STRATEGIC MARKETING IN NEW GENERATION BANKS IN NIGERIA: A CASE STUDY OF CITIZENS INTERNATIONAL BANK LIMITED

BY

ONAZI O. ONAZI
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OCTOBER, 1999

DECLARATION

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ONAZI O. ONAZI

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CERTIFICATION

This project entitled "STRATEGIC MARKETING IN NEW GENERATION BANKS IN NIGERIA: A CASE STUDY OF CITIZENS INTERNATIONAL BANK" by ONAZI O. ONAZI, meets the regulations governing the award of the degree of Masters in Business Administration (MBA) of Ahmadu Bello University, Zaria and is approved for its contribution to knowledge and scholarship.

Dr. A. B. AKPAN
INTERNAL SUPERVISOR — 23/12/2003 DATE

EXTERNAL SUPERVISOR — 30/05/2004 DATE
Professor M. A. Zahradeen

HEAD OF DEPARTMENT — 24/12/2003 DATE

DEAN OF POSTGRADUATE SCHOOL — 23/6/04 DATE

DEDICATION

This work is dedicated to the memory of my father Mr. Adadu onazi ochapa whose desires amidst all others was to give to his children what he could not get.He kept driving me on.

To my mother for her forbearance, encouragement, zeal and steadfastness to see daddy's dream come true. You have indeed been an inspiration.

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To God be the glory for making it possible for me to accomplish this work amidst all other odds. You are my source of inspiration. Thank you for your infinite mercy, strength and good health given me throughout the course of this study.

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ABSTRACT

The importance and the need for marketing in banking was not recognised because for a very long period, banking was a sellers market.

While most customers had the impression that they were privileged to enjoy the services of a bank. Additionally, bankers have traditionally been bank oriented coupled with the fact that marketing is a recent American invention and only in recent years have they become customers oriented.

Based on the literature, the study was conducted to examine and investigate whether New generation commercial banks understand and apply the strategic marketing concept in their operation. The study was conducted on CITIZENS INTERNATIONAL BANK LIMITED AS A CASE STUDY. The method of research used for the data collection was the Questionnaire, oral interview and the documentary records on citizens bank as well as any other relevant material. The research study further understudied the extent to which the banks apply the strategic marketing concept in their operation, in terms of searching into customers needs and consulting them in decision making.

In the light of the findings, a number of recommendation was made as regards to: the method of application of the strategic marketing in New generation commercial banks, the tools used, i.e both human and material tools required for effective implementation of the marketing concept and the forum to be created whereby the under privileged staff, should be educated on the subject matter and parameters of marketing and strategic marketing concept.

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CHAPTER ONE

1.1 INTRODUCTION

The Nigerian Financial system has witnessed a number of changes over the years. However, the most profound of these changes occurred after the introduction of the Structural Adjustment Policy (SAP) in 1986, and the subsequent deregulation of the economy to market forces.

The above situation led to astronomical rise in the number of banks (Commercial and Merchant Banks) in Nigeria. For instance, by 1997, there rose a total of 21 banks in Nigeria comprising of 18 Commercial Banks and 3 Merchant Banks with a total of 487 branches across the country. As at the end of 1993, the number of banks shot up to a total of 120 with a total branch network of about 2,397 throughout the country. These comprised of 66 Commercial Banks and 54 Merchant Banks with a branch network of 2,270 and 127 respectively. This has made the banking industry one of the most active and turbulent of all the sectors within the past thirteen years.

Prior to the advent of SAP, the few banks in existence enjoyed basically an enduring sellers market, inelastic demand, less competition and sophistication. This was to change with the introduction of SAP. The market became more aggressive, competition heightened for the mobilization of available resources. The competition was further exacerbated with the emergence of finance houses and mortgage banks in the late 80's, all competing for available funds. Faced with these problems, it became pertinent that banks fashion out new survival strategies woven around aggressive marketing of their products.

Besides, the introduction of stabilization securities in 1991 and such other liquidity mop-up measures as withdrawal of parastatals' deposits from commercial banks have not provided any comfort for the banks. Moreover, with a customer base that is becoming very sensitive to the level of return on investment and efficiency in service delivery, banks must as of necessity provide inducements to make old customers stay as well as attract new ones.

The situation is even more precarious at this period when significant number of banks are distressed, leading to customer discontent and growing loss of confidence in the Banking industry. Infact, as at March 1994, no fewer than 29 banks had been declared technically insolvent and placed under "Holder Action" by the Central Bank of Nigeria (CBN), while others had been taken over by it and interim management boards appointed for them as part of efforts to see if they can be resuscitated. For the same problem, CBN announced the withdrawal of the licenses of thirty one(31) banks as at the end of December, 1998. The action was informed by the inability of the banks to meet the deadline for recapitalization and the deterioration in the banks' financial conditions, culminating in the erosion of their respective capital base and shareholders funds, thereby making the bank unable to fulfil their obligations to depositors and creditors. The situation is further aggravated by the monetary policy guidelines that sort to regulate exchange and interest rates. All these have made the banking industry one of the most active and turbulent of all the sectors within the past 13 years. The consequences of these have been the total loss of confidence by customers in the industry. The issue is, how would the banking industry regain its lost glory? Is it possible through aggressive strategic marketing to reposition

and win back customers confidence? It is obvious that competitive strategies have become the watchword of the banking industry- competition for scarce deposits, market share, technology etc.

It is instructive to note that despite the sudden upsurge in the number of Merchant Banks, the Commercial Banks are still the dominant financial intermediaries in the financial services sector.

There is therefore, the need for them to maintain their strategic position, but the question is how can they achieve this? In this connection, Col. Sani Bello (rtd) and former Chairman of Continental Merchant Bank noted.." *In this era of transition, it is worthwhile to note that there are no patents, or copy rights in banking products, no impregnable position that competitors cannot assail. The only way to maintain and enlarge position in today's market place is to be responsive to change. The key to success is not in a product, but a posture, not a service but the ability to create services which meet the changing needs of the market*"[1].

The implication of this assertion is that banks are expected to pay increasing attention to marketing techniques in order to wade through the turbulent environment within which they operate. The assertion is further supported by Capaldini who opined that *"marketing is not only changing the banking business"*[2]. Part of the aims of the study therefore shall be to determine how poised-the new generation banks are to the concept of strategic marketing in repositioning themselves and meeting the challenges of competition and the new millennium.

1.2 STATEMENT OF THE PROBLEM

The Nigerian economic cum political environment are in a state of flux. This has affected different sectors of the economy in varying degrees. The question however, is has the banking industry responded to the challenges posed by the dynamics of the Nigerian economic environment?. In order words, this study will seek to discover how the Commercial Banks have fared in the marketing of their services, especially at times like this when according to Dr. M.O. Ogo CBN's Director of Research, *"The entire financial system is in distress"*[3]. Commenting on the situation, Odozie, Deputy Governor opines that *"an effective exit policy for terminally distressed banks in keeping with the principles of freedom of entry and exit is highly desirable not only as a way of scrutinising the system, but also to send clear signals to market operatives against excessive risk taking and mismanagement"*[4].

This is a challenge to banks to reposition themselves and engage in aggressive marketing strategies to win back customers most of whom have lost confidence in the system.

1.3 OBJECTIVES OF THE STUDY

The main objective of this study is to appraise the strategic marketing of banking services by New generation Commercial Banks in Nigeria. In specific terms however, the objective include:-

1. To examine whether New Generation Banks in Nigeria have marketing plan.
2. To examine the marketing strategies adopted by the new generation Banks.

3. To identify some of the difficulties encountered by banks in the process of implementing these strategies

4. To explain these strategies and their effect on the performance of these banks as in terms of deposit and profitability and also in terms of service to customers and

5. To examine the extent to which these banks have implemented the strategic marketing concept to their banks.

1.4 SIGNIFICANCE OF THE STUDY

The relevance of the study cannot be over emphasized when viewed against the background that virtually all industries undergo periods of turbulence characterised by major changes in markets and/or competition. The past Thirteen years have witnessed significant changes and activities in the banking industry in Nigeria.

First, the number of banks have increased astronomically from about 50 in 1987 to about 120 in 1992 and a further decline to about 89 in 1999 due to distress syndrome in the system.

Secondly, the continuous decline in crude oil earnings occasioned by the oil glut from about 1982 till date underscores the fact that the era of bank access to cheap and readily available deposits is over. The situation is further accentuated by credibility problem being witnessed in the finance industry after the crash of some banks and finance houses. The complication is that banks have to go out in search of deposits.

Thirdly, the often issued stabilization securities by CBN in their bid to mop up excess liquidity, reduces bank deposit base and their loan portfolio. The subsequent credit squeeze is expected to shore up the value of the Naira against the dollar and reduce inflation. How much this has worked under the present dispensation is subject to debate.

Fourthly, the devaluation of the Naira has forced investors to seek for more terms from banks to meet the rising cost of the dollar for their imprest requirements. This pressure on the banks further awakened in the banks, the need for aggressive marketing to attract more deposits.

1.5 SCOPE OF THE STUDY

For the purpose of this study, we have restricted the sample populations to new generation banks because inspite of the sudden upsurge in the number of Merchant Banks, the new generation banks brought about the concept of strategic marketing into the banking industry in Nigeria.

Though the study is concerned with strategic marketing in "New Generation Banks in Nigeria, we shall not fail to make reference to the first generation banks where necessary.

1.6 RESEARCH QUESTIONS

This paper attempts to find answers to the following questions.

1. What are the services rendered by New generation Commercial Banks?
2. How effective are these services rendered?
3. What criticisms/complaints do bank customers make against the services rendered by bank?

4. How can the rendering of services be improved?

5. What areas still need improvement by New generation Bank in the marketing of banking services?

6. Has marketing of bank services had any significant effect on the performance of banks in terms of:-

   i. Deposit mobilization

   ii. Loans and investment

   iii. Profit level in the past nine years.

7. What factors are being made to win back customer's confidence?

Answers to these questions would form the main thrust of this study.

1.7 RESEARCH METHODOLOGY

The issues raised in this study would be addressed with the aid of mostly primary data. The general analysis methodology is employed in conducting the research.

However, the historical and questionnaire/interview methods of data collection have been applied. The historical method is used because some of the information is derived from secondary sources, like the Chartered Institute of Banker's(CIB) Nigerian Banker, the Citizens Today which is a publication of Citizens Internal Bank Limited, the African Development Bank (ADB)'s Bulletin, Newspapers and abstracts from various seminar papers.

Similarly, a questionnaire was administered on management and staff of Citizens International Bank. The format of the questionnaire is one with open-ended questions.

Finally, interviews were conducted with customers of Citizens International Bank Limited during Banking hours. The structure of the two instruments have certain similarities and dissimilarities. (See appendix for the instruments).

1.8 LIMITATION OF THE STUDY

In the course of administering the questionnaires, the researcher experienced the general well known apathy and reluctance towards the completion of the questionnaires on the part of the respondents. Related to the lukeworm attitude by respondents to fill questionnaires was their limited knowledge of the questions put to them, and the phobia of falling victim of revealing "classified" information.

Records as to the classification of New Generation Banks was also not available with the Central Bank of Nigeria.

1.9 CONCEPTUAL DEFINITION OF TERMS

MARKETING PLAN: In financial service context, it was defined as an administrative and management system to control future volume growth, profits, cost structure and market share in accordance with pre-ordained quantifyable objectives, Marsh 1988[5].

STRATEGIC MARKETING: The process of analysing opportunities, choosing objectives, developing strategies, formulating plans and carrying out implementations and controls.

NEW GENERATION BANKS: This refers to the set of Banks established after the introduction of the Structural Adjustment Programme (SAP) i.e. from 1986 till date.

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BANK MARKETING: This has been defined by Reckie ((1972) as that part of management activity which seems to direct the flow of banking services profitably to selected customers.

MARKETING MIX: Is a term used to describe a blending of decisions about services, place, promotion and price.

BANK ENVIRONMENT (OR NON-CONTROLLABLE) VARIABLES: These variables include foreign exchange regulation (determined by government economic" policy, political system and regulations, competitions from other Commercial Banks and financial institutions), legal system, etc.

SITUATION ANALYSIS: Identifies the bank's existing position in its environment, identifying present or potential opportunities.

MARKETING STRATEGY: Kotler(1980)[6] which states it as "set of objectives, policies and rules that guides over time the firm's marketing effort - it's level, mix and allocation-principles through which a particular company hopes to achieve partly independently and partly in response to changing environment and competitive condition.

OFFENSIVE STRATEGY:- Attempts to penetrate new areas, expand geographically, seize market opportunities and adopt innovations for market leadership.

DEFENSIVE STRATEGY:-Can be achieved by exploiting a set of target segments with distinct advantage, perhaps in terms of location or specialists services offered.

RATIONALISATION STRATEGY:- Due to increased competitions and worldwide recession, the banking industry is more eager to improve performance and to rationalise its operations through cost reductions (or cost-cutting) strategy.

EXTERNAL FACTORS:- Made-up of cultural and Social factors.

INTERNAL FACTOR:- Appeal to the psychological and personal needs of the customers.

MARKETING SEGMENTATION:-Defines market segmentation as "the sub-dividing of a market into homogenous subsets of customers, where any subset may conceivably be selected as a market target to be reached with distinct-marketing mix"

FOOTNOTES

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CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION:

Today, the Nigerian Banking Industry is perhaps the most watched and abused of all industries in Nigeria. It is an industry that is much maligned by both the public and the authorities as a result of government deregulation policies. These problems and the new government policy thrusts are tag team combination that the industry can ill afford to ignore. Indeed, marketing cannot be more apt than it is now, if any bank hopes to survive, to grow and remain competitive. One essential characteristic of what we can regard as the new Banking environment would be *CHANGE*. Until fairly recently, executives operated with the assumption that they enjoyed limitless resources and plenty of time in building profitable enterprises, but today finite resources, new technology, accelerated change and the licensing of new banks are placing unprecedented pressure on every organisation. Only those leaders and, or, executives who learn to anticipate and even invent in the future will profit from, rather than be surprised by change.

The one answer therefore to stay in power and remain competitive, is in strategic planning and positioning, and marketing is the heart of it all. The central theme of marketing is concerned with the ultimate target-the customer. In essence, strategic marketing encompasses market research, environmental scanning, planning, budgeting, product design, advertising, promotions and publicity, Smiling and friendly atmosphere, innovation, positioning and market analysis. Strategic Marketing and marketing concept as it applies to the banking industry

is quite relevant and obvious since banking is all about customers/client in the provision of efficient, innovative and effective bank products and services at a price. However, one might be anxious to ask, what let companies/banks to suddenly discover the relevance of strategic marketing?

Kotler (1980) says it can be triggered off by any of the five factors listed below:-

1. Sales Decline
2. Slow growth
3. Changing buying patterns
4. Increasing competition and
5. Increasing sales expenditure.

Of all the factors, sales decline is the most common that induces companies to source for market for their products. With respect to some Commercial Banks in Nigeria, this can be likened to a steady decrease in their deposit liabilities in the past few years. In the face of this steady decline, it is not uncommon to find banks advertising their readiness to offer concessionary rates to some categories of deposits, especially time deposits.

Slow growth is another factor that may induce business to seek for expansion of their market. Some banks in Nigeria for instance are not growing at the same rate as their contemporaries which may be due to differences in marketing strategies adopted.

The changing buying pattern is another factor that can induce companies to discover new markets for their products. The experience in Nigeria now is the evolution of a new banking habit occasioned by increased sophistication and awareness on the part of banking public.

Increasing competitions is yet another factor that can cause companies/banks to seek for market expansion. For instance, the growth of Commercial Banks in Nigeria has necessitated increased competition among banks. The increased competition has led to differential rates for deposit, construction of beautiful edifices, improved speed and efficiency in serving the customers and courteous treatment of customers by bank staff.

Increasing sales expenditure is also another factor that can induce companies/banks to discover strategic marketing. Increased expenditure can reflect on overhead and fixed costs incurred by Commercial banks in Nigeria. The management of Commercial Banks experiencing this situations will definitely update their marketing techniques. However, one must emphasize that the introduction of the Structural Adjustment Programme by the Government in July, 1986 and the persistent economic recession in the country have made the above five factors very imperative and formidable in the business circle in general and the Banking industry in particular, but unfortunately, many banks in Nigeria are yet to make strategic marketing an integral part of their banking activities - Olatunji (1991). This situation does not hold as it were because banks have become market oriented institution since the 1989 deregulations when the accounts of government and other parastatals were moved from the Commercial Banks to CBN; and the curtailing of the foreign exchange allocation to banks. The banks did not find this era easy. It triggered off banks moving out to look for other sources of deposits rather than rely on free funds from government accounts and foreign exchange earnings.

2.1 NATURE AND CONCEPTS OF MARKETING/BANK MARKETING

This section deals essentially with the concept of marketing and bank marketing with particular emphasis on the various element of Bank marketing and the characteristic of bank services.

The concept of Marketing/Bank Marketing:

There are many concepts of marketing but the three definitions of marketing presented below seem to cover the basic items involved.

Kotler (1980)[1] defined marketing as human activity directed at satisfying need and wants through exchange process. For exchange to take place in order to meet these needs and wants the following must exist:-

1. There must be demand by the parties involved in the exchange process.
2. Products must exist to meet these wants and needs.
3. There should be existence of at least two people and each party has something of value to offer to the other party.
4. Each party is capable of communication and delivery and have the right to reject or accept what the other party offers.
5. They should consider it desirable to deal with each other.

If the above conditions are met, then we say a transaction has taken place hence qualifying the concept of marketing. Udell and Laczniak(1981)[2] views marketing as the product planning, pricing and services needed and desired by consumers.

To the American Marketing Association, Marketing is the performance of business activities that direct the flow of goods and services to the customer. Generally, marketing involves a product(i.e. goods and services) the producer and

the consumer of the product, pricing, promotion and distribution. Marketing therefore involves more than the movement of goods and services from producers to consumers.

Bank marketing has been defined by Reekie (1972)[3] as that part of management activity which seems to direct the flow of banking services profitably to selected customers.

This involves:-

i. Identifying present and future markets for services,

ii. Selecting which markets to serve and identifying customers needs within them,

iii Setting short and long term goals for the progress of existing and new services and,

iv. Managing the services so as to persuade customers to use them at a profit.

Rose Hampel (1980)[4] defined bank marketing as both the creation and delivery of consumer-satisfying product at a profit to the bank and noted that the concept of bank marketing of the product must cover the following three elements namely:-

i. The creation of new products which they consider an aspect of bank marketing which is as important as the delivery of existing services.

ii. Bank marketing must be consumer oriented. They consider it critical that the product (or services) which the bank is offering satisfies the consumer's needs and wants.

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iii The banks' shareholders measure their returns primarily by the profit earned by the bank.

The innovation of new services as well as the successful delivery of existing services at a profit to the bank are essential to the successful marketing of bank services. Hands Combe (1982)[5] on the other hand defines bank marketing as the activity associated with:-

i. The identification of current and potential national international, local and specific customer needs, in those priority market sectors defined by the strategy of the bank; and

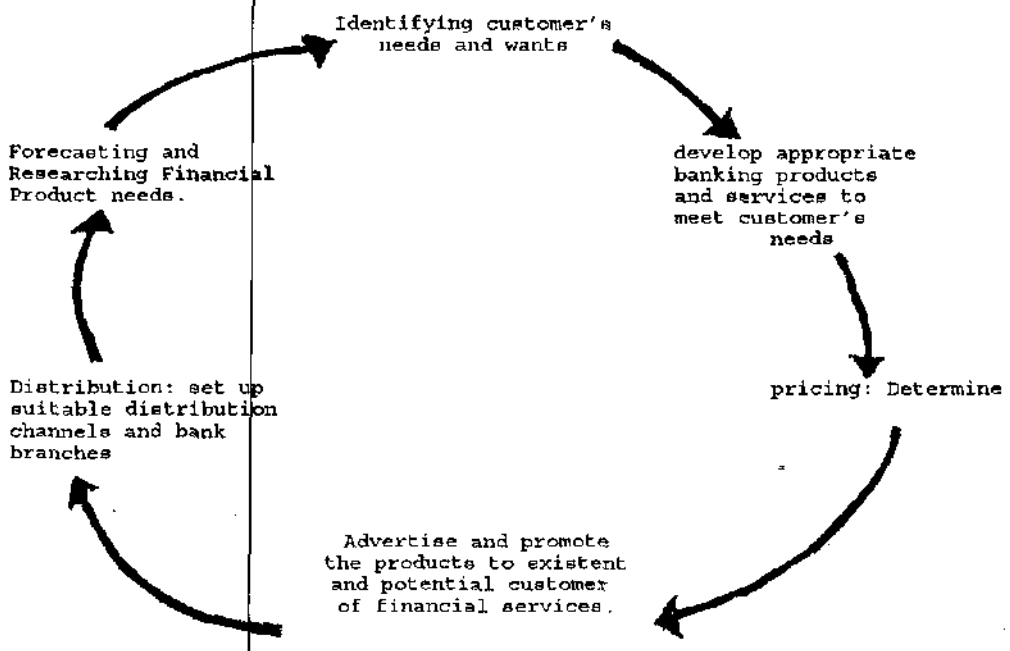
ii. The development and promotion of products and services that meet those needs, in a manner acceptable to the customer, at a price that is realistic and will produce a profit for the bank when provided through cost effective, consistent and reliable methods of sales and services devised and supported by the marketing department.

ELEMENT OF BANK MARKETING

The marketing approach of banking services can be represented in a circular form as shown in Fig. 2.1. below.

Figure 2.1

THE MARKETING APPROACH TO BANK SERVICES



Source: Arthur Meiden Bank Marketing Management (London: Macmillan (1984)

Being a circular flow it starts and ends with identifying and satisfying customer's needs. This thus emphasises the fact that bank marketing is not a once and for all affair but a dynamic process that must adjust to changes in and outside the organisation.

Stages two through four of the process is called the marketing mix and has a special importance in any marketing programme. A marketing mix is a term used to describe a blending of decisions about services, place, promotion and

price. These decisions act on each other while they are being "mixed" together. For example, a decision on price affects decisions on promotion. Thus these decisions must be evaluated continually, if the total marketing programme is to succeed. Meiden, 1984.[6]

Bank must manage a collection of marketing mixes because they sell a - collection of customer-satisfying services to adverse target markets. The five main categories of customers are: Private, commercial, industrial, Government/Public and international Market. A bank must also be doubly marketing-oriented:- creating marketing programmes designed to attract funds, and to attract users of credit for these funds, Marsh (1988)[7].

The question then is what is strategic marketing?

2.2 STRATEGIC MARKETING

The concept of marketing has been revolutionalized. Gone are the days when the recipe for marketing success was a product of good quality and a fair price. according to Jonh Prinster "In the past, we ran our business by giving the consumer what we thought they wanted. Now we have got to find out what they want and then develop the product.[8]

Nigerian business environment in recent years has become very competitive so that without the use of strategies, success in business may not come. Business operations are becoming harder, more competitive and more intensive because of notable changes being experienced in our society today. With this nature of business environment, marketers must take a stand. Business organisations regardless of their sizes, must endeavor to keep their present customers and struggle for more prospective ones with their offerings to the markets.

Nigerian society is influenced by complex environmental factors such as social, political, cultural, religions and economic forces where interactions create new business environment.

To achieve an appreciable degree of success in operation in Nigerian competitive business environment, marketers must devote a lot of time, money and energy to their development and implementation of marketing strategies. The orientation now is therefore, to focus on the consumer, challenges posed by this orientation (saturated and highly segmented markets, foreign competition, product tampering scares, and quick, paced and ever-changing taste of consumers) has led organisations to resort to strategies marketing.

According to Philip Kotler, strategic marketing is "the process of analysing opportunities, choosing objectives, developing strategies, formulating plans and carrying out implementations and controls"[9].

A strategically managed business must ask or have answered the question "What is our mission or business?[10]. This organisational statement of purpose is essential for effective establishment of objectives and formulation of strategies[11].

Having established a mission, the business manager knows that part of the environment he needs to monitor to achieve its goals. Monitoring the external environment for opportunities and threats and the internal environment for strengths and weaknesses is called SWOT analysis. This analysis affords the banks the leverage to pursue opportunities, defend against threats, build on strengths and correct weaknesses. This, the banks can only do by formulating corporate strategies. A good corporate strategy should contain the question of

which product and which markets (marketing strategy).

To illustrate the means of achieving objectives using the marketing mix of the 4p's of marketing, which is made up of products, price, promotion and place (distribution channels) are the marketing strategies. All corporate strategies are interrelated, a well balanced combination of a quality product, at a fair price, at the right place, backed with the right promotional mix, will fail if there is a wrong timing, adverse economic, or political climate, cripping legal restrictions, wrong psychological or sociological orientation of the consumer or wrong season.

With increasing risk and uncertainty of time in the business environment, organisations are turning to strategic marketing as a means for combining growth, profitability and viability of their firms.

2.3 FORMULATION OF MARKETING STRATEGY

Planning calls for the establishment of objectives and formulation of strategies, while objectives indicates what the bank hopes to accomplish, strategies follow and attempt to suggest how to reach the objectives. Strategy is thus, the "connecting" link between planning and action.

Several definitions of marketing strategy abound. Anbrey (1972)[12] concluded that marketing strategy is one of the strategies toward the accomplishment of its objectives. Mc Carthy (1978)[13] however, contended that the emphasis and allocation of resources to a company's marketing activities will be guided by sets of principles referred to as marketing strategies.

Perhaps the most popular of the definitions of Marketing strategy is the one by Kotler (1980) which states that it is "set of objectives, policies and rules that

guides over time the firms' marketing effort- its level, mix and allocation-principles through which a particular company hopes to achieve partly independently and partly in response to changing environmental and competitive condition".

There are three major stages in the formulation of a market strategy according to Kotler. These are:

i. Identification of the target market(s) and their needs, and the formulation of marketing objectives.

ii. Defining the constraints some of which could be economic, political or social, governmental, legal, technological, and competitive situation from other banks and non bank financial institutions e.g. insurance companies and

iii Allocation of marketing resources- this is via the marketing mix.

2.3.1 TYPES OF BANK MARKETING STRATEGIES

Meiden (1984) categorized bank marketing strategies into three broad groups, offensive, defensive and rationalization strategies.

a. Offensive Strategies

Offensive strategies attempt to penetrate new areas, expand geographically, seize market opportunities and adopt innovations for market leadership. There are five main offensive strategies.

i. Geographical expansion

ii. Market Penetration

iii. New market

iv. Market leader, and

v. Marketing challenge strategies

i. Geographical expansion strategy seeks to expand sales by extending the physical frontiers of banks activities.

ii. Market penetration aims at attracting-new customers from the market that the bank is already in. This, also known as increase of the "Usage rate" of its- branches and services appears to be the most popular strategy prevalent among banks. This can be achieved by proper identification of the customers' need; by emphasizing the right segments and services, better sales contact and image promotions.

iii New market strategy seeks to attract customers from segments of the market in which the bank in the past has little presence.

iv. Market leader strategy can only be employed by very large, dominant banks with strong distribution network. These "guidance" of the industry strive to maintain their leadership position by"

a. Increasing the total market

b. Protecting current market share and

c. Increasing current market share and in order to achieve a high market share, banks often enter into confrontation, that is, in promotional and pricing wars, which might be too expensive for a relatively young bank to engage in.

v. Market challenge strategies may be used to challenge the market leadership by direct attack, backdoor and/or back 'group' strategies, Kotler (1980). The

direct attack strategy is used against major competitors in the same segments by employing challenging price policies and service innovations.

The backdoor refers to utilizing various market segments, channels of distribution, etc. "Cuppy" strategy means challenging minor competitors in the industry, for e.g. by accepting banking business associated with higher levels of risk, harassment (Legal or other) of smaller bank etc.

In general, offensive strategies are pursued by banks ambitiously trying to grow and capture the major market share. They tend to be aggressive, innovative and opportunistic in their marketing approach and are sensitive to changes in their marketing environment.

(b) Defensive Strategies

There are two main defensive strategies the market follower and the market-richer strategies. The market follower implies acceptance by a bank of its present status quo. It will not challenge the market leader(s) but will strive to maintain its market share by maintaining its customers and winning a share of new ones. This can be achieved by exploiting a set of target segments with distinct advantage perhaps in terms of location of specialist services offered. In general, market followers possess strong management who gives priority to profitability rather than market share.

Market richer strategy exploits the riches that exist in the market through specialization. The markets here are relatively small and ignored by the large banks, but which the smaller banks find safe and profitable.

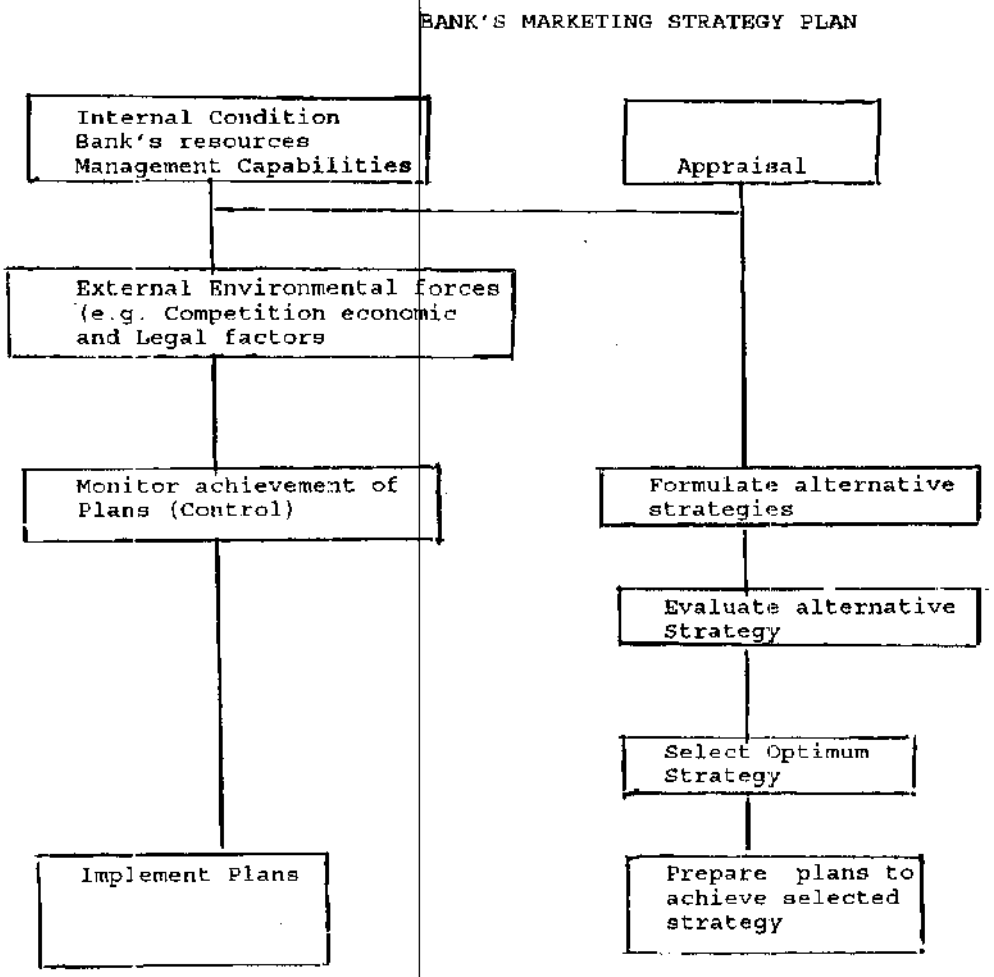
(c) Rationalization Strategy

Due to increased competition, inflation and world wide recession, the banking industry is more eager to improve performance and to rationalize its operations, through cost reduction (or cost cutting) strategy. To achieve this, a bank manager will constantly ask himself-how can cost-efficient operations be obtained so that profitability can be increased? This can be achieved by efficient management of resources and increased used of automation like Electronic fund transfer systems, computers, etc which can sell a service at a cheaper and faster rate, with more consistent services.

2.3.2 SELECTING A BANK MARKETING STRATEGY

The selection of an appropriate strategy is based on a careful market strategy plan as shown in figure 2.2

Figure 2.2



Source: Arthur Meiden Bank Marketing Management (London: Macmillan, 1984).

Generally, the Marketing Strategy selected by any bank will depend on:

a. Bank's competitive size and position in the market segment;

b. Company resources, objectives and policies

d. Target markets' buying behaviours;

e. The stage of the product life cycle

f. The state of the economy

Customer Behaviors and Market Segmentation

The questions employed in the market research tests asked six basic questions; namely: Who is the customer?; What does the customer buy?; and How does the market buy?; The information gained has been used to improve the design of services, relationships and bank communication. The studies have highlighted the importance of factors such as the bank's image and identified the existence of market segments.

CONSUMER BEHAVIOUR AND ATTITUDE

Time has gone when the banks used purely financial analysis to access their customers as the customers' attitudes and behavioural characteristics equally play important role. *"Ignoring these factors, according to Meiden (1984) is tantamount to ignoring all psychological differences between individuals:"*[14] Behavioural characteristics are basically influenced by three main factors, Evans and Beckman (1974)[15]. These are:-

1. External factors
2. Internal factors
3. The consumer process

The external factors are made up of cultural and social factors. The cultural influence tends to satisfy the need of the different cultural and social classes. The social factors consider the reference groups, family, roles and status.

The internal factors appeal to the psychological and personal needs of the customers. These include motivation and perception, attitudes and benefits, life style, age, employment, economic standing, personality and life cycle position.

The consumer process is no doubt the most critical part of understanding consumer behaviour in banking. This is because customer's reactions can be predicted and anticipated on understanding his behaviour. It enhances effective communication and identifies the future needs of customers. It encourages the application of 'marketing concept' and reduces the time lapse between needs, services and their introduction.

To see how and why customers choose one bank rather than another, or prefer one service to another, we need to reduce consumers' criterion to one or two only, hence distinct needs and distinct market segments.

2.3.3 MARKET SEGMENTATION

Marsh (1988), defines market segmentation as "the subdividing of a market into homogenous subsets of customers, where any subset may conceivably, be selected as a market target to be reached with distinct marketing mix".

1. What markets is the bank serving?
2. Will servicing those markets achieve the profits/volume growth targets?
3. If not, which markets should be included in the bank's marketing activities?

These self analysing questions obviously categorizes market segments into two broad-groups-customer and non-customer groups.

To segment the market effectively, three conditions must be identified and should be measurable.

Secondly, it should be accessible to proper marketing strategies. Thirdly, a segment should have the potential to general profit. a fourth criterion that may be added is that each segment should react uniquely to different marketing efforts.

SEGMENTATION VARIABLES

This can be grouped under four main headings according to Marsh (1988). These are geographical, demographic, psychographic and behaviouristic.

a. Geographic segmentation- This divides the market according to location such as countries, states, regions and towns.

b. Demographic segmentation:- Involves division of the market on the basis of sex, age, income, race, occupation, education, social class, family size and life cycle.

c. Psychographic Segmentation:- Developed to overcome the general inadequacy of demographics in identification of attitudes and living styles i.e. mainly personality and lifestyle.

d. Behaviouristic Segmentation- Division of customers based on knowledge, attitude or behaviour towards a product or service and its attributes. It may be differentiated by purchase occasion, benefits sought, usage rate and status (i.e. non user, ex user, first time user), etc.

2.3.4 BANK PROMOTION MIX

Generally speaking, promotion in banking occurs in two levels-

1. The head office which is responsible for the major advertising, publicity, and public relations.

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2. The branch network where managers are responsible for supporting their marketing objectives with direct mailings, branch displays, personal selling etc. This section will, however, treat only four of the promotion mix, advertising, public relations, publicity and personal selling. Before then, we would examine the requirements for effective communication.

The basic concept of effective communication according to Channon (1986)[16] is to succeed in conveying one's meaning to others. For communication to be effective, it must have the following characteristics:

1. Be interesting enough to command attention.
2. Convey concise accurate information and create impact;
3. Stimulate credibility and belief;
4. Encourage action

The following series of logical questions should also aid good communication.

1. Who is being addressed?
2. What are the messages?
3. When should the communication take place?
4. How should the communication be undertaken?
5. Where should the communication be undertaken?
6. At what cost (budgeting allocation) should the communication be carried out?

As a result of the complex and sensitive nature of money and other financial matters, banks cannot afford to be misunderstood, hence, the need for

a concise communication that calls for a constant review of the above issues- both at the head office and the local branches of the bank.

A. Advertising

Channon (1988) defined advertising as 'a controlled form of non-personal presentation message about specific ideas or services from an identified sponsor via a specific communication medium designed to inform and persuade selected audiences to undertake actions desired by the sponsor.

As with selling, banks in the past have viewed advertising as being somewhat unethical and unprofessional in much the same way as the medical profession and the law still regard the advertising of their professional services.

However, stiff competition has led banks to innovate and design products meant for various target customers, most of which the potential customers are not aware of. Hence the banks have to resort to advertising through the various media to lead the customers from ignorance of the particular product to awareness, comprehension, conviction and finally action. In other words, the customer had to be informed about the banks's product in much the same way as the customer has to be told about the products on the shelves of a supermarket, Meiden (1984).

Some difficulties are however, encountered in the advertising of bank services because of the following reasons:

a. What banks have to offer is abstract

b. They all offer similar products.

c. A bank is far more than a more sales outlet, it is a hub of encounters from which the customer expects to obtain not only advice, but also security and comprehension.

During advertising therefore, banks emphasize their names, the sharp distinction in any of their products, the courtesy of staff, their efficiency, speed and their professional touch to financial engineering. These make the difference between one bank and the other and not necessarily the services offered by them, Channon (1988)[17].

B. Public Relations (PR)

The British Institute of Public Relations defines Public Relations as "the deliberate planned and sustained effort to establish and maintain mutual understanding between an organisation and its public.

Whereas advertising tries directly to manipulate buyer's opinion, public relations concentrate on giving information to ensure that the organisation's motives and actions are properly understood. As such, it is not a selling process.

It is a methodical attempt to promote all company activities through any media specifically it covers.

i. Client relations;

ii. Industrial relations;

iii. Staff relations;

iv. Community relations;

v. Relations with shareholders.

Emphasis however, must be laid in training of staff to make them aware of their public relations role in the bank as they relate to customers and potential customers in their day to day activities. Banks should also note that this job is too sensitive and too technical to be left to every staff. They should therefore

endeavour to employ the services of a professional to take charge of this responsibility.

C. Publicity

Marsh (1988) defines publicity as the "securing of editorial space as divorced from paid space in all media; read, viewed or heard by a bank's customers or potential customers for specific purpose of assisting in the meeting of sales goals.

It is perhaps the least utilized element of the communication mix, despite the potential which it offers to banks for building awareness and preferences. As credible as publicity is, it cannot be paid for .

It's greatest drawback is the relative lack of control by banks since it is the media who will tend to decide what is newsworthy. Banks at times receive negative publicity due to adverse comments on declared huge profits or proposals to increase bank changes; seldom is the bank seen as a vital national institution. This negative publicity and attitude towards banks throws a challenge to the public relations officer to always properly inform and educate the journalists on the activities of their banks.

Publicity can therefore, be a useful means of communication if it is properly and carefully manipulated. It is credible and can dramatise the information and it can catch the reader off-guard, creating a more positive impression. This however requires the banks to live upto expectation to customers - one slip and the bank can be sure that the press will be just as ready to generate bad publicity.

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Banks can also generate publicity through sponsorship in sports and/or arts but there must be sound commercial reason for this type of expenditure. The case for sponsorship is strongest where the expenditure is likely to be seen and appreciated by television viewers.

D. Personal selling

Marsh(1988) defines personal selling as the verbal presentation of persuasive information to customers in order to make sales. It is the most important of the promotion mix employed by bank branches to sell their services. Turnbull (1982)[18] observed that despite the generalized negative image of personal selling, it is essentially still the single most important contact point between an organization and its customers. "The professional salesman is increasingly becoming involved in market and marketing research, product development, usage expansion and all the pricing syndromes". Hudson (1973)[19].

The products and services offered by banks are complex, abstract, varied, and changing. The ability of the customer to assess these services and alternative causes of action without professional assistance is likely to be limited. The sales force therefore needs to be trained and must be aware of all the services available and able to explain clearly what each service offers or know the appropriate quarters to refer customers for a particular service. In doing this, staff must live upto the banks image of trust, responsibility and friendliness.

2.4 MARKET PLANNING

As a result of the growing level of competition and the rapid pace of change, more and more banks are increasing their strategic planning efforts in an

attempt to allocate resources in a way, which provides them with a competitive advantage or reduces external threats. Marketing Plans in the context of financial services can be defined as an administrative and management system to control future volume growth, profits, cost structure and market share in accordance with pre-ordained quantifyable objectives, Marsh 1988. Without a clearly laid down system, a bank's marketing effort will lack direction, coordination, purpose and ability to the success or failure of its efforts. A plan should be the driving force for all activities aimed at increasing revenue.

Planning according to Pezzulo (1992) is the part of the management process that attempts to control the bank's future state. It includes all the activities that lead to the definition of goals and the determination of appropriate means to achieve them[20].

Pezzulo(1992) went on to summarise some of the advantages of planning. It forces executives to set objectives and provide a control system which enables marketing activity to be co-ordinated, focused and measured. It forces the bank to consider new opportunities which tend to stimulate growth in service and profits.

The process of planning makes bank personnel more aware of their roles and interacting responsibilities in the overall marketing programme of the bank. It encourages co-operation and co-ordination of efforts. Because the plan identifies specific targets and encourages "rifle" rather than a "short gun" approach to markets, the bank's limited resources are used more efficiently.

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An analysis of the bank's current and anticipated market situation helps to distinguish between those factors which are within bank's control and those which are not. The planning process leads to a more efficient use of executive time. There will be more attention to achieving goals.

The planning process typically, result in better preparedness for unexpected developments. The changes that are taking place in banking are making it more difficult to maintain the growth rates of the past. Indeed, formalized planning can improve the bank's record of anticipating future problem, identifying possible solutions and development of strategies for achieving desired performance levels in the face of these challenges. It is worthwhile noting that while market planning is a challenge in any industry, two unique characteristics of the banking industry add to the challenges.

First, both the banking industry and the services it provides to customers are extremely complex, and with very little product differentiation amongst competing banks.

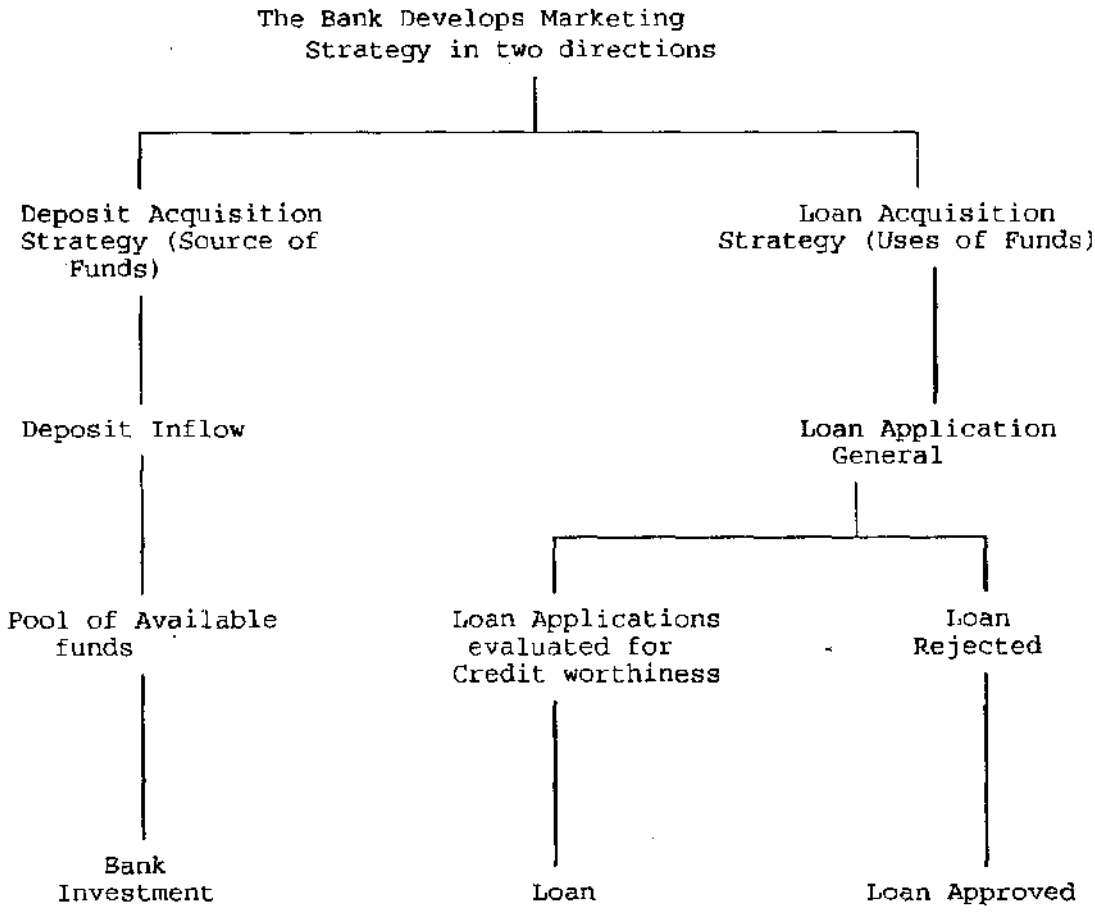
Thus, the attempt to make a banking service quite distinctive in the market place requires considerable market talent. The use of physical and psychological differentiation (quite common in the consumer markets) is rarely used by the marketers of financial services.

Secondly, a bank not only lends fund, but these advances are dependent upon frequent deposits being made by the same customer, so that the marketing executive is faced with the problem of attracting money into the bank and at the same time of "selling" that money as various forms of loan. Marketing strategies must therefore, be developed to attract deposits and users of the bank's fun

This process is illustrated in Figure 2.3

Figure 2.3

THE CHALLENGES OF BANK MARKETING PLANNING



Source: Mary Ann Pezzulo Marketing For Banks
(American Bankers Association U.S.A., 1982)

Adding to the complexity of the bank market situation according to Pezzulo (1982), the source and use markets are not homogenous. For example, in the use market, the products sold to the retail bank customers are similar to one another (car loans, personal loans, agricultural loans etc), but there may be wide differences among the products sold to wholesale bank customers (lines of credit,

demand loans, secured and unsecured loans etc). Market planning in banking is thus not an easy task as the critical nature of this challenge underscores the importance of appreciating the rationale for market planning, understanding and accepting the marketing planning process.

The marketing planning process involves four basic stages viz: situation analysis; determination of objectives; development of strategy, measurement and evaluation of results, Ekeret, 1988[21].

Situation analysis identifies the bank's existing position in its environment, identifying present or potential problems and present or potential opportunities. Once the situation analysis is completed, the next stage involves the determination of objectives. These requires that target markets and marketing strategy be selected and identified respectively. Based upon the situation analysis, qualitative and quantitative commitments are made that will contribute to the achievement of the overall bank objective.

The strategy so identifies needs to be developed and thus is the next stage of the marketing planning. It involves determining how the marketing mix (i.e. product, price, promotion and place) will blend to achieve the objectives that have been established. At this point in the process, the master marketing strategy and all the supporting plans and tactics should be integrated into a written marketing plan.

Measurement and evaluation of results is the last stage in the planning process without which planning may be a waste of time and energy and cannot be a continuous process. Performance must be measured relative to the objectives.

Results may be evaluated to determine how well the strategy is working and to identify problem areas so that adjustments can be made in any of the earlier stages.

2.5 FINANCIAL SERVICES AND THEIR CHARACTERISTICS

According to Pezzulo 1982, the services - rendered by banks can be subsumed under three main functions:

1. The safe-keeping functions which includes:
   - i. Acceptance of deposits on current-savings and time deposits accounts.
   - ii. Safe custody of valuable documents and
   - iii. Night safe facilities.
2. Lending function includes granting of short term credits and over drafts to customers, discounting of both and promissory notes for customers.
3. Services functions which covers activities such as:-

i. Money transmission services - both local and foreign transfers on behalf of customers.

ii. Standing Order facilities on behalf of customers.

iii Cheque clearing among banks on behalf of customers.

iv. Management of customers investments and providing advisory services to corporate bodies.

v. Sale and purchase of traveller's cheque to the public.

vi. Exports/Imports financing and letters of credit.

vii Buying and selling of stocks and shares to the public.

viii Foreign Currency domiciliary accounts

ix. Executorship and Administration services and

x. Providing status reports and references.

These bank services enumerated above possess some characteristics some of which are discussed below:

1. **Intangibility**: Evans and Beckman(1974) have noted that intangibility is a major characteristic of bank services. Credit facilities, Loans and Overdrafts, etc cannot, by their nature, appeal to touch, sense of smell or sight. These negatives features of the services offer major problems in the advertising and marketing of these facilities. As a result, the benefits they offer take on greater significance and need special promotional treatment.

   Due to the intangible nature of these products, the need for storage, transportation and inventory control are not relevant to the bank marketer.

2. **Inseparability**: The sale of most bank services largely depends upon the bankers explaining the benefits and completing the formalities. The relationship therefore between buyer and seller is similar to that between Doctor and Patient.

   Where a high degree of seller and buyer relationship and personal contact exists, a client relationship is said to have developed. This is especially so where expertise of financial counselling is required.

3. **Heterogeneity**: Services are not uniform between branches. Standards will vary and so will the level of benefits and satisfaction. Bankers should therefore, pay particular attention to standards of service and to inputs that are designed to ensure that the banking operation consistently achieves a high standards.

4. **Perishability and Fluctuation Demand**: Food especially fresh fruit, has a relatively short shelf life. Similar concerns could be expressed about some specialized services where competition has undermined the sales of a bank's now outdated facility. However, generally bank services enjoy a long shelf life but some are subject to seasonal demand fluctuation. For example, levels of demand for loans for building construction tend to be seasonal especially during the dry season.

2.6 NEW PRODUCT DEVELOPMENT

Development of new products is equally a marketing strategy. This strategy merits a closer look because of its relevance to this study.

Development and launching of a new product is the aftermath of careful market segmentation and targeting and positioning. New Products are essential in every company that deserves to maintain or build sales. Competitors are forever on the look out for unsatisfied needs. Those that respond quicker have a chance of leading the market. New products can be either acquired or developed. Acquisition can be done by buying over from the owners, acquisition of patents from other companies, or buying of license or franchise from another company.

New products has been classified into 6 different categories according to Booz, Allen, and Hamilton Consulting Firm[22]. The categorization is based on the product newness to the market place, and also the company. They are:-

1. New-to-the world products.
2. New products lines
3. Additions to existing product lines.

4. Improvements and revisions of existing products

5. Repositioning

6. cost Reduction.

According to Philip Kotler, only 10% of all new products are truly innovative and new to the world. This is largely due to the risk of failure involved and the high cost of research and development (R & D). Cooper and Klein Schemidt estimates that about 75% of new product fail at launch[23]. The AIDS scourge is holding the world hostage, any company that successfully develops an AIDS curative drug is sure to make history and reap substantial monetary benefits.

New product fail due to several factors including:

- Over-estimation of the market size of an otherwise good ideas.
- Actual product not well designed.
- Wrong positioning, Ineffective Advert and High Cost.
- High unexpected development cost.
- Harder than expected fight by competitors
- Concurrent new product development and launch
- Shorter product life cycle.

Success of a new product is assured if it is unique and superior. Products with high product advantage succeed 98% of the time, as against 58% success of moderate advantage and 18% of minimal advantage.

As earlier mentioned SWOT analysis is indispensable in new product development. Equally of key importance are technological and marketing synergy,

quality of execution in all stages and market attractiveness. Again, in a study by Madique and Zirger[24]; dependent on 7 factors:

1. The understanding of the needs (The deeper the understanding, the better the chances of success).
2. The higher the performance to cost ratio.
3. The earlier the product is introduced ahead of competition
4. The greater the expected contribution margin.
5. The more spent on announcing and launching the product.
6. The greater the top management support.
7. The greater the cross-functional teamwork.

New product development process involves a stage like procession, from idea generation (out of 100 ideas generated only one could be adopted for screening), and concept development and testing. Then after testing, a preliminary marketing strategy plan for introducing the new product into the relevant market is developed.

The plan consists of 3 stages:

Stage 1: Description of target, market size, structure and behaviour. Also, planned product positioning and sales, market share and profit goals in the first few years after launch.

Stage 2: Outlining the product's planned price, distribution strategy and marketing budget for the 1st year of launch.

Stage 3: Post launch sales and profit goals. Post launch marketing mix strategy over time.

Business analysis is the next step; this is the evaluation of the business attractiveness of the above proposals. It involves matching projected sales, cost and profit with company's objectives. If a match results the product concept can move to the development stage, where the actual physical product is developed. Market testing is a strategy, companies uses to launch in actual settings, how large the market is and how consumers and dealers react to handling, using and repurchasing the actual products. Many companies do not go through this stage especially if the product is high priced and not geared for mass marketing.

Commercialisation is the last stage of the new product development. The cogent questions are:-

(a) When to Launch: The choices are first entry (before competitors), Parallel entry (same time as competitors), and late entry (after competitors). The choice a company adopts usually has underlying reasons. At first glance, first entry is a favoured choice, because of the "first movers advantage" to be gained, but considerations like the right season/for seasonal products (e.g. umbrellas) or allowance of the time for older products (needing replacement) stock to be drawn down.

(b) Where to Launch: This is geographical strategy. The choices are:-

- Whether in a single locality, a region or regions.
- National or international markets.

Normal practice (due to lack of funds, confidence and capacity) is a planned market roll out over time, from selected localities, to regions, to the regional markets and, if opportunities exist, to global markets.

(c) To Whom: This is target consumer strategy. Prime prospects are usually: Early adopters, heavy users, opinion leaders and consumer to be reached at low cost.

(d) How: This is an active plan on the product launch. It involves adverts and other programmes that help create awareness and prime prospective customers, about the wining product.

Usually, all launching activities are programmed to dove-tail, complementing and re-enforcing each other. The scientific method of doing this is the critical path scheduling. This calls for developing a master chart showing simultaneous and sequential activities, that must take place to launch the product. If the launch must be completed earlier, the planner searchers for the least time-consumer critical path and seeks ways of reducing time along it.

Mention must be made on the stages; in the adoption process of a consumer. Any product that is perceived by a consumer as new is an innovation irrespective of the fact that the product may have a long history. Rogers defined the innovation diffusion process as "the spread of a new idea, from it's source of invention or creation to it's ultimate users or adopters.

The stages are awareness, interest, evaluation, trial and adoption. Some authors term it "The AIDA process comprising of awareness, interest, desire and adoption."

2.7 THE BANK MANAGEMENT SYSTEM

Banking Management as represented diagrammatically bellow comprises of four major variables:

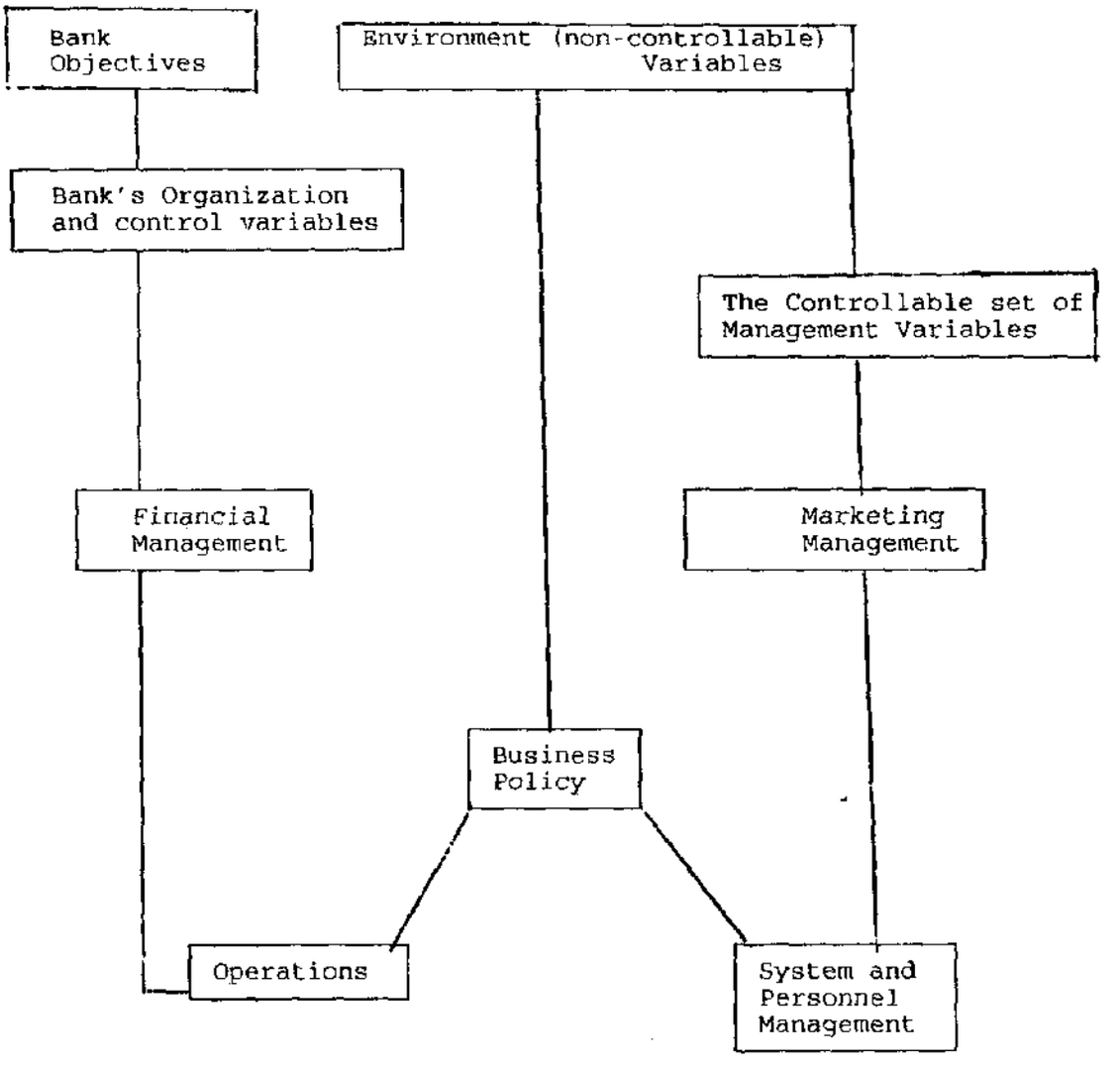
i. Bank Objectives which can be divided into two groups-flexible and fixed objectives.

ii. Bank environment (or non-controllable) - variables. These variables include foreign exchange regulation (determined by government economic policy, political systems and regulations, competition (from other commercial bank and other financial institutions), Legal systems, etc.

iii Controllable (or Management) variable. These are factors under the control of the bank that can be used to influence the banks business activity. These factors include financial, operations, marketing and systems and personnel management and

iv. The bank's organisation.

Figure 2.7



Source: Arthur Meiden Bank Marketing Management

(London: Macmillan, 1984).

The Bank market functions is one of the controllable sets of management variables which focuses its attention on the following:

Customer's behaviour, attitudes and segmentation; branch management, locations and distribution of banking services; advertising, communication, promotions and publicity; product/service development and introduction pricing of the bank services. It also include defining marketing strategies, administering and controlling the marketing programmes; and finally marketing research that attempts to collect, investigate, analyse and interpret market developments in each of the six aforementioned areas, in order to maximally contribute to the attainment of bank objectives in the light of the existent non-controllable factors and in consonance with the four major functions of bank management.

2.8 ADMINISTRATION OF BANK MARKETING

Of importance to an effective administration to the management of bank marketing is ten specific guidelines for optimizing results of marketing efforts within the bank. These guidelines Carrol (1970) labelled the ten commandments[25]. They are:

i. Inclusion of the basic marketing functions within the marketing organization i.e. an incorporation of the market staff functions such as public relations market research and market planning and development into the market component of the bank;

ii. The management support to bank marketing;

iii Marketing participation in key banking decisions especially as an equal partner is imperative;

iv. The marketing organization/department should be product oriented as opposed to being service oriented. This implies contributing directly to earnings and attracting or holding customers;

v. The learning curve of the Chief Executive of the marketing organization should be such that it can and will learn rapidly the intricacies of his position.

vi. The quality of the personnel of the marketing department should be such that marketing would not be looked down on with resentment or misgivings.

vii The use of the outside service is also inevitable and are not to be judged on the basis of the opponent cost because if banks succumb to price comparisons, they are likely to receive indifferent results low priced talent usually produced.

viii The relationship of marketing to other bank divisions is important as marketing being a new comer has to learn to treat lightly and perceptively in dealing with other departments of the bank;

ix. The development of a record of accomplishment is imperative to justify its protninence;

x. Reasonable amount of money must be committed for successful marketing programme as talent and outside services of proven qualities are obviously costly.

In addition to the ten commandments; for an effective administration of bank marketing, there is need to define and delegate the responsibilities related

to the various aspects of the banking programme as well as the implementation feedback, and corrective actions - if necessary. The organizational structure planned on a span of control basis makes for effective administration of bank marketing programme as everybody in the organization will know what his/her responsibilities are.

The human element is a very important factor to consider in the bank marketing management. Different people react to organizational changes in different ways depending upon the individual characteristics and view points. People's goals may clash with bank's objectives.

For example, the attainment of company's objectives may require additional man hour to achieve specific outputs that are greater than the outputs that individuals wish to ordinarily achieve. Thus the need to motivate and provide incentives will be required and financial rewards are by no means the only motivating force, Carrol (1970)[26].

Effective communication channels according to Marsh(1988) must be built into the whole system so as to make feedback and decision making fairly easy, and the organizational structure and its span of control fairly reasonable. Indeed, information is only useful if it is effectively communicated and feedback received.

2.9 MARKETING DEPARTMENT ORGANIZATION

In banking, as in other industries the organizational placement of the marketing department says a great deal about the Chief Executives' attitude toward marketing and the level of marketing awareness in the bank, Pezzulo (1982).

Needless to say that an efficient marketing organizational structure is really a function of the strategy adopted by the bank. Objectives for the bank's marketing departments are established in the form of descriptions of the marketing departments responsibilities in terms of deposits and borrowing volume, market shares, advertising, promotion, services - development through market research etc.

The statement of the objectives - leads to an estimate of the number of the marketing personnel as well as the budgetary allocation to it based on the financial resources of the bank and other constraints. The Marketing Manager will next develop the basic control units from which he plans to organize and control the marketing efforts. He must decide the basis for units (branches, regions etc) as well as the span of control used. Using some estimates of market potential and expected deposits, borrowings, profits, etc, the bank marketing manager must allocate sales effort to control branch operations.

Generally, the marketing department is just one of the several major departments in a "typical" bank organization. Pezzulo,(1982) posits that there are three ways that marketing might fit into a bank's organizational chart, namely:- Type I Organization - Marketing is essential and necessary: In this type of organization, marketing is fundamental, mandatory and essential part of the business. There is a very high level of marketing awareness and the marketing head reports directly to the Chief Executive and has the same status as the division heads.

Type II Organization - Marketing is necessary but non-essential: Here - marketing is seen as a necessary and unavoidable function, but not so essential to the operations of the bank. In such an organization, the marketing head reports directly to the Chief Executive but does not have equal status with the divisional heads. In such an organization, marketing has not been fully integrated into all the areas of the bank and is unlikely to become so because the attitude of the top management is communicated and expressed to the rest of the organization.

Type III Organization - Marketing is non-essential but expedient: In this type of organization, marketing is seen as useful and contributing to the bank's self-interest, but is clearly not essential to the business. The marketing head is one step removed from the Chief Executive and very clearly as a lesser status than in either of the first two structures. The marketing department in this type of organization is especially vulnerable when budget and staff cutbacks are required.

FOOTNOTES

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CHAPTER THREE

HISTORICAL BACKGROUND

3.1 INTRODUCTION - AN OVERVIEW OF THE NIGERIAN BANKING INDUSTRY

The history of the development of the banking system in Nigeria has been well documented by scholars such as Professor Green O. Nwankwo and others. The following brief history is from the book, The Elements of Banking in Nigeria, by Femi Adekanye (1986), pp.167-169.

The first commercial bank - the African Banking Corporation - opened its first branch in Lagos in 1892. Messrs. Elder Dempster & Co.[1], a shipping firm based in Liverpool, was instrumental to its formation. The bank experienced some initial difficulties and eventually decided to transfer its interest to Elder Dempster & Co. in 1893. This led to the formation of a new bank known as the British Bank of West Africa (BBWA) in 1893 with £10,000 capital, (which was) later increased to £100,000 during the same year. It was registered in London as a limited liability company in March 1894 and the first Lagos branch was opened that same year. Other branches were opened in major West African cities like Accra, Freetown and Bathurst. The bank opened its branch in Old Calabar in 1900.

Another bank called the - Anglo-African Bank was established in 1899 in Old Calabar by the Royal Niger Company (now UAC) to compete with BBWA. The bank later changed its name to Bank of Nigeria and established branches in

Burutu, Lokoja and Jebba. However, due to fierce competition and the monopoly for the importation of silver from the Royal Mint enjoyed by BBWA, they sold out to BBWA, now First Bank, in 1912.

The second after BBWA and AAB bank to establish a presence in Nigeria was Barclays Bank DCO (Dominion, Colonial and Overseas). Its first branch was opened in Lagos in 1917. Soon after, 9 other branches were opened in different parts of the country. following the indigenisation decree of 1968 Barclays Bank became the Union Bank of Nigeria[2].

The third commercial bank with expatriate connections to set up in Nigeria was the British and French bank, now called United Bank for Africa Plc. The bank was established in 1949.

Together these 3 banks controlled close to 90% of aggregate bank deposits. From 1914 to early 1930s, several abortive attempts were made to establish locally owned and managed banks to break the foreign monopoly.

The foreign banks came principally to render services in connection with international trade, so their relations at that time were chiefly with the expatriate trading companies and with the government. They largely ignored the development of local African entrepreneurship.

Indigenous banks came into the scene around 1929 when the Industrial and commercial Bank was set up by a group of Nigerians. The bank folded up in 1930 due to under capitalisation, poor management and aggressive competition from the expatriate banks. In 1931 another indigenous bank, the Nigerian Merchant bank was established. Like its predecessor, it went into liquidation in

1936. Earlier in 1933 a group of pioneers launched the National Bank of Nigeria Limited, which was the first indigenous bank to survive. The next private indigenous bank to be established was the Agbonmagbe bank founded by Chief Okupe in 1945. This bank was taken over by the then Western State Government in 1969 and its name changed to Wema Bank. The fifth Bank, the Nigerian Penny Bank, set up in the early 1940s collapsed in 1946 due to mismanagement. This was followed by the Nigerian Farmers & Commercial bank in 1947 which failed in 1953. The Merchants Bank was the next to open for business in 1952 but closed in 1960.

Between 1947 and 1952 a total of 22 banks were registered in Nigeria according to a study conducted by the Central Bank of Nigeria. However, a figure as high as 185 banks was quoted from government records and was confirmed by the Financial Secretary as the number actually registered as banking companies between 1947 and 1952, of which 145 were registered in 1947 and in 1952. Most of these banks however merely registered without actually commencing operations.

One of the more successful indigenous banks was the African Continental Bank (ACB) founded by Nnamdi Azikiwe in 1947.

The need for legislation for the control of banking in Nigeria became very apparent, if only to protect depositors. The Colonial Government therefore set up a commission of inquiry - the Paton Commission. Consequent upon the report of the Commission the first banking legislation was passed in 1952 banks were still indulging in some malpractices which the Act could not effectively control.

Therefore, the necessity for establishing a Central Bank to supervise and control the banks became more apparent and pressing. Thus, the Central Bank came into being in 1959.

A new Banking Ordinance was promulgated in 1958. Through this Act, the conditions for establishing new banks were tightened and the capital requirements, especially for foreign banks, were doubled from ₦200,000 under the 1952 Act to ₦400,000. This was again increased to ₦1.5 million in 1969[3].

Up to 1984, there were only 35 commercial and merchant banks in the country but between 1985 and 1992, there was an explosion in the number of banks as a result of the deregulation of the financial system. By 1992 the number of merchant and commercial banks in the country climbed to 115. However, by 1995 about 5 commercial and merchant banks had been wound up. 31 banks have been recently liquidated by the CBN on the instruction of the Federal Military Government for failing to meet the CBN prudential guidelines and the minimum capital requirement as at the end of 1998[4].

The major legislation regulating the practice of banking in the country at present are:

- The Central Bank of Nigeria Decree (Decree No.24) of 1991.
- The Banks and other Financial Institutions Decree (BOFID) (Decree No.25) of 1991.
- The Failed Banks (Recovery of Debts) and Financial Malpractices in Banks (Decree No, 18) of 1994.

3.2 EMERGENCE OF NEW GENERATION BANKS

The advent of the Structural Adjustment Programme (SAP) in 1986 which brought with it economic deregulation and financial system liberalization, saw the proliferation of banks. These banks were licensed to facilitate the financial transaction in the economy and aid the achievement of the Structural Adjustment Programme objectives of a deregulated economy in order to bring about the expected transformation in the Banking sector.

In 1986, 4 new banks commenced operations in the country representing the first set of the new generation banks. In 1987, an additional 4 were licensed, while 1988 saw not less than 20 new banks coming into operation. According to Nigeria Deposit Insurance Corporation (NDIC), 17 new banks were registered during 1989. The same report indicated that at the close of 1989, a total of 81 insured banks were operating in the country - 47 commercial and 34 merchants with a total of 1,904 branches/offices nationwide[5]. By the end of 1996, the figure stood at 115 banks representing 64 commercial and 51 merchant banks and the number is increasing and decreasing overtime with the distress syndrome in the system.

Banks in this category called the new generation banks includes the following Diamond Bank, Citibank, Citizens International Bank, Zenith International Bank, Oceanic Bank, Standard Trust Bank, FSB International Bank, Intercity Bank, Chartered Bank, International Trust Bank, Access Bank, Assurance Bank, Centre-point Merchant Bank, First City Merchant Bank, Magnum Trust Bank, etc.

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Most of these banks uses the aggressive strategy in marketing their products. The New generation banks are the origin of strategic marketing in the banking industry. Most of them strategically plans their activities and develop strategies before implementing them. Banks like the Standard Trust Bank are just everywhere marketing their products aggressively and also penetrating the market by opening branches in almost all the major cities in Nigeria to capture the market shares there. The way the new generation banks are going about marketing, the old or first generation banks will have to either innovate and improve on their services or loose a great share of the market to stiff competition from the new generation banks. The warning is "innovate or die."

3.3 HISTORICAL BACKGROUND OF CITIZENS INTERNATIONAL BANK

Citizen Bank came into existence with those banks licensed to facilitate the financial transaction in the economy and aid the achievement of the Structural Adjustment programmes objectives of a deregulated economy. It was licensed as one of the new generation banks established to compete with several other licensed banks and bring about the expected transformation in the banking sector.

3.3.1 INCORPORATION/OWNERSHIP

Citizens International Bank Limited was incorporated as a Private Limited Liability company on 22nd December, 1989. It was licensed to carry out commercial banking services to institutional, commercial and private customers. The bank is wholly owned by 32 Nigerians who are shareholders. The bank commenced full banking operation on 14th May, 1990 at a Broad Street location

with the approval of CBN. It relocated its Head Office to victoria Island and later opened four additional automated, modern branches in Victoria Island and Idumota (both in Lagos), Onitsha and Kano.

Later, the bank got CBN's approval to open new branches at Aba, Port Harcourt and Warri. Today, the bank has additional branches at Ariara (Aba) and Abuja the Federal Capital Territory.

3.3.2 INITIAL DIRECTORS OF THE BANK

The bank initially had 7 directors[6]:

(a)	Lord Chief Dike Udensi Ifegwu	Pionner Chairman
(b)	Dr. Lawrence O. Osa-Afiana	Managing Director
(c)	Alhaji Hassan Momodu	Director
(d)	Moses A. Agoh	Director
(e)	Aneru A. Esivue	Director
(f)	Olayemi Cardoso	Director
(g)	Alh. Muhammadu Jibo MFR	Director

3.3.3 DIRECTORS' INITIAL INTEREST IN SHARES

Name of Director	Description of Shares	Numbers of Shares held	
		31 Dec., 1991	31 Dec, 1990
Lord Chief D.U. Ifegwu	Ordinary	1,250,000	1,000,000
Dr. Lawrence Osa-Afiana	Ordinary	1,250,000	1,000,000
Alh. Hassan Momodu	Ordinary	1,250,000	1,000,000
Moss A. Agor	Ordinary	1,250,000	1,000,000
Aneru A. Esivue	Ordinary	1,250,000	1,000,000
Olayemi M. Cardoso	Ordinary	1,250,000	1,000,000

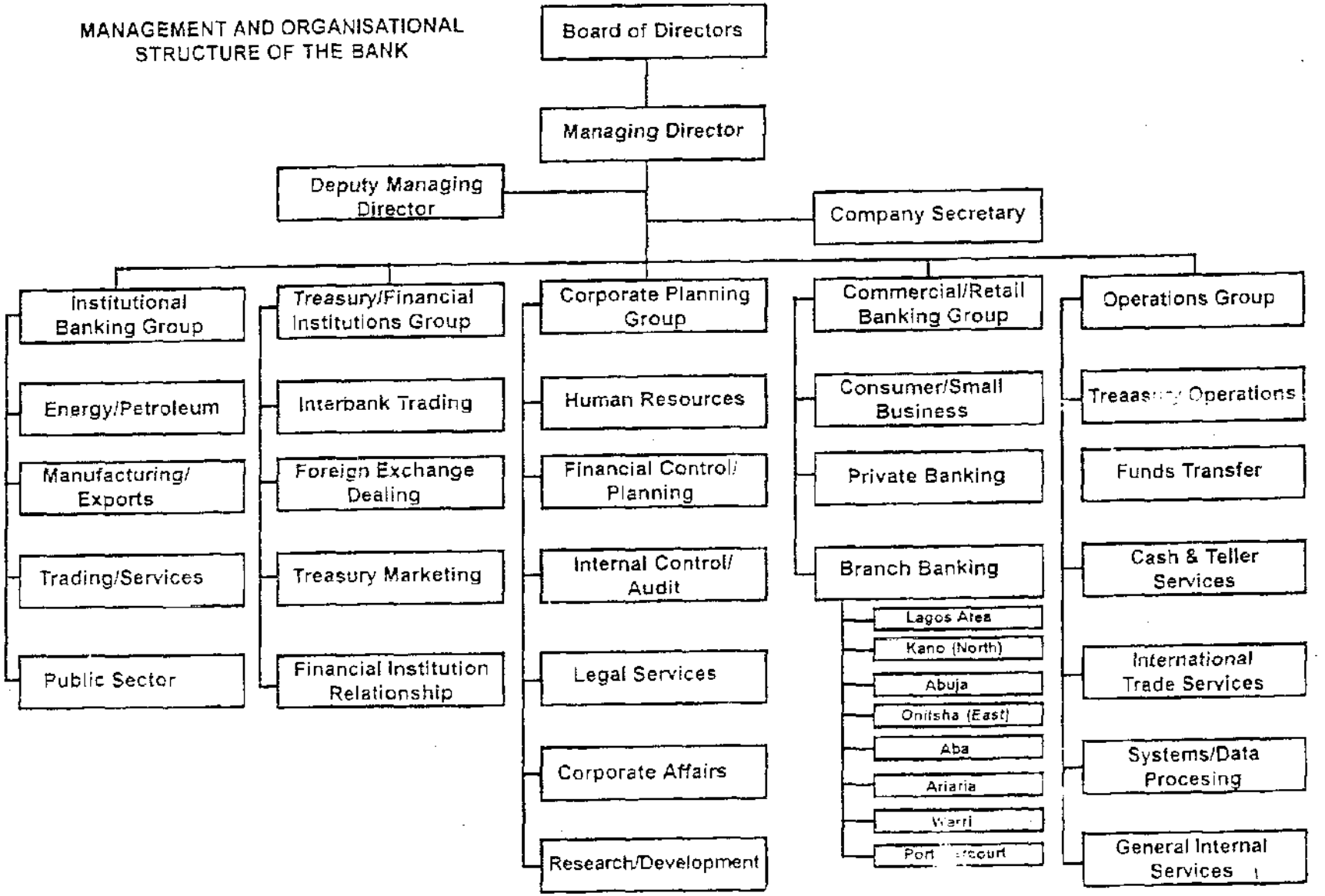
3.3.4 ACQUISITION OF THE BANK'S SHARES

The shares of the Bank are all privately held in accordance with the Articles of Association of the Bank. Two shareholders once expressed interest in transferring the shares held in individual names to companies in which they have interests. The bank is currently pursuing CBN's approval for such transfers. Nevertheless no transfer of the bank's shares has yet been made. All shares are free of lien or charge and the bank has no beneficial interest in any of it's shares. By 31st Dec, 1992 Directors' interest in shares remained the same except for the introduction of a new Director, Alh. Mohammdu Jibo MFR with an ordinary share of 100,000 while all other Directors increased theirs from 1,250,000 to 2,500,000 each[7].

3.3.5 MANAGEMENT AND ORGANIZATIONAL STRUCTURE OF THE BANK

The bank has a cohesively flattened hierarchical type of management and organizational structure. This is to enable free flow of communication, authority and responsibility within the organization. This is purely in line with TQM's core concept of having flattened structures in organizations. (Please see diagram on next page).

MANAGEMENT AND ORGANISATIONAL STRUCTURE OF THE BANK



3.3.6 INITIAL OPERATIONS

The bank started operations on a good note. Below is a brief results of operations as at 31st December, 1991.

Results of Operations as at 31st Dec: 1991

	₦'000
Profit before tax	32,327
Income tax	(8,075)
Profit after tax	24,252

It was recommended that the profit for the year be dealt with as follows:

Transfer to statutory reserve	7,276
Transfer to general research	16,976
Appropriation from General reserve for Bonus issue	17,000

Source: 1992 Annual Reports & Accounts

A well focused bank, Citizens International Bank was brought into limelight through a major corporate image advertising campaign in 1991 tagged "The Citizens Bill of Rights". This campaign achieved an effective market positioning for the bank, established the bank's name in the market place while reinforcing the bank's core business values of professionalism integrity, and excellence.

The year 1992 marked the end of the start-up phase having established a solid foundation for long term sustainable growth. Citizens Bank is a bank with

a secure future, having the structure, principles and resources to withstand volatile economic conditions. For instance, the bank survived all the panic funds withdrawal pressures caused by the aftermath of the annulment of June 12 1993 presidential elections and resultant social unrest which further disrupted economic and commercial activities throughout the country. Within 5 years' the bank's capital base grew 10 fold. Today, the bank has the financial stature to withstand liquidity problems, earnings decline and even capital erosion.

In the face of all these, Citizens bank commits 1% of its income to support various educational and charity organizations. This is the very reason why the recent observed stagnation in the level of efficiency, effectiveness and general output of staff in terms of customer satisfaction and increase in operating results should elicit concern since the bank cannot afford to mire its past enviable track record of excellence.

3.3.7 BOARD RE-ORGANIZATION

In March, 1995 there was a major re-organization of the Board of Directors. This reorganistion brought in Lady Barr. Joy D. U. Ifegwu as Chairman of the bank. The changes are as follows:

(a)	Lady Barr. Joy D. U. Ifegwu	Chairman
(b)	Dr. Lawrence I. Osa-Afiana	Managing Director
(c)	Mr. Olayemi Cardoso	Executive Director
(d)	Mr. Anera Esivue	Executive Director
(e)	Mr. Moses Agoh	Executive Director
(f)	Mr. Austin Obigwe	Executive Director

(g)	Alhaji Hassan Momodu	Non-Executive Director
(h)	Mr. Onyekwere Ogba	Non-Executive Director
(i)	Chief Dr. Chima Nwafor	Non-Executive Director

Name of Director		Description of Shares	Numbers of shares held As at 31 Dec, 1991	31 Dec, 1990
(a)	Lady Barr. Joy D. U. Ifegwu	Ordinary	7,600,000	5,000,000
(b)	Dr. Lawrence I. Osa-Afiana	Ordinary	7,500,000	5,000,000
(c)	Mr. Olayemi Gardoso	Ordinary	7,500,000	5,000,000
(d)	Mr. Anera Esivue	Ordinary	7,500,000	5,000,000
(e)	Mr. Moses Agoh	Ordinary	7,500,000	5,000,000
(f)	Alhaji Hassan Momodu	Ordinary	7,500,000	5,000,000
	Mr. Austin Obigwe	Ordinary	3,750,000	2,500,000
(g)	Mr. Onyekwere Ogba	Ordinary	750,000	500,000
(h)	Chief Dr. Chima Nwafor	Ordinary	Nil	Nil

By May, 1995, the bank completed its first five years in operation. In spite of the vicissitudes of the operating environment, the bank successfully established itself as a viable and leading banking institution in Nigeria.

3.3.8 THE BANK'S VISION FOR THE YEAR 2000

The bank took the opportunity of the 1995, 5-year anniversary to plan the bank's business on a longer term horizon around a set of principles and values that will guide and provide continual sense of direction for the bank. Hence the bank's establishment of a broad 5 year business agenda aimed at positioning it as a clear leader in critical business and market segments, as well as establishing the Bank as a premier banking institution by the year 2000.

3.3.9 MISSION STATEMENT

The mission of Citizens International Bank Limited is to be a leading and enduring financial services organisation, built on core values and characterised by a determined focus on professionalism, integrity, excellence and a strong commitment to all stakeholders in the conduct of its business.

In specific terms, the bank has set for itself the following goals (called B-HAG) with effect from 1996:

a. To become No.1 or 2 in every market that we serve.

b. Be a leader in the use of Banking technology in Nigeria.

c. Be among the 5 largest banks in Nigeria.

d. Become No.1 exports and energy sector Bank in Nigeria.

3.4 STRATEGIC MARKETING IN CITIZENS BANK

Citizens bank is not left out of the wind of change sweeping across the banking industry. The bank has adopted a strategic marketing concept and promotion of its services in order to:

(a) be a market leader in the industry

(b) Design and launch new products

(c) Satisfy increasing demands of customers

(d) Enjoy higher business profits

(e) Meet the challenges of the new millennium

To achieve this broad goals, citizens banks offers its services by strictly following the concept of marketing mix as well as adhering to the belief that:

- Personnel is the most important factor in the organisation. This is based on the belief that customers perception of the bank is determined essentially by how they are treated by the bank staff. Because of this various training and development courses were developed in-house and combined with external courses, seminars and symposium to educate and update the staff on the importance of the customer, the changing banking environment and the strategies to get the best out of the operating environment for competitive advantage.

Presently, the Bank applies the underlisted strategies to support its advertising and public relations:

(i) An increase in Demand Deposit Account average balance through aggressive marketing of the public sector.

(ii) Set-up mobilization of savings and premium Reserve Accounts Deposits through the involvement of the entire staff of the bank.

(iii) Increase fixed deposits/Bankers Acceptance base by providing competitive rates.

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(iv) Improve business from existing profitable accounts.

(v) Provide competitive pricing for foreign exchange sales and purchases

(vi) Resuscitate dormant accounts with great potentials.

(vii) Recover past due obligations.

(viii) Cut cost to the bearest minimum.

Citizens bank in its strategic marketing has analysed its opportunities, chosen her objectives and also developed strategies to achieve these objectives. The strategies can be seen above. It is to this end that the Managing

Director/Chief Executive Officer, Dr. Lawrence O. Osa-Afiana gave this assertion:

"Our success depends on how well we consistently serve our customers. We must therefore, do better than the competition, seek to understand our customers' needs and consistently meet those needs in a timely, cost-effective, and courteous manner. Ultimately our goal must be to advance the well being of our customers' business[8]*."*

The bank has also developed a number of products to meet the needs of its customers and the challenges of the next millennium.

3.4.1 BANK/CUSTOMER RELATIONSHIP

In view of the importance of banking to commerce and industry and the fact that most banks' customers are enlightened people, citizens bank observed the need to engage intelligent staff with experience and human understanding to serve as Secretaries/Receptionists in the banking halls. These receptionists are required to have at least a rudimentary training in banking so as to advance customers and direct them to the right places for service. Also, as a means of cementing this relationship, Branch Managers find time to pay occasional visits to some of their clients and also once in a while organise cocktail parties for their major clients as a way of discussing with the clients on how to improve their services.

"We beleive that the customer is the reason for our being and that our success depends invariably on how well we serve him, secure his wealth and prosper his enterprise"[9]

3.5 STRATEGIC BANK MARKETING: THE CHALLENGES AHEAD

Banking business is like any other business and potential customers will only be attracted when your goods/services meet their expectations and requirements.

The number of banks in the country has significantly increased by the turn of the century. The resultant effect of this is fierce competition amongst the banks for existing customers. Again, within a few years most banks will be at par with one another in the area of information technology and possibly in network spread.

This is where marketing comes in because it is only through constructive strategic marketing that competition of this dimension can be adequately met. Marketing is a tool that enables you meet the challenges of the market place from a multifaceted approach. In a new kind of banking environment, there are several challenges in particular that need to be examined:

- Customer information
- Disclosure
- Social responsibility
- The payments system
- Depersonalization

3.5.1 CUSTOMER INFORMATION

The phrase customer education is sometimes used in the present context, but in marketing sense such phrase is incorrect. That is, it is the customer who educates the bank not the other way round. Nevertheless, it is incumbent upon the bank or (any business) to provide meaningful information so that customers can

make meaningful decisions. In short, there is a compelling need for banks to explain banking services more effectively. Although many services have been created in response to either stated or perceived needs by the public, the innovative process is unnecessarily slowed because of incomplete or poor information to the customers.

3.5.2. DISCLOSURE

The challenge of adequate disclosure includes but goes beyond providing sufficient information to the customer so that he/she can decide whether or not a given bank service or set of services is right. Disclosure also relates to making publicly available certain information that the public has the right to have in ascertaining whether or not the bank is operating in the public interest.

3.5.3 SOCIAL RESPONSIBILITY

Business has begun to recognize that profit concept can no longer be thought of in strictly economic terms. society is demanding and some businesses are responding to the additional concept of social profit. In effect, as profit is pursued, society's broader and long term welfare must always be served, not harmed in the process. Movement relating to consumerism and ecology are just two of many examples of the heightened awareness and demands of increasingly large segments in the society. A new era is upon us. It was enough for other marketers to ask: Can we sell it?. In the 1990s and beyond, the marketers must ask an additional question: Should we sell it?.

3.5.4 THE PAYMENTS SYSTEM

The amount of paper that needs to be handled to serve customers increases yearly, and banks may find their paper-based, labour intensive system incapable of coping with the load at some future point. Customers are not particularly happy with the present system, they will therefore be a lot happier as well as the general public if the payment system can be improved. However, there is a compelling need to address the customer and the public in a more meaningful way than to cry wolf. A bank that is motivated to make improvements that serve the bank first and the customer second will achieve poor results in both operational and marketing terms. Customer and public need must be considered first as a priority right at the beginning of deliberations. Careful reading of the banking literature will show examples of failure in electronic payments system because of two reasons; operations people dominated design ("marketing job is to sell it, not help design it") or marketing (customer) perspective, not just the marketer/banker perspective.

3.5.5 DEPERSONALIZATION

Nowadays, people do not want to become numbers. They protest when they lose their individuality as a person, when they become a blip on a computer tape. But this is not the only way customers get the feeling of being unimportant as individuals. Indifferent treatment from loan officers, cashiers and other contact personnel can easily project the feeling of "we do not need your business" or "you are not important." Banks are vulnerable in this regard because customers tend to regard their financial affairs and status as matters particularly important to their

identity and well being and worthy to be personalized and given confidential attention.

As more banking procedures are computerized, there is increased danger that the customer will perceive his bank and banking as becoming depersonalized. On the other hand, transferring onerous operational tasks to the computer can be an opportunity to release qualified personnel for financial counselling and achieve a positive feeling or personalized, rather than depersonalized service. In the 1990's and beyond this is a challenge for bank marketing.

From the foregoing analysis, and to enable the banks surmount the challenges, they should adopt the motto of the 3 Rs - Regain, Revamp and Retain.

REGAIN:

Undoubtedly, there is no organization that does not, at one time or the other lose some of its customers. However, the focus is to target those old and critical customers who have left and do all that it require to bring them back.

REVAMP:

This is a principle of looking inward and attempting to change those things that are obviously outdated. This implies that there will always be room for improvement, thinking up new ways of doing the familiar things. Banks should also enrich the quality of service delivery to their existing customers. This can come about by constant review of their existing systems and seeking out better ways of improving them.

RETAIN:

It can be safely assumed that the banks have some marginal level of patronage, otherwise they would not be in business. The focus under this category is to ascertain that none of their existing customers fall in "Regain" category. It is more expensive to regain a customer than to serve an existing one.

In practice they can relate the preceding to such situations involving their attitude/approach to customers. The other level is how efficiently they perform their daily duties in their respective branches.

Another very important factor is how they relate with their fellow co-workers in the various branches. A friendly, relaxed, tension free working environment will enhance efficiency and productivity. Marketing is not an activity restricted to the marketing unit of the banks. Every staff is a marketer for the bank.

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CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 DATA PRESENTATION

This section contains the findings of the research. It tends to present the finding of the researcher as regards strategic marketing in Citizens Bank and also the various products/services the bank offers to her customers.

4.1.1 CONCEPT OF MARKETING IN CITIZENS BANK

Citizens Bank Limited understands and fully appreciate the necessity of marketing in the banking industry and as such carries out numerous marketing activities. The bank has a department called the credit and marketing department which carries out the responsibility of strategic business planning, branch development and corporate image. This department carries out all the marketing activities of the bank.

The bank realizes that with the stiff competition in the industry and the ever changing needs of customers, there must be a marketing strategy in place to position the bank well in the industry. There must also be continuous research and development to meet the needs of the numerous customers. To this end, the bank organises seminars and workshops on marketing for its staff and also engage them in continuous training and development programmes to boost their knowledge of the banking industry.

Marketing in Citizens International Bank is much more aggressive combining both the offensive and defensive and rationalization strategies.

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In applying the offensive strategy, the bank tries to expand the frontiers of the banks' activities by opening branches in some major cities. This can be seen in the recent opening of a branch at Eket in Cross-Rivers State and the Kaduna branch opened about some months back. The bank is also trying to penetrate the market by attracting customers from an existing market. This the bank achieves by identifying the customers needs and emphasizing the right services and segments, better sales contact and image promotions.

In general, the bank uses the offensive strategy ambitiously trying to grow and capture the major market share. The bank tend to be aggressive, innovative and opportunistic in their approach.

The bank adopts the defensive strategy of a market follower by trying to maintain their customers and winning new ones without necessarily challenging the market leaders. The bank also tries to exploit the riches that exist in the market through specialization by way of a market richer.

Through rationalization strategies the bank tries to cut cost by constantly evaluating expenses and efficient management of their resources. The bank also uses automation like computers, electronic fund transfers etc which can sell a service at a cheaper and faster rate.

The bank also carries out its strategic marketing through the following means:

(a) Advertising

(b) Public Relations

(c) Publicity

(d) Personal Selling

Citizens bank does not restrict itself to the use of a single promotional tool and as such employs a combination of the above both directly and indirectly.

Advertising was used by the bank in its early days of establishment to introduce the bank and its services to the public. Some other form of advertising used by the bank is the use of point of service display.

The bank tries as much as possible to train their staff about their public relations role as they relate to customers and potential customers in their day to day activities. The bank tries to establish a mutual understanding between the public and the organisation by explaining the motives and actions of the organisation for proper understanding of the public.

The bank tries to publicize its activities through the publication of its news magazine - "The citizens Today". This publication usually contains products of the bank both old and new as well as information on its strategies of marketing.

Because of the personalised nature of banking services, citizens bank employ the use of personal selling to promote some of its services especially those that need detailed explanation or where the service benefits have to be matched to the customer's needs. The products and services offered by the bank are complex, abstract, varied, and changing. The customer needs someone to help assess some of these services and alternative causes of action. The bank therefore trains its staff on the various products and services in order for them to clearly explain them to the customers. Every year, the bank commits a sizeable proportion of its profit before tax to train their staff and thereby develop their skills, knowledge and abilities to respond creatively to their customers' requirements.

Citizens bank also carries out a number of research on product and competitive products in the market. The result of such research is the launching of products like the Citizens Premium Reserve Account and the Citizens Anchor Accounts.

Citizens International Bank also, as apart of its efforts to boost customer service, has identified four major steps as part of strategies for effective customer service as a sure path to sustainable income growth. The steps are as follows:

STEP 1 - The bank identifies which customer they really want and why.
- Who are the customers now
- which ones are the most profitable (the cash cows)
- How do you get to them.

STEP 2 - The bank also tries to identify what these targeted customers deeply value
- What are they really buying as opposed to what we think we are selling.

STEP 3 - The bank defines her customer's competence focus.
- They define the critical few things that their profitable customers value most and those things the bank can do best.

STEP 4 - The bank also tries to create an organisation wide obsession with focus.
- They communicate customer service goals, action plan, performance measurement and reward system.

(A) CONTRIBUTION TO PUBLIC WELFARE

Citizens bank has also taken major strides in leaving a positive mark on the society. The bank has to its credit an array of laudable programme specifically designed to improve the welfare of the general public. The bank offers educational grants and scholarships to selected students, provides teaching and educational materials to schools, etc.

The bank has also contributed immensely to charitable and non-political organizations. One of such contributions is the constant donation to non-political, non-profit student organization called the International Association of Students interested in World Economics and Management Development (AIESEC). A very huge sum has been expended in this area.

(B) FEEDBACK ON CUSTOMER SATISFACTION

Citizens International deals with a wide assortment of individuals and groups with equally diverse exchange behaviours. It has been established that exchange decisions are evaluated at some point in time which means that the organization offers a service needs to monitor the level of customer satisfaction. The common way of doing this is through the use of suggestion box. Citizens bank has gone a step further by adding the customer forum and by organising cocktail parties through which feedback is obtained direct and first hand.

Also in Citizens Bank Limited, Managers normally visit their major clients to discuss issues of mutual concern with them. This is another way of getting feedback satisfaction.

(C) BEAUTY, LOCATION AND COMFORT OF BANK PREMISES

The policy of Citizens Bank Limited towards this is based on the principle of AIDA which contracts that a beautiful and comfortable office within a good location would generate **attraction** to be followed by **interest**, an accompanying **desire** and then **action**. This action is in terms of patronage which is the main objective of any bank. Citizens Bank Limited has expended a lot of resources towards ensuring that their branch offices are amongst the most attractive and comfortable in Nigeria of today.

(D) COPING WITH DYNAMISM AND COMPETITIVENESS OF BANKING

The banking industry is highly dynamic and continuously changing. The industry is also going through a period of consolidation, competition is intensifying, interest and margins are being squeezed while risk asset quality is threatened. Profitability now depends on the ability to increase trading volumes, product and revenue base diversification, and cost control. Consequently, Citizens Bank Limited took the strategic decision of expanding its market share through rapid branch expansion and increased investment in technology. Although these measures would impact on short term profitability, they are expected to result in sustained long term profit growth.

(E) TRAINING PROGRAMMES FOR EMPLOYEES

In line with needs of building an ideal corporate image and also establishment of a sound human relations platform, it becomes highly important and relevant that bank staff are adequately trained and versed enough to meet the

challenges that are now synonymous with the banking industry.

The Citizens Bank Limited places considerable value on the training of its staff at all levels both locally and offshore as needed. The bank also involves its employees in the management of its affairs and has continued its practice of keeping them informed on matters affecting them as employees and the various factors affecting the performance of the bank. This success is normally achieve through regular meetings between the management staff and the employees of the bank. In terms of training, citizens bank has a plan to establish a full fledged staff training school to provide qualitative training for all categories of its staff.

(F) FACTORS OF APPEAL TO CUSTOMERS

Marketing primarily aims at projecting appealing images to the public. It employs many factors at its disposal to achieve this basic objective of appealing to customers. Banks especially now have to be more conscious at providing and making available those factors that would appeal to the target customers and their client, if at all they want to remain in the industry and cope with the increasing competitive environment. For any organization to remain in business they would have to define their mission and corporate image. Citizens Bank Limited mission statement is what propels them. That is to "be a leading and enduring financial services organization built on core values and characterised by a determined focus on professionalism, integrity and excellence and a strong commitment to all stakeholders in the conduct of business." To actualize this mission, Citizens Bank places its guiding long term strategy above short term profit objectives and by so doing investing in building a dependable bank. At Citizens Bank Limited, their

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major asset is their staff and they are motivated to deliver the best services to their clients.

(G) QUALITY OF SERVICES OFFERED

A customer's main concern in any prospective or on going transaction is the quality of what he receives in return. If a customer perceives that the quality of his return is unsatisfactory, he looks elsewhere for an alternative with a better offering. This shows that quality of service has a direct bearing on patronage and ultimately existence and survival of any business. An analysis of services falls a lot on the general state of facilities in use and also sheds lights on the competence of the bank and its staff.

Citizens International Bank Limited has always made quality customer services the focal points of its operations. The bank therefore, strives to continuously improve the quality of services they render to all their customers.

(H) PROMPTNESS OF SERVICE

As one would have observed from the opinion of the customers, the most serious complaints of the banking systems are traceable to the long delay customers are subjected to while waiting for service in the banking hall and also in the gross inefficiency of the counters. This is preventing some customers from going to the banks as often as expected. It is certain that the speed of service a customer receives is a direct relation to this satisfaction as much as customer satisfaction also has a direct relation to the well-being of the business.

Citizens Bank Limited is endowed with skilled human resources for providing creative and innovative solution that will meet customer needs.

Responsiveness, security and convenience remain the bank's watchword and these have guided the bank in developing high quality products and services.

4.1.2 FINANCIAL PRODUCTS AND SERVICES OF CITIZENS BANK

Financial products and services of Citizens International Bank Limited consists of the underlisted:

MAJOR PRODUCTS AND SERVICES LIST

* FOREIGN EXCHANGE
  - Multiple Currency Transaction
  - Spot/Forward Selling
  - Spot/Forward Buying
* ACCOUNT HOLDERS
  - Current Account (Resident and Non-Resident)
  - Domiciliary Account (Foreign Currency)
* LOANS AND ADVANCES
  - Overdraft
  - Short Term Loans/Project Financing
  - Bid Financing
* EXPORT FINANCES
  - Pre-Export Financing
  - Post-Export Financing
  - Refinancing and Rediscounting Facility
* MONEY MARKET INVESTMENT
  - Short Term Deposit
  - Tenored Deposit
  - Bankers Acceptances
  - Commercial Papers
  - Negotiable Certificate of Deposit
  - Treasury Bills

* SAVING
  Savings Account
  Premium Reserve Account
  Citizens Pioneer Account
  Citizens Anchor Account
* OPERATIONS SERVICE
  On-line Funds Transfer
  Letters of Credit
  Documentary Collections
  Bonds and Guarantees
  Local Funds Transfer
  Collection of Custom/Excise Duty
  Contract/Supplier Payments
  Foreign Funds Transfers
  Offshore Funds Disbursements
  Multi Lateral Agency Funding Management

Some of these services and products of the bank are briefly explained below:

DECISION MAKING STRUCTURE

The Board and Management of Citizens Bank adopt a purposeful and decentralized decision making structure where an Account Manager will be assigned to the customer to manage the relationship between the bank and the customer effectively. Such Account Manager is adequately trained and empowered to offer immediate solution to the customer's service needs.

CALL ACCOUNT

In addition to the Current Account, Citizens bank will open a Call Account for the customer for the investment of surplus funds. Funds will constantly be

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liquidated from this account to fund debit positions in the customer's current account, while balances in the customer's current account in excess of an amount to be mutually agreed will be transferred to the Call Account to earn interest.

AUTOMATIC CASH AND CHEQUE TRANSACTIONS

All cash lodgements into the customer's account at any Citizen Bank Office in Nigeria will be given value effective the date of lodgement. Cash can be deposited and withdrawn as well as cheques drawn on the account may be encashed in any Citizens Bank Office, irrespective of the branch where the account is domiciled at no cost. In the same vein, cheque lodgements into the customer's account including all other transactions in any of our branches shall reflect on the customer's transaction menu effective the date of such transactions or lodgements.

FUNDS TRANSFER SERVICES

Citizens bank branches are positioned to offer quality services to the customers in places where they are located. Funds transfer can be handled instantaneously via the Bank's computerized branch network. This is perfected through the bank's on-line real-time data processing technology which enables a transferee to receive funds from a transferor within minutes of authorization of such a transaction.

CITIZENS PREMIUM RESERVE ACCOUNT

This product of the bank offers a customer the chance to make the most use of their surplus funds by saving in this account which pays interest monthly. The benefits of the account includes High yield, immediate access to funds, high

rates of return, highly tax efficient, flexible operating balance and monthly statements. The minimum initial amount to open and maintain a Citizens premium reserve account is ₦20,000 for individuals and ₦50,000 for businesses.

CITIZENS PIONEER ACCOUNT

This is another product of the Bank that provides a high return on investment and free household insurance cover in the event of flood, fire, burglary and riots. With a minimum deposit of ₦100,000, Citizens Pioneer account holder enjoys the benefits of the account which includes free householders insurance over household valuables covering loss or destruction in the event of fire, flood , burglary and riots. The investment can also be used as collateral for loans, membership investment certificates, etc.

DEPOSIT RANGE	PROPERTY VALUATION LIMITS
₦100,000-199,000	Maximum of ₦250,000
₦200,000-499,000	Maximum of ₦1,000,000
₦500,000-999,000	Maximum of ₦2,000,000
₦1,000,000 and above	Maximum of ₦3,000,000

CITIZENS ANCHOR ACCOUNT

This product of the bank gives the customer, his/her spouse and children free accident insurance cover in case of accidental death or permanent disability. With a minimum deposit of ₦50,000, a holder of this account will be entitled to some benefits such as a 300% free accident cover, free medical related expenses upto ₦50,000, easier claims processing through corporate Citizens Insurance Brokers, pays upto 15% interest per annum on the customer's deposit.

ACCOUNT STATEMENT RENDITION

Apart from the monthly statement of account for a customer's current account which will be delivered to the customer at no cost, the bank also on the request of a customer render off-cycle statements in line with the customer's needs, at production costs only.

Depending on the turnover on a customer's account the bank will reciprocate by giving the customer a concessionary pricing on Commission On Transaction (COT).

DOMICILIARY ACCOUNT

The Bank is also authorised by Central Bank of Nigeria to maintain domiciliary accounts for Customers. Export proceeds and other foreign exchange repatriation inflows can be lodged into the account. The holders of this account stand to benefit by hedging a proportion of their investment portfolio or liquid assets against fall in value of local currency. Furthermore, turn around time for foreign exchange transactions in Citizens Bank has been minimally reduced due to a newly developed product package which puts the bank on-line-real-time with its correspondent Bank abroad.

FORWARD CONTRACTS

Citizens Bank is focused to ensure efficient service delivery. To this end, our foreign exchange department is strategically inclined to achieve this. The department can enter into forward foreign exchange contracts for the customer. This will enable the customer hedge against risk of rate fluctuation and help him to plan effectively.

FLEXIBLE OPERATING HOURS

Banking hours in Citizens Bank has been extended to 8:00 a.m. to 4.00 p.m. However, the Bank is open to flexible banking hours and will be willing to entertain the banking requests of her customers beyond the usual official hours.

IN-HOUSE BANKING SERVICES

Citizens bank also offers in-house banking services including picking the customer's cash and cheques/instruments for lodgement as the need arises. The bank has adequate cash-in-Transit Security arrangement and will assume the insurance risk of any loss-in-transit once the funds and instruments are in its care and outside the premises of the customer's organization.

PROMPT ISSUANCE OF CERTIFIED CHEQUES

Citizens Bank shall promptly meet the customer's certified cheques/bank draft request. For locations where Citizens bank is yet to open branches, the bank has firm arrangements with her local correspondent banks to issue such instruments in those locations.

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FUNDS MANAGEMENT

In case of surplus funds, the customer will require a bank that is strong and efficient to invest such funds with. We have a portfolio of quality products such as time Deposits, Bankers Acceptances (BA), Commercial Papers (Guaranteed and Unguaranteed) and Treasury Bills in which the customer can invest such funds at a maximum yield.

4.2 DATA ANALYSIS AND RESEARCH FINDINGS

This section analyses our findings in order to help us understand the concept of strategic marketing in the New Generation Banks with a particular reference to Citizens International Bank Limited. The research was carried out by means of questionnaires and personal interviews. A set of questionnaire was used. The questionnaire was administered on the bank's staff and management while the interview was conducted on the customers of the bank.

The findings are presented below:

FINDINGS

Table 4.1 What is your position in the Banking industry?

	Respondents	Percentage
Leader	6	30
Follower	10	50
Nitcher	4	20
Total	20	100

Source: Questionnaire Administered

A total of 20 respondents were asked on the position of the Citizens Bank in the industry. 6 respondents representing 30% said the bank is a leader while about 10 respondents representing 50% confirmed the bank as a follower and 4 respondents representing 20% said the bank is a nitcher.

Table 4.2 How do you market your products or services?

Responses	Respondents	Percentage
By Promotional Strategies	12	60
Through a friend or Relationship	3	15
Others	5	25
Total	20	100

Source: Questionnaire Administered

The same number of respondents were asked on how they market their products/services. 12 respondents said they market their products through promotional strategies, 3 said through friends and relatives while 5 said through other means representing 60%, 15% and 25% respectively.

Table 4.3 Do you have knowledge of the marketing concept?

Response	Respondents	Percentage
Yes	18	90
No	2	10
Total	20	100

Source: Questionnaire Administered

Out of the 20 respondents asked on their knowledge of marketing concept, 18 are of the opinion that they have knowledge of the marketing concept representing 90% while only 2 of the staff said they have just a little knowledge of the concept representing 10%.

Table 4.4 Is the strategic marketing concept relevant to your banking operations?

Response	Respondents	Percentage
Yes	18	90
No	1	5
Abstention	1	5
Total	20	100

Source: Questionnaire Administered

18 out of the 20 respondents are of the opinion that strategic marketing is relevant to Citizens Bank Limited. 1 respondent said it was not relevant while one respondent refused to answer the question. Thus, representing 90% and 5% respectively.

Table 4.5 Is there any difference between marketing of physical products and that of services?

Response	Respondents	Percentage
Yes	16	80
No	4	20
Total	20	100

Source: Questionnaire Administered

In their responses, 16 respondents agreed that there is a significant difference between marketing of physical products and that of services while 4 of them said there is no difference representing 80% and 20 respectively.

Table 4.6 Is personal selling really necessary in strategic marketing ?

Responses	Respondents	Percentage
Necessary	16	80
Unnecessary	4	20
Neutral	0	0
Total	20	100

Source: Questionnaire Administered

16 respondents considers personal selling necessary while 4 sees personal selling as not necessary representing 80% and 20% respectively.

Table 4.7 Is there any importance for research in marketing?

Responses	Respondents	Percentage
Very Important	17	85
Important	3	12
Unimportant	0	0
Total	20	100

Source: Questionnaire Administered

85% of the respondents considered research as very important while 15% of them gives research little importance representing about 17 and 3 of the respondents respectively. None of the respondents feel it is in any way unimportant.

Table 4.8 How much concern does Citizens Bank have for its image?

Response	Respondents	Percentage
High	14	70
Average	4	20
Low	2	10
Total	20	100

Source: Questionnaire Administered

A total of 14 respondent believes the bank gives a high concern for its image while 4 of them said the concern is average and 2 of them believes the concern for the banks image is low representing about 70%, 20% and 10% respectively.

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Table 4.9 How important do you consider feedback on customer satisfaction?

Response	Respondents	Percentage
Very Important	20	100
Important	0	0
Unimportant	0	0
Total	20	100

Source: Questionnaire Administered

The whole 20 respondents consider feedback on customer satisfaction very important. None sees this factor as less important or unimportant. This shows the extent to which the bank regards customer satisfaction.

Table 4.10 How important does the bank consider the beauty, location and comfort of its premises?

Response	Respondents	Percentage
Very Important	12	60
Important	6	30
Indifferent	2	10
Total	20	100

Source: Questionnaire Administered

60% of the respondents agrees that the Bank's beauty, location and comfort of its premises is very important to its strategic marketing while 30% sees it as less important and 10% are indifferent as to the importance of this factor.

Table 4.11 How do you cope with dynamism and competitiveness of banking?

Response	Respondents	Percentage
Promotion Mix	14	70
New Service Designing	3	15
Marketing Research	3	15
Total	20	100

Source: Questionnaire Administered

70% of the respondents said they cope with competition and dynamism of banking through promotional strategies while 15% said the bank copes through designing New Products/Services and 15% are of the opinion that the bank copes by marketing research.

Table 4.12 What are the customer's reason for choosing the bank?

Response	Respondents	Percentage
Bank Promotional Activities	6	30
Solicitation by Bank Staff	4	20
Others	10	50
Total	20	100

Source: Questionnaire Administered

6 of the respondents said that the Bank's promotional activities was what influenced the customers choosing the bank, while 4 said they choose the bank because of solicitation of the bank's staff and 10 of them said customers chose the bank because of other factors.

Table 4.13 What are factors of appeal to customers in the bank?

Response	Respondents	Percentage
Quality of Service	11	55
Convenience	3	15
Wide Service Range	6	30
Total	20	100

Source: Questionnaire Administered

55% of the respondents said quality of service is what appeals to customers in the bank, while 15% said it is the convenience of the environment. 30% believes it is the wide range of services the bank offers that appeals to the customers.

Table 4.14 How is the quality of services rendered by Citizens Bank?

Responses	Respondents	Percentage
Highly Satisfactory	8	40
Satisfactory	12	60
Unsatisfactory	0	0
Total	20	100

Source: Questionnaire Administered

40% of the respondents believes the quality of service in Citizens Bank is highly satisfactory, while 60% of them believes it is satisfactory. None of the respondents believes the quality of the services is unsatisfactory.

Table 4.15. How prompt is the delivery of your services?

Responses	Respondents	Percentage
Highly Satisfactory	6	30
Satisfactory	12	60
Unsatisfactory	2	10
Total	20	100

Source: Questionnaire Administered

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30% of the respondents said the promptness of service is highly satisfactory, while 60% of them said it is satisfactory and about 10% believes the speed of their service is unsatisfactory.

INTERVIEW RESPONSES

The aims of the interview includes the following:

(a) To reveal the extent to which the core concepts of strategic marketing has been applied in Citizen Bank.

(b) To find out the practical steps taken so far towards full implementation of strategic marketing in the bank.

(c) To find out how this strategic marketing has contributed to the deposit base of the bank.

From the interview conducted with customers of the bank, the following responses were recorded:

1. Most of the customers interviewed said they choose the bank because of their range of services. Very far of them believe they choose the bank because of the bank's promotional activities.

   This shows that the bank has enough services and they are applying their strategic marketing concept in this regard. More however, needs to be done to capture a larger market share.

2. Interview responses on the factor of appeal to customers in the bank is skewed to a different direction from the claims of the bank staff. While the bank staff believes it is the quality of their services, the customers believe it is the convenience of the banking premises that appeals to them in the

bank. This also reveals that the quality of Citizens Bank Services do not satisfy the customers and therefore needs overhauling to maintain their customers.

3. Most of the customers said a lot still has to be done in terms of the quality of the bank's services. The Bank has a wide range of services which if it cannot handle it should drop and concentrate on few product lines. "A bird in the hands is worth two in the Bush". They however scored the bank's services fair.

4. Interview responses from customers as regards the promptness of delivery of services by the bank is encouraging. They scored the bank highly satisfactory in delivery of their services on time. The bank should therefore imbibe the culture of Total Quality Management (TQM) and continue to improve on their services as this is the key to sustainable maintenance of a good market position.

5. Operations services like on-line funds transfer, local foreign funds transfer, letters of credit etc are the services that attract them to patronize the bank. Some however, said the citizens Pioneer Account, Premium Reserve Account and the citizens Anchor Account are the services that makes them patronize the bank. The bank should therefore build on this products to attract more customers.

6. Most of the customers interviewed said the bank has a very convenient banking business environment with a good Network of Security. Enough parking space is also provided for customers.

7. The Bank's Customer/Bank relationship is scored satisfactory by most of the customers interviewed. Two of the interviewees who claimed anonymity said the Bank/Customer relationship is poor with worst situations in Lagos and Abuja branches. They complained bitterly about how they were treated at Lagos in particular.

8. Citizens Bank was rated poor on this criteria because according to the customers, most banks normally gives out Diaries, Address Books, Calendars and some gift packages to customers but not Citizens Bank. The bank should therefore do something in this area.

9. Interview responses on how the customers got to know about the Bank's Services shows that most of them knew through the marketing team of the Bank. Through personal selling of the Bank's products they were able to know and therefore tried the services. This means the marketing department is really working hard.

10. Virtually all the customers interviewed said they don't think the bank shows any concern for the society. They claim they have not seen any tangible thing done by the bank for the various communities in which they operate. The Bank may have corporate social responsibility as part of its core values but they have not implemented any according to the customers.

4.3 CONCLUSION

From all the analysis in this chapter, one can see that Citizens Bank has a sound marketing department which applies strategic marketing in marketing its products and services. The implementation however, is just average. A lot needs

to be done in the area of implementation of the strategic marketing concept in the bank to generate more deposits and stay in business with other new generation banks.

Most banks have now introduced strategic marketing and implemented the total quality management to back it up for more effective results. With this trend, banking has now become highly competitive and most of them have to be dynamic and aggressive to survive. Customers too have become highly knowledgeable and sophisticated; The global trend rests on them as the focal point.

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CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 SUMMARY

This research project attempted to emphasize the fundamental essence of strategic marketing to present day banking services with particular reference to New Generation Banks in Nigeria. In the course of the study, Citizens Bank Ltd was adopted as a case study with the aim of trying to know how strategic marketing activities are applied by the bank. The study findings clearly indicate that banks in Nigeria now offer a wide range of traditional banking services one expects to find in any of the commercial banks and some personalized or non-traditional services hand in hand with an equally broad range of marketing activities and services. Whether or not these services "fully" satisfy the needs and wants of the customers is outside the scope of this study.

It has been found out, during the course of this study that Citizens International Bank Limited appreciates the importance of strategic marketing in mobilizing deposits for a sound deposit base. The researcher observed that marketing is fully understood by majority of the respondents, and the bank applied it in providing all their services. It was also discovered that customers were normally consulted in arriving at decisions that affect them.

In Chapter one, the research topic was introduced giving an insight into the nature of the study, evolution of the problems at hand, what the study aimed at achieving, the various means and ways adopted at achieving a thorough and objective research study and the highlight of some of the major problems

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encountered in the course of the study. The whole write-up in the chapter was aimed at providing the reader with an insight into what he expects to find in this project.

Chapter two contains almost in its entirety the previous work of some authors and scholars in the field of marketing, especially of banking services. The literature reviewed is a combination of foreign and Nigerian work both of which have been found to be relevant to this write-up. This chapter also defined and explained strategic marketing especially in the banking industry; its meaning; its context and composition; its functions and roles for implementing outlined marketing activities as well as ways of ensuring that optimum results are attained.

While chapter two exposes the professionally recommended nature and modes of applying the concept, chapter three and four attempts to compare chapter two with what currently obtains in Citizens Bank.

Chapter three basically aimed at providing a detailed corporate profile of Citizens International Bank Limited, the bank under study. The chapter also gave historical background, composition, objectives and policies, the organizational nature and structure of the bank and its financial highlights. The chapter also briefly looked at available marketing strategies in the bank.

Chapter four is perhaps the most crucial as it essentially aims at bringing forth a clear picture of the practical nature of the bank's strategic marketing functions. It explored areas that are regarded to be in the strategic marketing horizon as already seen in the previous chapters. Here, data collected through the questionnaires and oral interviews were presented in tabular form with the help

of basic statistical technique.

Finally, chapter five attempts to, among other things, summarises not the research findings but only its context. Furthermore, it attempts to recommend measures and possible solutions to some of the drawbacks that have been identified in the strategic marketing of banking services. This chapter finally attempts to arrive at a general conclusion of the overall picture and state of strategic marketing concept in New Generation Banks in Nigeria.

5.2 CONCLUSION

Marketing principles, tools and techniques are quite applicable and are being applied in the banking industry like in any other business that deals with tangible products. It has been established that the principle of marketing manufactured products are the same for marketing banking services with the only slight difference being in their application.

Considering the on-going restructuring of the Nigerian economy, the proliferation in the banking industry, the growing competition within the banking system and the ever increasing customers' expectation and demand for quicker and better service from the banker, it is becoming necessary therefore, for banks to play more active roles in the bid to enhance rapid growth and development of the economy. Any financial system that wishes to sustain itself in the present state of our development, characterised by low prices of goods and services, downturn of the economy resulting from deregulation and survive the future must strictly adhere to adopting competitive strategies and more aggressive marketing efforts.

The range of services provided and the level of sophistication of consumer requirements is a dynamic one such that the adoption of modern banking through strategic marketing becomes important for today's banking. This research has drawn some conclusions on the topic which are presented below.

First, the work has concluded that most banks are set up purely to reap maximum profits. Services therefore come at a price.

Secondly, prior to the introduction of the Structural Adjustment Programme (SAP) in 1986, marketing aspects of banking had been in the background. The concept of strategic marketing assumed a prominent role thereafter.

Thirdly, the marketing concept has been fully understood by most banks in Nigeria. They only vary in the area of implementation. The New Generation Banks applies or implements the strategic marketing concept better than the first generation banks.

Finally, only those banks that pursue the principle of marketing and consumerism by adopting strategic marketing and embarking on marketing programmes through the introduction of new products and provision of qualitative services to customers will be successful. A number of them have networked their branches and provided on-line banking services.

Furthermore, banks now offer financial advisory services to their clients, while others even offer legal advisory services on investment for an added fee. Private banking has also become popular tailored towards the customized needs of relatively high networth individual clients and corporate depositors.

The other focus of qualitative banking service in Nigeria has been on faster services delivered in a more conducive atmosphere by trained professionals assisted by modern equipment. These and many more novel and far reaching developments in the Nigerian banking industry augurs well for our much sought smooth advancement into the 21st century. It is expected that with the right marketing strategy to generate deposits and the maintenance of other rapid and innovative changes, it would not be long before the Nigerian financial system attains a level of stability and efficiency.

5.3 RECOMMENDATIONS

In the light of all the discussions in this research work, the researcher wishes to recommend the following:

(A) The marketing department of Citizens International Bank Limited should have units. The first unit shall be responsible for identifying opportunities for marketing new services (or repackaging existing services) and the outlets through which the bank services will be offered to the customers. This unit would include the following sections:

1. RESEARCH SECTION

This section will undertake the accumulation and analysis of facts relating to the financial practices and needs of the people. The identification of the characteristics of customers and non-customers and the penetration of the various markets for its services.

2. REPRESENTATION SECTION

This shall be concerned with the outlets through which the bank's services are sold from the view point of both stability and profitability. It will also be responsible for survey to assist in decision-making relating to opening, relocating or closing branches.

3. SERVICE DEVELOPMENT

This section would be concerned with the investigation of sensible improvement of existing services, identification of market demand and in conjunction with other parts of the group develop proposals for approval.

(B) The second major unit shall have the responsibility of maintaining the vital link between the staff marketing activities of line management. It shall comprise of these sections.

4. MARKET SECTION

This section shall put into practice the principles of market segmentation by concentrating on the implementation through the branch network of business development campaigns directed at defined customer segmentation.

5. MARKETING TRAINING

This section shall be responsible for marketing training for all levels of staff.

6. The third unit is responsible for advertising and promotions to co-ordinate the total communication efforts of the entire marketing department.

7. The last unit shall be responsible for co-ordinating the work programme administration and the development of annual marketing plan.

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APPENDIX

STAFF QUESTIONNAIRE

This questionnaire is for a research project on "STRATEGIC MARKETING IN NEW GENERATION BANKS IN NIGERIA: A CASE STUDY OF CITIZENS INTERNATIONAL BANK LIMITED" in partial fulfillment for the award of Masters in Business Administration(MBA). Any information gathered will be used for the purpose of the project writing only and such information will be treated as strictly confidential.

1. What is your position in the banking industry?

   [ ] Leader [ ] Follower [ ] Nitcher

2. How do your market your products/services

   By promotional strategies [ ]

   Through a friend or relationship [ ]

   Others [ ]

3. Do you have knowledge of the Marketing Concept?

   [ ] Yes [ ] No

4. Is the strategic marketing concept relevant to your Banking Operation?

   [ ] Yes [ ] No

5. Is there any difference between marketing of physical products and that of services? [ ] Yes [ ] No

6. Is personal selling really necessary in Strategic Marketing

   [ ] Necessary [ ] Unnecessary [ ] Neutral

7. Is there any importance for research in marketing?

   [ ] Very Important [ ] Important [ ] Unimportant

8. How much concern does Citizens Bank have for its image?

   [ ] High [ ] Average [ ] Low

KASHIM IBRAHIM LIBRAR

9. How important do you consider feedback on customer satisfaction?

[ ] Very Important [ ] Important [ ] Unimportant

10. How important does the bank consider the beauty, location and comfort of its premises? [ ] Very Important [ ] Important [ ] Indifferent

11. How do you cope with the Dynamism and competitiveness of Banking?

[ ] By Promotion Mix

[ ] New Service Designing

[ ] Marketing Research

12. What are the customer's reasons for choosing the bank

[ ] Bank's Promotional Activities

[ ] Solicitation by Bank Staff

[ ] Others

13. What are the factors of Appeal to customers in the Bank?

[ ] Quality of Service

[ ] Convenience

[ ] Wide Service Range

14. How is the quality of services rendered by Citizens Bank.

[ ] Highly Satisfactory

[ ] Satisfactory

[ ] Unsatisfactory

15. How prompt is the delivery of your services?

[ ] Highly Satisfactory

[ ] Satisfactory

[ ] Unsatisfactory

CUSTOMER INTERVIEW QUESTIONS

This interview is for a research project on "STRATEGIC MARKETING IN NEW GENERATION BANKS IN NIGERIA: A CASE STUDY OF CITIZENS INTERNATIONAL BANK LIMITED" in partial fulfillment for the award of Masters in Business Administration(MBA). Any information given will be treated as strictly confidential.

1. What are your reasons for choosing the bank?

2. What is/are the factor(s) of appeal to you in the bank?

3. How is the quality of service rendered by Citizens Bank?

4. How prompt is the delivery of their services.

5. What are the services that makes you patronize the bank?

6. How convenient do you see Citizens Bank's business environment?

7. How do you see the Bank/Customer relationship of the bank?

8. Does the bank gives you any motivational package?

9. How did you get to know the bank's services.

10. Do you think the bank shows concern for the society?