



MARKETING STRATEGIES AS A LEADWAY TO CUSTOMER SATISFACTION IN THE BANKING INDUSTRY (CASE OF FIRST BANK OF NIGERIA LAGOS STATE)

Dr. Kabuoh Margret Nma
Business Administration & Marketing Department
Babcock University Shagamu Nigeria

Abstract

The main aim of most organization is to make profit while maximizing shareholders' wealth. Customer satisfaction which ought to be the marketing focus is given less attention consequent upon this is after purchase dissonance otherwise, known as customer's dissatisfaction. Developing this study was to investigate the role of marketing strategies in achieving customer's satisfaction in first bank of Nigeria Lagos. The study took a theoretical and conceptual frame works on marketing strategies, promotional mix, customer's satisfaction among others. Secondary source of data was adopted from textbooks, journals, personal observations internets on subject matter. Result indicated that appropriate bank marketing strategies is a lead way to customer satisfaction while the reverse points towards opposite. Recommendations were made based on observed results emanating from both appropriate and poor implementation of marketing strategies which invariably will enhance customer satisfaction.

Keywords: Marketing Strategies, Customer Satisfaction, Promotional Strategies, Dissatisfaction, Purchase Dissonance.

Background to the Study

Most organizations are interested in customers' satisfaction as this is critical in the enhancement of performance. The survival of any organization depends largely on her customers hence organizations must thrive to satisfy and keep their customers. Satisfied customers as stated by Gummesson (2002) mean a long-term profitable business since they stay loyal to the firm.

Competition in the banking industry has become critical especially since the 2005 bank crisis that led to mergers and acquisitions. Various strategies are being developed towards matching competitors, new product developments, acquisition of more valuable customers and their sustainability. To survive in a competitive environment, banks strive to offer their customers something new in terms of services, products or incentives, because the competitive power of a bank is largely defined by the degree of its conformity to the needs of customers (Gerrard and Cunningham, 2001; Bowen and Chen, 2001).

Tsoukatos and Rand (2006) opined that the quality of services provided to customers is one of the most important requirements for maintaining a competitive edge and subsequently increasing market share and profitability. It is however mandatory for banks that need

expansion and profitability to do all within their strength to provide high quality services to put customers on the level of desired delight. General observations show that product services at times fall short of customers' expectation suggesting ineffectiveness which consequently leads to purchase dissonance. Some banks do not have as much staff to attend to customers need leaving them to their faith in long queues.

The consequences or problems caused by long queues in Nigerian banks often lead to customer dissatisfaction with service; this may result in renegeing as the customer waiting in a queue may decide to forego the service and may be the root cause of economic losses in business (Ogbo, 2009). In their contribution to poor services in the Nigerian banking industry, Nmegbu and ogwo (2013) the internal crises in Nigerian banking industry between 2005 and 2009 which manifested failures of some banks and subsequent reforms proved that the internal service marketing strategy (corporate reputation management) was weak, hence had weak impact on customer satisfaction. The identities, culture, services of banks differ and this factor constitutes doubt in customers' level of patronage and confusion as to which bank to go to. Hence, this study investigated the impact of marketing strategies on customer's satisfaction in first bank of Nigeria plc. Lagos state. Specifically, the study examined the relationship between product promotion and customer satisfaction.

Literature review

According to Kotler & Keller, (2009) cited in Kabuoh, (2013) Marketing is about identifying and meeting human and social needs. It is as a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders. Thus we see marketing management as the art and science of choosing target markets and getting, keeping and growing customers through creating, delivering and communicating superior customer value.

Concept of Promotion as one of the Marketing Strategies.

Marketing practices are a set of all marketing activities of products, price, promotion, place, person, processes and physical evidence (7Ps) that marketers use to effectively and efficiently promote their ideas, products or services while enhancing social life of the people Kabuoh (2013). Achumba (2002) defined sales promotion as those marketing activities, other than personal selling, advertising and publicity that stimulate consumer purchasing and dealer effectiveness, such as displays, shows and expositions, demonstrations etc. Sales promotion is a proactive technique aimed at stimulating sales (Hingston2001).

Advertising

The role of advertising in the marketing process is very essential. Advertising is one of the marketing manager's most significant apparatus. Firms cannot be said to be profitable without firm grip and practices of product differentiation in form of branding (Kabuoh, 2012). Advertising has been given different meanings and definitions, the most recent and widely accepted being the one recommended by the American Marketing Association (AMA) which states thus: "Advertising is any paid form of non-personal presentation and promotion of ideas, goods and services by any identified sponsor".

Ajilore (2010) notes that advertising, arguably, has become one of the dominant elements of modern culture. The primary way through which marketers communicate with their prospective clients is through promotional activities of which advertising is the most widely used among other promotional tools like personal selling, public relations, sales promotion and publicity. Of all the tools mentioned, advertising plays a major role in the promotion of a product through its informational and persuasive tools. It is an impersonal means of communication because most firms do not appreciate the effective impact of advertising and its message is often viewed as exaggeration, excessive abuses, and misleading, unnecessary and non-existing qualities.

Promotion of Bank Services and Products

Bank Promotion is that direct contact that the bank employees use to reach its potential and prospective customers to buy her financial services /products. There have been serious pressures on bank executives to be more result oriented on delivering more effective and efficient marketing management financial services. Czinkota and Ronkainen (2004) applauded the financial services sector as being continually growing in terms of turnover and profits despite the recession which has characterized world economy in recent times. The promotion of financial services should be given adequate attention alongside with bank marketing to capture greater size of the market. A bank's services are seldom distinct from others and they can easily be replicated by competitors (Sanches-Peinado, 2005). Unfortunately, the issue of marketing and promotion of products is becoming more complicated as a result of globalization of financial services (Albers-Miller and Straughan, 2000).

Customer satisfaction

Customer satisfaction in the present day competitive banking industry is considered to be the brain behind success. Satisfaction is the post- purchase evaluation of products or services taking into consideration the expectations (Kotler and Armstrong, 2012). Customers however who have positive corporate image of any bank give a second trial even after a post-purchase expectation was not met. Parker and Mathews (2001) submit that the satisfaction or dissatisfaction of the customer is the customer's response to the evaluation of the perceived discrepancy or disconfirmation of previous expectations and the actual performance of a product or service.

The satisfaction rate of customers naturally increases if there are perceived reception of extra benefits from their relationship with the firm. Ehigie (2006) opines that there is a significant positive relationship between customer satisfaction and customer loyalty. There is a confirmation of a symbiotic relationship between bank strategies and customer satisfaction. Zeithmal and abaitner (2000) suggested that bank strategies are a component of customer satisfaction. For any bank to be a market leader, the associated marketing strategies must be exceptional.

Theoretical framework

Marketing strategies in relation with customers' satisfaction revolve around various theoretical approaches as listed below:

- 1 Adaptation-Level Theory
- 2 Negativity Theory
- 3 Assimilation Theory
- 4 Equity Theory
- 5 Hypothesis Testing Theory
- 6 Expectancy- Disconfirmation Theory
- 7 Under-manning Theory

For the purpose of limited space, we are limiting our discussion on three (Negativity Theory, Under-manning & Expectancy-Disconfirmation Theories) of the above theories as they are mostly customer satisfaction oriented and very useful for the analysis of this study.

Negativity Theory: The theory was propounded by Carlsmith and Aronson (1963), cited in Ekinci & Sirakaya, (2004) suggests that any discrepancy of performance from expectation will disrupt the individual, producing a negative effect. It further states that when expectations are strongly held, customers will respond negatively to any disconfirmation. This is to say that dissatisfaction will occur if perceived performance is less than expectation or if perceived performance is more than expectation.

Under-manning Theory: Propounded by Baker (1964), cited in Tan, (2003) posits that there is a continuum of manning or staffing that any behavioral outcome of any setting can result from under-manning to over-manned. The level of participation of the occupants of the setting is related to the level of manning of that setting. If the setting is overmanned, occupants will engage in fewer programmed actions and this might make it difficult for them engaging in more meaning setting activities.

Expectancy- Disconfirmation Theory (EDT): This theory according to Lin, Tsai, & Chiu (2009) is widely used in customer satisfaction and loyalty studies. EDT through customer direct influence of satisfaction can be applied singly as to predict customers' loyalty. The theory suggests that the degree of customer's satisfaction is determined by customer's initial expectations and disagreement between performance and customer's initial expectations (Vogel, Eranschisky, Ramaseshan, 2008). Here, customer's expectation determines the level of prediction and belief. Customer satisfaction is seen as post consumption experience outcome, in terms of rewards and costs which indicates the degree to which a service meets or exceeds customer expectations (Anic & Radas, 2006).

Methodology and Data Sources

Secondary literatures were utilized for this study. Data were obtained from textbooks, journals, magazines, internet websites and other documentary sources from first bank of Nigeria all assisted in the study. First bank of Nigeria was specifically used as this study case because; each bank has her own peculiar service culture and strategies, though most banks are now adopting some similar marketing strategies to lure their customers. First bank being truly Nigerian first bank of over 50 years in existence has a track record of performance, solid capital base, bank with largest customer base. The customers population of 4 banks were obtained from their headquarters as at December 2013 as to determine which bank has really the largest customer

base suggestive of greater customer satisfaction associated with enhanced marketing strategies. This represents two old generation banks and two new generation banks. The choice of these banks was purposively selected because of their large branch spread. The choice of Lagos being the centre of business in Nigeria that has over 95% of bank headquarters.

The Customers population of 4 banks from their headquarters as at December 31st 2013

Bank Name	:	Customers
First bank	:	42,310
Union bank	:	37,045
Diamond bank	:	16,650
Eco bank	:	10,400

Source; Customer service sections of each headquarter of the 4 banks.

Conclusion

Marketing strategies in the banking industry has significant effects on customers' satisfaction. Information dissemination through various promotional tools of sales promotion, advertising, among others has a positive impact on customer satisfaction. Corporate reputation management can serve as a differentiator in signaling the intended market segment, positioning the organization and conveying distinctiveness from competitors.

First bank of Nigeria is truly the bank with the largest number of customers; this was established after the comparative analysis conducted by the researcher with 4 other performing Nigerian banks where first bank ranked first hence the need for this study case. From the banks other documentary data, it was affirmed that majority of her customers are satisfied with their strategies while others whose expectations are not met are dissatisfied due to informed high expectation (Expectancy-Disconfirmation Theory). However, those dissatisfied customers still considers other variables as the image of the bank, the high capital base, her long time sustainability as well as return on investment (ROI), all of this enhance their brand loyalty. The Under-manning Theory ratio of workers to customers (Baker, 1964) as stated in the body of the study confirms that bank customers no longer experience long queue before they are served. The ratio of worker to customer in the present day banking and services offered is commendable.

Recommendations

From the above findings, following recommendations may be of better options which can assist the bank managements to improve on their strategic marketing management and enhance their customer relationship. Bank customers stand firstly and should be adored as kings and queens. They are reason why we are in business. Therefore, the management should embark on environmental scanning strategy to survey both internal and external environment to be informed of the happenings and devise an appropriate strategy of monitoring of activities, and implementation of programmes that can achieve competitive position.

We recommend constant reaching out to customers irrespective of their size or volume they do, knowing that the small customer of today may be the largest customer of tomorrow. Leverage over the information technology available to contact them as the need arises for both personal and official relationship. To satisfy the banks external customers, there is need to look inward

and recognize your internal customers (workers) whose responsibility it is to serve and delight the external customers. Train them, motivate them and reward them for a job well done. This will serve as a driving force to delight the external customers.

From time to time, bank managers are expected to leave their arm chairs and move around banking halls to monitor activities within and outside the branch. This will go a long way to enrich services especially aggrieved or unsatisfied customers and they will feel belonged and come again rather than leaving them with after purchase dissonance fillings.

References

- Albers-miller, N.D.& Stangan, R.D. (2000) "Financial services advertising in eight non English speaking countries" *International Journal of Bank Marketing* 18(7) 347-388.
- Achumba, I. (2002) "Sales management concepts, Strategies & Cases" *Al-Mark Education Research*
- Ajilore, .K. (2010) "Babcock Journal of Management & Social sciences" volume 8
- Anic, I.D., & Radas, S. (2006) "The role of satisfaction & demographic factors in building store loyalty" *Journal of Consumer Research* 108, 67-86.
- Boweb, J., & Chen, S. (2001) "The relationship between customer loyalty & customer satisfaction" *International Journal of contemporary hospitality Management*, 13 (5) 213- 217.
- Czinkota, M.R., & Ronkainem, I.A (2004). "International Marketing" (7th ed.), Ohio: Harcourt, Inc.
- Ehigie, B.O. (2006) "Correlates of customer loyalty to the bank" a case in Nigerian *International Journal of Bank Marketing* 24 (7), 494-508.
- Ekinci, Y., & Sira, K. (2004) "An examination of the antecedents & consequences of customer satisfaction in Grouch G.I.et ai, consumer psychology of Tourism" *Hospitality & Leisure Journal* 2 (1) 189-202.
- Gerrard, P., & Cunningham, B. (2001) "Singapore's undergraduates" how they choose which bank to patronize. *International Journal of Bank Marketing*, 19 (3) 104-114.
- Gumesson, F. (2002) "Total relationship marketing" (2nd ed.) UK:Elseier.
- Hingston, P. (2001) "Effective Marketing" *Dorlingkindersley*
- Kabuoh, M.N. (2012) "Branding as an Enhancement to Organisation Sustainability & Profitability" *International Journal of Social Sciences*.Vol.6 No.5.
- Kabuoh, M.N. (2013) "Marketing Practices as a Strategy to Social Change' *International Conference on Policy Review & Development Strategies" Journal of Social Engineering & Development Strategies*.Vol. 1, No. 2.
- Kotler, P., & Armstrong, G. (2012) "Principles of marketing" 14th Edition, New Jersey, USA. Pearson Education Inc.
- Lin, C.P., Tsai, Y.H., & Chiu, C.K. (2009) "Modeling customer loyalty from an interactive perspective of self determination theory and expectation-confirmation theory" *Journal of Business Psychology* 11: 315-326.
- Nmegbu, F.A., & Ogwo, O.E..(2013) "Comparative analysis of internal service marketing strategy & customer's satisfaction in Nigeria banking industry" *International Journal of Marketing Studies*, 5(6).

- Ogbo, A. (2009) "The contributions of queuing models to modern management thoughts"
Journal of Nigerian Institute of Management, 12-20.
- Parker, C., & Matthews, B.P. (2001) "Customer satisfaction" contrasting Academic & consumer
interpretation. Marketing intelligent & planning 19(1) 38-44.
- Sanchez-Peinado, E. (2003) "International process of Spanish Banks" strategic orientation after
the mergers. European Business review, 15 (4) 245-261.
- Tan. , J. (2003) "Curvilinear relationship between organizational slack & firm performance"
Evidence from Chinese state Enterprises" European Management Journal, 21 740-749.
- Vogel, V., Eranschitcky, H., & Ramaseshan, B.. (2008) "Expectations belief disconfirmation"
Journal of Marketing, 10 (3) 98-108.