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THE ROLE OF RELATIONSHIP MARKETING AS A TOOL FOR GROWTH IN GHANAIAN BANKING SECTOR

CASE OF HFC BANK, GHANA

Business Economics

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TIIVISTELMÄ

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Kasvanut kansainvälinen kilpailu on johtanut siihen, että monet yritykset priorisoivat ja kasvattavat suhteitaan asiakkaisiinsa pitkällä tähtäimellä. Suurin osa organisaatioista on muuttamassa toimintatapaansa liiketoimintaorientoituneesta markkinoinnista, jossa pääpaino on tuotteilla, suhdemarkkinointiin. Suhteet asiakkaisiin mahdollistavat sen, että yritykset ymmärtävät paremmin asiakkaiden tarpeita ja pystyvät onjaamaan tarjontansa heille sopiviksi.

Tämän opinnäytetyön tavoite on tutkia, millainen rooli suhdemarkkinoinnilla on Ghanan pankkisektorin, kuten HFC - pankin kasvussa. Opinnäytetyön teoreettinen runko koostuu asiaankuuluvista teemoista, kuten suhdestrategiasta, asiakassuhdemarkkinoinnista, asiakassuhteen säilyttämisestä, avainasiakkaiden hallinnasta sekä yritysmarkkinoinnista, joita käsitellään tekstissä yksityiskohtaisesti.

Tutkimuksessa käytettiin kvantitatiivista tutkimusmenetelmää, jossa sanavalinta kyselylomakkeet jaettiin pankin asiakkaille. Tutkimuksen tulokset osoittivat, että struktu asiakkaat ovat yleisesti tyytyväisiä pankin tarjoamiin palveluihin. Lisäksi asiakkailla on taipumusta olla uskollisia pankilleen saatuaan tehokasta ja toimivaa palvelua.

Lopuksi asiakkaat antoivat ehdotuksia siitä, kuinka voitaisiin parantaa pankin online-palveluita, joissa tilitapahtumat olisivat asiakkaalle helpompia.

Avainsanat	Asiakassuhdemarkkinointi, suhdestrategia, yritysmarkkinointi

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ABSTRACT

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Increased in global competition in modern trend of business has lead to many companies to prioritize and building a long term and profitable relationship with their customers. Most organizations are shifting from the transactional form of marketing where most emphasis is place on product orientation to the relationship marketing. Relationship with customers enables companies to better understand their needs and direct company offerings to suit them.

The aim of the thesis is to find out the role relationship marketing has on the growth of the Ghanaian banking sector, for instance the HFC bank. The theoretical framework of the thesis consist of relevant subjects such as relationship strategy, customer relationship marketing, customer retention, key accounts management and business to business marketing, which are being discussed in detail.

The study adopted a quantitative research technique, where well-structured questionnaires were administered to customers of the bank. The findings from the study indicated that customers are generally satisfied with the services the bank provides. In addition, the customers tend to be more loyal to the bank due to the effective and efficient service rendered to them.

Finally, there were suggestions made by the customers on the improvement on online banking services to financial transactions simpler to customers.

Keywords	Customer relationship marketing, relationship strategy, business to business marketing

CONTENTS

ACKNOWLEDGEMENT

TIIVISTELMÄ

ABSTRACT

TABLE OF CONTENTS

LIST OF FIGURES AND TABLES

1 INTRODUCTION

Relationships with clients have been adopted and heavily invested into by most companies all over the world in order to better understand, attract, retain and subsequently turn customers to be loyal to the company's product and service offerings. Most marketers and managers are currently engaged in rigorous ways of using the concept of relationship marketing so as gain competitive advantage, as well as define it in diverse ways (Lindgreen et al., 2002). Relationship marketing as defined by C. Gronroos (2007, 275) as "Marketing to establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met". Banks all over the world provide different services to meet the needs of their numerous customers. However building customer loyalty has been and still is one of the biggest challenges for the service industry (Yesawich, 1997).

The banking industry is today recognized as a global industry with producers and customers spread across the world. Banking services have become an integral constituent of lifestyle today. The last two decades have witnessed the demand for and supply of banking services go beyond that of traditional services intended for businesses thereby leading to an escalation in the growth of the banking industry globally as well as intense competition in the market place and leaving bank managers with a great challenge of how to deal with the ever-growing volume and pace of this competition. (Kandampully & Suhartanto, 2000). Customer relationship management systems, which are computer-based applications, have now being adopted and used by most organizations to improve sales and generate more revenue. This system has also helped to different the profitability level of different customers.

Most banking firms in Ghana, in their haste to gain media visibility, overlook one most important marketing resource which is the relationship developed between the banks and their customers. It must be emphasized that, even though extensive public awareness is an equally important tool for survival in the banking industry, it is not an end to itself but rather only a first step in the marketing process. It is

important and worth building a constructive relationship with selected target audiences to the long-term marketing success rather than just acquiring widespread public awareness.

In the last three decades, Relationship Marketing was non-existent in most financial institutions. There were no Account Relationship Managers to manage the accounts of big corporate customers. Banking was done by just a mere visit to the bank probably because at that time telecommunication services were not in existence. What customers did when they needed a service was to talk to a manager at the branch, and if he does not have solution to the customers' problem, they may leave disappointed. There was also no consultation with other departments to see the customers' needs and satisfaction. There was no real research into customer demands and wants which would aid banks to direct their product offering to meet customer needs. This practice has actually deterred most customers from engaging in banking services.

Findings from the research made by some experts in the banking industry suggested quick measures to be taken in order to awaken and intense transmogrification of the sector. A study by experts in the banking sector saw the need to effect a rapid transformation in the banking sector. All these formed part of the policies of the Economic Recovery Program.

The Government of Ghana in April 1983 launched the Economic Recovery Programme (ERP) with the aim of reforming the economy from controls in order to enhance productivity. It was however, felt that for the programme to achieve the desired results there should be a dynamic financial sector to facilitate the payment system and enhance the allocation of resources. (Bank of Ghana)

As with most developing countries that have pursued economic and structural reforms, Ghana has been undergoing a process of financial sector restructuring and transformation. As an integral part of a comprehensive macro-economic adjustment program, and with the support of the International Monetary Fund and World Bank, financial market liberalization began in the early 1990s, under the Financial Sector Adjustment Programme (FINSAP), with the restructuring of dis-

tressed banks and cleaning up of non-performing assets to restore banks to profitability and viability.

The FINSAP involved mainly

- Strengthening the regulatory and supervisory framework
- Restructuring the banking sector,
- Improving the mobilization and allocation of financial resources and development of money and security markets,
- Improving capital market, and the efficiency of rural financial intermediation

The reforms brought about some positive impacts like progression in the banking sector, the introduction of new innovations like debit cards, Teller Automated Machines, as well as significant soar in the number of banks. The Ghanaian financial structure is currently composed of the Bank of Ghana that supersedes all banking related issues, twenty – seven commercial banks and about one hundred and fifty rural banks coupled with other financial institutions where are widely spread all over the country. The government has shown particular interest in the financial sector in an effort to encourage their support to the economy's export sector, small-scale industries and other major sectors that are contributing immensely to the country's economic growth. The government's declaration of the year 2000 and beyond as the Golden Age of Business has also given an opportunity to corporate bodies to expand and generate more wealth and create employment opportunities. As a result of this, there has been an increase in the number of banks in the country, rendering the banking industry more competitive.

The concept of Relationship Marketing (RM) is therefore a crucial issue that bank marketers have to embrace. RM is creating, maintaining and enhancing value relationships with customers and other stakeholders. RM brings together quality issues and customer service management. This is done both to attract customers and to maintain their loyalty over a long period in the face of severe competition.

1.1 Statement of problem

During the 21st century when relationship marketing has been the core practice in most financial institutions, the question is how HFC benefited immensely in terms of growth and profitability. Effective Relationship Marketing framework can assist in providing superior customer service and employing customer retention strategies. Individual customers tend to be loyal to companies or banks because they have experienced the quality treatment meted out to them, receive good value for their money, have positive perception about the bank and they are psychologically or physically attached to the bank. HFC Bank Ghana, among its fierce and ever growing competitors must therefore do everything possible to make certain that its customers do not switch to its competitors.

Recently, there has been a large surge in competition, accompanied by the adoption of customer services within almost every field of business especially the banking sector. In this manner, service has become established as an integral part of product identity in the maintenance of market leadership. Competition has had major implications for the customer, providing increased value, greater value for money and augmented levels of service. In view of this, organizations are forced to differentiate themselves from their competitors through their quality of service, as opposed to competing on the basis of price or interest rates in the case of banks. Customer loyalty is indeed the goal; its prerequisite, however, is far from mere satisfaction. Studies reveal how customers are highly dissatisfied with the level and kind of service being rendered to them in their corresponding banks in Ghana. With banks being key to economic development, it is very essential they prioritize and satisfy the needs of the public in order not to lose valuable customers.

In recognition of the important role that the banking sector would have to play, this study seeks to analyze the role of Relationship Marketing as a tool for growth in Home Finance Company Bank, Ghana

1.2 The objectives of the study

Taking a broad look at the current banking industry, there is an indication that there have been tremendous changes as a result of the competitive nature of the industry.

This has thrown various challenges to the banking industry. This study examined the effectiveness of Quality, Customer Service and Marketing, these core areas that affect Relationship Marketing, as a tool for growth of HFC Bank Ghana.

The specific objectives of the study are:

- To establish how customers perceive the quality of service in HFC bank
- To determine whether customers are satisfied with the services/products provided by HFC bank
- To determine the effectiveness of HFC Bank Ghana's marketing in gaining competitive advantage over its competitors.
- To know how complaints f customers are being treated by HFC bank Ghana.

1.3 Research question

The first steps in creating value involve understanding what value means from the customer's point of view, how value perceptions are formed, how they can be influenced and how customers relate quality, price and value in their deliberations about products and services. This project work will help to answer some to these questions. The question here is what strategy has the bank put in place to attract, retain and enhance its relationships with customers.

According to Kotler (1988), the new and increasingly efficient ways in which companies understand and respond to customers' needs and preferences seemingly allow them to build more meaningful connections with customers than ever before. These promise to benefit the bottom line by reducing costs and increasing revenue. Unfortunately, a close look suggests that the relationship between com-

panies and customers are troubled ones at best. This work will therefore look at the efficient ways of responding to customers' needs and satisfaction.

The question therefore is what exactly customers expect and how quickly and efficiently is the bank responding to these expectations.

Every time you interact with a customer, it is a moment of truth. Gearson, (1992) describes it as a moment of truth because it is a chance for you or your employees to represent the company positively and satisfy a customer.

The question as to whether this effort will be successful or not depends on how well rapport is established and how effectively you communicate with the customer. You must be an active and attentive listener so that you can understand how the customer perceives a situation, even though you may perceive it differently.

The establishment of good rapport and communication with customers will guarantee continuous eagerness of the customer to do business with the company and refer others.

1.4   Significance of the study

The importance of this study is: To ascertain the effectiveness of Relationship Marketing as a means by which HFC Bank Ghana gains competitive advantage in the banking industry. Expectations are that, the study will be of significant value to HFC Bank Ghana, as the suggestions and recommendations will facilitate the development of an effective relationship marketing strategy in the smooth running of business operations. This study will also provide useful information on Relationship Marketing to various stakeholders.

1.5   Organization of the study

The study is organized into five chapters.

Chapter One comprises the introduction, background of the study, statement of the problem, objectives of the study, significance of the study, scope and limitation of the study,

Chapter Two comprises mainly a literature review of relationship marketing practices, relationship strategy, the role of trust in relationships, commitment and basic strategy for customer retention, historical background and organizational structure of HFC Bank Ghana.

Chapter Three handles the research methodology

Chapter Four handles data collection and analysis and discussions of findings.

Chapter Five presents the summary, conclusions and recommendations of the research findings.

1.6   Banking in Ghana

Banking in Ghana consists of the Bank of Ghana (the Central Bank), the commercial Banks, the Non-Bank Financial Institutions (NBFI), the Rural Banks, the Community Banks, and the Forex Bureau .Commercial banking in Ghana started way back in 1894 when the then Bank of British West Africa (Standard Chartered Bank Ghana) was established. Twenty three years down the lane, Barclays bank of Ghana was also formed, thus in 1917. After years of both economic and political reforms, the Bank of the Gold Coast, now Ghana Commercial Bank Limited, (1953) came to existence with the task of providing special attention to Ghanaian traders, business people and farmers who could not elicit support from the expatriate banks.

The period after the independence saw a significant increase in the banking sector to meet the country's financial needs. After the independence in 1957, the government established various commercial and development banks to meet the country's financing needs. Notable among them were National Investment Bank, National Savings and Credit Bank and Agricultural Development Bank.

The banking industry in Ghana has evolved significantly over the years through the effects of structural reforms. But during the mid-1980's the sector was faced with severe problems ranging from weak financial status to total breakdown. The World bank in conjunction with government of Ghana addressed these issues by launching the Financial Sector Adjustment Program (FINSAP) to re-organize banks hit by this financial drought, clean up non-performing assets, restore fully the profitability and banks performance, reform legislation and the banking supervisory system, allow for free market operations where new banks and other financial institutions can enter into the sector and develop the money and capital markets. These efforts lead to the modification and broadening of the Ghana's financial sector, making the industry more competitive and attractive to investors. It is worth noting that; majority of new entrants into the sector are making quiet enormous profits few years after commencing their operation.

The banking sector of the country has gone through significant transformation and positive changes due to advanced technology, fierce competition from both local and foreigner players and the introduction of the universal banking license which paves way for all banks to engage in any legal transactions. The wide spread of micro finance companies has lead to high growth in the sector. The country can boast over 300 licensed financial institutions operation actively across all parts of the country serving different types of customers and meeting their needs.

In recent times, the sector has been hit with the dollarization crisis where the local currency keeps depreciating and performs poorly against the major trading currencies (Euro & Pounds sterling). The Ghanaian cedi slipped 5.8% as against the dollar just two months in to 2014 making it the third worst performing currency in the world. (Bax P. & Dzawu M. 2014)

1.6.1   Company profile

HFC Bank (Ghana) Limited (formerly Home Finance Company) was initially empowered as a mortgage financing institution to implement and improve the housing need of Ghanaians. It was integrated into the financial sector of Ghana as a private limited liability company on May 7th, 1990 but commenced full fledge

business in December 1991.and was licensed by the Bank of Ghana as a non-bank financial institution on August 1, 1994. Two months later, it changed its status to a public limited liability company and was listed on the Ghana Stock Exchange on March 17, 1995. The objectives of the institution included the overall program development and management of a new housing finance system being implemented under an International Development Association (World Bank affiliate) project.

On 17th November 2003, the bank was issued with a universal banking license by the Bank of Ghana thus, evolving into a fully-fledged universal bank. HFC Bank (Ghana) limited currently provides a wide range of universal banking services namely: mortgage banking, commercial banking, investment banking, real estate services, microfinance operations and private equity/venture capital fund management. These make HFC Bank one of the most diversified universal banking institutions in the Ghanaian Banking industry. The bank can pride itself as the leading mortgage provider with over 30% share in the mortgage industry.

Currently, there are 26 fully networked branches as well 30 Automated Teller Machine (ATM) that operates in 8 regions. As per December 2012 the total issued shares of the Bank was 183.66 million ordinary shares and Market Capitalization of GH¢ 133.24 million (US$71.63 million)

Vision: "To become a leading Universal Banking Institution in the West Africa sub-region, providing world – class financial service"

Mission: "To create wealth and better life for our customers"

Core Values: "Integrity, Professionalism, Efficiency, Honesty, Trust, Customer Focus, Team Work"

Brand Value: "Trust, Loyalty, Security, Truth, Options, Future, Freedom"

The bank currently consists and operates seven portfolios; Investment Banking, Commercial Banking, International Trade Finance, Mortgage Banking, Private Banking and e-Banking Service. (www.hfcbank.com.gh)

Investment Banking

This is a subsidiary of HFC Bank, which offers distinctively unique and wide range of investment packages. They provide investment and assets management, corporate finance and research, and securities trading services. HFC- Investment also has a 100% ownership in its wholly owned subsidiary, HFC Brokerage Services Limited (HFC-BSL). They operate in the capital market and provide financial advice to its customers, stakeholders and private institutions.

Commercial Banking

Commercial banking provides both corporate and individual customers with different and extensive benefits. Presently, the bank provides 15 different products and services under this portfolio. Some of which include; HFC current account and savings account, Home save account, Student plus account, fixed deposit account, life starter account and Fastxt service. All these are aimed to meet the everyday banking and financial needs of their customers.

International Trade Finance

In response to the governments advocate for improvement in the international business frontier, HFC bank contributes enormously to financing the growth of trade between Ghana and other foreign trading partners. With an improved and effect networking with over sea banks they support customers with the requisite finance and knowledge in trading abroad. The bank specialises in Import trade, export trade, e-trade services, document processing as well as providing solutions and advices to every business.

Mortgage Banking

The large scope of mortgage ranges from a customer wanting to buy a home, build a personal home and renovating the existing home. The bank provides affordable and competitive home loans and advisory services pertaining to acquiring and owning a home. The mortgage products are set to meet with individuals' personal income and very flexible mode and terms of payment. The bank offers six differ-

ent mortgage products; Home Equity Mortgage (HEM), Home Purchase Mortgage(HPM), Home Completion Mortgage (HCM), Home Improvement Mortgage (HIM), Buy, Build & Own A Home (BHOME) and HFC Public Sector Home Scheme).

Private Banking

Private banking is aimed at high income individuals and corporate customers. It offers maximum protection, security and safety of customer's financial account. This service secures wealth through valuable investment and quality customer service. Customers are treated in a much specialised way and assigned with professional personal banker to cater for their financial transactions. There is guaranteed confidentiality and speed in service delivery for customers that are assigned to this service.

E – Banking Service

E - Banking is an electronic banking service which runs through a fast channel and provides secure, reliable and transparent transactions to all manner of customers. It is available a 24 / 7 basis and provides customers with every detailed transaction of their account through, SMS alert, emailing and sometimes through phone calls. The wide range of services include; Fastxt, Cash, Alert, Net, Pay. Regular update keeps the system very effective.

1.6.2 Competition

The banking industry was characterized by a high level of competition. During the year 2013, the industry came under pressure with regard to some tariffs and charges. The Bank of Ghana requested a downward review of some of the fees and charges of the bank products/services. Bank of Ghana also abolished some tariffs and charges. This coupled with the declining interest rates, put pressure on interest and profit margins.

2   LITERATURE REVIEW

A literature research revealed that numerous studies and publications have been made on the topic of customer relationship marketing and its related issues. The theoretical part discusses issues pertaining to current developments and the relevance of relationship marketing as well as compare and analyze different aspects of relationship marketing.

2.1   Business -To-Business Marketing & Corporate Customers.

This study will discuss the implications of customer relationship management especially from the corporate customer (B2B) point of view. There are differences as well as similarities when a firm does business with both private (B2C) and corporate (B2B) customers. Marketers use different marketing and sales strategies when making approaches or transacting business with these two divergent customers.

Business-to-business simply refers business transactions that exist between corporate entities or between companies. The buying process is much more complex and bureaucratic as compared to consumer markets, because the organizational decision-making process involves almost all the efforts and evaluations of the entire management body on the basis of the company objectives and long term benefits.

Vitale & Giglierano, (2002) explains that, in b2b environment, relationships vary since there are differences in the type of customers. The same product can be purchased for consumption, raw materials or for retail. For instance, hospital, cheese producing firms or a wholesaler might purchase milk to serve its respective customers. All of these companies and organizations have their own different way to bond different relationships.

Morgan & Hunt, (1994) stressed on the point that, Trust and Commitment are significant in building and maintaining strong relationship in B2B transaction. Having a trustworthy connection with your customers determines the extent to which the business transactions would flourish. In the B2B market company's prime fo-

cus is always on a long - term retention of their corporate customers due to their influence and the high profit they bring to the firm.

2.2   Understanding Customer Relationship Marketing (CRM)

Gone are the days when businesses only place more emphasis on productions and other aspects of trading. More and more studies as well as practical cases have authentic evidence that it is necessary for a company to have customer-centred orientation in order to aim to a sustainable growth. From the marketing perspective, maintaining as well as strengthening customer relationship is crucial and beneficial for both, enterprises and customers. Thus, there are growing trend as well as in - depth studies in the field of customer relationship marketing (CRM), which contributes a great impact in doing business in practice.

The question can be raised as "What the term CRM means and what is it all about?" In answering this, one has to critically delve into the theories, analysis and all related activities associated with this. Obviously, this small paper cannot provide as well as explain all the aspects of CRM, but however, it may partly provide readers an overview on CRM and how it can be implied in practice.

Here comes the first verse of mentioned question: 'What is CRM?' Before answering that question, a look should be taken at the bigger concept: relationship marketing (RM). According to E. Gummesson, RM is "marketing based on interaction within networks of relationships" (E. Gummesson, 2003, 3). There are lots of relationships that a company may apply in their business. All of these are summarized into 30 relationships by Gummesson in his book. Organisations do not have to implement and practice all these relationships defined by Gummesson, simply because it varies from company to company, from a certain business sector to another. However, all organisations always have to create, maintain and strengthen a relationship which is the foundation of marketing, thus, relationship between a supplier and a customer.

This paper discusses mainly relationship 5 in Gummesson's book; the service encounter; relationship between customers and service providers. This deals with all

interactions that exist between company and its customers as a whole. Several commentators have noted that RM represents a paradigm shift from the older, transactional way of doing business. Paradigm shifts inevitably pose threats to, and demand changes of, existing corporate culture. RM is characterized by a combined effort and reliance between customer and supplier (Sheth & Parvatiyar, 1995). Under a transactional regime the relationship is better characterized as "manipulation of customers, exploiting their ignorance" (Gummesson, 1994, 9).

Wang & Petrison (1993) also are of the view that for RM to be successful there must be a sophisticated customer database which provides information about customers and evaluate the most profitable ones by developing a strategy to improve service rendered to them. They claim that database technology is fundamental to allowing companies to get to know their customers as individuals.

The paradigm shift in RM could affect the likely replacement of salespersons by relationship managers, more attention being paid to customer retention than acquisition, customer satisfaction data will receive billing equal to that of financial data in management meetings and the CEO of the firm could have much interaction with customers as with unit managers. Relationship managers are increasingly able to use databases to track retention rates rapidly, conduct rigorous investigations of revolts, segment their markets and establish retention objectives.

CRM, based on definition of RM and general ideas of doing business, is the method of marketing that involves all activities of the relationship between company and customers for different purposes. Customer Relationship Management is a "comprehensive strategy and process of acquiring, retaining and partnering with selective customers to create superior value for the company and the customer". (Parvatiyar & Sheth 2001). Basically, CRM includes all the activities which occurred between company and customer, from the very first stages of marketing function such as product design, price setting to other marketing activities like advertising, personal selling and even at time points of purchasing, consuming and evaluating the given product. A successful CRM system must involve all people, processes, and information technology associated with marketing, sales, and customer service. The driving force for companies to manage their

customer relationships is to increase profitability by concentrating on the economically valuable customers and possibly turning the less valuable customers to be profitable.

In addition to these, CRM lays more emphasis on after sale activities such as guarantee, repairing, customer service. Based on a healthy relationship, a company is supposed to generate more profits through offering customers better solutions. It is worth both money and resource saving when both company's and customers maintain good relationship with each other.

(Carysforth & Neild. 2000) explained that information is often the "life blood" of an organization because firms and business entities need a constant flow of information to survive and function well in today's dynamic environment. In view of this there must be quick accessibility of information by all stakeholders of a firm. The idea of making the same information available to every employee is for them to be capable to meeting the growing demands of customers. It therefore implies that everyone in the company must focus on the customer, empower customers and also rely on information from customers. With this information, a company would be in a much better position to make meaningful offers to individual customers with much less resource and customer time, as well as establish an effective relationship and deliver better solutions to customers.

The main reasons why CRM has gained so much ground in the last two decades has are the fact that, there has been a significant change in the market environment; factors such as globalization, overcapacity, demographics and intense competition as earlier stated. Secondly, the introduction of advance and modern technologies has made it easier for organizations to keep track of their customers and be able to differentiate the profitable from the non-profitable. Research shows that, it costs 5 to 10 times more to find new customers. Obviously, it would cost less money and to maintain the existent relationship than finding new ones.

In a nutshell, CRM is more of creating, maintaining and strengthening the relationship with customers that would eventually yield high financial results to the company as well as customers being satisfied for a long term.

2.3   Evolution of Relationship Marketing

Companies to customer relationship have been used from ancient - modern time to contend with and adjust to the growing demands of customers and high level of satisfaction that customers would appreciate from a firm. Relationship marketing has being approached from different point of views and perspectives by researchers, marketer, managers, despite the fact that it has being a long existed approach to marketing. Relationship marketing aims to establish long-term, committed, trusting and co-operative relationships, characterized by sincere bluntness, productive customer suggestions, fair dealing, and a desire prioritize long term benefits to short term merits. In short, relationship marketing focuses on building long-term on-going relationships with customers. Over the last decade, considerable emphasis has been placed on the importance of relationship marketing. The introduction of this form of marketing has been suggested and the benefits outweighs the traditional approach; transactional marketing. (A Lindgreen & M Antioco, 2002). Relationship marketing aims at creating a client relationship from the start to satisfy and retain existing customers, while transactional marketing focuses much more on product sales, profit and search for new customers. (Vence, 2002).

The traditional marketing approach which focuses on effective product orientation for success of an organization has being largely criticized by the academia. Success is not solely based on the manipulation of marketing mix elements but by building a long-term and lasting relationship between buyer and seller (Ford et al. 1986). The marketing mix approach is considered too limited and not adequate in meeting the requirements of the concepts of marketing (Grönroos, 1990, Gummesson, 2003). Zineldin (1995) also points out that, the marketing mix theory is not transferable to the services sector.

Rafiq & Ahmed (1995), on their part, argue that this criticism of the 4Ps can be extended to include industrial marketing. In their view, the 4Ps needs to be compounded with building long term relationship with both the buyer and seller in the industrial market.

Kotler (1988, 369), on his part sees transactional marketing to be more beneficial to customers who have short term business transactions with firms. This is due to the fact that, there would be less switching cost to other service providers. Contrarily, relationship marketing is very useful to long term customers as switching to other suppliers would be a cost burden to them. It is therefore viable for service organizations to develop a long term profitable relationship with its customers to be a dominant market player.

As a result, relationship marketing theory became globally accepted in the 1990s (Gummesson, 1994; Morgan & Hunt, 1994), covering a range of marketing activities (Palmer, 2000), and thus it is described as a "new-old" concept (Berry, 1995). From this period the topic and related issues pertaining to relationship marketing has become a subject of interest in all fields and widely discussed.

In addition to the above, a further review of literature revealed that relationship marketing is handled in different ways by different authors (Gummesson, 2003). For instance the Nordic school authors (i.e., Grönroos & Gummesson, 1985) place more emphasis on the long-term relational aspects of service marketing. To point out the relational nature of this kind of marketing, they used terms such as buyer-seller interactions and interactive marketing, customer relationship life cycle, the new marketing concept; phase of the service consumption process; and interactive relationships. Also the European Industrial Marketing and Purchasing (IMP) group found that buyer-seller relationships are built on a series of interactions in which the concept of adoption is closely linked with the process of evolving relationships. Given the importance of process as well as outcome in these interactions service marketers have highlighted the potential value associated with the development of 'relationships' between supplier and customer. In this case, relationships are seen as being the outcome of a series of interactions with particular emphasis placed on the active role-played by buyers.

2.4   Customer Loyalty, Excellent Service and Profitability

The key issue of relationship marketing is to generate profit for the service provider and the most effective method to do this is to get customers' loyalty or to

maintain a long-term relationship. From that, there are two basic ways to increase profit: to reduce cost or to raise revenue or both. A loyal customer helps the firm save costs because he requires less or no additional costs and obviously improves the profit margin of the company. This loyal customer can become an unpaid marketing employee by engaging in word of mouth campaign of the firm to his friends, relatives and many more, which lead to lesser acquisition costs. Also, the average costs spent on him will be lower since both parties have learnt and understood about each other so the service processes will take less time and fewer mistakes are made.

For instance, if the firm knows exactly what the customer wants, when and how they buy products, the firm can reduce costs such as inventory costs and number of staffs. Mostly a long-term customer will generate more revenue for the firm when he continues to purchase and even tries other products that the firm provides. Old customers, though not always, are more willing to pay higher price (premium price) because they understand fully the value that the firm offers.

However, it is important to pay attention to *win-win situation* to maintain loyal customers. Customers obviously bring profitability to the firm but the firm has to know what value customers expect to get. Customers will be more committed to the firm if they get what is at least equal or more than what they desire. Only a satisfactory quality will lead to repurchases and create loyalty. Moreover, only the very satisfied customers show a high purchasing rate and a high propensity for positive word of mouth (C. Grönroos, 2007).

In practicality, it is not only customer's satisfaction that counts. The sacrifice made by customers, in terms of price, comfort, timeliness and costs are critical variables contributing to customer's commitment. There comes the concept of relationship costs, which include direct relationship costs, indirect relationship costs and psychological costs. The long-term cost for a customer is the sum of price paid and relationship costs. Hence, low price does not always means low cost, especially when the customer pays low price for a bad service. Bad service quality usually goes with high relationship costs for both the customer and the provider, even it exceeds gross margin (which is the difference between net price and pro-

duction costs). On the contrary, excellent service can benefit both parties. A supplier can have a bigger net profit margin and enjoy opportunities of raising prices when the customers are willing to pay for higher price. The customers can enjoy what they get from the provider.

2.5   Goal of Relationship Marketing

The fundamental goal is building and maintaining strong bond with customers that are profitable to the organization. This is largely achieved by focusing on the provision of quality service targeted to customers that are likely to commit themselves in long term. In most cases, corporate customers tend to benefit more from this improved service offerings as most are very profitable to a company. Irrespective of competitor offers these group of customers would always remain loyal to their original firms.

Through market segmentation a company can better understand the best target markets for building lasting customer relationships. As the number of these relationships grows, the loyal customers themselves will frequently help to attract new customers with similar relationship potentials through word of mouth. Once they are attracted to begin a relationship with a company, customers will be more likely to stay in the relationship when they are consistently provided with quality products and services and good value over time. Loyal customers are less likely to be pulled away by competitors if they feel the company understands their changing needs and seems willing to invest in the relationship by constantly improving and evolving its products and service mix.

The goal of customer enhancement suggests that loyal customers can even be better customers if they buy more products and services from the company over time. Loyal customers do not only provide the solid base for the organization, but also represent growth potential. It is worth noting that not all markets are necessarily suitable for relationship marketing, nor do all firms want follow the same trend. Some markets remain predominantly transaction-based, particularly those that deal in commodities. Both buyer and seller need to determine with whom, and when, a relationship approach would be more beneficial, and with who to stay

transaction-oriented. Where a relationship is appropriate, the aim is to bring together the three areas of the firm that were too often treated separately: quality, customer service and marketing.

Quality had been the preserve of total quality management programs, and often, customer service was divorced from the marketing function. Bringing them together recognized that only by working as part of one overall unit could the firm as a whole measure what customers wanted, design and deliver the product/service package, measure the levels of customer satisfaction and feed the results back into corrective action. (Christopher, Payne and Ballantyne 1991) (See Fig 1)
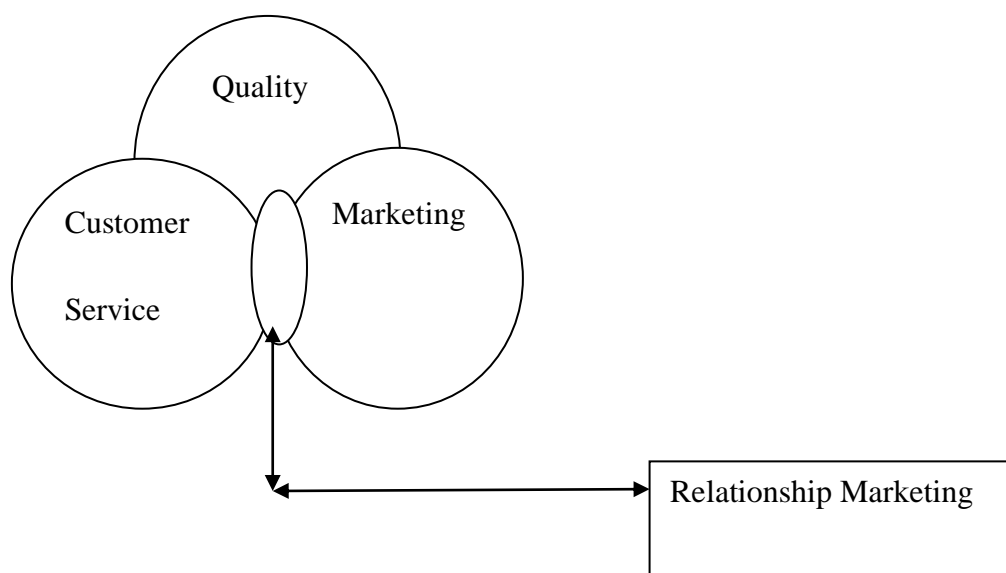
Fig. 1, Relationship marketing: Christopher, M., Payne, A. and Ballantyne, D. (1991)

2.6   Relationship Strategy

In developing relationship strategy one needs to implement some guidelines, that is, there is the need to transform customers into clients - by treating a customer as a client rather than a face in the crowd, and by individualizing service and tailoring it to customers' specific requirements; clients are more likely to be loyal to particular retailers. This is particularly important in today's competitive environment where retailers are frequently offering the same merchandise and where the

only key differentiator is in the way businesses treat their customers. In order to transform customers into clients, some useful guidelines need to be implemented. These are to establish a standard, hire helpful personnel, train staff, monitor staff performance, reward staff competence.

There are a number of possible relationship marketing strategies to be considered in the development of a relationship-marketing plan. These are

- ➢ Service Quality
- ➢ Relationship Quality
- ➢ Customer Loyalty, Excellent Service and Profitability
- ➢ Total Integrated Marketing Communication
- ➢ Internal marketing.

These strategies are not totally independent of one another and can be used in combination or simultaneously. (Grönroos C. 2000)

2.6.1   Service Quality

The quality of tangible products is not difficult to measure based on its usage, duration, appearance, warranty, etc. However, the service quality is not easy to evaluate because services are a series of processes where productions and consumption take place simultaneously and where the customers often join in the productions process. "In service quality literature it is noted that the quality of a particular product or service is whatever the customer perceives it to be" (C. Grönroos, 2000). The focus of service quality has varied over the years. The total perceived quality model was developed to illustrate what a customer experiences meet his/her expectations. Below is a summary of how a service's quality is recognized by a customer
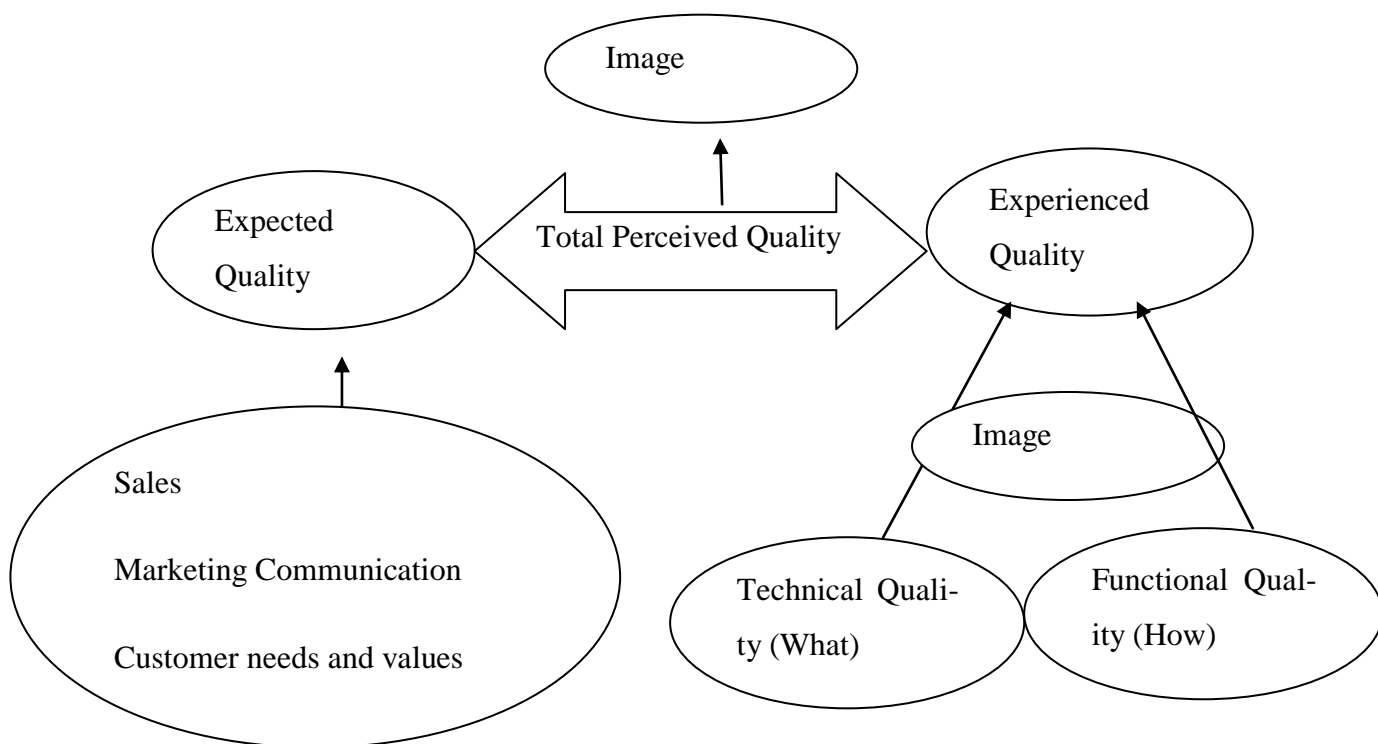
Fig 2: Total Perceived Quality : (Source: C. Grönroos, Service Management and Marketing. Customer Management in Service Competition, 2nd Edition, p. 67)

The figure explains total perceived quality is formed when experienced quality meets expected quality. In other words, good perceived quality is created in customer's mind if his experiences meets or exceeds what he expected. There is a ratio between experiences and expectations, which shows if customers get more experiences than what they expected, they will get higher perceived quality. Expected quality of the customer comes from a number of factors that are mentioned in fig 2. External influences on these factors may happen but they mainly come from the previous performance of the firm, supported by, for example advertising. However, it is not easy to manage expectation of the customers. If the expectation is too high and customers do not get what they expected, it results in high disappointment.

Besides expected quality, experienced quality is an important contributor for the total perceived quality. Basically, the quality of a service perceive by a customer

has two main dimensions: a technical (or outcome) quality and the functional (or process-related) quality. The former is equivalent to what the customer receive (in this case, the service) while the latter is assessed based on how the service reaches the customer. In the situation of increasingly fierce competition, the service's functional quality seems to play a more significant role because the service's outcome can be achieved by most companies. It is how they serve their customers that counts. On the other hand, one cannot ignore the essence of an organization's image. A nice image makes customers more tolerant of small mistakes that the service provider makes. And also the 'servicescape' (where the customer gets the service) should be paid attention to. It affects the mood of customers. To sum it all up, a good perceived service quality can be assessed based on 7 criteria: (C. Grönroos 2007, 90)

Professionalism and Skills: the service provider, its employees and operating systems have the knowledge and skills to solve customers' problems in a professional way

Attitudes and Behaviours: Customers feel that the service employees care about them and are willing to solve their problems

Accessibility and Flexibility: Customers feel that it is easy to access to the service and the service provider is prepared to adjust to their demands flexibly.

Reliability and Trustworthiness: Customers know they can rely on the service supplier because it always keeps its promise and perform with the best interest of customers in mind.

Service Recovery: Whenever there are mistakes, the service provider will immediately and actively take actions to keep them in control and provide an acceptable solution.

Servicescape: The physical surrounding and the environment of the service encounter support a positive experience of the service process

Reputation and Credibility: The service provider can be trusted and gives adequate value for customers' money and it stands for good performance and values.

2.6.2 Relationship Quality

Relationship quality can be described as the "dynamics of long-term quality formation in on-going customer relationships" (C. Grönroos, 2007, 91). From the customer's point of view, relationship quality is developed through their continuous quality perception over time. In order to analyse relationship quality, we should define what a relationship framework is. It basically consists of a continuous flow from *acts*, to *episodes, sequences* and finally forms *relationships*.

In the interactions process, *acts* are the smallest one but they are basic elements in the relationship. Acts may relate to any kind of reflections which are called *episodes*. Every episode includes series of acts. The continuous episodes over the time forms *sequences* in the interaction process. However, sequences may overlap, so that episodes belonging to one sequence may also be a part of another sequence. Three of above elements forms the final one – *relationship.* Quality is perceived at every level of the relationship framework and it may affect each other. Therefore, the overall perception of quality can occur at any given point of time. The interesting thing is that quality of the higher level in the framework may also affect the image and customers' expectations for the lower level.

Understanding that framework cited by C. Grönroos (2007), V. Liljander & T. Strandvik has established their relationship quality model (Figure 3), which includes four important aspects:

- ➢ The difference between episode-level quality and relationship-level quality.
- ➢ The incorporation of satisfaction and customer perceived value into a quality framework.
- ➢ The extension to a range of comparison standards.
- ➢ Customer behaviour variables.

The figure has quite similar issues in the episode and relationship level. By comparing the actual performance under comparison standards, quality is then assessed in comparison with customer's sacrifice (price, waiting time, opportunity cost, etc.) and customer's expectation to realize their perceived value. This value leads to customer's satisfaction with the service. Zone of tolerance is the acceptable variation in service's performance. Perception of the performance depends on the situation. The noticeable thing is that the firm responds differently in different situation.

Episode satisfaction has an impact on customer's future behaviour which influences customer's loyalty and commitment. Customers may not only stay longer, but also are desirous to help providers develop and improve their performance. From positive customer's behaviour, it creates bonds between customers and providers. Ten kinds of bonds exist between a supplier and a customer; legal, economic, technological, geographical, time, knowledge, social, cultural, ideological and psychological bonds. Finally, the image of the service provider can be established thanks to the value of the relationship felt by customers and the existing bonds in that relationship.

```
┌─────────────────┐                                      ┌─────────────┐
│ Behaviour       │         ┌──────────┐                 │ Image/      │
│ Loyalty         │◄───────►│  Bonds   │◄───────────────►│ Commitment  │
│ Commitment      │         └──────────┘                 └─────────────┘
└─────────────────┘
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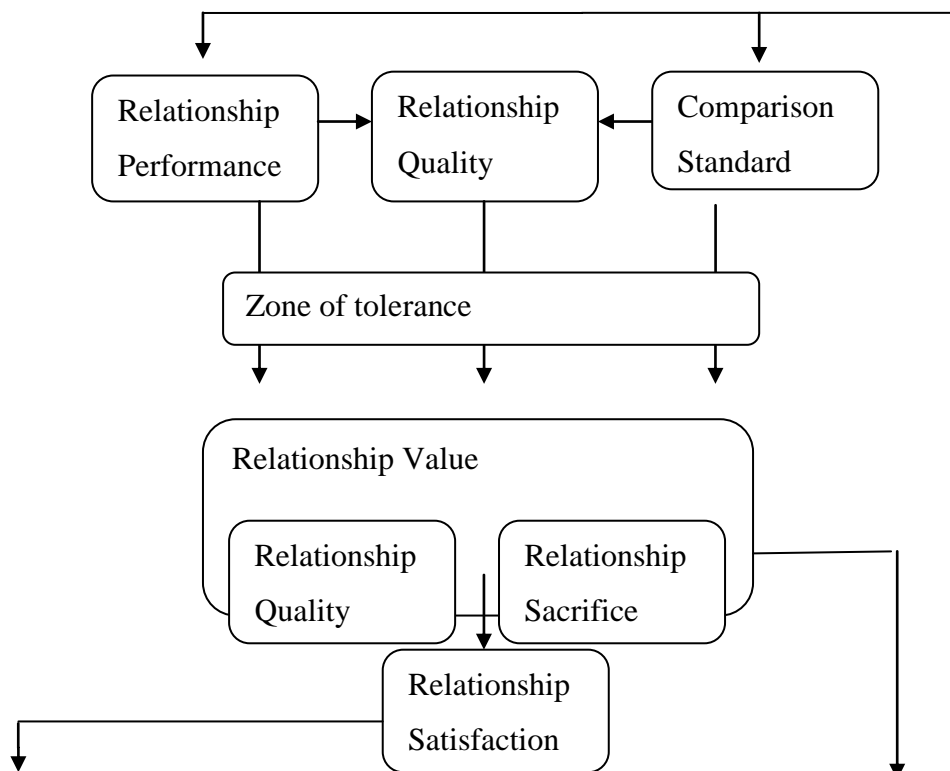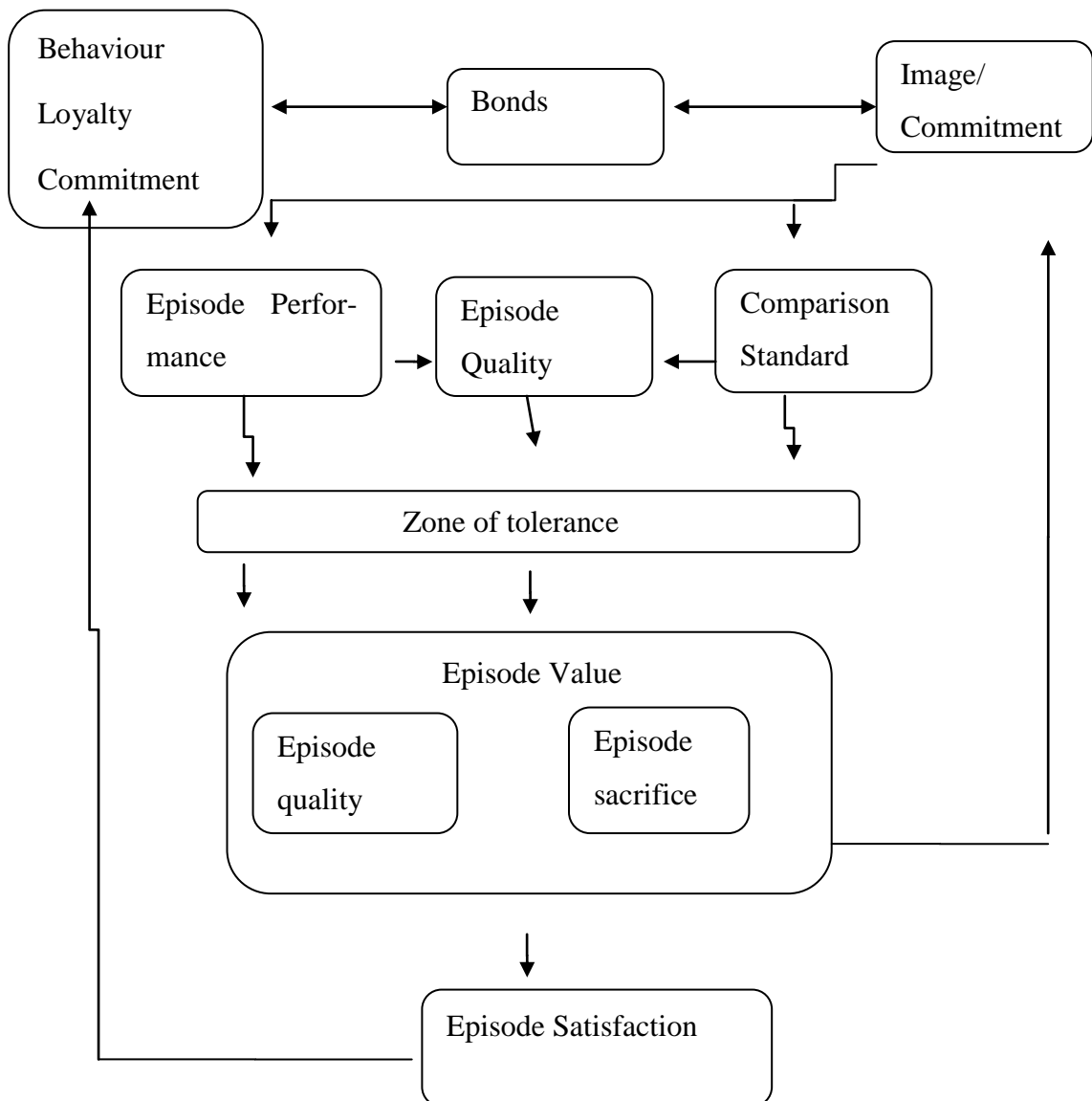
Fig 3, Liljander-Strandvik Relationship Quality Model: (Source: C. Grönroos, Service Management and Marketing. Customer Management in Service Competition, 3rd Edition, p. 95)

2.6.3   Total Integrated Marketing Communication

Relationships are about having a fruitful dialogue which runs in a two way dimension, whereas dialogues can only be offered through communicating. Nowadays, communication function is usually assigned to marketing department. Logically, that move is acceptable. In modern CRM, total integrated marketing communica-

tion has being developed as an effective idea in interacting with customers. Integrated communications as defined by Grönroos (2007, 305) is a "strategy that integrates traditional media marketing, direct marketing, public relations and other distinct marketing communications media, not to mention the communication aspects of the delivery and consumption of goods and services and of customer service and encounters in order to achieve a long-term goal" According to Grönroos, integrated marketing communications has 'long-term perspective', because they are designed to achieve long-term goals.

Total integrated marketing communication plays an essential role in sending valuable and well planned messages to customers and stakeholders of an organization. As cited in Grönroos (2007, 305), Duncan & Moriarty distinguished four sources of communicating messages.

> **Planned messages**: mass communication, brochures, direct responds, sales, websites…
> **Product messages**: appearance, design, usefulness, raw materials, production processes…
> **Service messages**: interactions with service processes, deliveries, invoicing, claims handling, information...
> **Unplanned messages**: word of mouth referrals, references, news stories, gossips…

Unplanned messages to a large extent have great impact on customer reactions and perceptions towards a particular company. If for instance a customer gets a positive feedback from a friend or colleague about both products and service, he may initiate purchase without giving it a second thought despite there might be hype in price as compared to competitors.

2.6.4 Internal marketing.

Companies often place more emphasis only on relationships with customers and external parties, ignoring the impact the internal customers have in the success of the organization. In this view, it would be worth it if employees are being com-

municated to efficiently and effectively. Outlining the various roles each have to play and making vital information available to them in order to build strong relations with outside customers. This may eventually yield a positive result. Grönroos discussed that 'internal marketing is a prerequisite for successful external and interactive marketing' (Grönroos, 2007).

The most desirable outcome of internal marketing is supplying employees a clear point of view about company's vision, missions, and goals. Besides, employees should be equipped with service-minded and customer-focused attitude in practice. To achieve those aims, companies usually need to go through, 3 levels of internal marketing (Grönroos, 2008, p.389 – p.391):

Developing a service culture

Maintaining a service culture

Introducing new goods, services, external marketing activities, campaigns, and processes

Throughout the process of applying internal marketing, companies must implement various activities which generally could be grouped into several main activities (Grönroos, 2007, p.393 – p.398):

Training

Management support & internal dialogue

Internal mass communication & Information support

Human Resource Management

External mass communication

Developing systems & Technology support

Internal service recovery

Market research & Market segmentation

Grönroos also points out the importance of employee empowerment and motivation. This is regarded a tool for maintaining and retaining all stakeholders in the company. With motivation, employees go extra mile in delivery and improving their work output. For instance, to combat high turnover rates for bank tellers, a

growing number of banks are implementing teller accreditation/career advancement programs. Generally these programs are designed to raise the stature of the teller position while allowing promotion and personal growth opportunities within it.

In a nutshell, internal marketing is an important part of the whole marketing function of a company; it enables external marketing work more effectively. Implementing it does not hurt, but positively adds more benefits for the business and ensures that external marketing strong bases to succeed.

2.7   Failure in relationship marketing

"Relationship marketing is marketing based on interaction within networks of relationships" (E. Gummesson, 2008, 5). Relationship is often built between a supplier and customers being in constant contact with each other. A network is a set of relationships that interacts each other in complex patterns. A firm implements a marketing planning professionally when it controls networks effectively. However, sometimes when the firm measures the result, in term of what the customers see and experiences, it does not match with what the firm thought. Many failures in relationship marketing may happen unintentionally. Therefore, it is essential for a firm to predict and anticipate possible failure factors in the organization. Main failure factors may have impacts in the organization (Stone, Merlin & Woodcook 1995.):

Unrealistic business definition: in the case that the business is not defined clearly how big or small it is. If it is too large, it has many competitors with lack of resources. Or it may be too narrow, so it does not pay attention to developments, which results in destroying the target market.

Poor information base: the information used is not realistic.

Time: the plan is taken in a long time, so it will be out of date and ignored.

Communication: the plan is not communicated with the employees, so they do not understand what they are doing, which may reduce their motivation.

Motivation: the staff involved in carrying out the plan but not produce it, so they do not feel accountability or ownership.

Lack of understanding of the relationship marketing concept: this is the failures of managers when they try to do it.

Control: there is no proper mechanism to measure the plan in practice. When it is done, it difficult to do anything more.

Other priorities: The staffs give more priorities for relationship marketing while forget other important issues that make the firm survive.

Organization: if there is no one takes care of relationship marketing work, other priorities are likely to dominate.

Lack of acceptance of the concept of relationship marketing: if the staffs are not willing to help the firm to attract and keep customers, they will not manage customers well.

Short-term emphasis: This concentrates on short-term profit opportunities and not on real customer's need

Power conflicts: an unwillingness to give control to or share it with another function or department in order to make better result.

Problem in delivering the plan at the point of contact with the customer: information system that cannot handle the requirement because they were designed to the specification of individual functions and not for relationship management.

Information system: can handle the requirement somehow, but in fact, it is not totally.

Failure to re-engineer business processes: around concept of customer relationship management, so that relationship marketing policies makes the staff to get conflicts with existing process.

The sheer size of your company and the complexity of its relationship with customers (frequency, type, outcomes),

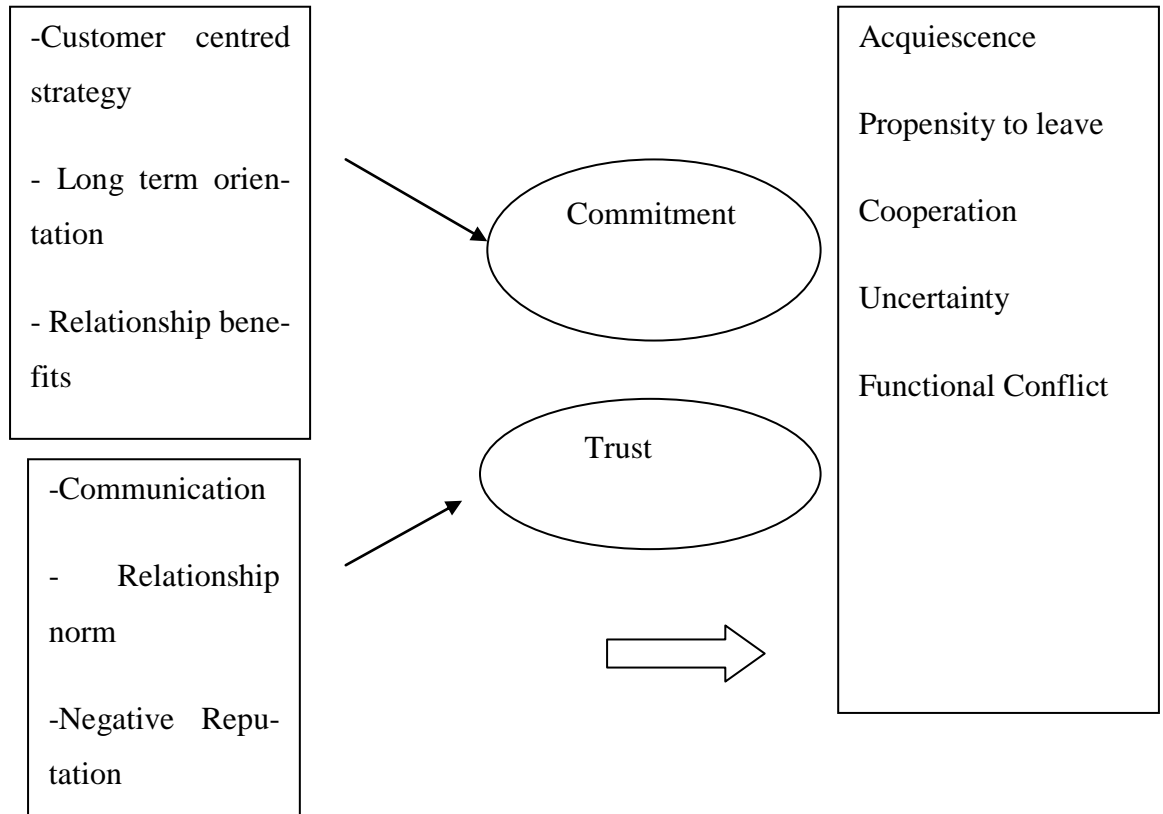## 2.8   The Impact of Trust, Commitment & Loyalty in RM.

The key to maintaining a strong and lasting relationship lies on the level of trust and commitment depicted by both an organization and its customers. Much more of a burden relies on organizations to keep these attributes at a high level.

Trust as defined by Moorman et al., (1992, 82), "a willingness to rely on an exchange partner in whom one has confidence". Trust ".exist when one party has confidence in an exchange partner's reliability or integrity" (Morgan & Hunt, 1994, 23). Dwyer & Oh (1987) and Crosby, Evans, & Cowles (1990), for example describe trust as a feature of relationship quality, along with satisfaction and opportunism. Anderson, Lodish & Weits (1987) view trust as a feature of relationships, in addition to power, communications and goal compatibility.

Secondly, trust has been conceptualized as determinant of relationship quality. For example, (Anderson & Narus, 1990) indicates trust as a determinant of the amount of co-operation and the functionality of conflict between parties. Parasuraman, Zeithaml & Berry (1985) also backed all this claims by indicating that, trustworthiness, in addition to believability and honesty, as part of credibility, which determines perceptions of service quality is very essential.

Commitment on the other hand, is a resolute desire to maintain a highly esteemed relationship with customers. This could be accomplished through maintaining an effective long term mutual relationship with business partners. More essentially, company strategies should be aimed at satisfying customers to a high degree (Morgan & Hunt, 1994). Relations once in place may endure despite deterioration of products and services or despite monumental or even consequential mistakes by suppliers due to the high level of commitment shown by the company. Wilson & Mummalaneni (1991) present models of relationship development where factors such as trust, satisfaction, social bonds and relational investments are said to have an influence on the development of commitment. In a similar context, Szmigin

(1993), Ford(1990) and Dwyer et al. (1987) have developed models of relationship where relationships increase in commitment as they "mature" through time and continuing interactions (these often increase in scale and scope.

-Customer centred strategy

- Long term orientation

- Relationship benefits

-Communication

- Relationship norm

-Negative Reputation

Commitment

Trust

Acquiescence

Propensity to leave

Cooperation

Uncertainty

Functional Conflict

Fig 4: The Morgan & Hunt (1994) model of commitment and trust strategy.

2.9 Customer retention

In line with the whole concept of RM, which is being able to build a long lasting trust between the provider and receiver of the good or service, customer retention is the key word. A basic strategy for customer retention is to implement a thorough means of monitoring and evaluating relationship quality over time. The often quoted axiom that "it costs at least five times as much to get a new customer as it does to keep an existing customer" goes without saying that satisfied customer are more likely to be loyal customers and retaining loyal customers is important for company profitability. Richard F. Gerson (1992) explains that customers can be retained through:

> ➢ Value Chains
>
> ➢ Customer Service marketing
>
> ➢ Recovery
>
> ➢ Training
>
> ➢ Rapport and effective communication.

2.9.1 Customer Retention through Value Chain

The value chain here is the employer and the customers. It yields great dividend to set up your value chain in a way that every link is strong. Gerson (1992), stresses on the need to treat your employees well if you want your customers to be treated well. Employees also form part of a firms customer groups as well. The firm needs to recruit and train outstanding and dedicated people who possess good attitude and are human oriented. There is the need for them to be empowered so as to make vital decision. Give them authority to go with their responsibility of serving the customer. Recognize, motivate and reward their accomplishments and achievements. Treat them as your best customers so as they could be diligent and open hearted workers who could aid in attaining the company goals, vision and long term plans.

With regard to customers, Gerson says, listen to them, find out what they need, want and expect, then give them everything and more. Exceed their expectations, delight them, and put more value in the chain. This will make them comfortable and secure with you and they will continue to do a lasting business with you.

2.9.2 Customer Retention through Customer Service Marketing

Gerson (1992) highlighted the issue that one's business does not have to be on a snag of losing customers and seeking new ones. It has to go beyond customer service by increasing customer retention and enhancing marketing efforts, all at the same time.

In fact, customer retention policies double as excellent marketing approaches for one's business. Some of these activities are top customer preference programs,

personal letters, telephone calls, customer reward and recognition programs as well as customer special events.

2.9.3 Customer Retention through Recovery

Not all customers are happy customers. Sometimes, one has to make up for bad service or product. Gerson explains that service recovery means actions that tell customers that you will take care of their problems. Bonuses are what you give your customers to compensate them for the inconvenience. It is important to appreciate the fact that not all customers will be happy. Among these unhappy customers, not all of them will complain. So the customers who complain are your lucky tips. They are taking the time to help you improve your business. It is therefore your responsibility to take time to acknowledge and resolve their complaints as quickly as possible.

2.9.4 Customer Retention through Training

Rightly put, Gerson (1992) writes that untrained employees present a bad image of a company. An employee who has great knowledge about company offerings but is unable to communicate that well to customers tends to drive them away from the company. Majority of customers, despite soaring loyalty or commitment but experience bad service on constant basis without any modification would certainly switch their attention and business transactions to other competitors. Although employee training is a vital method of customer retention, it has been sidelined and is highly underused and underdeveloped.

Most companies are more interested in training their employees on how to do their jobs than on how to interact with customers. They are both equally important. Studies depict that if a company spends 2 - 5% of its annual payroll on employee training, it should realize about 10% increase in net profit. Additionally, companies that pride themselves with improved customer service alongside high number of loyal customers tend to charge up to 10% more than their competitors. Suffice to say that, if employees are well trained to provide superior customer service, your net profit can increase by 20%. Customer retention programs could be in the

form of Customer Service, Team Building, Communication Skills, Sales Training Basics just to mention a few.

2.9.5 Customer Retention through Rapport and Effective Communication

Every time you interact with a customer, it is .a moment of truth. Gerson describes it as a moment of truth because it is a chance for you or your employees to represent the company positively and satisfy a customer. The question as to whether this effort will be successful or not depends on how well rapport is established and how effectively you communicate with the customer. You must be an active and attentive listener so that you can understand how the customer perceives a situation, even though you may perceive it differently.

The establishment of good rapport and communication with customers will guarantee continuous eagerness of the customer to do business with the company and refer others.

2.10 Key account management (KAM)

Key account management is a strategic approach adopted by organizations to maintain a long - term relationship with high value customers in the business market. (McDonald, Millmam & Rogers, 1997). Firms that utilizes KAM, places more emphasis on customer focus, by better understanding their needs and offering them special treatment on constant basis. (McDonald et al. 1997, p737) define KAM as " an approach adopted by selling companies aimed at building a portfolio of loyal key accounts by offering them on a continuing basis, a product/service package tailored to their individual needs". To keep the relationship frequently flowing, companies tend to assign key account managers , better known in other context as National account management NAM, (see: Stevenson & Page, 1979), Strategic account management SAM, (see: Storbacka et al.., 1999) the role of keeping and maintaining a strong and profitable relationship with the greatest asset of the company (Customers). The main idea of KAM is for companies to develop strategies to maintain a strong long term relationships with key accounts that are valuable to the company. These key customers makes high

volume purchases and generates quiet a high percentage of company revenue. It is therefore viable for companies to invest ample amount of resources in maintaining and building a long term relationship with them.

2.10.1 Basic Elements of KAM

A successful KAM basically comprises of four main elements; identifying the key accounts, analyzing the key accounts, selecting suitable strategies for the key account and developing operational level capacities to build, grow and maintain profitable and long – term lasting relationship.

KAM Elements

```
┌─────────────────────────────────┐
│  Identifying key accounts        │
└─────────────────────────────────┘
              ⇓
┌─────────────────────────────────┐
│  Analyzing the key accounts      │
└─────────────────────────────────┘
              ⇓
┌─────────────────────────────────┐
│  Selecting suitable strategies for the
│  key accounts                    │
└─────────────────────────────────┘
              ⇓
┌─────────────────────────────────┐
│  Developing operational level capac-
│  ity to build, grow and maintain prof-
│  itable and long – term lasting rela-
│  tionship.                       │
└─────────────────────────────────┘
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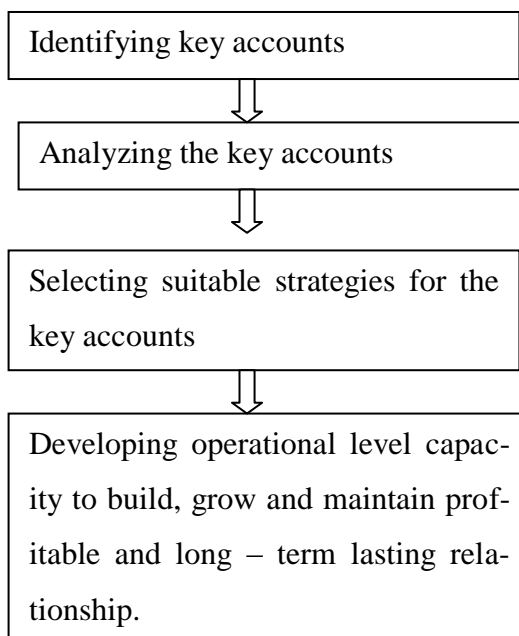
Fig 5: Key Account Management (Ojasalo 2001, 202)

Identifying Key Accounts

Key account customers are normally labeled by the company as most important customers. (Rottenberger & Murtha 1992, 40) views them as "certain major accounts that have unique demands and expectations requiring similar specific solutions and special attention. During the identification of key accounts, the supplier seeks to discover customers that are presently profitable to them and would emulate that in the future. Campbell & Cunnigham (1983), allude to the fact that, key accounts could be determined through the length of relationship that exists be-

tween the firm and its essential customers, the amount of sales volume generated and the customers' profitability to the firm.

Analyzing the key customers

Vital information such as the basic features of the key account, relationship history, level of commitment to the relationship and cost of switching to other competitors have to be accessible by the firm. (Blois 1999), points out that, the revenue generated from each account have to supersede the cost incurred through the establishment and maintaining the relationship within a certain time frame. (Storbacka, Strandvik & Grönroos 1994), are also of the view that, irrespective of the length of relationship, there is no clear guarantee that the investment made on maintaining customers would yield high returns, rather level of commitment y both parties promotes the long-term profitable business transaction.

Selecting suitable strategy for key accounts

After identifying and analyzing the key account, the firm needs to select suitable strategies that could be implemented to meet the desired wants and needs of the key account. Relationship strategy requires the bargaining forces of both the supplier and the key accounts. There is a need for strong collaboration, negotiation and submission of both parties. McDonald, Millman & Rogers (1997) indicate that, both the present status of less attractive customers and forecast into the future of how profitable they would be needs to be critically considered in implementing the strategies.

Developing operational level capacity

 After, accomplishing the aforementioned processes, the company now turns its focus on improving the quality of both products and services. In this case, suitable key account managers are selected to fulfill this task. The responsibility of key account managers is very demanding and complex in nature; therefore the company needs well-qualified and competent personnel to fill this position. (McDonald et al..1997). In addition to this, information dissemination between the company and key accounts is very crucial in KAM. The right information pertaining to

company offerings needs to be made available to key accounts in order to keep the relationship strong and effective. Finally, since trust is a major factor that keeps a long lasting relationship, the company has to act in high capacity to earn it based on performance and fulfillment of promise.

3 RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the methodological frameworks, which explains how the research was conducted; data collection method, drafting questionnaire and other relevant issues. The chapter delved into various systematic approaches adopted in arriving at the needed information. A quantitative method of data collection was utilized so as to get better insight into the topic and fulfill the research purpose. Moreover, the distribution of questionnaires would actually give the respondents a free state of mind to answer the question willingly without being under any form of duress. Respondents due to the nature of their individual businesses might be too busy for interviews so it was time saving using this type of method.

For the purpose of the research, concentration is stressed on how best to sample the target population and the methods or the procedures which will be used to obtain the necessary information that is required for the study.

This section is organized under the following headings:

Research Design

Sampling Plan

Sources of Data

Data Collection

Reliability and Validity

The general population for the study was derived mainly from the corporate customer base of the bank because of the volume of their transactions and their contributions to the growth of the bank.

3.2 Research Designs

"A research design is a set of advance decisions that makes up the master plan specifying the methods and procedures for collecting and analyzing the needed information".(Burns & Bush, 2003,120). Malhotar & Birks (2007), points out that a research methodology is a strategical process on how researches are conducted to acquire a good and relevant result so as to solve a particular problem.

In conducting a research, the researcher may choose to utilize any method (qualitative and quantitative or even both) processes. Ghauri & Gronhaug (2010) cited the differences that exist between these two methods. (See table. below)

Qualitative Methods	Quantitative Methods.
Emphasis on understanding	Emphasis on testing and verification
Focus on understanding from respondent's/ informant's point of view	Focus on facts and /or reasons for social events.
Interpretation and rational approach	Logical and critical approach
Observation and measurements in natural settings.	Controlled measurement
Subjective "insider's view" and closeness to data	Objective " outsiders view" distance from data
Explorative orientation	Hypothetical – deductive; focus on hypothesis testing
Process oriented	Result oriented
Holistic perspective	Particularistic and analytical
Generalization by comparison	Generalization of population

of properties and contexts of in-dividual organism.	membership

Table1. Differences in Emphasis in Qualitative versus Quantitative Methods. (Reichardt & Cook , cited in Ghauri & Grönhaug 2010, 105)

3.2.1 Quantitative Research

A quantitative research as defined by Muijs (2011, 1) is "explaining the phenomena by collecting numerical data that are analyzed using mathematical base methods (in particular statistics)" In this form of research, the data is mostly quantified and analyzed statistically. This method is deemed to be objective and suitable for the research since the relationship between the company and its customers will be evaluated.

The ultimate reason for adopting the quantitative method is for the fact that, it would help the researcher to establish and demonstrate in statistical terms the impact CRM has on the Ghanaian banking sector. Moreover, the method is suitable for the study since the relationship between customers and the service provider (HFC bank) will be evaluated. Yin (2002) is of the view that, the quantitative method of data collection is concise, clear and represents a reasonably large population which will increase the reliability of the study. It reflects on the direct thoughts, experiences and feelings of the respondent.

3.2.2 Sampling Plan

As stated earlier, quantitative form of research would be used for the research. The main sample size will comprise of 100 customers, but due to uncertainties a total of 120 questionnaires will be distributed.

The questionnaire will be sent directly to the relationship manager by e - mail; the main contact person, who will then print it out and distribute it to the respondents (customers). It is expected that the response rate will be high since the contact personnel often engages in daily business transactions will with most of these customers and has created a good network. The feedback is expected to be sent back to the relationship manager (contact personnel).

3.3 Data Sources

Both primary and secondary data sources of collecting information will be used for the study. Primary data is collected and assembled specifically for a current research project. (Zikmund 2000, 58). Primary data produces a new form of idea and information which sometimes is unavailable or haven't being exploited. The main merit of primary data is its consistency with both the research question and objectives. (Ghauri & Gronhaug 2010, 99). The primary will be acquired through the questionnaires administered to customers of the bank.

The secondary data was derived from reports from HFC Ghana Management Information System (MIS), articles, journals and newsletters out of the lot. The essential aspect of secondary data collection is, it save much time and resources due to the readily available nature of the information. (Ghauri & Gronhaug 2010, 94).

The questionnaires included close-ended and open-ended questions that sought to identify the reasons why customers conduct their banking business with HFC Bank and the difficulties they encounter in operating these accounts. The close-ended questions sought to make the questions easy for the respondents to answer whereas the open-ended questions aimed at soliciting the views of the respondents that the researcher might not have envisaged.

3.4 Reliability and Validity

Reliability and validity determines the accuracy of the research. It determines the trustworthiness of the overall research and study. These two factors are interdependent to measure and used to measure the quality of the research. Reliability refers to the "ability to repeatedly acquire the same result with the same instrument". (Burns & Bush 2003, 290). To determine this, respondents must respond in the same manner to identical questions. This implies that, irrespective of who conducts the research, the same results should be obtained and there should be stability in the measurement.

Validity on the other hand refers to the "relevance and accuracy of what is measured" (Burns & Bush 2003, 291). The study measures what it intended to be

measured and has to be valid, reliable and useful. In quantitative research, the questionnaire must be well understood by the respondents since there are no close contacts with the researcher. This will increase the high possibility of obtaining a valid and reliable answer.

In this research, the measuring tool was the questionnaires administered to the respondents. It was pretested by both the researcher and the contact personnel of the case company. The pretesting was carried out to make sure the questionnaires were easy to understand and lessen the number of common errors and unclear statements. This activity has helped to increase the validity of the study. In general sense, this research has deemed valid and reliable as there was a high response rate and the answers corresponds with each other.

4 DATA ANALYSIS AND PRESENTATION

4.1 Introduction

This chapter deals with the actual analysis and major aspect of the findings of data collected from the questionnaires disseminated to the customers of the bank relating to relationship marketing. Out of 100 questionnaires administered, there researcher was able to retrieve 80 from the respondent and the whole exercise took about two weeks to accomplish, thus from 27th February 2014 to 12th March 2014. There remaining 20 questionnaires were either not filled appropriately or abandoned by the respondents. It could be deduced that there was a high return rate on the questionnaire from the customers (respondents). The final analysis is done in line with the research questions and presented in the form of table.

4.2 Biography of Respondents

The table below shows the biography data of the respondents that participated in the study. The survey showed that there were more female customers to males engaged in banking with HFC Ghana, representing 60 to 40 percent respectively. The age category of the customers largely comprises of both the youth and young adults ranging from the ages of 18 to 35 and accounts for two thirds (75%) of the respondents.

Biography	Frequency	Percentage
Gender		
Male	32	40
Female	48	60
Total	80	100

Age		
18-25	21	26.25
26-35	39	48.75
36-45	17	21.25
46-55	3	3.75
56 and above	-	-
Total	80	100

Educational Background		
Primary	-	-
High/Vocational School	15	18.75
Some Tertiary	34	42.5
University Graduate Or More	30	37.5
No formal education	1	1.25
Total	80	100

Employment Status		
Unemployed	4	5
Employed	54	67.5
Student	7	8.75

Retired	3	3.75
Other	12	15
Total	80	100
Customer Type		
Corporate	44	55
Individual	30	37.5
Sole proprietorship	6	7.5
Joint Account	-	-
Total	80	100
Business Entity		
Public	27	33.75
Private	53	66.25
Total	80	100
Types of services		
Deposit & Withdrawal	47	58.75
Loan Service	26	32.5
Insurance Policies	2	2.5
Financial Advice	-	-

Money Transfer	5	6.25
Total	80	100

Banking Periods

Daily	22	27.5
Weekly	17	21.25
Monthly	4	5
Randomly	37	46.25
Total	80	100

Source: Survey Data 2014

The sampled customers' educational backgrounds are dominated by respondents with either a tertiary or a university qualification constituting 80 percent of the total respondents. There was no respondent with just a primary qualification. This therefore implies that, majority of customers are literates and have knowledge about the impact CRM plays in their business transactions with the bank.

Majority of the respondents were employed with relatively few being unemployed, retired or students. A little over half of the respondents were corporate customers, followed by individual account holders and finally sole proprietors, with a percentage of 55, 37.5 and 7.5 respectively. On the whole, none of the respondents were joint account holders. From the survey, random banking is mostly common among the respondents followed by daily banking. It is obvious that customers will only visit the bank if they want to transact any form of business, being it deposit or withdrawal. Only 5 percent of customers visit the bank on monthly basis. In addition, most respondents often engage in deposit and withdrawal services with the bank. 59 percent off them indicated that deposit and withdrawal services are the frequent service types they engages in. 33% of the respondents are

require the services of the bank on loan issues, whiles 6.5% mostly use the money transfer service. Only 2 of the respondents stated that they require the services of the bank when it comes to the issue of insurance. The data collected shows clearly that none of the respondents will just go to the bank for financial advice.

28 representing 35% of the respondents agreed that they are customers at other banks on the basis of enjoying different services while some also pointed out that they feel it is a risk cleaving to only one particular bank.

Finally, a majority of the respondents are customers of the bank for the duration between 1-6 years and most have indicated that they are loyal to HFC Ghana.
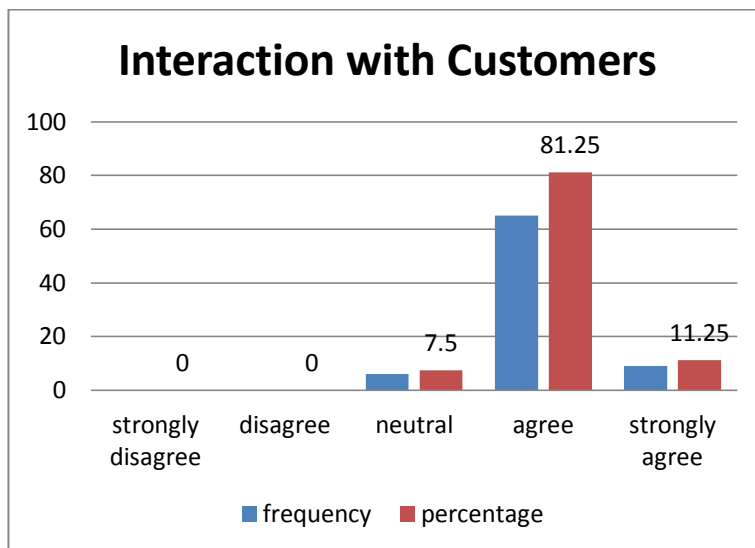
4.3   Strong interactions with customers

The table below shows the response rate on the issue of how the bank interacts with its customers.

Response	Frequency	Percent
strongly disagree	-	-
Disagree	-	-
Neutral	6	7.5
Agree	65	81.25
strongly agree	9	11.25
Total	80	100.0

Source: Survey Data 2014

Fig 6: Bank's interaction with customers.

On the whole, a majority of the respondents, that is 81% have agreed to the notion that the bank has a strong and effective interaction with its customers. Further-more, the chart also depicts that none of the customers have oppose this topic. It can be deduced that, the bank has a good relationship with its customers and communicates effectively with them.

## 4.4   Information about new product offerings.

85% of the total respondents indicated that, the bank give them prior information before introducing new products. This information is normally delivered to them through either electronic mail or mobile text messages. 10% however stated that, they do receive these messages from the bank but it normally comes late after the products have already being introduced. The rest 5% pointed out that they do not receive any information of this kind. They claim they only get informed when they visit the banking hall for a financial transaction.

4.5   Great commitment and Trustworthy

The table below indicates that most customers are satisfied with the level of commitment displayed by the bank to its customers

Response	Frequency	Percent
strongly disagree	-	-
Disagree	1	1.25
Neutral	34	42.5
Agree	31	38.75
strongly agree	14	17.5
Total	80	100.0

Source: Survey Data 2014
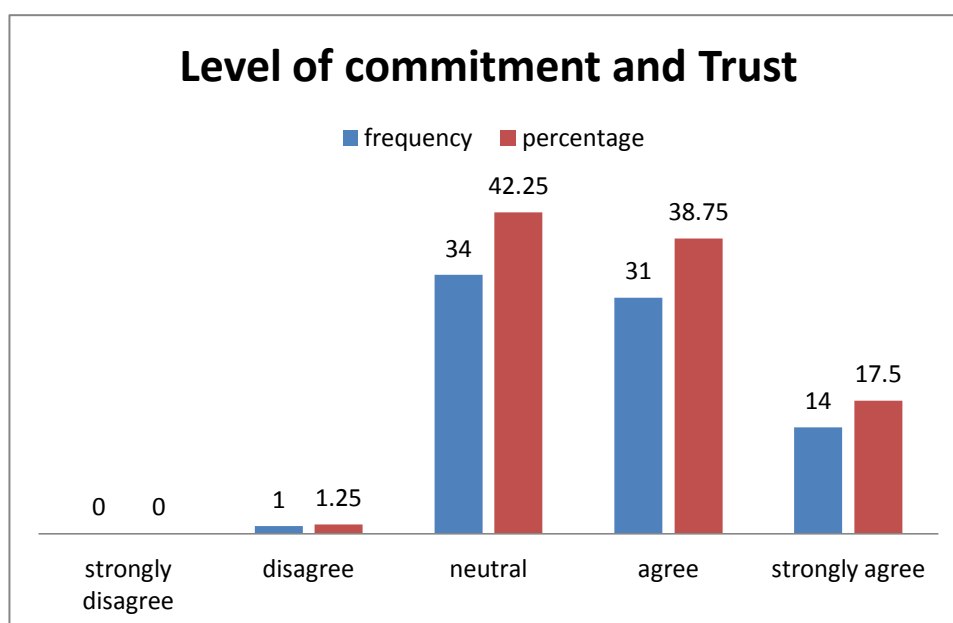
Fig 7: Level of commitment and trust

About 99 percent, ranging from a neutral perspective to a strong assertion are of the view that the bank is really committed to its customers by making them their number one priority. Despite a vast number of customers having a positive response to the question, one single customer disagrees about the bank being committed and trustworthy. For whatsoever reason it would be worth if the bank could gain some high degree of trust from all its customers so as not to be a victim of negative word of mouth from these customers.

Trust on the other hand has the same backing as that of commitment, with a positive reaction from respondents. As pointed out by Morgan & Hunt (1994), trust and commitment is the hub in maintaining a strong and long-term relationship between a firm and its customers.

The question about trust and commitment was combined in the analysis because the results obtained were almost the same. The only minor difference was that one respondent has a neutral view on commitment whiles agrees strongly on trust.

4.6 Effective and Efficient Service Delivery by Employees

It can be seen clearly from the pie chart that employees of the bank are very effective and efficient in delivering service to customers.

	Response	Frequency	Percent
	strongly disagree	-	-
	Disagree	-	-
	Neutral	2	2.5
	Agree	43	53.75
	strongly agree	35	43.75
	Total	80	100.0

Source: Survey Data 2014
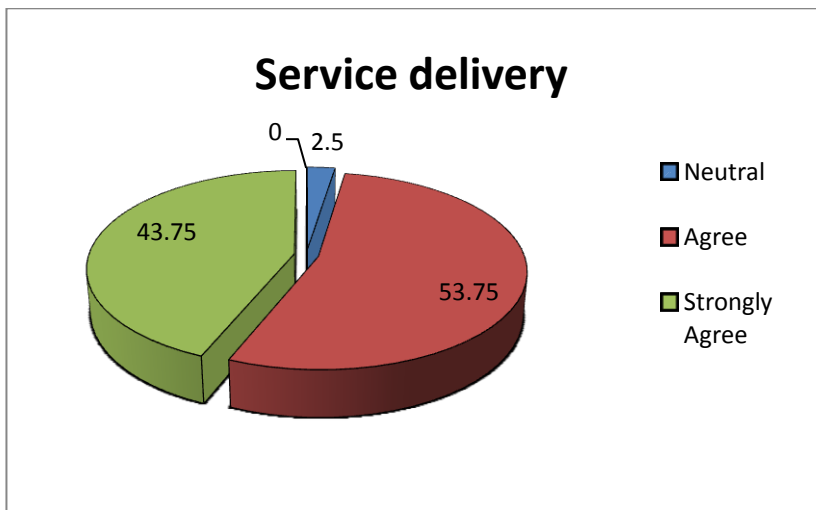
Fig 8: Service Delivery

There is a positive response from customers on the speed of service rendered to them and the tremendous support giving to them by the employees. Moreover, employees devote enough time and are readily available to respond to customer needs and preferences. Since the banking sector is very competitive and customers could switch to other providers at anytime, it is important for good and effective service being meted out to customers.

**4.7   Employee Knowledge and Information about the Bank**

Carysforth et al (2000) explained that information is often described as the 'life blood' of an organization because all firms and business entities need a constant flow of information to survive and function well in today's changing environment. Using information is not easy; however, it's absolutely critical to have good information if you expect to connect with customers and employees within and outside the organization.

About 75 percent of the respondents strongly agree that the employees of the bank are well vexed with bank details and provide vital information to them, while the

rest 25 percent fairly agree to that. This could be one prime factor, which brings about high level of trust and customer satisfaction.

4.8   Response to Complaints

From the chart below, it can be seen clearly that the majority of the respondents appreciate how the bank reacts to their complaints. Out of the 80 respondents, 69 representing 86% of the total indicated that the bank's responses to customer complaint have been excellent. 10 percent agree to good response rate, while a minimum of only 3 respondents rate it on a neutral level.
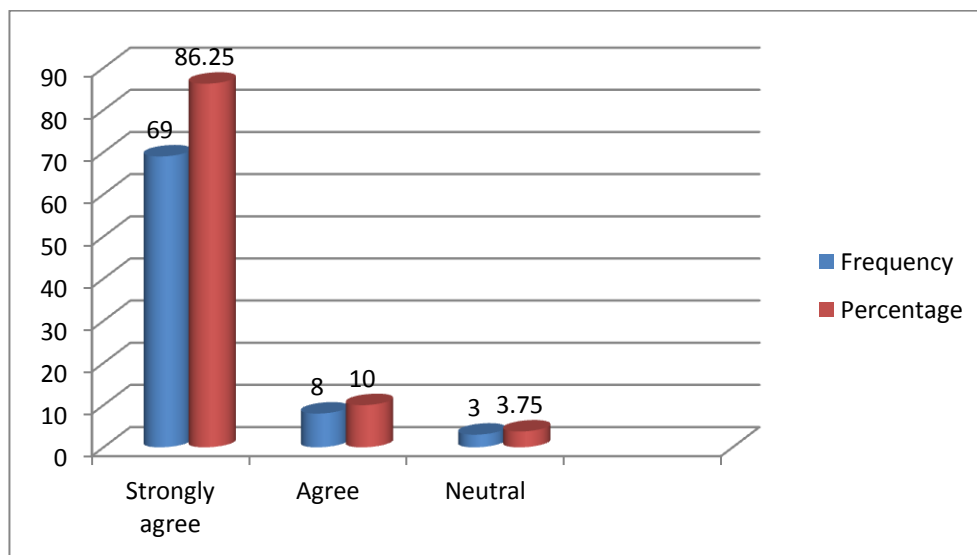
Fig 9: Response to complaints

Relationship and account managers have been assigned to various categories of customers to build long-term relationships with clients, more deeply understand their needs and expectations, contracting financial, social and structural links to the bank.

4.9   Working Hours

The bank is open from 8:30am to 16:30pm on weekdays, Monday – Friday, while on Saturday they operate from 9:00am to 14:00pm. A majority of respondents strongly agree that the working hours are flexible and suits them. During this period, the bank is always available to deliver its services to customers. The Satur-

day banking was recently adapted by most banks in Ghana to provide services to customers that might be too busy during the weekdays to transact any form of financial business with the bank.

4.10   High security on Account

The table and chart below shows the extent at which customers respond to the issue of account security. Customers are very cautious with their financial transactions. Due to the wide spread of cyber-crimes and fraudulent financial duping on the rise, banks and other financial institutions all over the world are putting effective measures in place not to be victims or fall prey to these fraudulent operations. Typical among them are electronic fraud, Identity theft, Credit/Debit card fraud and Cheque fraud.These criminal activities popularly known in Ghana as (sakawa) has posed a major threat to most financial institutions.

	Response	Frequency	Percent
	strongly disagree	-	-
	Disagree	1	1.25
	Neutral	25	31.25
	Agree	40	50
	strongly agree	14	17.5
	Total	80	100.0

Source: Survey Data 2014
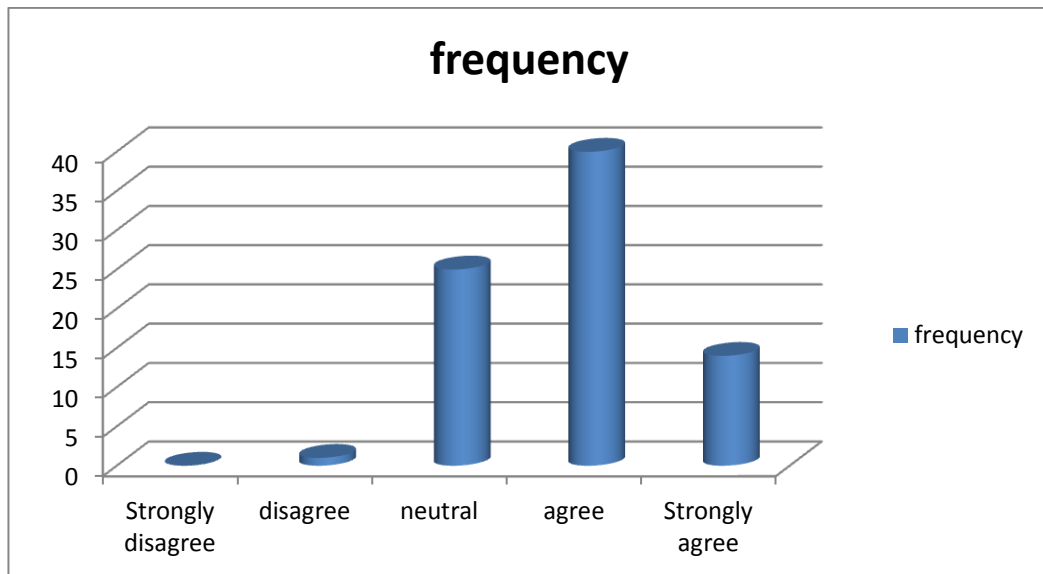
Fig 10: Security on account

From the response received by customers of HFC bank Ghana, it is evident that, the bank has being outstanding in safeguarding the accounts of its customers. From the chart above, it is clear that was a diverse view with regards to account safety. 50 percent are in conformity to the fact that the bank has high account security. But never the less, almost all respondent have agreed that the bank has being able to protect their accounts and engages them in smooth &transparent transactions.

4.11   Level of Customer Satisfaction

It is always profitable to have customers that are satisfied with both your products and services. Satisfaction is an "overall customer attitude towards a service provider" (Levesque and McDougall, 1996, p. 14). The chart below indicates customer's response to the level of satisfaction they revel in from the bank.

Response	Frequency	Percent
strongly disagree	-	-
Disagree	-	-

Neutral	4	5
Agree	18	22.5
strongly agree	58	72.5
Total	80	100.0

Source: Survey Data 2014
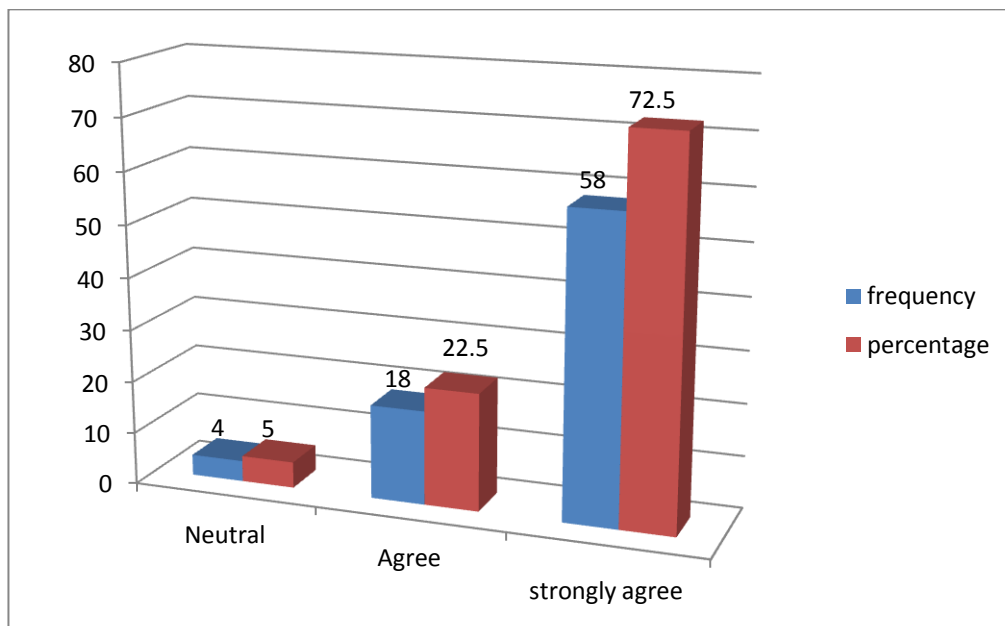
Fig 11: Customer level of Satisfaction

As quoted by (Ray Kroc; founder of McDonald's), " If you work just for money, you'll never make it, but if you love what you're doing and you always put the customer first, success will be yours". As seen clearly from the chart above 58 respondents representing 72.5% strongly agree to being satisfied with the services they receive from the bank, 22.5% also agreed to this, whiles the rest 5% are on fair grounds. With the above information, it is apparent that, the bank has prioritized it customers and directs all efforts in maintaining a long lasting relationship as well as retaining all customers.

On the question of loyalty, all respondents answered exactly as to how satisfied they are with the services being offered to them.

4.12 Positive Word of Mouth

80 out of 80 representing 100% of the overall respondents have agreed strongly to give positive word of mouth testimonies about the bank to friends, families, colleagues and others. Their reason could be due to the quality of service being rendered to them by the bank as well as being satisfied with the banking atmosphere offered to them. This could also be based on the guarantee and high security offered to them by the bank on their financial transactions.

4.13 Essential Factor considered in choosing this bank

From the chart below, respondents are more content with effective customer service and care, followed by the security on their accounts and financial transactions, representing 36 and 25 percent respectively.

| Response	Frequency	Percent
Low Interest Rate	12	15
Effective Customer Service	29	36.25
Proximity	14	17.5
High Account Security	20	25
Others	5	6.25
Total	80	100.0

Source: Survey Data 2014
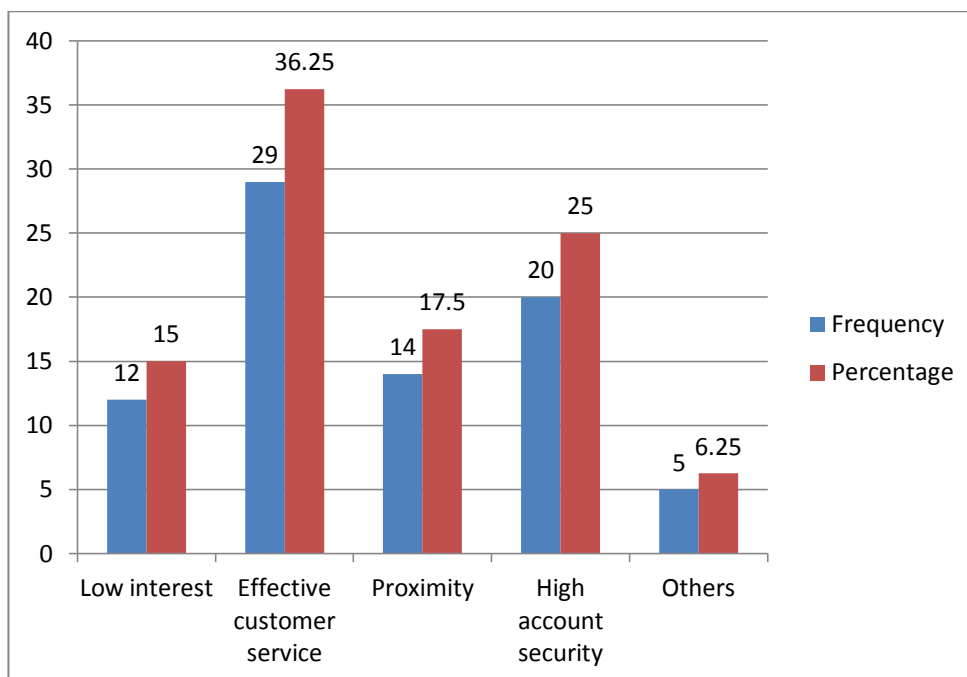
Fig 12: Essential Factor considered in choosing this bank

14 respondents also feel that the main factor why they choose this bank is its closeness to either their place of residence or business, whiles 12 respondents ought for low interest rates as their number one factor in choosing the bank. Other factors stated by the rest 5 percent of respondents include the good relationship offered to them by the staff, good and innovative products and the introduction of online banking transactions and services.

It is very obvious that majority of customers are attached to this bank for the reason of effective customer service which every customer will appreciate and the high security on their financial transactions due to the growing number of cyber theft that has hit the banking sector in recent times.

4.14   Problems encountered by customers

Respondents allude to three major challenges they sometimes encounter with the bank; delay in foreign transactions, frequent break down of automated teller machines (ATM) and bureaucracy in loan processing.
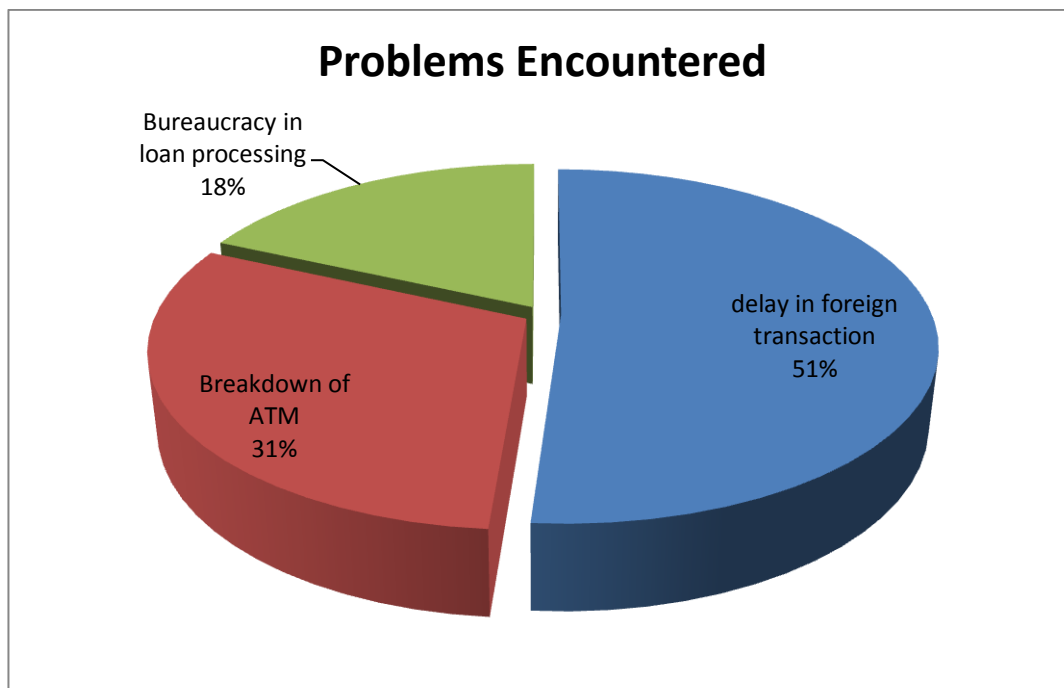
Fig 13: Problems Encountered by customers

From the chart above it can be seen that more than half of the respondents (51%) were occasionally unhappy about the delays they encounter in their foreign business transaction, either receiving or sending money abroad. Further 31% of the respondents experienced frequent breakdown of the bank's ATM. This eventually leads to long queues in the banking hall and time consuming for the customers. The rest 18% complained about the red tape and huge paperwork that goes on in processing their loans. Respondents pointed out that, this will certainly stressful and sometimes affect the purpose of the loan.

The recurrence of these problems if not critically dealt with might probably lead to attrition of relationship between the bank and its customers.

4.15   Comparative Analysis

From the data received, there were more female respondents as male respondents, but despite the female dominance, most of the male are have higher education qualifications as compared to the females. In the category of university and some tertiary education which totaled to 64, there were 40 males representing 62.5 per-

cent. This is a clear indication that the males have higher education background than the females.

In the fields of employment, customer type and years of being a customer at the bank, the males outnumber the female's parts. On the other hand, the female populace accounted for about 55percent on the average when it comes to the frequent use of banking services, and types of services they constantly engage in with the bank.

In addition to the above, both males and females equally agreed that there was a strong interaction between them and the bank, but there was a slight difference in the age analysis. The females between the ages of 18-35 on the average tend to interact more with the bank as compared to the males within the same category, representing 60 to 40 percent respectively.

There is a strong correlation between commitment and trust. Both sexes were of the same view that, the bank shows more commitments and trustworthy in their financial transactions. About 85% of both sexes agreed on the assertion that the bank is committed and trustworthy in all aspect of the service being rendered to them.

Over two-thirds of the male respondents aged 26-35 stated that, the employees of the bank deliver effective services and respond to customer complaints swiftly, while all the females, forty out of fort eight females (83%), strongly agree to a high satisfaction rate.

Furthermore, most female respondents stated that the essential factor they consider in choosing HFC bank was because of effective customer service they expect to be rendered to them, while the males opted for high account security as their prime factor. 20 out of 29 respondents were females who considered effective customer service as the essential factor for choosing the bank, whiles 16 out of the 20 respondents were males who opted to engage the services of the bank due to high account security.

Finally, both male and female respondents equally encountered problems relating to the breakdown of the bank's ATM, while a majority of the males in the age from 26 to 35 complained about the delays in foreign transactions. 28 out of the total 32 male respondents encounter the problem of delay in foreign transactions.

4.16   General Comments

The following were comments that were passed by respondents about the bank which all point to the fact that the customers are quite happy with the services of the bank:

Relationship has been a good and mutual one.

the relationship is very cordial,

HFC Ghana is a very reliable bank

Suggestions have also being made on the improvement of online banking to ease pressure on the employees as well as fast, simple and easy in financial transactions for customers

5   SUMMARY, CONCLUSIONS & RECOMMENDATIONS

5.1   Summary & Conclusions

The following conclusions were drawn from the study:

It was evident from the analyses that the bank has a majority of loyal customers transacting business with them. This is due to the main fact that complaints received were quickly resolved and moreover, customers are happy with the safety measures implemented for account security against fraud.

The customers perceive the bank to be reliable and rank them very high although there are no special services/products being offered to customers. It can therefore be concluded that the bank is reliable.

It was established that employees play a major role in retaining customers. They interact frequently with customers and deliver effective services to them. Customers of the bank are treated as the bank's number one asset.

One other factor that came out clearly was that the fact that the bank shows great commitment to its customers is key to building long term relationships and retaining them.

Customer services, trustworthiness and customer friendliness are important qualities to customers in their transactions with the bank and if they do not see these in the bank, they will switch to other banks. It can therefore be concluded that these qualities are highly important to customers.

From the analysis, it was observed that customers easily receive information regarding the bank's new product offerings before they are being introduced into the market. Customers are at liberty to ignore products that they deem it not essential and meet their immediate needs. This means that the channel of disseminating information between the bank and its customers work effectively.

Customers revealed that their relationship with the bank has been a good, cordial and mutual one. Although complaints are quickly investigated into and resolved,

the bank needs to step up their efforts in dealing with issues pertaining to foreign transactions and lessen the red tapes involve in their loan processing. There could be a centralized unit to deal with these types of grievances from customers. It is therefore justifiable to conclude that customers are satisfied with the services of the bank.

5.2   Recommendations

Based on the findings and conclusions in the study, the following recommendations can be given to the Management of HFC Ghana:

It is essential to comprehend the fact that not all customers will be delighted and content to what the bank offers to them. Among these disconsolate customers, not all of them will complain. They will rather sort to disseminate negative testimonies about the bank. Therefore the ones that complain favor the bank to improve its business and service offerings. It is therefore the bank's responsibility to take time to acknowledge and resolve their complaints as quickly as possible. This could be achieved by setting up a central complaints unit.

Competition in the Ghanaian banking sector is advancing steadily. More competitors are investing hugely in customer relationship management and increasing their marketing activities towards the satisfaction of these customers. It will be to the benefit of the bank to improve on their services and not counting past glories of having satisfied customers. In this regard, there is the need for the bank to outwit its competitors in all activities especially in managing its customers effectively and in the field of Information technology.

Moreover to withstand competition, the issue of strategy formulation and implementation must be critically delved into. This is so because the banking industry is vibrant, and putting a good strategy in place will go a long way to move the bank forward. Having a strategy may be important but its implementation is what matters in this competitive environment. It is also important for the bank to evaluate the strategy over time.

It is also recommended that, HFC Ghana, embark on more retention strategies in order to keep its valued customers. Some of these retention strategies could be in the form of 'Value Chains', where both employee and customers are treated the same; 'Customer Service marketing', Recovery; Training and Rapport and effective communication. In fact, these customer retention policies can even double as excellent marketing approaches for the bank's business. Some of these activities could also be major customer preference programmes, telephone calls, customer reward and recognition programmes as well as special events (for example, Customer Cocktails).

It was revealed that effective customer service is central to customers' choice in doing business with the bank. It is therefore imperative that all staff members exhibit the qualities of excellent customer service. The absence of these may lead to some of the customers switching to other banks. It goes without saying that satisfied customers are more likely to be loyal to the bank and retaining them is important to the bank's profitability. It is vital for management to treat employees well if the bank wants its customers to be treated well.

Secondly, the bank needs to recruit and train the best people with the best professional attitudes. There is a need for them to be offered with the authority that goes with their responsibility of serving the customer better. The employees have to be recognized and rewarded for their accomplishment and achievements.

The whole idea of relationship marketing is being able to build a long lasting and trustworthy relationship between the provider and the receiver of a good or service. HFC bank should therefore ensure to provide excellent services to its valued customers in such a way that no matter how far the bank is, its customers would want to be served by them.

Finally, HFC Bank should be more aggressive in its marketing drive in order to reach larger number customers of its target market and also broaden their field of internet banking since it has a great impact in providing faster services to its customers.

5.3   Suggestions for further studies

This study has being one of the few researches on the issue of customer relationship in the Ghanaian banking sector, precisely HFC bank Ghana. In order to enhance the process, a qualitative form of research (interview base) could be conducted to broad spectrum to generate more insight on how customers evaluate services provided by the bank. In addition to this, a customer satisfaction survey could also be conducted focusing on the expectations from customers.

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APPENDIX 1

Questionnaire to the customers of HFC Bank Ghana.

This is a research based on the role relationship marketing plays for the growth in the Ghanaian banking sector. HFC bank Ghana has being used as the case company due to their enormous contribution to the sector. As a customer, you have been selected to answer some questions to help with the research. This is strictly for academic purpose and therefore all information provided shall be treated with maximum caution and confidentiality. All personal data provided shall be treated collectively and not on personal levels.

I would be grateful if you could spend some time to answer these questions for me. Thank you. ***Please tick (√) appropriately***

1. **Biographic Data**

a. **Gender**   [ ] male   [ ] female

b. **Age**   [ ] 18-25   [ ] 26-35   [ ] 36-45
   [ ] 46-55   [ ] 56 and above

c. **Educational Background**

   [ ] Primary   [ ] high/vocational

   [ ] some tertiary   [ ] university graduate or more

   [ ] No formal schooling

d. **Employment Status**

   [ ] unemployed   [ ] employed   [ ] student   [ ] retired

        Other …………………………………………………………………..

e. **Customer Type**

   [ ] Corporate [ ] Individual   [ ] Sole proprietorship

[ ] Joint Account   [ ] Other (Specify)……………..

f. Business Entity

[ ] Private   [ ] Public

g. What type of services do you frequently engage yourself in with the bank

[ ] Deposit & Withdrawal   [ ] Loan services   [ ] Insurance Policies

[ ] Financial Advice   [ ] Money transfer   [ ] Other (specify)……..

h. How often do you use the bank's services

[ ] Daily   [ ] weekly   [ ] Monthly   [ ] Randomly

i. Are you a customer to other banks?

[ ] YES   [ ] NO

If Yes Why? ………………………………....

j. How long have you been with this bank? Please state in years……..

Please indicate the extent to which you agree with the following. You are to assess the following on the scale of strongly disagree to strongly agree. Strongly Disagree carries the least weight of 1; Neutral carries 3, while strongly Agree carries the maximum weight of 5. Please tick (√) appropriately

2. Bank - Customer Relationship

Customer Relationship	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
There is a strong and constant interaction					

between the bank and its customers.					
Customers are frequently informed about new product offerings.					
The bank shows great commitment and tries very hard to establish a long-term relationship					
The bank is trustworthy and fulfils its promises					
Service delivery is very fast, which results in less time spent in the banking hall					
Employees have full knowledge about the bank and provide adequate information required by customers.					
The employees have positive attitude towards customers when delivering services.					
Employees devote enough time and are always available to assist customers					
There is quick response to customer complaints.					
The working hours are flexible and adapted to suit different types of customers.					

Total security is provided by the bank on customers' personal and financial details.					
As compared to other banks, my loyalty is with this bank					
I am confident of giving positive word of mouth testimonies to others about this bank					
Generally, I am satisfied with the services of this bank					

3. **What essential factor do you consider when choosing this bank?**

   [ ] Low Interest Rate   [ ] Effective Customer Service   [ ] Proximity

   [ ] High Account Security   [ ] Other……………………

4. **Have you encountered any problem with the bank and its working staff during your time and transactions at the bank?**

   [ ] YES   [ ] NO

        IF yes (state)…..................

5. **What general advice can you give to the bank pertaining to relationship and service delivery**? …………………………......................................

THANK YOU