



## Customer Relationship Marketing and Performance of Deposit Money Banks in Nigeria

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### ABSTRACT

This study determined whether the application of customer relationship marketing in the deposit money banks has improved or not on customer's satisfaction, development and retention in Anambra state, Nigeria. The population of the study made up of bank marketers and customers in Anambra state. The population being infinite, the study used Cochran's equation of infinite population to determine 135 populations for the study. Questionnaires were analyzed five point likert's scale and hypotheses formulated for the study were tested with the t-test statistical tool with aid of Statistical Package for Social Sciences (SPSS) version 20.0 software package. The study revealed that the application of customer relationship marketing has improved on customer's satisfaction, in the money deposit banks. Also that customer relationship marketing has improved on customer's retention in the money deposit banks. Based on this, the study recommended that the deposit money banks should deliver high customer satisfaction through the provision of high quality service delivery in order to create effective customer relationship.

**Keywords:** *Marketing, Performance, Nigerian Banking Sector and customer's satisfaction*

### INTRODUCTION

Today's customers have relationships with brands, rather than make single purchases. Yet brands must first understand what consumers expect those relationships to look like in order to deliver them. The

brands have to move beyond simply recording demographics and, instead, use relational intelligence to connect customer profiles, behavior across channels and other data to understand specific details of how they would like the customer relationship to play out. Consumers who are looking for quick transactions will be annoyed by too much relationship building, but buyers who want to feel like friends need that additional personalized touch.

Deposit money bank is an important sector in the business world which has a growing impact on all other sectors of the economy because of financial services provisions. In this volatile situation financial institutions were not left out as they are seriously affected by the level of competition both locally and internationally (Saka, Elegunde & Lawal, 2014). In modern days relationship marketing practices are common in general such as gift giving, sending birthday cards etc. Morris and Brunyee (1998) showed that although relationship marketing is widely used, actual practice diverges across companies, from the concepts discussed in the literature. Moreover, companies, which claim to use relationship marketing, do not always show the degree of commitment, which the literature might suggest. Sheedy (1997) indicated that in banking, relationship marketing has not always been carefully implemented. This would suggest that there is still a need to understand relationship marketing better in general and in banks in particular, and think of better strategies in implementing relationship marketing. Perrien, Filiatrault and Ricard

(1992) suggested that strong competitive pressure has forced financial institutions to revise their marketing strategies and to stress long-lasting relationships with customers. Most banks have tried to differentiate from other banks by offering supporting services, which is a first step towards relationship marketing. Many banks would also claim to have implemented relationship marketing more fully by developing closer relations with their clients (Abyseker & Kumaradeepan, 2012).

The highly competitive Nigerian banking industry has made banks to be proactive in innovating different products, offering incentives, deploying new distribution platforms massively, indulging in promotional acts, training employees, building branches and increasing use of technology in order to satisfy customers (Haruna, 2015). Despite all these efforts, deposit money banks faced with considerable marketing challenges such as pressure selling from marketing personnel especially if they want customers to open an account. There are also challenges of weak services, long queues and huge crowds in the banking halls. Ogunnaike and Olaleke (2010) stated that majority of Nigerian banks encounter similar problems in meeting customers' expectations of services and customers satisfaction, ranging from problems of money transfer, long queues and huge crowds in the banking halls. Adeoye and Lawanson (2012) opined that most of the long queues and huge crowds in the banking halls are as a result of breakdown of computers and at times as a result of cashiers absconding from duty and passing the bulk to someone else.

Furthermore, loyal customers can provide the foundation for growth which leads to competitiveness in the industry. Also, the belief that relationship marketing (RM) investment builds stronger, more trusting customers relationship and improves financial performance has led to massive spending on customer relationship programme (Schroder & Lacobulli 2001). Sheth (2005) also opines that customer relationship marketing would result into customers' retention which has to do with creating relationship, Customers loyalty which has to do with developing relationship, and customer interaction may lead to customer retention.

A major consequence of increased competition and changes in the market place has been the need for banks to become more market-oriented and to engage in marketing activities.

Quite a number of authors has been discussed marketing techniques to banking; Saka, Elegunde and Lawal (2014) carried out in Ojo Local Government Area of Lagos State, Nigeria and it was targeted a population of 150 employees and customers of selected banks. Abyseker and Kumaradeepan (2012) ascertain how customer relationship marketing (CRM) can be used as a strategy to compete in the market. Primary data were collected from the customers of one state bank and private bank. Haruna (2015) examining product, price, place, promotion people, process and physical evidence as drivers of retail bank customer satisfaction of 405 respondents comprising of academic and senior non-academic staff in universities and polytechnics in North east region of Nigeria. Areo (2015) identifying the various marketing principles being applied, and which actually enhanced consumers' value and consumers' satisfaction among top ten banks that survived the re-capitalization and consolidation process carried out by the Central Bank of Nigeria.

Moreover, prior studies have revealed how marketing shape the way banks maximized profits by acquiring satisfied customers, developing customers and retaining the customers. Studies carried out in foreign countries affirmed that the application of marketing prove successful though with initial resistance by bank managers (Oni, 2002; Nunnally, Plath & Nnadozie, 2000). Based on the above development, this study set out to determine whether the application of customer relationship marketing in the deposit money banks has improve or not on customer's satisfaction, development and retention in Anambra state, Nigeria among marketers and customers.

## **REVIEW OF RELATED LITERATURE**

### **Customer Relationship Marketing**

Customer relationship marketing (CRM) is a sub of relationship marketing (RM) which has to do with the process of identifying, developing, maintaining and terminating relational exchange with customers in order to enhance performance. Customers relationship marketing concentrate more on the emotional and behavioural, which are determine by bonding empathy reciprocity and trust (Sin, 2005 & yau, 2000).

Customer relationship marketing is the step of evolution of marketing. In the current world business organizations such as banks concentrate more on consumerized product and services. Hence, banks

used customer relationship marketing as a tool for gaining competitive advantages. Lages (2005) posit that customer relationship marketing is determined by information sharing, communication quality, long term relationship orientation and satisfaction with relationship.

Hewett (2002), Hibbard (2001). Opine that trust and commitment are two key factors to build or construct customer's relationship marketing. However, Ndubisi (2007) found that trust contributes more significantly than commitment. Ducan and Moriarty (2008); Lages (2005); Helfert (2002); Verhof (2003) pointed out that that commitment is considered necessary for customer relationship. Communication, an antecedent to customer retention, and to positively affect relationships, Kumar, Schear and Streenkamp (2005) demonstrated that relationship with greater total independence exhibit higher trust, stronger commitment, and lower conflict than relationship with lower interdependence Crosby (2009) expresses that customer relationship is determined by trust and satisfaction.

Akpan (2005) notes that customers represent profit and market share, most organization; particularly the banking industry is placing emphasis on the building of long-term customer relationship as a key ingredient to any loyalty programme. It therefore emphasizes providing a range of products or services to existing customers as they need them.

Buchanan and Gilles(1990) assert that the increased profitability associated with customer retention effort occurs because of the fact that customer that stays with non-lend tend to be satisfied with the relationship and are less likely to switch to customer making it difficult for the competitor to enter market or gain market share. Richard et al (2009) notes that performance should be related to factors such as profitability, improved service delivery, market share growth and improved productivity. Performance is the degree of efficiency and effectiveness with which organizational objectives are achieved.

### **Relationship Marketing**

The term "Relationship Marketing" has become a popular concept among the practitioners of marketing as well as academics during the last decades. Various academic and professional organizations defined relationship marketing in different ways. Grönroos (1990) has proposed a customer-oriented definition of marketing, which highlights a number of essential

elements in business relationships. According to him "Marketing is to establish, maintain and enhance (usually, but not necessarily, long-term) relationship with customers and other partners, at a profit, so that the objectives of the parties involved are met. Thus Relationship marketing differs from traditional mass marketing since it does not seek a temporary increase in sales, but attempts to create involvement and product loyalty by building a permanent bond with the customer. While it may be used to facilitate product repositioning, gain competitors' customers, or help to launch new products, the ultimate goal is to increase sales in the long term.

Relationship marketing can be compared by its counterparts known as transactional marketing. A variety of authors have tried to differentiate transaction marketing from relationship marketing. Relationship marketing is the missing link for many companies trying to determine the best strategy for retaining customers and turning current ones into brand advocates. Successfully using this tactic requires re-imagining marketing. Rather than something you do just to make a sale, turn your marketing efforts into an opportunity to build deeper long-term connections with your customers.

Quite number of studies has been carried out on marketing and customer's satisfaction across the globe in different discipline; Saka, Elegunde and Lawal (2014) evaluate the effects of customer relationship marketing on bank performance in Nigeria. The study assesses the major challenges associated with the adoption of customer relationship marketing by Nigerian banks. The study was carried out in Ojo Local Government Area of Lagos State, Nigeria. A sample size of 50 employees and customers were selected using stratified sampling technique and random sampling techniques. Quantitative data from the study was analyzed through descriptive statistics. The result indicates that customer relationship marketing is an effective tool to measure banks performance.

Abyseker and Kumaradeepan (2012) examined how customer relationship marketing (CRM) can be used as a strategy to compete in the market. Data were collected from the customers of one state bank and private bank through questionnaire and interviews. A sample of 100 customers who visit once in a week at least was used. Collected data has analyzed by using both quantitative and qualitative methods to find out the Relationship marketing orientation of customers.

This study found that the concept of relationship marketing helps to increase the operation in the banking system, also there is a significance difference in “relationship marketing orientation” in state bank and private bank.

Haruna (2015) evaluate product, price, place, promotion people, process and physical evidence as drivers of retail bank customer satisfaction. Data were collected from a sample size of 405 respondents which made up of academic and senior non-academic staff in tertiary institution in the North East region of Nigeria through questionnaire administration. Correlation and regression analysis were used for the study. The results showed that product, process and physical evidence were significantly related to customer satisfaction while price, promotion, place and people are not significantly related. It was also found that process is the most influential driver while price is the least influential.

Mammon (2012) showed that among marketing mix elements, product significantly influences customer satisfaction. Addo & Kwarteng (2012) examined the determinants of customer satisfaction and the level of acceptability of services provided by private banks in Ghana. The study used surveyed 140 respondents for their perception about the five dimensions of service quality as regards their banks. They analyzed the data using descriptive statistics, factor analysis and correlation. Their result indicates all five dimensions of service quality are significant predictors of customer satisfaction in retail banks in Ghana.

Harrington and Weaven (2009) evaluate the factors affecting customer satisfaction for e-retail banking in Australia. Factor analysis and regression analysis were used to ascertain factor structure for customer satisfaction. The study found that four factors solution, represented by personal needs of the customer, website organization, user friendliness of the websites and efficiency were rated as high.

In addition, Al-Eisa and Alhemoud (2009) assessed the most salient attributes that influence customer satisfaction with retail banks in Kuwait and to determine the level of the overall satisfaction of the customers of the banks. They found fast service and availability of self-banking services among the crucial attributes.

Areo (2015) appraised the marketing of bank services in some selected banks in Nigeria. the study identified the various marketing principles being applied, and

which actually enhanced consumers’ value and consumers’ satisfaction. The study was carried out among top ten banks that survived the re-capitalization and consolidation process carried out by the Central Bank of Nigeria. Using random sampling 340 bank customers were selected from the ten banks. The primary data were collected through questionnaires and were administered to 340 customers of the selected banks who were chosen from the traffic count and customer cycle per week. The data were analyzed using both descriptive and inferential statistical methods such as percentages; frequency counts mean scores and, histogram. Finally, the result revealed that marketing practices explained 48% of changes in consumers’ satisfaction ( $F = 19.06$ ;  $P < 0.05$ ). The study concluded that applying various marketing concepts enhanced consumers’ satisfaction.

Studies has been carried out in different parts of the country; Saka, Elegunde and Lawal (2014) carried out in Ojo Local Government Area of Lagos State, Nigeria and it was targeted a population of 150 employees and customers of selected banks. Abyseker and Kumaradeepan (2012) ascertain how customer relationship marketing (CRM) can be sued as a strategy to compete in the market. Primary data were collected from the customers of one state bank and private bank. Haruna (2015) examining product, price, place, promotion people, process and physical evidence as drivers of retail bank customer satisfaction of 405 respondents comprising of academic and senior non-academic staff in universities and polytechnics in North east region of Nigeria. Areo (2015) identifying the various marketing principles being applied, and which actually enhanced consumers’ value and consumers’ satisfaction among top ten banks that survived the re-capitalization and consolidation process carried out by the Central Bank of Nigeria.

## Methodology

The population of the study made up of bank marketers and customers in Anambra state. The population being infinite, the study used Cochran’s equation of infinite population to determine the population for the study.

## Sample Size and Sampling Techniques

The sample size was determined using Cochran’s equation of infinite population developed to yield a representative sample for proportions:

$$\text{Formula; } n_0 = \frac{z^2 pq}{e^2}$$

Where; n – sample size

Z – Abscissa of the normal curve that cuts off an area  $\alpha$  at the tail (found in statistical tables which contain area under normal curve)

P – Estimated proportion of an attribute present in the population

q – 1-p

e – Desired level of precision expressed in decimal.

Using a 90% confidence interval; Z = 1.645

e =  $\pm 10\% = 0.1$

p = 0.5 (maximum variable)

q = 1- 0.5 = 0.5.

$$n_0 = \frac{(1.645)^2 (0.5) (0.5)}{(0.10)^2}$$

= 135.30.

## DATA PRESENTATION AND ANALYSIS

**Table 1: Summary of responses using five point Likert's scale**

S/N	QUESTIONNAIRE	SA	A	U	SD	D
1	Banks focused on how to satisfy customers, because of the corporate benefit of customer satisfaction.	49	35	3	11	0
2	The level of failure in banks services indicates ineffective relationship with their customers.	45	37	4	8	4
3	Banks changing from one service provision to the other, most time combining many services together relocating or establishing another branch so as to meet the needs of their customers.	58	20	3	9	8
4	To maintain customer relationship, banks provide variety of products that meet the needs of different market segments	45	33	5	13	2
5	The movement of customers from one bank to the other has created serious apprehension among the banks executives performance.	57	30	4	7	0
6	Banks see customer service excellence as the hallmark of customer or client relationship.	25	46	5	14	8

## Method of Data Analysis Technique

The following statistical techniques were used in the analysis of data obtained from the study: The options to the questions were arranged in a likert scale continuum of 1 to 5 with the following options: Strongly Agree (SA), Agree (A), Undecided (U), Disagree (D), and Strongly Disagree (SD). The questionnaires were analyzed five point likert's scale and hypotheses formulated for the study were tested with the t-test statistical tool with aid of Statistical Package for Social Sciences (SPSS) version 20.0 software package.

### Decision rule:

Using SPSS 5% level of significance, if the estimated t-value is equal or greater  $\geq$  than table (critical) t-value, we reject Null and accept alternate hypothesis.

From table I above, out of 135 copies of questionnaires was distributed, and 98 were returned, this represent 73%.

7	The provisions of customers' service point in most bank branches across the country create customer service relationship.	35	39	4	16	4
8	In order to retain customers, banks should device means of simplifying banking process.	46	41	0	10	1
9	The customer satisfaction is the bedrock of any successful marketing concern.	39	48	0	9	2
10	Satisfying needs and wants of consumers whether tangible or intangible products/ services, is the major concern of all marketing firms.	39	49	8	1	1

Source: Field Survey, 2017

## Test of Hypotheses

### Hypothesis One

Ho: The application of customer relationship marketing has improved on customer's satisfaction, in the money deposit banks.

One-Sample Test						
	Test Value = 0					
	T	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
	2.046	4	.110	19.600	-7.00	46.20
	2.213	4	.091	19.600	-4.99	44.19
	1.961	4	.121	19.600	-8.15	47.35
	2.350	4	.079	19.600	-3.56	42.76
	1.830	4	.141	19.600	-10.13	49.33

### Decision:

From the above one sample t-test table, the five questions give a positive result. The calculated t-value is 10.400 while the table t-value is 1.812. This means that calculated t-value is greater than the table t-value ( $10.400 > 1.812$ ). It shows that the level of failure in banks services indicates ineffective relationship with their customers. We therefore reject null hypothesis and uphold alternative hypothesis which states that the application of customer relationship marketing has improved on customer's satisfaction, in the deposit money banks.

### Hypothesis Two

Ho: Customer relationship marketing has improved on customer's retention in the deposit money banks

One-Sample Test						
	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
	2.673	4	.056	19.400	-.75	39.55
	2.627	4	.058	19.600	-1.11	40.31
	1.971	4	.120	19.600	-8.01	47.21
	1.965	4	.121	19.600	-8.09	47.29
	1.928	4	.126	19.600	-8.63	47.83

### Decision:

From the above one sample t-test table, the five questions give a positive result. The calculated t-value is 11.164 while the table t-value is 1.812. This means that calculated t-value is greater than the table t-value ( $11.164 > 1.812$ ). It shows that Satisfying needs and wants of consumers whether tangible or intangible products/services, is the major concern of all marketing firms. We therefore reject null hypothesis and uphold alternative hypothesis which states that customer relationship marketing has improved on customer's retention in the deposit money banks.

### CONCLUSION

The study established that customer's relationship marketing affects banks performance which is supported by the fact that customers are used on a basis of security. Security is associated with words like promises, honesty, trust, reliability, predictability, and stability, fear of being led down and reduction of uncertainty and risk. Customer relationship marketing reduces the rate at which customer switch from one bank to another (Buchanan & Gilles, 1990). A customer remains loyal to a particular bank in which he/she is being guided by moment of truth. CRM, assist banks in understanding customer psyche. Banks financial performance is also enhanced through improvement in customer retention. Also, customer relationship marketing translate into customer retention for banks thereby increase their market share (Akpan, 2005)

### RECOMMENDATIONS

Based on the findings, the study recommended that:

1. The deposit money banks should deliver high customer satisfaction through the provision of high quality service delivery in order to create effective customer relationship.
2. Banks should ensure that well trained and experienced professionals should be in charge of customer service.

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