Marketing Banks' Products in Nigeria for ImprovedCustomers' Satisfaction and Loyalty

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ABSTRACT

The objective of this paper is to examine how the marketing of banks' products in Nigeria can improve customers' satisfaction and loyalty as sound marketing is critical to the success of every organization.Customer satisfaction determines the success or failure of a bank. In the banking industry, customers do not consider the price of products and services as major determinant in choosing banks to patronize, rather they consider first the bank's quality of service delivery.Thus, one of the most acceptable tools for result-oriented business management is the effective and efficient use of marketing. More so,based on the opinions of some marketing experts,every business or organization is marketing.To achieve the objective of this paper, the author adopted a theoretical approach. Based on empirical studies reviewed and personal insights, the author concludes that effective marketing of banks' products for improved customers' satisfaction and loyalty must take into account service quality, product quality, price as well as sound marketing relationship management.

Keywords:Marketing, Banks' Products, Customers' Satisfaction, Customers' Loyalty

1. INTRODUCTION

"Customer satisfaction determines the success or failure of a bank" (Adewumi&Obaji, 2010, p.34). In the banking industry, Onwuchuruba (2003) posits that bank customers do not consider the price of products and services as major determinant in choosing banks to patronize, rather they consider first the bank's quality of service delivery. One of the most acceptable tools for result-oriented business is the effective and efficient use of marketing. Kotler and Armstrong (2010) agree with this view when they said "sound marketing is critical to the success of every organization". Some other authors agree with this view too; authors such as Ennew, Wartkins and Wright (1995) observe that marketing is widely recognized as a key to success for any organization, irrespective of its size or the sector of the economy in which it operates. Onah (2008) recognizes both the eminence and the universality of marketing when he states that "every business or organization is marketing.

Ugwuanyi and Ugwuanyi (2000) share the same opinion with the above writers and advocate that banks must redefine their markets and be customer- oriented by embrace marketing concept rather than being product and service-centred. The concept of marketing remains one that is widely used and misused. At one level (the micro level), it is a generic term used to describe a range of functions, which organizations perform such as advertising, branding, packaging, pricing, product development and distribution. At this level, marketing is essentially concerned with what people and their organizations do. At the macro level, the term is often used to describe a business philosophy which guides organizations and bodies in their activities while indulging in exchange processes. Marketing concept is a simple and intuitively appealing philosophy. It states that the social and economic justification for an organisation's existence is the satisfaction of customer wants and needs while meeting organizational objectives (Lamb, Hair & McDaniel, 2000).

Developing function-directed marketing may prove relatively straight forward; while developing a marketing orientation with its focus and commitment to the market can prove considerably more complex. Onah(2008) advocates that the philosophy of marketing concept should apply to both the public and private sectors, whether profit- oriented or not. He states that: *"every one of these private and public entities should be focused on customer, whoever and wherever those customers may be. In other words, all these entities need to be customer-centred".*

In the sixties and seventies, Nigerian banks and some other professional bodies such as the Nigerian Medical Association, Nigerian Bar Association, Institute of Chartered Accountants of Nigeria to mention a few made little use of this all important tool which is marketing. Traditionally, practitioners of these professions viewed the adoption of marketing approach as unethical. Consequently, some of the major marketing functions were either ignored or delegated to external organizations. To this effect, banks had no marketing departments to plan and co-ordinate marketing functions. The administrative or commercial departments were responsible for all marketing functions. Today, things have changed. The banking industry has embraced one of the most productive tools in commerce which is marketing. According to Gegu (2006), marketing came into banks in the form of advertising and promotional efforts on realizing that attracting people to a bank is easier than converting them to sustainable loyal customers.The Nigerian banks now have marketing departments and can hire all categories of marketing personnel (right from the new entrants, marketing executives, to marketing directors) to perform marketing functions. The policy makers, the strategist and tacticians, all went to work and the result of their efforts has meant tremendous progress in the industry.

However, like most human endeavours, there have been some abuses here and there**.** A typical case is the way some banks promote their pricing regimes in a bid to attract more customers. Besides, the newspapers, the interested public and governments have all acted in ways that give credence to the fact that these pricing policies, strategies or pricing regimes are critical to banks marketing programmes. Consequently, the need to evaluate and determine the usefulness, effectiveness and appropriateness of these pricing regimes and promotional programmes have become very urgent in order to reduce waste of time, energy and other resources.

The objective of this paper is to examine how the marketingof banks' products in Nigeria can improvecustomers' satisfaction and loyalty. To achieve this objective, the author adopted a theoretical approach.

2. LITERATURE REVIEW

Most available literature on marketing of banking services in Nigeria focused on issues such as relationship marketing in the banks (Gegu, 2006); effective marketing of community banking services in Nigeria (Ahmad, 2006); interest rate regulations (Olowu, 2006); bank credits (Osuka,2007); beyond the 2005 banking industry consolidation exercise in Nigeria (Onwumere&Ogamba, 2003); customers' choice of banks (Financial Institutions Training Centre [FITC] unpublished work); customer satisfaction survey (KPMG, 2010).

The FITC unpublished work focuses on those factors that influenced customer's choice of a bank in Nigeria. According to the authors the need for the study stemmed from the stiff competition in the Nigerian banking industry, which originated from the forces of globalization and the deregulation of the banking industry. As a result of these factors, the number of players in the industry has increased significantly over the years. Consequently, to survive the competition game, it has become imperative for banks to know what the customers want, to enable them provide services that meet the customers' banking needs. The findings of the FITC unpublished work identified that the four most important factors influencing individual customer's choice of banks in order of priority (i) quality of service (ii) safety of deposits (iii) nearness of bank to the customer (iv) ease of opening accounts.

Similarly, the study shows that corporate clients consider safety of deposit, quality of service, nearness of bank and ease of opening accounts as the most important factors in their choice of bank. Further analysis shows that about 90 percent of the individual respondents rated quality of service as being very important to them. Safety of deposits, nearness to bank and ease of opening accounts with 88.9 percent, 80.8 percent and 77.3 percent followed, respectively. However, availability of Saturday banking had the least score, with only 36.4 percent of the respondents rating it as very important.The results of the study also revealed that majority of the corporate customers considered bank products as being similar. For instance, while 35.2 percent of the respondents considered bank products to be significantly similar, 43.2 percent considered the products to be similar. Only 18 percent of the corporate respondents considered the products to be different/significantly different.

Gegu (2006) identifies the provision of high quality services to customers as a policy that helps organisation to build long-term relationship with them. This business philosophy he called relationship marketing, which is aimed at building long-term mutually satisfying relationship with key stakeholders in product delivery process. He used United Bank for Africa (UBA) as a case study. The author tried to assessand evaluate the impact of relationship marketing on the performance of banking industry. The findings of the study revealed that relationship marketing has positive impact on the performance of banks in Nigeria. The researcher recommended the adoption and management of relationship marketing to all banks.

Ahmad (2006) dealt on the effective marketing of community banking services in Nigeria. The study was on a novel sub-sector of the banking industry that is much smaller in scope than the deposit banks being looked into by this study. Besides, the researcher did a case study of one community bank hence it was much easier to look at the marketing practice in that bank. The writer acknowledged the dearth of literature in bank service marketing in Nigeria and states that the notion of marketing of financial products is still a recent development in the banking sector in Nigeria.

KPMG (2010)study on how to improve customers' satisfaction and loyalty identified pricing, customer care, production/service offering, transaction methods and systems and convenience. Table 2.1 shows how it ranked the three highest banks in terms of customer service areas.

TABLE 2.1: RANKING OF BANK PERFORMANCE BY CUSTOMER SERVICE AREA

Customer Service Areas (Corporate)	Ranking		
	1	2	3
Customer Care	GT Bank	Zenith Bank	Citibank
Product/Service Offering	GT Bank	Zenith Bank	Sterling Bank
Transaction Methods & Systems	GT Bank	Zenith Bank	Access Bank
Convenience	GT Bank	Zenith Bank	Skye Bank
Pricing	GT Bank	Sterling Bank	Fidelity Bank

Source: KPMG Banking Survey, (2010)

From the above GT Bank and Zenith Bank dominated in all customer service areas for corporate customers.

TABLE 2.2: RANKING OF BANK PERFORMANCE BY CUSTOMER SERVICE AREAS - RETAIL

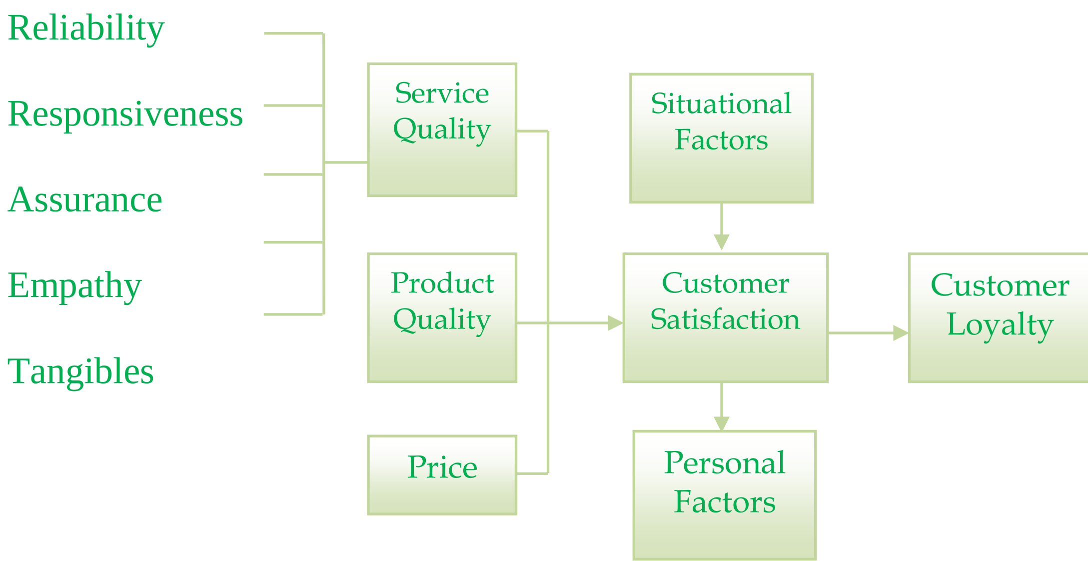
Customer Service Areas (Retail)	Ranking		
	1	2	3
Customer Care	GT Bank	Diamond Bank	Zenith Bank
Product/Service Offering	Access Bank	Zenith Bank	GT Bank
Transaction Methods & Systems	GT Bank	Zenith Bank	Stanbic-IBTC
Convenience	GT Bank	Zenith Bank	Intercontinental Bank
Pricing	GT Bank	Equitorial Trust Bank	Sterling Bank

Source:KPMG Banking Survey, (2010)

Again, as it can be seen from Table 2.2, GT Bank maintains its dominance across major service areas.For the purpose of elucidation, customer service factor examined above were conceptualised as follows:

- Customer Care: measured interaction of bank staff with customers.
- Product/Service Offering: measured product range and appropriateness to customer's need.
- Transaction methods and systems: measured customer support processes/system and turnaround time.
- Convenience: measured accessibility and quality of services from delivery channels.
- Pricing: measured fees, charges and rates on product.

FIGURE 2.1: CUSTOMER PERCEPTIONS OF QUALITY AND CUSTOMER SATISFACTION



Source: Zeithaml et al (2010)

Figure 2.1 shows that customer satisfaction is a function of a number of variables such as service quality, product quality, price, situational and personal factors, and this in turn leads to customer loyalty.

FIGURE 2.2: RELATIONSHIP AMONG CPBPP, BANK CHARGES AND LOYALTY

Source: Researcher, (2011)

Figure 2.2 shows the relationship among customers' perception of bank product pricing, customers' loyalty and bank charges.

Kotler and Armstrong (2008) note that price is the amount of money charged for a product or service. More broadly, price is the sum of all the values that a customer gives up in order to gain the benefits of having or using a product or service. McCarthy (1990) defines price as what is charged for something. Pride (1991) defines price as the value placed on what is exchanged. The relationship between price and value is mathematically expressed as: Price +Perception =Value. Value is what consumers want is. Prices of bank products should be fixed in such a way that will add value to customers' satisfaction and loyalty. Some other issues that require the attention of the bank service marketers is the nature of the market itself which sometimes requires some unique treatment such as bundling of banks' products.

3. CONCLUSION AND IMPLICATIONS FOR POLICY

This paper set out to x-raythe marketing of banks' products in Nigeria for improvedcustomers' satisfaction and loyalty. Customer satisfaction determines the success or failure of a bank. In the banking industry customers do not consider the price of products and services as major determinant in choosing banks to patronize, rather they consider first the bank's quality of service delivery. Based on empirical studies reviewed and personal insights, the author concludes that effective marketing of banks' products for improved customers' satisfaction and loyalty must take into account service quality, product quality, price as well as sound marketing relationship management.

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