QUALITY SERVICE DELIVERY AND ITS IMPACT ON CUSTOMER PATRONAGE

(A CASE STUDY OF INTERCONTINENTAL BANK PLC.)

BY

HAUWA IBRAHIM ALKALI
(MBA/MT/06/0280)

JULY 2010

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BEING A THESIS SUBMITTED TO THE SCHOOL OF POSTGRADUATE STUDIES, FEDERAL UNIVERSITY OF TECHNOLOGY, YOLA IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTERS DEGREE IN BUSINESS ADMINISTRATION

JULY 2010

CERTIFICATION

This is to certify that the thesis “Quality Service Delivery and its Impact on Customer Patronage (A Case Study of Intercontinental Bank Plc)” is a research work carried out by me. All views and opinions are entirely mine, except where referenced. All authors mentioned therein are adequately acknowledged.

Hauwa Ibrahim Alkali

APPROVAL PAGE

This thesis by Hauwa Ibrahim Alkali has met the requirements for the award of Masters Degree in Business Administration (MBA) of the Federal University of Technology, Yola and is approved for its contribution to knowledge.

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DEDICATION

This project, while giving thanks to Almighty Allah is dedicated to my loving sister Mrs Aisha Kyari Mohammed who has been of great support and a great source of inspiration for me.

ACKNOWLEDGEMENT

I give great thanks to Almighty Allah who has always been my strength. To Him, I owe all gratitude. Special thanks goes to my supervisor Mr. Ejika Sambo for his scholarly input and encouragement to the realisation of this work. I also wish to acknowledge Professor and Mrs Kyari Mohammed, my parents, brothers, sisters and all my friends. They have all been a great motivation for me. Finally, I wish to acknowledge the staff and fellow students of the Department of Management Technology, Federal University of Technology, Yola. I say thank you to you all.

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ABSTRACT

This project aims to offer an in-depth understanding of bank customers' buying behaviour in relation to quality service delivery; and provide bank managers with useful insight into the development of high quality relationships with customers. The study attempts to examine the impact of quality service delivery in improving customer patronage in the banking sector using Intercontinental Bank Plc as a case study. The study also tries to identify problems associated with the delivery of quality service in Intercontinental Bank Plc. The research involved a review of available literature on bank choice criteria, the fieldwork and the identification of factors that affect customers' choice. A research questionnaire was administered by personal interviews to 100 staff of Intercontinental Bank Plc in the greater area of the North-East region. Some distinct factors were identified as the main choice criteria that influence consumers' bank choice. Bank service quality is the most important element that customers consider in order to select their service providers and establish a long-term relationship with them. Other factors refer to product attributes, access, and communication. An understanding of consumer buying behaviour with respect to service delivery is important to bank managers for the attainment of organisational objectives that are focused on building beneficial customer relationships. Management guidelines for improving service quality are presented. The study recommends that friendly, convenient and equipment based banking services, training and retraining of staff, overdraft and short term loan incentives are an additional way of strengthening the existing strategies. The bank's

product units and subsidiaries must constantly be looking for better products and services targeted at the needs and expectations of their customers.

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Marketing as a major business activity has come slowly to most service industries. The service sector has traditionally been an industry consisting of many small independent firms, but the increasing complexity of modern business has provided substantial opportunities for service firms. For most consumer and business service firms like the banking industry, marketing is an emerging activity for two reasons: the growth potential of the service market represents a vast marketing opportunity and increased competition is forcing service industries to emphasize marketing in order to compete in the market place (D'Alessandro, 2008).

Marketing is the performance of business activities that direct the flow of goods and services from the producer to the consumer or user. It involves identifying, anticipating and satisfying customers' needs profitably which requires that the product or services has to produced, priced, promoted and distributed to the customers (McCarthy, 2005). These constitute the four basic variables in marketing mix that has come to be known as the four Ps in marketing: Product, Pricing, Promotion and Place.

All organisations perform two basic functions – they provide a good or service and they market it. Service is any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything (Kittler, 2000).

The Banking act of 1969 defined Banking as the business of receiving monies from outside sources as deposits irrespective of the payment of interest or the granting of money, loans and acceptance of credits. Bank services are intangibles and as such do not have tangible features. Unlike physical products (tangibles) they cannot be seen, tasted, felt, heard or smelled before they are bought. They are therefore difficult to market. Buyers are often unable to judge the quality of a service prior to purchase. Unlike the tangible (good), the consumer is literally buying a promise. Therefore, the service provider's task is to make to tangible the intangibles.

In view of this complexity, Hanson (2007) has argued that marketers of any type of service need to develop a strategy different from marketing tangible (goods) when preparing the marketing plan. Service marketing strategies calls not only for external marketing but also for internal and interactive employees and to emphasize the importance of both “high tech” and “high touch” (Kotler, 2001).

Intercontinental Bank Plc is a public limited company incorporated and licensed to do the business of banking under the laws of Nigeria. Intercontinental bank with its subsidiaries is one of the leading financial service groups in Nigeria and Sub-Saharan Africa. Intercontinental Bank shares are quoted on the Nigeria Stock Exchange and are privately placed internationally under a Global Depository Receipt programme. It provides a wide range of financial services to individuals, national and multinational companies, multilateral institutions, government and non –governmental organisations as well as small and medium scale businesses. These services include commercial banking, investment banking, asset management and related services.

Nigeria’s Chief Central Banker, Sanusi Lamido in his July 6, 2004 address to a special session of the Bankers’ Committee will go down in the annals of Nigeria’s banking history as a defining moment when he announced the plan by the Central Bank of Nigeria (CBN) to raise the minimum capitalization requirement for licensed banks by 115% from ₦2billion.

Market watchers were unanimous in their views that the move would put pressure on the surviving bank to “sweat” their assets so as to generate adequate returns to justify the huge investment by shareholders.

As a retail bank, Intercontinental Bank with its wide network of branches is well positioned to serve the financial needs of medium and small scale industries, as well as individuals. As a wholesale bank, it offers a wide range of products and services relevant to every stage of the customer’s business cycle, facilitated by its size and operation structure.

As an investment bank Intercontinental through its London branch offers international banking services such as foreign currency loans, payment and receipts for its international business customers. It also offers investment services through its subsidiaries, Intercontinental Capital and Trust Limited and Intercontinental Security Limited.

Intercontinental services are enhanced through the application of cutting edge technology and simplified processes by well trained, competent and highly efficient personnel of its transaction banking groups.

The aim of marketing is to understand the customer well so that the products or service so fit him and sell itself. The impact of marketing of banking services in improving customer patronage in Intercontinental Bank will form the basis of this study.

1.2 PROBLEM STATEMENT

Until recently, banking firms lagged behind manufacturing firms in their use of marketing. Many banks before now did not use formal management or marketing techniques. Others face so much demand or so little competition until recently that they saw no need for marketing.

In comparison to manufacturing firms, service firms appear to be generally less likely to have marketing mix activities carried out and more likely to handle their advertising internally and less likely to spend as much in marketing when expressed as a percentage of a gross sales (George and Barksdale, 2006).

Over the years the banking industry has undergone a series of changes. The operation of banks used to be simple; but with competition, as competitive product offerings become increasingly similar, many banks have adopted strategies to survive in this relative environment. Things have since changed in the banking industry. The very nature of banking operations and even the type of people who run the industry have also changed, coupled with the rise in consumerism. Marketing has evolved greatly in scope and sophistication in responding to these changes.

1.3 OBJECTIVES OF THE STUDY

The general objectives of the study are to examine the impact of marketing of quality service in improving customer patronage in Intercontinental Bank. The specific objectives are:

- To examine the marketing strategies of quality service in Intercontinental Bank.
- To identify problems associated with marketing of quality service in Intercontinental Bank.
- To proffer recommendations on how to enhance the marketing of quality service in Intercontinental Bank.

1.4 RESEARCH QUESTIONS

The researcher wishes to use the study to find answers to the following questions:

- To what extent does quality service improve customer patronage in Intercontinental Bank?
- How effective are the strategies employed in the marketing of banking services? Do they increase customer patronage?
- What are the problems affecting marketing of services in the banking industry?

1.5 RESEARCH HYPOTHESES

Based on the topic identified above, the following hypotheses have been formulated:

H0: Effective quality service does not lead to increase in customer patronage in Intercontinental Bank.

H1: Effective quality service leads to increase in customer patronage in Intercontinental Bank.

H0: There is no need to adopt different marketing strategies in Intercontinental Bank.

H1: There is a need to adopt different marketing strategies in Intercontinental Bank.

1.6 SIGNIFICANCE OF THE STUDY

The need for the study arises from the realisation that marketing of quality service is the process of creating and resolving exchange relationships. Owing to the fact that bank services are intangible, marketing strategies and problems are different from that of tangible goods. It will therefore be a worthwhile exercise to undertake a study of the impact of marketing quality service in improving customer patronage in the banking sector.

This study is justified to contribute toward achieving the following:

Contribution to practice

- To assist banks (the issuers of product and services) in improving service delivery to customers.
- It is hoped that the findings of the study will serve as a useful material to the Management of Intercontinental Bank as well as operators of other banks in enhancing their marketing strategies.

Contribution to knowledge

- The outcome of this study can also be of significance to students, academics, researchers and managers of the banking or service industries.

- The study will also be a contribution to knowledge and literature on the subject matter and a reference point for further research.

1.7 SCOPE AND LIMITATIONS OF THE STUDY

1.7.1 THE SCOPE

The study essentially concentrates on the impact of marketing of quality service in improving customer patronage in the banking sector. The study is restricted to Intercontinental Bank. Emphasis will be on marketing of the bank's services, its impact as well as problems.

1.7.2 THE LIMITATIONS

A research work of this nature is not without its constraints. Due to the size and cost implication of the study, the work shall be limited to Intercontinental Bank using a few branches within the North-East Region as case studies.

1.8 METHODOLOGY OF THE STUDY

Method of Data Collection: The major tools for collecting data are personal observation, interviews and questionnaires. The study will also obtain data from the internet, review of seminar and workshop papers, text books, journals and as well as file references.

Method of Data Analysis: Two types of data analysis such as qualitative and quantitative will be employed. The study will also utilize comparative analysis which specifies the relationship between quality service and driving customer patronage in the banking sector.

CHAPTER TWO

LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

INTRODUCTION

Surveys show results; customers register complaints; employees leave. In the midst of a service crisis, the customer is the casualty. Financial service companies, including banks, are no different. Banks are struggling to improve service and proclaim that they are customer-focused, yet outstanding, exceptional quality service is still the exception rather than the rule. Two routes to profit growth in financial organizations are cost-efficiency and differentiation. Excellent service contributes to both.

2.1 QUALITY AS A BANK STRATEGY

In this chapter, the use of quality in banking focuses on strategy and moves the focus from quality to Total Quality Management. While banks understand the value of service quality, getting started can be a struggle. This chapter discusses the implementation of the quality process, the need for commitment, and the impact of quality on the bank. The quality process is complex and frustrating at times, but focus is critical. The process begins with top management's commitment to quality.

Management participation and leadership is crucial to building a service quality culture. This vision and leadership is also important in developing and implementing a Total Quality Management strategy. Lack of Management commitment could lead to service gaps or cause service gaps to widen. Quality must be a management priority. Igniting the explosion of quality leadership in a company means repositioning quality from a secondary to a primary management role. Although much of the research indicates the need for Management commitment, renowned quality consultant Philip Crosby says he does not want "commitment" from top managers, he wants "participation."

Quality service comes from inspired leadership. Employees and Managers at all levels look to top executives to set an example and a tone for the rest of the organisation. Top Management must foster a general awareness that quality improvement will take its place as equal in importance to traditional cost, profit, growth, and sales goals. "Leadership is the backbone of quality, as it is for all planned cultural change.''

Adopting quality as a bank strategy means cultural change. Change is difficult to accomplish without solid, committed leadership. The bank management set the pace. It is imperative that senior managers in service organisations provide the leadership to focus their company around a set of core values that include customer service and service quality.

A quality strategy requires people and resources. Without the commitment of top management and their willingness to back it up with considerable resources at their disposal, quality improvement will not be possible. Without commitment, it is difficult for working-level employees to obtain the resources they need to deliver quality service.

According to Edward Furash (2002), bank Management must have three critical characteristics:

1. A style of doing business that makes customers feel the bank is something special;

2. A management process that is systematic and transferable from region to region, bank to bank, and department to department;

3. A management style that also balances individual and unit freedom, creativity, and incentive with central control of risk, quality, and efficiency.

In Eleven Conditions for Excellence, Ray Boedecker (2004) outlines the importance of Management backing up strong words with visible action. Boedecker suggests Management take the following actions:

- Incorporate quality into the bank's strategic plan;
- Issue a policy stressing the importance of quality, the commitment of the organisation to quality improvement, and everyone's responsibility for improvement;
- Make organisational changes;
- Form a quality council composed of senior managers who report to the CEO;
- Initiate quality training activities;
- Incorporate quality improvement goals in operating plans on a par with other traditional bank goals;
- Listen to customers through various forms of market research;
- Visit operating units and community offices to talk with managers and employees about their feelings on quality. Find out what problems they face in meeting customer expectations;
- Make quality a periodic agenda item at meetings;
- Ensure that quality is a factor in all performance, compensation, and

incentive programs;

- Initiate a recognition and reward system to reward quality achievements for individuals and groups;
- Review quality goals and targets and challenge them frequently;
- Communicate personally to the entire organization what is being done to elevate the importance of quality, and why;
- Educate the senior management group on quality improvement;
- Visit other firms that have embarked on quality improvement programs;
- Go public with details on the company's quality improvement plan

In the face of increasing competition, de-regulation, and thin margins, most banks believe they can and must improve service quality. Only when top Management really believes in the process can Total Quality Management begin in earnest. If the Chief Executive does not commit to or realise a need for quality, Ray Boedecker (2002) suggests the following steps be taken:

- Provide research on competitors and what they are doing in the way of quality;

- Highlight the increased opportunities presented by exceeding customer expectations and quality improvement;

- Document the relationship between the cost of non-conformance and the cost of prevention, and the cost of losing customers versus the cost of keeping customers.

It can be deduced that the whole concept of marketing revolves around customer service and attitude. The way service providers feel about their customers, the job, the bank's products etc., has a direct correlation with delivery of service in improving customer patronage. Therefore, the feeling an organisation exudes in this regard must be downright positive. A delighted customer will want to patronize and recommend a bank to others thus impacting positively on the bank. This chapter examines views of scholars on marketing of services, the strategies, characteristics and problems.

Total Quality Management is a process, not a program. Despite the barriers a bank might face in working toward total quality, there are ways to persevere. Lessons in quality are plentiful. Research indicates that the quality movement is alive and well, yet skeptics still exist. Quality is hard work. A review of available sources includes a wide array of books, periodicals, audio and video tapes, seminars, and consultants, all of which serve as a starting point in the process. Rather than plunge into quality, banks must understand the history and study the lessons learned over the years. Learning a total quality vocabulary is helpful. Understanding that quality has value may be enough to get the ball rolling. Most banks are wasting their time viewing quality as goodness and happiness. Banks spend probably 40 percent of their operating cost doing things over. Understanding quality could virtually eliminate that cost.

While there are many ways to approach quality, there is no right or wrong way. Quality is a personal thing. Any bank about to embark on the quality service journey has a great deal of work ahead. For those banks where a quality process exists, modifications may be necessary. As a process, quality constantly undergoes change. Banks should too. This change may start with fundamental changes in the organisational structure of the bank. At the core of any structure is the customer. The wants, needs, and expectations of the customer must be the focal point for the bank, or any company for that matter. Organisations need a structure, where bureaucracy is minimal and the customer is the center of the activity. Along with a new structure, a new vocabulary is often required.

The entire bank needs to have a vocabulary when it comes to quality. Setting basic definitions and goals is important. Once the vocabulary is established, it must be backed with a concrete plan that elicits, encourages and even searches out ideas of all sizes from everyone on the payroll.

The key to the "right" organisational structure and the delivery of quality service is the business process. An ineffective business process ignores the internal and external customer, and an inefficient business process wastes valuable resources. A business process is a series of work activities that produce a service. To improve the different business processes within the bank, emphasis should focus on the customer, and departments should mobilize to provide for service as required by the customer. Keystone Financial chose the Business Process Review as one of the first steps in implementing their Total Quality Management strategy in 1992. The Business Process Review uses an approach consisting of managers and supervisors directly responsible for the function being analysed, as well as cross-functional involvement by other personnel throughout the company.

The approach looks at the value of a particular banking function in terms of customer needs, rather than the best way to perform the function.

In both business process and organisational structures, people are the keys to success. In reviewing both aspects of the process, banks must manage change and provide support and guidance. Organisational structure and business processes are critical elements in the total quality management strategy. People, with management support, must change the way they view the customer if the process is to succeed in exceeding customer expectations. Starting the process takes guidance from the top. Coordination by a quality committee helps.

2.2 CONCEPTUAL FRAMEWORK

2.2.1 MEANING OF MARKETING SERVICE

There are many definitions of marketing of services and a look at some of them will give us an insight into the subject matter. Stafford (2003) defined marketing of services as the planned creation of customers for profit, the creation and delivery of customer satisfaction at a profit or organised effort on the part of business to find tomorrow's market opportunities today.

Bagozzi (2005) sees marketing of services as the process of planning and executing the conception, pricing, promotion and distribution of services to create exchanges that satisfy individual and organisational goals. This definition shows marketing of services to be a far broader activity. It stresses the importance of beneficial exchanges that satisfy the objectives of both those who buy and those who sell services whether they are individuals or organisations.

Okafor (2001) regards marketing of services as a disciplined analysis of the needs, wants, perceptions and references target and intermediary markets which forms the basis for effective product design, pricing, communication and distribution. It is identifying the most profitable markets, assessing the present and future needs of customers, setting business goals, making plans to meet them and managing services in such a way that these plans are achieved and adapting to a changing environment in the market place.

According to the American Marketing Association (2000), marketing of services is the performance of business activities that direct the flow of services from producer to consumer or user.

Three themes run through these definitions. One is the marketing philosophy that regards the customer as the king; the centre-piece and moving force in business and the target. Any business that forgets or ignores this lays itself open to failure and the admittance of other competitors to take its customers away. The second is the emphasis on balancing profit and customer satisfaction. Marketing philosophy recognizes that a high profit at the expense of customer satisfaction will boomerang against future growth prospects and vice-versa. Thirdly, the definitions underline the importance of planned objectives as the cornerstone of business management without which effective marketing is unlikely to succeed.

Journal of Quality Management sees marketing of services as typically the task of creating, promoting and delivering services to consumers and business. It is a social process by which individuals and groups obtain what they need and want through creating, offering and freely exchanging products or services of value with each other. The essence of marketing is the exchange process. This is the process by which two or more parties give something of value to one another to satisfy felt needs. In marketing of services the item is mostly intangible.

Exchange is the origin of marketing activity. In fact, marketing of services has been described as the process of creating and resolving exchange relationships (Agholor, 2001). When there is need to exchange services, the natural result is marketing effort on the part of the people involved.

According to Alderson (2003), it seems altogether reasonable to describe the development of exchange as a great invention which helped to start primitive society on the road to civilization.

Against the backdrop of this marketing strategy, the bank's core values must be humility, empathy, integrity and resilience. It is fair to say that staff attitude towards customers is the very essence of business.

2.2.2 CHARACTERISTICS OF SERVICES

Services are varied and complex. There are four major characteristics that generally affect the design of marketing programmes: intangibility, inseparability, perishability and variability.

Intangibility

Services unlike goods do not have tangible features that appeal to consumer senses of sight, hearing, smell, taste and touch. They are therefore difficult to demonstrate at trade fairs, to display in retail stores, to illustrate in magazine advertisements and to sample. Consequently, imaginative personal selling is usually an essential ingredient in the marketing of services.

Furthermore, buyers are often unable to judge the quality of a service prior to purchase. To reduce uncertainty, buyers will look for signs of evidence of the service quality from the place, people and equipment, communication material, symbols and price that they see. Consumers are literally buying a promise. Therefore, the services providers' task is to "manage the evidence", "tangibilize the intangible" (Levitt, 2009).

Inseparability

Services are typically produced and consumed simultaneously. This is not true of physical goods, which are manufactured, put into inventory, distributed through multiple re-sales, and consumed later. Because the client is also present as the service is produced, provider-client relationship or interaction is a special feature of marketing. Both provider and client affect the outcome.

Perishability

The utility of most services is short-lived therefore they cannot be produced ahead of time and stored for period of peak demand. The perishability of services is not a problem when demand is not steady. When demand fluctuates, services' firms have problems.

Variability

Due to the fact that services depend on who provides them and when and where they are provided, services are highly variable. Service buyers are aware of this variability and often talk to others before selecting a service provider.

2.2.3 MARKETING PHILOSOPHIES

Clearly marketing activities should be carried out under a well-thought out philosophy of efficient, effective and socially responsible marketing. There are four competing concepts under which organisations conduct marketing activities: the production concept, product concept, selling concept and marketing concept.

The Production Concept

The production concept is one of the oldest concepts in business. Consumers will prefer services that are widely available and inexpensive. Managers of production business concentrate on achieving high production efficiency, low cost and mass distribution. They assume that consumers are primarily interested in service availability and low prices. According to this approach each service organisation should therefore develop services they consider useful at an affordable price and they will easily sell them.

The Product Concept

The product concept holds that consumers will favour those products that offer the most quality, performance or innovative features. Managers in these organisations focus on making superior products and improving them over time. According to this approach, service industries should therefore direct their effort at improving their quality of service and by doing so, customers will buy them.

The Selling Concept

The selling concept holds that consumers and business, if left alone, will ordinarily not buy enough of the organisation's product. The organisation must therefore undertake an aggressive selling and promotion effort. This means that services’ organisations should develop their services and go out and sell them hard. This concept implies the need for not only advertising and other sales promotion activities, but also positive selling or active “persuasive” selling of services by branch managers. The selling concept does not properly consider whether customers really want the services in the place. It is concerned with selling them to anyone who can be persuaded to buy.

The Marketing Concept

The marketing concept is a business philosophy that challenges the three business orientations discussed above. Its central tenets crystallized in the mid 1950’s. The marketing concept holds that the key to achieving organisational goals consists of the company being more effective than competitors in creating, delivery and communicating customer value to its chosen target markets. Service organisations should therefore accept that their task is to find out the needs and wants of the target markets and to adapt their organisation’s and services to satisfy these needs and wants more effectively and efficiently than competitors.

2.2.4 MANAGING SERVICE QUALITY IN BANKS

Putting the customer first is an admirable intention, but it will only be more than that if there is a proper services strategy. The two main objectives of this strategy are to create a difference which is observable or measurable by the customers and to have real impact on the way things are done inside the organisation (Gulitinan and Paul, 2002).

The Nigerian banking industry is going through turbulent times. With the lowering of entry barriers and blurring of product lines of banks and non-banks since the financial sector reforms, banks are functioning increasingly under competitive pressures. Hence, it is imperative that banks maintain a loyal customer base. In order to achieve this and improve their market and profit positions, many retail banks are directing their strategies towards increasing customer satisfaction and loyalty through improved service quality. Moreover, with the advent of international banking, the trend towards larger bank holding companies, and innovations in the market place, customers have greater and greater difficulty in distinguishing and selecting one institution from another. Therefore the current problem for the banking industry in Nigeria is to determine the dimensions of customer perceived service quality. This is because if service quality dimensions can be identified, service managers should be able to improve the delivery of customer perceived quality during the service process and have greater control over the overall outcome.

This study suggests that customers distinguish four dimensions of service quality in the case of the retail banking industry in Nigeria namely, attitude, competence, tangibles and convenience. Identifying the underlying dimensions of the service quality construct in the Nigerian retail banking industry is the first step in the definition and hence provision of quality service. This article has drawn upon the findings of the service quality dimensions to contend the initiatives that banks' managers can take to enhance employee skills and attitudes and instill a customer-service culture. Excellent customer service is the commitment to provide value added services to external and internal customers. This entails attitudes, knowledge, technical support and quality of services in a timely and professional manner (King, 2007).

The bank services strategy is a central part of the company's business strategy which also covers profit objectives, markets, technology and so on.

It is central because it defines the company's internal culture as well as its defined external image. It needs to be put in writing and communicated widely, so that no one is in doubt about what it is designed to achieve. It needs to be matched by an organisational structure designed for customer response. According to Macht (2002), it must include:

Customers need and expectation: No company can survive if its customer's needs are either not defined or ignored when known. Customers must be entitled to financial support based on the option taken to patronize a bank, guaranteed safety of personal savings etc.

Competitors' activities: Without knowledge of what your main competitors are doing, it is impossible to set out to gain advantage through the quality and innovation of your services. You should at least be familiar with the visible result of competitors' strategies. You need to know why customers are using your competitors' products and services rather than your own.

Vision of the future: Listening to customers and watching the competition are obviously important processes, but they may not be sufficient to sustain differentiation and customer satisfaction over the long term. The companies that stand apart from the rest have vision, and a leader who encourages experimentation and change enable people to create a vision of the future. This is not a projection of the future on the basis of present position, but a clear picture of where you would like to be and how to get there.

What customers receive or at least expect to receive for their money is usually a combination of material service and personal service. This is an important consideration when developing a strategy for service. It has to ensure that the customer is consistently well served in both ways.

Material service: The product itself has to be reliable and do what it is specified to do. The environment must reflect the quality of the organisation. The delivery systems must work. This includes distribution, scheduling, accountancy, job organisation and so on.

Personal service: How good a company is to deal with usually depends on the people it employs. Their knowledge and skills are crucial to the company's ability to fulfill the expectations expressed in the service strategy. The attitude of staff towards the customers can strongly support or badly undermine a company's services strategy. If they do not believe in and demonstrate commitment to the customer, then the service will not match the image being promoted. It is important therefore to know where they stand using a carefully constructed attitude survey.

2.2.5 ELECTRONIC BANKING & QUALITY SERVICE DELIVERY

Internet banking (e-banking) in Nigeria can be defined as the deployment of banking services and products over electronic and communication networks directly to customers (Ezeoha, 2005). These electronic and communication networks include Automated Teller Machines (ATMs), direct dial-up connections, private and public networks, the internet, television, mobile device and telephones. Among these technologies, the increasing penetration of personal computers, relatively easier access to the internet and particularly the wider diffusion of mobile phones has drawn the attention of most banks to e-banking. However, the continuing convergence of information, communications and media technologies is also opening up new electronic channels (such as “pod-banking”) of delivering banking services.

Significant differences exist among banks in terms of their e-banking capabilities. These differences can take two main dimensions. The first is the use of electronic channels and the second is the sophistication of banking services delivered over an electronic channel. Many established banks in developed countries began with ATMs and evolved through personal computer banking, telephone-banking, internet-banking, TV-banking, and mobile-banking.

The banking sector, in both developed and emerging markets, is clearly recognising the importance of information technology in their continued success. For example, Pollais (2004) linked the success of banks surveyed to the use of integrating technology in their strategic plan. Aswegen (2003) found that investments in technology increased shareholder values. Eze (2000) reported that the management of 58% of Nigerian commercial banks believe that investing in information technology will improve their competitive advantages such as customer retention, cost reduction, and informing alliances or mergers; 53% planned to offer the service. While not all banks offered internet banking service. 53% have such service menus under development. In addition, Martin (2002) found that almost all small and money center banks maintain web sites where clients can see the services being offered.

One of the main incentives that encourage banks to adopt new technologies of operations is not only maintaining operational efficiency but also achieving competitive advantages. Banks that exploit new technologies can gain competitive advantages through market share, customer satisfaction, and overall business performance. Peffers (2001) argues that the banks which were early adopters of Automated Teller Machines (ATM) gained significantly more than later adopters. He claims that the use of even a single information technology application can affect a wide range of performance variables. Information technology also impacts organisations in other ways such as changing the decision structure of banks to better deal with competition (Clarke 2002).

2.3 STRATEGIES FOR QUALITY SERVICE DELIVERY USING E- BANKING

Today, virtually all banks provide an internet site for both new and existing customers. Alongside internet technology is the development of new banking services. The direct result of such service developments are reductions of walk-in customers and a reduced reliance on new branches. According to Shuman (2000), the Federal Reserve documented more than 63 billion consumer and commercial paper checks were written in 1996 in the United States alone. Assuming there were 1.5 additional back office transactions per check, a total of more than 157 billion non-cash paper-based transactions took place in 1996. Churbuck (2001), for example, found that as of the beginning of 1997 only 30,000 accounts of a leading international investments firm were conducted online. One year later the number exceeded one million. In summary, as the number of internet users keep growing, banks are increasingly viewing web banking as a viable option.

Kurtas (2000) identified a number of factors which further motivate banks to develop online servers. For example:

Low cost: The average costs of a direct banking transaction via web are \$0.010. In comparison an ATM transaction costs \$0.27, phone transaction \$0.54, and a physical branch transaction \$1.07.

Increased use of the web: There is an increasing trend in the use of the web worldwide. In France, for example, the growth in the use of the web banking is about 75% annually.

Ease of access to the internet: Today the internet can be accessed through phone lines, GSM technology as well as many other emerging technologies.

Convenience: Many customers now prefer to do their financial operations from their homes and offices.

Efficiency and profitability: Investing in Internet banking will reduce banking cost and raise profitability. Over the past decade banks have invested heavily in the information technology field.

According to Garau (2002), information and communications technologies (ICTS) have changed the way of conducting business transactions and meeting the growing demand of customers for most organisations. The premise of ICTs in the banking sector has been seen in terms of its potential to increase customer base, reduce transaction cost, improve the quality and timeliness of response, enhance opportunities for advertising and branding, facilitate self-service service and services customization, and improve customer communication and relationship. Most banks in developed and some in developing parts of the world are now offering e-banking services with various levels of sophistication. However, most African banks seem to be content with having a web presence with only a few of them making strides towards full-fledged e-banking applications.

2.3.1 MARKETING STRATEGIES USING MOBILE BANKING

Nigeria was described as the fastest growing telecoms nation in Africa and the third in the word. The country has experienced a phenomenal growth from a teledensity of 0.499 in 2000 to 25.22 in 2009. This trend has brought about a monumental development in the major sectors of the economy, such as banking, telecommunications and commerce in general.

This paper presents the level of adoption of ICT in the banking sector and investigates the prospects of m-commerce in Nigeria based on strengths, weaknesses, opportunities and threats (SWOT) analysis.

Findings revealed that all banks in Nigeria offer e-banking services and about 52% of them offer some forms of mobile banking services. The banks and the telecoms operators have enormous potentials and opportunities for m-commerce but the level of patronage, quality of cell phones, lack of basic infrastructure and security issues pose a major threat to its wide scale implementation.

Keyworda: m-commerce, e-banking, m-banking, m-business, m-payment, e-commerce and SWOT.

m-Commerce is often referred to as mobile e-commerce. It refers to all business transactions that are conducted on the platform of mobile devices and wireless networks. UNCTAD 2009 presents m-commerce as buying and selling of goods and services using wireless hand-held devices.

Currently, there exists a number of wireless technologies and standards such as Bluetooth, 902.11, infrared, Radio Frequency Identification (RFID) and contact less chips that offer transmission of transaction data from mobile devices to a Point of Sales (POS) terminal without swiping a card reader (m-payment forum, 2002). These have helped to offer seamless transactions as well as offering “anytime” and “anywhere” services.

m-Banking is equally referred to as mobile e-banking. It is defined as the newest channel in electronic banking that provides a convenient way of performing banking transactions, which is also known as “pocket-banking”. Tiwari et al (2007), presents m-banking as the provision and availment of banking and financial services with the help of mobile telecommunication devices.

The major distinction between the electronic and mobile business transaction prefixed as “e” and “m” is that the electronic medium offers “anytime access”, while mobile medium offers “anytime and any where access” to business processes respectively (Tiwari et al, 2006). While an electronic transaction is limited to computer networks that are stationary, mobile transactions refer to computer networks that may support both stationary and wireless connections.

Chiemeke (2006) conducted an empirical investigation on adoption of internet banking in Nigeria. The study identified the major inhibiting factors to internet banking adoption in Nigeria such as, insecurity, inadequate operational facilities including telecommunications facilities and electricity supply, and made recommendations on how Nigerian banks can narrow the digital divide. The report revealed that internet banking is being offered at the basic level of interactivity with most of the banks having mainly information sites and providing little internet transactional service.

Similarly, Agboola (2006) investigated electronic payment systems and tele-banking services in Nigeria. The findings revealed that there has been a very modest move away from cash. Payments are now being automated and absolute volumes of cash transactions have declined. The result of the study revealed that tele-banking is capable of broadening the customer relationship, retain customer loyalty and enable banks to gain commanding height of market share if their attendant problem such as ineffectiveness of telecommunications services, epileptic supply of power, high cost, fear of fraudulent practices and lack of facilities necessary for their operations were taken care of.

Ayo (2006) investigated the prospects of e-commerce in Nigeria based on ability, motivation and opportunities (AMO) model and observed that virtually all companies in Nigeria have online presence. The paper reported the motivation and opportunities for e-commerce as low based on lack of e-payment infrastructure and access to ICT facilities.

2.4 REVIEW OF E-BANKING SERVICE IN NIGERIA

Virtually all the 25 banks that survived recent recapitalization exercise engage the use of ICT as a platform for effective and efficient delivery of banking services. Consequently, electronic cards, internet banking and mobile banking services are gradually being introduced.

Table 1: Electronic Banking Products and Services in Nigeria

S/N	Bank name	e-banking	Internet banking	m-banking

		services		services
1	Access Bank	Access Value Card Mpower Credit Card Visa international Access visa v pay Access Card Debit	Funds Transfer	Web2SMS
2	Afribank Nigeria Plc	Afribank Valucard Africash (ATM Card) Afribank cash Evacuation Scheme (ACES)	Afribank Cash Express Afribank e-Courir Afribank e-Registration Afribank e-Learing	AfriBank m-Banking
3	Bank PHB (PlatinumHabib Bank Ltd)	Blank card Bank PHB Valucard Bank-PHB Telephone Banking services	Bank PHB TNS (Transaction Notification Service	
4	Diamond Bank Plc	Diamond Valucard Diamond Commercial Banking Diamond personal	Diamond Trade Tracker Diamond Dial Account	Diamond Mobile

		banking Diamond corporate banking	Diamond Online Diamond any Time Money Diamond Connect	
5	Ecobank Nigeria plc	Ecobank Regional Card Ecobamk Visa Electron Card Ecobank Master Card Western Union Money Transfer	Ecobank Internet Banking	
6	Equitorial Trust Bank	ETB Money Gram	ETB Worldnet	ETB Glo M-banking Banking
7	Fidelity Bank Plc	Bank@Home	Fidelity I-Banking	Fidelity Mobile

8	First Bank Nigeria Plc	Firstcash Card First Bank Valucard Glo First Cash Card V-pay Card First Bank Master Card Western Union Money Transfer	First Bank U-first First Bank-Eletronic Payment Solution First Bank-alert Banking Services	FIRST Bank-Glo M-Banking
9	First City Monument Bank plc	Debit/ATM cards	Western union money transfer	
10	First Inland Bank plc	Flashmecash Blankcard (ATM)	i-pay (Internet payment) Wasmaster Bank Away	

11	Guaranty Trust Bank plc	GTB ATM Card GTB Master Card GTB valu card GTB e-tranzact scheme payment system GTB funds in transit GTB GAPS GTB Batch payment writer GTB Chegue writer GTB paydirect	GTB western union money transfer GTB autopay GTB electronic notification services GTB Automated interbank services GTB Book Fly-pay – Easy GTB gens GTB Internet Banking GTB Webpay	wed2sms SMS banking
12	IBTC Chartered Bank PLC	IBTC ATM card IBTC Telephone Banking	IBTC chartered online Stock Broking Funds managemert Mutual Funds	

13	Intercontinetal Bank PLC	Direct: mastercard Direct: maestrocard Direct: Instant cash Direct: e-tranzact Access Control/identification card/electronic purse Electronic Tickketing	Internet Banking I-Bursary I-Salary V-Pay Eduportal E-Visa Payment Solution IGR-e-government pay solution	SMS Banking
14	Nigeria International Bank Ltd (citigroup)	Citi credit cards Diner club Citi commercial cards Small business credit cards Credit car merchant services	Online Bill payment Online Trading Electronic account aggregation	Banking wireless services

15	Oceanic Bank International Nig. Ltd	Oceanic ATM Card Oceanic Credit Card	Online Product Ordre E-Registration Western Union Money Transfer E-Ticketing Solution	Mobile Banking Product
16	Sky Bank Ltd.	E-tranzact payment scheme Valu card Sky card	Sky plus	Sky plus
17	Spring Bank Nig. Ltd	Virtual Money Campus Xpress	Online Bills Payment Spring Connect Transaction Notification	
18	Stanbic Bank Nig. Ltd	Credit/Debit Card	Electronic account	
19	Standard Chartered Bank Nig. Ltd	Moneylink (local) Visa business Visa electron Visa platinum	Web Bank	

20	Sterling Bank Nig. Ltd	Western Union Transfer POS Payment Steriling Telephone Banking PC Banking	Sterling I-Banking	
21	Union Bank Nig. Ltd	Union bank ATM Card Money Line (Cash Master) Stallion Money Transfer Valucard/Easy Cash Union Telephone Banking	Western Union Money Transfer	Union Mobile Banking
22	Unity Bank Nig. Ltd	Master Card/Visa Card Load ATM Card	Western Union Money Transfer Unity Bank Electronic Funds Transfer	g. ltd

23	United Bank for Africa Plc. (UBA)	UB Amaster Card UB Amoney Gram	U-direct	
24	Wema Bank Plc	Wema ATM Card Wema ValuCard	Wema Internet Banking Online Banking	Wema Mobile Banking
25	Zenith Bank Plc	Zenith Bank Easy Card Zenith Bank Master Card Zenith Bank valucard Zenith Bank Websufer ATM Salary Solution Automated Cheque Writing Reconciliation Tool	Zenith Bank Western Union Money Transferpay Zenith Bank Internet Banking Automated Direct Payment system Easy For Merchants Online Bill Payment	Zenith Bank Mobile Banking

Source [web sites of all the bank]

www.intercontinentalbankplc.com

www.oceanicbank.com

2.5 MARKETING MIX/STRATEGIES FOR BANK SERVICES

Satisfying the bank services needs of buyers requires the development of an effective marketing mix. Service policies and pricing, distribution and promotional strategies must be combined in an integrated marketing (Daven, 2002). The marketing mix strategies for banks or services firms include product/service policies, pricing strategy, place/distribution strategy and promotional strategy (Greco, 2005).

Product/Services Policies

As with tangible products, bank services may be classified according to their intended use. All services are either consumer services or industrial services. Even when the same services are sold to consumer and industrial buyers, the bank or service firm often maintains separate marketing groups for each market segment.

Pricing Strategy

In the banking or service industry, pricing practices are not substantially different from those in goods industries. In developing a pricing strategy the bank or service market must consider the demand for the service, production, marketing and administrative costs and the influence of competition (Schlissel, 2000). Price negotiation forms an important part of many professional services transactions. Many firms use variable pricing to overcome the problems associated with the perishable nature of services.

Place/Distribution Strategy

Distribution channels for bank services are usually simpler and more direct than channels of distribution for products. In part, this is due to the intangibility for products. The marketer of bank services is often less concerned with storage, transportation and inventory control and shorter channels of distribution are typically employed. Another consideration is the need for continuing personal relationships between performance and users of bank services (Allmost and Troncalli, 2010).

Promotion is an important aspect of the marketing mix for most bank services. For instance, the advertising of bank services is somewhere more challenging than the advertising of products. Since it is more difficult to illustrate intangible services, a variety of strategies may be implemented. One is to make the services seem more tangible by personalizing it. This may be accomplished by featuring employees, celebrities on sports personalities in the advertising.

A second strategy is to attempt to create a favourable image for the services or the service company. Some of the themes used by banks and other service organizations are efficiency, progressiveness, status and friendliness (Johnson, 2004). The desire of many services buyers for a personal relationship with a services seller increases the importance of personal selling. In fact, unless a very simple or highly standardized service is sold, personal selling is usually the backbone of bank services marketing. Sales promotion is difficult because bank services are not tangible.

Sampling. Demonstrations and physical displays are limited but service firms often do use premiums and contests. Publicity is also important for many banks, especially for entertainment and sport events. Television and radio reports, newspaper articles, and magazines features inform the publicity of events and stimulate interest. Contributors to charitable causes, employee services to non-profit organizations, sponsorship of public events and similar activities are also publicized to influence the public's opinion of the bank (Lovelock and Quelch, 1983).

Until recently banking firms lagged behind manufacturing in their use of marketing. Many do not use formal management or marketing techniques. There are also professional services businesses that formerly believed it was unprofessional to use marketing. Most banks faced so much demand or so little competition until recently that they saw no need for marketing.

The traditional four Ps of marketing approach works well for goods, but additional elements require attention in services business. Booms and Bitwer (1981) suggested three additional Ps for service marketing: people, physical evidence and process. Because most services are provided by people, the selection, training and motivation of employees can make a huge difference in customer satisfaction. Ideally, employees should exhibit competence, a caring attitude, responsiveness, initiative, problem solving ability and good will.

Companies also try to demonstrate their service quality through physical evidence and presentation. Finally, service companies can choose among different processes to deliver their services. Restaurants have developed such different formats as cafeteria style, fast food, buffet etc. Banks have also developed such formats as telephone banking, on-line banking etc.

2.6 TASK AND PROBLEMS OF MARKETING BANK SERVICES

Services companies face three tasks/problems: increasing competitive differentiation, services quality and productivity (Onkvisit and Shaw, 2000).

Managing Differentiation

Bank services markets frequently complain about the difficulties of differentiating their services. The deregulation and proliferation of several banks precipitated intense pure competition. To the extent that customers view bank services as fairly homogenous, they care less about the provider than the price. The alternative to price competition is to develop a differentiated offer, delivery or image. The offer can include innovative features.

What the customer expects is called the primary service package and to this can be added secondary services features. The major challenge is that most bank service innovations are easily copied. Still, the company that regularly introduces innovations will gain a succession of temporary advantages over competitors. A bank can hire and train better people to deliver its service. It can develop a more attractive physical environment in which to deliver service or it can design a superior delivery process. Banks or service companies can also differentiate their image through symbols and branding.

Managing Service Quality

A bank firm may win by delivering consistently higher quality service than competitors and exceeding customer expectations. These expectations are formed by their past experiences, word of mouth and advertising. After receiving the service, customers compare the perceived service with the expected service. If the perceived service falls below the expected service, customers loose interest in the provider. If the perceived service meets or exceeds their expectations, they are apt to use the service provided again.

Paraguayan (2001) identified five gaps that cause unsuccessful delivery:

Gap between consumer expectation and perception.

Gap between management perception and service quality specification.

Gap between service quality specification and service delivery.

Gap between service delivery and external communications.

Gap between perceived service and expected service.

Parasuraman et al (2005) also found five determinants of service quality presented in order of importance. They are:

Reliability: the ability to perform the promised service dependably and accurately.

Responsiveness: The willingness to help customers and to provide prompt service.

Assurance: The knowledge and courtesy of employees and their ability to convey trust and confidence.

Empathy: The provision of caring, individualized attention to customers.

Tangible: The appearance of physical facilities, equipment, personnel and communication materials.

Various studies have shown that excellently managed bank service firms share the following common practices: a strategic concept, a history of top management commitment or quality, high standards, systems for monitoring service performance and customer complaints and an emphasis on employee satisfaction.

Managing Productivity

Bank firms are under great pressure to keep costs down and increase productivity. The first is to have service providers work with more skill. The company can hire and foster more skilled workers through better selection and training. The second is to increase the quantity of service by squandering some quality. The third is to “industrialize the service” by adding equipment and standardizing production (Davidow and Uttal, 2006). The fourth is to reduce or make obsolete the need for a service by investing a product solution. The fifth is to design a more effective service. The sixth is to present customers with incentives to substitute their own labour for company labour. The seventh is to harness access to better service and make service workers productive (Landan, 1995).

2.7 HISTORY OF INTERCONTINENTAL BANK

Intercontinental Bank Plc is one of Africa's strongest financial institutions with a robust brand equity that resonates with a reputation for excellent customer service, superior financial performance and a track record of high returns on investment since inception 20 years ago.

Intercontinental Bank was established as a merchant bank in February under the name, Nigerian Intercontinental Merchant Bank Limited on March 1, 1989. By September 1989, the first subsidiary, Intercontinental Securities Limited (INTERSEC), an investment company was set up. Between 1993 and 1996, the bank acquired substantial equity stake in Associated Discount House Limited (ADHL), the largest discount firm in Nigeria and majority equity stake in Equity Bank of Nigeria Limited, a nimble and dynamic commercial bank, to enhance commercial operations of the Group. It also acquired a controlling equity stake in an insurance company, West African Provincial Company (WAPIC) Plc, which expanded the Group’s business into the lucrative insurance business. WAPIC is one of the biggest insurance companies in Nigeria.

By 1999, it became Intercontinental Bank Limited in July following conversion to a Commercial Bank and acquired another commercial bank, Gateway Bank Limited. It converted to universal banking in 2002 and merged with three other banks: Equity, Gateway and Global in October 2005.

From a share capital N12 million in 1989, Intercontinental Bank's Shareholders' Fund is now over N200 billion. Total assets plus contingents is

N1.7 trillion as at February 2008, while Total Deposit liabilities stood at N1.08 trillion.

MISSION

Intercontinental Bank is driven by an inexorable quest for leadership in global finance and passion for excellence in customer service delivery. They are professional, innovative and resilient.

Intercontinental Bank is in business to help their customers, clients, employees, and shareholders build and preserve wealth. Their ability to create value for all stakeholders is driven by a business culture based on common values: Trust in God, Integrity, Helpfulness, Excellence, Resilience ad Fairness.

VISION

Intercontinental Bank's vision to be on all continents is driven by a bold global expansion plan that kicked off with their first offshore subsidiary: Intercontinental Bank Ghana Limited, which commenced operations in 2006 with five branches and head office in Accra. The London subsidiary, Intercontinental Bank UK is up and running. More subsidiary banks will open soon, to exploit identified business windows, in other parts of Africa, America, Europe, Middle East (Dubai) and the Far East (China).

Intercontinental Bank is in technical partnership with BNP Paribas, one of the ten largest banks in the world in the management of Nigeria's foreign reserves. The partnership is also to fuel the bank's drive to being a strong player in global banking by cooperating in areas of trade finance, asset management and product innovation.

In appreciation of the tremendous support from society the bank takes corporate social responsibility seriously. They lead the Nigerian business community in support of two focus areas: education and health.

2.7.1 INTERCONTINENTAL SHAREHOLDING STRUCTURE

The bank commenced business with paid up ordinary share capital of N12 million in 1989. By 2002, it became a publicly quoted company listed on the Nigerian Stock exchange with IPO of 283,995,000 ordinary shares, which was fully subscribed.

Public Offer of 2.75 million ordinary shares in December by 2004 in its quest to exceed the new N25 billion shareholders funds as prescribed by the CBN.

Subscribed by 136% and reaffirming investors' confidence in the bank. In five years it became the most profitable merchant bank in Nigeria.

2.7.2 INTERCONTINENTAL CORPORATE GOVERNANCE

Board of Directors

Intercontinental Bank Plc derives its strength from an experienced, stable and visionary Board as well as crop of experienced, customer-focused and industrious professionals, committed to the highest ideal of service excellence.

Management Team

The Management team of Intercontinental Bank comprises seasoned professionals having sound banking experience and proven track record, headed by the Group Managing Director/Chief Executive Officer - Mr Mahmoud Lai Alabi

2.7.3 INTERCONTINENTAL OPERATING STRUCTURE

The group has been consistent in maintaining a flat operating structure for ease of decision making so as to reinforce its leadership in business strategic as well as in the areas of relationship management and services delivery.

The operating structure is modeled around six businesses facing directorate and three businesses support directorates. The office of the GMD/CEO is supported by the Company Secretariat, the Transaction Banking Group and the Financial Control and Audit Divisions.

2.7.4 INTERCONTINENTAL PEOPLE

With over 10,000 direct and indirect employees, Intercontinental people are without doubt, the strongest assets of the bank as they constitute the driving force' of all the Bank's business and values. In fact, both customers and competitors alike, agree that there is something positively unique about the Intercontinental person.

The Bank's people strategy starts from the point and method of recruitment, which emphasize merit and character, to the point of training and deployment, and retraining to imbibe the well know values and internal culture of the Bank. All of this combines with the highly competitive environment to transform ordinary graduates of different institutions in Nigeria and overseas, to accomplish and well motivated professionals of the finest blends, with a burring desire for self actualization.

2.7.5 INFORMATION TECHNOLOGY

Intercontinental has over 400 online real time business offices in Nigeria and online real time business offices in Ghana, London and Dubai all strategically located in key centers across the countries. With a fully automated back office and front desk for loan processing, payments and transfers, the Bank guarantees quick and efficient services as a spin-off of our formidable e-banking capability which facilitates our offering of internet banking, debit cards, e-payments, mobile banking and credit cards.

The business offices of the Bank have the capability to render services ***online real time*** and the Bank has pioneered various remote banking solutions through their *e-banking* platform, *i*-Direct - a very advantaged internet banking solution.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter examines the method or approach in data collection for the study. These include research design, sources of data, population, sampling size, sampling method and method of data analysis.

3.2 RESEARCH DESIGN

The study made use of survey method. Survey research is defined as the systematic gathering of information from (a sample of) respondents for the purpose of understanding and predicting some aspects of the behaviour of the population of interest. For the purpose of this study, descriptive and explanatory approaches were utilized.

3.3 SOURCES OF DATA

Materials used for this study are gathered from both primary and secondary sources.

3.3.1 PRIMARY SOURCE

Primary data is information sourced by the researcher himself. The information is gathered for a specific purpose or research work. It is therefore more valid and authentic though very costly, time consuming and energy sapping. Questionnaires and personal interviews are the primary data used in this study.

Questionnaire

Questionnaire is a set of questions printed and administered on the respondents. It is simply a formalized approach of asking someone for information. All questionnaires must translate research objectives into specific questions and the answers to these questions must provide data for arriving at conclusions. The questions as much as possible must motivate the respondents to provide the necessary information (Croach, 2000).

In this study, questions were prepared in the questionnaire form and distributed to the staff of the Intercontinental Bank Plc.

PERSONAL INTERVIEW

Personal interview implies a face to face conversation between the interviewer and the respondent or the interviewee. The interviewer asks questions records the respondent’s answers either while the interview is in progress or immediately afterwards.

Personal interview despite its cost is very fast in terms of response and the researcher can influence the interview environment and seek clarification where necessary. Also information gathered through personal interview is unadulterated, giving it an edge over the questionnaire which may be answered with a biased mind by the respondent (Walter, 2001).

For this study, personal interview with some staff and customers of the bank was conducted.

3.3.2 SECONDARY SOURCE

Secondary source of data are data that are developed for some purpose other than helping to solve the problem at hand. The researcher is not involved in gathering secondary data. That is secondary data has been in existence before the problem that is to be solved arose. Secondary data might have originated from the need to keep proper account of an organization, research work, conference, meetings etc. Secondary data is therefore not expensive and is quick to get.

Adequate care must be taken however, before using secondary data. The relevance of the information in terms of how it fits the requirements of the problem at hand has to be ascertained. The accuracy of the information in terms of this unit of measurement must be assessed. Also the source of data has to be known to be able to verify its authenticity (Banker, 2010).

For this study, secondary source of data consists of published books, newspapers and magazines, journals and Intercontinental Bank.

POPULATION

A population is a group of persons, organisation or objects about which information is desired. The population of this study consists of 100 of Intercontinental Bank North-East region.

SAMPLE SIZE

It is usually not possible to study the whole population of a researcher's area of study at the same time. As a result, information from a portion of the population is gathered by taking a sample of elements. On the basis of the information gathering from the elements, drawn conclusions about the larger group are deduced. In this study, a sample size of 100 was used. This was in order to allow for more coverage of the study area, and to ensure precision in drawing conclusions.

3.4 SAMPLING METHOD

In this study, sample random sampling was used. Questionnaires were distributed randomly to the respondents. Here each population element has a known and equal chance of being selected.

3.5 METHOD OF DATA COLLECTION

Copies of questionnaire were distributed to the respondents at their place of work personally by the researcher. They were asked to fill the required information at their convenience. Collection of the questionnaires was also personally done by the researcher. A covering letter was attached to each questionnaire assuring the respondents of strict confidentially of their comments and responses.

3.6 METHOD OF DATA ANALYSIS

The data collected were analysed by the use of tables, figures and percentages for some of the questions which do not seek to test the hypothesis, but to obtain some vital information necessary for the study.

The statistical tool used in the testing of hypothesis or statistical significance is the chi-square.

The formula commonly used is:

$$X^2 = \frac{(0 - E)^2}{E}$$

Where:

X^2 - Chi – Square

O - Observed frequency

E - Expected frequency

A suitable low significance level is selected at 0.05 while the degree of freedom is calculated using this formula:

(R – I)(C –I)

Where:

C = Number of Columns

R = Number of Rows

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 INTRODUCTION

This chapter focuses on the presentation and analysis of data based on impact of marketing Bank services in improving customer patronage in the banking sector using Intercontinental Bank as a case study. A total of 100 questionnaires were distributed to staff of the bank and 91 were filled and returned.

Data collected were summarized and analysed by the use of tables, figures and percentages while the chi-square statistical method was used for hypothesis testing.

4.2 DATA PRESENTATION AND ANALYSIS

Table 4.1: Sex Distribution of Respondents

Responses	Frequencies	Percentage
Male	60	65.9
Female	31	34.1
Total	**91**	**100**

Source: Field Data, 2009

Table 4.1 shows that 60 (65.9%) of the respondents are male while 31 (34.1%) are female. This indicates that both sexes are represented in the study. However the males are more than the females.

Table 4.2: Age Distribution of Respondents

Responses	**Frequency**	**Percentage**
20-25 years	2	2.2
26-30 years	44	48.4
31-35 years	24	26.4
36-40 years	13	14.3
41 and above	8	8.7
Total	**91**	**100**

Source: Field Data, 2009

Table 4.2 indicates that 2 (2.2%) of the respondents are between 20-25 years of age; 44 (48.4%) are between 26-30 years of age; 24 (26.4%) are between 31-35 years of age; 13 (14.3%) are between 36-40 years of age and

8 (8.7%) are 41 years and above. This means that majority of the respondents are adults.

Table 4.3: Job Status of Respondents

Responses	**Frequencies**	**Percentage**
Management staff	12	13.2
Senior staff	33	36.4
Junior staff	46	50.4
Total	**91**	**100**

Source: Field Data, 2009

Table 4.3 reveals that 12 (13.2%) of the respondents are management staff; 33 (36.4%) are senior staff and 46 (50.4%) are junior staff. This means all categories of staff in the organisation are represented in the study.

Table 4.4: Duration of Years Spent In the Organization

Responses	**Frequencies**	**Percentage**
1-5 years	18	19.7
6-10 years	37	40.7
11-15 years	21	23.1

16 and above	15	16.5
Total	**91**	**100**

Source: Field Data, 2009

Table 4.4 reveals that 18 (19.7%) of the respondents have 1-5 years working experience in the organization; 37 (40.7%) have 6-10 years experience; 21 (23.1%) have 11-15 years experience and 15 (16.5%) have 16 years and above experience. This is an indication that majority of the respondents can give accurate information about marketing of the organisation's services owing to the fact that they have considerable number of years of experience.

Table 4.5: Does your organisation engage in marketing activities?

Responses	**Frequencies**	**Percentage**
Yes	91	100
No	0	0
Sometimes	0	0

Total	**91**	**100**

Source: Field Data, 2009

From table 4.5, we discovered that all the respondents 91 (100%) say that the organisation engages in marketing activities. This underscores the importance of marketing of bank services for increased patronage.

Table 4.6: What is the attitude of staff towards marketing of services in your bank?

Responses	**Frequencies**	**Percentage**
Negative Positive	0 91	0 100
Total	**91**	**100**

Source: Field Data, 2009

Table 4.6 affirms that the staff of the bank have positive attitude towards marketing of the bank's services. All the 91 (100%) attested to this. This means that marketing of the bank's services is taken seriously.

Table 4.7: Do you find it difficult to market your bank's services because of the absence of tangible products?

Responses	**Frequencies**	**Percentage**
Yes	33	36.4
No	30	32.9
Sometimes	28	30.7
Most times	0	0
Total	**91**	**100**

Source: Field Data, 2009

Table 4.7 indicates that 33 (36.4%) of the respondents say they find it difficult to market the bank services; 30 (32. 9%) say that they don't while 28 (30.7%) say they sometimes do. Here lies the intricacy of marketing of services because of the absence of tangible products.

Table 4.8: Does your bank engage in personal selling/marketing of services?

Responses	**Frequencies**	**Percentage**
Yes	91	100
No	0	0
Total	**91**	**100**

Source: Field Data, 2009

From Table 4.8: it is clear that all the respondents 91 (100%) say that the bank engages in personal selling or marketing. This means that apart from the establishment of the marketing department and existence of core marketers, every bank staff is a marketer. The marketing strategies adopted by the bank include the use of core and individual marketers, advertisement through posters, handbills television and radio, newspapers and magazines. Others are sponsorship of social and educational programmes and operation of effective and strategic brand network.

Table 4.9: Is there need for a different marketing strategy for bank services?

Responses	**Frequencies**	**Percentage**
Yes	80	87.9
No	11	12.1
Total	**91**	**100**

Source: Field Data, 2009

Table 4.9 reveals that 80 (87.9%) of the respondents say there is need for a different marketing strategy for bank services while 11 (12.1%) hold a different view. Going by the view expressed by the majority, we can conclude that there is need for a different strategy for marketing of bank services. This is because services differ from tangible goods that can be felt and seen.

Table 4.10: Does the establishment of new banks create any threat to your bank?

Responses	Frequencies	Percentage
Yes No	79 12	86.8 13.2
Total	**91**	**100**

Source: Field Data, 2009

Table 4.10 affirms that 79 (86.8%) of the respondents say other banks are threat to their bank while 12 (13.2%) see other banks as no threat to their bank. The revelation of the table is that other banks are threats to the bank.

The probable reason is because it is one market and all banks are struggling or competing for the same customers. That is to say, all banks are threats to each other.

Table 4.11: How effective is your bank's marketing strategies for its services?

Responses	**Frequencies**	**Percentage**
Effective	42	46.2
Very effective	32	35.2
Not effective	11	12.1
Not very effective	6	6.5
Total	**91**	**100**

Source: Field Data, 2009

Table 4.11 indicates that 42 (46.2%) and 32 (35.2%) of the respondents say the bank marketing strategies is effective and very effective respectively while 11 (12.1%) and 6 (6.5%) say it is not effective and not very effective respectively. Taking the response of the majority into consideration, we can say that the marketing strategies for the bank's services are effective.

Table 4.12: What is the impact of marketing of services in your bank?

Responses	Frequencies	Percentage
Negative	7	7.7
Positive	84	92.3
Total	**91**	**100**

Source: Field Data, 2009

Table 4.12 shows that 7 (7.7%) of the respondents say the impact of marketing of the bank services is negative while 84 (92.3%) say it is positive. The table therefore reveals that marketing of the bank's services has positive impact.

Table 4.13: Has effective marketing of your services led to increase in customer patronage?

Responses	Frequencies	Percentage
Yes	83	91.2
No	8	8.8
Total	**91**	**100**

Source: Field Data, 2009

Table 4.13 affirms that 83 (91.2%) of the respondents say that effective marketing of services has led to increase in the bank's patronage while 8 (8.8%) say otherwise. The table shows that majority of the respondents hold the view that effective marketing of the bank's services has led to increase in customer patronage.

On what are the problems of marketing of services in the bank, the respondents enumerated the following:

- Intangible Nature of Bank Services
- Competition from other Banks
- Institutional Constraints

They however recommended wide spread advertisement, good customer relations, personal marketing and the development of products and services to meet the challenging needs of the customers as ways of enhancing marketing of the bank's services and customers patronage.

HYPOTHESIS TESTING 1

Question 9: Is there need for a different marketing strategy for bank services?

Responses	**Frequencies**	**Percentage**
Yes No	80 11	87.9 12.1
Total	**91**	**100**

Source: Field Data, 2009

CHI – SQUARE (X^2) COMPUTATION

RESPONSES	**O**	**E**	**O.E**	**$(O.E)^2$**	**$(O-E)^2/E$**
YES NO	80 11	45.5 45.5	34.5 -34.5	1190.25 -1190.25	26.1 -26.1

X^2=52.2

Degree of Freedom df = (r – 1) (c – 1)

= (2 -1) (2 -1)

= 1X 1

= 1

I df at 0.05 level of significance = 3.841

Decision Rule: Since the computed value (52.2) is greater than the critical value (3.841), question 9 rejects the null hypothesis and accepts the alternative hypothesis which states that there is need for a different strategy for bank services as distinct from goods.

HYPOTHESIS TESTING 2

Question 14: Has effective marketing of your services led to increase in customer patronage?

Responses	Frequencies	Percentage
Yes	83	91.2
No	8	8.8
Total	**91**	**100**

CHI – SQUARE (X^2) COMPUTATION

RESPONSES	O	E	O.E	$(O.E)^2$	$(O-E)^2/E$
Yes	83	45.5	37.5	1406.25	30.9
No	8	45.5	-37.5	-1406.25	-30.9

X^2=61.8

Degree of Freedom df = (r – 1) (c – 1)

= (2 -1) (2 -1)

= 1X 1

= 1

1 df at 0.05 level of significance = 3.841

Decision Rule: Since the completed value (61.8) is greater than the critical value (3.841), question 14 reject the null hypothesis and accepts the alternative hypothesis which states that effective marketing of services has led to increase in customer patronage in intercontinental bank.

4.3 SUMMARY OF FINDINGS

The study revealed that Intercontinental Bank engages in marketing activities and operates an effective and efficient marketing department. Consequently, the attitude of staff towards marketing of services is positive. Also every member engages in personal selling/marketing while the marketing strategies for the bank include the use of core marketers, advertisement through posters, handbills, television and radio as well as newspapers and magazines. As part of the marketing strategy the organisation sometimes sponsors social and educational programmes.

It was established that the proliferation of banks is a threat to Intercontinental Bank as all the banks are in stiff competition to capture the market. Hence, all banks are scouting for patronage from the same population. The study also revealed that as distinct from goods, there is need for different strategy for bank services.

The marketing strategies for services of the bank provide to be effective with positive impact. This has led to increase in customer patronage and profitability of the bank.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 SUMMARY

The central focus of the study has been quality service delivery and its impact in improving customer patronage in Intercontinental Bank Plc. We have attempted to examine the meaning, characteristic, marketing strategies and problems of services as distinct from tangible goods. Marketing of services is the performance of business activities that directs the flow of services from the producer to the consumer.

Bank services unlike tangibles are characterized by intangibility, inseparability, perishability and variability. Marketing strategies for services include product, pricing, place (distribution) and promotional strategies. The study revealed that the organization (intercontinental bank) engages in marketing activities and staff attitude towards marketing of services is positive. The bank engages also in personal selling of services.

Marketing strategies of the bank include the use of core marketers, individual marketing advertisement through posters, handbills, television and magazines. The marketing strategies of the bank are effective and its impact on productivity is positive. Thus, the effective marketing of services has led to increase in customer patronage of the bank's services.

The study however revealed that the establishment of banks is a threat to intercontinental bank as all banks scramble for customers from the same environment. Also the study established the fact that because service is different from goods, there is need to adopt different marketing strategies for bank services.

5.2 CONCLUSION

The study has enabled us to have a better understanding of marketing of bank services, its strategies and problems in Intercontinental Bank.

The importance of marketing of bank services cannot be over emphasized. This is because banks are financial intermediaries whose essential function is to collect the savings of depositors and lend to fund deserving units. The aim is profit maximization and this underscores the imperative of marketing especially in the face of competition.

Marketing of services has positive impact on the operation of the bank in terms of customer patronage, productivity and profitability. Intercontinental has been striving in marketing of its services. However, a lot still needs to be done as there is always room for improvement. The extent to how a bank can effectively market its services depends on how effective and efficient its marketing plan is.

With the rise in the establishment of banks and competition in the sector, marketing of bank services becomes inevitable. For banks to effectively market their services there is need to develop and adopt a strategy different from marketing tangibles. This calls for not only external marketing but also internal and interacting marketing strategies.

5.3 RECOMMENDATIONS

In the light of issues discussed in this study, the following recommendations are hereby made:

The management of Intercontinental Bank should continue to use television and magazine advertisement to market its products and services. This should be complemented by the use of flyers, billboard and posters etc.

The provision of equipment and infrastructural facilities for easy operations and customer convenience is imperative. The recent renovation of all

Intercontinental Bank branches and provision of new computers and cooling systems is a step in the right direction. The practice should continue and the (IT) technological system upgraded from time to time.

Bank staff should as a matter of company policy be polite, courteous and respond to customer’s needs urgently. In other words, the customer should be treated as a king. Apologies should be rendered for shortcomings and explanations made on areas of conflict due to ignorance on the part of the customers.

Training and retraining of staff should be given top priority. The age of technological advancement and superb service delivery we live in calls for the expertise of staff. This can be achieved through a well implemented staff developmental policy.

Incentives or benefits should be given to core customers in order to retain them and as well as attract new customers to the bank. Benefits like overdrafts, short term loans etc. can be used for this purpose.

The bank should from time to time develop or introduce new products to meet the diverse needs of customers. Obsolete products should periodically be reviewed and fine tuned to make it more appealing.

Staff of the bank should be properly motivated to elicit their best on their jobs. Thus, the motivational factors and welfare/reward system of the organisation should be reviewed.

The use of suggestion box and operation of special telephone lines to get customer complaints, suggestions and remarks about the organisation's performance is necessary. This will help the Management to know customers' problems, views and suggestions on how to enhance the performance of the bank.

To get more publicity and advertise itself, the organisation should engage in sponsorship of social activities like football competitions etc.

The bank should engage in aggressive marketing of its services without compromise. This should involve personal selling, corporate selling and the strengthening of the marketing department of the organisation.

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APPENDIX

QUESTIONNAIRE

Department of Management Technology,
School of Management & Information Technology,
Federal University of Technology,
Yola - Adamawa State.

Dear Respondents,

This questionnaire is part of a project work I am conducting in partial fulfillment for the award of Masters Degree in Business Administration.

Kindly answer the questions to the best of your understanding. The questionnaire is intended to collect necessary data for a study on “Quality Service Deliver and its Impact on Customer Patronage” A case study of Intercontinental Bank Plc. strictly for the purpose of writing the project and information provided will be kept confidential.

Thank you.

Yours sincerely,

Hauwa Ibrahim Alkali

MBA/MT/06/0280

QUESTIONNAIRE

Instruction: Please tick the appropriate box and give your option where needed.

Sex

Male [ ]

Female [ ]

Age

20 – 25 years [ ]

26 – 30 years [ ]

31 – 35 years [ ]

36 – 40 years [ ]

40 and above [ ]

Job Status

Management Staff [ ]

Senior Staff [ ]

Junior Staff [ ]

Duration of years spent in the organization

1 – 5 years [ ]

6 – 10 years [ ]

11 – 15 years [ ]

15 above [ ]

Does your organization engage in marketing activities?

Yes [ ]

No [ ]

What is the attitude of staff towards marketing services in your banks?

Negative [ ]

Positive [ ]

Do you find it difficult to your bank services because of absence of tangible products?

Yes [ ]

No [ ]

Sometimes [ ]

Most times [ ]

Does your bank engage in personal selling/marketing of services?

Yes [ ]

No [ ]

What are the marketing strategies adopted by your bank

____

____

____

Is the need for a different marketing strategy for bank services?

Yes [ ]

No [ ]

Does the establishment of new banks in the country, create any threat to your bank?

Yes [ ]

No [ ]

How effective is your bank marketing strategies for its services

Effective [ ]

Very Effective [ ]

Not Effective [ ]

Not Very Effective [ ]

What is the impact of marketing of services in your bank?

Negative [ ]

Positive [ ]

Has effective marketing of your services led to increase in customer patronage?

Yes [ ]

No [ ]

What are the problems of marketing of services/products in yours bank?

____

____

____

Please recommend ways of enhancing marketing of services in your bank?

____

____

____