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An Examination of the Impact of Relationship Marketing on Customer Patronage and Retention

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Abstract
The study will attempt to examine the Relationship Marketing practices of Zenith bank with the view to assessing their impact on the operations of the Bank in the areas of profit margin, competiveness in the industry, customer satisfaction, and product mix among others. The study is also to examine the impact of Relationship Marketing practices of Zenith bank on customer patronage and retention within the banking industry in Ghana so as to make appropriate recommendations where necessary. The spate of competition is such that industry players ought to map out strategies to retain customers. How does Zenith Bank improve upon its service delivery systems to delight customers? What level of service charges will attract customers to the Bank? How adequate are staff trained to match their "opponents" within the industry? What strategies are in place towards building the capacity of customers? These are relationship marketing issues that the study intends to examine.
Keywords: *Relationship Marketing, Customer Patronage and Retention*

1.0 INTRODUCTION

This maiden chapter gives the general overview of the concepts of a customer, a service, service characteristics, customer satisfaction and loyalty as well as the conduct of customer relationship management in the banking industry of Ghana. General overview of concepts of customer, service, customer behavior and customer relationship management in the banking industry of Ghana

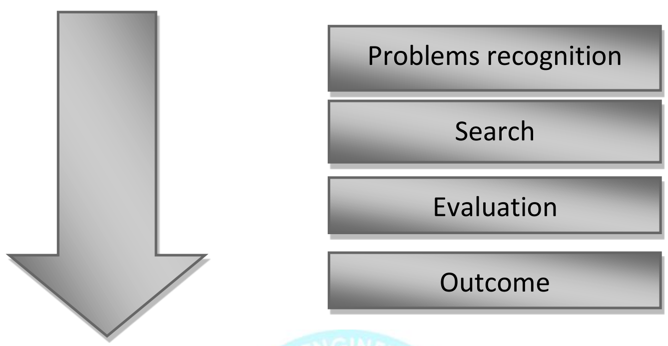
1.1 Definition of a Customer

The terms 'customer' and 'consumer' are often used interchangeably to describe the person or organization which buys the services or products. Bayer (1987) explains that Different organizations use different terminology to describe their customers, or the recipients of their products or services. For those working in the private, profit-making organization, the term customer, or consumer, with its connotation of economic exchange may be apt. Other organizations may seek to de-emphasize this economic relation. Service organizations for example in the view of Taylor (1994) often use the term guest or visitor to refer their customers. Within industrial markets, the customer may be seen as a partner, indeed if we return to the idea of the value chain, the organization and partner will have a keen interest in the end-user. For those working for the public sector, or non-profit organizations, the term customer may carry negative connotations. Other words may be necessary to describe those to whom they provide services. Sheth (1994) also says for example, local government may serve: clients, users, recipients and or beneficiaries. It is usual for one to find that different words will be appropriate in different circumstances and in different service. Jagdish sheth concludes that it may be necessary to have more than one word to describe the relationship between the organization and those who receive its services because the relationship itself is multi-dimensional.

1.1.1 Customer (Consumer) Behavior

What is Customer (Consumer) Behavior? Marking and Narayana (1995) is of the conviction that a product or service that does not provide an answer to a buyer's problem will not be sought or accepted by customers, even if other aspects or the marketing mix, such as advertising, are perfectly designed and executed. Effective marketers find out what customers need and offer them a need-satisfying product; they should want it. Or at least that is the theory. The study and appreciation of consumer behavior should, therefore, give effective marketing management information which can be unused to increase the chances of success in the marketplace. It is worth remembering that marketer's do not dealing in absolutes; there is no guaranteed success attached to adhering to, and implementing, any theory. Judgment and interpretation of information and data will always be necessary. When talking about consumer behavior Fishbein (1980) opines that we are focusing on the activities people engage in when selecting, purchasing and using products so as to satisfy needs and desires in consumer markets. That is, the markets consisting of all buyers and potential buyers for personal or household use such as; food, clothing, textbooks, transportation, recreation and housing.

A Basic Theoretical Model of Consumer Decision Making: Bonoma (2006) submits that Consumers are constantly involved in decision-making; both simple and complex. When one considers the decisions required when making a major purchase such as an apartment and the decisions required for buying a can of Coca-Cola. The former may require a lot of thinking, the latter usually does not. As one can see it is the marketer's job to understand the nature of the decision-making process for different product categories and use the information in developing appropriate marketing mixes. A good starting point for understanding the issues in consumer behavior is the simple model of consumer purchase. Shown in the diagram below:



Model of consumer purchase

According to Kotler and Keller (2006) the model vies the purchase as a process that goes through several stages, problem recognition, search for information, evaluation of alternatives and outcome. This first stage is problem recognition and this stage occurs when a buyer becomes aware of a difference between a desired state and an actual condition. So, for example, you may want a new laptop (the desired state) because: you don't have one, your current one has exploded or your office junior has a new one that is technologically far superior to yours (the actual condition). The individual may be unaware of the problem, or need, and marketers may use sales people, advertising and packaging to aid recognition.

The second stage is information search which begins after the consumer becomes aware of the problem or need and is motivated to achieve the desired state. The search for information may involve internal or external sources. In the internal search, buyers search their memories for information about products that might solve the problem. In the external search, buyers look for information provided by organizations, consumer association, friends and relatives and even the government. This information may be formal or informal. A significant trend over the last decade according to Farrel (1999) is the rapid increase in the amount of information about products. The internet has become a leading source of information on consumer products, offering technical information, product reviews and even comparison tables where potential customers can compare different products. Television channels have seized upon the popular interest in consumer goods and now shows are broadcast which are explicitly concerned with championing the cause of the consumer to enable the consumer to make a better decision.

When successful, Ghingold and Wilson (1998) indicate that an information search yields an **'evoked set'** of products or a group of brands that the buyer views as possible alternatives to purchase. The next stage involves an **evaluation of the alternatives.** In this stage, the consumer establishes as set of criteria against which to compare the characteristics of the products in the evoked set. The consumer rates and eventually ranks the brands in the evoked set using the criteria, and their irrelative importance. This process may be relatively straight forward or highly complex. For instance, a customer may rely upon decision heuristics where the customer simply buys the cheapest product, best known brand, largest quantity etc. Alternatively, Webster and Wind (1992) are of the opinion that the customer may develop a multi-attribute decision making model to assess the relative strengths and weaknesses of the evoked set.

This involves identifying all of the attributes that are important to the individual and giving them a ranking from l (most important) to 5 (least important). The individual will then rate the differing products against each of the criteria. Marketers can influence consumers' alternatives by, for example, describing alternatives and attributes in communications and promotional materials which they know are important to consumers. The outcome stage can be divided into the purchase stage and post-purchase stage. The purchase stage is where the consumer selects the product or brand to be purchased. Such things as product availability, seller choice, distribution outlet and terms of sale may influence the final product selection. The final stage is known as post – purchase evaluation in which the buyer begins to evaluate the product after purchase, based on many of the criteria used in the evaluation of alternatives. Think about a major purchase that you have made. Did you think afterwards: 'Did I make the right decision?' 'Did I get value for money?' This sort of post-purchase thinking and anxiety is common, and if the answer is 'no' cognitive dissonance-doubts that occur when the buyer questions whether the right decision was made in purchasing the product – will result.

The outcome stage of the decision making process is therefore characterized by the degree of the consumer's satisfaction and dissatisfaction with the item bought. This satisfaction is the discrepancy between expectations and performance. If the product performs better than expectations, then the consumer will be satisfied, if the performance is below that of the expectations, the customer will be dissatisfied. As you will be aware, satisfaction is a key factor in determining whether the customer will purchase again in the future. The assurance of performance and the management of customer may be about a product, for instance the advice of a friend; however, they can attempt to ensure that the customer's expectations are realistic. The simple model of consumer decision making is useful in introducing some of the issues involved in understanding consumer behavior. However, it is necessary to appreciate that different customers go through the various stages at different speeds. It is not unusual for consumers to revisit the different stages or even skip a stage. The nature of the decision making process of often shaped by the consumer's level of involvement with the purchase.

Involvement: Involvement is the subjective importance of a purchase to the consumer. Once the need, want or desire has been recognized, the customer decides how much time and effort (involvement) will be put into the process. The level of involvement undertaken must be considered from the perspective of the individual rather than from that of the product or service. Laurent and Kapferer (1985) identified four factors that influence the overall level of involvement. These four factors are:

Self-image: The level of involvement will tend to be high when the decision impacts upon the individual's self-image. For example, the purchase of fashion items or particular makes of cars, such as a BMW.

Perceived risk: The level of involvement will tend to be high when there is an element of risk associated with the purchase. The level of perceived risk can obviously vary from one individual to another. An individual may be particularly sensitive to certain types of food additives thus will have a high level of involvement when buying their grocery. At another level, this could be the purchase of a new house. If the wrong decision is taken (for example, location, type of house, sixe) it could be a costly error of judgment. The level of perceived risk may increase in relation to the financial situation of the individual and the price of the house.

Social factors: The level of involvement will tend to be high when there is a direct link to social acceptance. For example, joining a health club or choosing a dress for a society ball.

Hedonistic influences: The level of involvement will tend to be high when linked to a high level of pleasure as a result of the purchase. For example, this could range from buying luxury chocolates, through to picking a particular restaurant for a special occasion, or a romantic holiday. A poor choice could severely impact upon the level of overall pleasure gained from the experience. Most very expensive mobile phone which enable users to watch TV, browse the internet etc fall into this category.

In the view of Farrel and Schroder (1999) the level of involvement will impact upon the decision making process. If the purchase involves a high level of involvement, the individual will often actively seek out and evaluate information before making the final purchasing decision. The information search may be lengthy and involve a considerable number of sources. For example, when purchasing a flat, the individuals will often seek opinions from significant others, ask for advice from financial advisors and query the estate agent about the conditions of sale.

A considerable amount of time and money will be used before the actual purchase of the house as the individual seeks to reduce the risk of a poor decision. A large number of alternative flats may be considered with extensive comparison and evaluation. The extent of the literature search and evaluation will depend upon the experience that the individual has of purchasing that particular product. Due to the level of risk involved, Taylor (1994) says the individual will usually experience post-purchase dissonance; the evaluation of the purchase is likely to be comprehensive and continue over a considerable period.

In contrast, if the purchase decision is not considered important by the individual or if the purchase is a routine purchase, the decision making process may be short. There may be little need for an information search if the individual is already familiar with the product or the risk of purchasing is low. The evaluation of alternative products may be minimal as the individual depends upon habit or heuristics. The purchase may take place shortly after the realization of the need, post-purchase dissonance may be minimal as the level of risk is low, and the evaluation of the purchase may be short.

Impulse buying can also be considered as a form of low involvement. Here there is no advanced planning on the part of the individual to make a purchase. A classic example is the shopper standing at the check-out counter at the supermarket. Whilst standing in line they see an array of confectionery displayed in front of them. The confectionary may entice the customer to add a chocolate bar to their trolley even though they are not hungry and did not intent to purchase a chocolate bar when they entered the store.

Consumers Decision Making Process: Sheth (1994) says Central to consumer decision making is the flow and management of information by the individual. The manner in which information is processed, filtered and stored by the individual is important to understand how they think, feel and act towards a product or service. Kotler and Keller (2006) identify the following information management and decision making process.

Secretive Attention: Each day we are all bombarded with information about markets, products, services, organizations, individuals, lifestyles, fashions and cultural trends. It is fair to say that most of this information is ignored or forgotten. Individuals will watch television without being able to remember the adverts or programmers. In short, information is filtered out by the process of selective attention to information that crates an impression and or is considered to be relevant to the individual's current situation. Marketers will be particularly concerned with techniques that gain the attention of customers. This can involve consideration of the use of colour, imagery and sound in advertisements, size of billboards and texture of pamphlets. It can also involve careful consideration of the context when planning the communications. For instance, advertisements for fine wines are going to be more suited to gourmet magazines; however, advertisements for discounted wines at a national supermarket may be more effective when placed in a national newspaper on a Saturday morning, to be read just before people go shopping. Those consumers that are involved in the purchase of wines will of course find these advertisements relevant. However, for those products which usually encounter low involvement, the problem of selective attention requires the marketer to link the product to a more involving issue.

Selective Retention: Information that receives the attention of the individual will be stored in the memory of the individual from which it can be later retrieved to direct behavior. The storage of the information however provokes two further inter-related issues; firstly, the manner in which the information is comprehended and secondly, how it is stored with the existing knowledge. All new information is understood from the basis of what is already known. Marketers need to be aware of what information consumers already have and how these individuals categorize this existing information within their memory. So, for example, if a holiday company that promotes tours to European countries wants to launch a new tour to Turkey they need to be aware of the information that consumers have about Turkey and European tours. They also need to know what characteristics people associate with Turkey and the tours and how this information is categories. These characteristics will have helped to shape individual's expectations about Turkey and the tours and so the tour to Turkey will need to be positioned relative to ht existing information. It is quite possible that individuals may perceive a tour of Turkey to be a tour of an Asian, rather than a European country, carrying with it different characteristics associated with the Asian continent.

Selective Retrieval: Information that is stored in the memory is, in theory at least, retrieved to aid decision making. Unfortunately, the timely retrieval of information from memory is often difficult. To assist the individual in recalling information, marketers will offer 'retrieval cues' to assist in the process of recalling information from memory. These cues may include packaging, logos, music or celebrity endorsements which can help the individual to recall the existing information. These retrieval cues can be personal and may be negative or positive. Some organizations have developed their retrieval cues to such an extent that they no longer need to even use the brand name in the retrieval cue. A good example is the use of the distinctive red and white colours as a means to overcome advertising restrictions with Marlboro in Formula one motor racing.

Attitude: Information is stored to enable an individual to evaluate courses of action and thus to direct action. The concept of 'attitude' relates to the process of knowing something about an object, the feelings generated by this knowledge and the behavior directed towards this object. Thus an 'attitude' comprises of three components, the cognitive (thinking), conative (feeling) and behavioral (actions). Most individuals like to believe that they act in a rational manner, thus, as was seen in the decision making process, information will be gathered, this information will be evaluated, from this evaluation feeling will be generated and these feelings will direct behavior. Whilst this process may be true of high involvement purchases, those purchases which are more impulse oriented and experiential will often be proceeded by feelings with the evaluation of information culminating after consumption.

Attitudes are a primary concern within consumer behavior, marketers need to know what individuals think they know about the product, whether they like or dislike the product and their behavior towards this product. Marketers can seek to change the individual's perception of a particular characteristic about the product or encourage the individual to evaluate their knowledge in a different manner. Thus if an individual believes that a post graduate qualification is expensive and time consuming, the university could focus their communications on demonstrating that the course is a long term investment with short term time and financial sacrifices in return for extensive long term benefits. This focus has not sought to question the individual's knowledge, but rather to encourage the individual to reassess how they evaluate the knowledge.

Of course a favourable feeling towards a product or service does not necessarily mean that the individual will act according to this feeling. Most people have favourable attitudes towards particular products but do not act to purchase that product for a number of reasons. Marketers have to consider more than attitudes when studying consumer behavior. It is important to remember that an individual does not exist in isolation; marketers also need to appreciate the input and effect of other people involved in the purchase and consumption of the product.

1.2 Definition of Service

According to Kotler (2007) a 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. Its production may or may not be tied to a physical product. Manufacturers, distributors, and retailers can provide value-added services or simply excellent customer service to differentiate themselves. Many pure service firms are now using the Internet to reach customers. A little surfing on the web will turn up a large number of virtual service providers. Here's what the judges of the 2003 Webby Business awards said about one of their winners:

1.2.1 Service Industries are everywhere

The government sector, with its courts, employment services, hospitals, loan agencies, military services, police and fire departments, postal service, regulatory agencies, and schools, is in the service business. The private nonprofit sector, with its museums, charities, churches, colleges, foundations, and hospitals, is in the service business. A good part of the business sector, with its airlines, banks, hotels, insurance companies, law firms, management consulting firms, medical practices, motion picture companies, plumbing repair companies, and real estate firms, is in the service business. Many workers in the manufacturing sector, such as computer operators, accountants, and legal staff, are really service providers. In fact, they make up a 'service factory' providing services to the 'goods factory'. And those in the retail sector, such as cashiers, clerks, salespeople, and customer service representatives, are also providing a service.

1.2.2 Categories of Service Mix

According to Levitt (1992) a company's offerings often include some service. The service component can be a minor or a major part of the total offering. Five categories of offerings can be distinguished:

1. **Pure tangible good** – the offering consists primarily of a tangible good such as soap, tooth paste, or salt. No services accompany the product.
2. **Tangible good with accompanying services** – the offering consists of a tangible good accompanied by one or more services. Levitt observes that 'the more technologically sophisticated the generic product (e.g. cars and computers), the more dependent are its sales on the quality and availability of its accompanying customer services (e.g., display rooms, delivery, repairs and maintenance, application aids, operator training, installation advice, warranty fulfillment). In this sense, General Motors is probably more service intensive than manufacturing intensive. Without its services, its sales would shrivel.'
3. **Hybrid** – the offering consists of equal parts of goods and services. For example, people patronize restaurants for both food and service.
4. **Major Service** with accompanying minor goods and services – the offering consists of a major service along with additional services or supporting goods. For example, airline passengers buy transportation. The trip includes some tangibles, such as food and drinks, a ticket stub, and an airline magazine. The service requires a capital-intensive good an airplane – for its realization, but the primary item is a service.

5. **Pure service** – the offering consists primarily of a service. Examples include baby-sitting, psychotherapy, and massage. Because of this varying goods – to – service mix, it is difficult to generalize about services without further distinctions. Here are some additional distinctions that can be helpful:
   - Services vary as to whether they are equipment-based (automated car washes, vending machines) or people – based (window washing, accounting services). People-based services vary by whether they are provided by unskilled, skilled, or professional workers.
   - Service companies can choose among different process to deliver their service. Restaurants have developed such different formats as cafeteria-style, fast-food, buffet, and candlelight service.
   - Some services require that client's present and some do not. Brain surgery involves the client's presence, a car repair does not. If the client must be present, the service provider has to be considerate of his or her needs. Thus beauty salon operators will invest in décor, play background music, and engage in light conversation with the client.
   - Services differ as to whether they meet a personal need (personal services) or a business need (business services). Service providers typically develop different marketing programs for personal and business markets.
   - Service providers differ in their objectives (profit or non profit) and ownership (private or public). These two characteristics, when crossed, produce four quite different types of organizations. The marketing programs of a private investor hospital will differ from those of a private charity hospital or a veterans' Administration hospital.

According to Ostrom and Lacobucci (1995) the nature of the service mix also has implications for how consumers evaluate quality. For some services, customers cannot judge the technical quality even after they have received the service. Figure below shows various products and services according to difficulty of evaluation. A t the left are goods high in search qualities – that is, characteristics the buyer can evaluate before purchase. In the middle are goods and service high in experience qualities – characteristics the buyer can evaluate after purchase. At the right are goods and services high in credence qualities – characteristics the buyer normally finds hard to evaluate even after consumption.

1.2.3 Distinctive characteristics of services

Services have four distinctive characteristics that greatly affect the design of marketing programs: intangibility, inseparability, variability, and Perishability. Intangibility Levitt (1981) argues that unlike physical products, services cannot be seen, tasted, felt, heard, or smelled before they are bought. The person getting a face-lift cannot see the results before the purchase, and the patient in the psychiatrist' office cannot know the exact outcome. To reduce uncertainty, buyers will look for evidence of quality. They will draw inferences about quality from the place, people, equipment, communication material, symbols, and price that they see. Therefore, the service provider's task is to 'manage the evidence,' to 'tangibilize the intangible'. Whereas product marketers are challenged to add abstract ideas, service marketers are challenged to add physical evidence and imagery to abstract offers. Booms and Bitner (1991) explain that service companies can try to demonstrate their service quality through physical evidence and presentation.

A hotel will develop a look and a style of dealing with customers that realizes its intended customer value proposition, whether it is cleanliness, speed, or some other benefit. Suppose a bank wants to position itself as the 'fast' bank. It could make this positioning strategy tangible through a number of marketing tools:

1. **Place** – the exterior and interior should have clean lines. The layout of the desks and the traffic flow should be planned carefully. Waiting lines should not get overly long.
2. **People** - personnel should be busy. There should be a sufficient number of employees to manage the workload.
3. **Equipment** – computer, copying machines, and desk should be and look 'state of the art'.
4. Communication material – printed materials – text and photos – should suggest efficiency and speed.
5. **Symbols-** the name and symbol should suggest fast service
6. **Price** – the bank could advertise that it will deposit $5 in the account of any customer who waits in line for more than five minutes.

Carbone and Haeckel (1994) emphasize that service marketers must e able to transform intangible services into concrete benefits. To aid in 'tangibilizing the intangible,' Carbone and Haeckel propose a set of concepts called customer experience engineering. Companies must first develop a clear picture of what they want the customer's perception of an experience to be and then design a consistent set of performance and context clues to support that experience. In the case of a bank, whether the teller dispensed the right amount of cash is a performance clue; a context clue is whether the teller was properly dressed.

The context clues in a bank are delivered by people (humanics) and things (mechanics). The company assembles the clues in an experience blueprint, a pictorial representation of the various clues. To the extent possible, the clues should address all five senses. The Disney Company is a master at developing experience blueprints in its theme parks; so are companies such as Jamba Juice and Barnes & Noble in their respective retail stores. The Mayo Clinic has set new standards in the health care industry. Inseparability Kotler (2002) believes that services are typically produced and consumed simultaneously. This is not true of physical goods, which are manufactured, put into inventory, distributed through multiple resellers, and consumed later. If a person renders the service, then he provider is part of the service. Because the client is also present as the service is produced, provider-client interaction is a special feature of services marketing. In the case of entertainment and professional services, buyers are very interested in the specific provider. It is not the same concert if Madonna is indisposed and replaced by Shania Twain, or if a legal defense will be supplied by John Nobody because antitrust expert David Boies is unavailable. When clients have strong provider preferences, price is raised to ration the preferred provider's limited time.

Several strategies exist for getting around his limitation. The service provider can learn to work with larger groups. Psychotherapists have moved from one-on-one therapy to small-group therapy to groups of over 300 people in a large hotel ballroom. The service provider can learn to work faster – the psychotherapist can spend 31 more – efficient minutes with each patient instead of 50 les-structured minutes and can see more patients. The service organization can train more service providers and build up client confidence, as H&R Block has done with its national network of trained tax consultants. Creative artists have also developed techniques to overcome the limits of inseparability.

Variability because services depend on who provides them and when and where they are proved, they are highly variable. Some doctors have an excellent bedside manner; others are less patient with their patients. Some surgeons are very successful in performing a certain operation; others are not. Service buyers are aware of this variability and often talk to others before selecting a service provider. Here are Zahay and Griffin (2002) three steps service firms can take to increase quality control.

a. **Invest in good hiring and training procedures**: Recruiting the right employees and providing them with excellent training is crucial, regardless of whether employees are highly skilled professionals or low-skilled workers. Ideally, employees should exhibit competence, a caring attitude, responsiveness, initiative, problem-solving ability, and good will. Service companies such as FedEx and Marriott empower their front-line personnel to spend up to $100 to resolve a customer problem.
b. **Standardize the service-performance process throughout the orga**nization. This is done by preparing a service blueprint that depicts events and processes in a flowchart with the objective of recognizing potential fail points. Figure below shows a serviced blueprint for a nationwide floral-delivery organization. The customer's experience is limited to dialing the phone, making choices, and placing an order. Behind the scenes, the floral organization gathers the flowers, places them in a vase, delivers them, and collects payment. Any one of these activities can be done well or poorly.
c. **Monitor customer satisfaction.** Employ suggestion and complaint systems, customer surveys, and comparison shopping. General electric sends out 700,000 response cards a year asking households to rate its service people's performance. Citibank checks continuously on measures of art (accuracy, responsiveness, and timeliness). Firms can also develop customer information databases and systems to permit more personalized, customized service. Perishability services cannot be stored. Perishability is not a problem when demand is steady. When demand fluctuates, service firms have problems. For example, public transportation companies have to own much more equipment because of rush-hour demand than if demand were even throughout the day. Some doctors charge patients for missed appointments because the service value exists only at that point. According to Sasser (1996) several strategies can produce a better match between demand and supply in a service business. One the demand side:
   - **Differential pricing** will shift some demand from peak to off-peak period. Examples include low early evening movie prices and weekend discount prices for car rentals.
   - **Nonpeak demand** can be cultivated. McDonald's pushes breakfast service, and hotels promote mini-vacation weekends.
   - **Complementary services** can be developed to provide alternatives to waiting customers, such as cocktail lounges in restaurants and automatic teller machines in banks
   - **Reservation systems** are a way to manage the demand level. Airlines, hotels and physicians employ them extensively.

- **Part-time employees can be hired to serve peak demand**. Colleges add part-time teachers when enrolment goes up, and restaurants call in part-time servers when needed.
- **Peak-time efficiency routines can be introduced**. Employees perform only essential tasks during peak periods. Paramedics assist physicians during busy periods.
- **Increased consumer participation can be encouraged.** Consumers fill out their own medical records or bag their own groceries
- **Shared services can be developed**. Several hospitals can share medical-equipment purchases.
- **Facilities for future expansion** can be developed. An amusement park buys surrounding land for later development

1.2.4 Marketing strategies for service firms

At one time, service firms lagged behind manufacturing firms in their use of marketing because they were small, or they were professional businesses that did not use marketing, or they faced large demand or little competition. This has certainly changed. "Marketing memo: A service marketing checklist" outlines the questions top service marketing organization should be asking.

1.2.4.1 A shifting customer relationship

In the view of Hlovits (2003) not all companies, however, have invested in providing superior service, at least not to all customers. Business Week, in its October 23, 2000, issues, carried a cover story called "why service stinks," based in part on the fact that from 1994 to 2000, customer satisfaction in the United States dropped 12.5 percent for airlines, 8.1 percent for banks, 6.5 percent for stores, and 4 percent for hotels. Customers complained about inaccurate information; unresponsive, rude, or poorly trained personnel; and long wait vice complaints are on the rise, even though many complaints never actually reach a live human being. Here are some statistics given that should give service companies and customer service department pause:

- On the phone. Some 80 percent of the nation's companies haven't figure out how to get customers the assistance they need.
- Online. Forrester research estimates that 35 percent of all e-mail inquiries to companies don't get a response within 7 days and about 25 percent don't get a response at all.
- Interactive voice response. While many of America's largest companies have installed call routing software called interactive voice response systems, more than 90 percent of financial services consumers say they don't like them.

Bruce Holovits says in former times, service companies held out a welcoming had to all customers, but these companies now have so much data on individuals that they are able to classify their customers into profit tiers. So service is not uniformly bad for all customers. Airlines, hotels and hanks all pamper good customers. Big spenders get special discounts, promotional offers, and lots of special service. The rest of their customers get higher fees, stripped – down service, and at best a voice message to answer inquires.

Financial services giants have installed special software that tells them in an instant when a lucrative customer is on the phone. Such systems immediately send the call ahead of dozens – even hundreds – of other callers who must wait while the big spender gets special attention. Charles Schwab's best customers get their calls answered in 15 seconds; other customers can wait 10 minutes or more. Sears send a repairperson to its best customers within two hours; other customers wait four hours. This shift from a customer service democracy to a meritocracy is also a response to lower profit margins resulting from customers becoming more price-driven and less loyal. Companies are now driven to seek ways to squeeze more profit out of the different customer tiers. Firms have decided to raise fees and lower service to customers who barely pay their way, and to coddle big spenders to retain their patronage as long as possible.

1.2.4.2 Holistic marketing for services

Because service encounters are complex interactions affected by multiple elements, adopting a holistic marketing perspective is especially important. The service outcome, and whether or not people will remain loyal to a service provider, is influenced by a host of variables. Keaveney identified more than 800 critical behaviors that cause customers to switch services. These behaviors can be placed into one of eight categories. Holistic marketing for services requires external, internal, and interactive marketing. External marketing describes the normal work of preparing, pricing, distributing, and promoting the service to customers. Internal marketing describes training and motivating employees to serve customers well. Berry has argued that the most important contribution the marketing department can make is to be 'exceptionally clever in getting everyone else in the organization to practice marketing.'

1.2.4.3 Managing service quality

The service quality of a firm is tested at each service encounter. If retail clerks are bored, cannot answer simple questions, or are visiting with each other while customers are waiting, customers will think twice about doing business again with that seller.

1.3 Customer Expectations from Relationship Management

Customers form service expectations from many sources, such as past experiences, word of mouth, and advertising. In general, customers compare the perceived service with the expected service. If the perceived service falls below the expected service, customers are disappointed. If the perceived service meets or exceeds their expectation, they are apt to use the provider again. Successful companies add benefits to their offering that not only satisfy customers but surprise and delight them. Delighting customers is a matter of exceeding expectations.

1. **Gap between consumer expectation and management perception**- management does not always correctly perceive what customers want. Hospital administrators may think that patients want better food, but patients may be more concerned with nurse responsiveness.
2. **Gap between management perception and service-quality specification** – management might correctly perceive customers' wants but not set a performance standard. Hospital administrators may tell the nurses to give 'fast' service without specifying it in minutes.
3. **Gap between service-quality specifications and service delivery** – personnel might be poorly trained, or incapable of or unwilling to meet the standard; or they may be held to conflicting standards. Such as taking time to listen to customers and serving them fast.
4. **Gap between service delivery and external communications** – consumer expectations are affected by statements made by company representatives and ads. If a hospital brochure shows a beautiful room, but the patient arrives and finds the room to be cheap and tacky looking, external communications have distorted the customer's expectations.
5. **Gap between perceived service and expected service** – this gap occurs when the consumer misperceives the service quality. The physician may keep visiting the patient to show care, but the patient may interpret this as an indication that something really is wrong.

1.3.1 Best practices of service – quality management

Various studies have shown that well-managed service companies share the following common practices: a strategic concept, a history to top – management commitment to quality, high standards, self –service technologies, systems for monitoring service performance and customer complaints, and an emphasis on employee satisfaction. "Marketing memo: recommendations for improving service quality" also offers a comprehensive set of guidelines for service marketers. Rackspace, a San Antonio-based web-hosting company, embodies many of these practices.

Self-service technologies (SSTS) as is the case with products, consumers value convenience in services. Many person-to-person service interactions are being replaced by self-service technologies. To the traditional vending machines we can add Automated Teller Machines (ATMs), self-pumping at gas stations, self-checkout at hotels, self – ticket purchasing on the internet, and self-checkout at hotels, self-ticket purchasing on the internet, and self-customization of products on the internet. Not all SSTs improve service quality, but they have the potential of making service transactions more accurate, convenient, and faster. Every company needs to think about improving its service using SSTs.

Companies would be smart to enable customers to call the company when need more information than the SST provides. Online hotel reservation web sites often include a "Call Me" button. If the customer clicks on it, a service rep will immediately phone the person to answer clicks on it, a service rep will immediately phone the person to answer a question. Even banks miss an opportunity to use their ATMs. A customer might draw money from the ATM and see the message: "Call 1-800-123 to earn more interest", but the customer goes home and forgets to call. The ATMs message could have been: "you have $6,000 over the required balance."

Imagine an auto insurance company wanting to improve its claim service and assistance. Normally, a driver involved in an accident has to wait for a claims adjuster to show up, assess the damage, and offer a settlement. The insurance company's web site could include step-by-step guidelines telling the insured person what to do. It would list the kinds of documents needed by the police, and by the hospital; suggest the names of reliable medical and legal professional; and list reputable car-rental firms and repair shops in the customer's area. Claim forms would be filled out on the web site. The claims adjuster, when he or she visits the driver, can use a handheld mobile computing device and digital camera to photograph the damage, send a streaming video back to headquarters, get approval, and print out a check for car repair on the spot. When initiating self-service technologies, some companies have found that the biggest obstacle is not the technology itself, but convincing customers to use it. "Marketing Memo: getting self-service Kiosks off the Ground" offers some tips.

1.4 Definition of Customer Relationship Management (CRM)

CRM (customer relationship management) is an information industry term for methodologies, software, and usually Internet capabilities that help an enterprise manage customer relationships in an organized way. For example, an enterprise might build a database about its customers that described relationships in sufficient detail so that management, salespeople, people providing service, and perhaps the customer directly could access information, match customer needs with product plans and offerings, remind customers of service requirements, know what other products a customer had purchased, and so according to one industry view, CRM consists of:

- Helping an enterprise to enable its marketing departments to identify and target their best customers, manage marketing campaigns and generate quality leads for the sales team.
- Assisting the organization to improve telesales, account, and sales management by optimizing information shared by multiple employees, and streamlining existing processes (for example, taking orders using mobile devices)
- Allowing the formation of individualized relationships with customers, with the aim of improving customer satisfaction and maximizing profits; identifying the most profitable customers and providing them the highest level of service.
- Providing employees with the information and processes necessary to know their customers understand and identify customer needs and effectively build relationships between the company, its customer base, and distribution partners.

Many organizations turn to CRM software to help them manage their customer relationships. CRM technology is offered on-premise, on-demand or through Software as a Service (SaaS) CRM, depending on the vendor. Recently, mobile CRM and the open source CRM software model have also become more popular.

1.5 The importance of customer loyalty and Principles of Building Customer Relationship Management

There is lots of academic literature on how to build loyalty but it is not always aimed at the smallest of businesses. Roberts (2003) identifies the six principles of building a more loyal customer base;

i. A company cannot buy a customer's loyalty. But customers will gladly give it to the company that keeps giving them what they want. Once the company stops, they are gone.
ii. An existing customer is easier and cheaper to sell to than a new one so there is the need for the company to split it activities accordingly.
iii. Look at the company's customer service. 'Moments of truth' are what happens when a customer speaks to you (e.g. to change details or ask for more information) and they are what will determine whether a customer stays and buys more, or leaves.
iv. Make the customer want to stay and buy from you - get them to bond with the company. Why would they want to risk going anywhere else when they can rely on the company to meet their needs?
v. Use what the company knows about them. This means more than just personalization, it means tailoring your product or service offering to what they want.
vi. Do not mistake a Reward Scheme (points for purchases or sales promotions) for a loyalty scheme (creating bonds). Reward schemes generate loyalty to the points, not to just the company.

The principle of building loyalty is the utmost important issue with regards to customer centricity. Money cannot buy a customer's loyalty, rather every effort must be devoted into achieving the loyalty of the customer by given the customer what they want. By doing this the customer would not have any reason going elsewhere, when they can be treated special by the business?

Hallowell (1996) defines customer loyalty as the relationship a customer maintains with the seller after the first transaction. Gremler and Brown (1996) categories three aspects of customer loyalty: cognitive, affective and behavioural. Cognitive is the customer's expressed future buying intentions; affective is the customer's feeling of attachment to or affection for a company's people, products or services; and behavioural refers to the actual purchase pattern of the customer. Although Andreassen and Lindestad (1998) have proposed that the general feeling of satisfaction felt by a customer is the result of purchase encounters, it need not be based on previous transactional experiences.

The stages for developing a long-term customer relationship suggested by Gronroos (1990) in his loyalty model are establishing, maintaining and enhancing the link. Keeping or retaining the customer is the most important step in this model. This is based on satisfaction arising from an initial contact or through purchase experience, especially the last encounter between the customer and the service provider. It is worth noting, however, that Storbacka et al. (1994) argue that customer satisfaction is only one dimension in building relationship strength and that environmental factors such as market concentration can also affect the longevity of the relationship.

The economic argument for preventing customer defection is reflected by Reicheld and Sasser's (1990) observations when researching a credit card company. They found that a decrease in defections by just 5 per cent would boost profits by 25 per cent to 85 per cent. They concluded that customer defections have significant impact on a company's profitability. Reicheld and Sasser's (1990) went on to suggest that customer retention should be a key performance indicator for senior management and a fundamental component of any bonus or incentive scheme. Stone's (1998) proposal that the net economic contribution of customer longevity is dependent on the concept of the "good" and "bad" customer support findings in retail banking. They reported that customer satisfaction was greater among the most unprofitable (high volume) customers.

The aim therefore for a business is to identify and segregate the good from the bad customers so as and to direct the company's improved or modified service qualities at the good customers to retain their loyalty. Bachelor (1998) in arguing that customer loyalty is not appropriate for commodity products where selling price seems to play a major role in the purchase decision, ask the question "Is there such thing, any more, as customer loyalty?" Nonetheless, the service management literature shows increasing interest in relationship strategies where the focus is evidently on building customer satisfaction and loyalty.

1.6 Role Technology Plays in Customer Relationship Management within Ghanaian Banking Industry

Over time, technology has increased in importance in Ghanaian banks. Traditionally, banks have always sought medium through which they would serve their clients more cost-effectively as well as increase the utility to their clientele. Their main concern has been to serve clients more conveniently, and in the process increase profits and competitiveness. Electronic and communications technologies have been used extensively in banking for many years to advance agenda of banks. In Ghana, the earliest forms of electronic and communications technologies used were mainly office automation devices. Telephones, telex and facsimile were employed to speed up and make more efficient, the process of servicing clients. For decades, they remained the main information and communication technologies used for transacting bank business.

Later in the 1980s, as competition intensified and the personal computer (PC) got proletarian, Ghanaian banks begun to use them in back-office operations and later tellers used them to service clients. Advancements in computer technology saw the banks networking their branches and operations thereby making the one-branch philosophy a reality. Barclays Bank (Gh.) and Standard Chartered Bank (Gh.) pioneered this very important electronic novelty, which changed the banking landscape in the country.

Arguably, the most revolutionary electronic innovation in this country and the world over has been the ATM. In Ghana, banks with ATM offerings have them networked and this has increased their utility to customers. The Trust Bank Ghana, in 1995 installed the first ATM. Not long after, most of the major banks began their ATM networks at competitive positions. Ghana Commercial Bank started its ATM offering in 2001 in collaboration with Agricultural Development Bank. The ATM has been the most successful delivery medium for consumer banking in this county.

Another technological innovation in Ghanaian banking system is the various electronic cards, which the banks have developed over the years. The first major cash card is a product of Social Security Bank, now Soceite Generale SSB, introduced in May 1997. Their card, 'Sika Card' is a value card, onto which a cash amount is electronically loaded. In the earlier part of year 2001 Standard Chartered Bank launched the first ever debit card in this country. Its functions have recently been integrated with the customers' ATM cards, which have increased its availability to the public since a separate application process is not needed to access it. A consortium of three (3) banks (Ecobank, Cal Merchant Bank and The Trust Bank) introduced a further development in electronic cards in November 2001, called 'E-Card'. This card is online in real time, so anytime a client uses the card, or changes occur in their account balance, their card automatically reflects the change.

Though ATMs have enjoyed great success because of their great utility, it has been recognized that it is possible for banks to improve their competitive stance and profitability by providing their clients with even more convenience. Once again ICT was what saved the day, making it possible for home and office banking services to become a reality. In Ghana, some banks started to offer PC banking services, mainly to corporate clients. The banks provide the customers with the proprietary software, which they use to access their bank accounts. This is on a more limited scale though, as it has been targeted largely at corporate clients. Ghana Commercial Bank, Ecobank (Gh.) Ltd, Standard Charted Bank (Gh.) Ltd. and Barclays Bank (Gh.) Ltd and Stanbic Bank (Gh.) are the main banks known to offer PC banking services.

Banks have recognized the internet as representing an opportunity to increase profits and their competitiveness. Currently, most banks are offering internet banking (i-banking) in Ghana, as well as some have well laid plans to start. Telephone banking, has also taken a big leap with its convenience and time. Barclays Bank (Gh.) launched its telephone banking services in August 28, 2002. SSB Bank also launched its "Sikatel" or "SSB Call Centre" (telephone banking) in September 19, 2002. The services available with this system are ascertaining credible information about the bank's products, the customers' complaints, bank statements and cheque book request and any other complaints and inquiry.

1.6.1 Forms of I-T Innovations (Electronic Delivery Channels)

Electronic Banking is really not one technology, but an attempt to merge several different technologies. Each of these evolved in different ways, but in recent years' different groups and industries have recognized the importance of working together. Bankers now see a kind of evolution in their business, partly, because the world has taken a quantum leap in the use of technologies in the last several years. The various electronic delivery channels are discussed below:

1.6.2 Automated Teller Machines (ATMs)

Rose (1999), describes ATMs as follows: "an ATM combines a computer terminal, record-keeping system and cash vault in one unit, permitting customers to enter the bank's book keeping system with a plastic card containing a Personal Identification Number (PIN) or by punching a special code number into the computer terminal linked to the bank's computerized records 24 hours a day". Once access is gained, it offers several retail banking services to customers. They are mostly located outside of banks, and are also found at airports, malls, and places far away from the home bank of customers. They were introduced first to function as cash dispensing machines. However, due to advancements in technology, ATMs are able to provide a wide range of services, such as making deposits, funds transfer between two or accounts and bill payments. Banks tend to utilize this electronic banking device, as all others for competitive advantage.

The combined services of both the Automated and human tellers imply more productivity for the bank during banking hours. Also, as it saves customers time in service delivery as alternative to queuing in bank halls, customers can invest such time saved into other productive activities. ATMs are a cost-efficient way of yielding higher productivity as they achieve higher productivity per period of time than human tellers (an average of about 6,400 transactions per month for ATMs compared to 4,300 for human tellers (Rose, 1999). Furthermore, as the ATMs continue when human tellers stop, there is continual productivity for the banks even after banking hours.

1.6.3 Telephone Banking

"Telebanking (telephone banking) can be considered as a form of remote or virtual banking, which is essentially the delivery of branch financial services via telecommunication devices where the bank customers can perform retail banking transactions by dialing a touch-tone telephone or mobile communication unit, which is connected to an automated system of the bank by utilizing Automated Voice Response (AVR) technology" (Balachandher et al, 2001). According to Leow (1999), tele-banking has numerous benefits for both customers and banks. As far as the customers are concerned, it provides increased convenience, expanded access and significant time saving. On the other hand, from the banks' perspective, the costs of delivering telephone-based services are substantially lower than those of branch based services. It has almost all the impact on productivity of ATMs, except that it lacks the productivity generated from cash dispensing by the ATMs. For, as a delivery conduit that provides retail banking services even after banking hours (24 hours a day) it accrues continual productivity for the bank. It offers retail banking services to customers at their offices/homes as an alternative to going to the bank branch/ATM. This saves customers time, and gives more convenience for higher productivity.

1.6.4 Personal Computer Banking

"PC-Banking is a service which allows the bank's customers to access information about their accounts via a proprietary network, usually with the help of proprietary software installed on their personal computer". Once access is gained, the customer can perform a lot of retail banking functions. The increasing awareness of the importance of computer literacy has resulted in increasing the use of personal computers. This certainly supports the growth of PC banking which virtually establishes a branch in the customers' home or office, and offers 24-hour service, seven days a week. It also has the benefits of Telephone Banking and ATMs.

1.6.5 Internet Banking

The idea of Internet banking according to Essinger (1999) is: "to give customers access to their bank accounts via a web site and to enable them to enact certain transactions on their account, given compliance with stringent security checks". To the Federal Reserve Board of Chicago's Office of the Comptroller of the Currency (OCC) Internet

Banking Handbook (2001), Internet Banking is described as "the provision of traditional (banking) services over the internet". Internet banking by its nature offers more convenience and flexibility to customers coupled with a virtually absolute control over their banking. Service delivery is informational (informing customers on bank's products, etc) and transactional (conducting retail banking services). As an alternative delivery conduit for retail banking, it has all the impact on productivity imputed to Telebanking and PC-Banking. Aside that it is the most cost-efficient technological means of yielding higher productivity. Furthermore, it eliminates the barriers of distance / time and provides continual productivity for the bank to unimaginable distant customers.

1.6.6 Branch Networking

Networking of branches is the computerization and inter-connecting of geographically scattered stand-alone bank branches, into one unified system in the form of a Wide Area Network (WAN) or Enterprise Network (EN); for the creating and sharing of consolidated customer information/records. It offers quicker rate of inter-branch transactions as the consequence of distance and time are eliminated. Hence, there is more productivity per time period. Also, with the several networked branches serving the customer populace as one system, there is simulated division of labour among bank branches with its associated positive impact on productivity among the branches. Furthermore, as it curtails customer travel distance to bank branches it offers more time for customers' productive activities.

1.6.7 Electronic Funds Transfer at Point of Sale (EFTPOS)

An Electronic Funds Transfer at the Point of Sale is an on-line system that allows customers to transfer funds instantaneously from their bank accounts to merchant accounts when making purchases (at purchase points). A POS uses a debit card to activate an Electronic Fund Transfer Process (Chorafas, 1988).

Table 1.1: Electronic Delivery Channels Utilized by Banks in Ghana

Banks	**ATM**	**Telephone Banking**	**PC-Banking**	**Internet Banking**	**Branch Network**	**EFTPoS**
Ghana Commercial Bank	a	r	a	R	a	a
Barclays Bank (Gh.)	a	a	a	R	a	r
Standard Chartered Bank (Gh.)	a	r	a	R	a	r
Societal Generale SSB	a	a	r	R	a	a
Ecobank Gh. Ltd	a	a	a	R	a	a
Merchant Bank	a	r	r	R	a	r
Cal Merchant Bank	a	r	r	R	a	a
Agricultural Dev. Bank	a	r	r	R	a	r
The Trust Bank	a	r	r	R	a	a
Stanbic Bank	a	a	a	R	a	r
Metropolitan & Allied Bank	a	r	r	R	a	r
First Atlantic Merchant Bank	a	r	r	R	r	r
National Investment Bank	a	r	r	R	a	r
Unibank	a	a	r	R	a	r
Amalgamated Bank	**a**	**a**	**r**	**A**	**a**	**r**
International Commercial Bank	a	a	r	R	a	r
Prudential Bank	a	r	r	R	a	r
HFC Bank	a	a	r	A	a	r

Source: Banking survey 2008
"a" means does provide service "r" means does not provide service

2.0 COMPANY PROFILE OF ZENITH BANK AND CUSTOMER RETENTION STRATEGIES

The previous chapter reviewed the literature on contemporary articles and publications on customer relationship management within the banks. This chapter outlines the company profile of the study area i.e. Zenith Bank with special emphasizes on the corporate structure, strength of the bank, competing strategies as well as customer relationship management strategies for attracting and retaining customers.

2.1 History and Corporate Structure

Founded in 1990, Zenith is one of the largest banks operating in Nigeria, with total assets of Nigerian naira (NGN) 1.69 trillion on Sept. 30, 2009 (US$ 11.2 billion, at NGN150.60 to US$ 1). Zenith focuses on private-sector banking with high-end Nigerian corporate, and has built a deep banking franchise in the domestic market in this area leading to a relatively conservative risk profile relative to certain domestic peers, though also limited business and geographic diversification. Concentration in Nigeria, in our view, leads to structural exposure to high credit and operational risks, accentuated by the toughened market conditions since 2009. Management's business targets are moderate for 2010, with focus now placed on deepening the bank's existing corporate relationships; low-cost deposit gathering; and efficiency improvements rather than aggressive franchise growth. =Geographic diversification outside of Nigeria is also limited. International subsidiaries include 96.9%-owned Zenith Bank (Ghana) Ltd., 100%-owned Zenith Bank (Sierra Leone) Ltd., 100%-owned Zenith Bank (U.K.) Ltd., and a South African representative office. These subsidiaries complement Zenith's corporate banking and trade finance services rather than representing significant sources of earnings diversification.

Profile: Leading Corporate-Focused Bank in Nigeria

Zenith is one of the largest banks operating in Nigeria, with total assets of $11.2 billion. The bank focuses on private-sector banking with high-end domestic corporate and multinationals, and has built a deep corporate-focused franchise in the domestic market, with market shares of 14% and 19% of system loans and deposits, respectively, at Sept. 30, 2009. Services are offered through a network of 305 branches and business centers, as well as through alternative channels such as Internet and telephone banking. Zenith was one of fourteen domestic financial institutions to have successfully passed the CBN audit concluded in October 2009, which led to the quasi-nationalization of ten banks representing approximately 50% of system assets which demonstrated poor corporate governance, severe asset quality and liquidity stress, and solvency indicators that had fallen below minimum regulatory requirements.

The Bank strengths can be summarized as follows:

- Leading market position in top-tier corporate banking in Nigeria.
- Comfortable funding and liquidity profile.
- Good capitalization and loan loss reserves, supporting loss-absorption capacity.

The following weakness is also shared by the bank:

- Very high economic and industry risks associated with concentration in Nigeria.
- Limited business diversification given top-tier corporate banking focus.
- High exposure to credit risk and deteriorated asset quality indicators.
- Weakened financial performance.

2.1.1 Ratings of the Bank

The sub-regional ratings on Zenith Bank PLC are supported by the bank's leading market position in high-end corporate banking in the Federal Republic of Nigeria (B+/Stable/B), and in Ghana has recently be voted as the fastest growing bank in the country with very enviable record for deposit mobilization and innovation in lending practices.

2.1.2 Fluid Liquidity and Customer Retention

One of the strengths of Zenith Bank lies in its comfortable funding, liquidity profile, good capitalization, loan loss reserves and supporting loss-absorption capacity which makes the bank stay on top of competitors thereby winning the confidence of its customers in issues concerning financing. Offsetting factors include the very high economic and industry risks associated with operating in West Africa and Zenith's limited business and geographic diversification, being focused on domestic corporate banking. Exposure to credit risk is consequently high and accentuated by the economic slowdown and capital market turmoil in 2009, reflected through increasing numbers of problem loans. Financial performance has also been weakened by significantly increased provisioning charges. The ratings on Zenith reflect the bank's stand-alone credit profile, and do not incorporate any uplift for potential extraordinary support from the governments.

Zenith lends mainly to a traditionally higher quality large corporate clientele. However, the bank's operating environment involves high credit risks. Strong lending growth has further compounded high credit risk exposure, as has the bank's exposure to certain industries such as the downstream oil and gas segment, the real estate and construction sector, and capital market-related margin lending though sector concentrations are only moderate overall. Given the general decline in corporate creditworthiness this year, asset quality indicators have deteriorated, albeit less dramatically than certain peers', with the ratio of nonperforming loans (NPLs) rising to 3.5% of lending Standard & Poor’s at Sept. 30, 2009 (2.0% at year-end 2008). Coverage by reserves remains sizable, however, providing comfort in the event of further asset quality deterioration.

Financial performance also deteriorated in 2009, negatively impacted by material provisioning charges on margin lending. Given lower expected lending growth and business activity in 2010, paired with Zenith's still high cost base, Standard & Poor's Ratings Services expects earnings to remain under pressure though the banks are not expecting credit risk charges to exceed the amount of provisioning incurred this year, which should support the bottom-line. Liquidity remains comfortable, while Zenith's large stock of liquid assets provides an additional cushion. Funding vulnerability is nevertheless increased by the structurally short-term nature of deposits in Nigeria. With a ratio of adjusted total equity (ATE) to adjusted assets of 19.3% at Sept. 30, 2009, and a regulatory Tier 1 ratio of 31.6%, Zenith continues to have good capitalization, the maintenance of which is important for the ratings given the bank's high risk operating environment.

Outlook: The negative outlook on Zenith reflects the weakened financial profile of the Nigerian banking sector, and Standard & Poor's view that asset quality could potentially deteriorate further, given economic uncertainty and the lagged effects of the downturn this year. Although the banks take comfort from the conclusion in October 2009 of the extraordinary audit by the Central Bank of Nigeria (CBN), which Zenith passed, the bank feels that exposure to credit risk remains high. The bank could revise the outlook on the ratings on Zenith to stable in the event that the bank is able to minimize any further deterioration in the loan book, maintain good capital and comfortable liquid asset cushions, and keep profitability resilient. Significant further deterioration in Zenith's loan portfolio and/or marked worsening in financial performance, with the knock-on effect these factors could have on capital, would, in the absence of any other relevant factors, have negative rating implications.

2.1.3 Products Profile

Zenith offers a range of banking services to its corporate clientele such as treasury services, trade finance, overdrafts, term lending, and advisory and is strong in domestic industries such as manufacturing, construction, general trade, infrastructure and power, and oil and gas, among others. The banks’ corporate focus results, however, in limited business diversification, with loans extended to large corporate and commercial enterprises accounting for almost 95% of the loan book at Sept. 30, 2009. Corporate and commercial clients also provide a large share of Zenith's funding base, at 46% of total deposits at the same date. Apart from corporate banking, Zenith operates in retail banking, primarily aimed at small businesses and focused on liability generation, to provide the bank with low-cost deposit-based funding. As of Sept. 30, 2009, retail clients represented a minor 5% of lending, though they contributed to 45% of total deposits. Household lending is limited, with credit products only extended to the staff of corporate clients and certain high net worth individuals.

Services include basic salary-backed term lending, credit and debit cards, and very limited mortgage lending. Zenith's public sector-related business is also minor and primarily liability-focused, with public sector deposits contributing to almost 10% of the total and lending marginal. Zenith complements its core corporate banking business with insurance, pension custodian, and investment banking/capital market services provided through subsidiaries, though their contribution to group earnings is only moderate.

Support and Ownership: Diversified Shareholding Base

The ratings reflect Zenith's stand-alone credit profile, and do not include any uplift for external, extraordinary support. Although Standard & Poor's considers Zenith to have high systemic importance in Nigeria, the bank do not factor in the probability of government support into the ratings, and consider timely, sufficient government support to be uncertain over the longer term. Although the CBN has positively intervened in the banking sector during the second half of 2009 with currently high political willingness and financial ability to support the quasi-nationalized banks there are uncertainties, in our view, regarding the long-term willingness of the government to provide support to banks.

Zenith has a diverse shareholder base of more than 700,000 shareholders. The only single shareholder with a more than 5% stake is the bank's CEO, Jim Ovia, who held 9.5% at mid-November 2009. Zenith's shares have been listed on the Nigerian stock exchange since October 2004, with market capitalization standing at US$1.3 billion at December 2009.

2.2 Implementation Strategies towards Customers Retention and Staying on Top of Competition

Management remains focused on consolidating Zenith's position as a leading top-tier corporate bank within the West Africa Sub-region capturing the business and cash flows of its large corporate clients, while offering banking services to their suppliers, distributors, and staff. Given the toughened market environment, Zenith has moderate growth targets for the foreseeable future with emphasis placed on deepening existing corporate relationships, targeting specific sectors with good growth potential such as power and infrastructure; low-cost retail deposit gathering; and improved efficiency in the branch network.

The bank expects credit expansion to be lower in the foreseeable future, albeit remaining in the double-digits. Zenith's deep domestic franchise places the bank, in turn, in a good position to benefit from the changed competitive dynamics in the sub-regional banking following the Central Banks' interventions, particularly as management aims to expand the deposit base. As Zenith focuses on its core corporate lending business, capital market-related activities conducted through subsidiaries Zenith Capital Ltd. and Zenith Securities Ltd. are set to be downsized significantly, especially following the costs incurred by the bank on its margin lending activities.

3.3 Risk Elements within Zenith's Financial Profile

Zenith's risk profile is dominated by high exposure to credit and operational risks, due to its concentration in Nigeria. Risks are only partly mitigated by Zenith's focus on banking with a traditionally higher quality large corporate clientele, insofar as domestic firms still remain exposed to high corruption, economic uncertainty, poor infrastructure development, and political fragility. Exposure to liquidity risk is more moderate, given Zenith's wide deposit funding base and large liquid asset cushion. Exposure to market risk is mainly interest-rate and foreign-exchange related.

2.3.1 Enterprise risk management and Depositor Assurance

Enterprise risk management is adequate relative to Zenith's risk profile. Credit risk management benefits from a centralized underwriting process and adequate tools for loan portfolio monitoring. Liquidity management involves daily treasury monitoring, analysis of liquidity ratios, and the production of gap reports. In terms of market risk, relatively conservative limits are placed on net open foreign currency exposures, with scenario analyses employed in the management of interest rate risk. Such elaborate risk management activities offer the necessary assurance to depositors their funds are safe. Zenith's Internal Control and Audit Division monitors compliance with group policies and procedures, identifying irregularities, in pair with the Operational Risk Management Unit. Management has also been aiming to strengthen Zenith's operational risk management framework, including through self risk assessments undertaken at selected units, although a comprehensive heat-map is not yet finalized.

2.3.2 Credit risk, given high risk exposure and fast lending growth of the sector

Zenith lends mainly to a higher quality large corporate clientele; however, the bank's operating environment still involves particularly high credit risks accentuated by the domestic economic slowdown, the reduction in oil prices during the first half of 2009, and capital market turmoil. Given the general decline in corporate creditworthiness during 1999 and it adverse effect on asset quality, indicators still portray the fact that the bank performed better than it peers within the sub-region. Concentrations are only moderate relative to peers', however. For 2009 and 2010, Zenith was mainly exposed to firms in the general commerce and manufacturing sectors, representing 10% and 9%, respectively, of the loan book, with exposure to the oil and gas industry (both upstream and downstream firms) at 8% of lending, followed by real estate and construction (7%), and margin lending (at under 5%). Concentration toward individual client groups is also comparatively low, with Zenith's 20 largest corporate borrowers accounting for 60% of adjusted total equity (ATE) at December 31, 2010.

Lending remains overwhelmingly short-term, though tenor has been increasing as term loans and leases gain in popularity. Asset quality indicators have deteriorated, albeit less dramatically than certain peers', with the ratio of NPLs (on a 90-day overdue basis) increasing to 3.5% of loans outstanding as of Sept. 30, 2009 (2.0% in 2008), a large share of which relates to margin lending. Ratios are diluted, however, by loan portfolio expansion, as on a nominal basis, the gross size of Zenith's NPLs jumped to NGN25.2 billion at Sept. 30, 2009, significantly up from the NGN4.4 billion the previous year.

Provisioning charges also shot up in 2009; as Zenith provided for and marked down to market its margin exposures, with credit risk costs representing a material 6.3% of customer loans (1.7% in 2008). Loan portfolio indicators could deteriorate further given domestic economic uncertainty, although the bank takes comfort from Zenith's sizable reserves, which covered approximately 200% of NPLs as of Sept. 30, 2009. Collateralization is high, with 57% of the loan portfolio backed by real estate collateral at Sept. 30, 2009, and only limited collateralization by shares or securities (4.5% of lending). In addition to its corporate lending activities, Zenith holds a large portfolio almost wholly invested in Nigerian government debt, which translates into high credit exposure to the Nigerian sovereign. As of Sept. 30, 2009, government treasury bills and federal government bonds together accounted for almost 20% of balance-sheet assets, and are generally held to maturity. Zenith's total exposure to the Nigerian public sector not only sovereign debt but also central bank placements and state government bonds stood at approximately NGN480 billion at Sept. 30, 2009, or 1.5x ATE.

2.3.3 Controlling Market risk

Zenith maintains sustained efforts at controlling to market risk. Basically market risk emanates from being concentrated in foreign exchange and interest rate risk. Zenith does not undertake active trading for its own account. Indirect exposure to the capital markets, through the bank's margin lending activity, severely penalized asset quality and earnings in 2009/2010, however following the sharp falls in sub-regional equities. Exposure to foreign exchange and interest rate risks is manageable. Zenith's net open exposure to foreign exchange is capped at a maximum of 5% of shareholders' equity. Interest rate risk exposure is contained, in turn, through the short-term nature of assets and liabilities with approximately 49% and 54% of loans and deposits, respectively, maturing in under three months as of Sept. 30, 2009 as well as through the large proportion of non-interest bearing deposits, though this increases margin pressure in periods of falling interest rates.

Funding and liquidity: comfortable funding and liquidity profile

Liquidity at Zenith is comfortable, albeit tightened from a previously very solid level, while the bank's large liquid asset stock provides an additional cushion. Vulnerability is still increased, in our view, by the structurally short-term nature of the bank's deposit base. Zenith's liquidity profile is supported by its large customer base, which covers approximately 97% of total funding needs. By Sept. 30, 2009, the bank's loan-to-deposit ratio stood at a still good 62% though up from the 37% reported the previous year, due in part to an -8% annualized decrease in deposits, as the bank paid down certain higher-cost fixed-rated accounts. Zenith's deposit base remains mainly corporate in nature, with 46% derived from large corporate and commercial clients, and with small and midsized enterprises and retail customers contributing together to another 45%. Concentrations are low, with the bank's 20 largest depositors accounting for 5.9% of the total deposit base. Despite relative stability to date, Standard & Poor's feels that vulnerability is increased by the short-term nature of deposits, insofar as 93% mature in less than one year (and 54% in under three months).

In order to better diversify its funding profile while also lengthening the maturity of liabilities, Zenith aims to issue a bond on the domestic market in 2010, adding an additional NGN300 billion in funding. Liquidity provided by international organizations enhances financial flexibility, though it is limited. Zenith's large stock of liquid assets provides an additional liquidity cushion. Given comparatively low leverage the bank channels excess liquidity from deposits into government securities and interbank placements. As of Sept. 30, 2009, cash, central bank and interbank placements, and government treasuries accounted for a high 52% of Zenith's total assets, though holdings also result in concentrated exposure to sovereign debt.

Profitability: Under Pressure from Significantly Increased Provisioning Charges

Financial performance deteriorated in 2009, negatively impacted by material provisioning charges on margin lending. By Sept. 30, 2009, Zenith's return on assets (ROA) had declined to a modest 0.94%, compared with approximately 3% the previous year-end, though this still remains favorable relative to domestic peers'. Given lower expected lending growth and business activity in 2010, paired with Zenith's still high cost base, Standard & Poor's expects earnings to remain under pressure. At the same time, we are not expecting credit risk charges to exceed the amount of provisioning incurred this year (at 62% of operating income on Sept, 30, 2009), supporting the bottom-line.

Given Zenith's focus on high-end corporate banking, earnings remain relatively undiversified. Net interest income drives profitability--contributing to 65% of total revenues at Sept. 30, 2009 more than half of which is generated through corporate loans and advances, followed by short-term placements and investments in government bonds. Commercial margins are wide, albeit tightened from last year, and should remain relatively stable as management focuses on retail deposit gathering while actively pricing its corporate loan book. Fees and commissions also contribute to a high share of Zenith's revenues at approximately 25% and are derived from ancillary business with corporate customers and transactions. Market-related earnings are minor, related mainly to foreign exchange transactions.

High costs related to personnel expenditure and investments on Zenith's branch network have continued to constrain financial performance, limiting financial flexibility during periods of reduced earnings. At Sept. 30, 2009, operating expenditures represented a high 5.4% of the bank's average adjusted assets, and are unlikely to reduce significantly over the short term. Financial accounts are consolidated, prepared according to Nigerian Accounting Standards Board guidelines, and audited by PricewaterhouseCoopers (with the exception of End-Sept. 2009 accounts, which are unaudited). The bank's financial year-end is currently Sept. 30, 2009, but will be changed to a December year-end this year (as is the case with all Nigerian banks). Standard & Poor's views the Nigerian accounting framework as weak, given the limited amount of disclosure. We are, however, expecting Zenith to adopt International Financial Reporting Standards (IFRS) by the end of 2010, in line with the sector, which should help to improve transparency.

Capitalization: Good Capitalization Remaining Important for the Ratings

With a ratio of ATE to adjusted assets of 19.3% at Sept. 30, 2009, Zenith continues to have good capitalization. The bank's regulatory Tier 1 ratio reached, at the same time, an even higher 31.6%--well above minimum regulatory requirements-though this is aided by the 0% risk-weighting of Nigerian government debt, which Standard & Poor's does not consider to be risk-free. Capital is of good quality, consisting of shareholders' equity and reserves. Zenith's maintenance of good solvency indicators is important for the ratings, and the bank's own ability to absorb unexpected risks and losses in light of its high-risk operating environment. Management's medium-term Tier 1 ratio target of 30% provides, in this way, a degree of comfort. Nevertheless, Standard & Poor's views with caution any continuation of an aggressive dividend payout policy, especially as internal capital generation is currently being pressured by lower profitability. We would also expect it to be more difficult for Nigerian banks to return to the domestic equity markets for fresh capital, at least over the short-term, given ongoing capital market tension and following the recent CBN interventions in the financial sector.

3.0 RESEARCH METHODOLOGY & DATA ANALYSIS

3.1 Research Methodology

The details of the research methods start with research design, sources of data, sampling techniques, administration research instruments, data collection and data analysis.

3.1.1 Research Design

Taking cognizance of the fact that the study was going to collect data based on question and answers the research deemed it appropriate to adopt sample survey as the research design since according to Zikmund and Babin (2010) a sample survey is a method of collecting primary data base on communication (i.e. question and answers) with a representative sample of respondent.

3.1.2 Study Population

This was obtained from pieces of qualitative information dished out by officials and customers of four branches and head office of Zenith Bank Ghana.

The distribution is as follows: Table 4.1a: Distribution of branch Bank Officials

Branch	**Bank Officials**	
	Population	**Sample size**
Spintex road	10	2
Tudu	11	3
Industrial Area	12	3
Head office	18	4
Achimota	11	3
Total	**62**	**15**

Source: Field Data (2011)

Table 4.1.b: Distribution of Customer Respondents

Branch	**Sample Size**
Spintex road	9
Tudu	9

Industrial Area	9
Head office	15
Achimota	8
Total	**50**

Source: Field Data (2011)

The distribution of officials of interviewed at the head office is as follows:

Distribution of head office officials

Table 3.1.c: Table showing the Various Department of Zenith Bank Ghana

Department of Zenith Bank	Population	Sample Size
Marketing	15	4
Research/records	8	2
Human resource	12	2
Corporate	15	4
Treasury	10	3
Total	**60**	**15**

Source: Field Data (2011)

3.1.3 Sampling Technique

Each branch was considered a group or stratum from which random sampling numbers assign to the list of customers and officers to arrive at the required sample size. The head office departments were also stratified before applying the random numbers. It can therefore be said that stratified sampling technique was laced up with random sampling in order to arrive at the required sample sizes.

3.1.4 Research Instruments

The questionnaire technique was adopted because the researcher realized that the respondents i.e. both bank officials and customers are fairly educated people who required some kind of flexibility to adequately co-operate with the study. Some of the questions on the questionnaire wanted to evaluate the customer retention strategies of Zenith bank. Other questions evaluated the customer service activities of the bank. Questions were also asked about how Zenith bank was accommodating the keen competition in the banking industry. A review was also made of the capacity building packages of Zenith bank in terms of staffs training and development.

3.1.5 Administration of Research Instruments

In the opinion of the researcher, the questionnaire technique is the most appropriate research instrument since all the respondents are well educated people who could easily read, understand and act upon the dictates of the questions styled on the questionnaire. Again the questionnaire would accord the respondents the needed flexibility necessary to fully co-operate with the study. At the various branches the researcher disclosed her identity to the branch managers and as an employee herself she didn't have much difficulty receiving the needed co-operation from customers and her colleagues. Quickly the branch staff and customer lists was made available to her and assigning the simple random numbers she was able to pick up the required sample size from the various sample frame. The questionnaires were then distributed to each selected respondent. Their phone numbers were picked up t help the respondent to monitor the progress of the study. A period not exceeding two weeks was agreed upon within which each responded was supposed to return the answered "scripts".

3.1.6 Data Collection

At the appointed time the researcher personally went round to pick up the answered questionnaires and care was exercised to ensure that all sections of the questionnaire were fully answered except areas that did not apply to the applicant. In all 77 out of the 80 questionnaire returned safely representing 96.25 percent response rate.

3.1.7 Data Analysis

Simple descriptive statistical methods such as the coding of questionnaire, frequency distribution techniques like tallying, frequency tables, pie charts, bar graphs and graphs were used to analyze the data which have been neatly packaged in the next section of this fourth chapter.

3.2 Results Analysis

4.2.1 Distribution of Responses Based on the Age of Respondents

Table 3.2: Frequency Table showing Respondents Age

	Customers		Bank officials	
Response type	**Frequency**	**Percentage**	**Frequency**	**Percentage**
21-30	10	21.3	8	26.7
31-40	15	31.9	16	53.3
41-50	12	25.5	4	13.3
51-60	6	12.7	2	6.7
Above 60	4	8.6	0	0
Total	47	100	30	100

Source: Field Data (2011)

From table 4.2 - above 15 out of the 47 selected customers of Zenith Bank Ghana constituting 31.9 percent are between the ages of 31 and 40 yrs while 12 (i.e. 25.5%) customer respondents have their ages between 41 and 50 years. Ten out of the forty-seven customers have ages between 21 and 30 years with six of the 47 (i.e. 12.7%) customer respondents being aged between 51 and 60 years. The remaining four (i.e. 8.6%) are above 60 years. In the case of the Bank officials 16 respondents constituting 53.3 percent are between the ages 31 and 40 years while 8 (26.7%) also have their ages between 21 and 30 years. For officials (i.e. 13.3%) of the bank are aged between 51-60 years while two (6.7%) are between 51 and 60 years. No bank official is more than 60 years.

3.2.2 Distribution of Respondent's Highest Academic Qualification

Table 3.3: Frequency Table showing Respondent Highest Academic Qualification

	Customers		Bank official	
Type of response	**Frequency**	**Percent**	**Frequency**	**Percent**
GCE 'A' & 'O' levels	8	17	2	6.7
Diploma & HND	12	25.5	6	20
Degree and above	10	21.27	18	60
BECE/MSLC	4	8.5	0	0
Professional	13	27.65	4	13.3
Total	**47**	**100**	**30**	**100**

Source: Field Data (2011)

Table 4.3 - above indicates that thirteen out of the forty-seven Zenith Bank customer respondents constituting 27.65 percent have professional qualifications in accounting, medicine, pharmacy, Engineering teaching etc. 12 out of 47 (i.e. 25.5%) have various shades of diploma and HNDs while 10 (i.e. 21.27%) possess university degrees as highest academic qualifications. Eight customer-respondents forming 17 percent possess GCE ordinary and advanced levels as their topmost academic qualification while the remaining four (i.e. 8.5%) mentioned BECE or MSLC as their highest academic laurels.

With respect to the bank officials no respondent possess BECE or MSLC. Eighteen out of the thirty constituting 60 percent mentioned various shades of university degrees such as BA, BCS, BBA, LLB, BED as well as MBA, MA, MPA, MSC, etc as their highest academic qualifications. Six (i.e. 20%) of bank officials possess diploma or HND while four in addition to the university degrees also have professional qualifications in accounting ACCA, CA (GH) and in banking i.e. ACIB.

3.2.3 Distribution of Responses Based on Marital Status of Respondents

Figure 4.1 - below shows that thirty-two out of the forty-seven customer-respondents (i.e. 68%) are enjoying married life while ten (i.e. 21%) are single. Five respondents (i.e. 11%) are divorcees while none was on separation. In the case of the bank officials twenty respondent (i.e. 67%) are happily married while five (16.5%) are still searching for their partners with three (10%) having dissolved their marriages. Two respondents (i.e. 6.5%) are however on separation.

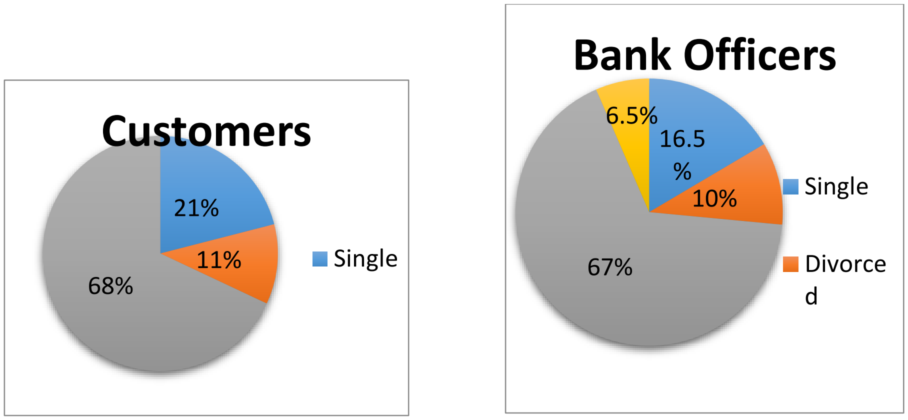


Figure 3.1: Pie chart showing respondent martial status
Source: Field Data (2011)

3.2.4 Distribution of Responses Based on their Period of Association of Zenith Bank Ghana

Table 4.4: Frequency Table showing Respondents Period of Association with the Bank

	Customers		Bank official	
Response type	**Frequency**	**Percent (%)**	**Frequency**	**Percent (%)**
Less than 2 years	2	4.3	0	0
3-5 years	10	21.3	2	6.7
6-8years	18	38.3	10	33.3
9-11 years	12	25.5	15	50
12 and above years	5	10.6	3	10
Total	**47**	**100**	**30**	**100**

Source: Field Data (2011)

From table 4.4 - above 18 out of the 47 customer-respondents constituting 38.3 percent have been conducting business with Zenith Bank Ghana for periods between 6 to 8 years. Twelve (i.e. 25.5%) have operated various types of accounts with Zenith Bank Ghana for periods between nine and eleven years while. Ten (i.e. 21.3%) have also been around the bank for three to five years. Five customers have been loyal to the bank for twelve years and above while the remaining two respondents (i.e. 4.3%) are yet to spend two years with the bank.

Fifteen bank officials forming 50 percent have worked with Zenith Bank for nine to eleven years while ten (33.3%) have been in the employment of the bank for between 6 and 8 years. Three employees have been with the bank for 12 and more years while the remaining two (i.e. 6.7%) have service duration of period from 3 to 5 years. None of the bank respondents has been around for 2 years or below.

3.2.5 Views of Bank Officials on impact of More Customers on Customer Relationship Management

Figure 4.2 - shows that seventeen (i.e. 56.7%) respondents from the bank indicated that the influx of customers following the expansion of product profile aid not have any adverse effect on customer relationship management because adequate strategies had been put in place to accommodate the expected increase in customer base.

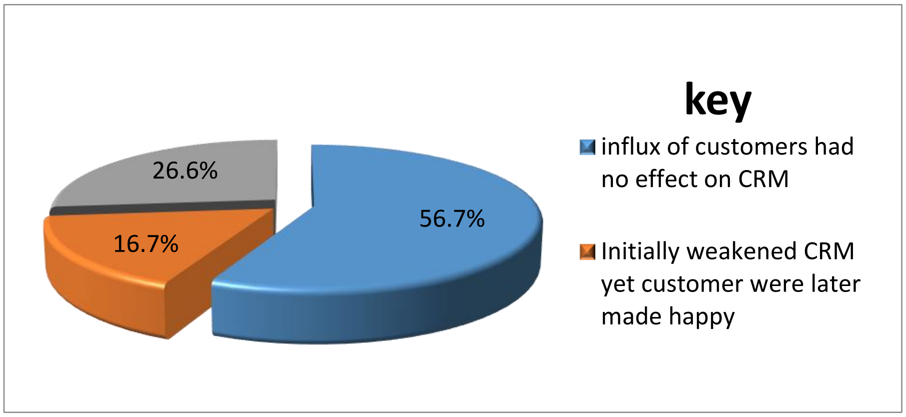


Figure 3.2 - Pie chart showing views on impact of influx of customers on CRM
Source*:* Field Data (2011)

Eight (i.e. 26.6%) respondents mentioned the fact that when the customer base overwhelmed the bank, managers appealed to the customers to bear with the bank. The remaining Five (i.e. 16.7%) respondents also pointed out that the expansion of the customer base initially weakened CRM activities yet efforts were quickly made to pt. smiles back on the faces of customers.

3.2.6 Views on Strategies to Contain Volume of Customers Following the Advent of the Universal Banking Law

Table 4.5 - shows that twenty-seven (i.e. 90%) respondents from Zenith Bank pointed out that in order to deal with the large number of customers who visited the bank following the advent of the Universal Bank Law, management pursued the strategy of establishing more Automated Teller Machines (ATMs) at vantage locations so that customers could have access to their money 24 hours in seven days. Twenty-four (i.e. 80%) bank respondents also indicated that more sophisticated services were introduced through which customers could relate to the bank without physically appearing at the bank. Some of these strategies include on-line banking, SMS banking; door-to-door servicing under which bank's bullion vans went to large depositors to pick-up their lodgments. This latter service provided additional security for such large depositors.

Twenty (i.e. 66.7%) respondents also explained that mare branches were established as a long term solution in dealing with the influx of customers. Eighteen (i.e. 60%) customers also mentioned the plan of engaging more staff to handle large volume of customers as a strategy to contain the expanding base of customers.

Table 3.5 – Frequency Table on Strategy to Contain Customers following the advent of the Universal Banking Law

Response Type	Frequency (out of 30)	Percentage (%)
More staff employed to beef up numerical strength of officials	18	60
More branches were established	20	66.7
Adding on products like on-line banking, SMS banking, Door-to-door servicing were designed to minimize the need for customers to visit the bank	24	80
More ATMs were established at vantage locations to enhance customers relationship management	27	90

***Source:* Field Data 2011**

3.2.7 Views on how Zenith Bank Responds to CRM Activities at the Market.

Figure 4.3 – depicts the fact that by way of responding to change at the market in customer relationship activities, the bank picks up customer's ideas from the numerous suggestion boxes scattered at various branches of the bank for analysis and work on the good ideas to improve the CRM activities of the bank.

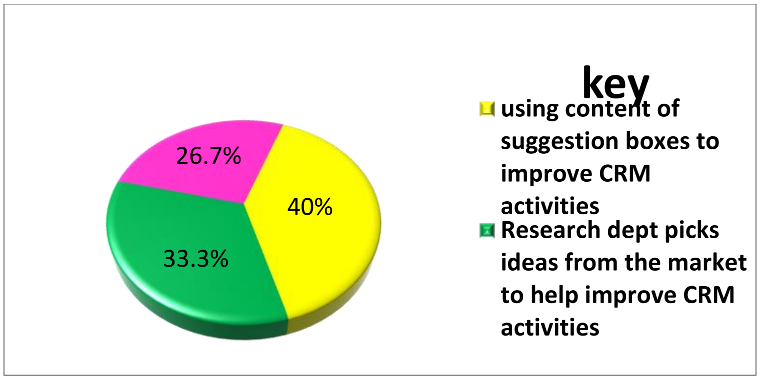


Figure 3.3 – Pie-chart showing views on how the Bank improves upon its CRM activities
***Source:* Field data 2011**

Ten (i.e. 33.3%) respondents explained that the research department of the bank has its ears on the ground and brings up the slightest 'scoop' from the market for management to analyze and act appropriately. Eight (.i.e. 26.7%) respondents are of the view that the bank follows the international trend in customer relationship management activities and where possible puts up a strategy to localize such CRM activities in Ghana.

4.2.8 Views on how Bank of Ghana ensures Compliance to its CRM regulations

Figure 4.4 – shows that thirteen (i.e. 44.3%) respondents are of the view that in order to ensure its directives on customer relationship management activities are carried out by the players in the Banking industry of Ghana, the Central Bank acts upon complaints lodged by the public at its special complaints unit to evaluate compliance and conformance to its regulations.

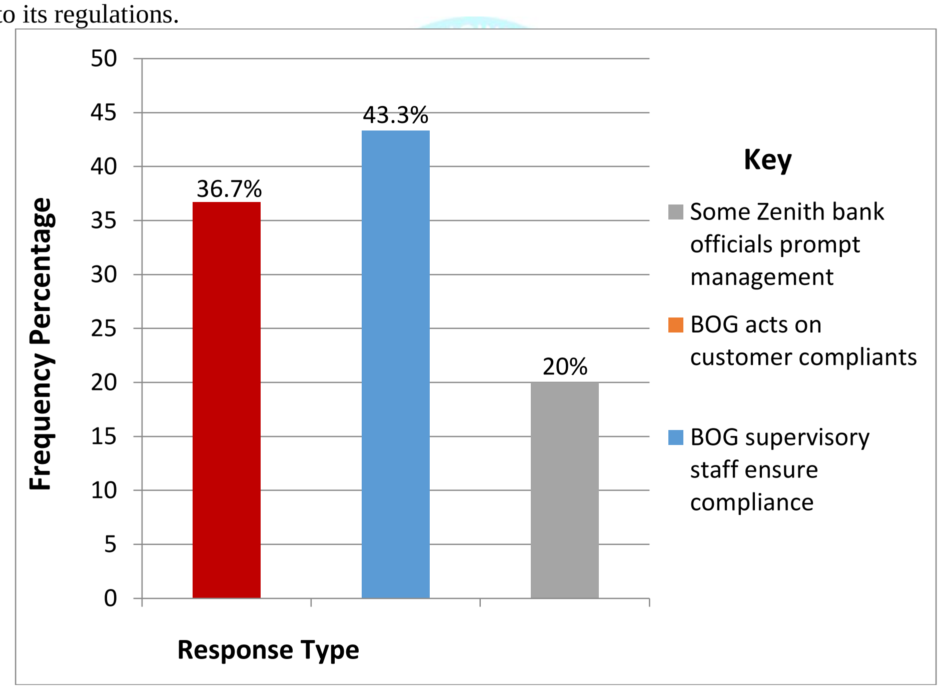


Figure 3.4 – Bar-chart showing how BOG's directives on CRM are monitored
***Source:* Field data 2011**

Eleven (i.e. 36.7%) respondents explained that the BOG's officials who visit operating banks periodically help to enforce the compliance of BOG's directives on customer relationship marketing activities. Six (i.e. 20%) respondents also pointed out that some employees of the bank send 'no compliance' signals to the appropriate quarters of the bank for redress.

3.2.9 Views on BOG's activities that enhanced CRM activities at Zenith Bank

Table 4.6 – show that sixteen (i.e. 53.3%) respondents pointed out that it was through the instrumentality of the central bank that almost all banking halls in Ghana have placed water fountains within their banking perimeters to help quench the thirst of customers and visitors. Seven (i.e. 23.3%) respondents explained that the central bank also instructed commercial banks to display their tariff guide boldly within the premises of their banking halls. Four (i.e. 13.4%) respondents saw the flexible operating hours of the banks as a directive form the Central Bank while the remaining three (i.e. 10%) respondents also felt the provision of adequate parking space and security for customer's vehicles are all instructions from the Central Bank.

Table 3.6 - Frequency table on BOG's activities which enhanced CRM activities

Response Type	**Frequency**	**Percentage (%)**
Adequate and safe parking space for customer's care	3	10.0
Flexible operating hours	4	13.4
Display of bank tariffs boldly within the banking halls	7	23.3
Provision of water fountains at all banking halls	16	53.3
Total	**30**	**100**

Source: **Field Data 2011**

3.2.10 Views on Challenges Customers Face in Accessing CRM Facilities

Figure 4.5 – shows that twelve (i.e. 40%) respondents indicated that some customers face literacy challenges that do not allow them to understand what to do in terms accessing CRM activities. Eight (i.e. 26.7%) respondents are also of the view that some elite customers of the bank, owing to their personal ego tendencies, prefer to sit behind to serve them to helping themselves with these CRM facilities.

Six (i.e. 20%) respondents mentioned the spate of motor traffic congestion in the city centres as hindering the efforts of customers in accessing timely CRM services from the bank.

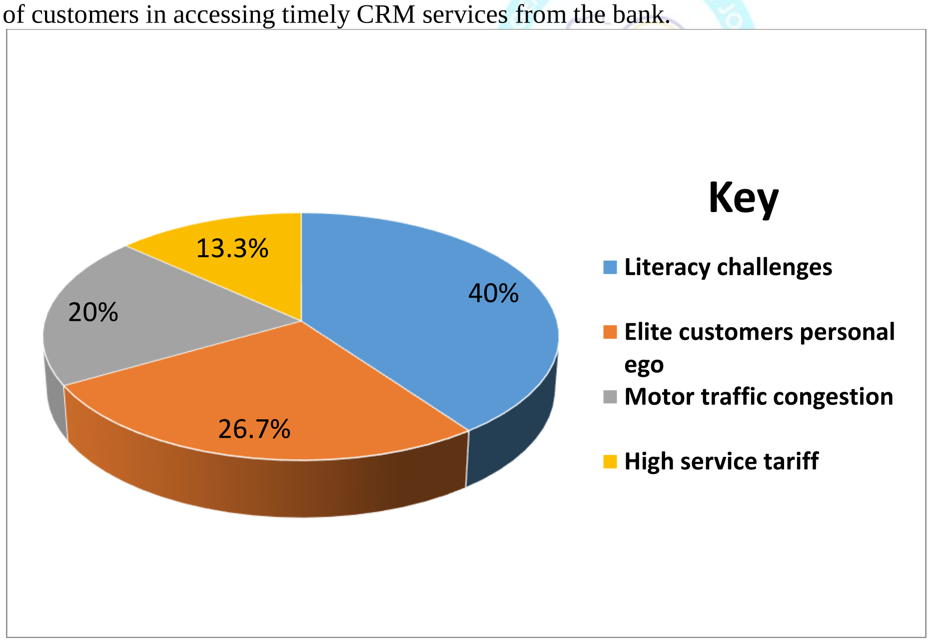


Figure 3.5 – Pie-chart Showing Challenges Customers face in Accessing CRM activities
Source: **Field Data 2011**

Four (i.e. 13.3%) respondents pointed at some services charges which according to some customers are relatively higher at Zenith bank as being a challenge to their quest to enjoy all CRM services.

3.2.11 Views on the Bank ensure that Front-room operations are designed to suit Customer's Convenience.

Table 4.7 exhibits that twenty-eight (i.e. 93.3%) respondents mentioned flexible car parking facilities as one customer service device that the bank employs to delight its customers. Twenty-six (i.e. 86.7%) respondents also spoke of clean wash room that the bank maintains at all business centres to help customers.

Twenty-four (i.e. 80%) respondents also spoke of convenient and pleasant waiting rooms designed to ensure the comfort of customers. Twenty (i.e. 86.7%) respondents further indicated the existence of separate compartments of the banking hall to serve various categories of customer i.e. savings or current account holders, loan-soliciting customers. Nineteen (i.e. 63.3%) respondents, on their part spoke of clearly defined waiting lines and seats which go a long way to enhance customer service practices of the bank. Eighteen (i.e. 66.7%) respondents also pointed out that Zenith's Banks Teller windows and the Tellers themselves are well oriented in customer service activities.

Table 3.7 – Frequency Table showing how the Bank ensures that Front-Rooms Operations are designed to suit customers

Response Type	Frequency (out of 30)	Percentage (%)
Teller windows and tellers are customer oriented	18	60
There are clearly defined waiting lines for standardized customer servicing	19	63.3
Individualized areas exist to enhance serving savings or current account customers on one hand on loan customers on the other hand.	20	66.7
There are convenient and pleasant waiting rooms	24	80
Wash rooms exist for the convenience of customer	26	86.7
Car parking has easy entering and exiting	28	93.3

Source: **Field Data 2011**

3.2.12 Views on Reason Why Zenith Bank is doing well in the Banking Industry.

Figure 4.6 – shows that eight (i.e. 26.7%) respondents from Zenith Bank explained that the apparent success of the new bank stems from the fact that the bank is a performance oriented organization with their activities tailored to delight the customer. Another group of eight (i.e. 26.7%) respondents pointed out that the bank is meeting its targets and therefore doing well because decisions and action are based on unshakable facts. Seven (i.e. 23.3%) respondents also explained that the existing good 'omen' surrounding the bank emanate from the fact that at all times the bank conducts its business with a sense of competitive urgency.

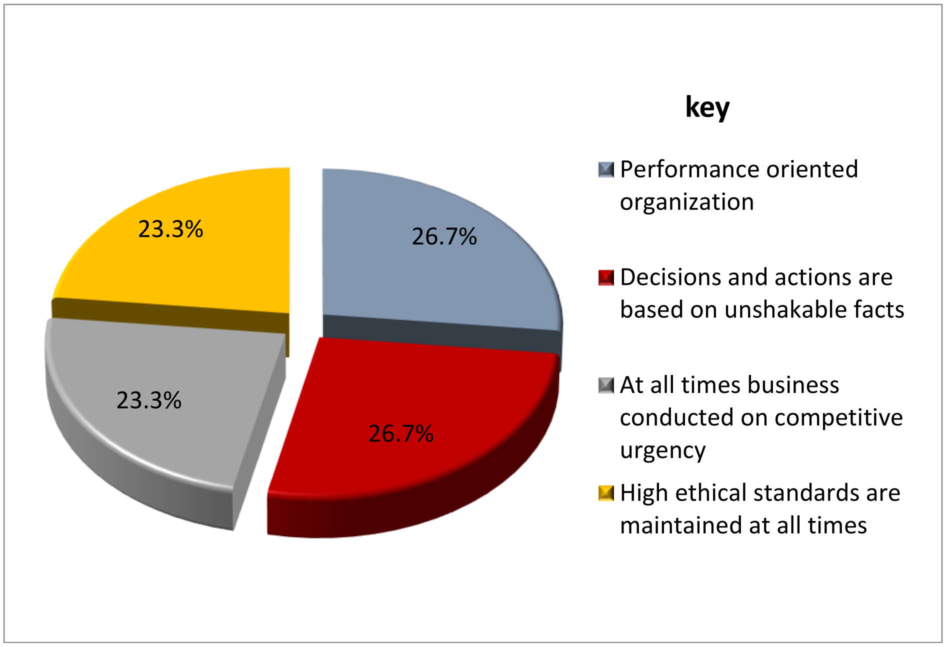


Figure 3.6 – pie-chart showing reasons why Zenith Bank is seen as excelling

Source: **Field Data 2011**

The remaining seven (i.e. 23.3%) respondents also hinted that the good impression created by Zenith Bank on the Ghanaian Banking landscape precipitate from the fact that the bank pursues a policy of maintaining high ethical standards in all its internal and external relationships.

3.2.13 Views on How Central Bank Influences the Provision of Customer Relationship Management

Figure 4.7 – shows that sixteen (i.e. 53.3%) respondents pointed out that one key means by which the Central Bank influences the provision of customer relationship management activities has to do with the frequent training and development programmes that the Central Bank runs for various categories of staff sharpen their capacity in dealing with customers. Eight (i.e. 26.7%) respondents are of the conviction that the Central Bank of Ghana issues directives on how certain service delivery systems should be conducted in unison and this turns to harmonize the delivery of turns to services across the industry.

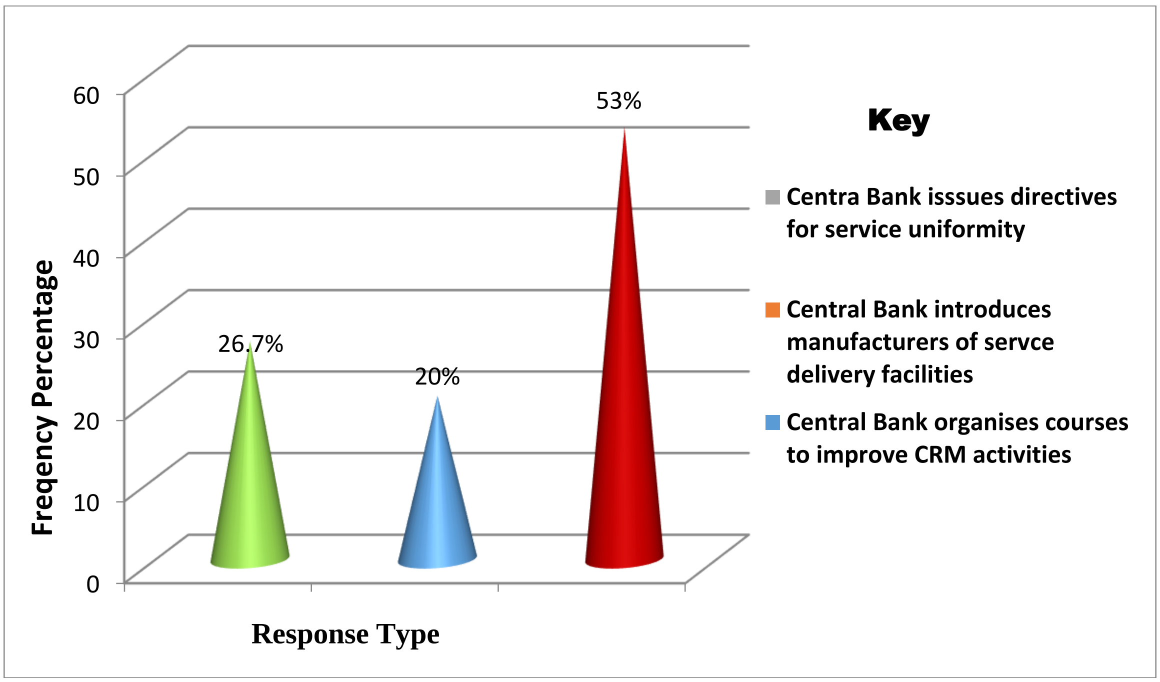


Figure 4.7 – Bar-chart showing how Bank of Ghana influences CRM activities
Source: Field Data 2011

Six (i.e. 20%) respondents also explained that the central bank influences the provision of CRM activities by introducing international manufacturers of certain type of modern customer's service equipment's to universal banks. The banks are therefore expected to buy from their equipment's form such sources only.

3.2.14 Views on Strategies put on place to enhance market share of Zenith Bank

Table 3.8 - Frequency Table Showing Strategies to Accommodate Competition

Response Type	Frequency (out of 30)	Percentage (%)
Introduction of Total Quality Management principles in all customer relationship activities	21	70
The use of customer relationship management activities to evaluate customer's needs and prescribe solutions	24	80
Improve service delivery systems to attract and retain customer	24	80
Motivating staff to handle customers like gold	26	86.7

Often conduct training and development programmes to enable officials serve customers better	28	93.3

Source: Field Data 2011

Table 4.8 – above Twenty-eight (i.e. 93.3%) respondents indicated that the bank accommodates competition by exposing officials to periodic training and development packages to enable them delight customers. Twenty-six (i.e. 86.7%) respondent also pointed out that the bank motivates staff to treat and handle customers like gold. Twenty-four (i.e. 80%) respondents pointed out that Zenith bank is pursuing a strategy of improving service delivery systems to attract more and retain the existing customers. A further group of Twenty-four (i.e. 80%) respondents indicated that Zenith bank is employing customer relationship management activities to evaluate customer's needs and prescribe befitting solutions. Twenty-one (i.e. 70%) respondents also spoke of the adoption of Total Quality Management principles in all customer relationship activities as a means of attracting more customers and retaining the existing ones.

3.2.15 Views on challenges faced by Zenith bank in increasing its share of the market

Figure 4.8 – indicates that Twenty-seven (i.e. 90%) respondents pointed out that one of the challenges of Zenith bank increasing its share of the market center on how to create new products ahead of competition. Twenty-four (i.e. 80%) respondents pointed out that out pacing competitors in terms of loose cash mobilization is one area where the bank is making serious inroads but will have loved to double up its pace. Twenty-five (i.e. 83.3%) respondents mentioned one other challenges of the bank as devising a strategy to sell more loans using innovative strategies while minimizing bad debts.

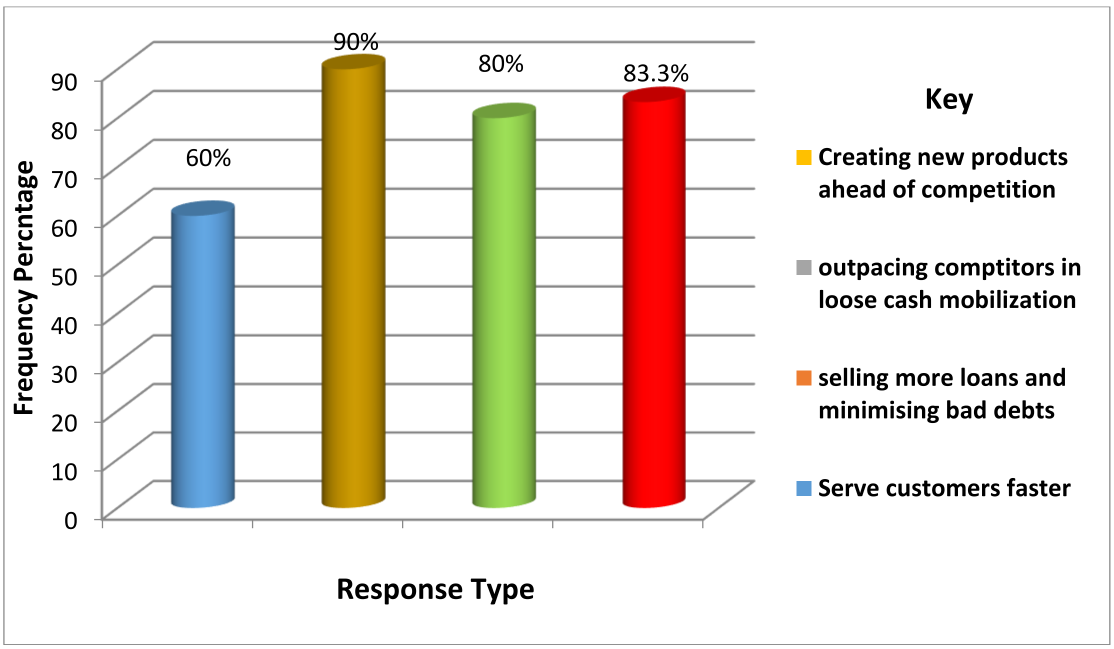


Figure 4.8: bar graph on challenges of increasing market share.
Source: Field Data 2011

Eighteen (i.e. 60%) respondents mentioned the challenge of serving customers faster as a constraint to increasing its share of the market.

3.2.16 Customers views on services delivery systems that they access from Zenith Bank

Table 3.9: Frequency table showing kinds of service delivery systems that customer access from Zenith Bank

Response Type	Frequency (out of 47)	Percentage (%)

E-Zwich	10	21.3
Door- to door cash taking	13	27.7
SMS banking	15	31.9
On-line banking	25	53.2
ATM services	45	95.7

Source: Field data 2011

Table 4.9 shows that Forty-five out of forty-seven (i.e. 95.7%) respondents mentioned ATM services as one important service delivery systems that they are enjoying at Zenith Bank. Twenty-Five (i.e. 53.2%) respondents pointed out that they are accessing on-line banking services at Zenith bank. Thirteen (i.e. 27.7%) respondents also indicated that Zenith Bank offers them door-to-door services which helps with their cash administration. Ten (i.e. 21.3%) respondents mentioned the E-Zwich platform as one service delivery system that they access of Zenith Bank. Fifteen (i.e. 31.9%) respondents mentioned SMS banking as one of service delivery system accessible form Zenith Bank.

3.2.17 Customers view on impact of competition on customer relationship management.

Table 3.10 – Frequency table indicating the impact of industry competition on CRM

Response Type	**Frequency (out of 47)**	**Percentage (%)**
Service charges are being reduced to the advantage of customers	30	63.8
Door-to-door services enable customers to save time which will otherwise have been used in visiting the bank	30	63.8
Customer turnaround time has improved tremendously	35	74.5
State of the Art equipments are getting on board to the delight of customers	38	81
Generally competition has made the banking environment more lively	40	85.1
Banks are introducing quality into their service delivery systems	45	96

Source: Field data 2011

Table 4.10 – shows that 45 out of 47 (i.e. 96%) respondents mentioned the fact competition within the banking industry has enabled players to introduce quality into their service delivery systems. Forty (i.e. 85.1%) respondents pointed out that the level of competition within the industry has resulted in the banks offering building the capacity of their employees to perform appreciably well especially in terms of customer relationship management.

Another group of Forty (i.e. 85.1%) respondents are of the conviction that generally competition has made the banking environment more lively. Thirty-eight (i.e. 81%) respondents pointed out that completion is leaving banks with no option but to parade the latest state-of-the-art service delivery systems for business purposes. Thirty-five (i.e. 74.5%) respondents did not mince words in stating that customer turnaround time has improved tremendously. Thirty (i.e. 63.8%) respondents explained that door-to-door services enable customers to save time which will otherwise have been spent at the banking hall.

3.2.18 Customers view on how they are able to adapt to use the new service delivery equipment's introduced by the banks.

Figure 4.9 – shows that 24 out of 47 (i.e. 51.1%) customer respondent pointed out that bank officials volunteer to help them to handle new service devices. Twelve (i.e. 25.5%) respondents pointed out that Advertisements placed in the media by the press appear very helpful in assisting them to appreciate the application of the new service delivery systems.

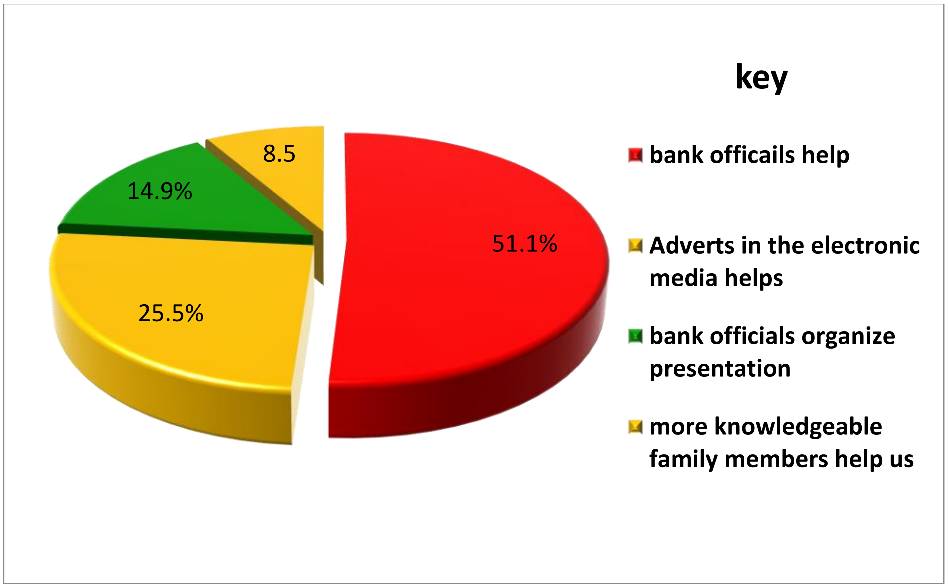


Figure 4.9: Pie chart showing customers views on how they adopt to new service delivery system
***Source:* Field data 2011**

Seven (i.e. 14.9%) respondents indicated that sometimes bank officials organize useful presentations at certain vantage locations and this goes a very long way to help them practice how to use new service delivery systems. Four (i.e.8.5%) respondents pointed out that sometimes some experienced and knowledgeable family members help them to know to operate new service delivery equipment's.

3.3 Research Findings

The study of the impact of customer relationship management on the operation, of commercial banks in Ghana brought to the following findings.

3.3.1 Customer Relationship Management Policy of Zenith Bank

The customer relationship management policies of the bank emphasize the fact that Employee performance is crucial in achieving customer satisfaction. The policy also indicates that careful selection, hiring, training supervising, evaluating and rewarding of personnel is the number one factor to delight customers and maintain share of market. The policy also stipulates that front-room operations of the bank should be designed to suit the convenience of the customer. The policy also stresses the need to swiftly address customer's grievances.

3.3.2 Impact of Universal Banking Law on Customer Relationship Management.

The advent of the Universal banking law did not have any adverse effect on customer relationship management because adequate preparations were put in place to accommodate the anticipated spillover of customers. In a few branches where the influx of customer overwhelmed their facilities the branch officers put up effective communication strategies to delight the customers.

3.3.3 Strategies to Improve upon Customer Relationship Management practices after the advent of the Universal Banking Law

The study uncovered the following strategies the bank employed in managing the influx of customers. More branches were established and more workers engaged to meet the needs of customers. More Automatic Teller Machines (ATMs) were installed at Vantage places to enhance access by customers to their funds. Other products like on-line banking, SMS banking, door-to-door servicing have all been brought on board by Zenith bank to minimize the need for customers to visit the bank.

3.3.4 Strategy to respond to changes in Customer Relationship Management activities in the market.

It came to light that in order to respond appropriately to changes in the banking industry, Zenith bank quickly picks up customer's ideas from the suggestion boxes at the various branches and factor them into plans for strategizing the direction of the bank. Additionally, the bank has its ears on the ground and, the officials periodically prompt the authorities to update service delivery systems.

3.3.5 "Everyone being an Ambassador of Zenith Bank"

The study discovered that the statement above means that at all times every employee of the bank should project the ideals of the bank. Officials are expected to champion the corporate goals of the organization at all times. Officials are expected to welcome and help every customer who calls at the irrespective of the employee's job description. The officials are also expected to defend the bank in all circumstances. By being ambassadors of the bank workers must conduct themselves in such a way as to attract more customers to the bank thereby strengthen the competitive position of the bank.

3.3.6 Central Bank and Customer Relationship Management

It came to light that the central bank acts on customer complains to evaluate conformance to its directives. The officials of the banking supervision division of the central bank also, pays periodic visits to commercial banks to ensure compliance of its directives. Zenith bank officials periodically notify their superior officers on "areas where their bank seems to be deviating from bank of Ghana's directives so as to take remedial measures".

3.3.7 Central Banks activities in enhancing Customer Relationship Management activities.

The study discovered that under the auspices of the central bank commercial banks provide such extra services as the provision of water fountains at all banking halls, displaying banks tariffs boldly within the banking halls, the provision of adequate and safe parking space for customer's cars and flexible operating hours.

3.3.8 Challenges Confronting Customers in accessing CRM Services at Zenith Bank

Literacy challenges sometimes do not allow customers to understand what to do within the banks. Some elite customers project their personal ego so much so that they feel they must relax within special compartments of the bank while officials run round to serve them rather than helping themselves with the numerous self-service devices within the banking system. Unacceptable motor traffic congestion within the city centers delay customers' movement in and out of the bank thereby inconveniencing the customers. Some customers also complained of the high cost of services.

3.3.9 Designing Front-room Operations to suit Customers Convenience

The study uncovered that in order to design front-room operations to suit customer's convenience, Zenith bank has ensured that car parking has easy entering and exiting. The bank also maintains convenient and pleasant waiting rooms for the comfort of customers. The bank also maintains clearly defined waiting lines for standardized customer servicing, very clean wash rooms and 'individualized' rooms are available for the convenience of customers. Teller windows and teller's mannerism are all customer oriented.

3.3.10 Factors that Account for Apparent Success of Zenith Bank

The research stumbled on the fact that the success story of the Zenith bank on the banking landscape of Ghana in recent times emanate from the fact that the bank is a performance oriented organization. Decisions and actions of the bank are based on unshakable facts. At all times the bank conducts its affairs with a sense of competitive urgency. The bank also maintains a high ethical standard in all its internal and external relationships.

3.3.11 Strategies to maintain Market Share

In order to maintain, if not increase its market share, Zenith bank often conduct training and development programmes to enable officials serve customers better. The bank also relies on Customer Relationship Market (CRM) activities to evaluate customers' needs and prescribe solutions. Officials of the bank are well motivated to handle staff like gold. Zenith bank consciously improves upon its service delivery systems to attract and return customers. The bank also introduces Total Quality Management principles in all customer relationship activities to delight customers.

3.3.12 Customer Service Delivery Systems enjoyed by Customers at Zenith Bank

The customers disclosed they have been enjoying such customer service delivery systems such as ATM services, E-Zwich online banking, SMS banking and Door-to-door cash takings. The customers also feed the ATM facilities scattered around the branches are fairly reliable.

3.3.13 Impact of Competition on CRM activities within the banking industry

Customers of the bank explained that owing to competition, banks are introducing quality into their service delivery systems in addition to getting on board state of the art equipment's to delight customers. Competition is also pushing the banks to better train their staff so as to render more efficient services to customers. Owing to competition, customers say the service charges are being reduced or abolished in some cases. Customer turnaround time has also improved tremendously. Medium scale enterprise operators do not need to send daily cash sales to the bank, because the bank maintains door-to door cash mobilization service which does not only save the customers time and inconvenience but also the risk of transporting huge money to the bank. Customers are of the conviction that generally competition has made the banking environment livelier.

3.3.14 Absence of Capacity Building Workshops for SMEs

The study uncovered the fact that, unlike the practice at Barclays and Ghana Commercial Bank, Zenith is yet to establish regular training session for building the management faculties of their SME operators.

4.0 RECOMMENDATION, SUMMARY & CONCLUSIONS

This concluding chapter makes useful recommendations, summarizes the study and draws appropriate conclusions.

4.2 RECOMMENDATION

Based on the findings catalogued in the previous chapter, the following recommendations are logical.

4.2.1 Improving ATM's Efficiency to Enhance CRM

Problems associated with the ATM's administration as mentioned by customers included ling delays, incorrect print outs and cash outages among others. Given the fact that, ATM's help in reducing volume of people wishing to transact business within the banking halls, it is recommended that management of the bank intensifies its efforts at improving the efficiency of the machines. Regular maintenance is required to keep the facility functioning at all times. Officers should also conduct periodic monitoring to ensure that cash is regularly replenished to serve customers.

It could also be said that that ATM has become a competitive weapon to most commercial bank in the sense that, it has gone a long way to replace the volume of labour and has improved the traditional labour transaction process, thereby reducing labour errors and shortening process time. This in my view has increased the efficiency of most banks and has also improved service quality. Again installing more ATM will also reduce the amount of work on most bank branches. In this way, the labour force of the branches can be redistributed and redeployed more efficiently than before.

In addition to the above mentioned, improving automatic teller machine will also provide additional revenue streams the reason been that most ATM withdrawal transaction generates surcharge ("convenience fee") income for the owner of the automatic teller machine. Additionally, an automatic teller machine can provide revenue from on-screen advertising, couponing, and alternative media (e.g., prepaid phone cards, postage stamps) dispensing opportunities.

Improving automatic teller machine reduces risk and lowers costs**.** Having an automatic teller machine on the premises can *reduce* the number of bad checks and *cut* credit card expenses because customers have the option of withdrawing cash instead, this goes a long way to enhance customer relationship.

It could be deduced that The ATMs are really indispensable in achieving sound customer relationship management practices and therefore management of the bank should act appropriately to delight customers.

4.2.2 Helping Customers to Operate Service Delivery devices

The discovery that literacy challenges do not allow some customers to properly find their feet with regard to service delivery systems at the banks premises ought to be squarely addressed. The customer experience is fundamental to staying competitive, particularly when introducing new services delivery devices in the banks for this reason management of banks will need to have strategies in place to ensure high levels of customer satisfaction for new device users. Yet banks must be able to keep satisfaction high without introducing new operational expenses that will offset their gains in customer revenues as the same time as well. Banks should conduct presentations at public places especially around markets, churches, big super markets, Gas Filling Stations with view to helping customers to fully enjoy new service delivery systems. The electronic media especially the Television also offers a very powerful template for demonstrating to the public how to operate its new self service delivery systems.

4.2.3 Effective Supervision of Central Bank to enhance CRM activity

The study uncovered the fact that some banks do not provide water fountains within their banking halls as directed by the central bank. It is hereby recommended that personnel of the banking supervision department of the central bank stay alive to their duties by paying periodic visits not to inspect financial transactions but also customer service systems. Central banks should also ensure that other banks develop the culture of vigilance and respect for internal controls and ensure that this culture permeates the whole organization.

Another area of concerned is that, management of banks should be able to build human resource capacity to meet the training needs of their staff by drawing up training programmes that would meet the peculiar need of their banks. Some banks do not even provide wash rooms for customers and this could create some serious health concerns for senior citizens who, out of necessity must visit the banks for one or two reason.

To further enhance customer relationship, satisfaction and improve on services rendered by the Central banks, central banks should be able to establish more Consumer Complaints Units within the Banking Supervision Department, where customers' complaints and grievances would be independently investigated and their concerns and misgivings addressed.

4.2.4 Commission on New Product

Periodically the banks came up with new product and these are mainly advertised through pamphlets, brochures and posters. Considering the fact that some customers have literacy challenges, it is recommended that in the interest of customer service, the sales and marketing staff of the banks should do series of presentation at market places to whet up the appetite of customers in their new products.

Another option for banks to choose when launching new products is by letting social media fans tell their story, thus; If banks can make their blogs and websites tell a story rather than sell a product or service, then they are much more likely to develop a community that trusts its brand, opts in for the banks emails and clicks over to the links when you invite them to take advantage of a special offer. They might even share the banks information and posts with friends on their favorite social networks, just because they like the bank that much.

In a nut shell, bank marketers' should get in the habit of putting themselves in their audience's shoes. Think about how they would like to be approached when they're reading a blog post. I venture to say that doing so, will obviously attract exactly the kind of readership, and customers, the banks desire who communicate using social media.

4.2.5 More Training for Staff

In the midst of stiff competition within the banking industry of Ghana, one 'weapon' to stay on top of competition has to do with intensifying customer relationship management activities, and this is where Customer service which is one of the most important departments within a bank comes to play, because the customer is the driving force behind the bank's success. To achieve this, it is prudent for management of banks to hire a customer service supervisor, or manager, to oversee this department to ensure that customer service representatives are well trained and customer policy is carried out diligently.

It is the bank customer service supervisor's responsibility to ensure that all customer service representatives within her department have undergone necessary training. Training normally consists of reviewing company policies when dealing with customers and performing role-playing exercises to strengthen customer service skills. Depending on the bank, a customer service supervisor may teach staff based on an established training manual or the supervisor may be responsible for creating training materials The above mentioned presupposes that bank officials ought to be continually trained and their skills developed on modern techniques in CRM so as to be able to appreciate the needs of customers and prescribe effective solutions. This is perhaps the most potent way of retaining the existing customers and attracting new customers in their new products.

4.2.6 Building Capacity of SMEs

The discovery that Zenith Bank is yet to establish capacity building workshop for the SMEs sector cannot go with comment. It is important for management of the bank to examine the best practices being exhibited by Barclays Bank and Ghana Commercial Bank. These banks have established business clinics for the SMEs on regional bases and periodically organize workshop to enhance the management capabilities of the operators.

4.3 Summary

The research report has been structured into five distinct chapters and for this reason the summary also takes into accounts these partitioning.

4.3.1 Chapter One

Chapter one outlined the general overview of the concepts of customer, service, customer behavior and customer relationship management. The basic theoretical model for consumer decision making importance of customer loyalty and basic principles for building customer relationship management were discussed in the opening chapter together with the role technology plays in customer relationship management within the banking industry of Ghana.

4.3.2 Chapter Two

The second chapter reviewed contemporary article on how to employ customer relationship management techniques to attract and retain customers. Other articles reviewed also focused on the marketing concept which encourages marketers to produce what the customer needs but not what they have to offer the customer.

The articles are of the general theme that successful implementation of customer relationship management (CRM) requires more effective management of functional interdependences through process teams and revisions in the ways that employee performance is also measured and rewarded. The article also stressed that, CRM can only be achieved with the full commitment and support of the board and senior management.

4.3.3 Chapter Three

The corporate profile of Zenith bank and its customer retention strategies were discussed in this chapter. The management of the West African sub-regional bank hopes to capitalize on CRM to consolidate of its leading top-tier corporate banking image. Zenith focuses on its core corporate lending business, capital market-related activities through its various subsidiaries I the operational area.

4.3.4 Chapter Four

This chapter highlighted the details of the research methodology, presented the analyzed data and discussed the findings. The research methodology displayed the research design, characteristics of the population, sample procedure, research instrument, data collection strategies and data analysis.

Discussion of findings touched on issues relating to impact of Customer Relationship Management (CRM) on influx of customers following the introduction of the universal banking law by the central bank converted all banks to one stop banks where all banking activities could be transacted. The analysis also touched on measures put in place by the central bank of Ghana to ensure that players in the banking industry comply with its directives on CRM regulation.

4.4 Conclusion

In the light of the research findings outlined in the previous chapter the following conclusions are logical:

4.4.1 Customer Retention Strategies

Zenith Bank maintains a well-trained and motivated official who employ modern customer relationship management strategies to attract and retain more customers. The officials pay periodic visits to customers investigate that financial and other needs and prescribe suitable solutions. Content of customer suggestion boxes are regularly used to improve upon their customer relationship activities.

4.4.2 Customer Service Activities

The bank parades state-of-the-art service delivery systems such as well scattered automatic teller machines on-line banking, SMS banking door-to-door cash mobilization services to delight its customers. Adequate car parking facilities, pleasant waiting rooms, clearly defined waiting lines, clean places of convenience; water drinking fountains etc have all been made available to enhance the customer service activities of the bank.

4.4.3 Central Banks Influence on CRM activities of Commercial Bank

The central bank of Ghana plays an important role in ensuring that commercial banks strengthen their customer relationship management activities. It was through the instrumentality of the bank of Ghana that commercial banks display their tariff guide conspicuously within their banking halls, provide drinking water facilities within the banking halls operate flexible hours as well as provide adequate car parking space for the benefit of customers.

4.4.4 Challenges faced by Customers in Assessing CRM activities

Some customers are semi-illiterates and therefore are unable to effectively understand some of the communication materials mounted within the banking halls to enhance customer relationship management activities. Motor traffic congestion happens to be one of the hindrances to achieving swift customer services at the bank high service tariffs also came to light as a challenge to some customers wanting to access bank services.

4.4.5 Impact of Competition on CRM

Competition is having a positive impact on customer relationship management activities. Banks are introducing quality into their service delivery systems. Banks are training their officials to render more efficient services to customers. State-of-the-art equipment's are being employed to delight customers - service changes and initial deposits for opening bank accounts are all being streamlined to ensure more customers access bank services. Customer turnaround time has also improved tremendously.

4.4.6 Building Capacity of Customers

Zenith bank is yet to establish capacity building business clinics for its SME customers as obtained at Barclays and Ghana Commercial banks. Officials especially relationship managers however capitalize on CRM practices to render business advisory service where necessary to certain SME operations.

4.4.7 Staff Training and Development

Management of the bank is consciously using both local and foreign training facilities to enhance the capacity of officers towards effectively pursuing the customer relationship management strategies of the bank.

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