Borden, Neil H. (June, 1954), "The Concept of the Marketing Mix: Journal of Advertising Research 4.

10. Briance Mascarenhas and David A. Aaker (September - October, 1989) "Mobility Barriers and Strategic Groups", Strategic Management Jurnl.

11. Burstiner, Iving (Winter 1975-1976), "Current Personnel Practices in Department Stores", Journal of Retailing, Vol.51, .

12. Buzzell D. Robert and Federeick D. Wierpenia (January - February, 1991), "Successful Share-Building Strategies," Harvard Business Review.

13. Carman, James and Langeard M. (January-March, 1980) "Growth Strategies for Service Firms," Strategic Management Journal.

14. Claycamp, H. (November, 1978) "Portfolio Approach Adds Missing Marketing Concept Element-Profit", Marketing News.

15. David Collins and Cynthia Montgomery (July - August 1995) "Competing on Resources: Strategy in the 1990s," Havard Business Review, PP.18-28.

16. Day, George S. (April, 1977), "Diagnosing the Product Portfolio", Journal of Marketing.

17. Hakanson, H., Johanson J. and Wootz, (1977), "Influence in Buyer-Seller Processes," Industrial Marketing Management, Vol.5.

18. Jacobson, Robert and David A. Aaker (October, 1987), "The Strategic Role of Product Quality", Journal of Marketing.

19. Macdonald, J. (1993), "Understanding TQM in a Week," British Inst. of Management, London.

20. Maiden, A. (1983), "The Roles of Marketing Management in Banking." The Quarterly Review of Marketing.

21. Martineau, Pierre (January-February 1958), "The Personality of the Retail Store," Harvard Business Review, Vol.36.

22. Mattheiss, T. H. Richard M. Durnad, Jan. R. Muczyk and Myson Gable (1977), "Personality and the Prediction of Saleman's Success, A Contemporary Marketing Thought," B. Greenberg and D. Bellenger, eds., Chicago: American Marketing Association.

23. McKibbin, S. (1990), "In Search of Quality: Quality Through People," Action Guide, Vol.1 Sam Tyler et. al.

24. Okereke, Livinus C. (Oct. - December, 1997)"Corporate Planning: A Survival Strategy for the Nigerian Banking Industry." Journal of Professional Administration, A Publication of the Chartered Institute of Administration, Vol.1, No.4.

25. Olshavsky, Richard W. (May, 1973), "Customer Salesman Interaction in Appliance Retailing," Journal of Marketing Research, Vol.10.

26. Porter, Michael, "Industry Structure and Competitive Strategy: Keys to Profitability," Financial Analysis Journal (July-August, 1980).

27. Prahalad, C. K. and Gary Hamel (May-June, 1990), "The Core Competence of the Corporation," Harvard Business Review.

28. Schoeffler Sidney, Robert D. Buzzel, and Donal F. Heany (March-April, 1974), "Impact of Strategic Planning on Profit Performance," Harvard Business Review 52, 137-45.

29. Smith, Wendell (July, 1956), "Product Differentiation and Market Segmentation as Alternative Strategies," Journal of Marketing.

30. Susan, Fraker (March 5, 1984), "High Speed Management for the High-Tech. Age, "Fortune, PP.62-68.

31. Sutton, C.J. (1983), "Does Strategy Pay?", Managerial and Decision Economics, Vol.4, No.3.

32. Thomas, Michael (1990), "Market Segmentation," Quarterly Review of Marketing, Vol.6, No.1.

33. Usman,S., (1988), "Merchant Banks: The Challenges of Marketing," The Nigerian Banker, Vol.2(8).

34. Wilson, Aubrey and Bryan Atkin (September-October, 1976), "Exorcising the Ghosts in Marketing," Harvard Business Review.

35. Young, John, (5 Winter, 1985)"The Quality Focus at Howlett Packard," The Journal of Business Strategy.

36. Zeithany, Valerie A., Leonard L. Berry and A. Parasuraman (December, 1990), "Communication and Control Processes in Delivery of Service Quality, "Marketing Research.

37. Aaker, David A. (1992), Strategic Market Management, 3rd ed. (John Wiley and Sons, Inc., New York.

38. Adekanye F. (1984), Elements of Banking in Nigeria,(Graham Buru Limited.

39. Alderson, Wrore and Robert Sessions Basic Research on Consumer Behaviour, "Report on a Study of Shopping Behaviour and Methods for its Investigation," in Ronald E. Frank, Alfred A. Kuehn and William F. Massy (1962) eds. Quantitative Technique in Marketing Analysis,(Homewood, Illinois Irwin.

40. Alderson, Wrore (1957), Marketing Behaviour and Executive Action, Homewood, Ill: Richard Irwin.

41. Alexander, Ralph S. (1960), Committee on Definitions, of the American Marketing Association, Marketing Defininitions, Chicago, American Association.

42. American Marketing Association: Marketing Definitions, A Glossary of Terms.

43. Backman, T. N., and Williams R. D. and James F. Engel (1967), Marketing, New York: Ronald press.

44. Badiru, A. B. and Ayeni B. J. (1993), Practitioners Guide to Quality and Process Improvement, 1st ed., Chapman and Hall, London.

45. Baker, Michael A. (1985), Markekting, 4th ed. (McMillan Education Ltd, Houndmills, Basing Stoke, Hampshire.

46. Barn, Roscoe C. (March 19, 1979). Corporate CIA, Barrons.

47. Booz, Allen and Hamilton (1960), Management of New Products, New York.

48. Brown C. and David Asch (1987), Strategic Management (Houndmills, Basingstoke, Hampshire.

49. Bucklin, Louis P. (1970), Perspective for Distribution Programming, in Vertical Marketing Systems, Glenview, Ill:Scott, Foresman.

50. Busch, P.S. and Michael J. H. (1985), Strategic Foundation Richard D. Irwin Inc.

51. Buzzel, R. D. and Gale B. T. (1987) The PIMS Principles: Linking Strategy to Performance, The Free Press, New York.

52. Capaldini, Barry (1974), Marketing for the Bank Executive, 1st ed. Mason and Lipscomb Pub. Inc.

53. Christopher, Martin; (1992), Marketing Below the Line, Allen and Irwin.

54. Covey S. (1989), The Seven Habits of Highly Effective People, (Simon and Schuster, New York.

55. Cravens, David W. (1982), Strategic Marketing (Richard D. Irwin Inc., Homewood, Illinois.

56. David, Rachman J. (1969), Retailing Strategy and Structure: A Management Approach, Englewood Cliff, N. J. Princeton Hall, Inc.

57. Davidson, Hugh (1987), Offensive Marketing, (Penguin, London, Revised.

58. Deming W.E. (1995), in Bharat Wakhilu, Total Quality: Excellence Through Organization-Wide TRansformation, (Wheeler Publishing.

59. Derek and Cool, (1989).

60 Donaldson, G. and Irosch, J. W. Decision Making At the Top, New York Basic Books

61. Drucker, Peter (1964), Managing for Results, Harper and Row, New York.

62. Elvy, B. H. (1984), Marketing Made Simple, The Chaucer Press Ltd., Richard Clay, Great Britain.

63. Engel, James F., Henry F. Fiorillo and Murray A. Cayley (1972) (eds), Market Segmentation: Concepts and Applications., Holt, New York.

64. Enis, B. (1980), Marketing Principles, 3rd. ed., Santa Monica, C. A. Good Year Pub. Co.

65. Fortuna R. M., 1992), The Quality Imperatives In Total Quality: The Managers Guide for the 1990s, Huge E.C. ed. Kogan Page London.

66. George, Steiner A. (1979), Strategic Planning, The Free Press, Macmillan Publishers Co., London.

67. Giles, G.B. (1973), Marketing, (The M & E Handbook Series, London.

68. Gluek, W.F. (1981), Business Policy and Strategic Management, McGraw-Hill, New York.

69. Green, Paul E. and Donald S. Tull (1975), Research for Marketing Decision, 3rd ed., Englewood Cliffs, N.J. Prentice Hall.

70. Groeneveld, R. and Medford R.D. (June 1973), Is it Time to Revise the Marketing Concept? Industrial Marketing Management, Netherlands.

71. Hofer, C. W. and Schendel (1978), D. Strategy Formulation: Analytical Concepts, St. Paul, Minnesota: West.

72. Holloway, Robert J. and Robert S. Hancock (1970), Marketing in a Changing Environment, (New York: Wisley 1968) See also, Walter B. Wardz and Gerald I. Eyrich, Marketing: Theory and Application, (Harcourt, Brace and World Inc.

73. Hudson, O. (1998), Strategic Marketing Management: The Way Forward, (Davidson and Fred Co. Ltd. Essene.

74. Jacobson, Gray and John Hillkirk (1985), "Xerox: An American Samurai".

75. Jones M. Fred, (1957), Retail Merchandising, (Richard D. Irwin Inc., Homewood Ill.

76. Juran Joseph M. (1995), in Bharat Wakhlu, Total Quality: Excellence Through Organization - Wide Transformation, Wheeler Publishing.

77. Kelly, E. J. (1965), Marketing Strategy and Functions, (Prentice Hall.

78. Kollat, D.C.,; Blackwell, R., and James Robertson (1972), Strategic Markekting, (New York: Holt Rinehart and Winston.

79. Kotler, Philip (1991), Marketing Management: Analysis, Planning, Implementation and Control, 7th ed., Prentice-Hall International Editions.

80. Kotler, Philip (1988), Marketing Management: Analysis, Planning, Implementation and Control, 4th ed., Prentice-Hall International Editions.

81. Kotler, Philip, (1978), "Harvesting for Weak Products," Business Horizon, PP.15-22.

82. Larry, Rosenberg J. (1977), Marketing, Englewood Cliffs, New Jersey.

83. Larson, Weigand and Ulright (1976), Basic Retailing, Englewood Cliffs, N. J. Prince-Hall Inc.

84. Liswood, L.A. (1991), Serving Them Right, Harper Business, New York.

85. Martin, B. William (1989), Managing Quality Customer Service, Kogan.

86. Mazur, Paul (1947), Does Distribution Cost Enough Fortune? (November.

87. McCarthy, E. Jerome (1978), Basic Marketing, A Managerial Approach, 6th Ed., Homewood,Ill, Richard D. Irwin.

88. Morden, A.R. (1991), 2nd ed., Elements of Marketing, DP Publications LTD.

89. Murphy, Patrick E. and Enis, Ben M. (1985), Marketing, (Scott, Foresman and Company, Glenview, Ill.

90. Nwankkwo, G.O. (1982), The Nigerian Financial System, (Scott, Foresman and Company, London.

91. Nwokoye, Nonyelu G. (1987), Modern Marketing for Nigeria, Macmillan Publishers Ltd., London and Basingstoke.

92. Ohmae, Kenichi (1982), The Mind of the Strategist, (New York, Penguin Books.

93. Olulasi F. (1986), Introduction to Banking, (Giivans Group Nigeria.

94. Osuala, E. C. (1993), Introduction to Research Methodology, (Africana - FEP Publishers Ltd.

95. Otto, Kleppner (1973), Advertising Procedure, 6th ed., (Englewood Cliffs, N.J. Prentice-Hall.

96. Peters, T.J. and Waterman (Jr) (1982), In Search of Excellence,(Harper & Row.

97. Rachman J. David (1969), Retailing Strategy and Structure: A Management Approach, Englewood Cliff, N. J. Prentice Hall Inc.

98. Risley G. (1972), Modern Industrial Marketing. New York: McGraw-Hill.

99. Runyon, Kenneth E. (1982), The Practice of Marketing, Charles E. Merrill Publishing Company, A. Bell and Howell Company.

100. Schewe, Charles D. and Reuben M.Smith (1980), Marketing: Concepts and Applications, McGrow. Hill Book Company, New York.

101. Schnaars, Stephen P. (1998), Marketing Strategy: Customers and Competition, 2nd ed. (The Free Press, New York.

102. Seebohm, F., Stephen P. (1998), Marketing Strategy: Customers and Competition, 2nd Ed., The Free Press, New York.

103. Sewell C. and Brown P.B.(1992), The Golden Rules of Customer Care, Century Business, London.

104. Shapiro, Irving J. (1973), Marketing Terms, S.M.C. Publishing Company, West Long Branch, New Jersey.

105. Stanton, W.J. (1981), Fundamentals of Marketing, (McGraw-Hill International Book Company.

106. Stebbing, L. (1989), Quality Assurance, the Route to Efficiency and Competitiveness, Ellis Horwood Ltd., U.K.

107. Tende, Sam (1996), Distribution and Sales Management: Concepts and Application, Mandy Publishing Company Ltd., Nig.

108. Walker, D. (1990), "Customer First," The British Arways Story.

109. Wallace Company (1990), Inc. (Malcolm Baldridge National Quality Award); a Condensed Version of the Company's Application for the Award.

110. Walters, C. Glen (1974), Consumer Behaviour: Theory and Practice, 3rd ed., (Richard D. Irwin Inc.

111. Wingate, John W. and Harland E. Samson (1975), Retail Merchandising, 8th ed., South Western Publishing Company.

112. Adewale, Koiki (Septermber, 1996), Marketing of Services in Community Bank Financial Institutions: A Case Study of Waje Community Bank Limited," Department of Business Administration,Ahmadu Bello University (ABU)Zaria, Nigeria.

113 Afolabi and Akpaso, (1988), in Kuru Ahmed (2000), "Effective Marketing of Commercial Bank Services: A Case Study of Habib Bank," MBA Project, Department of Business Administration, A.B.U., Zaria.

114. AIMR (Association of Investment Management and Research) Charlottesville (1983), Seminar Material.

115. Ajayi, 1996, in Uduk Paul C. (1996), "Quality of Customer Service in the Nigeria Banking Industry," MBA Project, Ahmadu Bello University, Zaria.

116. Akpan, A. B. (1990), "Unpublished Classroom Notes, "Ahmadu Bello University, Zaria.

117. Ameh Friday (1998), "Marketing Quality Service in the Banking Industry: A Case Study of Citizens International Bank Ltd; Master of Business Administration (MBA) Project, Department of Business Administration, A. B. U., Zaria.

118. Ansell, T. (1993), "Approaches to Quality Management, Putting it into Practice at a Local Level: In Financial Services: The Search for

Quality, CIB Seminar Proceedings, London.

119. Banis J. 1981, in Uduk Paul Cyril (1995), "Quality of Customer Service in the Nigerian Banking Industry: A Case Study of First Bank of Nigeria PLC., Union Bank of Nigeria PLC, and UNited Bank for Africa PLC." "Ahmadu Bello UNiversity, Zaria.

120. Beskett, 1994, in Uduk Paul Cyril (1995), "Quality of Customer Service in the Nigerian Banking Industry: A Case Study of First Bank of Nigeria PLC; Union Bank of Nigeria PLC., and United Bank for Africa PLC., Ahmadu Bello University, Zaria,.

121. Brand Joe, Lavon Eldemir, Ellen Ablow and Stephen Ramirez (1990), "The Record Industry" Unpublished Paper.

122. Crawley, F. (1993), "Total Quality Management: A Customer Focused Strategy for Business Improvement" In the Search for Quality, CIB Seminar Proceedings, London.

123. Day, George S. (1998), "Building Relationships That Last", Mastering Marketing Management, T's Day, The Sunday Newspaper.

124. Dougery, John, Thomas Fabregos, Christian Koch, Lars Kogstad and Alexis Nasard (1991). The California Wine Industry Report," Unpublished Paper.

125. Eguche, F. (1998), "Effective Marketing of Petroleum Filling Stations and Services in Kaduna State: A Case Study of National Oil PLC, Kaduna," Unpublished Paper Ahmadu Bello University, Zaria.

126. Ellwood, P. (1993), "Implementing Total Quality at TSB: In the Search for Quality, CIB Seminar Proceedings, London.

127. Gwarzo, Alhassan Yahaya, "Marketing Concept as Applied to the Banking Industry: A Case Study of Chartered Bank Limited," MBA Project, Department of Business Administration, A.B.U., Zaria, (1999).

128. Gyallesu, Ahmed Abdul-Hamid (1994), "Impact of Advertising on Banking Services: A Case Study of Nigeria Universal Bank Limited," MBA Project, Department of Business Administration, A.B.U., Zaria.

129. Hussaini, Aliyu Yakubu (1999), "The Role of Advertising in the Banking Industry: A Case Study of FSB International Bank PLC." MBA Project, Department of Business Administration, A.B.U., Zaria.

130. Isakpa, Philip (April 21 1997), "The Direction of Banking in the Next

Millennium," In Vanguard, PP.12-13.

131. Ishikawa, K., "Quality Control in Japan (In the Japanese Approach to Quality, its Applicability to the West); Seminar Proceedings, Sasak; N. and Hutchins D.(ed.), London.

132. Jang V. (1998), "Marketing Quality Customer Service: A Case Study of Savannah Bank Plc.," MBA Project, Ahmadu Bello University, Zaria.

133. Kofoworola, Ajala Margaret (March 1996), "The Marketing of Banking Services in Nigeria: A Study of Three Commercial Banks in Zaria," MBA Project, Department of Business Administration, A.B.U., Zaria.

134. Kuru, Ahmed (2000), "Effective Marketing of Commercial Bank Services: A Case Study of Habib Bank," MBA Project Department of Business Administration, A.B.U., Zaria.

135. McGee J. and Thomas H. (July, 1988), "Technology Innovation and Strategy: Progress and Future Directions," Paper to the State of Art in R & D Management Conference, Manchester Business School.

136. McKibbin, S., "In Search of Quality: Quality Through People," Action Guide, Vol.1 Sam Tyler et. al., (1990).

137. Ndajiya, Bello Saidu (1998), "The Promotion of Banking Services and Customer Satisfaction: A Case Study of Savannah Bank of Nigeria PLC.," MBA Project, Department of Business Administration, A.B.U., Zaria.

138. Odeh, Ageh John (1992), "Target Marketing of Merchant Banks' Services in Nigeria: A Case Study of International Merchant Bank Nigeria, Ltd. MBA Project, Dept., of Business Administration, A.B.U., Zaria.

139. Oguntade, A. (1987), "Marketing of Bank Services: Strategic Issues". Business Times, (13th January.

140. Ojoma, (Janet Onalo (1999), "The Impact of Advertising on Financial Institutions in Nigeria: A Case Study of Citizens International Bank Nigeria," B.Sc 400 Level Project, A.B.U, Zaria.

141. Olatoun, Iyabo Odedele (1998), "Developing and Marketing Commercial Banks' Services in Nigeria: A Case Study of Selected Banks," MBA Project, Department of Business Administration, A.B.U., Zaria.

142. Olayinka, E.O. (1999), Effective Marketing of Commercial Bank Services: A Case Study of Habib Bank Nigeria Limited. MBA Project, Department of Business Administration, A.B.U., Zaria.

143. Oriji, S. Mohammed (1999), "The Application of Strategic Marketing Concept in Marketing Commercial Bank Services: A Case Study of Union Bank of Nigeria PLC.," MBA Project, Department of Business Administration, A.B.U., Zaria.

144. Oruma, Ibrahim, The Impact of TQM on Organizational Performance: A Case Study of Citizen International Bank," MBA Project A.B.U, Zaria, (January, 1998).

145. Ralph (1960), in Kuru Ahmed (2000), "Effective Marketing of commercial Bank Services: A Case Study of Habib Bank," Master of Business Administration Project, Dept. of Business Administration, A.B.U., Zaria.

146. Robson M., "Journey to Excellence" (the Video Film).

147. Sadiku, Laja (March 18, 1997), "For Bank to Thrive" A Keynote Address at Banking Operations Workshop of CIBN" In Daily Champion, p.24.

148. Seminar Material (1994), Manchester Business School. (See also Fortuna R. M. (1992) and Liswood L.A.(1991) "Serving Them Right."

149. Stern, Louis W., Distribution Channels: Behavioural Dimensions, (Boston:Houghton Muffland, 1969).

150. Thanda S. Rubainu (1998), "The Marketing of Financial Services in a Distressed Economy; ICON's Experience, MBA Project, Department of Business Administration, A.B.U., Zaria.

151. Uduk Paul C. (1995), "Quality of Customer Service in the Nigerian Banking Industry". MBA Project, Department of Business Administration, A.B.U., Zaria.

152. Uzoh, Okorie (1998), "Segmenting Markets in Commercial Banks: A Case Study of First Bank of Nigeria PLC," MBA Project, Department of Business Administration, A.B.U., Zaria.

APPENDIX I

MARKETING STRATEGIES OF FINANCIAL INSTITUTIONS IN NIGERIA: A STUDY OF SELECTED BANKS

QUESTIONNAIRE 'A' FOR BANK MANAGERS

1. Does your bank have a marketing department?

   (a) Yes []

   (b) No []

2. If 'Yes' above, what function(s) does the department perform?

   (a) Research []

   (b) Product/service design []

   (c) Promotion []

   (d) Others specify .....

3. What are the primary objectives of your bank?

   .....

   .....

4. Are these objectives

   (a) Fully customer oriented? []

   (b) Partly customer oriented? []

   (c) Not all customer oriented? []

5. Does your bank apply marketing strategies in achieving objectives?

   (a) Yes []

   (b) No []

6. Are these objectives

KASHIM IBRAHIM LIBRARY

(a) Very effective []

(b) Fairly effective []

(c) Not effective []

7. How do you measure the effectiveness of these strategies?

8. What are your major problems in strategy implementation?

9. Does your bank group the customers into district segments.

(a) Yes []

(b) No []

10. What bases does the bank use to segment its market?

.....

.....

11. What are the services provided by your bank?

12. Where do you collect your new product ideas?

(a) Competitors []

(b) Customers Suggestions []

(c) Customers complaint []

(d) Staff []

(e) Others - specify []

13. Do you follow the traditional method of developing new products.

14. What are your pricing objectives?

15. What pricing strategies do you adopt to achieve these objectives?

16. What are the promotional methods used by your bank?

(a) Advertising []

(b) Personal selling []

(c) Sales promotion []

(d) Public relations []

(e) All of the above []

17. Which of the following media does your bank use to reach its customers?

(a) Television []

(b) Radio []

(c) Bill Board (out door) []

(d) Newspapers []

(e) Magazines []

(f) Journals []

(h) Any other .....

(g) All of the above .....

18. Who are your major customers?

19. What factors influence the selection of locations of your branches?

.....

.....

20. Has your bank adopted Total Quality Management (TQM)?

(a) Yes []

(b) No []

21. How would you rate your bank's present quality orientation?

(a) Excellent []

(b) Satisfactory []

(c) Average []

(d) Not satisfactory []

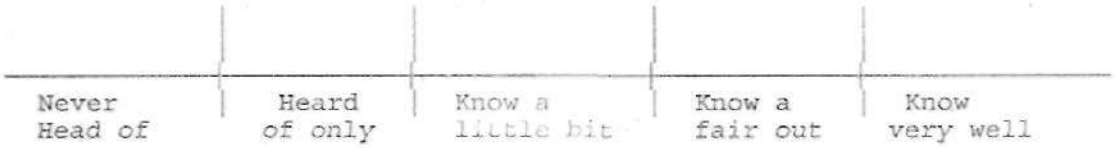
22. *How do you handle customers complaints?*

QUESTIONNAIRE 'B' FOR CUSTOMERS OF THE BANKS

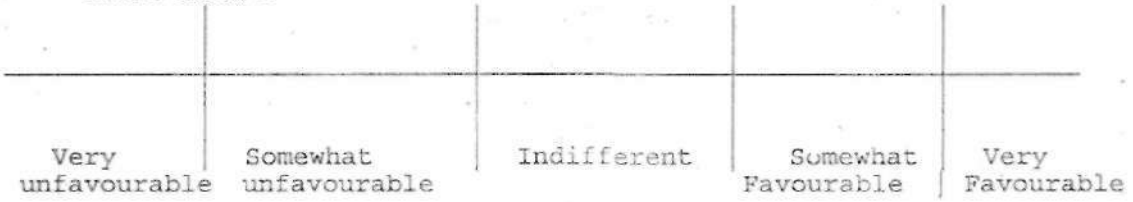
1. What factors motivated the choice of your bank?

.....

2. How would you rate your knowledge of your banks services? Use the familiarity scale below:



3. How do you feel about the banks services? Use the favourability scale below:



4. Are you satisfied with the way your bank handles your complaints?

(a) Yes []

(b) No []

5. How do you channel your complaints to your bank?

6. What strategies would you recommend to your bank for effective marketing of its services?

.....
.....

FIVE YEARS

For the year ended 31 December 1995

CITIZENS INTERNALTIONAL BANK

	1995 N'000	1994 N'000	1993 N'000	1992 N'000	1991 N'000
Balance Sheet					
Total assets employed	8,007,650	3,505,003	3,245,981	1,374,717	505,287
Loans and advances	2,946,184	1,558,988	1,522,274	627,041	80,402
Advances under finance lease	1,131	8,811	15,489	18,862	8,951
Share capital	150,000	100,000	50,000	50,000	25,000
Shareholders' funds	193,089	284,117	199,811	77,948	51,003
Deposit liabilities	4,870,164	2,440,592	2,171,162	929,720	240,254
Profit and Loss Account					
Gross income	1,466,450	1,143,912	978,017	268,978	112,887
Interest expense	688,933	453,701	472,700	117,302	44,207
Operating expense	516,685	314,872	191,821	73,410	33,307
Profit before taxation	224,973	146,539	215,463	72,257	35,327
Profit after taxation	208,973	134,306	150,963	53,845	24,252
Proposed dividend	0	50,000	35,000	35,000	0
Bonus issue	100,000	50,000	50,000	0	17,000
Retained earnings	108,973	34,306	71,963	18,845	7,252
Statistical Information					
Shareholders' funds/total assets	6.02%	8.11%	6.16%	5.28%	10.09%
Shareholders' funds/deposits	10.12%	11.64%	9.20%	8.37%	21.22%
Loans and advances/total assets	36.38%	44.48%	46.90%	42.22%	15.92%
Loans and advances/deposits	60.49%	63.88%	70.11%	67.44%	33.47%
Loan loss provision/loans and advances	11.70%	21.14%	8.47%	1.51%	4.60%
Capital adequacy ratio (Standard: 8.00%)	11.44%	14.54%	8.82%	18.69%	19.83%
Earnings per 1 share	1.39	0.90	0.67	0.36	0.16
Dividend per 1 share	0.67	0.67	0.77	0.23	0.07
Net assets per 1 share	2.29	1.89	1.33	0.52	0.34
Gross interest margin %	32.34%	37.52%	16.22%	27.25%	20.80%
Return on assets (annualised)	2.77%	4.18%	6.61%	4.00%	26.10%
Return on equity (annualised)	139.32%	134.31%	313.93%	107.62%	97.01%
Average number of employees	427	335	378.00	180	85
Earnings per employee (N'000)	489.40	378.33	564.61	289.49	285.32

	1995 N'000	1994 N'000	1993 N'000	1992 N'000	1991 N'000
USE OF FUNDS					
Cash and short term funds	19,825,479	6,462,560	4,867,029	7,856,901	4,235,555
Cash reserve deposits	882,084	613,136	437,351	184,234	159,761
Stabilisation securities	4,196,142	3,042,103	3,826,888	974,404	437,108
Bills Discounted	2,635,639	1,946,945	999,413	1,353,294	1,461,385
Investments	3,070,749	890,051	78,106	41,764	22,409
Loans and Advances	6,220,112	4,317,846	5,428,590	3,650,186	2,435,482
Other Assets	4,611,346	5,461,290	6,220,903	3,680,068	3,440,789
Fixed Assets	1,758,633	1,548,048	1,117,690	908,980	496,003
	44,200,384	24,281,979	22,975,170	18,649,831	12,688,495
LIABILITIES					
Deposit and other customers' Accounts	33,161,587	18,353,987	18,627,500	17,356,193	11,894,450
Accounts payable, including items in transit, taxation and dividends	7,427,488	4,350,600	3,608,521	783,896	305,571
	40,589,075	22,704,587	22,236,021	18,140,089	12,200,021
CAPITAL AND RESERVES					
Share Capital	300,000	100,000	100,000	100,000	100,000
Reserves	3,311,309	1,477,392	639,149	409,742	388,474
Shareholders' funds	3,611,309	1,577,392	739,149	509,742	488,474
	44,200,384	24,281,979	22,975,170	18,649,831	12,688,495

APPENDIX IV

FIVE YEARS FINANCIAL STATEMENT OF UNION BANK OF NIG. PLC

Assets	1995 N'000	1994 N'000	1993 N'000	1992 N'000	1991 N'000
Cash and short-term funds	7,153,714	5,331,047	5,434,252	3,012,059	947,446
Balances with other banks and financial institutions	45,666,513	15,925,847	17,397,421	14,138,113	6,641,100
Bills discounted	4,511,235	10,453,686	1,237,053	110,481	1,570,523
Investments	38,507	77,973	77,870	62,648	39,815
Investments in subsidiaries and associated companies	62,000	17,000	—	—	—
Loans & advances	11,254,763	7,105,544	4,218,678	3,773,168	1,736,617
Other assets	4,767,464	2,335,583	2,074,805	1,304,869	1,656,808
Equipment on lease	232,675	114,945	83,103	71,810	10,400
Fixed assets	2,863,224	1,912,208	1,484,914	1,396,478	563,728
Total Assets	76,550,095	43,273,833	32,008,096	23,869,626	13,166,437
Financed by:					
11.75% Loan Stock 1988/92	—	—	—	—	8,000
Customers' deposits	51,606,688	24,913,583	20,114,764	15,712,902	9,739,954
Other liabilities	21,447,393	16,337,301	10,215,980	6,939,079	2,750,107
	73,054,081	41,250,884	30,330,744	22,651,981	12,498,061
Capital & Reserves					
Share capital	158,760	158,760	79,380	79,380	79,380
Statutory reserves	344,914	258,745	195,715	127,860	115,330
Loan stock redemption reserve	—	—	—	—	31,115
General reserve	991,436	860,356	717,513	380,629	298,359
Reserve for bonus issue	238,140	39,690	—	—	—
Shareholders' Funds	1,733,250	1,317,551	992,608	587,869	524,184
Revaluation reserve	228,625	228,625	228,625	—	—
Exchange difference reserve	1,534,139	476,773	456,119	401,151	144,192
Capital Funds	3,496,014	2,022,949	1,677,352	1,217,645	668,376
	76,550,095	43,273,833	32,008,096	23,869,626	13,166,437

FIVE YEARS' FINANCIAL STATEMENT OF FIRST BANK OF NIG.PLC

ASSETS	1995 N'm	1994 N'm	1993 N'm	1992 N'm	1991 N'm
Cash, bank balances and bills discounted	38,172	22,532	16,949	11,316	7,114
Investments	153	115	91	93	83
Loans and advances	11,741	5,911	3,073	2,379	1,635
Equipment on lease	151	34	—	—	—
Fixed assets	3,520	1,107	851	671	562
Other assets	6,081	4,226	2,588	2,527	1,925
Total assets	59,821	33,955	23,552	16,986	11,319
LIABILITIES					
Deposits	41,611	23,275	16,139	11,965	8,287
Taxation	275	370	356	33	5
Dividend	462	241	161	71	—
Other liabilities	11,668	8,238	5,102	3,962	2,570
	54,016	32,124	22,058	16,031	10,862
SHAREHOLDERS' FUND	5,775	1,831	1,494	955	457
	59,821	33,955	23,552	16,986	11,319