Using customer relationship management as a strategic tool in financial institutions: a case study of the National Investment Bank, Ghana

Yeboah, Eric

Laurea University of Applied Sciences
Laurea Leppävaara

Using customer relationship management as a strategic tool in financial institutions: a case study of the National Investment Bank, Ghana

Yeboah Eric
Bachelor's Degree Programme in
Business Management thesis
May, 2012

Current trends in the global economy have resulted in widespread mistrust of financial institutions. The purpose of this thesis is to determine how financial institutions, such as the National investment bank of Ghana are able to maintain lasting relationships with their customers, which is believed to be the main source of profit for most companies. A secondary objective is to identify the services customers need at the present time in order for them to stay loyal to National Investment Bank Ghana. The main aim of customer relationship management is to build long-term relationships with customers, making customer relationship management a vital tool in today's business environment.

The theoretical framework of the thesis is based on theories of customer relationship management, business-to-business marketing, key accounts management, marketing communication, which are discussed in the literature review. Interview questionnaires were sent to management representatives of the bank to establish the methods being used to encourage customer commitment. Business-to-business customers were also interviewed to identify the services they need and expect from management. The research was done using a qualitative research approach.

The results showed that the management uses a number of strategies such as regular visits to customers, free financial advice, and long-term loans to keep and attract new customers to the bank. Although the customers interviewed were satisfied with most of the current services they received, they made suggestions, such as the introduction of master and visa cards, the opening of more branches, reduction in delays at the banking halls, and extra training to the front desk service providers. From the perspective of the interviewees, these changes would lead to greater customer satisfaction and encourage them to be regular customers of the national investment bank.

Key words: CRM (Customer relationship management) NIB (National Investment Bank) B2B (business to business) Bancaassurance.

Table of Contents

1 Introduction

Currently, there is fierce competition among businesses and financial institutions are no exception. Competition is such that some companies are increasingly finding it difficult to differentiate their market offering from those of their competitors, causing duplication on the market and making such products lose their competitive edge.

In order to lead in the field of competition, some companies have now turned to the use of customer relationship management (CRM). Instead of focusing on market offerings, they concentrate on creating satisfied customers and creating long lasting relationships.

According to Kotler et al (2009, 661), a satisfied customer would not only return to use services, but would also serve as a moving advertisement. This provides dual benefits for companies when they concentrate on customer relationship management.

However with the advancement in information technology, much information is available to customers, making them more demanding, as more information is available to them about market offerings. It has become difficult to manage customers with abundant information and knowledge about other market offerings from competitors.

According to Phelps (2009, 5) each customer is unique and hence there must be a special way of dealing with them in order to maximize profit. Customers in the initial stages of the relationship are usually costly and expensive for companies: as long-term relationships are built with them, the more profitable they become for companies. (Phelps 2009, 26)

This research focuses on how the case company National Investment Bank acquires new customers and establishes long-term customer relationships. This is achieved through an analysis of the organizations internal customer acquisition strategy, by identifying the kinds of services customers need, and expect from the bank in order for it to be competitive among financial institutions in Ghana.

1.1 Research background

As stated earlier competition is driving all organizations and institutions to manage their customers in a relationship way, and customer relationship management has become an issue in financial institutions. The financial institutions include, retail and corporate private investment banks, personal and group pensions, mutual funds, investment funds, life insurance and general insurance, credit card issuers, stock exchange, brokers and agents, and specialist

lending and leasing companies and many more who engage in the creation and delivery of financial service. (Cheverton et al. 2004, 4).

Financial service affects virtually all lives and the services they provide include current accounts, savings accounts, home loans, personal loans, general insurance, stock and shares, provision of credit and debit cards, mutual funds, life assurance, pensions and many more. (Cheverton et al. 2004, 6).

Financial institutions are distinguished by the services they provide; thus banking or insurance. However, in recent times single organisations operate both services as a result of the merger between most insurance companies and banks. This has brought a new system called 'bancaassurance'. According to Cheverton et al. (2004, 8), these mergers have increased the number of companies providing financial services. This has left management with the responsibility of keeping long relationships with customers and making them profitable in the future.

Traditionally, financial institutions are seen as product-centric organisations. They concentrate on products and function centred approach rather than customer centric. However, in these modern times most organisations are moving to a customer- centric approach in order that they would have higher returns on their capital invested and to gain more profitable customers by building relationships with them. This thesis will address the question of how these financial institutions achieve this customer-centric approach and how they maintain long-lasting relationships with their customers.

At the time of independence in 1957, Ghana the home country of the case company (National Investment Bank) had only 3 banks, each with the basic responsibility of commercial banking, agricultural development banking, and development banking. The trend has changed; according to the Bank of Ghana, the country currently has 30 banks 135 rural banks, and 48 nonbank financial institutions. (Bank of Ghana, 2011).

1.2   Research objectives

The objective of this research is to show the current nature of customer relationship management in the case company, and also outline the expectations of customers from the case company's relationships managers. It also includes discovering, how the case company NIB keeps long lasting relationships with their business- to- business customers. Again, it seeks to unveil what services customers require that are not available to them at the moment in order to make the bank competitive with other giants in the market.

1.3   Research question

The research seeks to answer the following questions, how does National Investment Bank acquire new customers? How do they retain and keep lasting relationships with customers in order to create and get value out of them? What services do customers require today and what services would thy need in the near future? The longer you keep your customers in a relationship, the more profitable they become, However, companies must also take into consideration over investing in customers as it might result in loss in the customer's long-term value.

1.4   Action research

This thesis is an action research with a qualitative study; personnel from the bank were interviewed, as well as customers with in depth information from the bank.
Rory defines "action research aims to contribute both to the practical concerns of people in an immediate problematic situation and to further the goals of social science simultaneously. Thus, there is a dual commitment in action research to study a system and concurrently to collaborate with members of the system in changing it in what is together regarded as a desirable direction. Accomplishing this twin goal requires the active collaboration of researcher and client, and thus it stresses the importance of co-learning as a primary aspect of the research process."

1.5   Theoretical background

This thesis would discuss customer relationship management, managing customers in a relationship way leads to profitability, and there has been an enormous swing to this theory by most organisation in recent times, it helps organisations to keep up to date data on customers and provide their needs accordingly. NIB has been trying to keep up to date data on customers linking it to the values they get out of the various customers they have. They all the time update the customers information in order to be abreast with them. Other theories to be discussed in this thesis include key accounts management, business to business marketing and marketing communication. They are also important in this thesis because they form an integral role in customer relationship management. For customer relationship management to be effective, there is the need to manage key accounts efficiently, marketing is effective in getting new customers, and the need for B2B marketing is important in customer relationship management. Effective customer relationship cannot be achieved without communication; therefore, there is the need for communication in customer relationship management.

1.6   Structure of the thesis
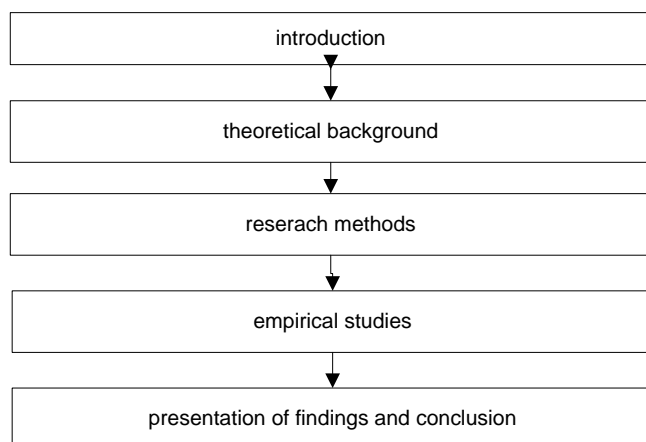
Figure 1. Structure of the thesis.

The thesis starts with the introduction giving the reason why there is the need for it. The research background of the thesis, research questions and the research objectives is discussed in the introduction section of the thesis.

The theoretical background of the thesis discusses issues such as customer relationship management, business-to-business management, customer satisfaction, customer acquisition and customer retention. The importance of customer relationship management would be discussed, and why the need of customer relationship in a financial institution would all be discussed in the theoretical part of the thesis.

The research method to be used would be discussed in the research method section of the thesis. The empirical findings would be compared with theory, and here the case company would be discussed in detail. Results of the research findings would be presented, and future research areas would be outlined.

2   Theoretical background

The theoretical aspect of this thesis would discuss a number of theories including customer relationship management, marketing communication, business to business marketing, key accounts management, and also review literature and topics related to customer relationship management.

2.1   Customer relationship management

Organisations are now trying all means possible to keep a lasting relationship with customers, this they do by tailor making services and establishing individual customer accounts in a centralised database to serve their needs effectively, which intends to make them profitable in the future.

Many people have tried to define what customer relationship management is, according to Peelen (2005, 25), relationship can be seen where two or more people have an ongoing feeling for each other which have a mutual understanding, respect, consideration, dependency and likeliness for each other. He also emphasised that, relationship may involve distance interaction with frequent exchanges over a period.

As companies move towards each other, they would have to adapt to each other in a more forthright way in giving insight into each other's affairs. Groonös also stated that, the establishment of an ongoing relationship with customers would bring a sense of security, trust and a feeling of control. (Groonös 2004. 66)

Lancaster and Jobber defines customer relationship management as, " a term for the methodologies, technologies, and e-commerce capabilities used by firms to manage customer relationships, in particular, CRM software packages, aid the interaction between customers and the company, enabling the company to co-ordinate all the communication efforts so that the customer is presented with a unified message and image." (Lancaster and Jobber 2006, 357)

Peelen sees customer relationship management from two different perspectives, "the automation of horizontally integrated business process, involving front office customer contact point (marketing, sales, service and support) via multiple, interconnected delivery channels." This definition focuses on the use of IT as an interface between customers and organisation. His second definition does not recognise the use of IT; it sees customer relationship as " a process that addresses all of identifying customers, creating customer knowledge, building customer relationships and shaping their perceptions of the organisation and its products" this focuses on the use of a customer as the main tool in relationship management.

According to Bose, customer relationship management is "the integration of technologies and business process used to satisfy the needs of customer during any given interaction. More specifically, CRM involves the acquisition; analysis and the use of knowledge about customers in order to sell more goods and services and do it more efficiently." (Bose 2002, 1), Bose's definition concentrates much on the necessity of the knowledge of a customer, which he describes as unique to any organisation in its dealing with customers.

A leading retail bank defines CRM as, "the business strategy and mode of operation deployed to maintain and developed relationships with profitable customers, and to manage the cost of doing business with less profitable customers." (Foss et al. 2002, 14). One of the largest consultancy firms for customer relationship marketing Gartner group, define customer relationship management as " IT enabled business strategy, the outcome of which optimize profitability, revenue and customer satisfaction by organising around customer segments fostering customer satisfying behaviour and implementing a customer centric behaviour." (Gartner group, 2011). They also focus their definition on the use of IT as a coordinating factor for the effective functioning of CRM.

According to Sugandi, (2003, 13) "CRM is an art of increasing the value to the customer and providing him more comforts and meeting his requirements". According to him, there might be similar services available to a customer from competitors; the act of providing the service would then bring the difference. Price Water House Coopers defines CRM as, "A business strategy that aims to understand, anticipate, manage and personalize the needs of an organization's current and potential customers." (PWC, 2011).

All these definitions see CRM as a strategic plan used by organisations, to reduce cost and increase profitability by keeping long-term relationships with customers. CRM is customer interaction and customer intelligence, which allows the customisation of customer needs with the aim of improving customer satisfaction and maximising profit, which is the ultimate aim of all organisations. It gives employees the necessary skills and information needed to know their customers, be able to identify customer needs, build effective communication and relationship between the organisation, its customers, as well as the distribution partners. (Bose 2002, 5-7)

Customers are now demanding different kinds of relationships with their suppliers, which are making the management of relationships an integral part of achieving and delivering business goals. Successful business will use customer information system to establish relationships on the ground that customers want whiles making it unique to each other customer. (Xu et al. 2001, 15).

According to Sugandi, (2003, 5) "life returns what one gives it can be seen as customers return what suppliers give it." CRM combines all business activities that companies use in determining, acquiring, maintaining, enhancing and keeping customers for profits. As customers have the option of selecting what service they want and from whom they get it, the whole business revolves around customers and they hold the key to the growth of any business, therefore, the necessity for establishing a long-term relationship with customers. (Sugandi 2003, 5)

2.2 Objectives and characteristics of customer relationship management

Undertaking customer relationship management in an organisation is an extra cost for management as management spend lots of money accessing customers and their behaviour, hiring consultants, training employees and probably buying the customer relationship management software. For a company to be able to know how successful they have been in their CRM approach, it is important to set up goals and objectives before the establishment of their CRM strategy. Most business share most common objectives in their CRM approach, some of the common objectives include the rise in customer service, increased efficiency, reduction in operating cost and helping the marketing department.

For any organisation to be successful in its CRM objectives, there must be an organisational structure formed and a collective agreement between all the departments in following and ascertaining what the rule is and focus on what they are to achieve. (Crminfo, 2011)

Roger et al (2008, 111) outlines trust and commitment as a major characteristic of customer relationships. Trust and commitment according to them makes partners in the relationship go against short-term attractive alternatives from competitors. Partners who also trust themselves would be able to take a risk for each other.

Another characteristic of Customer relationship is that it must be mutual in nature; thus both parties must know and acknowledge the existence of relationship, which makes it two-way affairs. For a relationship to exist between two parties, there must be a mutual benefit for all the people in the relationship.

Each party in the relationship must benefit from each other. For a financial institution such as a bank, convenience to customers could be a benefit for customers and the building of strong customer relationship.

Also, customer relationship has a feature of uniqueness; each relationship with each customer must have its own unique characteristics, which would make it different from all the other relationships that may exist with other customers.

This would make customers feel at ease in their interaction with the organisation. A bank may treat its customers in a peculiar way, by giving its loyal customers special interest rate that would make it different from all other offering on the market. (Peppers et al. 2004, 75-78)

2.3   Selecting customer relationship strategy

A well-defined strategy is a good way to achieving successful customer relationship objec-
tives. According to Buttle, CRM strategy "is a high level plan of action that aligns people, pro-
cesses and technology to achieve customer related goal". (Buttle 2008, 65)

The best way to create an effective customer relationship strategy for an organisation is to
brainstorm with some selected customers, and various departmental representatives to get a
true strategy that represents the needs of customers. (Anderson et al. 2001, 52)

Peelen (2005, 6) put it that the designed strategy gives direction to employees and various
departments that keep contact with customers. Many organisations strategies focus on in-
creasing efficiency and reliability.

Example, a bank may give customers the opportunity to access their accounts from home, and
do some basic functions like loan applications, and credit cards application from home in or-
der to satisfy customers and have a competitive advantage over competitors.

Customer relationship is usually base on adjustments; thus it is either the customer who has
to tune to the tailored made offerings of a company or a company who usually conforms to
the needs of the customer by providing its strategy. (Peelen 2005, 7)

According to Storcbacker and Lahtinen (1998, 23), customer relationship strategy can be clas-
sified into three main groups, clasps strategy, zipper strategy and Velcro strategy.
Clasps strategies exist when a relationship is base on concepts and terms of the provider. Cus-
tomers adapt to the already made services and process of the existing organisation.

The very nature of the relationship does not require any deeper collaboration between cus-
tomer and the organisation, (1998, 123). A bank always have its already made standardized
services, that potential customer come to get adjusted. This strategy, however, does not give
a chance to establishing a long-term relationship with customers and potential customers; it
only focuses on achieving short-term transaction.

With the zipper strategy, the provider and the customer process are both integrated, this al-
lows for long-term partnership and integration between the two companies. The companies
routinely adjust their process to work perfectly together.

An insurance company may discuss with customers and see what services they require and
how their needs would be satisfied in a relationship manner (Storcbacker and Lahtinen 1998,

120). The very nature of this strategy allows for a great deal of trust as companies using this strategy tend to be dependent on each other.

This strategy allows for both parties to adjust their process to meet the needs for themselves. It might even require quitting other strategic business units to meet the needs of each other in a zipper strategy. Customer loyalty is a requirement in adopting this strategy. (Storcbacker et al.1998, 120).

The final customer relationship strategy discussed by storcbacka et al is the Velcro strategy, here the provider adjusts to the process of the customer and customers do not see any significant change in their process. Companies that always adopt to this strategy are customer focused. This strategy has been very popular with consultancy firms. (Storcbacker et al. 1998, 124).

2.4   Customer life cycle

Customer life time cycle can be seen as the progression of steps customer goes through when consider buying, using and maintaining service or product. Customer life cycle is divided into five main steps, reach, acquisition, conversion, retention and loyalty. Before one can be able to retain customer, they must have gone through this cycle in order to make them loyal and committed. (Coe 2004, 20)

According to Zentes (2006, 130), customer life cycle can be grouped into 3 different stages, acquisition stage, sale stage and the customer recovery stage.

> Acquisition stage⟶ sale stage⟶customer recovery stage.

At the acquisition stage, companies try to lure potential customers through various communication channels to get their attention for their product. Customers as well look for information on the companies who have offerings related to their needs. After both get to the satisfaction level, the sales stage is reach; here their relationship develops and mutual respect and trust develop between the two parties.

The final stage of the cycle is the customer recovery stage; here companies try to re-establish contact with lost customers and which might be as a result of unsatisfied service. They try all means possible to regain their loyalty provided they were profitable customers. (Zentes 2006, 130).

2.5   Customer acquisition

Before customer relationships can be managed, there must be a routine way of acquiring new customers as well as reengaging lapsed customers. Customer acquisition can be seen as an act of influencing a person or company to make their first time purchase from a selling or service company. (Wieringa 2004, 264).

There are a number of strategies companies use in acquiring new customers, among them include pitching. This can be used for the acquisition of new customers; with pitching, customers are ask whether they have used a product before or are willing to use the product.

They might be made to try and be encouraged to buy. Campaign management is another approach used; marketing managers use campaigns to send direct messages to potential customers and make future advances on those that respond to these campaigns.

Another approach that might be used in the acquisition of new customer is the use of event-based marketing; thus these events normally allow an organisation to approach customers at occasions that would allow potential customers the opportunity to try the product and to influence them to be loyal. Different stages in life and changes in social events could be capitalised upon, to get access to potential customers.

Affinity marketing can also be used in the customer acquisition; groups of people with similar interests might be encouraged and be given a product. All members in this organisation get the opportunity to be associated with that brand.

Throughout the acquisition process, organisations incur considerable non-product cost. (Buttle 2008, 249). A bank credit card may be given to members of keep fit club in the vicinity with an exceptional offer; however, they usually do this on selective bases as the credit worthiness of potential customers must be assessed.

2.6   Customer retention

As already stated, acquiring a new customer is much more expensive than keeping an old one and unhappy customers hardly visit the product or service. (Kotler 2003, 43). However, customers cannot be retained if their needs are not taken into consideration, in-order to get customer hooked unto our product or service, we need to satisfy their needs and be able to provide them with more than what competitors in the same field can provide. Customers get excited when their expectations in the relationship supersede what they gain from the relationship. (Kotler 2003, 44).

Customer retention is a major tool in business-to-business it is difficult gaining new customers in business-to-business, and a loss of one business-to-business customer may be a significant blow to organisations profitability, hence, the need to be keeping lasting relationship with customers. (Doole et al. 2006, 153).

Buttle (2008, 263) identifies two strategies for customer retention, "negative and positive strategies". By negative strategies, he meant a high switching cost and prolonged bureaucracy, which in a way stresses customers to stay committed indefinitely.

By positive strategy, he meant the ones that keep customers committed by rewarding them for their prolonged use of a product or service. Companies might also use customer loyalty strategies in retaining their customers. (Buttle 2008, 144)

"Successful customer retention strategy is based on doing best what matters most to customers" (Nigel 2000, 39).

According to Lowenstein (1995, 131), losing customers can become an extra cost for a company as it indirectly increase its advertising cost. It also gives some customers the opportunity to spread negative word of mouth about the company, Besides losing revenue, it also makes the company lose the chance of getting original recommendation, hence, the need to use all revenue and opportunity to retain customers and make them happy with the product. (Lowenstein 1995, 131- 133)

Customer retention should be a strategic decision taken upon by management, and there should be comprehensive programs outlined to make sure customers are retained. (Lowenstein 1995, 133). He identifies the following as some programs for customer retention.
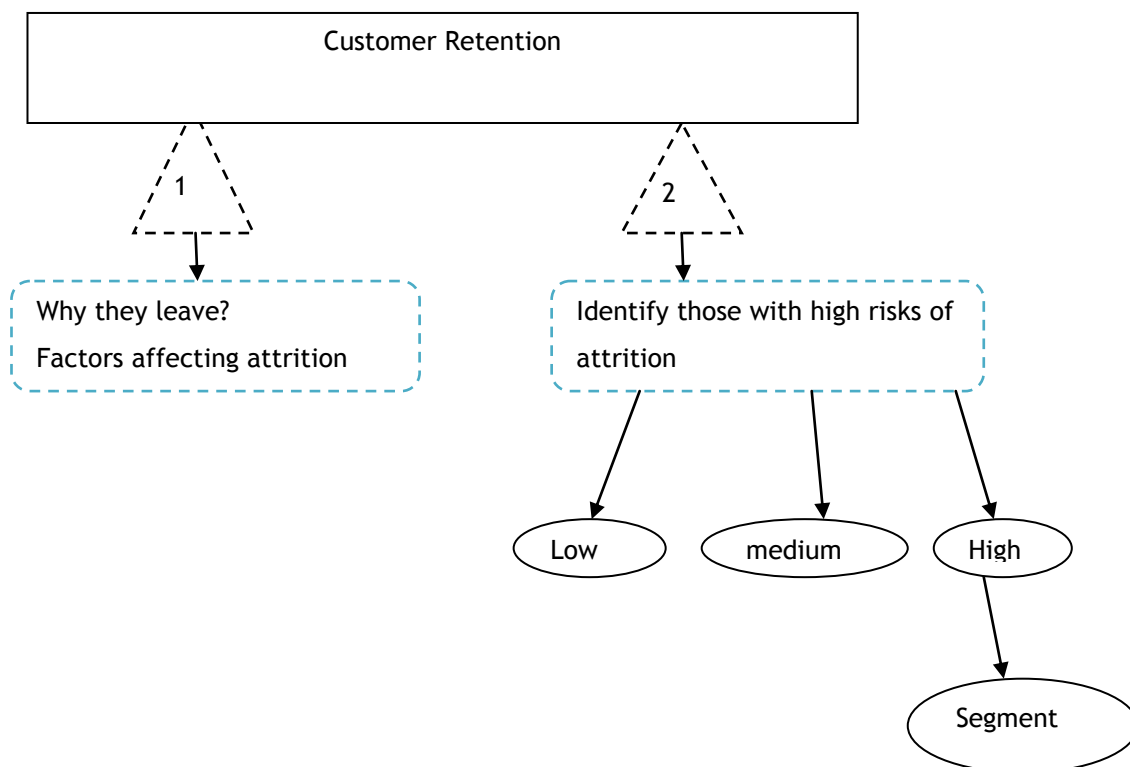
Figure 2. Customer retention by (Lowenstein, 1995)

According to him, the program starts from why customers leave, to be able to retain the customers, a company should be able to find out what makes customers leave. Been able to prevent and solve this problem, would close up the leakage, and make customers loyal and committed, which in the long run would certainly make them profitable. Some of the common reason why customers might be leaving can be seen as from bad customer service as well as unhappiness with the product.

The second part of the retention program is to identify those customers with high risk of attrition. Been able to find this group of customers in your organization would help you to structure your programs and policies in retaining them. There are a number of ways to identify these customers and companies can do this by using strategies such as decision trees, neural networks, and logistic regression. After identifying them companies can group them into high risk of leaving, medium risk of leaving, and low risk of leaving and the necessary tools and instructions applied to them.

2.7 Customer loyalty

Getting people coming back to our product again are one of the difficult things to do in business, repeated customers; however are the sources of profitability for companies. Business

cannot all the time acquire new customers, but there is the need for some of those acquired to be loyal and committed to our product.

Oliver (1997, 22) sees customer loyalty as, a strong dedication to purchasing and repurchasing a product continuously in the future, despite efforts by competitors to get your attention for other product or service in the same category.

However, most scholars define customer loyalty from two different perspectives, attitudinal and behavioural approach. By attitudinal, it means some customers are willing and ready to buy a product at even a higher cost compared to others on the market. Whiles behavioural it refers to customers who buy at a higher cost and continue to buy at that same cost without looking at other sources. (Peppers et al. 57).

Customer loyalty cannot be achieved on a silver platter, but a comprehensive effort made by management. It usually starts with the provision of quality service or product with a firm guarantee and a number of loyalty programs such as rewards, free offers, rewards, special services, low interest rates for repeated customers in a bank.

This is usually given with the hope that customers will return to the product in the future, which intends to increase profitability. (Kotler et al. 20). It must be stated, however, that we should not be surprised to see our loyal customers been loyal customers to our competitors. Having and keeping good customer service may also be an exceptional way of having loyal customers.

Companies trying to get their customers loyal would also need to be loyal to their customers, loyalty must be seen from reciprocity points of view, they must as well be loyal to their employees who intend might be customers of the product or service been offered or would be in contact with potential customers, hence qualified personnel must be employed to be in touch with customers. Also customer communication must be enhanced to ensure regular contact with customers, which would make customers loyal and committed. (Buttle 2008. 250).

Companies trying to get their customers loyal would also need to be loyal to their customers. Loyalty must be seen from reciprocity points of view that is, they must as well be loyal to their employees who intend might be customers of the product or service been offered or would be in contact with potential customers, hence qualified personnel must be employed to be in touch with the customer. Also, customer communication must be enhanced to ensure regular contact with customers, which would make customers loyal and committed. (Buttle 2008, 250). However, the best loyalty scheme is customer satisfaction. In this current times

of keen competition, proliferation of products and services, it worth keeping and making customers loyal.

2.8   Customer satisfaction

Before discussion of customer satisfaction, there is the need to make a distinction between satisfied customers and loyal customer. Satisfied customers are people who are happy with our product and ready to sell the product or service through the word or mouth, while loyal customers are people who have a commitment to the product no matter what, and would surely come back to it without comparing offering on the market. (Szwarc 2005. 12)

According to Nigel et al (2000, 2) "customer satisfaction is a measure of how organisation's total products perform in relation to a set of customer requirements". Oliver (1997, 8), see customer satisfaction as a "consumers fulfilment response, It is a judgement that product or service feature, or product or service itself, provided (providing) a pleasurable level of consumption-related fulfilment including levels of under- or over fulfilment."

Thus, satisfaction comes as a result of the fulfilment of a goal; there must be a standard set in order for fulfilment to be recognised when achieved. Before this goal can be achieved, there is usually expectation, which is based on knowledge and what we want to achieve out of the relationship we seek. Satisfaction is usually not only based on product quality, but also on the consumer's expectation.

Goldstein (2009, 68) reveals that, customer satisfaction has lots of benefits for an organisation as satisfied customers spread the good news about the organisation. They are not very much concerned about possible price increase. They buy in large quantities and expect quality and are not easily attracted to competitors offering on the market.

According to Buttle (2008, 332) there are a number of issue which, influence customer satisfaction, effective complaints handling, long hours of work, and low interest rates (financial institutions).

2.9   Customer lifetime value

This is the value customers bring to the firm over a period of transactional time with a company. It is defined by Kumar (2008, 5) as, "the total financial contribution from the current year into the future that is, revenue minus the cost of a customer's future life time with the company, therefore; it reflects the future profitability of the customer." This enables managers identify profitable customers and to concentrate on revenues from them.

Kotler (1997, 38-40) defines customer lifetime value as the difference between what occurs from total expenses that are used in the relationship and the equity that arrives from the relationship.

V Kumar (2008, 6) identifies that there are a number of reasons why firms calculate their customer lifetime value thus; they help organisations to know how much to invest into each customer in order for the organisation to be productive out of its limited resources. The CLV also helps the way organisations deal with each customer based on his or her contribution to the organisation.

Kumar (2008, 5) identifies two ways of measuring customer lifetime value, top down approach, and bottom up approach. The top down approach involves calculating the average customers equity (or lifetime value) of the customer to arrive at the average customer value, the total customer life time value is divided by the total number of customers and the average which happens to be the firm's average customer equity is found.

The main benefit for using this approach is its ability to measure customer lifetime value without comprehensive information from all customers of the firm.

```
┌─────────────────────────────────────────┐
│ Drivers of customer equity               │
└─────────────────────────────────────────┘
                    │
                    ▼
┌─────────────────────────────────────────┐
│ Total customer equity                    │
└─────────────────────────────────────────┘
                    │
                    ▼
┌─────────────────────────────────────────┐
│ Divided by the number of customers       │
└─────────────────────────────────────────┘
                    │
                    ▼
┌─────────────────────────────────────────┐
│ Average customer equity                  │
└─────────────────────────────────────────┘
```
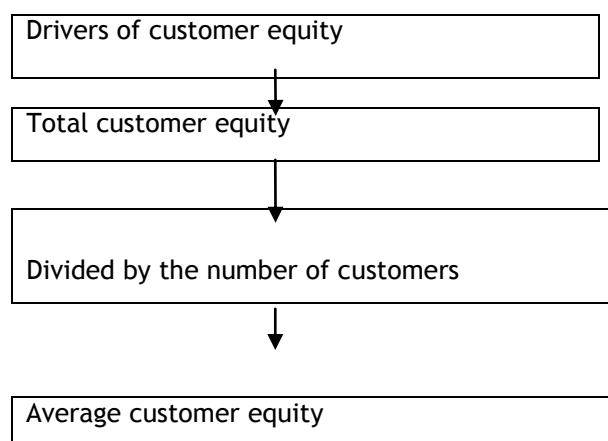
Figure 3. Top down approach to measuring customer lifetime value. (Kumar, 2008)

The bottom up approach involves calculating the individual customer value to the firm and then summing the individual values within the customer segment to arrive at the final lifetime value of the customer. However, this approach needs detailed information for all customers at all levels, which in a way might be a bit of trouble for the organisation using this approach.

Customer equity

↑

Sum up the CLV of all customers

↑

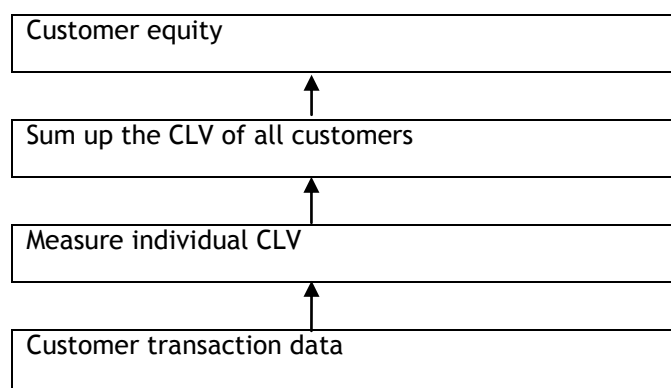| Measure individual CLV |
| --- |

↑

Customer transaction data

Figure 4. Bottom up approach to measuring customer lifetime value. (Kumar, 2008)

It must be stated that customer value might be related to their acquisition cost; therefore, management should do as much as it can minimize acquisition cost in order to gain from the long-term value of the customer.

2.10   Business to business marketing

Business organisations in general sell their products and services to either business firms (B2B) or to the consumer market, (B2C). However, the number of goods usually sold between business-to-business firms is huge as compared to the consumer market.

Cheverton and Hughes (2005, 17) identifies that in the financial sector business-to-business transaction can be split into two that is the corporate sector and the intermediary sectors. In the corporate sector, the needs of business members are identified and solved, whiles the intermediary sector seeks to solve the needs of individual customers.

Bly (1998, 4), sees business to business as aiming at selling products and services to industries, businesses, and professionals rather than to consumers, whiles the consumer markets aims at selling goods and services to individual consumers, families and households
Ray (2004, 3) define business to business as "goods and services marketed and sold by one organisation to another organisation for its own use in some way, or to be sold to another organisation for its own use."

Bly (1998, 8), concludes on business-to-business and consumer market as, "while there are some similarities between business to business and consumer marketing, the two are fundamentally different and require a different approach."

Fill et al. (2005, 4) outlines two similarities between business to business marketing consumer marketing, "they both have customer orientation and work towards the understanding of customer needs, and both need the ability to gather process and use information about the customer and competitors in order to achieve their objectives."

Bly (1998, 8) identifies some differences between business to business buyers, and consumer buyers as businesses purchase what they need, and are necessary for the purpose of their business running, and do not only engage in luxurious purchase as a consumer maybe.

Businesses to business buyers are also complex and highly knowledgeable people. They are usually heads of departments and professionals who might even have much insight on the product you may be trying to sell, which makes it difficult convincing them. Example, a bank trying to convince an accounting firm to save with them would be a bit of complicated matter, as both have knowledge in the matter.

Business to business buying follows a highly bureaucratic procedure; business purchases follow a set up procedure in the organisation with lots of influences from the different levels of the organisation, as it does not happen impulsively like an ordinary consumer.

2.11   Key accounts management

Business is about creating and keeping profitable customers, after loyal customers are identified, it worth creating a key account status for them in order to provide them with a high level of attention, to maximise satisfaction which would create profitability for the company. Key accounts management should also help customers to create value for themselves.

Cheverton (2004, 6) sees key accounts management as an investment for future benefit. Thus, it is long-term plan; he sees it as managing organisational customers for future profitability. He defines key accounts management as "a long term investment of resource into a small number of customers that offer an exceptional return for that investment".

McDonalds and Rogers defines key accounts management (1998) as an approach adopted by selling companies, aiming to building a portfolio of loyal and most important customers and offer them on a continuing basis, a product or service package tailored to their individual needs".

According to Jobber et al. (2006. 278) Key accounts management "is a strategy suppliers use to target and serve high potential customers with complex needs, by providing them with special treatment in the areas of marketing administration and service."

McDonalds et al. see key accounts management as top-level management decision, which needs time to be developed. It involves identifying potential customers, establishing long-term relationship with them aiming at taking the full potential out of the relationship.

There is usually a long-term plan for these potential key accounts with a sale person in charge of them for their day-to-day sales and activities. They normally have precise plan that needs to be followed in building a relationship with these selected key accounts.

Jobber et al puts it that, in order to receive a key accounts status one should be able to buy large quantities of the product or service, thus; their absence should have a significant effect in the sale revenue. They should also be customers with complex behaviour, whose buying decision is usually not taken at one unit but from different units within the organisation.

The organisation should be willing to enter into a long-term relationship with the selling organisation, to be able to gain this key account status. These relationships generally have a long-term benefit for both organisations as both are assured of the availability and the satisfaction of their needs. (2006, 279)

Five stages are identified in the building of key accounts relationship. They include pre KAM, early KAM, mid KAM, partnership KAM, synergistic KAM. (Jobber et al. 2006, 285)
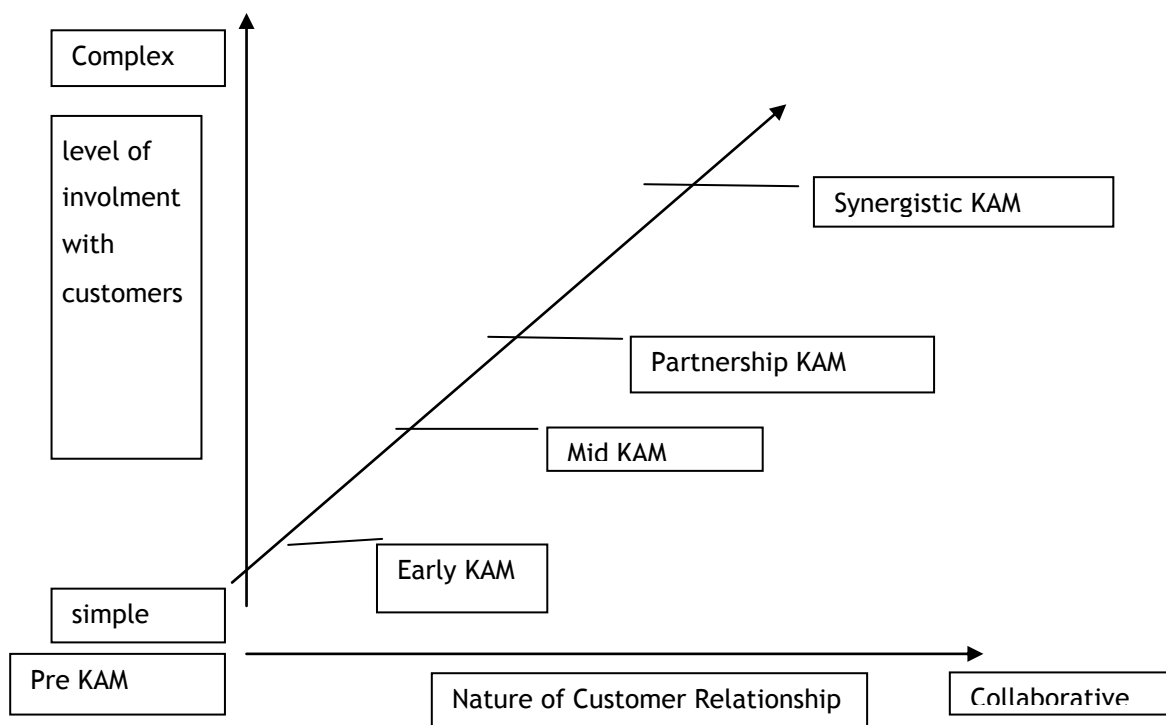

Figure 5. Key accounts management model (McDonalds, 2006).

The Pre KAM stage can also be seen as "prospecting" that is trying to identify customers with the potential of becoming key accounts. Prospecting is necessary so as not to waste time and money on customers whose potential do not reach this level.

Products and services are available to customers for accessing them; sales managers take the necessary information on them. Cheaper prices and free trials are what companies look up to during this stage of the KAM.

Early KAM refers to a situation where there are contacts with potential customers, but they would still need to be convinced of the potentials they would gain as a result of the relationship. This would also involve trying to get closer to customers and even making products and service to suit their needs.

At this stage in the relationship, there may be an existing competition among supplier and key accounts as each of them try to gain advantage in the relationship.
With the mid KAM, the selling organisation would be accepted and preferred supply, and these key accounts are all known by people in the selling organisation, and some aspect of the interaction and services to be provided would be made available.

As companies consider themselves as important to each other, they make efforts to understand themselves in the relationship and the key accounts business process and markets would be learned. From here they then develop to the Partnership KAM; companies at this stage share key information and become partners in their various businesses.

Suppliers become the only supplier of the needed product and service, and some level of expertise is shared between both organisations. Trust becomes the only tool that drives the relationship at this level. Companies at this level do not only seek their self-interest, but a win-win approach is usually adopted.

From here the relationship develops into Synergistic KAM, both companies at this stage develop together in an invisible manner that the differentiation is not easily acknowledged. They develop together to create value for themselves, both companies become more dependent on each other and decisions become more involving at this stage of the relationship.

Companies at this level also share values and needs are easily identified and shared; it becomes very difficult for the penetration of this relationship by competing firms. There should be openness and willingness to allow others access to some information and necessary knowledge into each other's business.

Uncoupling is one thing that should not be forgotten throughout the relationship, this is where the relationship or interaction ceases to continue. There are a lot of reasons for this to happen and the selling company must find the reason for this, at any particular level in the relationship so that it can be avoided in their future interaction. Jobber et al (2006.P.285-8)) "basically the customers that are chosen as key accounts are the accounts that you would hate to lose." (Storbacka et al. 1999, 42).

Corporate organisations normally use many financial institutions base on their needs. Therefore, financial institutions should strive towards been one of the highly used ones, rather than hoping to be the ultimate keys account of such organisations, as these same organisations might also be keys accounts of other financial institutions.

2.12   Selecting most valued customer

Been able to identify and select your most valuable customers is a great achievement in business. This allows selling companies to focus their resources on them in a way that maximise profit, as well as identifying key strategies to be used in the relationship. (Storbacka et al. 1999, 42-43). This enables the selling company to sell more.

The customer base needs to be analysed, to be a customer focused-company. This analysis should be routinely made to gather enough and accurate data about customers. This analysis should be fused on non-monetary aspects such as a reference value competence strategic value as well as sales customer profitability. (Storbacka et al. 1999, 42-50).

Storbacka et al (1999, 42-56) has identified the first rule for selecting most valuable customer as selecting the valuable customer that the provider already has. The selling company mainly makes these selections on pre-made criteria this may be strict a criteria from the selling company.

Also, business potential with the relationship must also be acknowledged when selecting the most profitable customers, that is future potential for expansion must not be left out when taking decisions on the selection of customers for tomorrow. These strategies according to McDonalds et al. (1998, 79) would help the selling company in planning, how much stock you need, which in all maximise profit for the selling company.

2.13   Marketing communication

John (2007, P1) defines marketing communication as " the means by which a supplier of goods, service or values and or ideas represent themselves to their target audience with the goal of stimulating dialogue leading to better or other relationships". This emphasizes the fact that marketing communication seeks to raise a dialogue between different organizations to directly, or indirectly act upon a given message.

Fill (1999, 7) defines marketing communication as "a management process through which an organization engages with it various audiences. By understanding the audience communications environment, organizations seek to develop and present messages for its identified stakeholder groups, before evaluating and acting upon the responses. By conveying messages that are of significant value, audiences are encouraged to offer attitudinal and behavioral responses". That is by knowing what the audience and the stakeholder's needs are, they then present a message that would automatically require a response from them. These messages are presented with a series of promotional activities that make recipient react through buying or experimenting of the product or service.

Keller (2006, 465) sees marketing communication "as the means by which firms attempt to inform, persuade, and remind consumers directly or indirectly about the brand they sell". Marketing communication has lots of objectives, as it seeks to position the product at the heart of their target market, in order for the product to be chosen when the need arise. The product awareness and availability is made during marketing communication.

Marketing communication seeks to aid audience to make an informed decision on a product as it reinforces experience. Marketing communication also serve as a differentiator, making the distinction between brand in markets where there is little competing product or service. (Fill 1999, 10).

Thus, marketing communication seeks to differentiate, between two product offered by competing companies. It reinforces the need for people to use that product and services, and why the need for the service. It informs and makes people aware of a new service in the market, and why a service ought to be taken. Finally, it persuades people to opt for this product in times of need. (Fill 1999, 9-11).

2.14   Marketing communication mix

Marketing communication mix are a set of tools that are effectively used to communicate to target markets, the mix include advertising, sales promotion, personal selling, public relations and direct marketing. All of this mix focused on mass marketing with the exception of direct marketing, which has gain, rise as a result of the advancement of technology. The use

of Internet and other technologies has also brought a new form of interaction and communi-
cation for marketers. All these tools are referred to as promotional mix. (Fill, 1999, 9-11).
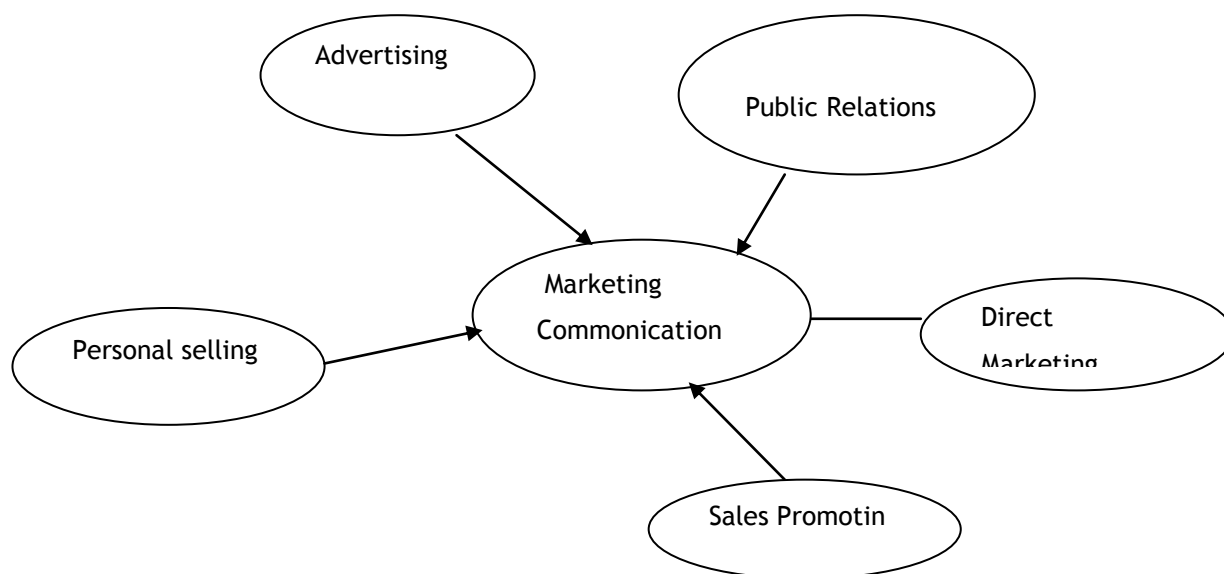

Figure 6. Marketing communication mix.

2.14.1 Advertising

This is a nonperson presentation of ideas, product or service by a paid up sponsor, to a groups
of customers through a mass communication channel. Fill (1999, 508). Keller sees it as a
means of creating a strong brand association and seeking positive feeling about the product
(2006, 468). It takes time for its effects on buying behavior to be seen, as it is as a long-term
investment by, firms though, considered as the cheapest means of making product known to
consumers.

Advertising seeks to inform consumers about the availability of products; new product catego-
ry, where to find it and what value can be derived from it. It persuades by influencing con-
sumers about the availability of products. It also helps with the introduction of new brands as
well as the maintenance of high market share for old products and services. (Terrace 1997-
218).

Keller sees an ideal advert as containing the correct information at the right time for the
right person. It should also gain attention from its targeted consumer as well as positioning
the product in the minds of consumer for purchase to be considered when the need arise. Ad-

vertising messages can have several channels of delivery to the consumer it includes, the television, radio, print, bill boards, and internet. However, each of the communication channels have its own effect on the number of people to be reached. (Keller 2006, 472).

2.14.2 Sales promotion

Sales promotion is a marketing activity that requires immediate purchase action. It creates brand awareness and keep product in the minds of consumers. It is also a nonperson communication but targets a small number of consumers. These targets could be distributors, agents and members of a sales force. Sales promotion serves as a direct inducement for the purchase of a product. They are usually in the form of price deals, coupons low cost financing deals, which influence consumers to act immediately as sales promotion is use to increase sales.

Sales promotion provides incentive that increase market volume. Besides, it serves as a motivation factor for the selection of a product. However over reliance on sales promotion can force profit to decline as competitors might react in similar promotional activities. It must also be mentioned that a successful sales promotional activity cannot be achieved in isolation, but with the combination of all the other communication mix. (Fill 1999, 636-639)

2.14.3 Personal selling

This is a face-to-face interaction between a sales person and a consumer with the purpose of informing, reminding and persuading individuals or groups about a product or service. This interaction is usually one to one, and an immediate result is required. A financial institution may send sales representative to customer and inform them about a new service available, and customers who get interested are instantly registered to the service.

In modern times, the use of telephone communication is replacing the use of face-to-face interaction previously used. It creates interpersonal communication between sales persons and the prospective customer. Personal selling builds strong relationship between customers and suppliers of products, and it is a valuable tool as most firms are building customer centric approach to business. It is also an effective business-to-business tool for business-to-business purchase. However, it must be stated that it is the most expensive form of the business communication mix. (Fill 1999, 762-765).

2.14.4 Public relations

Fill describes public relations as management activity that attempts to shape attitudes and opinions held by organizational stakeholders. This is through dialogue. Jobber et al (2004)

describes public relations as a corporate activity showing the desire to bring a mutual understanding between a company and its public.

They are usually series of a program designed to promote a company's image. A financial institution can use press release, press conference interviews, annual report as a public relations tool for directing and controlling its image. Most firms use public relations to influence consumers to see them as ethically and socially responsible organization. (Fill 1999, 688-695).

2.14.5 Direct marketing

This refers to all media activities that generate a series of communication and responses with an existing or potential customer. It involves targeting individuals with the intention of providing a personalized message and building a relationship with them. Direct marketing involves the use of a variety of media tools including e-mails, direct mails press and posters.

It seeks to communicate with each customer on a one to one approach. Direct marketing is common as a result of advancement in technology, and this has become easier for firms to reach their target customers as well as direct contacts made with their prospective customers. (Fill 1999, 740-746).

2.15 Summary of customer relationship management

Customer relationship management cannot be achieved on a silver platter; it is a managerial art that needs the corporation of all sectors of the organization. It involves interactions with various sectors of the business and the entire customer base. It is not just technical, and mere installation of software does not work, it does not also just deal with sales, but as Bose put it, it is an integration of technology and business process; therefore, just concentrating on one part does not create any meaningful relationship with customers. Customer relationship management involves keeping valuable information about customers to identify what is important to customers in order to be seen as customer driven organization.

Keeping a lasting relationship with the customers leads to a long- term profitability of an organization, with short-term cost. As stated earlier, acquiring new customers is expensive and time consuming for any organization hence, the need for instituting long, effective loyalty packages in order to get satisfied customers. This in turn, leads to a lasting relationship with customers, which according to Kotler will bring profitability.

Marketing communication ensures an effective way of making products and services heard by potential customers. It gives the firm the opportunity to interact efficiently with the customers. With the advancement in technologies, there have been enormous communication tools

available to management. It has lots of advantages for customer driven organizations, as it makes information available to customers.

Customer relationship management, business-to-business, key accounts management, and marketing communication are discussed in the thesis, as a result of the important role they play in customer relationship management in any organization be it financial or nonfinancial institution.

2.16 Theoretical framework

All these theories inter link in their approach in achieving successful customer relationship. They all work as a collective group, to make the success of customer relationship and work hand in hand with each other. For instance, there cannot be any effective customer relationship without managing key accounts or B2B customers who might be the main standing block on which organizations exist. Communication is also important, as with it there would not be any effective flow of information among customers, be it key accounts, B2B or prospective customers.

The picture below shows the relationship between the various theories used in the thesis.
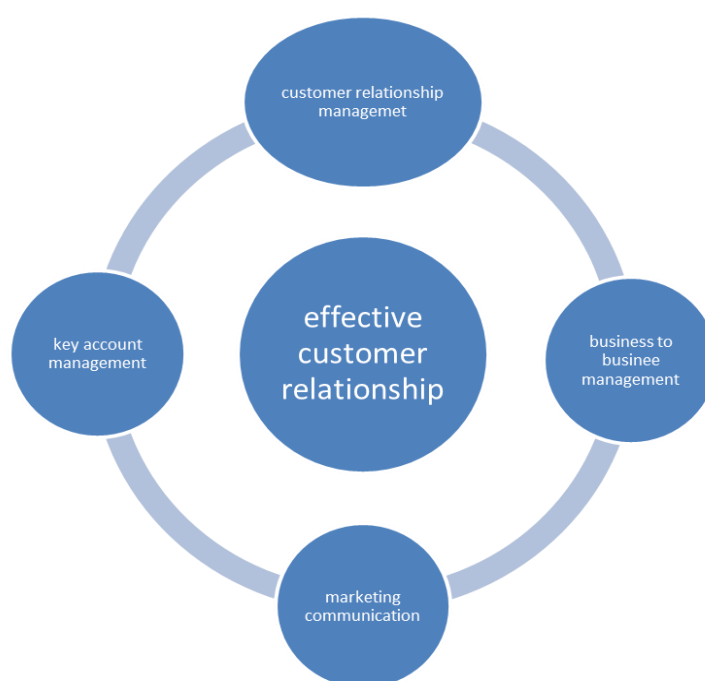
Figure 7. Relationship between various theories in the thesis

3 Research method

This part of the thesis explains how the research was carried out, the data collection and data analysis as well as the reliability and validity of the research. The research is exploratory in nature as it explores to discover, how and why customers are loyal, and services customers need. During research, one can either use qualitative or quantitative approach to arrive at the needed information. The needed information, therefore, influences the information gathering method. However, the two methods either differ from problem setting, actual research process and analysis of the results and interpretation, qualitative research approach is analysed without the use of statistical instruments, while quantitative approach uses statistical figures in its conclusion. (Saunders et al. 2007, 472-478). Qualitative research approach was chosen for this thesis, as the research is based on small samples from the case company, intending to provide deeper information about how, customer relationship is managed in National Investment Bank.

3.1 Qualitative methods

Saunders et al has seen qualitative research as "all non-numeric data that have not been quantified and can be a product of all research strategies." Qualitative research gives the researcher deep insights into what is usually the cause of the case as data are collected in their natural, real life settings. In qualitative research factors are usually discussed in their understandable context, therefore, results are base on organisational knowledge and previous experiences. The objective of qualitative research is to deliver understanding of events in their natural form rather than focusing on a single variable. (Malhotra 1994, 40-44)

It is in a form of an interview, which can either be individual or group. It can be in a formal or informal manner. Qualitative research uses the conceptualisation of theories and makes conclusions based on assumptions. (Saunders et al. 2007, 472-476). As qualitative research is based on interviews, it provides quality information as research is conducted among decision makers and industrial expects which makes the results sufficient enough for a researcher to understand the industrial and environmental context of the research problem. The environmental context according to Malhotra (1994, 41-44) discusses issues relevant for the companies past, present and future information, resources and constraints, as well as objectives and its customer behaviour.

3.2 Data collection

3.3 Primary data

This research was conducted using unstructured interviews, trying to enquire from management, how they keep lasting relationships with customers, as well as enquiring from custom-

ers what services they expect from management. The marketing manager of the head office of the bank was interviewed during September, and eight other branch managers were interviewed during December and January for this research. They responded to a series of questions to uncover the objectives of this research. The same questions were asked to each respondent, as the structure of the interview was identical.

A B2B company IKEDILL a transport company, which has been, doing business with the bank for the past ten years was interviewed, for this research during August and September. Eight other B2B companies, Aspect A enterprise, a hardware company which has over 500 employees, T.K. enterprise a mobile phone and cards distribution company, Ghana Nuts a company, which deals with the production and distribution of oil, Pure joy mineral water a company that deals with the production and selling of mineral water, J. Adom limited a construction company, MTN Ghana a mobile network provider, Frank media a radio broadcasting company, and A.A.T hotel were interviewed during December, and January. All these companies were chosen because they had at least more than fifty employees and have been working with the bank for the past ten years. They were selected using stratified random sampling, as there are many b2b companies doing business with NIB. (Saunders et al. 2007, 219-222).

3.4   Secondary data

Secondary data are data gathered and used by organisations for it purpose; they include, payroll details, minutes of meetings, takeover bids, company's strategy and plans, and already made research. It might be raw or compiled. For the purpose of this research, documentary secondary data from the case company have been used to ascertain the current nature of the case company. Others from libraries books, newspapers, and magazines were also contacted for the purpose of this research. Internet sources also gave valuable sources of information for the research. (Saunders et al. 2007, 246-249).

3.5   Reliability and validity of the research

The reliability and validity of the research is an important part of any research work. For this reason, books from different renowned authors and articles have been used in the theoretical part of the thesis. Reliability was of special concern in conducting the interviews; the interviews were conducted in an unstructured form, with the opportunity to add upcoming questions, and all the necessary notes were taken, it was also recorded for subsequent review.

Silverman (2001, 187-189) explains that the reliability of a research is the degree of consistency that is assigned to different categories by different observers at different occasions. Reliability is known by documenting the procedure and demonstrating the categories that

have been used. Reliability is important when conducting qualitative research, as its objective is to minimize errors in the study.

Validity deals with the generality of the research, whether the findings can be applied in other research settings especially when dealing with a single case study. (Saunders et al. 2007, 250-252).

As already stated, the primary data was taken from a marketing manager and eight other branch managers at the head office of the bank. With nine B2B companies interviewed for the research, it can be stated that the results of the thesis is valid and reliable. It is important and useful for NIB and can be applied to other organisations in a similar situation.

3.6   Empirical research

The empirical part of the thesis would deal with, the case companies environment in which it operates. The nature of competition, the strengths and weaknesses of the case company would be discussed here.

3.7   Ghana banking environment

The banking sector of Ghana has seen great injection of capital as a result of political stability, as well as the attainment of micro economic stability in recent times. The financial sector comprises of a number of institutions, which deals with money and its management.

Ghana's financial sector includes banking and finance that is nonbanking, financial services and forex bureau, Insurance and the financial market thus the capital market. Companies dealing in the financial sector include both local and foreign banks, savings and loans, rural banks, and other leasing companies.

As already stated, Ghana has 30 licensed banks, 135 rural banks and 48 nonbank financial institutions. One thing that makes these banks different from others is its private ownership, as compared to the state ownership of other banks on the continent.

Africans own most of these banks, and the sector is now boasting of experienced indigenous bankers. Banks now use ultramodern designs and technology to provide their services to Ghanaians. All these banks concentrate on the duties of commercial banking, merchant banking and development banking.

The banking sector of Ghana is dominated by 8 banks usually known as the "big 8", and they control more than half of the industries deposits and assets. They include the Ghana commer-

cial bank, Barclays bank of Ghana, Standard Chartered bank of Ghana, Agricultural Development bank of Ghana, Eco bank of Ghana, Merchant bank of Ghana, National Investment bank of Ghana, and the Societe General Social Security Bank (SG-SSB).

The government of Ghana started with the establishment of state banks after independence, when it realised that the then existing banks were all foreign banks. They were the Standard Chartered and the Barclays Bank, which were not ready to open their lending policies to the local and non formal workers denying them access to banking services.

Also, the government at the time realised that there was the need for banks for specialised sectors such as agriculture and industry; therefore, the agricultural development bank was established for Agricultural development, whiles the National investment bank was established for industrial development and bank for housing was established for housing and construction.

Ghana Commercial bank was established in 1953, to increase banking access to local business and farmers in rural areas. It is the largest bank in Ghana in terms of assets and deposits. It has the largest market share and is still focusing on its primary purpose of providing service to rural communities; hence it is the bank with the largest network of branches throughout the country. (Ghana Commercial bank, 2011).

Barclays bank of Ghana is one of the biggest and one of the oldest banks in Ghana it was established by the British upon their arrival in the then Gold coast (Ghana) to provide financial service to its workers. It operates commercial banking with networked branches in most of the commercial cities in Ghana.
They have a wide range of products and services, which targets business and corporate customers. It is the biggest foreign bank and the largest bank in terms of capacity handling. It has the offshore banking unit, which is the first of its kind in Ghana. (Barclays bank, 2011)

Standard Chartered bank Ghana is the oldest and among the top 3 banks Ghana. It has a wide range of services for both individuals and corporate customers. It has the highest return on a unit of asset and one of the biggest network branches in Ghana. (Standard chartered bank, 2011).

The bank of Ghana is the main regulatory body that supervises the activities and work of these organisations in Ghana. Therefore, it is responsible for the stability of the financial system for the purpose of the creation of wealth and economic growth.

It has also promoted the enforcement of statutory requirements, more stringent supervision and increasing capital requirements. There have been enormous improvements in the banking sector as a result of credit expansion. The past few years have seen growth in the banking sector of Ghana. It has been very liquid, profitable and well capitalised. The total assets of banks have increased considerably compared with previous years.

In order to attract new customers on a daily basis, banks do a series of adverts on the print as well as electronic media, outlining their products and services. Some banks now work on extended hours as others work on Saturdays in order to let busy customers have access to banking services.

The numbers of Ghanaians who use banking services are far less, therefore, banks in recent times try to provide different services in order to attract the few who uses banking services to keep them for good. Therefore, they issue services such as zero accounts opening, which is against the normal procedure of depositing money before an account can be opened. Home saves accounts where people can purchase a house and pay in instalment and several others.

Ghana has introduced a new form of banking called the branchless banking, where some banks collaborate with telecommunication companies, to provide services to customers. Mobile money transfer bridges the gap between banked and unbanked and provides convenient, fast, affordable and regulated money transfer solution to mobile phone users. Services offered in branchless banking include, funds transfer from person to person, customer to business, business-to-business, company to multiple customers and micro life insurance. The main purpose is to provide convenience to customers.

3.8   Introduction to the case company National Investment Bank

The National Investment Bank (NIB) was founded in 1963 as a development bank to facilitate and strengthen industrialization in the Ghanaian economy. It now works as a general bank and concentrates on development and commercial banking. (NIB, 2011).

The bank now has 27-networked branches throughout the country which bridges the gap between various branches on different locations and also provides convenient service to customers.

Apart from its development banking activities, NIB also provides corporate and commercial banking facilities involving both domestic and foreign transactions at very competitive rates and on flexible terms. They include Current and Savings Account, Call Deposits, Fixed Depos-

its, Loans and Advances, Personal Loans, Overdrafts, Western Union Money Transfer, Mobile Cash Management Services and Warehousing.

The bank believe it is customer focused; hence they have stated it categorically in the mission statement, 'To serve as a trusted provider of customer focused banking services to retail and corporate customers, building on past successes and devoting our human, financial and technological resources to add value to the activities of stakeholders'. (NIB, 2011).

NIB provides financial assistance and the Banking services to all deserving enterprises in both the private and public sectors covering agriculture, forestry and fishing, mining and quarrying, manufacturing, construction, commerce and finance, transport, storage and communication.

With the focus of this thesis been the banks business-to-business (b2b) customers acquisition and retention, it is worth mentioning some of the corporate services offered by the bank. They include bancassurance-employee liability, bancassurance- imex insurance, bancassurance- loan protection account, companies under companies act, societies, clubs and associations, and sole proprietorship. They have played a significant role in the development of many industrial projects in Ghana through financing and equity.

The bancassurance-employee liability service, secures employers against their responsibility of taking care of their employees in times of injuries death and illness. NIB taking on this responsibility enables employers to focus on management whiles the insurance of their workers becomes the responsibility of their bank.

The bancassurance-imex insurance, indemnify companies against lost that might arise during the import and export of products. Thus, NIB provides insurance cover for anything that might arise during the movement of goods and services from one point to the other. Be it theft, accident, fire, explosion, or anything that might arise before it gets to its destination, either by air, rail, sea or road.

Also, the NIBs bancassurance- loan protection account, gives small scale companies the opportunity to be protected against their loans in times of sudden death or accident leading to disability; thus this service reliefs you of your loan provided the agreement has been honoured by the person right from the beginning of the loan agreement.

People who have registered their companies as an enterprise can get special package under the sole proprietorship service; here loans, business advice and the necessary networks are given by NIB to such people in order to enable them grow in their lines of business.

NIB in collaboration with Glico an insurance company in Ghana provides Bancassurance service to both corporate and personal customers. They do provide a variety of services to customers from all their branches throughout the country. This provides convenience to customers as get to have one place to get two services at the same time.

Another service provided by the NIB to its corporate customers is the overdraft facility this provides businesses the opportunity to pay bills, meet their urgent financial needs, fill their stock without the availability cash. The overdraft facility takes different forms, which may include bid of bonds, advance mobilisation guarantee, bank guarantee, CEPS guarantee, GHACEM guarantee and also deferred letters of credit. All these are off the balance sheet businesses transacted by NIB, to provide service for its B2B customers to meet their daily transactional needs.

3.9   Swot analysis of NIB

Strengths	Weaknesses
Highly skilled technical know-how	Uncertainty about Customers appreciation of work.
Low interest rate for customers	Some customers do not get the required service needed.
Customer focused	
Wide range of financial and non-financial services	

Opportunities	Threats
Low interest rate for customers	Influx of many banks, which mean customers are been competed for.
Study the matter and develop ways of getting on track.	Losing customers as a result of not meeting customer needs.
Wide range of financial and non-financial services	
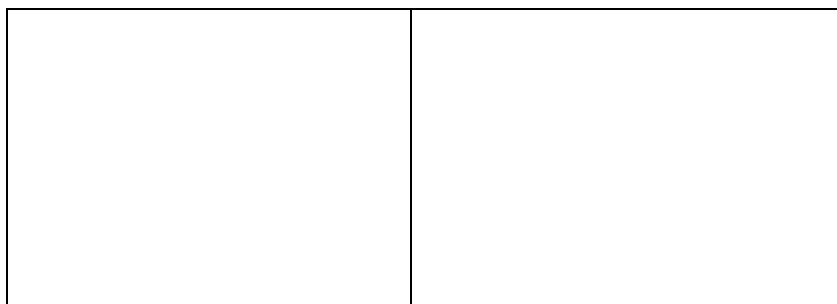
4   Results of the thesis

This chapter focuses on the result of the thesis. The main objective of the research was to discover how management keeps lasting relationship with B2B customers, as well as finding out what services B2B customers expect from NIB. As this is an action research, most of the transaction went on between the researcher and the case company. A series of semi structured interviewed questions were asked to ascertain how NIB acquire, retain and satisfy customers in order to make them loyal and have a lasting relationship with them.

In NIB, the sales department manages customer relationships, and they make sure all the acquired customers get satisfied with the service provided. The marketing manager of NIB heads the sales department, with 3 supporting officers at the head office of the bank. Each branch has its own marketing manager and his team who plans their strategy based on the instructions and targets set by the head office. These same marketing teams are responsible for keeping customer relationship management. They often send out sales personnel to prospective customers. Branch marketing managers keep track of all customers. They keep records of profitable customers and are in charge of managing healthy relation between the bank and their various organisations.

All businesses are prospective B2B customers of NIB. They occasionally send brochures and adverts about attractive packages to potential customers for their consideration. The very nature of banking work makes sales managers sceptical about their transactions with new customers. They normally need to do background checks on them before any significant relationship could be established.

The transaction that happens between customers places them into their perspective value on the customer relationship software, which gathers and keeps information about customers. As all the interviewed marketing managers agreed, NIB keeps accurate information about their business customers different from others. The number of transactions conducted within a month, and the amount involved usually places customers ahead in the software. Dormant

customers are regularly visited, and the necessary financial advice is given them as was agreed upon by all the interviewed companies.

The National Investment Bank has a lot of strategies it is using in attracting customers to their services, among them include, the new service of collaborating with the national lottery authority, to pay winners of the national lottery. This according to the marketing manager, the bank is glad offering such services to the ordinary Ghanaian and giving them the opportunity to know what NIB has to offer. Winners who come to take their money from the bank are taken through a series of service and investment packages that are available to customers.

Also, NIB uses another strategy known as the model banking, to attract people to their services. With this service, they provide the opportunity for stakeholders and students to simulate the banking procedures and services. The model branch sets up an imaginary banking branch complete with computers, signage, posters and banking vouchers for banking transactions. Here, students are trained on how to open accounts, as well as advising customers on the services they have. This according to management will give future employers and managers as well as future employees the opportunity to know what awaits them in NIB.

Again, NIB promotes their services through donation of items to selected schools, hospitals and orphanages. It is their way of been socially responsible. Here the bank gets the opportunity to market its products to people available. Some people in their kind return of the gesture, open bank accounts and start transacting with the bank.

Another strategy used by NIB is its swift money transfers. As against the norms of the banking activities in Ghana where money transfers for corporate organisations are made within periods of days, NIB usually does this service for its corporate customers within hours. This makes it easier for corporate customers to transact business without much delay. This in a way attracts corporate organisations that need such services.

Doorstep cash collection is also used to provide convenience to customers and to ease their risk of keeping money within the business environment for a long time. This is usually an arrangement made between organisations and NIB so that money is taken from the premises of the organisation to the bank. The bank takes total responsibility of the money till it is credited to the accounts of the organisation. This enables the various organisations to concentrate on satisfying its customers while NIB focuses on its business of managing the finance.

IKEDILL enterprise a transport company believes NIB has had a tremendous impact on their company, they believe that out of nowhere and as a result of their assistance, the company has now grown to be a contender in the market. They rate personnel at NIB as one of the best

customer service to be acquired from a bank. IKEDILL emphasises this by saying that besides regular visits paid to them, NIB occasionally sends assistance to them when the need arises. They were sometimes shocked to know how the management were able to find out when their transactions were going bad, it was later explained to them that NIB kept information about customers and their transactions; hence, the prompt advice when they realise low transactions.

Aspect A. Enterprise a hardware company says that they came into contact with the bank because it was one of the only two banks in their city of origin; they have been saving with them for a long time. They describe the staff as good though, they have seen better services from other banks in recent times. They claim they do not do lots of transactions through NIB these days, because of misunderstanding with a branch manager he refused to elaborate.

T.K. Enterprise said, "For loans do not go there, they are the quickest" they said they fell in love with NIB as a result of quick loans services provided them. Though they are one of the few interviewed companies who were not happy with customer service, they appreciated the occasional visits and were hesitant to compare the services they get compared with other banks.

Ghana nut an oil production company, said through recommendation from a sister company, they started business with NIB, and they liked the diversity of services they got from them. Though, they had some problems with the staffs and are not happy with the number of branches they have, they think they love them for their regular visits they usually paid. This according to them makes them feel that, they were in a relationship with them. Ghana nut mentioned that some services are made to suit them, and comparing NIB with other banks, Mr. Obed said I think they are one of the best they just need to get more branches.

MTN Ghana a leading communication provider in the country said they have so many banks they are working with however, NIB is different in their occasional visit. According to them, they have made some recommendations about expanding, and though, they had seen some changes, he claims is not enough. He described the staff to be nice and welcoming and believes they are served with preference in any of the branches they visited.

J. Adom limited a leading construction company, believes in order to receive your money quickly from the state you should be saving with one of those state banks. Comparing their services with other banks was what the interviewee was not ready to do. He believes they have some nice people working for them. Asked about whether they had any relationship with NIB, he said, we feel we are in a relationship with them. They call us all the time and try to

access and recommend some valuable ideas to us. We also call to find out latest offerings on the market.

Frank media own more than 6 radio stations through out the country, and rate the services at NIB as one of the best among banks in the country. They believe that the front desk personnel need some extra training they also appreciate the regular visits paid them by NIB.

A.A.t Hotel, a company with hotels through out the regional capitals of the country also admire NIB for their quick loan delivery. They like the services they get from NIB but were not ready to compare them with other banks. They believe NIB should try and improve its customer service at the front desk, and be quick in their service delivery as people complain of delays in banking halls.

4.1   Analysis of results

The main objective of the research was to find out how management keeps lasting relationships with B2B customers, as well as, discovering the services B2B customers expect from NIB. For management, the results are grouped under customer acquisition process, customer retention, satisfaction of customers, and customer loyalty, as these are the main tools for checking good customer relationships.

With customer acquisition, the research found out that, NIB pays regular visits to customers and prospective customers to discuss important issues that would make them profitable, if they happen to trade with them. They organise information about customers and prospective customers through periodic reforms, and enquiries are made to inactive members on regular bases. With the organisation of information, all marketing managers of the various branches had the duty of keeping and updating information of the B2B customers that visit them. They make a report on them regularly to the head office. B2B customers with special needs are also discussed at marketing managers' occasional meetings, and special assistance is given to them.

With regards to retention, it was unveiled that NIB uses regular customer visits to make customers feel that they are there for their needs; they use prompt and express service as a competitive strategy to retain customers. According to the marketing managers, with regards to the nature of competition on the market, the needs of customers must be taken seriously before they are lost, not forgetting the bureaucracies it must go through else the risk can be unbearable. They take customer needs seriously in order to retain them.

In order for NIB to make acquired customers satisfied, they give standardized and first class customer service training to the front desk employees. They also give them occasional re-fresher courses that make them stay abreast with competitors on the market. NIB goes to the extent of extending deadlines for customers who have been in business with them for some time according to the interviewed marketing managers.

NIB knowing very well that a satisfied customer is not loyal a customer; they go to the extent of differentiating between their customers through their needs. That is according to man-agement, differentiating between customers' needs make you serve them better. Also, they believe that when companies become loyal, it leads to long-term profitability for NIB through the quick service they provide.

It also came to light that, NIB understands that the importance of loyalty, satisfaction and retention is profitability; hence they strive with all resources available to achieve it. They keep lasting relationships with loyal customers by providing them with secured credit facili-ties, long-term loans with flexible payment plans as well as free business advice which helps those companies stay at the same level with their competitors.

Not with standing this, the research realised that some customers still quit the relationship when they realise that they are not able to meet some requirement for a loan facility. Also, when they feel they are not happy with some service provided by NIB.

With customers, the thesis sort to find out what services B2B customers expect from NIB and the findings were grouped under, why companies choose NIB, the attitude of the front desk personnel towards customers, the services customers get from NIB, and the services they ex-pect from NIB.

With the question on why companies choose NIB, IKEDILL Ventures, who has been doing busi-ness with NIB for some time now said, they choose them because they paid regular visit to know about their business, and gave them advice on both finance and management as a whole. Several other companies, who took the interview later, also raised the aforemen-tioned points. However, other companies had a different opinion about why they choose NIB, for instance, A.A.T. Hotel and T.K. Enterprise said that, they came into contact with NIB upon seeing their advert, which said loans in less than 48hours which happened to be true, when they came to business with them. A construction company like J.Adom limited had a different opinion about why they choose NIB, they said in order to receive their money from the state in time they were advised to use NIB, and realised after choosing them that monies, which usually delayed, were coming on time.

IKEDILL Ventures unveiled that the front desk personnel are usually nice, and transact business with them in a relaxed atmosphere, which makes them feel at home they are also seen as preferred customers, and their needs are taken care of quickly, making them spend less time at the banking hall. Though Pure Joy had similar sentiments to IKEDILL, some few other companies such as T.K. Enterprise, Frank Media, Aspect A and Ghana Nuts had a different opinion about this. Aspect A complained bitterly about delays at banking halls, which sometimes delays other significant transactions. They complained that the lack of branches at key strategic areas in principal cities hinder their growth. According to them if there were many branches, there would not be much crowd at a branch, which would have cut the delays drastically.

Coming to the services companies get from NIB, IKEDILL Ventures, acknowledged that they currently operate current and foreign accounts with NIB. According to them, they like their services, as certain services are customized for them in times of need. Asked about whether they knew of other services apart from current and foreign accounts, she made it known that they knew of other services like bancassurance, online banking and many more which they do not use. All the companies interviewed subsequently agreed to the acknowledgement of the existence of many services. Ghana nuts confirmed the use of bancassurance for its employees. They how ever made mention of delays in the payment of remittances for its insured workers in times of need.

On the issue of the services, they expect from management she stated, 'We are currently happy with what we have. We would appreciate much if management could introduce visa cards, and master cards for us. We believe these cards would help us make other transactions without coming to the banking hall'. All the companies that were interviewed subsequently were asked if they would like to have visa and master cards, and all agreed there is the need. However, all of the companies had their own request; though, most of them were similar to what others wanted. For example, Aspect A, Ghana Nuts and MTN wanted the availability of more branches to facilitate their transactions. Others such as Frank media and T.K Enterprise complained bitterly about the behaviour of the front desk customer service, and asked management to strengthen their training for them.

4.2   Conclusion

Customer relationship management is changing businesses, and management's approach to business. The purpose of the thesis was to find out what management is doing to create a lasting relationship with customers, as well as the services customers needed. The findings after the interview showed that, management in NIB uses a number of packages to keep a lasting relationship with customers including giving free financial advice, long-term loans,

regular visits and a wide range of service availability as a competitive tool on the financial market. These influence customers to be satisfied, stay committed and loyal to NIB. This from my point of view was creating profit in the organisation. Financial figures for the past years show how profitable NIB has been. This indicates that it is not only the number of branches a company has that would lead to profitability, but also how management would strategically manage its customer relationships.

The other part of the thesis which sort to find out what services customers needed, also showed that, NIB has a number of services which customers like and are happy with currently. However, they also expressed the need for new services such as, the introduction of master cards, visa cards and debit cards, which would facilitate some of their transactions and reduce the number of times they need to visit the bank.

The thesis also discovered that, the front desk customer service needs some extra training and patience with customers when providing services, especially to B2B customers, as these are the main sources of profit for any company. Front desk service providers should be made to know the differences between B2B customers and other customers and their importance to the company.

The thesis also realised that, NIB needs to increase the number of branches it has throughout the country. This would make service points easily available to customers to facilitate their transactions. That would make services for customers easy and accessible wherever they find themselves. This would reduce the waiting times and the delays they encounter in the various banking halls.

We also discovered that, management upon a visit to B2B customers only makes available, news and services without enquiring about the treatments customers get upon their visit to the bank, which does not auger well for strong customer relationship management. It found out that customers needed the opportunity to make their own suggestions and the opportunity to express their feelings to management. This they simply suggested the availability of suggestion boxes in banking halls, where they can make meaningful suggestions for both organisations.

Upon observation in some of the banking halls of the NIB, I would personally suggest the Finnish banking hall approach where B2B customers have cashiers and front desk, which serves their needs different from other customers. This would reduce the delays drastically at various banking halls.

In a whole, it can be stated that NIB is a customer centric company, which thinks about customers when making important strategic decisions. Customer needs are identified, and a way of enhancing customer relationship is available in NIB.

4.3 Theoretical linkage

With these theories, suggestions for managing successful customer relationship have been developed for the case company, as business to business customers need extra service such as visa cards and master cards. This if taken would increase customer satisfaction and lead to customer loyalty, which would in the long run be profitable for the company.

4.4 Future research challenges

The researcher would in the future make a customer satisfaction survey for individual customers, to find out if they get all the necessary services they expect from NIB as this earlier work focused on B2B customers. It is also likely to take a research work on the motivating factors for NIB workers. This will find out if motivation has any influence on the rate at which people work.

4.5 Summary

With the changing trends in businesses, there has been the need for companies to keep lasting relationships with customers. The thesis then focused on customer relationship management as a strategic tool in financial institutions. Theories were discussed which corresponded with the empirical study. NIB the case company was discussed at the empirical section; with the research method used being quantitative research. Research findings were presented, and linkages between theories were established and the thesis ended with future research suggestions.

The thesis topic has been something I like and would love to develop it further in my future studies, and despite the difficulty in information acquisition, I am with the opinion that the results were satisfactory.

References

Bly, W. 1998. Business-to-Business Direct Marketing, Proven Direct Response Methods to gen-erate more Leads and Sales. 2ndedition. Chicago: Contemporary Publishing Group Inc.

Bose, R. 2002. Customer Relationship Management, a key component for IT success. New York: MCB UP.

Buttle, F. 2008. Customer relationship management, concepts and technologies. 2ndedition. Burlington: Elsevier Ltd.

Cheverton, P. 2004. Key accounts management: a complete action kit of tools and techniques for achieving profitable key supplier status.3rd edition. London: Kogan Page Limited.

Cheverton, P., & Tim, H. 2005. Key Accounts Management in financial service: tools and techniques for building strong relationships with major clients. London: Kogan Page Limited.

Coe, M. 2004. The fundamentals of Business-to-Business, sales and marketing. The McGraw Hill Company.

Egan, J. 2007. Marketing Communication: Past and Present, London: Jennifer Pegg.

Fill, C. 1999. Marketing communications: engagement, strategies, and practice. 4thedition. London: Prentice hall

Fill, C., & Fill, E. 2005. Business to business marketing, relationships, systems and communi-cations. London: Pearson Education Limited,

Foss, B., & Stone, M. 2002. CRM in financial services: A practical Guide to making customer relationship management work. London: Kogan Page Ltd.

Gray, E. 2009. Doing Research in Real World. Los Angeles: Sage.

Graham, R. P. 2001. Customer relationship management: how to turn good business in to great one. Pennsylvania: Hawks mere publications.

Grönroos, C. 2007. Service management and marketing, a customer relationship approach. 3rd edition. Chichester: John Wiley & Sons Ltd.

Keller, K. 2006. Strategic Brand Management, Building Measuring and Managing Brand Equity. New Jersey: Academic Internet Publishers.

Knox, S. 2003. Customer Relationship Management: Perspective from Market Place. Butterworth-Heinemann.

Kotler, P. 2009. Marketing Management. 12th edition. Upper Saddle River, New Jersey: Pearson Prentice Hall.

Kotler, P. 2006. Principles of Marketing. 11th edition. Upper Saddle River, New Jersey: Pearson Prentice Hall.

Kumar, V. 2008a. Customer life time value, the path to profitability. New Jersey: New publisher inc.

Kumar, V. 2008b. Managing customers for profit: strategies to increase profit and build loyalty. New Jersey: Wharton school publishing.

Lowenstein, W.1995. Customer retention; an integrated approach for keeping your best customers. Michigan: ASQC. Quality Press

Malcolm, M. & Woodburn, D. 2005. Key account management: a definitive guide. 2nd edition. Chichester: Butterworth - Heinemann.

Malhotra, N. K.1999. Marketing research, an applied orientation. New Jersey: Pearson education limited.

Nigel, H, & Jim, A. 2000. Handbook of customer satisfaction and loyalty measurement. 2nd edition. London: Gower Publishing Limited.

Oliver, O. L. 1997. Satisfaction a Behavioural Perspective on Consumer, New York: McGraw-Hill.

Peelen, E. 2005. Customer Relationship Management. New Jersey: Harlow Pearson's.

Peppers, D. & Rogers, M. 2004. Managing customer relationship, a strategic framework. New Jersey: John Wiley and Sons Inc, Hoboken.

Ray, W. 2004. Business to Business marketing: a step by step approach. London: Pearson's education.

Rajola, F. 2003. Customer Relationship Management, Organizational and Technological Perspective, New York: Springer publications.

Saunders, M., Philip, L., & Thorn, H, L. 2007. Research methods for business students. 4thedition. Harlow: Prentice Hall.

Shimp, T. A. 1997. Advertising, promotion, and supplemental aspects of integrated marketing communications. 4[th]edition. California: Harcourt Brace College Publishers.

Storbacka, R., Sivula P., & Kaario K. 1999, Create Value with Strategic accounts. Kerava: Kauppakaari OYJ,

Sugandhi, R. K. 2003. Customer relationship Management. New Delhi: New Age International Publishers.

Szwarc, P. 2005. Researching customer satisfaction and loyalty, how to find out what people really talk. London: Kogan Page Limited.

Wierenga, B. 2008. Handbook of Marketing Decision Model. New york city. Springer Publications

Xu, Y., & Lin, B. 2002. Adopting Customer Relationships Management Technology. MCB UP LTD.

Zentes, J. 2006. *Strategic Management - New Rules for Old Europe*. New York: Gabler Publications.

Internet sources.

Bank of Ghana. Accessed 24.03.2011.

http://www.bog.gov.gh/privatecontent/public/File/BSD/Licensed%20Banks%20%20Addresses%20Feb%202011.pdf

Banking sector. Accessed .27.09.2011
http://www.gipc.org.gh/UserFiles/File/sector_profiles/Financial_Services.pdf

Barclays Bank Ghana. Accessed 29.09.2011
http://www.barclays.com/africa/ghana/

Crminfo. Accessed 27.05.2011
http://www.crminfoline.com/crm-articles/crm-goals.htm

Gartner group. Accessed 19.05.2011
http://www.gartner.com/technology/home.jsp

Ghana Commercial Bank. Accessed 29.09.2011
http://www.gcb.com.gh/page.php?pid=1

Kumar, V.2010. Customer Relationship Management. Accessed 30.06.2011
http://onlinelibrary.wiley.com/doi/10.1002/9781444316568.wiem01015/full

National Investment Bank, vision and mission of the bank. Accessed, 23.03.2011
http://www.nib-ghana.com/en/about-us/mission-vision-core-values.php

Peppard, J.2000. Customer relationship management in financial services. Accessed. 20.05.2011
http://www.sciencedirect.com/science/article/pii/S026323730000013X

Price water house coopers. Accessed 19.05.2011
http://www.smallbizcrm.com/crm-definitions.html

Rory O. Action research methodology. Accessed 30.03.2012
http://www.web.ca/robrien/papers/arfinal.html#_ednref1

Ryals, L. & Knox, S.2001. Cross functional issues in the implementation of relationship marketing through customer relationship management. Accessed 20.06.2011
http://www.sciencedirect.com/science/article/pii/S0263237301000676

Standard Chartered Bank of Ghana. Accessed 30.09.2011

http://www.standardchartered.com/gh/_pdf/annual_report10.pdf

Interview source.

Interview with management of NIB.

Agyenim, B. 2011 Branch Manager, Adenta. 30.12. 2011

Ameyaw, I. 2011. Marketing Manager Head office NIB, Accra. 29.08.2011

Asante, O. 2012. Branch Manager, Techiman. 04.01.2012

Asua, K. 2011. Branch Manager, Accra Main. 28.12.2011

Boating, K. 2011. Branch Manager, Osu. 30.12.2011

Nketia, N. 2012. Branch Manager, Wenchi. 05.01. 2012.

Serwaa, C. 2011. Branch Manager, Abeka Accra. 28.12. 2011

Yeboah, A. 2011. Sales Manager Head office NIB, Accra. 29.08.2011

Yeboah, G. 2012. Branch Manager, Sunyani. 04.01.2012

Interview with B2B customers

Abiam, D. 2011. Director, Ikedell Venture. 05.09. 2011.

Abena, A. 2012. Manager A.A.T group of companies. 09.01.2012

Adwarkwa, K. 2011. Sales representative, Pure Joy. 28.12.2011.

Afra, D. 2011. Accountant, J. Adom LTD, Sunyani. 30.12.2011

Asamoah, O. 2012. Director Ghana Nuts ltd. 05.01. 2012

Kyeremeh, K. 2012. Director, TK Enterprise. 04.01.2012

Mohammed, A. 2011. Finance Manager, MTN Ghana. 30.12. 2011

Owusu, R. 2011. Marketing Manager Frank Media. 30.12.2011

Tweneboah, K. 2012. Sales manager Aspect A. Enterprise 04.01.2012.

Figures

Appendices

Research questionnaire for management

How does your bank interact with its customers?

How does NIB identify and target customers?

How do you organize information about customers?

What sort of training do you give to employees who are in contact with customers?

How does NIB differentiate between its customers?

Does NIB have customized service for certain groups of customers?

Why do you think certain customers are loyal to NIB?

Describe why any of these are important, customer loyalty, customer satisfaction, and customer retention.

What is NIB's customer retention strategy?

Why do you think certain customers leave NIB?

How does your bank keep long lasting relationships with customers?

Research questionnaire for B2B customers.

How would you describe the staff at NIB?

What sort of services do you currently use at NIB?

Why did your company select NIB?

How do you see the services offered at NIB?

How are you valued and made to feel important anytime you are at the bank?

How would you describe your companies' relationship with the bank?

How do you compare it with other banks?

Why have your company kept a long time relationship with NIB?

What sort of services do you think are lacking at NIB?

How would you evaluate the services offered at NIB?

Do you save with any other bank, how do you evaluate their services?

Do you know about online banking at NIB?

How do you evaluate their customer relationship?

How do you compare the services of NIB with other banks you know?