

**MARKETING STRATEGIES IN A SERVICE
INDUSTRY: A STUDY OF AFRICAN
INTERNATIONAL BANK LIMITED**

BY

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**A PROJECT SUBMITTED TO THE POSTGRADUATE SCHOOL
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NOVEMBER, 1999

*No part of this work may be used for any other purpose, directly or in directly,
except purely for academic or research purpose.*

DECLARATION

I hereby declare that this project is a record of my own research efforts. It has been composed by me and it has not been previously presented for any earlier application for a higher degree.

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DATE

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CERTIFICATION

This project report entitled: "MARKETING STRATEGIES IN A SERVICE INDUSTRY (A Case Study of African International Bank Limited)" by SULE JA'AFARU GARBA, meets the regulations governing the Award of the Degree of Masters of Business Administration (MBA) of Ahmadu Bello University, Zaria and is approved for its contribution to knowledge and literary presentations.

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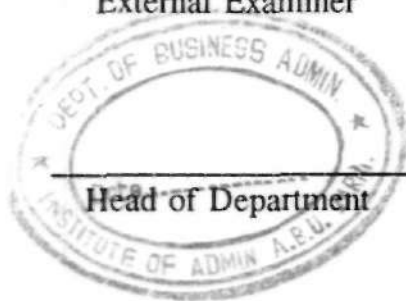
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DEDICATION

This Research project is dedicated to my beloved Brother **Mr. James, Nda Abalaka** and **His entire family**, for their unalloyed and immense contribution to my academic development and success.

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ACKNOWLEDGEMENT

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ABSTRACT

A business whether large or small do not operate in a **vacuum**. Any business enterprise operates where there will be market for its products or services.

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

The service industries, (A case study of African International Bank Limited), which is the focus of this study, is in business to render services. Therefore, the service industries must be prepared not just to provide the services, but to do so qualitatively and aggressively if they must survive. Gone are the days when service industries particularly banks was viewed as a "seller's market" whereby customers had the impression that there were privileged to enjoy their services. Today, it is the turn of these service industries to go out and seek for customers and also strive to retain them by identifying their various needs and satisfying them.

This study therefore is carried out to analyse the various marketing strategies of the service industries, using African International Bank Limited as a case study.

It is expected that at the end of the study, suggestions and recommendations would be given with the hope that this sub-sector stands to benefit greatly, if properly and promptly implemented.

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CHAPTER ONE

1.1 INTRODUCTION

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 - (ASCAs). 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 - getting adverts, 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. For most banks the question is not whether to design and implement strategies, but how, what and when 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 stock-brokers, 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"? Whether or not the bank answers this question, it will certainly achieve something and, also be something to its

customers and other publics. The bank's products and services, employees, individual will certainly create impressions. And whatever impressions are created should not be left to chance.

Many of today's banks got their start by coming out with the right products and services at the right time in a growing market. "Many of their past decisions were made without the benefit of formal strategic thinking and planning" (Kotler 1980). Wise and Lucky, management decisions carried these banks to where they are today.

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 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. 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 marketing organization. This calls for innovativeness in strategy formulation and implementation.

Also, strategic marketing is to create and maintain loyal customers. This is particularly so in mature markets where other sources of competitive advantage can be quickly eroded (GEORGE DAY 1998). 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. The objective is to make sure that the most valuable customers are satisfied.

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

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

In this study therefore, an attempt would be made to appraise the marketing strategies of a service industry using African International Bank Limited as a case study. Specifically, the study will try to review:-

- (a) how this bank have performed in recent years with regards to profit and market shares;
- (b) the bank marketing objectives; and
- (c) the strategies that have been adopted over the years to achieve these objectives.

1.2 STATEMENT OF THE PROBLEM

The period ranging from 1984 to 1992 witnessed significant rise in the number of banks entering the industry. The very large number of banks and non-bank financial institutions within so short a time and a non-growing economy, unleashed a high level of competition never witnessed in the economy (Thanda). In recent time, especially since the first quarter of 1994, the industry as a whole has witnessed systematic distress characterised by capital inadequacy, liquidity and losses. As a result, many banks have been liquidated while some have been taken over and are under the direct management of the Central Bank of Nigeria (CBN), as the apex banking regulatory authority in the country.

Several factors have combined to place the Nigerian Banking Industry where it is today. Until now, strategic marketing of banking services continues to enjoy less than primary attention in Nigeria. Corruption, mismanagement, and foolhardiness in risk taking continue to be common features 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 therefore to serve general markets, quality, customer base, and eventually profits are sacrificed.

The problem facing the Nigerian banking industry is enormous. Hitherto, banks had played a traditional role as the custodians of deposits. That role is gradually being lost as more and more non-banking institutions and community associations deliberately and skillfully convert these functions into their profitable niches. The desire by these banks to sustain the status quo—that of collectors rather than gatherers of deposits explains this gradual irrelevance.

The increasing mortality rate among banks in this country has added to the turbulence. The desire to stay alive and be viable has therefore dominated the strategic thinking of bank executives and managers. To many, it has become an aspect of frustration; while others have succumbed as a result of lack of relevant assets and skills.

The cry for quality banking services has been loudest within the past few years. People are no longer willing to do business with banks that do not appreciate their patronage. Banks that have refused to listen and heed this cry are dying out.

Infact, the arm chair banking of yester years is gradually being replaced by an active systematic effort by banks to seek out and satisfy customers through the provision of genuine products and services.

The liberalization of banking licenses in the early 80s resulted in the saturation of the banking industry in Nigeria. This market saturation forced banks is realise that though advertising and other related promotional activities were easy ways to attract a careful analysis of customer needs and wants and an effective positioning of organisation's resources to meet these needs. Cer, taking a position goes beyond image making, it is an attempt to differentiate the bank from the competition along real and meaningful dimensions. This certainly requires an intensive selling of the bank's unique selling propositions (USPs)

1.3 OBJECTIVES OF THE STUDY

Generally, the objective of this study is to identify marketing strategies of financial institutions in Nigeria, using African international bank as a case study.

Specifically, the study is designed to:

- (a) Determine the extent to which Nigerian Banks has adopted strategic marketing:
- (b) Answer the following questions
 - (i) Who are the biggest bank customers, who are the most profitable customers; do the customers fall into any logical groups on the basis of needs motivations or characteristics?
 - (ii) How should the market be segmented in groups that would require marketing strategy?
 - (iii) What are the major criteria for selecting target market? What targeting strategies are being used? (Aaker, 1992).

- (c) To identify the current and future functional area strategies relevant to bank service marketing.

Finally, it is expected that the recommendations of this study will help to contribute to the enlisting literature on service-marketing, especially as it affects the financial institutions.

1.4 SIGNIFICANCE OF THE STUDY

Banks and financial institutions generally plays key role in the economy development of any country. And in order for them to meet and satisfy the needs and wants of their customers, they need to adopt an effective marketing strategies.

In the area of corporate depositioning banks will consistently need to redefine their focus, missions statements and vision to enhance their presence in the domestic and investment economy. The liquidation of some banks about three to four years ago coupled with the existence of a cloud of uncertainty definitely informs the determination of banks to focus on customer satisfaction. Banks in the next millennium will need alot of modelling if they intend to achieve some measure of credibility within the industry. This will certainly call for all the paraphenelia of excellent corporate culture and vision.

However, despite the importance of marketing strategic in this sub-sectors, no significant study has been done in that area eventhough there are enough general literature.

The rationale for the study therefore lies in the desire of the researcher to help identify the relevant marketing strategies to be adopt at any particular point in time, base on the market niches.

This sub-sector stands to benefit immensely from this effort as the recommendations will be made after analysing critically, the various marketing strategies.

1.5 ASSUMPTIONS/HYPOTHESIS OF THE STUDY

- (i) *The current turbulent nature of the banking industry calls for effective and efficient implementation of marketing strategies;*
- (ii) *There is a general "lulling" in the banking industry due to the problem of crisis of confidence arising from the recent collapse of banks.*
- (iii) *There are genuine benefits for banks to gain from adopting strategic marketing.*
- (iv) *Application of marketing strategies improves the banks operations and services.*
- (v) *Customers are reasonably familiar with the Bank, its products, and services.*
- (vi) *Majority of the banks customers are individuals and corporate bodies that maintain (deposit) huge amount of money with it.*
- (vii) *That the customers of the bank have never being disappointed before as a result of the bank's mode of services and operations.*

1.6 SCOPE OF THE STUDY

The study will be pre-occupied with identifying marketing strategies used by banks to reach out to the markets, using African International Bank Limited as a case study.

Chapter one of the study sets out the research design while chapter two review the relevant literature in strategies marketing. Chapter three focuses on the research methodology; while, chapter four deals with data analysis meanwhile, chapter five presents the summary, conclusion and recommendations.

1.7 LIMITATION OF THE STUDY

Every human endeavour has related problems and limitations, the research process is no exception. The process is very complicated with many constraints, apart

from the normal human limitations and environmental constraints. Other major limitations identified includes:-

- (i) There are very few detailed studies that have been conducted in this area, thus resulting in a comparative shortage of literature on the subject.
- (ii) The secrecy of revealing information pertaining to banking operations.
- (iii) There is also this limitations resulting from time constraints, funds, high cost of necessary materials such as stationeries, transportation as well as difficulty in the distribution and collection of questionnaires.

1.8 DEFINITION OF OPERATIONAL TERMS

In a study like this, it is important to define, at the beginning, those terms and concept that will be used in the study for the purpose of clarity. Such terms are defined below:

(i) Marketing

This is the performance of business activities that direct the flow of goods and services from producer to customer or user in order to satisfy customers and accomplished the firm's objectives" (McCarthy 1964)

(ii) Strategy

"This is 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 objective of the enterprise are achieved. (W.F. Ghuek 1980)

(iii) Marketing Strategy

"This is a set of objective, policies and rules that guide over time the firm's marketing effort its level meet, an allocation and partly independently in response to changing environmental and competitive conditions (Kotler)

(iv) Service

"This is any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything (Kotler 1988)

(v) Quality

This refers to an equilibrium level of functionality possessed by a product or service based on the products capability and the customers needs" (Adedeji B. and Babatunde Adedeji Badinu (1989)

(v) Bank

They are financial institutions that accept deposit and make payment unbehalf of their customers when the need arise.

(vi) Service Industry

This refers to an organisation that provides intangible product rather than tangible product.

(viii) Price

This refers to the value of exchange for a product or service.

(ix) Sale Promotion:

This is a function in marketing that provides inducements to buy, offered for limited period only, at the time and place the purchasing decision is made, which are supplementary to a product's normal value.

(x) Training and Development

This is the process of developing knowledge, skills, and behaviours in people that will enable them to better perform their current and future jobs.

(xi) Selling

This is the counterpart of buying. Activities of selling include locating buyers creating demand etc.

(xii) Buying

This include determining what is needed either for sale or for personal use; locating source of supply, and negotiating terms and prices.

(xiii) Financial Institutions

These are organisations that specialises in granting credit, accepting deposit and making payment to their customers on demand.

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CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

This chapter will review what other authors, researchers, and observers, past and present have done in this line with a view to finding a theoretical base within which marketing strategies in a service industry can be better appraised.

It discusses the theoretical analysis of marketing strategy, analytical modes in marketing, rooting out the causes of customer dissatisfaction in a bank industry, sales promotion in banking and financial institution, service quality, characteristics of service, corporate culture and service quality, developing a marketing strategy, the process of formulating and implementing marketing strategy, the determinant of service quality, characteristics of service, what makes service different from a product, banking services, marketing of bank services, new product development and innovations in the banking industry, marketing challenges and competition in a contracting banking industry, the importance of quality services in the banking industry, the importance of strategic marketing management, as well as the historical background of African International Bank would be appraised.

2.1 THEORETICAL ANALYSIS OF MARKETING STRATEGY

The term strategy is derived from the GREEK word "STRATEGOS" meaning general. It means planning and directing of battles or campaigns in military sense. And in the business sense it refers to action by management to offset actual or potential actions of competitors.

A business strategy is defined or shaped by six elements or dimensions, (D.A. Aaker, 1992). The elements or dimensions are:

- (i) The product market in which the business is to compete: According to Aaker, the scope of a 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.

(ii) Level of Investment:

A business scope or strategy can also be defined by its level of investment.

The question here is that, is it investing:

- to grow (or enter the product market?)
- to maintain the status quo?
- to milk the business by minimizing investment?
- to recover as much of the assets as possible by liquidating or divesting the business?

(iii) The functional area strategies needed to compete with in the selected product market:

Companies compete using functional area strategies such as:

- product line strategy
- positioning strategy
- pricing strategy
- manufacturing strategy
- logistical strategy

(iv) The strategic asset 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.

A strategic asset or simply asset, is a resource, such as a brand name or installed customer base, that is strong relative to competitors - (Aaker).

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.

(v) The Allocation of Resources over the business units:

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

(vi) The development of synergistic effects across the business - 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.

2.1.1 DEVELOPING A MARKETING STRATEGY:

Developing a marketing strategy is a two-step processes:

(i) Selection of the target market - The selection of particular groups of customers to whom the company wishes to appeal. Marketing management determines its target market after analysing potential customers in the light of the company's capacities and objectives. The specific markets which are selected depend on the particular situation. Target market selection requires considerable thought and analysis.

Figure 2.1 shows a market grid for a potential target market:

Market Grid for a Target Market

		POTENTIAL TARGET MARKET		
ALL OTHERS				

The total market for a product or service can be seen as a box which is cross-hatched, like check or board or grid, on the basis of relevant market characteristics. Each of the squares in the large box represent a smaller, potentially unique market as shown above in (Fig.2.1). Implicit in this is the understanding that only potential customers will be considered within the market grid. They could be shown explicitly in a little area below the potential markets, perhaps surrounded by a dotted line as shown in Fig.2.1 above. But practical purpose, such groups are not part of the potential market and hereafter the dotted area will not be shown.

The characteristics which are used to split up the market grid, at least initially, should be characteristics of potential customers for this type of product - not characteristics of present or possible products. There may even be some markets which cannot be satisfied with any existing products. In this way, the market grid approach can be used to discover new opportunities which may not have occurred to anyone.

Ultimately, the marketing manager will seek to find customers, in market grid boxes, who might be interested in his current or proposed services or products.

(ii) Development of a "Marketing Mix" - The choice of the elements which the company intends to combine in order to satisfy this target group.

The customer is of overriding importance in the selection of a marketing strategy. When the target market(s) has(have) been chosen, then the market manager must combine all of the factors at his command in an effort to satisfy this (these) market(s). Note that each target market may require a separate marketing mix.

Even when customers are carefully analysed and specified, developing a marketing mix is not a simple task. However, in developing a marketing mix, these basic approach could be used:

- (i) makes sure the manager knows what and where his markets are;
- (ii) provides effective customer and product service;
- (iii) sees that he has the right service or product at the right place, at the right time, at the right price;
- (iv) sells to the greatest possible number of customers through the most efficient sales and distribution channels; and
- (v) must support the product or service adequately with advertising and sales promotion.

This approach keeps all marketing activities focused on the specific company objectives, which must be established at the beginning in terms of profit, sales volume, and market position targets.

2.2 THE PROCESS OF FORMULATING AND IMPLEMENTING MARKETING STRATEGY

Business's success is determined by two aspects of strategic fit. First, its competitive and marketing strategy must fit the needs and constraints of the external environment. Second, the business must be able to effectively implement that strategy via its internal structure, policies, procedures, and resources. When it cannot effectively implement its chosen strategy - even if the strategy is appropriate for the circumstances it faces - trouble will ensue.

Therefore, in formulating and implementing marketing strategy, the following process should be used:

(i) Market opportunity analysis:

A major factor in the success or failure of a strategy at any level is whether it fits the realities of the firm's external environment. Thus, in developing a marketing strategy for a product or service, the marketing manager must first monitor and analyze the opportunities and threats posed by factors outside the organization.

(ii) Environmental, Industry and competitor analysis:

To understand potential opportunities and threats over the long term, marketers must first attempt to identify and predict the impact of broad trends in the economic and social environment. In some situations a firm might even try to influence the direction of such trends.

- (iii) **Customer Analysis: Segmentation, targeting and positioning;** The primary purpose of any marketing strategy is to facilitate and encourage exchange transactions with potential customers. One of a marketing manager's major responsibilities, then is to analyze the motivations and behaviours of present and potential customers. Of course, it is unlikely that every potential customer will have the same needs, seek the same product benefits, or be influenced in the same way by the same marketing program. Thus, marketing managers must also determine whether there are multiple market segments that will respond differently to their products and marketing programs and how to best define, identify and appeal to those segments.

(iv) Formulating Strategies for Specific Market Situation:

The strategic marketing program for a particular product - market entry should reflect market demand and the competitive situation within the target market. As demand and competitive conditions change over time, the marketing strategy should also be adjusted.

(v) Implementation and Control:

A final critical determinant of a strategy's success is the firm's ability to implement it effectively. And this, in turn, depends on whether the strategy is consistent with the firm's resources, organizational structure, coordination and control system, and the skills and experience of company personnel. In other words, managers must design strategy that fits existing company

resources, competencies, and procedures or try to construct new structures and systems to fit the chosen strategy.

Finally, the marketing manager must determine whether the marketing program is achieving its objectives and adjust the strategy when performance is disappointing. This evaluation and control process provides feedback to managers and serves as the basis for a subsequent market opportunity analysis.

2.3 ROOTING OUT THE CAUSES OF CUSTOMERS DISSATISFACTION IN BANKING INDUSTRY:

Every organization provides product or service to its customers, so that at the end of the day can get a return from such a product offered or service rendered. For such an establishment to remain in business and retain its customers loyalty however, it must strive to satisfy the needs and wants of such customers by providing a quality product or rendering quality service, the absence of such quality product or service which may lead to customer dissatisfaction.

To this effects, the researcher make an attempt here to root out some of the causes of customers dissatisfaction in the bank industry. These are:

- (i) Customers with any bank can get dissatisfy when they get irritated, particularly when they are turned down in the process of transacting business with the bank concerned. This may even resulted to the bank losing some of it's valuable customers. To back this point up, example was taken from one of the (Harvard business review of 1996, pg. 63) - it was a response by one of the bank customers (i.e. Every bank) who was losing 400,000 of its customers every year.

Below is one of the interview response by one of its customers;

Question: "Why were you irritated"?

Answer: Because I was turned down for a credit card.

Question: Have you ever been turned down before?

Answer: Yes, several times, but this time, the bank gave me this big come-on about being a preferred customer and then turned me down with a form letter!

(ii) Can get dissatisfied when the bank service time is longer than necessary. By this, we mean unnecessary delay in attending to customers waiting to withdraw their money; as every customer need prompt service.

(iii) Customers can get dissatisfied in their dealing with any bank if when they need help as affecting their business they cannot get it. Example is when a customer need a guide as to how to fill "teller". Giving such a customer the right time to avoid delay is very necessary.

(iv) Customers of any bank can also be dissatisfied when the management do not:

- appreciated;
- recognised and remembered;
- respect as well as when they are not offered orderly services, particularly to those customers considered to be the bank valuable customers.

2.4 SALES PROMOTION IN BANKING AND FINANCIAL INSTITUTIONS:

Commercial banks in addition to their three(3) basic products of holding money safety, transferring it on demand, and lending it out where provident, also offer a variety of promotional services - some free, some not - all aimed at keeping their existing customers or attracting new ones.

Some commercial banks make no charge to certain classes of private customers, so long as accounts are kept in credit.

Financial advice, stock-breaking activities, acting as executors and trustees of wills, undertaking a variety of services in the foreign exchange and trading fields providing of right - safe and ready-cash facilities, the free issue of statistical and economic surveys and of course, the usual quarterly or monthly review, can all be regarded as sales promotion. No doubt more facilities will be added if competition with other institutions offering the same or similar basic products should intensify.

Extending the banking hours might be one way to improve their service, if costs permit, especially as wages are increasingly being paid by cheque.

Offering an accounting or auditing service might be another, even though it would probably tread on quite a lot of professional accountant toes.

Rendering of banking services week ends particularly Saturdays may also be one way to promotional strategy.

The establishment of banking and finance facilities at points where their product (ready cash) is actually used is another form of promotion. Also is the establishment of their branches in rural areas is also another sales promotion.

Mobile premises at agricultural shows, trade fairs, bureaux de exchange at transport terminals and the availability of facilities in large shops, all provides ready examples. Credit card provision and may be, in the future, even debt management services further extend the range of available techniques.

2.5 SERVICE QUALITY:

The totality of features and characters of a product or service that bears on its ability to satisfy stated or implied needs is referred to quality of service.

Quality for a product or service according to (WAKHLU 1995) has two (2) aspects:

The first relates to the features and attributes of the product or service. These ensure that the product meets the needs of its users.

The second aspect concerns with the absence of deficiencies in the product. The users of products or services (customers) are satisfied by a product only if it meets their expectations through these attributes.

Companies that differentiate on the basis of service, can ask higher prices for comparative products or services and achieve superior profit margin.

Service quality is an attractive option for companies who find it difficult to compete on the basis of price or technology. It is an attractive option because unlike most strategies, a strategy based on excellent service quality is nearly impossible to imitate or duplicate. "Service quality converts a company from an anonymous object into a familiar face (HOROVITZ AND PANAIK).

A good service company has a personality in its customers eyes, and every good service company has a personality which is unique and different from any other.

Most customers who have already experienced good service with a company will not want to take the risk of experiencing bad service with a new company. customers will always be willing to pay a slightly superior price for a guarantee of good service.

It is hard to achieve service quality, because service is complex and multidimensional.

Thus, the service quality battle is fought on two fronts - design and delivery. In order to be a service leader, companies must do both well.

Customers generally have expectation on a number of aspects of the service. For a bank, customers may place premium importance on the banks ability to consult them in financial affairs or on the rapidity with which they can respond to a balance

enquiry.

It is also important to determine customers' perceptions of good service for each aspect of the banks service. If the bank's customers place a priority on responding rapidly to a balance enquiry, what does the customer to be "rapid" two minutes or five?

A company should adjust or fine-tune its service to match its customer expectations. If a company says that it provides "perfectly customised service, then that is what its customers expect to receive - to the better (HORIVITZ, AND PANAK).

Customer expectations must not only be met in service design, but also in service delivery. Providing well-belivered service means being able to ensure that the service package is provided without fault, whenever and whenever the customer comes into contact with the company. This is referred to as a zero-default service.

2.5.1 DETERMINANTS OF SERVICE QUALITY

Customers use basically similar criteria regardless of the type of service in determining service quality. The criteria are:

(i) **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 or no waiting at all.

(ii) **COURTESY:**

The employee are friendly, respectful, polite, considerate, empathetic, etc.

(iii) **COMPETENCE:**

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

(iv) **COMMUNICATION:**

This is the ability to listen to the customer, keep the customer informed,

describe the service accurately in the customer's language, and accept customer feedback.

(v) CREDIBILITY:

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

(vi) RELIABILITY:

This has to do with the consistency, accuracy, and dependability of service.

(vii) RESPONSIVENESS:

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

(viii) UNDERSTANDING:

The readiness of the service provider and all employees to know the customer, understand the customer's needs, and provide the individual attention.

(ix) SECURITY:

The service is free from danger, risk or doubt.

(x) TANGIBLES (TOOLS):

This deals with the appearance of physical facilities, equipment, personnel, and communication materials.

2.6 CHARACTERISTICS OF SERVICE

Service is any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. (KOTLER 1988).

Industries that are engaged in the provision of services are many and divergent. The focus here however will be on business organizations and commercial banks. Even at that, emphasis would be on banks.

To this effect, four(4) major characteristics of service have been identified, as follow:

- (i) Intangibility;
- (ii) Inseparability;
- (iii) Variability, and
- (iv) Perishability

(i) INTANGIBILITY

Service cannot be seen like physical products such as cars, tables, etc. Services are essentially intangible in the sense that "they cannot be seen, tasted, felt, heard or smell before they are bought. It is probably only after a purchase that a consumer can feel or sense the effect of the service.

(ii) INSEPARABILITY

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

(iii) VARIABILITY

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

(iv) PERISHABILITY:

When a product or service is said to perishable, it means that it is subject to a complete waste or decay if not used at the appropriate time. Good examples would

be an idle cashier in a bank or an unused seat in an airplane or train, such a situation becomes unprofitable to both the seller and the buyer of the service.

2.7 CORPORATE CULTURE AND SERVICE QUALITY

By corporate culture we mean, the set of values, behaviours and ways of communicating which are mutually accepted by all individuals in the company.

It also means that the philosophy is the dominant set of beliefs on which every one agrees and it can be at any level.

Corporate culture is also the way people communicate with one another and the type of information which is communicated. For service quality, this is important, because it provides an indication of how much importance the customer plays in the daily life of the company. At some Banks, discussions center around target customers, at other banks customers are just accounts.

A customer oriented culture can help companies adapt quickly.

A culture acts as a regulator, encourage certain types of behaviour and discouraging others.

A culture is also a way of ensuring that everyone is heading in the same direction.

2.8 WHAT MAKES A SERVICE DIFFERENCE FROM A PRODUCT

A service and a product mean two different thing. The former is intangible and can neither be seen, tasted, felt nor heard, and does not result in the ownership of anything. While the later is tangible in nature, can be seen, tasted, felt and result in the ownership of something.

In the light of this, it become necessary to bring out those perceptions that makes a service to be different from a product: These are:

- (i) Sales, production and consumption of a service take place almost simultaneously.

- (ii) A service cannot be demonstrated, nor can a sample be sent for customer approval or tried in advance of purchase. The provider can only explain, promise, and tell how the service has benefited others but the service doesn't exist for the prospective customer.
- (iii) A service cannot be centrally produced, inspected, stockpiled or warehoused. It is usually delivered to whenever the customer is, by people who are beyond the immediate influence of management.
- (iv) The person receiving the service generally owns nothing tangible once the service has been delivered. The value is frequently internal to the customer.
- (v) A service is frequently an experience that cannot be shared, passed around or given away to some one else once it is delivered.
- (vi) The more people there are involved in the delivery of the service, the less likely it is the receiver will be satisfied.
- (vii) Exerting quality control over a service requires monitoring of processes and attitudes.

2.9 BANKING SERVICE

Commercial banks are in business to render a number of services. The services are many and varied, but the type and the quality available will depend upon the degree of development of a country's financial system as well as the target market. Generally speaking, bank services could be grouped as follows:

(i) DEPOSIT COLLECTION:

This is the traditional business of the commercial banks. Examples are current account, fixed deposit, short-term deposit, deposit receipt, savings account, etc.

(ii) MONEY TRANSMISSION SERVICES:

Cheque, cheque card, cash card, gift cheque, credit transfer, direct debit,

standing order, bank draft, certified cheque, mail transfer, telegraphic transfer, etc are all involved here.

(iii) FINANCIAL SERVICES:

Tax administration, unit trust, stock exchange services, insurance services, investment advice, status equity, safe custody, etc, all fall under here.

(iv) CREDIT:

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

(v) FOREIGN SERVICE:

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

It should be noted that some of the services mentioned above are not available in Nigeria while most of those available are grossly under-developed, thereby creating appreciable divergence between the quality of services made available to bank customers in Nigeria and more developed countries of the world.

2.10 MARKETING OF BANK SERVICES

Marketing is an integral part of the strategic planning process. It represents a fundamental philosophy of banking in which management recognizes that the bank should be market driven, and thus adopts strategies that focus on meeting consumer needs. Coincident with a profit plan, banks should have a marketing plan. Koch(1992) identified steps in marketing planning as conducting a situation analysis, setting objectives, setting target markets, designing a marketing strategy, implementing the plan, and conducting a post-audit.

Successful marketing efforts exhibit three (3) basic features: they are customer-focused; they achieve customer satisfaction that is profitable to the bank; and they involve the entire organisation. Marketing is the responsibility of every

bank employee. Whether at work or in his or her leisure time, every employee who comes into contact with a potential or existing customer is marketing the bank.

Bank thus has a responsibility to train employees in terms of how to interact with the public. Without customers, banks would have no revenue.

Marketing is directed at protecting and expanding this stream of revenue. It does so by keeping existing customers, broadening their banking relationships by cross-selling services, and attracting new customers. Marketing planning evolves from a bank's strategic plan, particularly the situation analysis and formation of objectives. During these stages, management identifies the bank's strengths, weakness, opportunities and threats (SWOT), and targets new and existing market segments.

The target segment determines what services will be offered and to whom.

Different authors of great repute had put in enormous efforts to fashion out definition of marketing. Philip Kotler contends that "Market is a social and managerial process by which individuals and groups obtain what they need and want, through creating and exchanging products and value with others."

Nevertheless, marketing entails the four marketing strategies that are: identifying the product, attaching the price, efficient distribution network and promotion. Marketing can also be looked at as a social process in which the material needs of a society are identified, expanded and served by a set of institutions.

Some decades ago, marketing was solely applicable to goods only and not services and even creating a marketing department in banks sound odd talkless of employing marketing executive. However, in recent years, banks are becoming marketing conscious.

According to Alabi (1995), the target of marketing bank services is to increase the deposit base of the banks and induce the credit worthy customer to

borrow at a profit. He further stressed that it is imperative for banks to market their services as a result of changes in technology and competition among banks and other financial institutions in Nigeria which has drastically increased with an increasing number of bank branches, among commercial and merchant banks and unit banking among community banks.

Bank marketing according to Seebohn(1971) is the creation and delivery of customer-satisfying services at a profit to the bank. It involves:

- Identifying present and future markets for services;
- Setting long and short term goals for the progress of existing and new services;
- Selecting which market to serve and identifying customers need within them;
- Managing the services so as to persuade customers to use them at a profit and controlling our success in so doing.

It was further stressed that to enable a meaningful strategy to be formulated, one has to achieve:-

- the identification of the market;
- the choice of markets and segments of market; and
- the management of resources to serve those chosen markets.

Long-range forecasting has its place in identifying future markets provided its services its real purpose, which is to be a basis for realistic planning. Although a bank may identify the best markets within its general field, no bank can serve every market in sight. Every bank has certain constraints and certain strengths and skills which it must recognise. These will determine in which segment of each market it must leave alone. The strengths and skills includes the following:

STRENGTH:

- Very large financial resources;
- High Credit Standing;
- Wide Credit and Commercial Network;
- A Branch Manager network which gives deep market penetration;
- A bookkeeping and money transfer system; and
- International connection.

SKILLS

- Lending in a variety of tenors e.g. 30 days, 90 days etc;
- General elementary personal financial advice;
- Cheque processing;
- Foreign transaction processing;
- Certain specialities - trustee, income tax, etc.

Since banks operate in a competitive economy, decisions on a bank marketing mix are influenced in many ways by the state of the national economies. In periods of recession, certain bank services decline popularity - for example, lending and in times of expansion and prosperity, the demand grows. The socio-cultural environment is also an influence on bank marketing - this is the sum of the attitudes of inhabitants towards borrowing, spending and saving. Such attitudes include ascribing different meanings to symbols and expressions. For example, in Germany, the word for debt (SCHULD) is the same as for guilt, and some psychologists give this as a reason for German thrift. Also certain sections in the U.K. feels that credit-card promotion, encouraging people to borrow morally wrong (Seebohnm 1971). Marketing plans are also subject to the constraints of the political and legal environment. The legal need to disclose true lending rate is a recent change which

obviously affects advertising; the need to obtain planning permission to open new branches affects competitive speed and secrecy.

Thus, the determination of the marketing strategy is the function of the chief executive, whose responsibility it is to see that the bank is always properly placed in the business environment. The strategy must provide the best combination of long-term improvement in profitability and stability.

2.11 NEW PRODUCT DEVELOPMENT AND INNOVATIONS IN THE BANKING INDUSTRY

In any organization, an important responsibility of the marketing department is to help the company identify new markets and opportunities and respond to them through an appropriate marketing strategies.

The banking industry in Nigeria had until recently been characterized by what experts called armchair banking. Armchair in the sense that bank managers usually relax in their air-conditioned offices expecting customers to come and discuss their business matters with them. Since competition was more or less unknown in the immediate past banking era, there was little or no need for marketing techniques, which include innovations, product development, public relations, promotions, and marketing research. The banks then concentrated mainly on advertising as their only marketing strategy. The recent upsurge in the number of licensed banks and the wave of deregulation which has blown across the financial system, has made competition keener in the banking industry. Between 1985 and 1991, the number of banks operating in Nigeria increased from about 40 to 120. This proliferation of banks broke the semi-monopoly hitherto enjoyed by old banks. The new competitive environment in the industry has brought to an end the kind of banking services rendered by the first generation banks.

The new generation banks came with sophisticated computer equipments which facilitates business transaction thus giving them an edge in terms of efficiency. Customers on their parts are becoming more sophisticated and choosy in their needs.

With these trends, the old and the new banks alike realized that to survive, they must capture a reasonable share of the market through the adoption of aggressive marketing strategies. The accounts largely for the numerous innovations by banks such as First city Merchant Bank's Net Yield Investment Certificate, Money Dispensing Machine of Societe Generale Bank, Afribank's Women Saving Scheme, Electronic Fund Transfer of Universal Trust Bank, etc. A growing phenomenon among banks in recent times is Saturday Banking Services. The general reason for this development was to make banking services and facilities more convenient for customers. The facility therefore enables customers to transact their businesses without having to wait till the next working day (Monday) to make their payments or withdrawals.

While reviewing new product development, Alli(1992), highlighted the following benefits which are attributed to the growing trends among banks:

- enhancement of individual banks corporate image;
- bringing banking services nearer to the people;
- shoring up capital base of banks due to increased deposited.

The various strategies being adopted by the new banks for survival are as many as they are bankers. These include provision of qualitative and prompt services to customers, employing state of the art technology and highly motivated employees in addition to spontaneous response to changes in the economy.(Olufalae 1992).

Others include specialisation in specific areas and the packaging of new products/services, opening of branches in strategic locations, training and retaining of staff, maintaining contented staff and improvement of assets quality through strict

credit control policy. The survival strategies of the new banks have also been reflected in the array of differentiated products/services, and the strong marketing strategies which some of them have adopted. In fact, the Nigeria Banking industry now abounds with up 160 New products/services, all packaged to attract customers. Some of the banks have two or more of such schemes either in operations or in the pipeline. They come in various forms, designed to outwit even the most shrewd investor. In the same manner, there have been more activities in the money market as banks trade in attractive financial investments.

The competition ahead no doubt will task the ingenuity of banks' management. Apart from the obvious challenge of how to sustain the level of profits that are being declared, banks must give serious thought to improving both the range and quality of their services. With the gradual shrinking of the deposit market, occasioned by low savings rates, the scramble for deposits is on the upswing among Nigerian Banks, a veritable instrument in this scramble is the introduction of electronic banking products, believed to increase efficiency in service delivery. Quite a number of them are now in the market and the list includes; Computer Networks, Smart Cards, Credit Cards, Electronic Funds Transfer (EFT), and Automated Teller Machines (ATM). The EFT is, however, the Vogue in the industry as banks strive to mine the perceived large market for money transfer from Nigerians resident abroad. (Ajomale 1998).

Union Bank of Nigeria (UBN) Plc, recently launched into the money transfer market what the bank calls Union Bank vigo Money Transfer Product though coming on the heels of First Bank of Nigeria, FBN's Western Union Money Transfer and United Bank of Africa's (UBA) Money Gram introduced in 1997.

Improving service delivery is one reason many banks are jumping into the money transfer bandwagon, especially the older banks which are striving hard to

shake off their old image of dour, conservative banking operation. Yet, also important are the returns. FBN is said to generate substantial revenue from its Western Union Money Transfer product. FBN, industry sources acknowledge, has been able to generate much interest in the product because of its superb communication strategy, an area UBA Money Gram is just managing to improve.

During the 1998 International Trade Fair, Gulf Bank of Nigeria PLC launched the Guld Super system. Through the Gulf Supernet, customers can access their accounts and carry out full banking transactions directly from their personal computers. The Guld Bank's home banking system also enables client gain entries into their accounts from the comfort of their homes through the telephone. All the customer needs is a "PIN" Number and Personal Password.(Rogers 1998).

Banking trends show that the industry world-wide, is getting more automated, with new electronic cash products such as the Smart Cards mentioned earlier, which can hold sums running to millions of naira. Recently, a new investment product, Equity Capital Appreciation Note (Equity -CAN), was introduced into the financial market by Equity Bank of Nigeria Limited. The product whose features include a minimum investment of ₦.2 million at a minimum tenor of 90 days is principally designed by the Bank to specifically protect investor's capital from the value eroding effects of inflation. Equity-CAN as a product appeals to discerning investors who desire high yield on their investments without compromising value and safety.

Mutambuka and Ogungbenro (1993), reviewed the innovative trends in the Nigerian Financial system during the era of Structural Adjustment Programme (SAP). These are institutional, regulatory, and technological changes.

A major institutional development is the increasing importance of liability management in the Nigerian Banking System. Banks now aggressively hunt for deposits and instruments such as Certificates of Deposits (CDS), Bankers

Acceptances (BAs), and Commercial Papers (CPs). Banks have also altered their marketing strategies in persuading the public to hold the more traditional forms of deposits such as Savings Deposits (SDs) and Time Deposits (TDs), with the introduction of various incentives being worked out for depositors. Loan syndication is another innovative banking practice that banks embraced as a strategy for extending loan to customers. It requires banks to form consortia when extending credit to large borrowers rather than operating in an individual bank-customer relationship as was previously the practice of many banks.

2.12 MARKETING CHALLENGES AND COMPETITION IN A CONTRACTING BANKING INDUSTRY

Competition is a tool for survival and growth through between customer satisfaction in an economy where the customer has a choice among producers of goods and services. It has been a key feature of the economy since independence. Competition has been fostered by the participation of government in several economic activities, which provided alternative sources to the offers by the private sector.

The Bank of British West Africa enjoyed a monopoly of the formal banking sector till the coming of its first rival in 1917. It was however with the commencement of the first banking boom, which incidentally created the basis for competition in the industry. Initial, the campaign for customer's funds and the need to sell banking services were viewed for two fronts. The early operators saw it as a colonial versus indigenious affair and this manifested itself in their activities. Since the foreign banks were financed and staffed by their foreign head offices, their targets were the government institutions, the expatriate businessmen especially the Asians and Lebanese traders and sprinkling of the locals.

On the other hand, the indigenous banks saw the marginalisation of local traders from banking/credit facilities as a challenge and an opportunity for competition. The dictates of the 1952 Banking Ordinance equally lent weight to competition in this direction. Commercial banks were restricted to compete along non-private lines as they could not offer differential rates to customers on their deposits.

The summary of the foregoing is that competition between the early indigenous banks and their foreign counterparts was fought by employing two major instruments. These were the use of credit facilities and branch expansion to woo and retain customers. However, these among others, lead to a heavy death toll on the early indigenous commercial banks (Ojo and Ajayi 1981). Deregulation has created a new wave of third generation banks. The free entry, free exist principle of perfect competition embedded in SAP has given birth to large number of banks. This has intensified competition and has led to a high labour movement within the industry, as the new banks have had to poach on the established ones for their staff. Different *strategies have been adopted to lure customers. Each creates a unique identity, advertises its products and emphasizes the level of modern technology with which its services are rendered. Old products are repackaged, new ones introduced with enticing return on investment (RDI). In order to win and retain customers' loyalty and elicit positive response of association from corporate responsibility, unique architectural designs and craftsmanship are now being employed in building and fitting branches and head offices of banks.*

Another weapon of competition which the deregulation decree brought into play included the development (and employment of) various types of financial products and repackaging of existing ones in the same garb by the bankers. Although portrayed by developers as instruments of exhibiting their care for the depositors and

distincting themselves in the yearly growing fold of banking operators, most banking products have been directed towards shoring up the liquidity base of the Commercial and Merchant Banks. (Adegbite 1994).

The importance of keen competition in the development of the modern marketing concept where the customer forms the centerpiece of the business functions in non-bank industries cannot be over-emphasized. The lack of competition in the commercial banking industry in Nigeria has in no small way contributed to the smugness of the average commercial bank. Prior to 1979, government deposits in the Barclays' Bank, for example, were about 25 percent of its total deposits. There is attendant danger to this very cozy relationship with the government when such relationship sours suddenly as the Barclays' bank, to its embarrassment, found out. The Federal Government ordered its departments and the State Government to withdraw their accounts from Barclays' Bank following an unfavourable remark by the chairman of the Barclays' Bank International in London on the question of Barclay Bank in South Africa (Nnolin 1985). The current practice of opening branches of Banks in the rural areas is a controlled competitive move though with the nudging of the authorities. It should, however, be backed with re-orientation in lending policies in particular and improved banking practices generally for the exercise to yield any benefits to the banks and the nation.

However, it is worth mentioning the extent of unhealthy competition among banks nowadays. A lot of banks have shunned the rules of banking to participate in the on-going cut-through competition in the market. The characteristics of this competition are unauthorized loans given by Branch Managers for little rewards, uncollatarised loans, shoddy project appraisals, turning the blind eye to whatever businesses their customers do, and covering information on their exploits. Unhealthy competition is working in favour of some smart customers. Each bank enters a

particular location and asks for big players. Without appraising the transactions done by such players, they give customers more than what other banks offer at lower charges. This gives room for the customer to play them.

Banks identify the cash market - Oke-Arin, Idumota, Alaba (all in Lagos), Kano, Onitsha, Kaduna, etc, not minding the banks already there, they move enmass to over bank the area. Rather than being overwhelmed, customers utilize all the choices and the process hurt some banks. However, with the line of demarcation between merchant and commercial banks removed, competition is expected to be worse. With intensified rivalry, ebbing margin, limited differentiation and more discerning customers, the consolidation of the banking industry and the need for banks to re-engineer their marketing philosophy was stressed. (Sodade 1998). Like management competence and financial muscle, attributes such as technology, courtesy and quick response are fast becoming order qualifiers to be presumed by customers, rather than the "big competitive edge."

Hence, deeper issues such as customer focus, the compatibility of offered services with the core competence of the Bank (and the need of the customer) and the ability to be responsive to the environment will determine which bank gets sufficient bankable business to be of reckoning.

2.13 THE IMPORTANCE OF QUALITY SERVICES IN THE BANKING INDUSTRY

With the growth increase in the banking services, the individual banks are looking for more competitive ways to retain the existing customers, as well as to attract new customers by providing more qualitative services than their competitors; and as such, the importance of quality of service rendered by these individual banks cannot be over emphasized.

In line with the above therefore, the researcher has identified the below as some of the importance of quality of service.

These are:

- (i) Increase competition.
- (ii) Growth of the service industry. This is because the service industry is no longer a man show.
- (iii) Quality customer service makes economic sense because:
 - research shows that of every customer who stop doing business with any organization, 66% of them did so because of poor services;
 - attracting new customers take 5 times more effort than retaining the existing ones;
 - of all dissatisfied customers, only 5% of them will complain to the management directly;
 - a dissatisfied customer will tell 25 other people, while a satisfied customer will tell only 5 other people; and
 - quality service provide a differential merit (i.e. it is a strategic asset).

2.14 IMPORTANCE OF STRATEGIC MARKET MANAGEMENT:

Strategic market management is often frustrating, in part, because the environment is so difficult to understand and predict. It requires communication and choices within the organization, that can create strains and internal resistance. The most valuable organisation resource, management time is absorbed. The alternative of simply waiting for and reacting to the exceptional opportunities, of seems efficient and adequate.

Despite these costs and problems, strategic market management offers many compelling benefits as shown below:

KASHIM ABRAHIM LIBRARY

(i) It precipitates the consideration of strategic Choices:

What is happening externally, that is creating opportunities and threats to which a timely and appropriate reaction should be considered? The alternative to strategic market management usually is to drift strategically, becoming absorbed in day-to-day problems. Nothing is more tragic than an organization that fails because a strategic decision was not even addressed until it was too late.

(ii) It forces a long-rane View:

The pressures to manage with a short-term focus are strong and frequently lead to strategic error.

(iii) It raises the resource allocation decision:

Allowing resources allocation to be dictated by the accounting system, political strengths, or inertia (the same as last year) is only too easy. One result is that the small but promising business with "No Problems" or the unborn business may suffer from a lack of resources, whereas the large business areas with "problems" absorb an excessive amount.

(iv) It provides methods to help strategic analysis or decision making:

Concepts, models, and methodologies are now available to help a business collect and analyses information and address difficult strategic decision.

(v) It provides a strategic management and control system:

The focus on assets and skills and the development of objectives and programs associated with strategic thrusts will provide the basis for managing a business strategically.

(vi) It provides a communication and coordination system both horizontally and vertically:

Strategic market management provides a way to communicate problems and proposed strategies within an organization.

2.15 HISTORICAL BACKGROUND OF AFRICAN INTERNATIONAL BANK LIMITED

The history of African International Bank (AIB) Limited cannot be fully understood without briefly looking at the circumstances that gave birth to the Bank of Credit and Commerce International (BCCI) overseas, which began operations on September 21st, 1972, with its corporate Headquarters situated in Luxembourg South Africa and in 1990 moved to Abu Dhabi due to the purchase of about 70% share of the Bank of Credit and Commerce International (BCCI) group by the SULTAN OF BRUNNEI.

The initial shareholders in the Bank were made up of group of 45 private individuals including members of the ruling families of Saudi Arabia, Bahrain, Abu Dhadi, Iran, and of course, including the prominent merchant families in Kuwait. The Bank of America also subscribed by 30% shareholding in BCCI, which was later dis-invested in line with America investment policy not to maintain share in corporate entities where America will not have a management controlling interest.

The Bank which is therefore, today known as AIB limited, until recently was known as BCCI (Nigeria) Limited. BCCI was incorporated in Nigeria in August 1979 (exclusively, under Nigeria laws), as a private limited banking corporation in partnership with BCCI holdings (Luxembourg) South Africa, with an initial paid up capital of ₦3 million at that time, which 60% was held by Nigerians and 40% by BCCI overseas.

Neither Federal government nor State Government hold any share in the Bank. Full banking operations commenced in November, 1979 with the Bank's registered head Office located at No.13 C, Murtala Muhammed way, Kano, and with it Central Office at No.42/44 Ware House Road, Apapa, Lagos State.

Today, the Bank's Head Office has moved to its ultra modern building complex, "Gidan IBRAHIM DABO" at No.18, Ibrahim Taiwo Road, Kano.

On the expiration of the technical management agreement in January, 1991 the position of the expatriate management staff were replaced by other competent Nigerians and in March, 1991, well before the BCCI operations were suspended on 5th July, 1991, the Nigerian Directors of the Bank had agreed with BCCI to process the change of the Bank's name from BCCI (Nigeria) Limited, to AIB Limited and an approval was obtained by 11th July, 1991. It was at this material time that the BCCI overseas intend to relinquish their 405 shareholdings in AIB Limited.

The Bank today has an authorised issue and full paid up capital of ₦200 million as at 31st Dec., 1995. With 50 branches throughout the Federation, and 4 main cash centres (i.e. Lagos, Kaduna, Kano, and River State), with a staff force of over one thousand (1,000) throughout the federation.

The AIB Nigeria Limited at the Sixteenth Annual General Meeting held on Friday 29th March, 1996 deleted Article 86, of its Memorandum of Association, as the company is now 100% Nigerian owned. In continuation of its effort to improve the efficiency and effectiveness of management, the Board approved a new organization structure which created (3) General Manager position with effect from 1st Dec., 1995.

Generally, the Bank (AIB) has been performing creditably and wonderfully in the cycle of banking business in the country and can be pointed as one of the big and strong leading banks in Nigeria today, with assets based of over ₦6.6 billion while deposit stood at ₦4.80 billion as at 31st December, 1995.

2.16 SUMMARY

This chapter deals mainly with the review of past researchers, authors, etc, have done in this area of research project. In line with this, theoretical analysis of

marketing strategy was considered, looking into the six elements or dimensions of business strategy as given by Aaker (i.e. the product market in which the business is to compete, level of investment, the functional area strategies needed to compete with in the selected product market, etc). The development of market strategy was also considered and this was categorised into two-steps (i.e. selection of the target market, and the development of marketing mix). We also considered the process to follow in formulating and implementing marketing strategy, which has to be done through; market opportunity analysis, environmental, industry and competitor analysis, etc. The reasons why customers are always dissatisfied with services in the banking industry were equally digged out. And some of these reasons were said to be as a result of; imprompt delivery of service, getting customers irritated, etc, were said could lead to customers' dissatisfaction. The different sales promotions adopted by the individual banks such as: extension of banking hours, use of smart cards, participation in trade fair, opening of individual bank branches in the rural areas etc were all seen as a way of promoting the operations of the banks.

The service quality was also considered, by pointing out the two(2) aspects of service quality according to (Wakhlu) (i.e. the first relates to the features and attributes of the service, while the second aspect has to do with the absence of deficiencies in the product).

The customers similar criteria in determining service quality such as; access, courtesy, competence etc were all considered. The basic features of a service (i.e. intangibility, inseparability, variability as well as perishability were all seen as the characteristics of any service provided or rendered.

A service and a product certainly are two different things. Those features that differentiate a service from a product were also analysed. Such differences were identified to be; non-demonstration of a service, cannot be centrally produced,

inspected, stockpiled etc. The different services rendered by banks such as; granting of loan, acceptance of deposits, etc were equally discussed.

Effort was also made to discuss how to market the services of any bank; and this responsibility can only be achieved by training the employees in terms of how to interact with the public by telling them (i.e. the public) the quality stockpiled by such bank that makes it different from other banks.

The new product development and innovations in the banking industry was also appraised. And the major focus in this area was that in any establishment, the essential task of the marketing department is to conduct marketing research, to identify that segment of the market that is underserved, identify new markets and opportunities and respond to them through an appropriate marketing strategies.

Finally, the importance of quality service - increase competition, growth of the service industry etc as well as the importance of strategic market management were all considered. The essence of strategic market management was seen to be; it precipitates the consideration of strategic choices, forces a long-range view, raises the resource allocation decision to mention but a few. The historical background of AIB was not left behind in this chapter as it was used to iced the cake.

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CHAPTER THREE
RESEARCH METHODOLOGY

3.0 INTRODUCTION

This chapter deals exclusively with the methods, procedures, and system which the researcher employ or follow in the collection of the necessary data and information for the research work.

Every stage of the research process forces some kind of sampling. This is so because it becomes apparently impossible to include all the variables which might be relevant, to interview everyone who might provide useful information or to use all the data gathered in the final report.

In this research, a sample probability sample method is used. The basis of this is to assume that at the conclusion of the research work, every individual must have had equal chances of being included, and as such, all possible combination (given the size of sample) could occur.

On the whole, about 40 people would be selected to complete the prepared questionnaire and an interview would be conducted with the various customers of the bank and also, staffs of the bank particularly those in the marketing department would be interviewed.

3.1 RESEARCH DESIGN

A research of this kind demand that the research method/procedures must be relevant and applicable to the study. This becomes important, since the finding of the research depend on the quality of the information or data collected.

3.2 POPULATION OF THE STUDY

This is the total number or aggregate of all units which by virtue of a common characteristics may be defined as belonging to the same population.

The research population in this case comprises of the various customers of the bank earning between N3,500- N10,000, N11,000- N25,000, as well as those whose income fall between N26,000 and above as monthly earnings and also, whose age falls between 28years- 55years and above. The research population exclude the population segment such as students, dependants, and infants. The research population also included the senior staff of the bank with particular attention on the staff in the marketing department.

3.3 SAMPLING TECHNIQUES

The fact that the entire customers of the AFRICAN INTERNATIONAL BANK LIMITED cannot be surveyed, questioned or interviewed makes it invariably important to select and choose from the bank's customers those who fall within the ages of 28 years to 55 years and above, as well a those whose earnings per month are within the range of N3,500 to N36,000 and above.

Also, for the fact that entire staff of the bank cannot be surveyed, and interviewed makes it necessary for the researcher to focus attention on those cadre of the Bank staff and on the basis of their importance to the research topic: **MARKETING STRATEGIES IN A SERVICE INDUSTRY.**

3.4 SAMPLE SIZE

This represents a portion of the entire population of the study, which nearly represents the entire population and this is done on the basis of convenience rather than seeking to get representativeness, which may make the research easier, but which may at the same time produce spurious results.

The sample size in this research work therefore is represented by the total number of the bank's customers that actually administered the questionnaire and which based on their responses, analysis of the research work was made.

It also included those cadre of the Bank staff, basis on their importance to the research topic; (i.e. marketing strategies in service industry). By implication therefore, only those staff in the marketing department of the bank were mainly those staff contained in the sample size.

3.5 METHODS OF DATA COLLECTION

In a research project of this nature, it would be worth while to know the methods used in the collection of data which were used in the entire research work.

To conduct this research therefore, information were gathered, both from primary and secondary sources.

3.5.1 PRIMARY DATA SOURCES

The primary data were collected through the use of questionnaire and interview. To this effect, about 40 questionnaire were distributed to the customers of the bank to administer, while personal interview of officers responsible for marketing programs of the AFRICAN INTERNATIONAL BANK LIMITED was conducted.

3.5.2 SECONDARY DATA SOURCES

Apart from the data gathered from the administration of questionnaire and face to face interview, already made information called secondary data were equally used. The main sources through which these information were gathered include; the Harvard business review magazine, Business Journals, Text books, Newspapers, etc. all these makes it possible for the researcher to have a focus of the state of the art as it is before now and after.

3.6 SUMMARY OF THE CHAPTER

This chapter of the research work started by a brief introduction of all that the chapter suppose to contain. In the process, the research population which comprises mainly those customers of the bank that falls within the ages of 28 years and 55 years and above as well as those customers that earns between ₦3,500 to ₦26,000

and above were mainly considered to constitute the population of the research work.

Also because it is not possible to involve all the customers of the bank in the research work calls for the research sampling techniques in which only those categories of customers as mentioned earlier were only those involved in the research work.

And moreso, only those staff of the bank having direct link with the marketing department were those staff interviewed.

The sample size of the research work which included only those customers that actually administered the research questionnaire as well as those staffs of the bank that were actually interviewed face-to-face by the researcher were those being considered in the sample size.

Finally, the methods used to collect data used in the research project were considered. And this was categorized into primary sources of data and secondary sources of data collection. In the former, only questionnaire and personal interview were used by the researcher to reach those concerned, while in the later, information that where already made available were used and these include; text books, business journals, etc.

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CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.0 INTRODUCTION

This chapter deals with the analysis of the various data collected.

In this chapter therefore, the researcher would make an attempt to analyse the responses of the questionnaires, analysis of the interview responses. Also to be discuss here is the testing of hypothesis, findings of the research project as well as the summary of the chapter.

4.1 ANALYSIS OF THE QUESTIONNAIRE RESPONSES

A total of forty(40) questionnaires were administered to customers of AFRICAN INTERNATIONAL BANK LIMITED and 100% responses were received.

Table 4.1(A)

RESPONDENTS CATEGORIZED ACCORDING TO SEX GROUP

SEX GROUP	RESPONDENTS	PERCENTAGES
MALE	30	75%
FEMALE	10	25%
TOTAL	40	100%

Source: Questionnaire Administered

From the above table, 30 of the respondents were male, which represents 75%. While 10 of the respondents were female representing 25%.

Table 4.1(B)

RESPONDENTS CATEGORIZED ACCORDING TO AGE GROUP

SEX GROUP	RESPONDENTS	PERCENTAGES
28-40 YEARS	12	30%
40-55 YEARS	20	50%
55 YEARS AND ABOVE	8	20%
TOTAL	40	100%

Source: Questionnaire Administered

The above table shows that 12 of the respondents were between the age of 28-40 years, which represents 30%. 20 of the respondents falls between the ages of 40-55 years representing 50%; while 8 of the respondents were 55 years and above representing 20% of the total respondents.

Table 4.1(C)

RESPONDENTS CATEGORIZED ACCORDING TO INCOME CLASSIFICATION

INCOME CLASSIFICATION GROUP	RESPONDENTS	PERCENTAGES
₦3,500-₦10,000	6	15%
₦11,000-₦25,000	14	35%
₦26,000 AND ABOVE	20	50%
TOTAL	40	100%

Source: Questionnaire Administered

The above table of income classification shows that 6 of the respondents were between the income of ₦3,500-₦10,000 representing 15%. 14 respondents falls between the income of ₦11,000-₦25,000, representing 35%. While 20 respondents are within the income of ₦26,000 and above representing 50% of the total respondents.

Table 4.1(D)

Have you ever be turned down before on any banking service in African International bank?

RESPONSES	RESPONDENTS	PERCENTAGES
YES	15	37.5%
NO	25	62.5%
TOTAL	40	100%

Source: Questionnaire Administered

The above table reveals that 15 of the respondents agreed that they have ever been turned down before as regard to any of the banking services, representing 37.5% of the total respondents; while 25 of the respondents agreed that they have never being turned down before in any of the banking services representing 62.5% of the total respondents.

Table 4.1(E)

Have you closed any of your accounts with the bank before?

RESPONSES	RESPONDENTS	PERCENTAGES
YES	10	20%
NO	30	80%
TOTAL	40	100%

Source: Questionnaire Administered

From the above table, it is clear that only 10 respondents agreed that they have ever closed any of their account before with the bank representing 20% of the total respondents; while 30 respondents disagreed as to having closed their account before with the bank representing 80% of the total respondents.

Table 4.1(F)

RESPONDENTS CATEGORIZED AS TO

How will you rate your satisfaction with the banking services?

RESPONSES	RESPONDENTS	PERCENTAGES
HIGH	20	50%
MODERATE	16	40%
LOW	4	10%
TOTAL	40	100%

Source: Questionnaire Administered

The above table shows that 20 of the respondents admitted that they are highly satisfied with the banking service represents 50% of the total respondents. 16 of the respondents agreed that they are moderately satisfied with the services of the bank and this represented 40% of the total respondents. While 4 respondents agreed that they have a low satisfaction for the services of the bank, representing only 10% of the total respondents.

Table 4.1(G)

RESPONDENTS CATEGORIZED AS TO

What extent is your patronage to the bank is being influenced by the banking service quality?

RESPONSES	RESPONDENTS	PERCENTAGES
HIGH	24	60%
MODERATE	12	30%
LOW	4	10%
TOTAL	40	100%

Source: Questionnaire Administered

From the above table, it is cleared that 24 of the respondents have been highly attracted to patronize the bank because of the banking service quality, representing 60% of the total number of the respondents.

While 12 of the respondents agreed that they are moderately being motivated to the bank s a result of the bank's quality services, representing only 30% of the total respondents. While only 4 respondents have low response as regards the quality of the bank service, representing 10% of the total respondents.

Table 4.1(H)

RESPONDENTS CATEGORIZED AS

To what extent do you experience defections in the banking service of A.I.B. Limited?

RESPONSES	RESPONDENTS	PERCENTAGES
HIGH	30	75%
MODERATE	8	20%
LOW	2	5%
TOTAL	40	100%

Source: Questionnaire Administered

The table above shows that 30 of the respondents shows high response of defection experiences with the banking service and this represent 75% of the total respondents, 8 of the respondents shows moderate response representing 20%; while 2 of the respondents agreed for low response as to how frequent they experienced defections in the banking services of (A.I.B) Limited representing 5% of the total respondents.

Table 4.1(I)

RESPONDENTS CATEGORIZED ACCORDING TO

How will you rate the marketing strategies of the bank in attracting, retaining and servicing the bank customers.

RESPONSES	RESPONDENTS	PERCENTAGES
HIGH	24	60%
MODERATE	10	25%
LOW	6	15%
TOTAL	40	100%

Source: Questionnaire Administered

In the above table, 24 of the respondents shows high response that the marketing strategies of the bank is solid in attracting, retaining and servicing the bank customers representing 60% of the total respondents. 10 of the respondents shows a moderate response that the bank's marketing strategies is solid, representing 25%, while 6 of the respondents shows a low response attesting to the marketing strategies of the bank as being solid in attracting, retaining and servicing the customers of the bank and this represents 15% of the total respondents.

Table 4.1(J)

RESPONDENTS CATEGORIZED AS TO

Have you ever been attracted to other banks for any reason?

RESPONSES	RESPONDENTS	PERCENTAGES
YES	6	15%
NO	34	85%
TOTAL	40	100%

Source: Questionnaire administered

From the above table, only 6 respondents responded yes that they have ever been attracted to other banks because of one reason or the other arising from the bank service, which represents 15% of the total respondents. While 34 respondents responses were "No", meaning that they have never been attracted to any bank before due to any reason; meaning that they have been very much satisfied with the services of the bank represent 85% of the total respondents.

Table 4.1(K)

RESPONDENTS CATEGORIZED AS TO

Kindly indicate the period of time they have actually patronize the bank.

RESPONSES	RESPONDENTS	PERCENTAGES
2-7 YEARS	6	15%
8-15 YEARS	10	25%
15 YEARS AND ABOVE	24	60%
TOTAL	40	100%

Source: Questionnaire administered

The above shows that 6 of the respondents have been with (A.I.B) Limited for the period of 2-7 years now, representing 15% of the total respondents.

Meanwhile, 10 of the respondents have been patronizing this bank for the past 8-15 years now, representing 25% of the total respondents, while 24 of the respondents have been on patronage with the bank for the past 15 years and above now, representing 60% of the total respondents.

Table 4.1(L)

RESPONDENTS CATEGORIZED AS TO

How will you rate your confidence in the banking operations and services?

RESPONSES	RESPONDENTS	PERCENTAGES
HIGH	20	50%
MODERATE	16	40%
LOW	4	10%
TOTAL	40	100%

Source: Questionnaire Administered

From the above table, 20 of the respondents agreed that they have a high confidence in the banking operations and services, which represent 50% of the total respondents, while 16 of the respondents attested that they have moderate confidence in the operations and services of the bank which represented 40% of the total respondents. Meanwhile, only 4 of the respondents agreed that they have low confidence in the operations and services of the bank which represent only 10% of the total respondents.

Table 4.1(M)

RESPONDENTS CATEGORIZED AS:

To what extent has the mode of the bank's operation and services improved over the years?

RESPONDENTS	RESPONDENTS	PERCENTAGES
VERY IMPRESSIVE	24	60%
IMPRESSIVE	12	30%
NEUTRAL	4	10%
TOTAL	40	100%

Source: Questionnaire Administered

From the above table, it is clear that 24 of the respondents responded that they are very much impressed with the mode of improvements in the bank's operations and services over the years and these number of respondents represent 60% of the total respondents; while 12 of the respondents attested that they are impressed (not very) with the operations and services of the bank over the years and this represents 30% of the total respondents.

Meanwhile, only 4 of the respondents remain neutral as to the improvement of the bank's operations and services over the years now, which represents only 10% of the total respondents.

4.2 ANALYSIS OF INTERVIEW RESPONSES

(i) HOW WILL YOU DESCRIBE CUSTOMERS PATRONAGE, DUE TO THE CRISIS OF CONFIDENCE ARISING FROM BANKS LIQUIDATION?

In answering the above interview question, one of the senior staff of the bank answered the researcher that there is no doubt that customers patronage in the banking operations and services will definitely reduce due to lack of confidence arising from the general problem of the recent collapse in the banking institutions. This of course even resulted in some banks loosing most of their customers for other banks whom these customers may probably have more confidence in.

The issue here is that, customers are afraid loosing their money resulting from such liquidation.

(ii) WHAT IS YOUR OPINION TO THE POPULAR SAYING THAT COMPLETE CUSTOMER SATISFACTION IS THE KEY TO ATTRACTING, RETAINING, AND SERVICING CUSTOMERS?

According to Mallam Ahmed Ali a senior staff in AFRICAN INTERNATIONAL BANK LIMITED, he answered the above question by saying that the foundation of a cordial relationship between the customer and any

organisation is the marketing concept.

By this, he try to explain to the researcher that any organization should first of all determines the needs and wants of target markets and adopts itself to delivering the desired satisfaction more effectively and efficiently than its competitors.

His argument here is that any organization have to design its product or service to meet the need of the customer so that once the product is manufactured, it will definitely sell itself. That an organisation should remember that it do not produce to sell to itself rather to sell to the customers. Customers, as he explained are king so any organisation that want to attract, retain and service its customers must first of all try by all means to satisfy its customers as the satisfaction the customers derived from its product will actually determines the profit such an organization will make; having it in mind that there is every tendency for any organization who could not satisfy its customers to loose them for its competitors.

(iii) WHAT ARE THE LIKELY SOURCES AND IMPACT OF CUSTOMERS DISSATISFACTION?

Also, a senior staff in this bank that is (A.I.B) Limited outline the below to be the sources of customers dissatisfaction:

- When you do not appreciate them for their patronage;
- When you do not respect them;
- Lack of prompt delivery;
- When you do not recognise and remember them;
- When you do not recognise them to be important;
- When you do not welcome;
- When you are harsh or rude to them, etc.

And he outlined the below to be the likely impact of customers dissatisfaction:

- Loosing your customers to your competitors.
- It takes 5 times more effort to attract a new customers than retaining the existing ones.
- Of every dissatisfied customer, he/she will go about to tell 25 more people, while of every satisfied customer he/she can only tell just 5 other people.
- Reduction in sales volume of the organization as this will result to high rate of customers turnover, thereby resulting to a reduction in the profit the organization.

(iv) WHAT MARKETING STRATEGIES YOU HAVE IN PLACE TO IMPROVE YOUR OPERATIONS AND SERVICES

The answer given to the above question by a staff of the bank is that in general term, the marketing strategies adopted by any organization at any particular point in time, depend on the market niches or target market the organization want to serve.

That for the purpose of this interview question as to the marketing strategies the bank may likely embark upon to improve the quality of its services, he stated the below to be some of such strategies;

- Make all effort to appreciate their customers;
- To provide their needs before being ask for (i.e. by trying to delight their customers).
- Management will try as much as possible to put itself in the customers position as this will enable them to easily identify the need of their customer.
- If any mistake has already occurred, the management of the bank will try as much as possible to explain to the customer concerned, the action of the management to correct such mistake while promising for non reoccurrence of

such mistake again.

- (v) IS THERE ANY GENUINE BENEFIT THAT YOUR BANK WILL GAIN BY EMBARKING ON QUALITY BANKING SERVICE?

The question again, was put before one of the senior staff of the bank, in their corporate services department. His answer to this question was a capital "Yes". He makes it known to me categorically that there are a lot of benefits arising from quality service such as the below:

- It takes a little efforts to market a quality service or product, as the product will sell itself;
- The quality provides a differential merit (i.e. it is a strategic asset);
- It will enable the bank to attract more customers to itself;
- It helps the customers of the bank to build more confidence in the services and operations of the bank and even of the bank's quality of services to relatives, friends and even colleagues in the offices who may eventually for this reason lured to transacted businesses with the bank.
- It may even help to increase the profit of the organisation, as a result of more customers coming to transact business with the bank.
- It may help the bank to stand a test of time (i.e. during crisis time) like we have witnessed before as a result of the bank's previous goodwill with customers.

He concluded by saying that quality service has since been the "bed rock" or "corner stone" upon which the bank have since remain unshaking.

4.3 TESTING OF HYPOTHESES

The hypotheses earlier formulated in chapter one will now be tested in line with the analysis and interpretation of data collected in the course of this research project/theses.

HYPOTHESIS I

The hypotheses that majority of the bank's customers are individuals and corporate bodies who maintain (i.e. deposit) huge amount of money with it (i.e. the bank) was proved to be true with information contained in 4.1(C), since 50% of the respondents represented those customers who are within the range of income classification of ₦26,000 and above.

HYPOTHESIS II

Information contained in 4.1(D), 4.1(E) and 4.1(F), gave credence to the fact that the bank's customer where never one day being disappointed resulting from the bank's mode of services and operations; this makes the hypothesis to be proved true as 62.5% of the respondents responded "No" not to have being one day turned down before on any of the banking services; 80% of the respondents agreed "No" (i.e. have never closed any of their accounts before with the bank), and also 50% of the respondents rated the "HIGH" as to their satisfaction with the bank's services and operations.

HYPOTHESIS III

The hypothesis that customers are reasonably familiar with the bank, its products and services was proved to be true with information contained in 4.1(K), because 60% of the respondents agreed to have been patronizing the bank for the past 15 years and above now. This was also proved to be true in the information contained in 4.1(L) and 4.1(M) respectively, with 4.1(L) having 50% and 4.1(M) having 60% of the total respondents respectively.

HYPOTHESIS IV

The hypothesis that application of marketing strategies improves the bank's operations and services was proved to be true in the information contained in 4.1(I), with 60% of the respondents rated the bank's marketing strategies to be "HIGH".

HYPOTHESIS V

The hypothesis that there are genuine benefits for banks to gain was proved to be true in the response to interview question 4.2(5) as is only a total quality marketing strategies that can bring about quality banking services.

HYPOTHESIS VI

The hypothesis that thanks is a general "Lulling" in the banking industry due to the problem of crisis of confidence arising from the recent collapse of banks was proved to be true in the response to interview question 4.2(1).

HYPOTHESIS VII

Also, the hypothesis that the current turbulent nature of the banking industry calls for effective and efficient implementation of marketing strategies was proved to be true in the information contained in 4.1(I), with 60% of the respondents agreed that the marketing strategies of the bank has being very "HIGH" in attracting, retaining and servicing its customers. Interview questions in 4.2(4) and 4.2.(5) response also back these hypotheses respectively.

4.4 RESEARCH FINDINGS

A research of this nature calls for the findings of the research effort. It is understood that the essence of this research project is to identify the various *marketing strategies in a service industry with the researcher paying particular attention to AFRICAN INTERNATIONAL BANK LIMITED* as a case study.

At the end of the research exercise, the researcher discovered that over the years, the various marketing strategies adopted by the bank where classified into three major categories; namely; defensive, offensive, and rationalization strategies.

Of the three(3) strategies however, the bank is noted mainly for the use of offensive strategies just as any other commercial banks in our country today.

This, the bank pursue essentially through geographical expansion, market penetration, new products development, as well as market leader strategies.

Each of the strategies listed above can now be discussed in detail below:

4.4.1 GEOGRAPHICAL EXPANSION STRATEGY:

The bank initially had its head office located in Kano, at No.19C Murtala Muhammed Way, and its Central Office at No.42/44 Ware House Road, Apapa, Lagos. Today however, the bank's Head Office has moved to its ultra modern building complex "GIDAN IBRAHIM DABO", at No.18 Ibrahim Taiwo Road, Kano with over 50 branches all over the federation, and four (4) main cash centres (i.e. Lagos, Kaduna, Kano, and River State). By this, the bank aims at making its presence felt in nearly all the nooks and corners of the country.

4.4.2 MARKET PENETRATION STRATEGY

This is the most popular strategy used by this bank. By this, the bank aims at attracting new customers from the market that the bank is already in. With the intense competition today in our country, the bank now devotes more time towards studying the needs of both existing and potential customers, making effort to appreciate their customers, try to provide their need before being asked for (i.e. delight their customers), try by all means to put itself (i.e. management) in the customers position, as this will enable the management to easily identify the need of their customers, and following-up with sales contacts to enable them win new customers, while retaining existing ones' using advertisement and sales promotions extensively to promote corporate image and sell services.

4.4.3 NEW PRODUCT DEVELOPMENT STRATEGY

In addition to providing its (i.e. the bank) traditional services, this bank in responding to the various traumatic monetary and credit policies, have introduced new banking services while improving on its traditional services. Notable among the

recent innovations introduced in the market is the packaging of group loans to organised small-scale operators such as the consumers or producers cooperative groups. This type of strategy has the potential of widening the bank's ability to attract more customers.

4.4.4 MARKET-LEADER STRATEGY

Under this strategy, the bank sees itself as a leader in the banking services and plans to remain in that position. The bank then tries to establish its position through aggressive marketing, advertising, and promotional wars.

4.5 SUMMARY

This chapter started with the analysis of the various data collected. Questionnaires were administered and this were used by the researcher to analyse the various responses of the respondents; also interview responses were analysed on the basis of each of the staff of the bank responses. And at the end of the analysis of both the questionnaire and the interviews responses, they were used to test each of the hypothesis raised by the researcher and these hypotheses were proved to be true as they agreed with the analysis of the responses from the various respondents. Findings of the research project was later considered and at the end of such findings, it was cleared that the bank for many a year, has actually adopted various marketing strategies which is the corner stone upon which the bank laid its foundation; such marketing strategies as adopted by the bank were said to includes; defensive, offensive, and rationalization strategies.

However, the bank majorly use the offensive strategy as its major weapon; which was further classified into; geographical expansion strategy market penetration strategy, new product development strategy, as well as market leader strategy.

In conclusion therefore, the lesson from the various responses of the respondents actually proved that the bank have not being doing bad as it is able to retain the existing customers while at the same time able to attract in new ones even at the odd times in the banking industry as we all witnessed previously.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATION

5.1 SUMMARY

The centre point of this research work was to look into and appraise the various marketing strategies used by service organization, using African International Bank Limited as a case study.

With response to this, in the cause of the study, we found out in chapter one that the viability of any bank or service industry calls for more than assembling men, machines, and materials, and making products and services readily available to target customers, as such an organization (bank) must design and implement effective marketing strategies that will provide sustainable competitive advantages. Not only that the bank must put in place the relevant marketing strategies, but must also match its strategies effectively with its task environment, particularly its customers both individual and corporate.

From the statement of the research problem, it was clear that, until now, strategic marketing of banking services continues to enjoy less than primary attention in Nigeria, as corruption, mismanagement, and fool hardiness in risk taking continue to be common features in the management of banks. As a result of this, the objective of the study was to identify the relevant marketing strategies of the service industry (Banks) - by determining the extent to which Nigerian Banks have adopted marketing strategies. How the market should be segmented into groups that would require unique marketing strategy, as well as to identify the current and future functional area strategies relevant to bank service marketing. Also, hypothesis of the study was carried out.

The rationale for the study was seen, lies in the desire of the researcher to help identify the relevant marketing strategies sustainable for this sub-sector based

on the market segmented. This however should be after a critical analysis of the various marketing strategies.

The review of related literature was considered in detail in chapter two, where the theoretical analysis of marketing strategy was analysed. And emphasis was laid on the six(6) elements of business strategy. Also considered here, was the development of marketing mix. The process for formulating and implementing marketing strategies such as market opportunities analysis, environmental analysis, industrial and competitors analysis were all considered. The reasons why many at times customers get dissatisfied with the organization's services was also discussed in this chapter. The different sales promotion used by the various banking industry, the service quality, the criteria used by the various customers to determine service quality, the differences between a service product, marketing of banking service, new product development and innovations in the banking industry, as well as the importance of quality service were all analysed in this chapter.

The chapter also discussed the importance of strategic marketing management as well as the historical background of African International Bank Limited.

Chapter three (3) mainly deal with the various methods used to collect data in the research work, such as questionnaire and interview.

Finally, was the analysis of the various data (i.e. questionnaires administered and the face-to-face interview) conducted in chapter four(4). Findings of the research work was later considered, and it was found out at the end that, banks actually for many years has actually adopted numerous marketing strategy. But what is really at stake is knowing the relevant marketing strategy to adopt at the right time, given a particular market segment of the establishment.

5.2 CONCLUSION

The findings in this study has revealed that the banks actually understands the importance of marketing strategies, and as such, effort have been made so far, by adopting these strategies in their operations. This was particularly revealed during the analysis of the questionnaire in Table 4.1(I), when twenty-four (24) of the respondents, representing 60% of the total respondents ascertained that the marketing strategies of AIB Limited really is available. This has helped the bank in no small measure to retain its existing customers, as well as attracting new customers into the bank, since its establishment. This was further confirmed in the interview conducted in 4.2(IV) in chapter 4.

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The free entry, free exist principle of perfect competition embedded in Structural Adjustment Programme (SAP) has given birth to large number of banks in the country. This has intensified competition and has led to a high labour movement within the industry, as the new banks have head to poach on the established ones for their staff. Different strategies have therefore been adopted to lure customers. Each creates a unique identity, advertises its products, and emphasizes the level of modern technology with which its services are rendered. Old products are repackaged, new ones introduced with enticing return on investment. In order to win and retain customer's loyalty and elicit positive response of association from corporate responsibility, unique architectural designs and craftsmanship are now being employed in building and fitting branches and head offices of banks.

The importance of keen competition in the development of the modern marketing concept where the customer forms the centerpiece of the business functions in non-bank industries cannot be over-emphasized.

The competition ahead no doubt will task the ingenuity of banks' management. Apart from the obvious challenge of how to sustain the level of profits

that are being declared, banks must give serious thought to improving both the range and quality of their services.

However, it is worth mentioning the extent of unhealthy competition among banks nowadays. A lot of banks have shunned the rules of banking to participate in the on-going cut-throat competition in the market.

Finally, from the fore-going, it is clear that banks nowadays use different marketing strategies in their operations, but the issue is knowing the right strategy to adopt at the right time based on the market segment the bank intends to service.

5.3 RECOMMENDATIONS

In the light of the problems observed in the course of carrying out this study, the following suggestions are made, which the researcher hope would help the banks (service industry) improve on their marketing strategies, and make them more effective and efficient.

- (1) The banks should pursue vigorously the principle of marketing segmentation and grounded strategic focus. This involves:-
 - identification of present and future markets for its services;
 - setting long and short term goals for the progress of existing and new services;
 - must determine which segment of the market it can compete profitably and which market it must leave alone;
 - management of resources to service the chosen market effectively.
- (2) There should be increased emphasis on the development of new services, with adequate strategy to back them up. Attention should be directed towards identifying the needs, tailoring products to meet such need and employing appropriate advertisement and promotional media to reach the targeted customers.

- (3) Banks should improve on customer relation through periodic customer-bank interaction and forum, provision of advisory services on the use of facilities granted by the bank and continually seek to add value to customers while providing outstanding services to their delight.
- (4) The banks should continuously re-engineer its business process and reorientate and motivate its work force, while introducing dynamic products for total customer satisfaction.
- (5) Quality of service should be emphasized. This means that Banks' marketing efforts should take due cognisance of the need to improve the quality of service that customers get. The delays in effecting simple transactions coupled with poor staff attitude must be highly discouraged. This can be done through continuous staff training and development during which time, it should be emphasised to employees that customers constitute the life-blood of the organization and therefore, should be treated as "Kings".

Furthermore, since bank customers are people of different needs and expectations, bank services should be developed around customer preferences. This entails continuous assessment of customer needs, creating services and service packages specially designed to satisfy the changing needs and informing the customers of available services and their benefits.

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

- (7) Banks should be involved in more aggressive sales promotion. The present level of personal selling should be intensified to include house-to-house selling, especially in the rural areas where the level of awareness is very low. Since the success of any personal selling depends on the calibre of the sales force, the banks' sales force must be highly trained and possessing such personal traits as perseverance, high level of self-confidence, energy, drive, intelligence and good manners. These traits can be imbibed through periodic training and re-training, with emphasis on the bank policies regarding pricing, products and services, deliveries, knowledge of the service package, and new methods of selling bank services.
- (8) Banks should try as much as possible to provide customers with outstanding value, which is the only reliable way to achieve sustained customer satisfaction and loyalty.
- (9) Customer feedback should also be adopted as a way of enhancing banking operations. Customers' comments, complaints, and questions fall into this category. A company cannot implement a recovery strategy - a plan for making amends when something has gone wrong - if it does not know who has had a problem. Therefore, it is important to review the company's approach to soliciting feed-back especially complaints on product and service quality.
- (10) Banks should embark on market research. In this case, customers should be interviewed both at the time of arrival (when they become customers of the bank) and at the time of departure (when they defect) about the reasons for their behaviour. New customers should not only be asked, "How did you hear about us?" but also, "what major experiences influenced your decision to try our product or service?" The answers to the first question will provide data

about the effectiveness of the bank's awareness advertising, and the answers to the second will supply information about specific factors that actually sparked the decision to try the product or service. Carefully questioning departing customers is important for two reasons: (i) to isolate those attributes of the bank's product or service that are causing customers to leave and to make a last-ditch attempt to keep the customer.

Strategies should be formulated in such a way that they will be flexible and adaptable to changes in the environment.

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

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

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APPENDIX ONE

FACULTY OF ADMINISTRATION,
DEPT. OF BUS. ADMINISTRATION,
AHMADU BELLO UNIVERSITY,
KONGO CAMPUS, ZARIA.

SEPT. 5TH 1999.

Dear Sir/Madam,

A REQUEST TO ADMINISTER A QUESTIONNAIRE

I am undertaking a study on the "Marketing Strategies for a Service industries", using AFRICA INTERNATIONAL BANK LIMITED as a case study.

It is part of the requirement of the above department for the award of Master of Business Administration (MBA).

It is in this regard I am requesting your kind assistance to fill the answers to the issues raised in this questionnaire. Your answers are very important to the accuracy of this research work.

I wish to state that the information that would be provided would be treated in strictly confidence and used for academic purpose only.

Thanks for your co-operation.

Yours faithfully,

SULE JA'AFARU GARBA

A QUESTIONNAIRE IN VIEW OF A SEARCH STUDY ON, MARKETING STRATEGIES OF A SERVICE INDUSTRY. A CASE STUDY: AFRICAN INTERNATIONAL BANK LIMITED

You are required to please tick as you consider appropriate for each question.

1. Sex Group
 - a. Male
 - b. Female
2. Age Group
 - a. 28-40 years
 - b. 40-55 years
 - c. 55 years and above
3. Income Classification
 - a. ₦3,500-₦10,000
 - b. ₦11,000-₦25,000
 - c. ₦26,000 and above
4. Have you ever be turned down before on any banking service in African International Bank?
 - a. Yes
 - b. NO
5. Have you ever closed any of your accounts with the bank before?
 - a. Yes
 - b. NO
6. How will you rate your satisfaction with the banking service.
 - a. High
 - b. Moderate
 - c. Low

KASHIM IBRAHIM LIBRARY

7. To what extent is your patronage to the bank is being influence by the banking service quality?
 - a. High
 - b. Moderate
 - c. Low
8. To what extent do you experience defections in the banking service of African International Bank?
 - a. High
 - b. Moderate
 - c. Low
9. How would you rate the marketing strategies of the Bank in attracting, retaining, and servicing the bank customers?
 - a. High
 - b. Moderate
 - c. Low
10. Have you ever been attracted to other banks for any reason?
 - a. Yes
 - b. No
11. Kindly, indicate the period of your patronage with the bank.
 - a. 2-7 years
 - b. 8-15 years
 - c. 15 years and above
12. How will you rate your confidence in the banking operation and services.
 - a. High
 - b. Moderate
 - c. Low

13. To what extent has the mode of operation and services of the bank improve over the years.
- a. Very Impressive
 - b. Impressive
 - c. Neutral

KASHIM IBRAHIM LIBRARY

APPENDIX TWO

INTERVIEW QUESTIONS

1. How will you describe customers patronage due to the crisis of confidence arising from Bank liquidation.
2. What is your opinion to the popular saying that complete customer satisfaction is the key to attracting marketing, and service customer?.
3. What are the likely sources and impact of customers dissatisfaction?
4. What marketing strategies are you putting in place to improve your banking operation and services?
5. Is there any genuine benefit that your bank will gain by embarking on quality banking services.