UNIVERSITY OF GHANA

BEYOND TRANSACTION: WHAT INFLUENCES CUSTOMER RELATIONSHIP MANAGEMENT AT ZENITH BANK (GHANA) LIMITED

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DECLARATION

I do hereby declare that this work is the result of my own research and has not been presented by anyone for any academic award in this or any other university. All references used in the work have been fully acknowledged.

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CERTIFICATION

I hereby certify that this thesis was supervised in accordance with the procedures laid down by the university.

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(CO-SUPERVISOR)

DEDICATION

This thesis is dedicated to my lovely supportive wife, Mrs. Sheila Afaribea Ntow who provided me with all the support I needed to come this far. Also to my lovely children, Papa who will say 'daddy, are going to school again'? Nana, who will order me outright with authority in his baritone voice 'daddy don't go' and Nhyira who in spite of saying 'daddy bye-bye, will break down and cry' as she clinches me in a bid to prevent me from moving out of the house. Those days were very emotional for me and I say from the depth of my heart that I love you all.

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LIST OF ABBREVIATIONS

BM-A	Branch Manager A
BM-B	Branch Manager B
CRM	Customer Relationship Management
IT-A	IT Officer A
IT-B	IT Officer B
RLM-A	Relationship Manager A
RLM-B	Relationship Manager B
RLM-C	Relationship Manager C
RM	Relationship Marketing
SH	Sector Head
SM	Senior Manager
TM	Transactional Marketing
ZBL	Zenith Bank (Ghana) Limited
BOG	Bank of Ghana

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ABSTRACT

The Ghanaian banking industry has experienced growth largely driven by the influx of foreign banks, especially of Nigerian origin. Notable among these banks are UBA, Zenith Bank, Access Bank, and GT Bank. The boom in the Ghanaian banking industry has brought about significant changes in product design, marketing and customer relationship management (CRM). Of particular interest to this research is the emergence of the latter, which was almost non-existent in the transaction oriented banks prior to the entry of the "new generation banks". The purpose of this study is to ascertain the underpinnings of Zenith Bank's perceived success in customer relationship management and to examine the extent to which the bank's people, systems and processes enhance customer loyalty, and to develop a reference framework that could guide Zenith Bank's CRM programme going forward. The qualitative data collection technique was used for this study. Transaction marketing, relationship marketing and CRM literatures were reviewed and a case study was conducted to illustrate how customer data can be used for the benefit of the bank and the customer. Eight staff members of Zenith Bank were interviewed. The findings suggest that strategic CRM success is hinged on the special attention given to customers one-on-one, which is made possible by the CRM platforms deployed by the bank. Again the study revealed that the successful combination of people, process and technology will lead to customer loyalty for the bank. In terms of challenges, it was noted that a bank's inability to translate customer data into meaningful information and poor firm-staff motivation could pose a serious challenge to the benefits of CRM.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Competition in the service industry as well as focus on customer satisfaction and loyalty is compelling service firms to change their focus from customer acquisition to customer retention (Sheth, 2002) by building relationships with customers and adding more value to goods and services (Lindgreen & Wynstra, 2005; Oztaysi, Sezgin, & Ozok, 2011). Customer relationship management (CRM) is formed as a popular business term, which holds the same roots with relationship marketing and enhances the paradigm with the emerging information technologies (Oztaysi, Sezgin, & Ozok, 2011).

Customer Relationship Management comprises a set of processes and enabling systems supporting a business strategy to build long term, profitable relationships with specific customers (Ling & Yen, 2001; Ngai, Xiu, & Chan, 2009). Similarly Swift (2001) defined customer relationship management as an "enterprise approach to understanding and influencing customer behavior through meaningful communications in order to improve customer acquisition, customer retention, customer loyalty, and customer profitability". Zablah et al. (2004) concluded that there are five perspectives of CRM which are, strategy, process, capability, philosophy and technology.

Many scholars have confirm the impact of customer relationship management on business orientation and performance (Almquist et al., 2002; Goodhue et al., 2002; Payne & Frow, 2004; Rigby & Ledingham, 2004; Richard, Thirkell & Huff, 2007). Successful CRM implementations may lead to increase in customer satisfaction, customer loyalty and customer retention (Richards & Jones, 2008).

Customer Relationship Management (CRM) is one of the most significant changes that have occurred within the Ghanaian banking industry. Zenith Bank, since its entry into Ghana in September 2005, has made it a policy to employ the best people, technology and processes to underscore its commitment to deliver the highest possible service to its clients. According to Zenith Bank Ghana website the bank has won several laurels as a result of its exemplary CRM practices as well as being mentioned in the 2013 Ghana Banking Survey report by PricewaterhouseCoopers as being one of the few banks in Ghana to have adopted CRM to mine relationship and retain customers (PWC, 2013).

This research focuses on the underpinnings of Zenith Bank's perceived success in customer relationship management. By finding out those underpinnings the bank can enhance performance in those directions or areas and sustain it. Since the mid-2000s, the Ghanaian banking industry has experienced growth that is largely attributed to the influx of foreign banks into the Ghanaian market. Notable among these banks are banks that are of Nigerian origin, such as UBA, Zenith Bank, Access Bank, and GT Bank. The boom has brought about significant changes in product design, marketing and customer service in Ghana's banking industry (PWC, 2013). Gone are the days when banks were full of stereotypical "bank managers". It is now the order of the day to see young people handling the affairs of big banks. "Mother figures" in customer service have given way to young crop of customer service executives. Old, restrictive buildings are now replaced by modern, attractive and spacious bank buildings and halls designed to attract customers. Such is the extent of change that can be observed in the Ghanaian banking industry over the past decade. And this therefore provided a good premise for this research.

1.2 Statement of the Problem

Customer relationship marketing is rooted in relationship marketing (Ryals & Knox, 2001). Relationship marketing is a strategy to attract, maintain and enhance customer relationships (Berry, 1983; Ndubisi, 2007). Relationship marketing improves long run profitability by shifting from transactional based marketing, with emphasis on winning new customers, to customer retention through effective management of customer relationships (Christopher et al., 1991). According to Couldwell (1998), Customer relationship management is "a combination of business process and technology that seeks to understand a company's customers from the perspective of who they are, what they do, and what they are like." More so, Customer relationship management is underpinned by information systems convergence and the development of supporting software that promises to significantly improve the implementation of relationship marketing principles (Ryals & Knox, 2001).

Banks like many firms can leveraged on bank – customer relationship to gain privileged information about customers' needs and inturn provide more satisfactory offerings then competitors (Ndubisi, 2004; Ndubisi, 2006). Customer relationship management provides banks with a clear understanding of customer needs that can lead to customer satisfaction, customer loyalty and cost reduction in serving customers (Ndubisi, 2006). Zenith Bank Ghana according to Pricewater house Coopers is among the few banks in Ghana that have adopted customer relationship marketing and have actually benefited from its practice (PWC, 2013). Thus, the impact of customer relationship management on Zenith Bank's success is assessed in this study.

1.3 Research Gap

In the global arena, a lot of studies have been conducted on CRM practices in the financial services industry, with majority of them focusing on the banking sector (Ramesh, 2014; Bhatnagar, 2013; Ullah et al, 2013; Padmavathy et al, 2012; Meadows & Dibb, 2012; Rouholamini & Venkatesh, 2011; Linoff & Berry, 2011; Sangle & Awasthi, 2011; Coltman et al., 2011; Krasnikov et al., 2009). However, a review of the extant literature revealed that there is a dearth of research on Customer Relationship Management particularly in the banking sector in Ghana (Appiah-Kubi, 2010).

Most Ghanaian CRM studies have focused on hotels and the hospitality industry (Narteh, 2013; Asabere & Doku, 2013; Amoako et al, 2012; Hinson et al, 2009; Kuada & Buatsi, 2005). Appiah-Kubi (2010) examined ways to improve the success and effectiveness of CRM through the conceptualization of a framework known as the CRM pyramid. Again Asabere and Doku (2013) discussed how to improve guest satisfaction and retention in Hotels through the deployment of information and technology. They aver that customer relationship management when handled as a mere technological tool is most likely to result in failure for the firms concerned. The onus therefore falls on firms to treat CRM as more of a strategic mechanism that is utilized across the entire company, in order to guarantee success (Asabere & Doku, 2013).

Most of these researches are quantitative, and are developed economies based (Ramesh, 2014; Bhatnagar, 2013; Ullah et al, 2013; Padmavathy et al, 2012; Meadows & Dibb, 2012; Rouholamini & Venkatesh, 2011; Linoff and Berry, 2011; Sangle & Awasthi, 2011; Coltman et al., 2011; Krasnikov et al., 2009). It is thus evident that there is room for further research to be conducted on customer relationship management in the Ghanaian banking sector; especially from a qualitative perspective in order to explore challenges and opportunities in CRM implementation by banks in Ghana. Hence, the purpose of this study is to explore CRM as practiced within the Ghanaian banking industry.

1.4 Objective of the Study

a. To understand the nature and scope of CRM at Zenith Bank
b. To identify the benefits and challenges of CRM on Zenith Bank operations
c. To explore the effects of CRM tools on Zenith Bank operations
d. To evaluate the impact / outcomes of CRM on Zenith Bank's operations.

1.5 Research Question

The research seeks to find answers to the following research questions

a. What is the nature and scope of CRM at Zenith Bank?
b. What are the benefits and challenges of CRM on Zenith Bank operations?
c. What are the effects of CRM tools on Zenith Bank operations?
d. What are the impact / outcomes of CRM on Zenith Bank's operations?

1.6 Significance of the Study

Zenith Bank has over the years set a standard for itself in the Ghanaian banking industry as a highly competitive and profitable bank. The bank thrives on strategic customer relationship management plan, which grants each customer (individual or corporate) the ease of dealing directly with a named relationship manager and having issues resolved promptly. It is thus important for the bank to understand, if the fundamental factors that the bank perceives to underpin its success are reflected by the customer. Based on the results of this study, the bank could take remedial measures to improve on them.

Also, the bank's commitment to effective and swift operations has afforded customers the opportunity to have transactions done faster and more efficiently. This strategy proved a real test for other banks in the Ghanaian industry as it seemed to be effective in capturing and maintaining customers. Additionally, the bank strategically placed itself as a corporate bank, handling and managing accounts of big private, multinational and even state owned organizations. Consequently, within three years of its establishment, the bank had chalked numerous successes in Ghana's banking sector (PWC, 2013). Notable among this is the bank's award as the best bank in Ghana for the year 2008 (Zenithbank, 2014). That notwithstanding, the bank has undertaken huge strides to capture and maintain a wide market share. This, the bank has lived up to by having about 9% market share at the end of 2012 (PWC, 2013). There has been study increase in profitability of the banks since 2008, thus making the bank one of the most profitable banks in Ghana. When it comes to customer service and relationship management, Zenith Bank is considered among the best in Ghana (PWC, 2010).

This success of the bank has not come without its fair share of challenges. However, what really pushes the bank ahead is its resilience even in the midst of challenges. These underlying factors; customer relationship management, efficient and swift operations, effective strategic management, investment in its people, technology and superior service delivery have put Zenith Bank ahead of its competitors.

1.7 Scope and Organization of the Study

The study will take into consideration eight staff of Zenith Bank (Ghana) Limited some of whom have been with the bank since its inception and are in managerial positions. The study will be organized into six major chapters. Chapter one covers the background of the study, problem statement, objectives for carrying out the study, research questions and significance of the study, and the scope and organization of the study. Chapter two will dwell on the literature review of the concept of relationship marketing under study, chapter three will discuss the context and profile of the banking industry in Ghana and Zenith Bank (Ghana) Limited, chapter four will consider the research methodology, made up of the study design, sampling method / data collections, study instrument and analytical tools and techniques. Chapter five focuses on findings and discussions that emanates from the survey, which is composed of tables, graphs and charts where necessary as well as analysis and interpretations. Finally, chapter six will contain the summary of the study, conclusion and recommendations, discussion of limitations of the study of study and also suggest prospective areas for further research.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

In this chapter, an overview of previous research related to the research area is presented. First, this review details the conceptual definitions and evolution of Transactional Marketing and Relationship Marketing through to Customer Relationship Management (CRM), as provided by scholars in the field of marketing. Also the various dimensions of Relationship Marketing, CRM and their benefits are provided. The section finally ends with a conceptual framework for the study of Customer Relationship Management (CRM) in a banking institution.

2.1 The Evolution of Relationship Marketing

Marketing has evolved from a primary focus on consumer goods in the 1950s, industrial marketing in the 1960s, non-profit and societal marketing in the 1970s, services marketing in the 1980s to a primary focus on relationship marketing in the 1990s date (Christopher et al., 1991). Figure 2.1 depicts a diagrammatic framework of the evolution. The evolution and growth of relationship marketing are the result of the following (Sheth & Parvatiyar, 2000):

- Rapid technological advancements, especially in information technology
- The adoption of total quality programs by companies
- The growth of the service economy
- Organizational development process which has led to empowerment of individuals and teams
- Increased competitive intensity resulting in concern for customer retention.

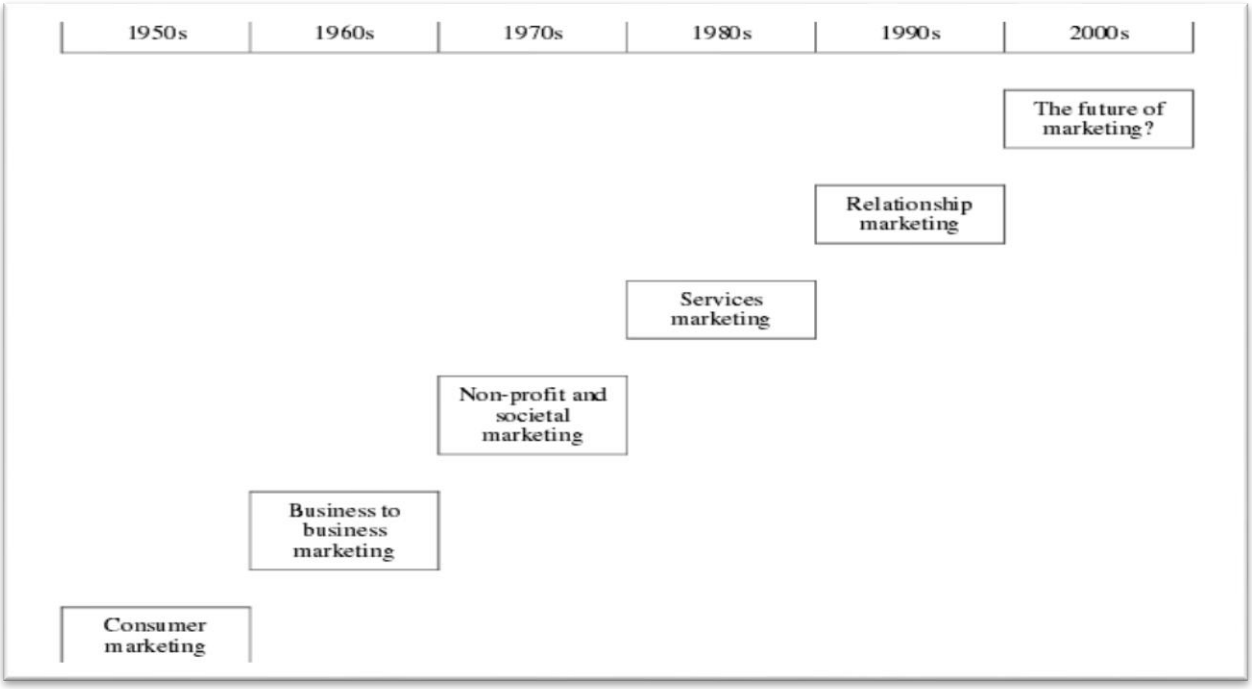

Figure 2.1 Evolution of Marketing. Source: Kotler et al (1998).

2.2 Transactional Marketing

Under the transactional marketing concept, marketing activities was carried out under a well-thought-out philosophy of efficiency, effectiveness and social responsibility (Kotler, 2003). Kotler (2003) defined a transaction as a trade of values between two or more parties of which there are monetary, legal and social implications. In essence transactional marketing involves the exchange of goods and services for money. According to Kotler (2003) there are six concepts under which organizations conduct marketing activities: the production concept, product concept, selling concept, marketing concept, customer concept, and social marketing concept. In the first place, the production concept holds that consumers will prefer products that are widely available and inexpensive. Managers of production-oriented firms concentrate on achieving high production efficiency, low costs, and mass-distribution. Their assumption is that consumers are mainly interested in in product availability and at low prices.

Secondly, other businesses are guided by the product concept which holds that consumers will favour those products that offer the most quality, performance, or innovative features. Managers in these organizations focus on making superior products and improving them over time. They also assume that buyers admire well-made products and can evaluate quality and performance. Thirdly, the selling concept is also another business orientation that holds that consumers and businesses, if left alone will ordinarily not buy enough of the firm’s product. The firm must therefore undertake aggressive selling and promotional efforts. This concept assumes that consumers typically show buying inertia or resistance and must be coaxed into buying. This assumption employs a battery of effective selling and promotional tools to stimulate more buying.

The selling concept is practiced most aggressively with unsought goods, goods that buyers normally do not think of buying, such as insurance, encyclopedia and funeral plots (Kotler, 2003). It is also practiced in the nonprofit area by fund raisers, college admission officers and political parties.

The Marketing Concept emerged in the mid-1950s and challenged the preceding concepts. Instead of a product-centered, ‘make-and-sell’ philosophy, we shift to a customer-centered, ‘sense-and-respond’ philosophy. The job is not to find the right customers for your product but the right products for your customers.

The marketing concept holds that the key to achieving its organizational goals consists of the company being more effective than competitors in creating, delivering and communicating superior customer value to its chosen target markets. Whereas companies practicing the marketing concepts work at the level of customer segments, a growing number of today's companies are now shaping separate offers, services and massages to individual customers. These organizations collect information on each customer's past transactions, demographic, psychographics, and media distribution preferences. They hope to achieve profitable growth through capturing a larger share of each customer's expenditure by building high customer loyalty and focusing on customer lifetime value. The ability of firms to deal with customers one-on-one or one at a time has become practical as a result of advances in technology and database marketing software (Kotler & Armstrong, 2013).

Lastly, the societal marketing concept calls upon marketers to build social and ethical considerations into their marketing practices. They must balance the often conflicting criteria of company profits, consumer want satisfaction, and public interest. Some have questioned whether the marketing concept is an appropriate philosophy in the age of environmental deterioration, resource shortages, explosive population growth, world hunger, poverty and neglected social services. Indeed to make a successful exchange, marketers analyze what each party expects from the transaction which is contrary to transactional marketing that focuses more on a short-term basis and is characterized by mass marketing.

Furthermore, marketing in the transactional era was seen as 'the art of selling products', (Kotler, 2003), where marketing practitioners were equipped with both selling and distribution skills. Managing customer exchanges therefore called for marketing professionals to exhibit significant volume of work and skill with a strong emphasis on product features. At the transactional phase of marketing, emphasis was on products features. Hence, Kotler (1992) concludes that "companies must move from the short-term transaction-oriented goal to a more long-term relationship building goal. As a result Kotler (1998) avers that the focus of the marketer should no longer be on maximizing the profit of individual transactions, but rather on maximizing the profitability of customers on a relationship basis. The operating assumption here is that the building of good long-term relationships will lead to profitable transactions from customers over an extended period of time.

Transactional marketing was based on physical exchanges of products. Kotler (2008) argued that 'exchange is the core concept of marketing and that it involves the process of obtaining a desired product from someone by offering them something in return'. Exchange is a value-creating process as it usually makes both parties better off. A transaction is a trade of values between two or more parties. Sawhney & Parikh (2001) also stated that a transaction involves several dimensions. Kotler (2008) stated that for exchange potential to exist, the following 5 conditions must be met:

1. There must be at least two parties
2. Each party has something that might be of value to the other party.
3. Each party is capable of communication and delivery
4. Each party is free to accept or reject the exchange offer
5. Each party believes it is appropriate or desirable to deal with the other party.

Marketing emerged in the 1920s and 1930s, leading through the late 1940s and the 1950s as a business function and characterized by the post-war consumer boom (Wilkie & Moore, 2012). The economic crisis of the 1970s, and a series of oil crisis in the 1980s onwards led to the decline of functional marketing, and significant increase of relational marketing. Kotler (2003) avers that "companies must move from the short-term transaction-oriented goal to a long-term relationship-building goal". Kotler (1998) states that: 'A paradigm shift, as used by Thomas Kuhn…, occurs when a field's practitioners are not satisfied with the field's explanatory variables or breadth'. As a result, Kotler (2003) explained that the focus of the marketer should no longer be on maximizing the profit of individual transactions, but rather on maximizing the profitability of customers on a relationship basis. The operating assumption here, is that the building of good long-term relationships will lead to profitable transactions from customers over an extended period of time (Persson & Ryals, 2014).

Additionally, the marketing system at work during this period involved buying and selling at all stages, with temporal dimensions, planning, employment, capital investment, movement, production, risk taking, financing, and so forth, each one taking place in advance, with the expectation of transactional exchanges that would occur to fuel the system's continuing operations (Wilkie & Moore, 2012). Further to the above, Payne (1995) indicates that transaction marketing and relationship marketing have a number of different specific characteristics (see Table 2.1 for example).

Table 2. 1: Characteristic of Transaction Marketing and Relationship Marketing

Transactional Marketing	**Relationship Marketing**
Focus on single sale	Focus on customer retention
Orientation on product features	Orientation on customer values
Short-term scale	Long-term scale
Little emphasis on customer service	High customer service emphasis
Limited customer commitment	High customer commitment
Moderate customer contact	High customer contact
Quality is primarily a concern of production	Quality is a concern of all

Source: Payne (1995)

2.3 Relationship Marketing

Grönroos (1994) states that a paradigm shift is taking place where the focus of marketing is shifting from the traditional four P's of marketing – product, price, place and promotion – to a new approach based on the building and management of effective relationships with various stakeholders. Relationship marketing, as part of marketing, involves the development, enhancement and maintaining of relationships and interactions between customers, suppliers, competitors, and other stakeholders (Narteh, 2013). This however, does not mean that the four P's are less valuable, but that the focus has moved to a new paradigm where marketing assumes a more relationship-oriented drive with the customer as the focal point.

Relationship marketing has focuses on customer retention, service, and product benefits, a long-term scale, service emphasis, high customer commitment, customer contact, quality, and finally customer loyalty (Persson & Ryals, 2014); Kumar et al., 2013; Hinson, 2011;). It is seen as a product of good quality customer service, which can enhance the relationship between the bank and its customers. Furthermore, Morgan and Hunt (1994) defined relationship marketing as all the marketing activities directed toward establishing, developing and maintaining successful relational exchanges. Relationship marketing has attracted wide academic and practitioner interest since its emergence in the early eighties through to the nineties, prompting Ogechukwu and Francis (2013) to postulate that it is the most popular marketing topic of interest in recent years.

Since the early work of Berry (1983), other scholars have studied different aspects of relationship marketing. These studies on relationship marketing have linked the concept with customer satisfaction and loyalty (Narteh et al, 2013; Ehigie, 2006, Anabila et al.,

2012) as well as firm performance (Hinson et al., 2009, Palmatier & Gopalakrishna, 2005; Izquierdo et al., 2005). Morgan and Hunt (1994) also proposed commitment and trust as the key mediating variables for the success of any given relationship marketing strategy. This reorientation of marketing has been proposed in contrast to the traditional approach to marketing, which is transactional marketing (Zineldin, 2000).

In a bid to explain and resolve the various opinions and streams of marketing research and practice, Brodie et al., (1997) refer to Coviello et al., (2003) established a classification scheme based on a synthesis of both European and North American schools of thought in marketing, across the service, interaction, channels, and network streams of research. Zineldin (2000) opined that from these two general marketing perspectives were identified, encompassing four distinct types of marketing namely:

1. Transaction marketing
    - Sales management
2. Relationship marketing
    - Database marketing
    - Interaction marketing
    - Network marketing

Furthermore, companies that use any of the above mentioned marketing approaches cannot operate effectively unless they have the ability to communicate quickly, accurately, and over great distances (Anabila et al., 2012). Moreover, advances in technology had made it much easier for managers and marketers to communicate and do business within national or international networks. Unfortunately, many organizations view technology as a separate supporting element in developing relationships or as facilitative relationship

(Zineldin, 2000), but not as a main core element that has impact on every aspect of all types of organizations, markets and marketing.

Indeed, technology changes the role of the customer and the patterns of market communication, relations, and interactions in relationship marketing. Zineldin (2000) stated that there is an urgent need to understand the sources and implications of these evolving forms of linkages: how will technology and interactivity transform markets (Narteh, 2009).

Technology today is the most important factor in creating, developing and tightening relationships (Kumar & Reinartz, 2012). Advancements in information technology is making the world of marketing smaller, enabling business-to-business, business-to-consumers, and one-to-one relationships to grow faster. Information technology is the foremost driving force in almost all markets, from transaction markets to relationship markets in the twenty-first century environment (Zineldin, 2000). The marketing future therefore needs a comprehensive perspective and this perspective should be based on integrative relationships.

However, a lot of issues still remain unaddressed within this new marketing paradigm. Claycomb and Martin (2002) argued that the relationship marketing concept may mean different things to different writers and practitioners and as such, further research would be needed to clarify the relationship marketing practices. Commenting on relationship marketing, O’Loughlin, Szmigin & Turnbull (2004) also stated that “definitional problems and diversity in operational approaches have been highlighted such that relationship marketing has become a catch-all term for a range of relational concepts”.

To create customer loyalty, various value-added services, which started long before the transaction marketing and continue far beyond it, must be delivered (Wetzels et al., 1998). The concept of relationship marketing is embedded in services marketing and in corporate service delivery processes. The relational exchange can provide a competitive advantage and create barriers to switching (Hinson & Mahmoud 2011). To be effective and successful, the relationship marketing philosophy needs the support of the people in the other departments and business functions on an integrated basis. However, it is not always possible for companies with large customer bases to have close relationships with all their customers (Bennett & Durkin, 2002).

According to Gummesson (1998) there are a number of themes emerging in the relationship marketing literature; which place an emphasis on the relationship orientation of the concept. The focus of this is for an organization to increase customer satisfaction, customer retention and loyalty (Anabila, Narteh & Tweneboah-Koduah 2012). Furthermore, service providers need to know their customers, what their needs are and cross-sell throughout the service group. The relationship is also based on equal and respectful terms (Nguyen, & Klaus, 2013).

On the other hand, companies must also understand the economics of customer retention (Narteh, 2013). Organizations need to ensure the appropriate allocation of marketing resources to existing customers as the increased retention will lower costs of acquiring new customers which then translate into profitability for the organization. Again, Abratt and Russell (1999) contended that customer segmentation is critical for an effective relationship marketing strategy. This involves targeting certain profitable customers and maximizing the lifetime value of desirable customers and customer segments. The relationship is based on a win-win scenario where all parties involved receive increased and mutual value (Abratt & Russell, 1999**).** Blomqvist et al. (1993), proposed the following key characteristics of relationship marketing: every customer is considered an individual person or unit; activities of the firm are predominantly directed towards existing customers; implementation is based on interactions and dialogues; and the firm tries to achieve profitability through the decrease of customer turnover and the strengthening of customer relationships.

2.4 Definitions of Relationship Marketing

There are many definitions of Relationship Marketing (RM), most of them stressing the development and maintenance of long term relationships with customers and sometimes with other stakeholders (Persson & Ryals, 2014; Morgan & Hunt 1994; Grönroos 1997, 2000). According to Grönroos (2009) the goal for marketing is to engage the firm with the customers' processes with an aim to support value creation in those processes, in a mutually beneficial way. In the light of this, Grönroos (2007), defined relationship marketing as the process of establishing, maintaining and enhancing, and when necessary terminating relationships with customers, for the benefit of all involved parties, through a process of making and keeping promises.

Making promises requires that the firm engages with its customers' processes in the first place (sales, marketing communication, offers, etc.). Keeping promises relates to how the organization continuously supports the various processes relevant to its customers (order making, storing goods, paying, using, maintaining, etc.). Keeping promises also means that the customers' processes are supported in a successful and value-creating way.

However, Gummesson (2008) conceptualized Total relationship marketing as marketing based on relationships, networks and interaction, recognizing that marketing is embedded in the total management of the networks of the selling organization, the market and society. It is directed to long term win-win relationships with individual customers, and value is jointly created between the parties involved. It transcends the boundaries between specialist functions and disciplines. Total relationship marketing embraces not just the supplier-customer as does one-to-one marketing and CRM (customer relationship management) but also relationships to a supplier's own suppliers, to competitors and to middlemen; these are all market relationships. It is a comprehensive business and marketing strategy that integrates technology, process, and all business activities around the customer (Storbacka, 2011).

According to Parvatiyar and Sheth (2001) RM involves a comprehensive strategy and process of acquiring, retaining, and partnering with selective customers to create superior value for the company and the customer. Sin et al. (2005) stated that RM is a comprehensive strategy and process that enables an organization to identify, acquire, retain, and nurture profitable customers by building and maintaining long-term relationships with them. However, Chen and Popovich (2003) stated that RM is a combination of people, processes, and technology that seeks to understand a company's customers. It is an integrated approach to managing relationships by focusing on customer retention and relationship development. It can therefore be inferred from these definitions that relationship marketing involves people, process and technology which makes up the components of CRM.

2.5 The Dimensions of Relationship Marketing

Researchers in relationship marketing have found that competence, communication, conflict handling, commitment, relational bonds and trust jointly determine customer satisfaction which in turn would lead to customer loyalty. This was supported by a research conducted by Narteh, (2013), on relationship marketing in the hospitality industry in Ghana that comparatively, the biggest determinant of customer satisfaction is competence followed by trust, commitment, conflict handling, relational bonds and communication respectively. Moreover, marketing literature has theorized key elements that underpin relationship marketing, such as trust (Morgan & Hunt, 1994), commitment (Chan & Ndubisi, 2004), conflict handling (Dwyer et al., 1987; Ndubisi & Chan, 2005), and communication (Ndubisi & Chan, 2005; Morgan & Hunt, 1994;). These have been linked in the relationship marketing literature to customer loyalty. Narteh (2013) found that companies should make sacrifices and worthwhile investments in building relationships with loyal or at least potentially loyal customers.

2.5.1 Trust

Moorman et al. (1993) defined trust as a willingness to rely on an exchange partner in whom one has confidence. Morgan & Hunt (1994) conceptualized trust as a partner's confidence in an exchange partner's reliability and integrity. It is often argued that an abuse of this trust by the service provider can lead to customer dissatisfaction and defection (Ndubisi & Wah, 2005). Claycomb & Martin (2002) explains that in the service sector, because customers buy promises and not tangible goods, they must trust service providers in order to ensure a sustained relationship. Morgan and Hunt (1994) also argued that trust helps to build confidence, fosters cooperation, and facilitates service recovery when things go wrong in the service delivery process. Within the banking industry, one could argue that building a trustful relationship will require delivering core services efficiently and effectively in addition to ensuring honesty, reliability and integrity in dealing with customers.

2.5.2 Commitment

Like trust, commitment is one of the important variables for understanding the strength of a marketing relationship, and it is a useful construct for measuring the likelihood of customer loyalty as well as for predicting future purchase frequency (Morgan & Hunt, 1994; Ndubisi & Wah, 2005). Morgan and Hunt (1994) view relationship commitment as a party's belief that an exchange relationship is valuable as to warrant maximum efforts at maintaining it. This fits into Moorman et al.'s 1993 definition of commitment as an enduring desire to maintain a valued relationship. Wilson (1995) contended that commitment is the most common dependent variable used in buyer-seller relationship studies. Morgan and Hunt (1994) were of the opinion that because commitment entails vulnerability, parties will be committed to only trust-worthy exchange partners. Commitment connotes reciprocal obligations on the part of both the service provider as well as the service buyer.

However, literature advance that customers generate different levels of profitability and that not all customers generate acceptable cost and revenue streams (Peppers & Rogers, 1993; Slywotzky & Shapiro, 1993; Storbacka, et al., 1997). To this end, to ensure commitment, a service provider would expect that customers provide acceptable level of current or future business (Wang, Ho, & Zhang, 2012). Similarly, consumers of service products are likely to be committed to an excellent service provider who is prepared to delight them (Bagram & Khan, 2012). Besides according to Hinson et al., (2009), this will require firms to deliver services that meet and exceed customer expectations. To ensure commitment, the parties must share complimentary values and goals about the expectations and obligations involved in the exchange relationship (Sharma, et al., 2001). This also implies a higher level of obligation to make a relationship succeed and to make it mutually satisfying and beneficial (Morgan & Hunt, 1994; Gundlach, et al., 1995).

2.5.3 Competence

Competence is defined as the buyer's perception of the supplier's technological and commercial competence (Anderson & Weitz, 1989). Anderson and Weitz (1989) further made competence operational in four ways: the supplier's knowledge about the market for the buyer, the ability to give good advice on the operating business, the ability to help the buyer plan purchases, and the ability to provide effective sales promotion materials. Moreover, Aldlaigan and Buttle (2005) found that organizational competence is one of the means by which customers become attached to service providers. It is also a measure of the assurance dimension of the SERVQUAL model (Parasuraman, et al., 1988), which has seen wide application in the measurement of service quality. Within the banking industry, competence could imply deploying knowledgeable staff capable of providing accurate and first class financial services (Arthur, 2013).

2.5.4 Communication

The role of effective communication in business has been demonstrated over the years (Belch & Belch, 1998; Schiffman & Kanuk, 2007). Communication has traditionally been seen as the process through which a communicator transmits stimuli to modify behaviour of other individuals (Fishbein & Ajzen, 1975). Today, there is a new view of communication as an interactive dialogue between the company and its customers

(Anderson & Narus, 1990; Ndubisi & Wah (2005). According to Ndubisi and Wah (2005), communication in relationship marketing means providing information that can be trusted, providing information when delivery problems occur, providing information on quality problems and fulfilling promises. The frequency of communication between the parties indicates the strength of the relationship (Anabila et al., 2012). Hence to be effective, astute communication experts argue that organizations must integrate all their communication tools to provide consistent, persuasive and timely information to the customers in order to elicit the right response from them (Kotler & Keller, 2006).

2.6 Benefits of Relationship Marketing

2.6.1 Customer Satisfaction

Few scholars argue against the importance of customer satisfaction being essential to customer loyalty within the service industry. However, to achieve customer satisfaction, a superior level of service and customer orientation is needed (Narteh & Kuada, 2014; Owusu-Frimpong, & Nwankwo, 2012). Relationship marketing has been proposed by many researchers as a key dimension to customer satisfaction (Narteh, 2013). Relationship marketing is being practiced in most organizations as a means to secure continued business relationships. Armstrong and Seng (2000) have asserted that this is very similar to the traditional image of the banking industry worldwide which is highly involved in social relationship to achieve business objectives. This trend, the authors suggest seems to stem from the changing dynamics of the global market place and the changing requirements for competitive success (Morgan & Hunt, 1994). Hence, it can be assumed that successful relationship marketing will elicit favourable responses and satisfactions that will lead to continued repurchase intentions. Customer satisfaction depends on value. Organizations cannot just consider what they give to the customer; rather they must concentrate on the sacrifice the customer has to make. This requires that firms should know or identify all this through constant and effective marketing surveys or research. Scholars on marketing have studied customer satisfaction from different fields and have proposed multiple definitions for the concept. Molina et al., (2007) proposed that in spite of the divergent definitions, customer satisfaction should be related to a goal that consumers intend to achieve.

In line with this thinking, scholars have defined customer satisfaction as a relationship between consumer expectations and the perceived performance of products and services (Kotler & Keller, 2006; Schiffman & Kanuk, 2007). Specifically, Kotler and Keller (2006) view customer satisfaction as a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance in relation to expectation. The comparisons could lead to customer dissatisfaction, satisfaction or delight depending on whether the product's perceived performance falls below, matches or exceeds a priori customer expectation.

There is also consensus within the literature that customer satisfaction has both a cognitive and an affect component (Molina et al., 2011). Customer evaluation measures should reflect the type of exchange that is being evaluated, i.e. transactional or relational. Often used measures in a relationship context are relationship quality (e.g. Gao & Liu, 2014), and relationship satisfaction (e.g. Narteh & Owusu-Frimpong, 2011). A positive relationship between service quality and satisfaction has been well established in some services areas such as the banking sector (e.g. Narteh, 2013; Jamal & Naser, 2002; Ting, 2004). However, the constructs are highly correlated and sometimes difficult to separate in transactional interactions (Bitner & Hubbert, 1994), but even more so from a relationship perspective (Bolton, 2004). In long-term relationships perceived quality and satisfaction are likely to merge into an overall evaluation of relationship satisfaction.

2.6.2 Customer Loyalty

Customer loyalty is defined as "a deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour" (Oliver, 1999). As illustrated in the definition above, loyalty has both an attitudinal and behavioural dimension (Dick & Basu, 1994). Moreover, it is assumed that customers who are behaviorally loyal to a firm display more favourable attitudes towards the firm, in comparison to competitors (Narteh, 2013). However, in some cases behavioral loyalty does not necessarily reflect attitudinal loyalty, since there might exist other factors that prevent customers from defecting (Aldlaigan & Buttle, 2005; Reinartz and Kumar, 2012).

Customer satisfaction and loyalty are highly correlated (Athanassopoulos et al., 2001; Silvestro & Cross, 2000), but form two distinct constructs (Bennett & Rundle-Thiele, 2004; Oliver, 1999). According to Narteh (2010) customer satisfaction in a banking relationship is a good basis for loyalty (Bloemer et al., 1998; Pont & McQuilken, 2005), although it does not guarantee it, because even satisfied customers may switch the organizations they deal with (Nordman, 2004). One important reason for switching is pricing (Colgate & Hedge, 2001; Ennew & Binks, 1999). Hence, some financial service firms have launched customer loyalty programmes that provide economic incentives. Although the effectiveness of loyalty programmes has been questioned (e.g. Dowling & Uncles, 1997; Stauss et al., 2005), research has shown that they have a significant, positive impact on customer retention, service usage, and/or share of customer purchases (e.g. Bolton et al., 2000; Verhoef, 2003).

2.6.3 Profitability

At the center of the relationship marketing philosophy is the notion that making the most out of existing customers is essential for long term profitability (Kumar & Reinartz, 2012). The marketing concept sees customer satisfaction as the highway to profits (Verhoef & Lemon, 2013). Customer satisfaction and loyalty can also translate into financial benefits for banks (Hinson, 2011). Bowen and Shoemaker (2003) found that a reduction in marketing costs results from having loyal customers, in part because it requires less marketing to maintain a current customer.

However, although it seems logical, it is not automatic, as satisfaction does not by itself lead to profits (Gummesson, 1998). The customer relationship must be maintained to sustain repurchase loyalty and retention, which will lead to profitability (Narteh, 2013). Customer value reflects benefits and costs, or the difference between the benefits from the market offering and the costs of obtaining the benefits. Providing continuous value to customers underpins the relationship (Chan et al, 2010). Part of the wide field of marketing is concerned with the exchange relationships between a company and its customers. Companies need to be marketing-oriented, customer-focused and customer-orientated (Christopher et al., 1991). Relationship marketing has been addressing the importance of getting customers, but also, more importantly, keeping customers and building an ongoing relationship (Anabila et al, 2012). It is no longer sufficient to merely provide the customer with technical solutions to be competitive.

2.6.4 Linking Loyalty and Profitability

Numerous studies have shown positive links between loyalty and firm profitability (Mahmoud, Kastner & Akyea, 2011). Nonetheless, not all loyal customers may be profitable (Lariviere, Keiningham, Cooil, Aksoy, & Malthouse, 2014). According to Reinartz and Kumar (2002), the overall link between loyalty and profitability in many industries is questionable for two reasons: 1) a relatively large percentage of long-term customers are only marginally profitable, and 2) a relatively large percentage of short-term customers are highly profitable. It is noteworthy, however, that Reinartz & Kumar's (2002) findings from four industries (high technology, postal service, retail food and direct brokerage) still indicate that a larger proportion of the long-term customers than of the short-term customers exhibit high profitability, and a larger proportion of the high-profitability customers than of the low-profitability customers are long-term customers. Thus, the theory of an overall positive connection between customer loyalty and profitability cannot be rejected.

As noted by Anderson and Mittal (2000), customer relationship profitability arises through the acquisition and retention of "high quality" customers with low maintenance costs and high revenue. In the context a service area such as could be seen in retail banking, (Persson & Ryals, 2014); describes relationship costs as comprising direct variable costs, such as transaction related costs and costs related to specific services, in addition to overhead costs that may or may not be attributable to particular relationships. Relationship revenue, meanwhile, is split into volume-based revenue that is derived from interest margins, and fee-based revenue. Customers' patronage concentration or share-of-wallet and pricing policies are important aspects of relationship revenue in such a service sector (Persson & Ryals, 2014). If relationship costs are minimized and relationship revenue is maximized over time, long-term customers should generate greater profitability than short-term customers.

In recent past, marketing campaigns aimed mainly to increase customer loyalty to a product or services. The understanding was that more loyal customers would engage in repeat business, develop a larger tolerance price hikes and thereby become more profitable to the firm (Narteh 2013). However, this analysis do not always hold true. A very loyal customer may constantly call customer service with enquiries and repeatedly look out for the best price on a product, taking advantage of every rebate and sales offer (Kumar & Reinartz, 2012). Eventually, these customers become a cost to the company instead of source of income (Kumar & Reinartz, 2012). Hence, most organizations are now attempting to establish various mechanisms to help provide solutions to such menace. One of the emerging distinguished approaches is the use of customer relationship management (CRM) both as a practice and a tool for making decisions on such scenarios involving customers and organizations.

2.7 Customer Relationship Management (CRM)

The need to develop competitive advantage in the services subsector has provided the impetus for Customer Relationship Management to become a topic of great interest to organizations the world over including banks. The aim of CRM is to deepen knowledge about customer activities, and use this knowledge to shape the interactions between the organization and the customer in a bid to maximize their lifetime value (Jaber, 2012). Customer relationship management has its origins in business markets where it is utilized as a way to recognize individual customers who are valuable to a firm and to allocate resources to them (Ford, 2011).

According to Kumar and Reinartz (2012), CRM has its roots in relationship marketing which is based in turn on the formative work by Berry (1983), and the IMP Group (Ford, 1990; and Christopher et al.1991). The evolutionary path suggests that CRM has grown from a tactical marketing tool to a strategic decision element from the 1990s to date (Kumar & Reinartz, 2012).

2.8 Definitions of CRM

CRM constitute an approach to relationship marketing (Bonnemaizon, Cova & Lauyot, 2007). They argued that CRM is an enabler of customer experiences that enables a firm to develop internal partnership with the organization and to organize processes and deliver consistency. Customer Relationship Management is similar to the concept of one-to-one marketing which means “to be willing and able to change organizations behaviour towards an individual customer based on what the customer tells you and what else you know about that customer” (Peppers et al., 1999). CRM is defined by Couldwell (1998), as, a combination of business processes and technology, which seeks to understand a company’s customers from the perspective of who they are, what they do, and what they’re like. As is the case with relationship marketing, CRM focuses on customer retention (Lockard, 1998; Deighton, 1998), relationship development (Galbreath, 1998), and loyalty, (Narteh 2013). According to Kutner and Cripps (1997), CRM is founded on four relationship-based tenets, which are explained in the following paragraphs.

According to Kutner and Cripps (1997), the first tenet on which CRM was founded is that customers should be managed as important assets of the organization since companies largely exist to serve a particular customer base. Haugland et al. (2011) in their study on ‘Marketing strategies and customer involvement in product development’ had their results showing that firms involving customers in new product development and investing in relation-specific assets report higher levels of relationship profitability. Furthermore, Gummesson et al, (2014) assert that enthusiastic customers are the best available asset to the organization.

In terms of relationship building, firms do not experience equal levels of outcomes in relating to customers. This can be attributed to the fact that different customers provide different levels of value to a firm in relationship to their volume business, frequency of purchase or the period they have been dealing with the firm (Anabila et al, 2012). According to Hinson (2012), it cost five times more to win a new customer than to maintain an existing one. This coupled with an array of alternatives products and services that customers have to choose from, customer loyalty in recent times is quite difficult to obtain. Customers' expectations have risen sharply and it is becoming more and more challenging to satisfy them. Hence, there is the need for firms to have an in-depth understanding of their individual customer needs and expectations in order to tailor their product offerings to suit customer specifications.

The third and final tenet is that customers vary in their needs, preferences, buying behaviours and price sensitivity (Chiu, Wang, Fang, & Huang, 2014). By understanding customer drivers and customer profitability, companies can tailor their offerings to maximize the overall value of their customer portfolio (Homburg, Müller & Klarmann, 2011). Organizations have found out that they must understand their customers better, and to respond to their wants and needs faster in order to succeed.

However, Kumar & Reinartz, (2012) definition of CRM put more emphasis on how organizations can use information on customers in their database to inform them of the behaviour of their customer and how they can strategically be targeted with specific products. CRM is the practice of analyzing and using marketing databases and leveraging communication technologies to determine corporate practices and methods that maximize the lifetime value of each customer to the firm (Kumar & Reinartz, 2012).

2.9 CRM in the Financial Services Industry

Geib, Kolbe and Brenner (2006) asserted that three major trends have led to the emergence of financial services alliances. First of all, customers increasingly demand that their financial requirements are comprehensively covered. This forces financial services organization to offer customer support for all their financial requirements, ranging from account management to life insurance and the granting of loans, thus realizing the "one-stop finance" idea (Geib et al. 2006). The integration of these different financial services is often realized by the bank's relationship managers who have direct contact with customers as distribution intermediaries (Lehmann, 2000). Secondly, threats from new and aggressive market entrants as well as constantly growing customer requirements force financial service organizations to focus on their core competencies in order to remain competitive (Alt & Reitbauer, 2005). This trend has given rise to a deconstruction of the industry, resulting in specialized companies or business divisions (product providers) that focus on the delivery of specific products and services. Thirdly, financial services organizations increasingly outsource transaction processing to external transaction processors in order to focus on their core competencies (Homann, Rill & Wimmer, 2004). All of these trends have resulted in the emergence of networks consisting of relationship managers, product providers and transaction processors (Heinrich & Leist, 2002; Hagel & Singer, 1999).

Moreover, CRM emerged as a response to decreasing customer loyalty in the service industries and most especially the banking sector (Kumar and Reinartz 2012). The reasons for decreasing customer loyalty in the financial services industry are manifold and closely interconnected, however, three fundamental factors can be identified (Walter, 2000; Körner & Zimmermann, 2000; Krishnan et al., 1999):

1. *Current technological opportunities*. The conceptual nature of financial services makes it possible to sell them through electronic channels, e.g. the internet, which then makes it easier for competitors to enter a market.
2. *Growing competition from new marketplace entrants*. Reinforced by new technological opportunities and deregulation, the market for financial services is being transformed into a globally-connected emporium. Especially non- and near-banks, e.g. telecommunication providers and financial consultancies, constitute a growing threat to established banks.
3. *Changes in consumer behavior*. Financial services customers are increasingly self-confident, better informed about products and services, and increasingly demand services, also as a result of technological possibilities.

The aforementioned factors have led to the emergence of concepts that focus on the nurturing of customer relationships (Payne & Ryals, 2001; Peppard, 2000). CRM emerged as an amalgamation of different management and information system approaches, particularly relationship marketing (Sheth & Parvatiyar, 2000; Scullin *et al.*, 2004), and technology-oriented approaches such as computer-aided selling (CAS) and sales force automation (SFA) (Gebert *et al.*, 2003). Following Shaw and Reed (1999), the researcher define CRM as an interactive approach that achieves an optimum balance between corporate investments and the satisfaction of customer needs in order to generate maximum profits Chen & Popovich (2003). This entails:

- acquiring and continuously updating knowledge on customer needs, motivations, and behavior over the lifetime of the relationship;
- applying customer knowledge to continuously improve performance through a process of learning from successes and failures;
- integrating marketing, sales, and service activities to achieve a common goal; and the implementation of appropriate CRM systems to support customer knowledge acquisition, sharing, and the measurement of CRM effectiveness.

A widely accepted classification of CRM systems is as follows (Shahnam, 2000):

- Operational CRM systems improve the efficiency of CRM business processes and comprise solutions for sales force automation, marketing automation, and call center/customer interaction center management.
- Analytical CRM systems manage and evaluate knowledge on customers for a better understanding of each customer and his or her behaviour. Data warehousing and data mining solutions are typical analytical CRM systems.
- Collaborative CRM systems manage and synchronize customer interaction points and communication channels (e.g. telephone, e-mail, and the web).

Chen and Popovich (2003) indicated that to integrate marketing, sales, and service activities, CRM requires the business processes that involve customers to be fully integrated. These customer-oriented CRM processes are generally semi-structured, and their performance is principally influenced by the underlying source of knowledge on products, markets, and customers (Day, 2000; Schulze *et al.*, 2001; Garcia-Murillo & Annabila, 2002). In many financial services systems, however, customer-oriented processes and systems lack integration.

2.10. The CRM Cycle

2.10.1 Technology

Advancement in technology has profoundly enabled the redesign of business processes in order to enhance the organizational performance drastically (Davenport & Short, 1990; Porter & Kramer, 2011). Improvement in technology aids the re-design of a business process by facilitating changes to work practices and establishing new methods to link a company with customers, suppliers and internal stakeholders (Hammer & Champy, 1993). CRM as a tool derives full benefit from technological innovations, with their capacity to gather and investigate data on customer patterns, interpret customer behaviour, develop predictive models, effectively and timely respond with customized communications, and to deliver valuable products and services to individual customers (Kumar & Reinartz, 2012). Organizations can create a comprehensive view of customers to learn from past interactions to optimize future ones by using technology to “optimize interactions” with customers, (Eckerson & Watson, 2000).

Saarijarvi et al, (2013) indicated that innovations in network infrastructure, client/server computing, and business intelligence applications are leading factors in CRM development. The business solutions that CRM delivers are warehouses of customer data forms a section of the cost of older network technologies. A comprehensive CRM system accumulates, stores, maintains, and distribute customer data throughout the organization, (Lin, Su & Chien, 2006). The effective management of information has a crucial role to play in CRM. Information is critical for product tailoring, service innovation, consolidated views of customers, and calculating customer lifetime value (Peppard, 2000). As a result, data warehouses, Enterprise Resource Planning (ERP) systems, and the Internet serve as significant structures for CRM applications (Saarijarvi, 2013).

2.10.1. (I) The Effect of Data warehouses

A data warehouse is an information technology management device that provides business decision makers immediate access to information by gathering "islands of customer data" throughout the bank by merging all database and operational systems such as human resources, sales and transaction processing systems, financials, inventory, purchasing, and marketing systems, (Chen and Popovich, 2003). Specifically, data warehouses extract, clean, transform, and manage large volumes of data from multiple, heterogeneous systems, generating a historical record of all customer interactions (Eckerson and Watson, 2000).

Data warehouse affords its users the abilities to view and manipulate set data warehouses apart from other computer systems. Frequently extracting information about customers reduces the need for traditional marketing research tools such as customer surveys and focus groups. It therefore possible to identify and report by product or service, geographic region, distribution channel, customer group, and individual customer (Story, 1998). The needed information is thus made available to all customer contact points in the organization.

The technology of Data warehousing enables CRM to consolidates' correlates and transforms customer data into customer intelligence that can used to form a better understanding of customer behavior, Chen & Popovich (2003). Customer data is made up of all sales, promotions, and customer service activities (Chen & Popovich 2003). It includes the specified BOG documentations required to open corporate or individual account in a Ghanaian bank (Hinson, 2011).

According to Sundgren (2012), beyond the transaction information, there are other categories of information that are obtained from internal processes that can similarly make substantial contributions. Information related to loan processing, outstanding balances on accounts, account status, customer service interactions, back office processes, letters of credits, shipping documents, transfers, customer complaints, and anti-money laundering processes all can improve understanding of customers and their purchasing patterns. The ability of a data warehouse to store hundreds and thousands of gigabytes of data make customer data analysis possible and immediate (Saarijarvi et al, 2013). According to Chen and Popovich (2003), the benefits of warehouses include:

- Accurate and faster access to information to facilitate responses to customer queries;
- Data quality and filtering to eliminate bad and duplicate data;
- Extract, manipulate and drill-down data quickly for profitability analysis, customer profiling, and retention modelling;
- State-of-the-art data consolidation and data analysis tools for higher level summary as well as detailed reports; and
- Calculate total present value and estimate future value of every customer profiled.

2.10.1. (II) The Effect of the Internet

The explosive growth of the Internet has also brought new meaning to building customer relationships (Chen & Popovich, 2003). Greater customer access to the organization, such as online ordering and around the clock operations, internet banking, on-line transactions, has set the stage for a shifting paradigm in customer service. It is a common place how websites are successfully building lasting relationships with "e-customers" by offering services in traditionally impossible ways (Peppers & Rogers, 2010).

Using a series of richly detailed case studies, they also contended that in the broad arena of business-to-business commerce, organizations would rise or fall on the basis of their capabilities to cultivate one-to-one relationships with their customers (Chen & Popovich, 2003). Customers want organizations to anticipate their needs and provide consistent service at levels above their expectations. Customers in return are loyal to the organization for a considerable period of time. For example, the American Airlines Web site builds customized customer views in real time allowing two million frequent fliers to have a unique experience each time they log on (Chen & Popovich, 2003).

Prior to the advent of Internet, there was not a cost-effective way to tell millions of customers fitting a certain profile about an immediately available special fare. With the interactive capability of the Internet, American Airlines can do exactly that without having to tell everyone about every special fare. As a part of CRM, American Airlines offers loyal customers promotional fares and special discounts to partner businesses based on individual customer preferences.

2.10.2 Process

In recent past, organizations with efficient production systems and greater resources were able to satisfy customer needs with standardized products, realizing the benefits through productivity gains and lower costs (Anderson, Day & Rangan, 2012). Mass marketing and mass production were successful as long as customers were satisfied with standardized products (Kotler, 2011). With increase in competition more firms entered the market, mass marketing tactics, where the aim was to sell what manufacturers produced, started to lose value (Kotler & Armstrong, 2013). Segmentation and target marketing shifted an organizations attention to modifying products and marketing efforts to fit customer needs. Changing customer needs and preferences necessitate firms to focus on smaller and smaller segments of the markets (Kwarteng & Sara, 2013).

Researchers agree that retaining customers is more profitable than winning new relationships (Hinson et al., 2009) Relationship marketing evolved on the basis that customers differ with respect to their taste and preferences, needs, buying behavior, and price sensitivity. Consequently, by understanding customer drivers and customer profitability, companies can better tailor their offerings to maximize the overall value of their customer portfolio. According to Chen and Popovich (2003), a 5 percent increase in customer retention resulted in an increase in average customer lifetime value of between 35 percent and 95 percent, and this will lead to a significant change in company profitability.

Customer relationship marketing techniques focus on single customers and require the firm to be organized around the customer, rather than the product (Narteh, 2012). Customer-centric banks seamlessly integrate marketing and other business processes to serve customers and respond to market pressures. Organizations that evolve to this stage will benefit from a marketing-manufacturing interface, resulting in the flexibility to meet changing customer needs efficiently and effectively (Prabhaker, 2001).

Notwithstanding the technological perspectives discussed in the previous section, the philosophical bases of CRM are relationship marketing, customer profitability, lifetime value, retention and satisfaction created through business process management. Storbacka (2011) describes CRM as an integrated approach to managing customer relationships with re-engineering of customer value through better service recovery and competitive positioning of the offer. Couldwell (1998) further portrays CRM as a combination of business process and technology that seeks to understand a company's customer from the perspective of who they are, what they do, and what they are like. Moreover, organizations have been repeatedly warned that failure is eminent if they believe that CRM is only a technology solution (Goldenberg, 2000).

Furthermore, Hinson et al. (2009) stated that "retaining customers is more profitable than building new relationships" is especially true in the changing Internet market. According to Chen and Popovich (2003) A study by Deloitte Consulting survey of more than 900 executives across different industries also shown that organizations that set goals for improving customer loyalty are 60 percent more profitable than those without such a strategy (Saunders, 1999). Again, a CRM strategy can help generate new customers, and more importantly, develop and maintain existing customers Kumar and Reinartz, (2012).

According to Chen and Popovich (2009) Customer relationship management is an enterprise-wide customer-centric business model that must be built around the customer. Accordingly, it is a never ending effort that requires redesigning core business processes starting from the customer perspective and involving customer feedback. The Seybold Group starts this process by asking customers what barriers they encounter from the company (Seybold, 1998; Seybold et al., 2001). In a product-focused approach, the goal is to find customers for the products using mass marketing efforts. The aim of customer-centric approach, on the other hand involves developing products and services to fit customer needs. In Seybold's work, five steps in designing a customer-centric organization were suggested:

- make it easy for customers to do business;
- focus on the end customer;
- redesign front office and examine information flows between the front and back office;
- foster customer loyalty by becoming proactive with customers; and
- build in measurable checks and balances to continuously improve.

The objectives of a customer-centric model are to increase revenue, promote customer loyalty, reduce the cost of sales and service, and improve operations (Seybold et al., 2001). Enhancing customer relationships requires a complete understanding of all customers; profitable as well as non-profitable, and then to organize business processes to treat customers individually based on their needs and their values (Renner, 2000). Within the paradigm of business process re-engineering, Al-Mashari and Zairi (1999) offer a holistic view of success and fail factors. Specifically, change management, management support, organizational structure, project management, and information technology were highlighted. Banks considering CRM implementation can also benefit from addressing these five BPR issues.

2.10.3 People

Several customer relationship management studies have, to a large extent, agreed that successful CRM can be achieved through the interrelationship of technology, process, people and culture (Chang et al, 2010). The interplay among these three pillars is considered as both a strategic tools as well as continuums of relationship marketing. For instance, Saarijarvi et al (2013) asserted that, the right technology is necessary to facilitate and sustain these value added processes, provide timely services to customers. Customer Relationship Management uses technology as one of the strategic tools of delivering services to banks customers. However, it must be emphasized that the role of humans (people) in managing such technological platforms to ensure a smooth running of the entire banking process cannot be underestimated (Zhou, Xie, & Chen, 2012). Each exists to complement the work of the other. Thus, the process can only be made effective when the right technology is in place, and this can also be ensured by having the right personnel (people) who have the requisite training to maintain the continuum.

Implementation of enterprise technology, such as CRM necessitates modifications to organizational culture (Al-Mashari and Zairi, 2000). While both technology and business processes are both critical to successful CRM initiatives, it is the individual employees who are the building blocks of customer relationships. There are a number of underlying dimensions surrounding management and employees that successful CRM implementations require. The commitment of the top management is an essential element for bringing an innovation online and ensuring delivery of promised benefits. Top management commitment, however, is more than a CEO giving his or her approval to the

CRM project (Anabila & Awunyo-Vitor, 2013). Customer-centric management requires top management support and commitment to CRM throughout the entire CRM implementation. Without it, impetus quickly dies out. Moreover, top management should set the stage in CRM initiatives for leadership, strategic direction and alignment of vision and business goals (Herington and Peterson, 2000). This view was reinforced in a recent META Group Report (1998) that singled out top management support and involvement as a key success factor for CRM implementations.

As it is with several foremost changes, objections and disagreement among various functional departments that arise in the process of business reengineering and CRM implementation can only be elucidated through personal intervention by top management, usually resulting in changes to corporate culture. The META Group Report (1998) concluded that investing in CRM technology without a customer oriented cultural mindset is like throwing money into a black hole. Dickie (1999) also cautions against starting a CRM project if senior management does not fundamentally believe in re-engineering a customer-centric business model.

CRM projects require full-time attention of the implementation project team with representatives from sales, marketing, manufacturing, customer services, information technology, etc. Cap Gemini and IDC (1999), found that top management and marketing and sales management are generally the initiators of a corporate CRM project. Besides, a CRM project team requires not only funding by top management but also a project champion that can persuade top management for continuous change efforts (Al-Mashari & Zairi, 1999). Broadly speaking, project teams support organizations to integrate their core business processes, combine related activities, and eliminate the ones that don't add value to customers. A functional organization frequently takes "ownership" of customer data.

Many departments and individuals see customer handling as a sales or marketing function, and regard the release of their data to another function as a loss of power (Kurbel, 2013). A customer-centric model involves sharing the data enterprise-wide; this generally ecessitates a fundamental paradigm shift in the culture to sharing information and knowledge, especially in organizations where tradition has established separate goals and objectives top management must not take a passive role in change efforts (Chowhan & Saxena, 2011). Silo-based organizational myopia must be replaced with a customer-focus so departments will collaborate rather than compete with each other. Many of these changes efforts can be aided by effective communication throughout the entire project and reaching all levels of employees.

According to Kumar and Reinartz (2012), CRM initiatives require vision and it is important that every staff understand the purpose and changes that CRM will make to the success of the organization. Re-engineering a customer-centric business model requires cultural change and the participation of all employees within the organization. However, (Kostojohn, Johnson, & Paulen, 2011) avers that some employees may opt to leave; whiles others will have positions eliminated in the new business model. Successful implementation of CRM may also mean that some jobs will be significantly changed. The organization's management must affirm its commitment to an ongoing company-wide education and training program (Abugre, 2013). Further to enhancing employee skills and knowledge, education boosts motivation and commitment of employee and reduces employee resistance (Boohene, & Williams, 2012). Additionally, management needs to ensure that job evaluations, compensation programs, and reward systems are adapted on a basis that facilitates and rewards a customer orientation. After all, how people are measured will inform their behavior.

Ryals and Knox (2001) summarized the key characteristics of CRM as follows:

- A customer relationship perspective aimed at the long-term retention of selected customers.
- Gathering and integrating information on customers.
- Use of dedicated software to analyse this information (often in real time).
- Segmentation by expected customer lifetime value.
- Micro-segmentation of markets according to customers' needs and wants.
- Customer value creation through process management
- Customer value delivery through service tailored to micro-segments, facilitated by detailed, integrated customer profiles.
- A shift in emphasis from managing product portfolios to managing portfolios of customers, necessitating changes to working practices and sometimes to organisational structure.

2.11 Outcomes of CRM

Four themes emerged from the data that characterize the reconfigured role of customer data in the context of the banking sector: customer loyalty, firm differentiation, firm values and firm image. According to Saarijarvi et al (2013), these themes possess peculiar features that were professed by customers and bank informants. The themes function at various levels of banks' processes and bring out the various implications of the reconfigured role of customer data. Bearing in mind their interrelations, it can be deduced that the themes operate at multiple levels of firms' processes and uncover diverse effects of the reconfigured role of customer data. For example, firm image can be regarded as a somewhat more intangible and difficult to measure construct than customer loyalty, which in turn is more closely linked to the firm's value creation in terms of increased future revenue. The outcomes, as illustrated below, have different roles regarding how and at which point they contribute to supporting the bank's value creation, according to (Saarijarvi et al., 2013). Furthermore, Saarijarvi et al (2013) notes that these outcomes bring to the fore both strategic and operational aspects of a firm's value creation, as discussed in more detail next:

Customer loyalty	Due to customer data reconfiguration, which in turn serves as input for relevant information for customers, the bank is able to increase the loyalty of those customers that find this information useful
Firm differentiation	Due to customer data reconfiguration the bank is able to differentiate itself from the competition and even attract new customers. In addition, while the bank provides customers with additional resources (financial service information), the firm positions itself more as a service firm
Firm values	Due to customer data reconfiguration the bank can put its values and strategy into practice, for example, by emphasizing customer orientation by providing customers with access to their own data
Firm image	Due to customer data reconfiguration customers perceive the bank in a more positive light. For example, customers perceive the bank as a forerunner because it provides such a service and gives customer data back to customers

The evolution from data dispersion through data organization and data ownership towards data sharing is well in tune with the shift from viewing customers as passive to reconsidering them as active partners (e.g. Prahalad & Ramaswamy, 2004). The reconfigured role of customer data, together with both public and private initiatives to give customers more access to their own data, have major implications for public policy as well (Saarijarvi et al., 2013).

The essence of customer data sharing opens new business and service opportunities (Fayaz, Reddy, & Rao, 2013). For instance, healthcare facilities should return data about customers (i.e. patients) back for customers' own use, and local authorities can provide geographical data to customers to modify refine and apply in their own processes. With the upsurge of social media, applications harness the power of customer data to support customers' processes (Nabareseh & Osakwe, 2014). Having an in-depth knowledge of this evolution might help, not only capture the nature of this emerging phenomenon but also impact public opinion. The CRM framework must adapt to market changes and novel forms of interaction, exchange and value co-creation that emerge in relationships between customers and companies (Yousif, 2012). It is indeed the case that, understanding the opportunities involved with the reconfigured role of customer data has major implications for practice; it suggests a variety of ways to serve customers better, which ultimately should result in equal benefits for the firm.

2.12 Conceptual Framework

Based on the findings of the extant literature review above, the study will adopt the following conceptual framework in exploring beyond transaction what influences customer relationship management at Zenith Bank (Ghana) Limited. The conceptual framework of this study is a combination of the constituents of Customer Relationship Management namely people, process and technology and its consequent effects on a financial service organization as discussed in the earlier parts of this section. The framework seeks to explore the outcomes of blending the people, process and technology elements of the CRM system in the banking industry.

Although CRM scholars (Yousif, 2012) have conceptualized the term in different ways, this research will consider CRM from the people, process and technology view point. Saarijarvi et al. (2013), postulate that the triangular combination of people, process and technology will lead to customer loyalty, firm differentiation, firm value and firm image. However, this study will consider the outcomes of CRM with regards to Customer Loyalty. Moreover, it is important to state that the effect of a bank’s effective deployment of the CRM process will be competence, swift turnaround time and convenience to the customer. It is expected that the bank’s staff exhibit competence, trust and commitment, customer transactions are processed within reasonable time and the information technology platforms of the bank gives convenience to the customer, the same will be satisfied of the banks services and a satisfied customer can be retained and a retained customer can be loyal to the bank with its attendant benefit such as increase in deposit and profitability, positive word of mouth and referrals and this is depicted in Figure 2.4 below.

CONCEPTUAL FRAMEWORK

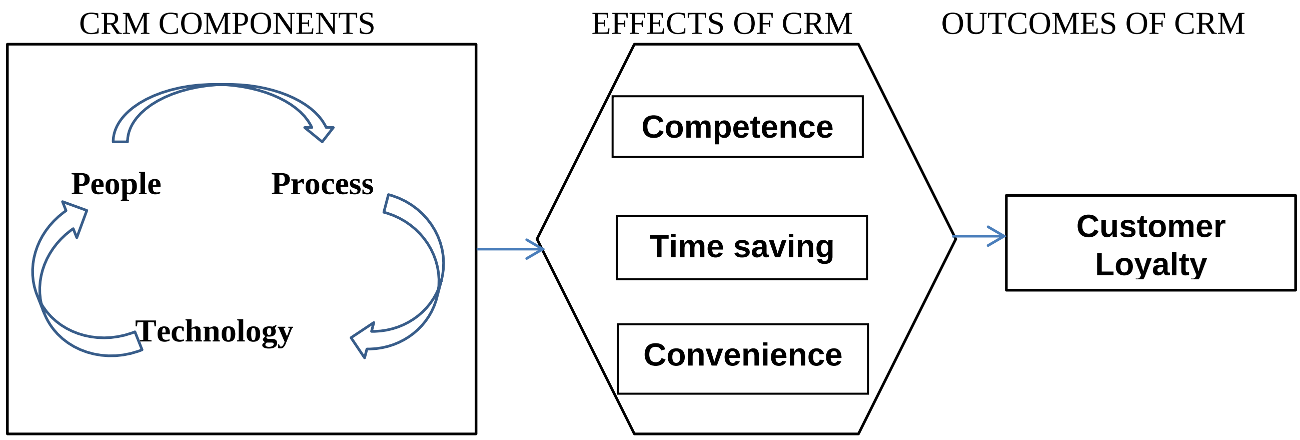

Figure 2. 2 Conceptual Framework

Source: Adapted from Saarijarvi et al, (2013)

The elements on figure 2.2 describing the CRM components, effects of CRM and outcomes of CRM are discussed earlier in the literature. For example CRM components are discuss extensively at section 2.11 on page 44.

CHAPTER THREE

CONTEXT OF THE STUDY

3.0 Introduction

This chapter covers comprehensive historical perspectives of the Ghanaian banking industry. It also looks at the evolution, trends and outlook of the banking industry. Moreover, it also deals with the emergence of the new banks, new culture of customer service and introduction of technology to serve as a premise to differentiate the transactional age from the relationship age of the Ghanaian banking sector.

3.1. Historical Background

Ghana, formerly called Gold Coast gained her independence on 6th March, 1957. It has a total land area of approximately 92,099 sq miles (238,535 km²) and about 24million people according to the projections of the 2010 population census. The Republic of Ghana lies almost in the center of the countries along the Gulf of Guinea (The West African Coast). To the east of Ghana lies the Republic of Togo. On the west is La Côte d'Ivoire and on the north is Burkina Faso. Like many African countries, Ghana has had its fair share of political and economic instabilities, and the banking system has not been spared during these difficult periods.

The first banking institution was set up in British West in the late 19th Century. Backed by the London-run African Banking Cooperation, the Bank of British West Africa was opened in 1894. Meanwhile, West Africa and its banking institutions were controlled by the British from the time until 1957.

However, after independence, Ghana established its own banking institutions and introduced a new national currency called the Cedi. On 4th March 1957, just two days before the declaration of political independence, the Bank of Ghana was formally established by the Bank of Ghana (BOG) Ordinance (No. 34) of 1957, passed by the British Parliament, (Bank of Ghana, 2013). The Bank of Ghana became the main banking institution in the country that managed issues of currency, business and personal banking.

Ghana experienced a serious economic crunch in the early 1960s due to its socialist policies programmes, made up of strict exchange control, trade restrictions and import export concerns. The economic crisis continued until 1983 when a shift from economic socialism to a market driven economy was pursued. Ghana during this time had a well-developed banking system that was used extensively by preceding governments to finance the development of local economy. By the close of the 1980s, the bank had suffered significant losses from a number of bad loans on their books.

Further to this, the fall in the value of the cedi had increased the banks' external liabilities. Attempts to strengthen the banking sector led the government to roll out series of comprehensive reforms in 1988. Specifically, the amended law of August 1989 required banks to maintain a minimum capital base equivalent to 6 percent of net asset adjusted for risk and to establish uniform accounting and auditing standards. The law in addition introduced limits on risk exposure to single obligors. These measures strengthened Bank of Ghana supervision, improved the regulatory framework, and enhanced resource mobilization and credit allocation over time (BOG, 2014).

Additionally, further efforts were made to ease the increased burden of bad loans on the bank in the 1980s. In 1989, the Central Bank issued temporary promissory notes to replace non-performing loans and other government-guaranteed commitments to state-owned enterprises as of the end of 1988 and on private-sector loans in 1989. The latter was substituted with interest-bearing bonds from the Bank of Ghana or was offset against debts to the bank. In effect, the government stepped in and repaid the loans. By the by the close of 1989, about 62 Billion Cedis worth of non-performing assets had been offset and replaced by Central bank bonds totaling about 47 Million Cedis.

At the start of the 1990s, there were three large commercial banks apart from the Bank of Ghana. These are Ghana Commercial Bank, Barclays Bank and the Standard Chartered Bank, and seven secondary banks. Additionally, three merchant banks specialized in corporate finance, advisory services, and money and capital market activities, namely, Merchant Bank, Ecobank Ghana and Continental Acceptance. The latter two were both established in 1990. These together with the commercial banks placed short-term deposits with two discount houses set up to enhance the development of Ghana’s money market. They are Consolidated Discount House and Securities Discount House, established in November 1987 and June 1991, respectively.

In 1990, all banks were obliged to meet the new capital adequacy requirement. Additionally, the government announced the establishment of the First Finance Company in 1991 to help distressed but potentially viable companies to re-capitalize. The Finance Company was set up as part of the financial sector adjustment program in response to requests for easier access to credit for companies badly affected by ERP policies. The Finance company was a joint venture between the Bank of Ghana and the Social Security and National Insurance Trust (SSNIT).

It is worthy to note that foreign bank accounts which were frozen after the PNDC coup d'état have been permitted since mid-1985, in a bid to increase local supplies of foreign exchange. Foreign currency accounts may be held in any of the seven authorized banks with interest exempt from Ghanaian tax and with transfers abroad free from foreign exchange control restrictions.

Moreover, the passage of the Universal Banking licence in 2003 has replaced the three-pillar banking model – development, merchant and commercial banking. It has levelled the playing field, and opened up the system to competition, product innovation and entry. With improved macroeconomic conditions and prospects, the industry has grown into 26 banks, diversified in geographical origin, corporate character and reach in the global financial markets. The licensing policy of the Bank of Ghana has continued to pursue the underlying objectives of establishing a unique and rich banking tradition in Ghana. The aim of the licencing regime of the BOG is to limit the entry of foreign banks to truly internationally active financial institutions (BOG, 2013).

3.2 The Emergence of the New Banks

Almost two decades ago, Yavas et al., (1997) observed that the banking sector, in many developing countries, is undergoing changes in order to keep up with world trends. It therefore comes as a little surprise that within the last five years, this sector has seen some tremendous developments in Ghana, and that a lot of new banks have entered into the Ghanaian market. The consequence of these reforms mentioned in the preceding section coupled with political stability, consistency in implementing political and economic policies, stability of the currency and the entire economy of the country, the relatively lower minimum capital requirement of 70 Billion Cedis ($7.5 million), has led to the emergence of diverse types of banks in Ghana over the last decade. For instance, Hinson et al., (2009) states that the large number of international organizations displaced by the devastating wars in the sub region as well as the ceaseless attraction of multinationals and telecommunication giants to do business in Ghana have all contributed to the booming nature of the Ghanaian banking sector.

According to Asante (2012), investors both local and foreign, are now eager to establish banks in the country. By the end of 1998, the number of commercial banks licensed to operate in Ghana had increased to 16 with 277 branches and indications were that more privately-owned banks will be established before the year 2000. Fourteen years later (that is 2013), the number of banks in Ghana had increased to about 26 with over 700 branches nationwide (BOG, 2013).

Moreover, while the number of local-private banks in the country seems to be on the rise, Pan African and Nigerian banks in particular are equally increasing. By the end of the year 2009, five Nigerian banks have been licensed to operate in Ghana and were actively and aggressively trying to carve out a sizable market share for themselves. These are were: (1) United Bank for Africa formerly known as Standard Trust Bank, the first Nigerian bank to begin operations in Ghana in January 2005; (2) Zenith Bank, which entered in September 2005. (3) Guarantee Trust Bank (GTB) obtained approval for its license in February 2006; (4) Intercontinental Bank, which took over the Ghanaian Citi savings and loans Company after completing the consolidation of it four legacy banks into the Intercontinental bank Nigeria, which was eventually acquired by Access Bank, another Nigerian bank which had operated in Ghana since 2007; (5) Finally, Amalgamated Bank which was bought by the Ibru family of Nigeria.

The banking sector has seen major capital injection partly because of the political stability, attainment of micro and macroeconomic stability and the government‘s desire to make Ghana the ―financial hub of the Sub-region.

3.3 The New Culture of Service

The consequences of increasing number of foreign banks in Ghana are far reaching. Competition, turbulence and uncertainty have reached their turning points with both local and international banks fighting for the around 10 million banking population by defining and re-defining their service delivery positions. Traditionally, Ghanaian banks have always sought the 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 (Abor, 2005). However, in view of the now competitive nature of the sector, Ghanaian banks now employ cutting edge technologies to roll out their products to their customers. Banking halls are housed in ultra-modern buildings, staffed with well-trained smart looking ladies and gentlemen. Technological innovations have been identified to contribute to the distribution channels of banks and with little surprise Automated Teller Machine (ATM), Telephone and internet banking are now common means by which Ghanaian can transact with banks.

Furthermore the Ghanaian banking sector is reasonably efficient, financially innovative, and profitable. For instance, the size of the balance sheet of Ghana‘s banking system expanded by 372 percent to 52.5 percent of GDP in 2008 from 27.3 percent of GDP in 2003. Total deposits for Ghana‘s banking system have risen to 34.2 percent of GDP from 23.4 percent of GDP in 2003. Ghana's banking industry also had a branch net of over 700 in 2013 compared with 332 in 2003 (Myjoyonline, 2013).

These positive developments point to the fact that the Ghanaian banking sector is on a sound footing and well positioned to strengthen its inter-mediation role. It is believed that the banking system in Ghana is currently on an upswing and does not seem to have been greatly affected by the global economic crisis (Myjoyonline, 2013). The current level of capital adequacy of banks also suggests that the local industry is quite robust to external shocks. In the next section, the thesis moves to present brief discussion on how the introduction of technology is serving as a premise to differentiate the transactional age from the relationship age.

3.4 Technology as the Differentiating Factor between the Transactional and Relationship Banking.

Since the mid-2000s, the Ghanaian banking industry has experienced growth that is largely attributed to the influx of foreign banks into the Ghanaian market. Notable among these banks are banks that are of Nigerian origin, such as UBA, Zenith Bank, Access Bank, and GT Bank. The boom has brought about significant changes in product design, marketing and customer service in Ghana's banking industry (PWC, 2013).

The unwelcome attitudes of bank officials has given way to a more professional and cordial relationship. Whereas a customer could come into the banking hall to do a transaction and go without being noticed, now the customer is greeted and welcomed with smiles at the entrance of the banking. Not only are banks having better relationship with their customers, but they are getting to know their customers' businesses in order to serve them better. Such is the extent of change that the Ghanaian banking industry has observed over the past decade.

Equally important to this transformation of the Ghanaian banking industry is the introduction of relationship marketing into the activities of banks which was hitherto not been the practice a decade ago. Relationship marketing became the strategy adopted by the ‘‘so-called’’ Nigerian banks to win customers. Today, some of the banks have gone a step further in employing customer relationship management (CRM) as a strategic tool to mine and retain customers (PWC, 2013). Through CRM, banking has now been brought to the doorsteps of individuals and corporate bodies alike, making banks more accessible. Clients are no longer placed on “hold” when they call their bankers. One-on-One relationship banking has made it possible for clients to deal directly with their bank(s) via relationship managers. The reform of customer relationship in Ghana has taken a new dimension that is sending hitherto “unreformed” banks rushing to keep up with the new entrants, and the competition for customers on the market has been keener. Cutting edge technologies are being employed as a strategic tool by Zenith Bank to keep track of individual customers and to serve their clients better. The bank has brought banking not only to the door-steps of individuals but also to the rooms of corporate clients by designing products that make it possible for individuals and firms to do banking transaction in their own premises. The bank seeks to become a leading, technology - driven, global financial institution, providing distinctively unique range of financial services. The bank seeks to achieve this by employing and investing in the best people, technology and environment to underscore its commitment to achieving customer enthusiasm.

Additionally, Zenith Bank seeks to become a leading, technology - driven, global financial institution, providing distinctively unique range of financial services. The overall mission of the bank is to make the Zenith brand a reputable international financial services network recognized for innovation, superior customer service and performance while creating premium value for all stakeholders. The bank's vision is to be a reference point in the provision of flawless, prompt and innovative banking services in the Ghanaian Banking industry. The impact of customer relationship management on Zenith bank's success can be attributed to how the bank has differentiated itself in the banking industry through its service quality, drive for a unique customer experience and the diverse caliber of its clientele base and cconsistently offering a unique range of financial services that underscores corporate commitment to customer enthusiasm and value creation for stakeholders at the core of the Zenith values. This serves to drive and mould the Bank's corporate and business strategy on:

- Cutting edge information technology
- Superior leadership
- Professional management
- Highly skilled staff and
- Excellence in service delivery.

However the bank has had its fair share of challenges most especially in the 2010 and 2011 financial years; the bank experienced one of its worse performances since its inception. The bank received many complaints on customer service, turnaround time was poor, and processing of customer transaction was not done on time. This adversely affected the bank's bottom-line. The bank's deposits and profits were low. This resulted in the bank winning only one award in 2010 and did not win any laurels at all in 2011 as indicated in the bank's profile. As a result, the management of the bank took certain decision that included the strengthening of the bank's systems, processes and procedures. As a strategy, the bank implemented fully the CRM to mine relationship and retain customers. This brought a turnaround in 2012 and 2013 where the bank increased its deposit and profit as well as winning several awards as a result.

At Zenith Bank, speed, efficiency and flexibility are abiding watchwords, and the bank's customer specific approach to customer service has consistently reinforced its value creation processes aimed at assisting customers to develop strategies for excellence in their various endeavours. These values have culminated in the bank achieving some remarkable successes since its establishment in Ghana some 9 years ago. For instance, in 2009 Zenith Bank (Ghana) Limited was adjudged the overall best bank in Ghana after only 3 years operation in the country. Figure 3.1 below indicate the various awards by the bank in its years of operations in Ghana.

3.5 Zenith Bank Achievements – Ghana Banking Awards

Table 3. 1: Zenith Bank Achievements

Year Of Awards	Type Of Award
2006	• Runner Up, Corporate Banking • Runner Up, Customer Service.
2007	• 2nd Runner Up Customer Service
2008	• Bank of The Year • Best Bank Financial Performance • 1st Runner Up Short Term Loan Financing • 1st Runner Up Growing Bank • 2nd Runner up Retail Banking
2009	• Bank of The Year • Best Bank Financial Performance • 1st Runner Up Short Term Loan Financing • 1st Runner Up Growing Bank • 2nd Runner up Retail Banking
2010	• **2nd runner-up Most Socially Responsible Bank**
2012	• Winner Best Bank - Corporate Banking • Winner Trade Finance Deal of the Year • 1st Runner Up Best Bank - Trade Finance • 2nd Runner Up Best Bank – Long Term Loan Financing • 2nd Runner Up Best Bank – Short Term Loan Financing

Source: Zenith Bank, 2014.

CHAPTER FOUR

RESEARCH METHODOLOGY

4.0 Introduction

A research methodology refers to “a model to conduct a research within the context of a particular paradigm” (Davis, 2013). Remenyi (1998) defines research methodology as the procedural framework within which the research is conducted. It consists of the theoretical and ideological foundations and the underlying principles that guide a researcher in the choice of one method of research over the other. This chapter presents a summary of the methodological approach and the research design that has been chosen for the purposes of exploring beyond transaction, what influences customer relationship at Zenith Bank (Ghana) Limited (ZBL). It also highlights the sample used for the study as well as the research instruments used.

4.1 Research Approach

Qualitative research approach was adopted, as the current study is exploratory in nature, focusing on understanding the challenges and opportunities in implementing customer relationship management, a relatively new area in the financial sector in Ghana. The qualitative approach was selected as its gives more insight through a process of analysis of the various views (Creswell, 2012). The respondents are made up of sector heads, relationship managers, IT officers and branch managers who play key roles with regards to customer relationship management activities at the bank.

4.2 The Research Strategy

The case study approach was selected for the study as it affords the researcher an opportunity to conduct an in-depth and extensive research on the underpinning factors that influence customer relationship at Zenith Bank. It would help assess the impact the bank's people, technology and processes have on customer loyalty, as, expressed in the conceptual model (2.2) of this study, and the challenges in the implementation. To ascertain this, the researcher interviewed sector heads, branch managers, IT officers and relationship managers of Zenith Bank Ghana Limited to gain an in-depth understanding on how the bank integrates its technology, process and people and its impact on customer loyalty. Flyvbjerg (2006) in his work indicated that, the single-case study is preferred when the case in question is considered the best, the worst, a mixture of the two, unique or novel. In this case the PWC report on Ghana Banking Survey indicated Zenith Bank Ghana Limited as one of the best banks that use CRM platforms in building relationship with their customers.

4.3 Data Collection Techniques for Qualitative Case Study

Yin (2003), postulated six data collection techniques namely: archival records, documentations, direct observations, participant-observation, physical artefact and interview. In this study, the interview, physical artefact, archival records and participant observation were used for the data collection. The interview technique was adopted as its helps to probe further in getting detailed and valuable information from the interviewee's. Interviews also provide information beyond participant know-how. The Interview technique was used to obtain information on the factors that influence customer relation at ZBL, the people, process and technology elements of the CRM that the bank employs in mining, managing and retaining customers' data and to develop a reference framework that could guide Zenith Bank to enhance its CRM programme. Regarding archival records, the research made references to the bank's annual report and past financial statements which gave indications of the bank year-on-year performance. Physical artefact examination for the study was gleaned from the bank's official website. All relevant information of the bank such as the products, report and past financial statements, e-banking products, Internet banking, mobile banking, third party collaborations and payment platforms were all obtained from the bank's website. Regarding participant observation, the researcher took into consideration the body language of the respondents and the conduct of their business, how respondents handle/deal with customers.

4.4 Interview Technique

Myers (2013) proposed three main types of interview techniques which includes the following: structured interviews, semi-structured interviews, and unstructured interviews. For this study semi structured interview technique was used to collect data since its gives opportunity to the interviewer not to strictly stick to set of predetermined questions. Again in Semi-structured interviews the interviewer can ask follow up questions which helps to get more insight into the subject area.

4.5 Sampling Design

The research population comprises of all the universal banks in Ghana and Zenith Bank (Ghana) Limited is selected for analysis. The bank prides itself in using technological platforms in building relationship with customers. Zenith Bank was the first financial institution in Ghana to introduce SMS banking. These IT platforms make the bank rather efficient in processing customer's transactions.

4.5.1 Sampling Size

Zenith Bank (Ghana) Limited was selected from the list of 26 universal banks in Ghana in the 2013 Ghana Banking Survey Report. A sector head, 3 relationship managers, 2 branch managers, and 2 IT officers were purposively interviewed. These categories of people were selected for the interview because they play important roles in managing client activities on daily bases in the bank. They take decisions that affect daily operations of the bank and were therefore able to provide information from management's perspective. The sector head supervises all relationship managers as well as approve customer transactions before they are processed. The branch managers were also selected since they take decisions as heads and act on behalf of management in their respective branches and can provide information from the branches' perspective. They are responsible for the success or failure of the branch and ensure that all aspects of the branch's operations are performed to the bank's acceptable standards - from customer service to the operations department to the security man who opens the door to the customer. The branch managers are also quite close to the customer.

Relationship managers represent the bank's officials who are closest to customers and therefore have more insider information about the customer. As part of their core duties in managing customers, they are expected not only to know their customer but also to know their customer's businesses as well. This knowledge affords the relationship managers to act as financial advisors to their clients and competently advise them when the need arise. Moreover, the IT managers have the technological know-how to handle the banks systems, IT platforms, back-up processing, processing of customer data and therefore are relevant to this study. The IT department is the main stay as far as the technology and the systems component of the banks CRM is concerned.

4.6 Sources of Data

Both secondary and primary data form the bases of the study. According to Quinlan (2011) secondary data is existing information that has been used for the purposes of a specific research. Saunders, Lewis and Thornhill (2003) aver that secondary data provides a useful source of information and include raw data and published summaries. In the current study secondary data include existing journals of the discipline; Ghana Banking Survey Report (2013), by PWC selected annual audited reports of ZBL, Bank of Ghana report on banks, as well as report from Ghana Association of Bankers. Additionally, other existing literature in the area of customer relationship management was also considered.

The study also made use of primary data. Primary data was collected through interviewing senior managers from the head office, East Legon, Achimota and Tema branch managers, information technology managers from the Head Office and relationship managers from the head office of the bank to ascertain the CRM practices and how its impact on customer retention.

4.7 Data Analysis Technique

The current research adopted within case study technique for analyzing the findings of the research. It involves the analysis of a single case and its importance for the current research. In adopting a single case study design, the researcher presents a detailed description of the case study (Zenith Bank Ghana Limited) under different themes that emerged from the interview (Creswell 2007).

Adapting from Creswell (2007) the first part of the data presentation was the case analysis where interview results of the eight staffs interviewed were separately presented under different themes. These themes emerged from the customer relationship management literature and the interviews with the selected employees of the bank. The interview questions were the same for all the eight staffs of the bank who were purposely selected from different levels of management and different departments. The various themes include; what are the fundamental factors that build and, sustain this relationship; how does the bank maintain relationship with its customers; what does it mean to say relationship with customers at Zenith Bank; the components that underpin CRM which were presented under people, process, and technology and their impact on customer loyalty.

4.7.1 Instrumentation

Instrumentation in the research is referred to as gadgets and materials that facilitated the entire data gathering process, from respondents to data capturing and analysis (Harricharan & Bhopal, 2014). These instruments include interviewer introductory letter, interview guide and tape recorder. The aim is to carefully record interviewee's words in the way they were authored in order to interpret, analyze and make use of the data collected.

First of all, an interview introductory letter was obtained from the marketing department of the University of Ghana Business School and signed by the supervisor, introducing the research and its objectives to prospective respondents. The letter also assured respondent of the researcher's good conduct and protection of data to be gathered. Data for analysis was transcribed using full copy of the recorded data; not only particular quotations and observations are transferred into text for thorough analysis and interpretation. The research appropriates full transcription in order to ensure a thorough analysis of interviewee's views and opinion to be able to match them against the themes and concepts used in the research.

In transcribing the recorded interviews a play back recorder was used and the researcher listened carefully whilst writing the text.

In the presentation of the findings, it should be explained that respondents' names and other identities have been replaced with codes to protect their identities within the confines of university research ethics and conditions. Interviewees were duly made aware of the university's research ethics code before they granted the interview.

4.8 Conclusion

The aim of this chapter was to present the methodology used in this study. It can be summarized as follows: the researcher discussed the research methodology and posited that the current study is exploratory and the approach qualitative, the strategy was a single case study, the sample selection based on purposive sampling techniques, the data collection method is both primary and secondary in nature, and the data analysis technique used is qualitative. Additionally, careful attention has been given to the entire methodological process to ensure credible and valid results.

CHAPTER FIVE

DATA ANALYSIS AND PRESENTATION

5.0 Introduction

This chapter presents analyses and discusses the data collected through in-depth interviews in the attempt to answer the research objectives. The principal goal of this study is to examine the underpinning factors that influence customer relationship management in the Ghanaian banking industry, using the Zenith Bank as a case example. The bank was used as the case company due to their achievements in relationship banking over the past 5years. The first part of the analysis presents the demographic profiles of the respondents used in the current study, whiles the second part deals with the analysis of the research findings in relations to the objective of the study.

5.1 Data Analysis

The data analysis is structured according to the research objectives outlined in chapter one of this study. The various respondents in this analysis were represented as follows: sector head will be represented as SH, the two branch managers as BM-A, and BM-B, the two information technology officers as IT Officer-A, and IT Officer-B, and the three relationship managers as RLM-A, RLM-B and RLM-C

5.1.1 Nature and Scope of CRM at Zenith Bank

Generally, there appears to be little differences between theory and practice. Theory defines CRM is the practice of analyzing and using marketing databases and leveraging communication technologies to determine corporate practices and methods that maximize the lifetime value of each customer to the firm (Kumar & Reinartz, 2012). CRM constitute an approach to relationship marketing (Bonnemaizon et al., 2007). They argued that CRM is an enabler of customer experiences that enables a firm to develop internal partnership with the organization and to organize processes and deliver consistency. For instance, one of the branch managers had this to say about her understanding of relationship with customers at Zenith Bank Ghana Limited:

> "….*when we say relationship with customers at Zenith Bank we mean good customer service, customer loyalty, not just have relationship with the customer, no but you're looking beyond the relationship and building that strong foundation that the customer will for a very long time stay with the bank and be very loyal. And who knows his children's children will continue to do business with the bank with in future. That means not only relationship today but for future generations as well" (BM-A, June 3, 2014)*

The comments above by Branch Manager A (BM-A) is in line with what CRM can do for the bank. Customer data is very vital to the CRM process. The stored data on the bank's customers can inform the bank on kinds of products they need to develop in order to capture these new generations of customers. A similar comment emphasized a close link between theory and practice when one relationship manager asserted that:

> *"…my understanding of relationship management, the Zenith style involves the various systems the bank has put in place to interface between the bank and its customers where whatever the customer requires of the bank you are really his first point of call in terms of facility or deposit. So essentially I am the face of the bank when it comes to any dealings with the customer. Indeed, the customer can also bank on line or use any of our platforms to do his banking. However, some of them still want to deal with staffs assigned to them" (RLM-A June 2, 2014).*

Judging from the branch manager and the relationship manager's exposition on relationship at Zenith Bank, it could be inferred that the bank has gone beyond looking at short term relationship to a longer term scenario which even transcends beyond two generations. Literature on CRM technologies allows tracking of demographic changes, such as marital status, family size, income levels, age and sex (Rygielski, Wang & Yen, 2002).

Moreover, Kumar and Reinartz (2012) in their work 'Using Databases' indicated that using CRM technologies in organizations gives tremendous sources of competitive advantage, in relation to their competitors that fail to adopt such technological platforms. As such, the bank through its technological infrastructure can track these customers and their succeeding generations and develop products to keep these customers loyal to the bank for a very long time. Database must be kept on these customers to ensure that such customers remain loyal to the bank for a long time. Thus, the bank believes that any relationship established with a customer in current times, goes a long way to affect their entire progeny and as such has to be given the necessary maintenance support.

Additionally, a customer does not require any huge amount of money to be in a relationship banking mode as indicated by one manager:

> "*Here in Zenith Bank Ghana Limited, once you open an account with us, we assign you a relationship officer who sees to the customer's day-to-day business transactions. Additionally, the customer is exposed to all the IT platforms provided by the bank to service customers better. A customer is not supposed to be a big account holder only to enjoy all the technological platforms we offer as a bank*" (*SH-June 4, 2014).*

Thus the bank gives attention to individual customers and ensures that their specific needs are taken care of. This concurs with Peppers et al., (1999) view of Customer Relationship

Management. Pepper et al., (1999) avers that CRM is similar to the concept of one-to-one marketing which means to be willing and able to change organizations behaviour towards an individual customer based on what the customer tells you and what else you know about that customer.

5.1.2 Benefits and Challenges of CRM on Zenith Bank's Operations

Literature espouses several benefits of relationship management. They include customer satisfaction, customer loyalty and profitability. However, it must be emphasized that deployment of CRM platforms in themselves do not guarantee that a firm or for that matter a bank will be successful. It is ensuring successful integration of the CRM process in a bank's set-up that brings about success. For Zenith Bank (Ghana) Limited, there is a key motivation that propels them to engage in the integration of customer relationship management. The integration appears to be a foundational prerequisite for the bank's parent company in Nigeria. This is because it is their belief that integration of CRM is the key to achieving their basic banking operational goals as the benefit in the long term far outweighed the cost of procuring and maintaining these platforms. The practice has worked previously in other countries of operations before their establishment in Ghana; therefore it is an integral part of the bank's operations. The comments by one of the pioneer branch managers below corroborate this contention:

> *"For us as a bank, we have been practicing relationship management ever since we started in Nigeria in 1986. This is because Nigeria is a very populous country with many banks. These banks have all been competing with each other for the same customers for industry deposits and share of the market. As such we found that if we establish a good relationship with the existing ones, use technology to track them, and make our processes less cumbersome to the customer, we shall gain more insight on our*

customers and as a result we would not lose them to competitors. We have done the same in other countries such as Gambia, Sierra Leone as well as Kenya with remarkable results and so Ghana is no exception We integrate and get close to our customers everywhere we have our business operations and as a result our customers are loyal to us" (BM-B, June 2, 2014)

Inferring from the above statement, it is evident that the bank accrues huge benefits from using CRM platforms to mine and retain customers. Their experiences over the years seem to have brought lots of advantages from the practice. In relation to literature, most of these benefits could be categorized in the areas of creating customer satisfaction, and engendering loyalty. Again, the benefits of such integrations also reflect on their performance, as the bank's share of the market and profitability, as well as deposits, has seen a steady growth in the last three years (Zenithbank, 2014).

In the statement following, another relationship manager confirmed the above assertion and made reference to the fact that once a customer is attended to one-on-one and his needs met, the ultimate goal of accumulating profits from him becomes an added incentive.

"Once the relationship is very strong, you kind of keep the customer; the customer is so loyal to you and once the customer is so loyal to you there is a ripple effect. The next thing you realize, the customer goes telling other people and those people also become loyal to you. So before you realize that relationship will rather even bring you more customers as oppose to poor not using technology. I remember that many customers opened account with bank when we first introduced SMS alert. To them the SMS alert saves them time and the inconvenience of going to the bank just to check balances. Regarding profitability, banks in the industry are always in competition as to which bank is doing well, which bank has the highest profitability. So obviously relationship goes hand in hand with profitability. So

once the relationship is good, the banks processes are not cumbersome to the customer and less time is spent at processing customer transactions, deposit will increase and profitability also increases". (RLM-*B, June 2, 2014).*

In addition, the response below by another branch manager ties in together with what has been said earlier by one relationship manager.

"Once the customer is loyal to the bank then he or she can be retained. You see, there is this saying that a customer who is not satisfied will go out telling 7 times 7 people, and this you know will negatively affect the bank. Yes 'word of mouth' is very important. There is no two ways about it. But most of the time even though I have said that loyal customers are very difficult to come by and are very important to the survival of any bank especially in our competitive environment, some dissatisfied customers can also spread negative word of mouth about the bank. However, in the final analysis it is the bank's processes and how fast they are, how long a customer spends at the banking hall either because of long queues or systems breakdown that is what speaks volume and which can also affect the bank image adversely". (*BM-A, June 3, 2014).*

Literature on customer relationship management is full of the various mechanisms organizations should put in place to attract customer for life (Thomas, 2013). Again, the principal benefits of these systems sometimes come from increased customer loyalty and with that one relationship manager had this to say;

"….well every customer and his or her banking needs. However, essentially certain needs such as convenience, timely processing of transactions, how competently staffs attend to customer request and the explanation given cut across. What I have realized is that even when a relationship manager has been assigned to a particular customer, the customer will bypass him and channel all transactions to

the higher person who can competently hand the said transaction. So I will say that these are the few things that come to play" (RLM-A June 2, 2014).

Remarkably, it appears to be more than creating loyalty. In other instances these relationship building systems` foster a lot of industry share of deposits particularly, the bank's relationship managers visits clients to discuss banking transactions. By this, banking transactions are brought to the doorstep of the customer. These are some of the methods pursued rigorously by Zenith Bank to stay in competition. This often develops emotional connections between these customers and the banks. Thus a key element of relationship management is using the people (staff) that is competent and trusted by the bank and the customer in order to establish and maintain a long-term relationship. The integration of the people factor in the CRM process forms a very important component, as far as the bank is concerned. Evidence of this is reported in the pronouncements below:

"Well with the module that the bank runs is liability driven and therefore with relationship managers coming, they are able to generate a lot of liability to drive the asset generating efforts of the bank. Liability means deposit to the bank. We take banking to customers even when they are not able to come to the bank. Relationship managers are able to do that and bring customers closer to the bank as part of the bank's strategic vision. And…thirdly people feel cherished when the human touch is there. So we have some sort of emotional bonding with them" (*SH, June 2, 2014).*

The study also sought to examine the challenges faced by Zenith Bank Ghana Limited when practicing customer relationship management. Among the challenges enumerated by scholars pertaining to CRM practices in service institutions included systems failure, lack of staff motivation and huge costs associated with obtaining the needed technology platforms (Peppard, 2000).

> "….*if I should put it this way one of the challenges is being able to respond customers request immediately. That means all the logistics should be in place to serve the customer well. However, with technology, fax and email, that challenge is taking care of. Besides System availability, system reliability, costs of manning these platforms are equally huge. The initial cost of procuring the needed of software and systems are equally huge"* *(RLM-C, June 3, 2014).*

Other forms of challenges were discovered especially those affected by employees personally. Scholars such as Frow, Payne, Wilkinson and Young, (2011) assert that a dark side of customer relationship management may occur when suppliers are maliciously motivated to abuse customers or vice versa. Such practices were pointed out by the sampled respondents as a major challenge faced by some of the relationship officers of the bank. Thus aside costs and logistical constraints, some customers misuse the existing relationships to either verbally or physically abusing bank officials. Evidence of these has been dilated below:

> *"Sometimes staff gets verbal abuse especially where the customer doesn't understand your processes. The customer may think you are being too difficult, or an obstruction to him or her getting his transaction done….but there is a saying that the customer is always right and in our quest to satisfying customers I think that has to be looked at. As to whether the customer is always right, it is the style of the relationship manager to manage the customer"* (*RLM-C, June 2, 2014).*

However, the challenges stated below seems to be country specific as we could not find a literature to support the fact that Nigerian banks in Ghana had difficulty penetrating the Ghanaian market because of bad public perception"

> *"...For a Nigerian bank, the first few years were very difficult to penetrate through the Ghanaian market. Customers were not receptive due to the Nigerian tag.*

Customers use to walk us out of their offices saying we were 419 banks. However, over the past 6 years or so, I think customers have become receptive towards banks with Nigerian origin. So it's a plus for the nation, and a plus for the Ghanaian banking industry. The other challenge is that because of intense competition among the banks every bank in the industry wants to be seen as being the best in customer service. As such we go the extra mile to do so many favours for these customers who at times take them for granted and sometimes verbally abuse some of the relationship managers. However, the bank policy protects the staff in such circumstances" (*BM-A, June 3, 2014*).

5.1.3 Effect of CRM Tools on Zenith Bank's Operations

Several customer relationship management studies have, to a large extent, agreed that successful CRM can be achieved through the interrelationship of technology, process, people and culture (Chang et al, 2010). The interplay among these three pillars is considered as both a tools as well as strategic continuums of relationship marketing. For instance, Saarijarvi et al, (2013), opines that the right technology is necessary to facilitate and sustain these value added processes and to provide timely services to customers. An IT officers responses below give credence to these arguments:

"The technology we have in place creates the convenience for our customers as it seeks to integrate with our entire set up; as I said earlier because now if a customer wants access to the bank, he can log on or go online to do his/her transactions. Bank statements can be printed online, accounts balances can viewed online, cheques books can be requested online, cheques can be stopped on line. More importantly, real time payment such as bills payments, for example Multichoice, water, electricity, credit unto your phone and money transfers….you can even transfer money using internet banking so you don't have to come to the banking hall. You can transfer money to third parties-that is customers who don't bank with ZBL. The transactions customers hitherto had to come to the banking hall before it can process can now be done at comfort of their homes or offices

using technology or our IT platforms. That is the convenience technology brings to banking" (IT officer A, June 4, 2014).

Customer Relationship Management uses technology as one of the strategic tools of delivering services to banks customers. However, it must be emphasized that the role of human (people) in managing such technological platforms to ensure a smooth running of the entire process cannot be underestimated. Each exists to complement the work of the other. Thus, the process can only be made effective when the right technology is in place, and this can also be ensured by having the right personnel (people) who have the requisite training to man and maintain the continuum.

"…we have the technology to undertake whatever business requirement there is. The business requirement is there because of the customer. The customer wants to make a deposit and to be able to keep track of transactions on his/her account. The IT department meets that requirement by developing software that makes this possible and seamless. We help the process by providing the necessary information technology platforms/software's that are needed to make the customer comfortable… well currently Zenith Bank has created a department that sells only electronic banking (e-banking) products. The management of the bank believes that technology is what is driving banking business today and we cannot be left behind" (RLM-C, June 2, 2014)

The above mentioned response by a relationship manager corroborates with the IT officers statement below. This actually indicates that those who interface directly with the customer and those who ensure that customer's experiences on the CRM problem free platforms have the same objective.

"In fact we pride ourselves as being one of the most cutting-edge technologies banks in Ghana today. The bank has been able to break through in the very competitive market in Ghana mainly because of the IT platforms that aid our

processes and the relationship management practices we adopted from the inception of the bank. However, in the event that the relationship manager (RLM) cannot get to the customer, technology comes in to play that role and the customer at the click of the button will get all his questions answered and all his transaction done without interfacing with anybody but our IT platforms or even where the RLM is on hand IT platforms aides in solving customers problems. But, I will say that sometime the human touch is also important so long as we are human beings" (IT officer B, June 4, 2014).

Scholars like Couldwell (1998), have indicated that CRM should be seen as a combination of business processes and technology, which seeks to understand a company's customers from the perspective of who they are, what they do, and what they're like. It is in this light that Zenith Bank per the responses above been able to integrate its CRM processes to better serve its customers one-on-one. As a result the benefits have significantly reflected in the bank's performance over past few years of its entry into Ghana.

5.1.4 The Impact/Outcomes of CRM on Zenith Bank's Operations

The impact of CRM systems on organizational performance according to Harorimana, (2012), is very profound. Recent research works by, Almquist, Bovet & Heaton (2004), on the importance of CRM and its potential to help banks, insurance companies and other service oriented organizations to acquire new customers, retain existing ones and maximize their profit is enormous. Kumar & Reinartz (2012) point out that there has been an upsurge of interest in using data mining applications for converting historical data into actionable business information**.** The case study results lend credence to this assertion. Zenith Bank has a well-established CRM system supporting its marketing and corporate banking activities.

> "*…well as I indicate to you at first, relationship with customers has always been key. The bank has always invested in the staff through training and development as well as motivation packages such as 'Best Marketing Staff and Best Customer Care Staff' all to ensure that staff understand the importance of the customer and to serve them better. The bank considers customers as the most component and as such the bank is still operation because of its customers. Our customer base reflects on our profit and deposit mobilization efforts as a financial service institution. Without the customer the bank will not be in business and the staff will not have a job. So every individual in the bank is trained to understand the importance of the customer to the bank". (BM-A, June 3, 2014)*

Literature regarding the above is replete to the effect that when customers as given attention one-on-one, the resulted effect is a satisfied customer. And satisfied customer can be retained and can be eventually loyal (Narteh, 2013). One of the means to satisfy a customer is to smoothen the processes a customer needs to go through to access a banking service. This Zenith Bank has done through the effective deployment and integration of CRM platforms. This was corroborated by the IT officer below;

> *"…the IT platforms that we use basically make our work easy and processes smoother. It gives bank insight into customer trends, business intelligence as well as facilitates work flows so that you don't waste time. You know time is money and the less time we use in processing customer transaction, the more money we can make as a bank. The customer also benefit immensely as he saves time. If efficiency is important to your customers, if integrity is important to your customers, if speed is important to your customer then you will have to ensure that it is delivered. You cannot say one is more important than the other. …It depends on what is most important to your customer at the particular point in time" (IT officer A, June 4, 2014).*

However, the above assertion to some extent was not supported by literature as loyal customers at certain times could switch because of pricing. Many satisfied customers do compare prices even though they may be enjoying better service at a particular bank. However, the premium priced charged will encourage a customer to switch to a competitor. One important reason for switching is pricing (Colgate & Hedge, 2001; Ennew & Binks, 1999). Hence, some financial service firms have launched customer loyalty programmes that provide economic incentives. Although the effectiveness of loyalty programmes has been questioned (e.g. Dowling & Uncles, 1997; Stauss et al., 2005), research has shown that they have a significant, positive impact on customer retention, service usage, and/or share of customer purchases (e.g. Bolton et al., 2000; Verhoef, 2003).

> *"…well I will say convenience is very important to the customer. So in order of importance I will rank convenience as one, competence will come next, immediacy or timeliness; and then access to information. It is important to mention that access to information should be timely, else information will lose its relevance and now because of technology access/proximity to the bank is not as top-most consideration as before because most banking transactions can be done by email, by telephone and by technology as well as through relationship managers". (BM-B, June 3, 2014)*

Generally, it can be deduced from the forgoing that the outcome of the CRM process leads to customer loyalty, positive firm image, customers are able to differentiate the bank from competitors and the value of the banks will also increase in the eyes of the customer. The resultant effect is increased deposit and profitability to the bank.

> *"The technology in placed, allows the customers to be able to send request to the bank for processing and also bank on their own. It also allows relationship*

managers to keep track of customer's transaction and this informs our relationship managers on what to do to better serve our customers. The bank has introduced several electronic banking products on the Ghanaian market such The Global Travel Wallet Card, Automatic Direct Payment System (ADPS), Cheques Writing software, X-path, mobile banking together with our various payment platforms. These e-banking products can virtually process about seventy percent of a customer's banking needs. Saving the customer time and money as well as providing convenience in accessing banking services". (SH, June 2, 2014)

Wang (2011) advanced that a firm should have an interactive approach to CRM that achieves an optimum balance between corporate investments and the satisfaction of customer needs in order to generate maximum profits. This entails acquiring and continuously updating knowledge on customer needs, motivations, and behavior over the lifetime of the relationship; applying customer knowledge to continuously improve performance through a process of learning from successes and failures; integrating marketing, sales, and service activities to achieve a common goal; and the implementation of appropriate CRM systems to support customer knowledge acquisition, sharing, and the measurement of CRM effectiveness. This Zenith Bank has undertaken with some level of success.

5.2 Discussion of Findings

Findings from the study drew attention to the fact that customer relationship management practices can lead to customer satisfaction, retention, loyalty and profitability in Zenith Bank Ghana Limited. The finding confirms previous studies (Shirazi & Som 2011; Kumar et al, 2010; Gronroos, 2007); which propounded that good customer service leads to customer satisfaction and retention and loyalty. The study also found loyalty of customers as closely linked to the bank's ability to tailor made a product for its customers. Additionally, the bank's ability to render excellent customer service through its people is indicative of the bank's disposition to live its mission of providing flawless banking service to the Ghanaian banking public.

Interestingly, the study found that the bank's people exhibit positive attitudes which are a function of training that is given every employee of the bank. This specific set of training is expected in total to inculcate in the staff the attribute of trust, commitment, and to treat each customer with respect and as an individual who requires a special attention, coupled with excellent communication skills. This is ably supported by research alluded to earlier in the various literature reviewed for this study. For instance, Palmer and Bejou (2005) concluded that customer-salesperson relationship quality is an important prerequisite for a successful long-term relationship. This was also buttressed by Ndubisi and Wah (2005) that communication in relationship building means providing information that can be trusted, providing information when delivery problems occur, providing information on quality problems and fulfilling promises.

Regarding the benefit of customer relationship management to Zenith Bank Ghana Limited, the study found that there is a positive correlation between CRM and customer loyalty. The study found that the bank has made lots of strides since its entry into the Ghanaian banking industry because of the exceptional customer service they render to their customers. Excellent customer which the bank defines as paying attention to the customer or listening carefully to the customer is an important factor of the kind of people they employ, the training given, and the culture of the organization.

The bank has seen a continuous increase in its asset base, deposit levels and increase in profitability over the past nine years because of the practice of relationship banking (PWC

Report, 2013). This finding is in line with the views of Morgan and Hunt, (1994.) who contended that successful relationship with customers will elicit favourable responses and satisfactions that will lead to continued repurchase intentions and loyalty. The understanding was that more loyal customers would engage in repeat business, develop a larger tolerance for price hikes and thereby become more profitable to the firm (Narteh, 2013). However, this analysis do not always hold true. Literature holds a contrary view that a very loyal customer may constantly call customer service with enquiries and repeatedly look out for the best price on a product, taking advantage of every rebate and sales offer (Kumar & Reinartz, 2012). Eventually, in some cases, these customers become a cost to the company instead of source of income (Kumar & Reinartz, 2012).

Additionally, the study indicated that the banks continuously updates the needed technology to undertake whatever business operations there is to be undertaken in the bank and are constantly seek new technology to augment its CRM platforms. Moreover, the CRM platforms are necessary business requirement needed to serve the customer better. Furthermore, the IT staffs of the bank undergoes periodic training to be better equipped to handle the process by providing information technology and whatever IT platforms that are needed to make the bank's processes cost effective as well as to better serve customers. Customer data are well secured and backed up so that when one data is lost or in cases of systems failure, the same data can be retrieved from another source.

This finding concurs with literature. For instance, scholars (Davenport and Short, 1990; Porter and Kramer, 2011) found that advancement in technology has profoundly enabled the redesign of business processes in order to enhance the organizational performance drastically. Consequently, improvement in technology aids the re-design of a business process by facilitating changes to work practices and establishing new methods to link a company with customers, suppliers and internal stakeholders Hammer and Champy, (1993). The study also indicated that customer data can be accessed by every staff that has the ‘rights’ to access that information. Such information enables speed of service delivery to customers. Such data include customer data, account balances, transaction profiles and number of years a customer has been with the bank.

Furthermore, the study found out that the bank’s sterling performance in a relatively short time of operations in Ghana is as a result of the superior IT platforms that it operates. For instance the bank was the first to introduce sms alert. Again, the bank pride itself in introducing several electronic products onto the Ghanaian banking market. Such products include the Global Travel Wallet Card, Automatic Direct Payment System (ADPS), Cheques Writing system, X-path, just to mention but a few. The latter is very useful to especially the international airlines operation in Ghana as payments of air ticket on the platform sends both sms and email alerts as well as reflecting on the said airlines platforms in real time to confirm bookings of a traveler.

The research found out that many of the international airlines bank with zenith because of the X-path software which gives instant payment notification to the airlines the moment a customer pays for his or her airline ticket. The ADPS for instance enables customers to sit in their office and make payments to their supplier, customers and partners as well as pay salaries of the staff to all banks in Ghana. The Cheques Writing System enables customers to issues cheques electronically for payment to suppliers and business partners. As a result the aforementioned CRM platforms plus many other electronic banking platforms of the bank, customer base of the bank has steadily increased and many strategic relationships won. Thereby leading to a very significant increase in levels of deposit, this has resulted in the impressive performance of the bank in recent times. For instance, the bank increased its profit by about 146% in the 2013 financial year. This finding is supported by literature, (Seybold, 1998; Seybold et al., 2001) to the effect that CRM applications make it easy for customer to do business. Again, scholars (Peppers & Rogers, 2010) found that it is a common place how websites are successfully building lasting relationships with "e-customers" by offering services in traditionally impossible ways. Using a series of richly detailed case studies, they also contended that in the broad arena of business-to-business commerce, organizations would rise or fall on the basis of their capabilities to cultivate one-to-one relationships with their customers (Peppers & Rogers, 2010).

5.3 Chapter Summary

This chapter presented the results of the research findings in line with the objectives as well as research questions as discussed in chapter one of the research thesis. The next chapter discusses the summary of findings as well as draw conclusion based on findings from other research. Appropriate wordings have been used to interpret the findings of the study to give meaningful interpretation. The qualitative analysis of the findings support the applicability of the conceptual framework presented under chapter two of this study. Apparently, most of the findings were shown to have some consistencies with prior studies.

CHAPTER SIX

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

6.0 Introduction

The previous chapter presented the tests and results found in the study as well as the discussion of findings. This chapter provides a summary of the research, conclusions, implications and direction for future study. The chapter also highlights the critical lessons drawn from the study, the limitations of the research. It then presents the recommendations for key stakeholders and direction for future research.

6.1 Summary of the Findings

The researcher adapted a frame of reference from Saarijarvi et al. (2013). Data was analyzed qualitatively using pattern matching and explanation building (Creswell, 2007; Yin, 2009). By this, the research sought for results that strengthen the validity of the theoretical framework by scrutinizing the context of the case and detailing findings to provide answers to the research question. It can be deduced why customers remain with a particular bank instead of the many others on the market in Ghanaian. The major findings of the study are outlined below.

6.1.1 CRM and Performance in Zenith Bank

The main objective of the study was to identify and examine the fundamental factors that influence customer relationship at Zenith Bank (Ghana) Limited. As stated earlier, a review of existing literature on relationship marketing and CRM suggest that there appears to be little differences between theory and practice. A major finding on this objective revealed or confirmed that there is a close link between theory and practice of relationship management at the Zenith Bank. That the success of the bank is largely traceable to the customer relationship management practice adopted by the bank since its establishment in 2005. For instance, the bank was adjudged the best bank in 2009, a period in which it also won the bank winning the best bank in customer service as well as other laurels indicated in table 3.1.

The major finding for the second objective reveals that banks stand to reap enormous benefits through the integration of customer relationship management practices. CRM integration within the Ghanaian banking industry is weak. The potential benefits associated with adopting and integrating CRM in their operations should spur banks on to make it a priority.

6.1.2 Benefits of CRM in Zenith Bank

The second objective is to evaluate the performance indicators of Zenith Bank in relation to customer relationship management theory. Literature is laden with several advantages of customer relationship management including customer satisfaction, customer loyalty and profitability. For Zenith Bank, there is a key motivation that propels them to engage in customer relationship management. The practice appears to be a foundational principle for the bank. This is because it is their belief that relationship management is the key to achieving their basic banking operational goals-(mobilization of liabilities to fund customer transaction). Furthermore, this practice has worked in previous countries of the bank's operations before their establishment in Ghana and has become a core activity that is used to mine customers, retain same and to build loyalty.

Relationship managers' argued that the integration of customer relationship management brings them closer to their customer. This helps them to know their customers' business, the various challenges they face, to know what they can do to help or recommend to management of the bank for possible actions to solve the problems on hand. Customers on the other hand see the relationship managers as business and financial advisors when they build trust, competence and commitment with customers over time.

6.1.3 Challenges of CRM in Zenith Bank

Interestingly, it was found that other forms of challenges exists especially those affected by employees personally. Scholars such as Frow et al. (2011) assert that a dark side of relationship marketing may occur when suppliers are maliciously motivated to abuse customers or vice versa. Some practices were pointed out by the sampled respondents as a major challenge faced by some of the relationship officers of the bank. Thus aside costs of procuring and maintaining technologies and logistical constraints, some customers misuse the existing relationships to either verbally or physically abuse bank officials.

The third objective is to develop a reference framework that could guide Zenith Bank's CRM programme. The components of CRM are people, process and technology. The research found out that the staffs of the bank are well trained to handle customers' queries competently and when in doubt, refer the customer to more senior staff or department that gladly assist. Training needs are determined by the HR, supervisors and the staff in question. Customers trust competent and commitment employee who go the extra mile to deliver exceptional customer service to them. Again, the bank believes in investing in the appropriate technology to underscore customer enthusiasm, to create convenience and shorten the waiting time. This is evident in the various CRM platforms such the x-path that gives airline companies instant payment notification and confirmation of passengers' bookings and the amount paid. Indeed the research found that the CRM systems have impacted positively on the banks processing of customer transaction in spite of distance.

The research also deduced that the proper combination of the CRM integration of people, process and technology has impacted positively on the banks image and that most of their customer base is satisfied and are loyal to the bank. This is evident in many of the awards the bank has won over the past few years of its existence relative to the few years of its entry to the Ghanaian banking landscape. Furthermore, the image of the bank in the eyes of its customers to large extent is very positive. The study found that Zenith Bank has very robust IT platforms that are well integrated with their customers who have access to these platforms. These integrated software offered the customer convenience and ease of transaction. Thus a customer can sit in his office and pay his suppliers anywhere in the world without stepping a foot outside his office. Companies can process and pay the salaries of their staffs electronically at the comfort of their own office premises through Automatic Direct Payment System (ADPS).

6.2 Conclusion

This study could benefit practitioners in the field of banking and especially the service sector to gain insight into how to strengthen their relationships with their customers. For banks and financial service providers, a very significant implication of the findings relates to the strategic importance of CRM in the provision of financial service to the Ghanaian banking public. Essentially, an explicit focus must be placed on CRM as technologically savvy customers would like to bank with financial institutions that provide CRM platforms for easy access and convenient banking transactions.

Investments in technology are capital intensive and may pose huge financial challenge to many banks and financial service organizations. However, the benefits to be accrued from such investments are enormous.

6.3 Recommendations

From the results of this study the following recommendations are made:

- Bank adopts the CRM practices in their operations to mine and retain customers.
- Banks should invest in improving the capacity of personnel to manage the CRM systems put in place in order to ensure convenience to the customer
- Banks should explore current technology in the area of CRM. This will improve the speed of processing transactions and reduce the intensity of customer complaints.
- Banks should also invest in the procurement of the needed technology to improve operations and ensure efficiency.
- Banks should also find other innovative ways of improving their processes in order to bring efficiency and profitability to the banks.

6.4 Limitations and Future Research

It is my contention that the results may not be the same in other countries and may also differ based on sample sizes, and the type of respondents. This study is also very 'firm-centric', that is, it presents the bank's perspective of Customer Relationship Management practices. It does not include the views of customer who are considered as key beneficiary of the CRM process as part of the study. Therefore future research studies should also investigate consumer perceptions of the CRM process and how it impact on their business operations and personal banking transactions. Again, as specified earlier, there are twentyseven universal banks in Ghana as at May 2014 that are authorised to engage in the business of universal banking within the country. However, this thesis examined respondents from only one bank. Future research should also take into consideration other banks so as to have a more representative view of the Ghanaian Banking sector as far as CRM practices are concerned.

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APPENDIX

INTERVIEW GUIDE

1. When you say relationship with customers at Zenith Bank what do you mean?

2. What are the fundamental factors that build, sustains and keep this relationship going?

3. How do you maintain relationship with your customers? That is through visitations, telephone calls, txt messages, emails, and social network platforms

4. How do you measure the effectiveness of these activities? That is ranking them in order of importance/effectiveness. Note: effectiveness in the eyes of both the customer and the bank.

5. Which of these activities do customers value most in your opinion?

6. What are the major activities that the bank has done over the past 9 years to keep the relationship with your customers going? E.g. establishing new departments to cater for customer complaints/need.

7. Ideally, how long has the customer been in a relationship with the bank? Customers with GHC5, 000 and above.

8. What benefits do you think the bank's customers value most and why?

i. Convenience

ii. Immediacy

iii. Consistency

iv. Competence

v. Access to the bank

vi. Access to information

9. To what extent has (Question No.8) (these expectations) been met?

Performance Indicators

i. Loyalty

ii. Retention

iii. Profitability

iv. Positive word-of-mouth (the net promoter score)

v. Opportunities for cross-selling by staff to customers

vi. Attrition rate of customers