Improving Bank Customers' Satisfaction through Relationship Marketing Practices

Chinwendu Deborah Okonkwo
Department of Marketing
University of Nigeria, Enugu Campus, Nigeria
E-mail: chinwendu.okonkwo@unn.edu.ng

Geraldine Ugwuonah
Department of Marketing
University of Nigeria, Enugu Campus, Nigeria
E-mail: geraldine.ugwuonah@unn.edu.ng

Abstract

In recent times, since the cost of retaining an existing customer has been confirmed to exceed that of acquiring new ones, the emphasis has been on retaining existing customers. This study examines how bank customers' satisfaction could be improved through some specific relationship marketing practices. This study focused on three banks within Enugu metropolis in Nigeria. The descriptive research design was adopted.384 self-administered, structured questionnaires were distributed, out of which 332 copies were returned. Data was presented using frequencies and cross tabulations. One-sample t-test and Analysis of Variance were used to test hypotheses. Findings revealed that there is a significant relationship between banks' current relationship strategies and the level of bank customers' satisfaction; and that bank customers are not highly satisfied with their banks' relationship with them. Thus, customers' satisfaction could further be improved if the banks applied some specific relationship marketing practices such as ensuring that customers' needs are adequately met, and their complaints tackled promptly. The study recommended that these banks could go beyond the conventional practice of outward show of appreciation of customer patronage, but rather work towards resolving customers' complaints, and meeting their needs promptly.

Keywords: Holistic Marketing, Relationship Marketing, Customer Satisfaction.

1. Introduction

Customer satisfaction is the wheel around which marketing management revolves. Marketing has passed through several developmental phases with each phase revealing areas of emphasis in the exchange process between firms and their customers. Kotler and Keller (2012) identifies the various concepts and philosophies that have directed marketing efforts since its inception. These include: production concept, product concept, selling concept, marketing concept and holistic marketing concept. They stated that the production concept is the oldest concept in marketing and holds that consumers prefer products that are widely available and inexpensive. The product concept proposes that consumers favour products offering that has the best quality, performance or innovative features. While this may be true, it becomes necessary to state that a new or improved product will not necessarily be successful unless it is priced, distributed, advertised and sold properly. The selling concept holds that consumers and businesses, if left alone, would not buy enough of the organisation's products. So, firms aim at selling what they make, rather than making what the market wants. The marketing concept does not focus on finding the right customers for its products, but the right products for its customers. As a result of recent trends in the 21ˢᵗ century which are affecting the practices of firms and industries, the holistic marketing concept is based on the development, design and implementation of marketing programs, processes and activities that recognizes customers' preferences.

Several Nigerian banks encounter peculiar problems in meeting customers' expectations of services. Despite positive developments in information technology and telecommunications giving rise to the use of automated machines and internet, most customers still patronize the bank branches because they consider verbal interaction with human tellers as very important (Adeoye and Lawanson, 2012; Zeithaml and Bitner, 2003). Earlier studies have emphasized the priority of effective customer relationship management for efficient bank performance. Reports have shown the existence of a significant relationship between customer relationship management and profitability which results from increased patronage by satisfied customers. The emphasis

now is on retaining existing customers instead of dissipating resources in acquiring new customers without retaining the existing ones (Adiele and Gabriel, 2013; Ketelnikov, 2006). In a recent survey by Ogbadu and Usman (2012), a greater percentage of people examined were of the opinion that enhanced customer relationship practices improve customer loyalty. The findings further revealed the need for Nigerian banking industry to understand the importance of customer relationship management in improving the organizational performance of the banks. They emphasized that banks should improve on their customer relationship management practices as it serves as a veritable tool to increasing customer base, which is a function of customer satisfaction. Hence, Nigerian banks should ensure customer satisfaction at all times.

Over the years, much emphasis has been placed on going beyond serving customers' immediate needs to managing them for future sustainability. Ankita (2012) views holistic marketing from a broad and integrated perspective, not as an isolated management function. He opines that holistic marketing not only considers the fact that customers have varying requirements but also caters for these individual requirements. This therefore, demands a detailed identification of customers' demands, supplying what customers want, where and when they want it, and at what prices they want it. The approach to holistic marketing takes into consideration all the various stakeholders of a business including the customers, employees, suppliers, shareholders, community and the environment. However, the focus of this paper is on customers, and the study is directed towards improving bank customers' satisfaction through relationship marketing practices.

2. Statement of the Problem

Satisfaction refers to customers' evaluation of a product or service in terms of whether that product or service has met their expectations. In modern marketing, the concept of customer sovereignty supersedes any other, which is very obvious in how firms place utmost priority on customer satisfaction. The marketing concept portrays the customer as king. This confirms the fact that only firms which are able to fully identify and meet their customers' needs, and understand their responses better than their competitors would be able to survive in the ever-competitive business environment. Anecdotal evidence shows that some bank customers are often dissatisfied due to poor relations of banks with customers resulting into switching of bank designations. Even those who choose to remain with their banks do so not because they enjoy full satisfaction but for other purposes which include having an unbroken statement of account necessary for so many other purposes like visa application, contract bidding and securing of loans. In Nigeria, it is a common practice to see customers waiting on the queue for several hours before being served, without even a statement of apology by the banking staff. In other situations, bank customers leave the banking hall with a feeling of uncertainty when bank staff do not even appreciate their patronage.

It is pertinent to state here that while most Nigerian bank staff have imbibed the practice of welcoming their customers as they enter into the banking hall, approaching the counter, and also on exiting the banking halls; the entire practice lack the amount of warmth necessary to earn customers' sincere approval, let alone offering customer satisfaction. Hence, customers view the practice as mere fulfillment of required obligations, rather than a sincere need to communicate and relate with them. This problem of lack of good customer relationship calls for great attention and redress. Sometimes, one begins to wonder if these banks are not aware of what they stand to gain through deliberate and planned strategies and actions towards building strong customer relationships. This study therefore, focuses on improving bank customers' satisfaction in Nigeria through relationship marketing practices.

3. Objectives of the Study
- To determine whether customers level of satisfaction with selected banks' relationship marketing practices is high
- To ascertain whether selected banks differ in their relationship marketing practices with customers
- To find out specific relationship marketing practices necessary to improve bank customers' satisfaction

4. Research Hypotheses
- **H1:** Bank customers' level of satisfaction with relationship marketing practices is not below average
- **H2:** There is no significant difference between the selected banks' specific relationship marketing practice

5. Research Questions
- What is the extent of customers' satisfaction with selected banks' relationship marketing practices?
- What areas of similarities or differences exist between selected banks in their practices of relationship marketing?
- What specific relationship practices could improve selected banks' customer satisfaction?

6. Literature Review
6.1 Overview of Relationship Marketing
Relationship marketing is seen as a strategy aiming at retaining profitable existing clients and attracting new ones based on long term relations, which generate an overall satisfaction at least equal to their expectations, using social connections and structural

bonds. A suitable theory adapted by the researcher for this study is that developed by Anderson et.al (1994) which states that only loyal clients are willing to engage and maintain a relation, and to continue purchasing services from a provider. In this work, the researcher tries to build on this statement by combining the views of several authors. Understanding the differences between the concepts of relationship marketing and traditional/transactional marketing is another framework around which this study is organized. Christopher et.al (1991) views transactional marketing as being focused on a single sale in the short term. Transactional marketing is said to be oriented towards product features with low emphasis on service, and involves moderate customer contact and limited customer commitment, when compared with relationship marketing, which emphasizes product benefits with high service, customer contact, and customer commitment.

Relationship marketing may be defined as the process of identifying, creating, retaining, and enhancing and, if necessary, terminating relationships to customers and others in a bilateral profit so that the aims of all groups are met. Relationship marketing (Kosile and Ajala, 2012) is all about acquiring new customers and retaining existing ones. It would not be out of place to state that more important than acquiring new customers is retaining existing customers because, the cost of acquiring new customers is much more than the cost of retaining existing ones. Of a truth, Relationship marketing has a higher priority. In fact, the real purpose of business (Christopher et.al. 2002) is to create and sustain mutually beneficial relationships, especially with selected customers. Relationship marketing aims to build mutually satisfying long-term relationships with key constituents. In order to earn and retain their business, companies are shaping separate offers, services, and messages to individual customers, based on information about past transactions, demographics, psychographics, media and distribution preferences. Because attracting a new customer may cost five times as much as retaining an existing one, relationship marketing also emphasizes customer retention (Kotler and Keller, 2012; Ranjabarian and Barari, 2009).

Managing relationships is key to improving customer satisfaction in any organization. Jagdish and Atul (1995) observed that when producers and consumers deal directly with each other, there is a greater potential for emotional bonding that transcends economic exchange. This improves their ability to understand and appreciate their needs and constraints much better, increases their inclination to cooperate with one another, and thus, become more relationship oriented. This is in contrast to the exchange orientation of middlemen (buyers and sellers) who are much more interested in the economics of transactions and are therefore, less emotionally attached to the products or bonded to customers.

6.2 Relationship Marketing Strategies

A review by International Research Journal of Applied and Basic Sciences (2013) has identified six strategies on which relationship marketing can be built. These include: Trust, Link, Communication, Shared value, Empathy, and Mutual relations. Similarly, Ayopo et.al (2010) in the Research Journal of International Studies identified six components of Relationship Marketing Orientation Vis: Trust, Bond, Reciprocity, Empathy, Communication and Shared Value. However, these elements could be grouped under a category reflecting levels of relationship strategies. Valerie et.al (2009) observed that social bonds involves strategies that bind customers to the firm more than financial incentives. Customers are therefore viewed as 'clients', not nameless faces, but individuals whose needs and wants the firm seeks to understand. Structural bonds are created by providing services to the client that are frequently designed right into the service delivery system for that client. Often, structural bonds are created by providing customized services to the client that are technology based and make the customer more productive. However, Gremler and Brown (1996) noted that social bonds alone may not tie the customer permanently to the firm, but they are much more difficult for competitors to imitate than are price incentives. In the absence of strong reasons to shift to another provider, interpersonal bonds can encourage customers to stay in a relationship.

6.3 Relationship Marketing Strategies in Banks

Some empirical reviews have revealed the need for banks to develop strategies to gain and retain their customers because the banking industry is increasingly becoming more competitive. Abdullahi (2007) has helped to draw our attention back to banking operations in the early 1950s. According to him, that period was replete with unregulated banking activities in Nigeria and characterised by under-capitalisation, poor management, hostile and unfair competition. Bello (2005) confirmed that the structure of the Nigerian banking system was fragmented in terms of the number and size of the institutions, ownership pattern, profitability and competitiveness. In addition to this was the oligopolistic nature of the industry where very few banks dominated the scene in terms of asset base, profitability and deposit structures with others being followers and competing for a narrow segment of the market.

Relationship Marketing reflects a paradigm shift within marketing – away from an acquisitions/transaction orientation towards a retention/relationship orientation. Webster (1992) confirms that there has been a shift from a transaction to a relationship focus in marketing. Customers become partners and the firm must make long-term commitment to maintaining those relationships with quality, service, and innovation. Valerie et.al (2009) identified the specific goal of relationship marketing as moving customers up the ladder from acquiring customers, satisfying customers, retaining customers to enhancing customers. Relationship strategies for retaining customers in commercial banks (Ayozie, 2012) include: Customer portfolio analysis, customer retaining marketing mix, specialized distribution, post-purchase distribution and a reorganisation for customer

retention. Specific actions to implementing these strategies include: constant research to solve customer and marketing problems; existence of well trained and customer oriented ever smiling personnel; improving service delivery as a result of customer complaints; knowing the customer profile and using them for competitive advantages, such as customers' names, birthdays, e.t.c. It also includes using cost effective ICT, social networking tools to contact them; calling on customers and personally attending to them; observing customers at the point of purchase to observe satisfaction or dissatisfaction with purchase; offering apologies to customers, etc.

6.4 Customer Satisfaction

Satisfaction is a person's feelings of pleasure or disappointment that result from comparing a product's perceived performance (or outcome) to expectations (Michael, 2004). Customer assessment of product performance depends on many factors, especially the type of loyalty relationship the customer has with the brand (Jennifer, 2004). Customer satisfaction can be seen as both a transaction relevant element, meaning a post-evaluation between the level of expectations and actual performance, and as a cumulative satisfaction, reflecting the overall performance of timely transaction, meaning all consumer experiences with the provider. According to Chirica (2013), relationship marketing can make a huge difference in banking services. This is because clients want more than to loan money or make use of savings. They also appreciate a personalized relationship with the bank built upon trust and satisfaction which implies that they want to be more than just a name in the database.

7. Methodology

Descriptive research design was used for this study and the survey method was specifically employed. The target population of this study is made up of all customers of First bank, Access bank and United Bank for Africa (UBA) located in Enugu metropolis, Nigeria. However, since this population is undeterministic due to inaccessibility of information, a sample size of 384 using Godden (2004) formula. Convenience sampling technique was used to draw samples from the population.

8. Data Presentation and Discussion of Findings
8.1 Instrumentation

Primary data for the study was generated and collected through structured and self-administered questionnaires to bank customers of Access bank, First bank and United Bank for Africa (UBA) around Enugu metropolis, Nigeria. A total of 384 questionnaires were distributed, out of which 332 copies were duly filled, returned and used for data analysis. The questionnaire has two sections. The first section (section A) contains questions on respondents' personal data, while the second section (section B) contains questions that specifically revolves around bank customers' satisfaction and relationship marketing strategies. This second section also contains a likert scale on which bank customers rated their banks' performance and their level of satisfaction overtime.

Demographic Characteristics of Respondents

Table 1: Demographic Characteristics of Respondents

	Frequency	Percent
Age		
Under 21	44	13.3
21-35	256	77.1
36-49	27	8.1
50 and above	5	1.5
Gender		
Male	188	56.6
Female	144	43.4
Education		
O/A level	35	10.5
HND/B.Sc.	230	69.3
Masters & above	67	20.2
Total	332	100.0

Table 2: Showing Respondents Satisfaction with Choice of Bank

Bank Choice	Yes	No
Access Bank	94(87.0)	14 (13.0)
First Bank	101(87.1)	15(12.9)
UBA	87 (80.6)	21 (19.4)
Total	282 (84.9)	50 (15.1)

Table 3: Showing Bank Customers Mean ratings of Relationship Marketing Practices

Relationship marketing practices	Number of Respondents	Mean Score	Standard Deviation	Skewness	Standard Error
the bank staff always show a sincere interest in solving it	332	2.4277	2.4277	.666	.134
Questions, complaints and objections are handled effectively and promptly	332	2.5301	2.5301	.605	.134
Bank staff are never too busy to respond to my request for assistance	332	2.7341	2.7341	.355	.134
They keep to their promises	332	2.5589	2.5589	.470	.134
I feel very secure in my transactions with them	332	2.4578	2.4578	.757	.134
I always leave the banking premises with a feeling of satisfaction	332	2.4488	2.4488	.587	.134
Total	**332**	2.526233	2.526233	0.573333	0.134

Test of Hypothesis 1

Overall satisfaction with relationship marketing practices was computed by aggregating the responses from the relationship practices as ranked by respondents. This derived variable was compared with (3) being the mean of the 5-point Likert scale, using one-sample t-test. A t-value of 0.9461 was obtained at 329 degree of freedom, with a (P value of 0.00). This led to the rejection of the null hypotheses that Bank customers' level of satisfaction with relationship marketing practices is not below average. The alternate hypothesis is therefore upheld. This is evidenced from the scores (2.53) obtained from the overall ranking of the level of customers satisfaction with the relationship marketing practices by the selected banks. The result of One-sample t-test is shown on table 4 below.

Table 4: Showing Result of One-Sample T-test

	N	Mean	Std. Deviation	Std. Error Mean	t	df	Sig. (2-tailed)
Overall satisfaction with relationship marketing practices	330	2.5283	.90574	.04986	-9.461	329	.000

Test of Hypothesis 2

The data was further analyzed by examining the mean ratings of relationship marketing practices by bank customers using bank as a factor. This was done in order to test the second hypothesis which sought to find out if there is a significant difference in the mean ratings by banks. One-way analysis of variance was employed to test this hypothesis. The result shows an f-value 0.213 and p value 0.808. This led to a non-rejection of the null hypotheses. From this result, it can be inferred that the sampled banks and other banks in Nigeria have similar practices in the area of relationship marketing.

Table 5: Showing Bank Customers' Mean ratings of Relationship Marketing Practices

Bank Name	N	Mean	Std. Deviation
Access bank	107	2.5654	.92846
First bank	116	2.4871	.90280
United Bank for Africa (UBA)	107	2.5358	.89256
Total	330	2.5283	.90574

Table 6: Showing One-way Analysis of Variance of Bank Customers' Mean ratings of Relationship Marketing Practices by Banks

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	.351	2	.175	.213	.808
Within Groups	269.552	327	.824		
Total	269.903	329			

9. Conclusion

The study examined how bank customers' satisfaction could be improved through relationship marketing strategies. Findings revealed that of much concern to customers is the degree of promptness at which their complaints are responded to and resolved. Respondents confirmed that their choice banks usually show a sincere interest in solving their problems; however, not many of them attend to these complaints promptly. This attributed to why they are mostly dissatisfied at the moment. Respondents affirmed that many banks have the practice of using customers' profile to reach them personally on their special days e.g. birthdays. They also confirmed that the banks communicate with customers on their transactions details either periodically or on request. Generally, it would be expected that since there is a direct contact between the banks and their customers as earlier stated, customer satisfaction level would be high. Regrettably, this is not true.

Respondents pointed out clearly that the extent of relationship these banks have cultivated with them have been the major determinant of how satisfied they are. Obviously, customers are not really very satisfied with the present level of their bank's relationship with them. Similarly, they wish that these banks would do better. They pointed out that beyond the learned conventional practice of being facially inviting and receptive is the need for these banks to be prompt at tackling their complaints and showing a deep concern to meeting their needs whenever necessary. In addition to how these banks are relating with their customers at the moment, they are urged to improve on showing deep concern in helping customers solve peculiar issues with their transactions; as this would go a long way to improve customers' level of satisfaction. More also, customers have emphasized that this is very vital to their continual patronage with these banks in the future.

In a way, banks have been able to satisfy their customers by cultivating some transactional relationship with them such as sending details of transactions through e-mails and text messages. The recent development and practice of appreciating customers' patronage after transaction is also a commendable act. Unfortunately, bank customers have not yet come to terms with this as some still walk out of the banking hall with unmet needs. Generally, it has become a norm for workers to greet customers with 'Good morning….you are welcome to Access bank/First bank/UBA' (as the case may be). On leaving the banking premises after transaction, customers are also greeted with 'Thank you for banking with us.' With all these gracious courtesies in place, one would naturally expect that customers would be willing to rate their level of satisfaction as being very high. Ironically, many of them stated the contrary.

Usually, when customers enter into the banking premises, they have expectations towards solving certain problems and meeting certain needs. These expectations include making some deposits, cash withdrawals, inter/intra bank transfers and resolving account issues. It is therefore not a commendable act not to have adequate number of workers seated on the counter to attend to these customers, especially when they come in large numbers. Inadequate number of workers attending to customers has only resulted into long queues and avoidable delays, which actually leaves customers disappointed, resulting into either balking or reneging from the long queue out of frustration, without having their needs or issues resolved. Sadly, these same customers would be greeted by other bank workers at the exit point with the conventional 'Thank you for banking with us' cliché – in spite of unmet needs and unresolved issues. This gnawing gap between mere transactional practices and practical relationship marketing practices, have been the cause of customers' low level of satisfaction. To solve these underlying problems as this study intends, the researcher has put forth some recommendations, which include:

- Banks should go beyond offering basic services which are transactional in nature, but also concentrate on developing good relationship with customers with the sincere motive of satisfying and retaining them.
- Banks should work towards cultivating a more personal relationship with these customers as evident in their display of empathy in promptly trying to resolve customers' issues, and ensuring that their every need is met, if possible. This

definitely goes beyond the transactional relationship existing between them and their customers. It also implies that they view customer relationship as very vital to customers' sustenance, and not only because it is a requirement to their keeping their job.

When this is practiced, customers' commendation would be won, thus, making it easier to retain them and thereafter resulting into an improvement in their level of satisfaction than it is at the moment.

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