Durham University

Durham E-Theses

The adoption of the marketing concept by the United Kingdom and Ghanaian banks.

Nana Owusu-Frimpong

How to cite:

Owusu-Frimpong, Nana (1993) The adoption of the marketing concept by the United Kingdom and Ghanaian banks. Doctoral thesis, Durham University.

Use policy

The full-text may be used and/or reproduced, and given to third parties in any format or medium, without prior permission or charge, for personal research or study, educational, or not-for-profit purposes provided that:

- a full bibliographic reference is made to the original source
- a https://etheses.durham.ac.uk/id/eprint/1043/ is made to the metadata record in Durham E-Theses
- the full-text is not changed in any way

The full-text must not be sold in any format or medium without the formal permission of the copyright holders.

Please consult the full Durham E-Theses policy for further details.

Academic Support Office, The Palatine Centre, Durham University, Stockton Road, Durham, DH1 3LE
e-mail: e-theses.admin@durham.ac.uk Tel: +44 0191 334 6107
https://etheses.durham.ac.uk

THE ADOPTION OF THE MARKETING CONCEPT BY THE UNITED KINGDOM AND GHANAIAN BANKS

This Thesis is Submitted for the Fulfilment of the Degree of Doctor of Philosophy

by:

NANA OWUSU-FRIMPONG

at:

Durham University

The copyright of this thesis rests with the author. No quotation from it should be published without his prior written consent and information derived from it should be acknowledged.

1994



27 JUL 1994

THE ADOPTION OF THE MARKETING CONCEPT BY THE UNITED KINGDOM AND GHANAIAN BANKS

THE ADOPTION OF THE MARKETING CONCEPT BY THE UNITED KINGDOM AND GHANAIAN BANKS

This Thesis is Submitted for the Fulfilment of the Degree of Doctor of Philosophy, 1993.

ABSTRACT

The purpose of this research is to identify how the marketing concept has been adopted by the U.K. and Ghanaian banks operating in dissimilar environments with special emphasis on Ghana Commercial Bank (GCB).

The methodology adopted involved interviews with 18 banks in the UK and Ghana and a survey of 225 customers of Ghana Commercial Bank. Also my experience at Ghana Commercial Bank and the search for some published empirical studies carried out by experts in this area, in essence, made it possible to compare marketing planning practices in the two dissimilar environments.

The study provides data which is nowhere available on the marketing orientation of Ghanaian banks and also, contributes to a better understanding of how Ghanaian banks can improve their total effectiveness by adopting certain relevant marketing strategies and by organising to integrate marketing formally within other parts of the banks business.

The study shows that marketing concept has been adopted by the two groups of banks though it is in its infancy in Ghana. Most of the U.K.marketing managers report to the CEO's compared to about one third of Ghanaian managers.The two groups of banks disagree that banks decisions should not be made without marketing department.The U.K.banks tend to effect integration through departmental staff, headquarters staff and marketing department. The U.K. banks adopt a more formal approach towards the adoption of the marketing concept while Ghanaian banks adopt an informal approach.In Ghana, socioeconomic variables are strong bases for segmenting the market. Secondly, customers of GCB choose a bank based upon its efficiency, understanding and wide range of services.The most effective media to reach customers are radio,word of mouth and television and that GCB staff are perceived as discourteous and offer slow services.

DEDICATION

To my mother, wife and children

ACKNOWLEDGEMENT

A project of this nature cannot be completed without the active support from different sources.

I have been lucky in this respect, to have received advice and assistance from Dr. Barry Witcher, for whom I am indebted to.

Finally, my gratitude to my wife, Mary and children Nancy, Joana, Christina, Florence and Samuel who have not only made it possible for me to live through the experience, but gave me their support and inspirations.

THE ADOPTION OF THE MARKETING CONCEPT BY THE UNITED KINGDOM AND GHANAIAN BANKS

LIST OF CONTENTS

PAGE No.

ABSTRACT iii
DEDICATION iv
ACKNOWLEDGEMENTS v
LIST OF FIGURES, TABLES AND APPENDICES vi

Statement of originality vii

CHAPTER 1 Introduction 1

1. Background 1
2. The importance of the need of the study 2
3. The purpose of the study 3
4. Limitations 4
5. Overview of the Thesis 5

CHAPTER 2 Nature of Commercial Bank Marketing in the U.K. 8

1. Introduction 8
2. The Era of Automation 14
3. Summary 16

CHAPTER 3 Review of Banking in Ghana with special emphasis on Ghana Commercial Bank. 18

1. Introduction 18
2. History of Banking in Ghana 19
3. Currency Management 19
4. The Role of Central Bank and Economic Growth 22
5. History of Ghana Commercial Bank 23
6. Competition 24
7. The Economy 26

7.1 Population 27
7.2 Money Supply 27
8. Financial systems and operations 28
9. Lending 28
10. Ghana Commercial Banks Branches 30
11. Mission of Ghana Commercial Bank 33
12. Administrative/Organisational structure 35
13. Staff Development 38

PAGE No.

14. Treasury 38
15. International Operations 39
16. Types of Marketing Planning Undertaken 39
17. Summary 43

CHAPTER 4 Review of the Literature on Marketing Concept/product/service Similarity and Marketing mix 47

1. The Role of the Marketing Concept 48
1.2. Marketing and Marketing Oriented Management 56
1.3 Customer relations as the Cornerstone of Marketing 58
2. Product and Service:Similarities and Differences 62
2.2 Conceptual Framework of Services 60
2.3 Definition of Service 65
2.4 Distinctive Features of Services 69
2.5 Barriers to Quality and Productivity Improvement 79
3.1 The Marketing Mix 79
3.2 The Product 81
3.3 Elimination of Products/Services 82
3.4 Pricing 84
3.5 Distribution 86
3.6 Promotion 88
3.7 People 91
3.8 Process 92
4. Summary 93

CHAPTER 5 Review of the Literature on Market Segmentation 99

1. Market Segmentation (Introduction) 99
2. Financial Institutions Develop New Strategy 101
3. Purpose of Commercial Bank Market Segmentation 102
4. Commercial Banks' Market Segmentation variables 103
5. Segmentation Techniques in Retail Market 104
5.2 Geo Demographic 107
5.3 Psychographic 108
6. Commercial and Corporate Market Segmentation 109
7. Conclusion 110
8. Strategy and Markets 112
9. Summary 114
10. Hypotheses 115

PAGE No.

CHAPTER 6 Research Design and Methodology 119

1. Study Objectives 119
2. Research Strategy and Procedures 119
3. Procedures 121
3.1 Review of the Literature 121
3.2 Administrative Communications and Interviews 121
3.3 Preliminary Study 121
3.4 Selection of Samples 122
3.4.1 Bank Samples 123
3.4.2 Consumer Survey Samples 123
3.5 Selection of Variables/Questions 124
3.5.1 Consumer Survey 125
3.6 Fieldwork 125
3.7 Definition of Bank Questionnaire 127
4. Variables and their Measurement 130
5. Null Hypotheses 134
6. Statistical analysis 135
6.1 ANOVA 136
6.2 Chi Square 136
6.3 Factor Analysis 138
6.4 Principal Component Method 138
6.5 Criteria for the Significance Factor Loading 140
6.6 Criteria for Rotation of Factor 140
7. Summary 143

CHAPTER 7 Research Analysis 1.The adoption of the marketing concept 146

1. The Role of the Marketing Executive 147
2. Title of Chief Marketing Executive 149
3. Participation of Top Marketing Executives in Committee 151
4. Integration and co-ordination of marketing activities 153
5. Co-ordination of marketing activities 156
6. Summary of Findings of the Role of Marketing Managers/ Executives 159
7. The Adoption of the Marketing Concept and Performance of Bank Activities 160
8. Factor Analysis of U.K. Banks 166
9. Summary of Factor Analysis Results
10. Summary of ANOVA results on the adoption of the marketing concept 172
11. Analysis of Marketing Mix Activities and the effects of the adoption of the Marketing Concept 173

PAGE No.

12. How the Adoption of the Marketing Concept has made Significant Improvement 179
13. Summary of the Effects of the Adoption of the Marketing Concept on Banks overall Performance 179
14. Summary 183

CHAPTER 8 Research Analysis and Findings 11
Consumer Survey 184

1. Occupation 185
2. Age 186
3. Type of Accounts by Age 186
4. Types of Accounts by Occupation 188
5. Summary 190
6. What do You Look out for when You open an Account with Bank 191
7. If You had to choose between two Banks what would Influence Your Choice 193
8. Which Bank Serves You Beside GCB 195
9. Factors Pertaining to GCB characteristics 200
10. Media 207
11. Findings from the Analysis of GCB customers 211

CHAPTER 9 Research Conclusions and Implications 215

1. Hypotheses Testing, Findings and Conclusions of Comparative Studies Pertaining to the two groups of Banks 218
1.2. Testing of Hypotheses 223
2. Hypotheses Testing, Findings and Conclusions Pertaining to the Customers of GCB 220
2.2 Market Segmentation 222
2.3. Summary 228
3. Implications for Behaviour Theory 232
4. Implications for Management 234
5. Summary 235
6. Future Commercial Research 238

CHAPTER 10 Recommendations for GCB and the U.K. Banks 238

1. Marketing Strategy 238
2. The U.K. Banks 239
3. GCB 240
3.1. Services 240

PAGE No.

3.2 Promotion 241
3.3 Place/Distribution 243
3.4 People 245
3.5 Process 246
3.6 Physical Evidence 247
3.7 Marketing Research 248
3.8 Pricing 249
3.9 Marketing Organisation 249
4. The Role of Marketing Manager of GCB 252

CHAPTER 11 Summary of the Thesis 255

1. Nature of Bank Marketing in the U.K. 255
2. History of Banking in Ghana 255
3. The Marketing Concept, Product and Services and the Marketing Mix. 256
4. Research Design and Methodology 256
5. Analyses of Data one and two 257
6. Conclusions and Implications 258
7. Findings of Thesis 259

LIST OF FIGURES, TABLES AND APPENDICES

PAGE No.

Table 3:1 Economic Indicators of Ghana 27
Table 3:2 Loans and advance of commercial/investment Banks 29
Table 3:3 Number of Commercial Bank branches in Ghana 30
Table 3:4 Ghana Commercial Bank Financial Performance 32
Table 3:5 Deposit and Savings 34
Figure 3:1 GCB Organisational Chart 36
Figure 4:1 Traditional/Interactive marketing function 62
Figure 4:2 Planning Dimension Model 64
Table 4:1 Terminology used to describe services and Products 68
Figure 4:3 Expanded gap Model 77
Figure 6:1 Bank users 132
Table 6:1 Procedure followed in Testing Hypotheses 135
Table 7:1 How marketing activity is organised in Ghana and U.K. Banks 148
Table 7:2 ANOVA on how marketing Depts. are organised 149
Table 7:3 Title of Chief Marketing Executive 150
Table 7:4 Does top Marketing Executive report to CEO/MD 150
Table 7:5 Participation of Marketing Executives in Committees 152
Table 7:6 ANOVA on participation in various Committees 152
Table 7:7 Integration of Marketing Activities 158
Table 7:8 ANOVA on Integration of Marketing by Committees 155
Table 7:9 Descriptive statistics on Coordination of marketing activities 157
Table 7:10 ANOVA on co-ordination of Marketing activities 158
Table 7:11 Descriptive statistics of adoption of the Marketing Concept 162
Table 7:12 Factor analysis before Rotation of the adoption of the Marketing Concept by Ghanaian banks 165
Table 7:13 Factor Analysis after Rotation of the adoption of the Marketing Concept by Ghanaian banks 166
Table 7:14 Factor analysis of UK banks 168
Table 7:15 Factor Analysis After Rotation of the adoption of the Marketing Concept by UK Banks 169
Table 7:16 Factor Analysis (Mean Score) of U.K. and Ghanaian 170
Table 7:17 ANOVA on the Adoption of the Marketing Concept 171
Table 7:18 Scope of activities involving the components of the of the Marketing mix 175
Table 7:19 Descriptive Statistics on the perceived contribution of the adoption of the marketing concept 177
Table 7:20 ANOVA on Perceived Contribution of the Adoption of the Marketing Concept 178

PAGE No.

Table 8:1 Occupation of GCB Customers. 185
Table 8:2 Age of GCB Customers 186
Table 8:3 Type of Accounts by Age 187
Table 8:4 Type of Accounts by Occupation 189
Table 8:5 What customers look out for when opening account with a bank 192
Table 8:6 What influences customers to choose between two banks 193
Table 8:7 Factor analysis on what influences customers to choose between two banks 194
Table 8:8 Varimax rotation of influences on consumers choice of between banks 195
Table 8:9 Which bank serves you besides GCB 196
Table 8:10 Bivariate analysis of Socioeconomic and Demographic attributes of why customers of GCB use other Banks 197
Table 8:11 For how long have you known GCB 197
Table 8:12 Duration with GCB by age and occupation 199
Table 8:13 Ranked traits of GCB 201
Table 8:14 Factor analysis of before and after Rotation 203
Table 8:15 Why did you choose to Bank with GCB 204
Table 8:16 What Customers like most about GCB 205
Table 8:17 What Customer dislike most about GCB 206
Table 8:18 Preferred time for investment 206
Table 8:19 How Customer first heard about GCB 208
Table 8:20 GCB media that best inform GCB Customers 209
Table 8:21 Media used by GCB Customers by Age 210
Table 9:1 Statistical methods used in testing Hypotheses 217
Fig. 10:1 Organisation chart of GCB marketing department 251

BIBLIOGRAPHY 260

APPENDICES

1:1 Anova on scope of activities involving the components of the marketing mix and factor analysis why customers choose a bank . . . . . .
1:15-18 Chi square analysis of customers of GCB
B:1 Industrial analysis . . . . . .
ii. Bank questionnaire item. . . . . .
iii. Consumer Survey questionnaire item. . . . . .
iv. Letters to Managers of Ghanian/UK Banks. . . . . .
v. Letter to Managing Director of GCB. . . . . .
vi. Letter accompanying consumer survey questionnaire. . . . . .
vii. Reply from MD. of GCB
G. Money supply of Ghana

STATEMENT OF ORIGINALITY

I Nana Owusu-Frimpong hereby guarantee that no part of this research has been published or copyrighted in any country except in the case of passages quoted from other sources and references.

I also guarantee that this research has not been submitted and accepted for creditor degree at any university or other institution of learning. The whole of the material contained herein is the property of the author and must not be photocopied or reproduced for the next five years without the written permission of the author being obtained.

CHAPTER ONE

INTRODUCTION

BACKGROUND

In Ghana, there are few bank branches relative to the population and in fact, large areas of the country have no banks at all. Most banks being confined to the capital and some of the main towns. One has to visit a commercial bank and will notice long queues of customers to be served and the delay in referral of cheques and mail transfers.

In solving these problems, there is now a great tendency to adopt British methods and ideas without destroying the spiritual traditions which have been inherited from Gold Coast tradition. The society is now in an irrevocable process of development and transformation. In this quest, most Ghanaian banks recognise that to survive, their business must be more specialised, more flexible and more responsive to the community they serve. Unfortunately, banking is lagging behind. As yet, there is little evidence to suggest that Ghanaian bankers have thoroughly considered and analyzed customers personal and business needs.

Thus, the future of banking in this region lies in identifying new customers needs and developing new ways of doing business. Clearly, innovative change is needed and marketing is the key to this change. In the personal sector, the market has broadened immensely. Borrowing methods, investment methods and insurance methods have all changed in response to wider financial knowledge, and the growth of cultural changes together with the growth of disposable income. All these innovations continue to produce a need for marketing expertise in many kinds of financial services marketing.

UNIV DUNELM

Ghanaian bankers have found themselves in a position similar to that of British bankers in the early 1970s. These changed circumstances have caused them to reconsider their traditional thinking and be willing to accept the possibility of accepting the marketing concept as a means of coping with their changing environments. However, the awareness of the marketing concept has manifested itself in the creation of new services. It was with a need for an up to date understanding of the impact of the economic changes of the past three decades Ghana have had on the present state and practices in financial sectors in mind, that this study was first conceptualised.

In Ghana, the field is wide open for business and finance for the recycling of monies from cocoa, gold, timber, diamond and bauxite. But a change in attitude is needed and the key to this change must begin from a deeper understanding of the customers needs, his personal and business finance needs. The key to this change is marketing. Over three decades ago, Peter Drucker [1] wrote:...

> *"Marketing is so basic that it is not just enough to have a strong sales departments and to entrust marketing to it. Marketing is not a specialised activity at all. It encompasses the entire business. It is the whole business seen from the point of view of final results, that is from the customer's point of view. Concern and responsibility for marketing must therefore permeate all areas of the enterprise".*

1:2 THE IMPORTANCE OF THE NEED OF THE STUDY

In commencing this study, the researcher discovered certain gaps in and the lack of empirical knowledge in this field.

First, no research appears to have been done in the planning and implementation of the marketing concepts in banking in Ghana. Because of the importance of banking services, it is argued that the implementation of the concepts would be of greater assistance to the economy.

Furthermore, because the banks, even in the United Kingdom, have only relatively recently began to form marketing departments, the effect of this innovation is beginning to be felt and noticed.

The opportunity for investigating the adoption and implementation of the marketing concept, and where ever implementation has taken place, has attracted customers or has enabled banks to better achieve their specified objectives, has recently presented itself. The need therefore exists for an accurate study of the degree and success of the planning and implementation of the marketing concepts in Ghanaian banks.

There is an urgent need for examining the effects of the concepts in Ghanian banks, and also there is a need for a study of the practical problems which are just beginning to appear between the Ghanaian and British banking systems, with a view to finding an acceptable means of resolving these problems.

Ghanaian bankers have only rarely seen the unbanked individual as part of their own marketing strategies, as a result, the home safe method of saving is still most prevalent. A bank account was an unpopular alternative due to the social/cultural beliefs that prohibited interest and promoted a cash society.

1:3 THE PURPOSE OF THE STUDY

The purpose of this study is:

1. To ascertain the extent to which the marketing concept has been understood and implemented by Ghanaian banks compared to the UK banks by assessing:

   - Customer orientation
   - Profit orientation
   - Status of the marketing department within organisational structure of the banks and social responsibility.

2. To ascertain the differences and similarities between Ghanaian and the UK banks on

- organisation of the marketing administration
- performance of the scope of activities involving the components of the marketing mix
- Perception of the areas in which the adoption of the marketing concept - has made significant contributions.

3. A case study to investigate GCB to ascertain

- how the marketing functions operate within the bank
- why customers wish to bank with GCB in preference to any traditional commercial bank
- demographic and socioeconomic composition of the banks clientele
- the most important facet of the bank's image
- to recommend marketing strategy for the bank.

1:4 LIMITATIONS

An attempt should be made to indicate some of the limitations to be borne in mind when interpreting the results of the thesis. The size and choice of the population sample impose certain limitations on the generality of the findings. However, since the number of banks in Ghana are at present relatively small (eight), the population of the sample can be considered large.

Eight clearing banks and one building society in the U.K, namely, Abbey National, NatWest, Barclays, Midlands, Lloyds, Royal Bank of Scotland, Yorkshire Bank, TSB and Nationwide were selected. The researcher believes that the number is considerably large and the findings have considerable generality both at theoretical and practical levels. The researcher concludes that findings are tentative and points out general indications of which future studies can be undertaken.

A second limitation concerns the replication and the wording of many variables through the different chapters. This problem was more frequent in chapter 8. In this study, respondents were asked the same questions in two different ways, that is, what factors influence customers to choose a bank. This approach provided some elements of confusion.

Despite these reservations, it is believed that this thesis has some merits. It is the first study to address the marketing of bank services in Ghana. The final contribution of this study lies in its analytical framework and the knowledge that recommendations were derived from statistical analysis rather than mere intuition.

1:5 OVERVIEW OF THE THESIS

The thesis takes the following shape.

Chapter two reviews the nature of commercial bank marketing in the U.K.

Chapter three reviews the literature on the history of banking in Ghana and a case study of Ghana Commercial Bank.

Chapter four reviews marketing concept, product and services similarities and the marketing mix and draws summary and conclusions.

Chapter five reviews the literature on market segmentation. The review of the literature provided the researcher with a number of key areas to focus on. From the review of the literature, five hypotheses that would be analysed to achieve the objective of this study were formulated.

Chapter six discusses the methodology utilised in this research. This includes such issues as the research objectives,formulation of the research questions; the questionnaire design and the data collection procedures. The second section discusses the statistical techniques used for the study.

Chapter seven covers the analysis of bank questionnaire on the adoption of the marketing concept by the U.K. and Ghanaian banks.

Chapter eight covers the analysis of consumer survey of Ghana Commercial Bank customers.

Chapter nine describes the findings, draws conclusion, implications for theory and management and further research.

Chapter ten enumerates a set of actions to improve the U.K. Banks and GCB and the final chapter, eleven, covers a summary of the thesis.

References

1. Drucker P(1954). The Principles of Management, New York - Harper and Row,pp.38-39.

CHAPTER TWO

THE NATURE OF BANK MARKETING IN THE U.K.

INTRODUCTION

The inclusion of this chapter stems from the researchers belief that it is necessary to examine commercial bank marketing which is the focus of the study.

2:1 THE NATURE OF BANK MARKETING

Bank Marketing has been defined as "that part of Management activity which seeks to direct the flow of banking services profitability to selected customers"; Reekie [8].

Intensified rivalry from other institutions such as building societies, loan associations, credit unions and insurance companies has caused the banks to think seriously about how they can compete effectively. This has led them to pay increasing attention to marketing techniques. Meidan [33] adds that due to the very nature of banking, marketing cannot be treated in exactly the same way as, for example, a manufacturing firm; for it must attract deposit on one hand, and attract borrowers and user service on the other. This double sided nature of banking business brings marketing problems which are more complex than those which normally face manufacturing firms.

Traditionally, bankers have considered themselves to be in the service industry and nowhere is it clearer that the development of marketing and the adoption of the marketing concept has been slower than in banking. Indeed, it appears that marketing and the marketing concept have come to banking about a decade later than to the other industries. In the past, banks have not been customer orientated.

According to Howcroft [5]:-

> *"Instead of attempting to discover and solve consumer wants and needs, bankers are likely to be product oriented rather than consumer oriented".*

Writing in 1990, he accused the banking industry of being afflicted with "marketing myopia", which has hampered the development of bank marketing techniques.

However, like all other areas of commercial enterprise, banking is passing through a period of rapid change. The challenge of intense competition in an increasingly affluent society has resulted in a reappraisal of fundamental aims and a new look at some of the time honoured banking activities. During the past decade, major developments have taken place in the International monetary system and in particular the ending of the domestic banks cartel in the United Kingdom has introduced a degree of competition which has turned many of the traditional banking principles on their heads. Indeed the lifting of the restriction has presented banks in the United Kingdom and in Ghana the opportunity to develop services for which they undoubtedly have the expertise upon which effective and profitable customer services may be built.

The changes have brought healthy responses from the banking community, but nevertheless, it has been a reactionary rather than an innovative response on the part of the banks. Indeed, it has been suggested that bankers have been seduced into the practice of consumer marketing, Many of the reasons giving for an increase in consumerism, in the banking industry are the same as those given for the overall growth of consumerism, for example, higher educational levels, greater competition, greater complexity of banking and expectation of perfection.

As a source of deposits and as a destination for lending, the personal customer has not been long cherished by the majority of commercial banks.

Bowen [2] maintains:-

> *"Until recently, banks have been transaction rather than customer oriented. Under banking transactions, the needs of the bank have taken priority over customer needs as well as over opportunities to be found in the market place. When I say until recently, I do not imply that any great change has swept this transaction philosophy out of banking. We all know this is not the case. However, I do think some chinks are beginning to show in the once solid armour of the transaction way of thinking. Possibly, these chinks led to our being here today to discuss banking and the marketing concept".*

Recently, however, marketing planning and targeting have received much more emphasis. Their aims have been to seek out those customers likely to become increasingly prosperous, and identify and meet their needs by a mixture, of amongst other methods, innovation and service improvement, service accessibility and personal representation. Bowen concludes with certainty that the role played by marketing research has been the most significant development in the marketing of bank services over the past two decades, (op cit).

The implications of being marketing minded necessitates a particular marketing approach for banks, namely:-

1. Definition of corporate goals which among other things, will set targets for the company regarding its total image.
2. Selection of groups of customers - a target market.
3. Construction of a product/service offering using the banks particular skills and resources.
4. Presentation of the service to the target market in such a way as to be perceived to be advantageous and different from all competitors' offerings.
5. Monitoring the results in terms of pre-set objectives and taking corrective action where necessary.

In order to satisfy customers' needs, a bank must be sensitive to the environment and adapt to any relevant changes in it. Marketing skills, probably embodied in a central department, have a valuable contribution to make in this area. To quote McIver and Naylor [7] :-

> *"For banking more than most industries, the changing fortunes of the economy and government efforts to control it are a major environmental factor. They have precipitated such marketing policy initiative in the development of overseas markets and diversification into financial services other than main stream banking".*

Increasing competition from other banking and quasi-banking institutions is yet another factor requiring more professional and aggressive marketing action on the part of the banks.

Finally, technological change places a heavy burden on marketing as on a production department. In banking, the computer and its derivation have revolutionised the mechanics of the industry.

Marketing has to ensure that mechanisation does not dehumanise what is, in large measure, a personal service industry.

In these areas, marketing's special contribution is likely to include:-

1. Gathering information about the changing environment and predicting the effect of relevant changes on the demands which the organisation should satisfy.
2. The planning and co-ordinating the marketing aspects of the changes in organisation, productive range and distributive methods that should follow.
3. Utilising the marketing techniques of communication and persuasion, to accelerate necessary change in the attitudes and behaviour of customers, distributors and employees.
4. Recognising and describing the different needs and demands of different

segments of markets served and how they are involved.

How well any bank persuades members of the market to patronise it rather than any other, relates to how well it meets the changing needs of the market relative to the competition.

It would seem appropriate here to identify some of the more momentous environmental forces affecting the markets of banking.

Marketing demand has changed tremendously for both economical and attitudinal reasons because of the increase in promotional methods, also laws have been enacted, for example, the 1986 financial services act, which makes banks a much safer place. Widespread cultural changes have taken place over the years and people's attitude to borrowing have changed considerably. Indeed, according to Hodges et al, (4):-

"Some practices are considered improper. For a bank to mature, conservative tradition oriented culture would be wholly acceptable in a younger more transient community".

Thus, over the past three decades, in the course of events, domestic and external factors have forced a revolution in the psychology and attitudes to banks throughout the world. The starting point came within the turn of 1958 to 1959, when the major currencies of the world became convertible for all external purposes. This provided the major impetus to the development of the truly free International and unregulated money market to which the prefix "Euro" is frequently applied.

The growing Internationalisation of American and the United Kingdom industries (oil companies, computer, motor car) and the consequent need for British and American Banks to become multi-nationals if they were to provide adequate services for their large clients, was one of the most dominant reasons for American Banks invasion of other countries in the 1960's and the 1970's. For example, in the U.K., one response of the clearing banks to competition was to provide a range of services which they offered to their large industrial and commercial clients for the new services the Americans devised for their customers which were also attractive to non-Americans,.. Macfarlane [6].

Thus, there is little doubt that the foreign invasion of American banks helped to create a greater diversity of requirement from personal and corporate customers which has brought traditional customers throughout the world to widen the range of activities. Competition not only come from external sources. For example, in 1980, banks controlled approximately 50 percent of the financial business of the British economy.

This figure then fell dramatically to 30 percent in subsequent years due to inroads made by the following non-bank financial intermediaries:-

a. Public and quasi-public sector:-
   National Savings Movement, Trustee Savings Banks, Local Authorities and Post Office Giro.

b. Private sector:-
   Building Societies, Financial Houses, Discount Market, Inter-Company Market and the Stock-Exchange.

These public and private sector institutions have grown over the past two decades at the expense of the banks for a number of reasons:-

a. A new borrowing instrument
b. Affluent and consumer oriented society
c. Credit restrictions
d. Failure on the part of the banking system itself.

This was then another factor bringing banks to a painful awareness that they had lost a substantial part of the financial services market and should recognise the need for greater marketing activities. As new branches were opened, and larger banking units were being formed through acquisitions and mergers, competition for retail business intensified and services and facilities expanded for the convenience of the minded customer.

Most of these changes took place as a reaction to a changing environment. Berry and Donnelly [1] emphasised the need for bankers to be adaptive and innovative thus:-

> *"Unfortunately, changes in traditional business thinking are more often necessitated through environmental changes which force a defensive reaction or response on the part of the firm rather than any foresight on the part of the executive. Hopefully, the banker will have the forethought to act rather than to wait and then be forced to react."*

2:2 THE ERA OF AUTOMATION

To achieve this, an effective use of marketing tools and technique is being, and must be continued to be used as a major adaptive mechanism to meet the changing environment of banking.

To the traditional banking manager who looked on himself primarily as a lender of money, the concept of marketing would have seemed very strange. His customers were personally known to him and their needs changed slowly. But as Sir Frederick Seeborn [9] puts it:

> *"Banking is now a large and complex service industry whose business is rural, urban, suburban and International".*

Thus an individual banker's survival in the long run, depends on its management at all levels being marketing oriented. Indeed banks must apply the marketing concept in all its facets.

One of the facets of the marketing concept which appears to becoming increasingly important is social orientation. Macfarlane [31], Ennew and Wright [19] and others agree that a major advent of bank marketing in the 1970s was the advent of:

(a) Electronic funds transfer system
(b) Automated teller machines
(c) Cash dispensing machines

(d) Direct deposit of payroll

(e) Pay by phone system

(f) Points of sale system

(g) Credit and deposit cards

(h) Pre-authorised funds transfer

Automation has literally and figuratively changed the face of banking. The alternatives available to banks now had become almost limitless. Banks public relations changed as well and were staffed by better educated and more professional managers. They learned about human motivation as part of the sales effort.

In the 1980s, bank marketing itself was destined for major changes due to Economic, Technological and Structural reasons, Ennew, Wright and Watkins[2]. Among the major possibilities were:

(a) Banks or Bank holding companies were permitted to establish deposit acceptability offices.

(b) Total number of commercial banks shrank in number through mergers and acquisitions, while the total number of banking offices expanded four fold.

(c) Technology, especially electronic funds transfer system became a major force in breaking down the barriers. Income electronic banking became the dominant form for delivering personal banking services.

(d) Extensive competition will result from non traditional sources; ie. building societies, retailing firms and credit companies providing financial services to bank customers.

(e) Cost will continue to escalate for mass media. Media innovations and market segmentation by banks will provide some cost relief. Direct marketing will replace the use of mass media as the major vehicle in a campaign.

SUMMARY

Major revolutionary events are changing the nature of retail banking worldwide. They are grounded in technology and emergent consumer action in open market condition. The turmoil ties in directly with the concerns about quality of actions including customers expectations for service quality. It is a revolution that is strongly influencing corporate planning, marketing strategy and at the heart of it all,the meaning of service quality management. As a result of the growing level of competition and the rapid pace of changes, more and more banks are increasing their marketing planning efforts in an attempt to allocate resources in a way which provide them with competitive advantage or reduces external threats. At the same time, marketing is emerging as an especially important element in bank planning. Traditionally, banks have not paid adequate attention to either strategic planning or marketing and as a consequence, most have turned to external consultants or industrial companies for their concepts or methodologies. The competitive environment of the 1980s and the 1990s is forcing the reappraisal of management skills and corporate identity programmes which will become increasingly important as banks seek to develop consistent image among the many entities of banks.

The next chapter reviews the history of banking in Ghana and a case study of Ghana Commercial Bank.

References

1. Berry and Donnelly, Marketing for bankers,New York,American Inst.of bankers,1975.

2. Bowen B.C. (1974) Marketing looks at banking and the marketing concept in action. AMA.

3. Ennew, Wright and Watkins: Marketing of Financial Services. Heinemann, London 1990.

4. Hodges L and Tillman J.H. "Bank Marketing, Text and Cases, Addison Wensley, 1968.

5. Howcroft B. "The Single European Market, Challenge to commercial banks, Int. Jnl. of Bank Marketing, Vol. 8, No. 3, 1990.

6. McFarlane M: Financial Services Revolution and the Challenge to Management; Jnl. of Banking World, Feb, 1989.

7. McIvor and Naylor; Marketing of Financial Services; Int. Bankers Jnl. London 1980. pp.148-157.

8. Reekie W.D., Marketing in Banking, The banker magazine, 1970, vol.214 pp.97-100.

9. Seeborn F.,Jnl. of Bank Services Marketing, Autumn,1971.

CHAPTER THREE

HISTORY OF BANKING IN GHANA AND SITUATION ANALYSIS OF GHANA COMMERCIAL BANK

3:1 INTRODUCTION

In order to enable the reader to appreciate the evolution of marketing management in banking and its effectiveness, a concise history of banking and its environment in Ghana is attempted here. The inclusion of this section stems from the researcher's belief that it is necessary to try to put the operations of commercial banking into historical and geographical perspective and to relate the changing economic, social and financial circumstances which have, and are likely to continue to influence the growth of commercial banking and marketing of its services. A concise definition and industrial analysis of banking is given in appendix B1.

According to Berry and Donnelly (2),before any marketing effort is expended, it is wise to understand the environment in which the effort is to be expended.This chapter seeks to provide background to an understanding of the operations of GCB set within a typical social, legal and economic environment in a developing African country. By so doing the researcher hopes to reveal trends about the present and future prospect of GCB and how the marketing function can be adapted to achieve sound marketing strategies.

3:2 HISTORY OF BANKING IN GHANA

From the middle of the nineteenth century, the development of modern commercial banking in Ghana had been steady but slow, as the progress of banking depends to a large extent on the rate of economic growth and the degree of monetisation of the economy. The region was underdeveloped and most of the inhabitants lived on agriculture and the produce was consumed or traded locally. Therefore, income per

capita was very low. Moreover the lack of communication limited the possibility for saving and their mobility from one place to another. Due to all these factors, the introduction of modern commercial banking was ventured by foreign commercial banks, mainly British. The prime aim was to finance foreign trade. They therefore, confined their activities to the capitals and few to the main town. They did not attract private deposits nor engaged in agricultural or industrial credit to the Ghanaians, the then Gold Coast.

Therefore, the development of modern banking in Ghana was caused by the stimulus from political and economic changes which occurred in the region. In the mid twentieth century many countries in the region secured their independence and launched economic development plans in other to broaden and diversify their economic structure.

In the past, incomplete monetisation of the economic activities affected the growth of modern banking and finance in West Africa. However, no overall generalisation will suit all West African countries, for naturally, there are differences from one country to another in terms of modernisation, opportunity for trade, investment and provision of goods and services.

3:3 CURRENCY MANAGEMENT

Prior to July 1958, the currency of Ghana was provided and controlled by the West African Currency board and since the limited financiary powers of the board had never been used, the currency was fully owned by external assets, mainly British government securities. Whenever the commercial banks had surplus funds in London or required funds in Ghana, the operations was carried out through the currency board notes against deposits or withdrawal of sterling in London. When as a result of seasonal requirements to finance the cocoa trade, funds were required in Ghana, it was usual to build up balances for the two or three months before the beginning of the season; and if necessary, to repatriate funds from London to Ghana to meet any additional requirement. The system of dealing with surplus funds of Ghana

commercial bank was controlled by the Bank of Ghana and the rate of half a percent was charged.

Up until 1961, the rate structure was based on the Bank of England's discount rate, largely because all surplus funds of the Commercial Banks were invested in London so that their deposits and lending rates in Ghana naturally followed.

The practice of tying local rates to those ruling in London was considered by the Ghana Government to be inappropriate to the country's independent status, and from January 1961, the banks agreed to base their rates on the bank of Ghana's rediscount and lending rates.

The country has always depended largely on the surpluses arising from cocoa sales to finance its development programme. When Ghana became independent in 1957, it had a surplus of overseas assets of approximately GB £190m. In 1961, the country suffered a growing adverse balance of trade of GB £27 million. (Bank of Ghana). Prior to independence, the banking structure in the Gold Coast, was a simple one, consisting of practical purposes, of two British Banks:- Barclays DCO and Bank of British West Africa. In 1957, a common committee headed by Sir Cecil Trevor was appointed with the following terms of reference:

> *"To examine the whole field of banking in the Gold Coast and in particular to examine the question of setting up a National Bank on Commercial lines to finance development projects and to act as reserve bank".*

The Trevor Committee recommended that a National Bank of Gold Coast be established to conduct orthodox commercial bank business excluding long-term finance for industry. In October 1952, "The Bank of Gold Coast Ordinance" was passed and the bank started its operations in early 1953 with a capital of GB £300,000.

The structure of the banking system at that time consisted of two expatriate banks and the newly established bank of the Gold Coast. The banking system was dominated by

the two older expatriate banks whose services were directed to a limited circle of customers. These were mostly the large trading houses and the export organisations operating in the country. At that time Barclays had 12 branches in the main centres of the country and the Bank of British West Africa had 15. By mid 1962, Barclays had 60 branches. The small Ghanaian businessmen found it difficult to establish business connections with the expatriate banks because the banks were dubious of their credit worthiness. In the absence of suitable collateral security for the banks, most Ghanaian businessmen had to resort to money lenders whose rates of interest were extremely high.

This was one of the objectives that prompted the establishment of the Bank of Gold Coast. Another effect of the lack of contact between the Ghanian businessmen and the banks was that it retarded to a considerable degree, the development of the small business sector entrepreneurs in turn preferred to hold their idle balances in the form of cash against demand deposits in a bank.

Some phenomenal developments took place between 1953 and 1958. The gross national product rose from £927.4 million in 1953 to £933.4 million in 1955. Gross capital formation went up from £933.4 million to £955 million in 1958. Money supply rose from £35.3 million in 1957 to £951.1 million. In view of these developments, it became necessary to have a central bank as distinct form the commercial banking institutions.

When Ghana became independent, the Bank of Gold Coast was split into two parts, namely:

1. Bank of Ghana (Central Bank)
2. Ghana Commercial Bank.

The functions of the Bank of Ghana was laid down in the Bank of Ghana ordinance of 1957, which was replaced by the Bank of Ghana Act of 1963.

3:4 THE ROLE OF CENTRAL BANK IN ECONOMIC GROWTH

The Central Bank in Ghana is by status a bank of issue. This means that it is charged with the responsibility of issuing the nation's currency. By implication, it has the task of monitoring, by the application of the right monetary measures, the value of currency regarding as appropriate at any time for conducting the nation's business. It also traditionally act as the bank "of last resort". In this capacity, it stands ready to lend to all recognised financial institutions which may have recourse to it. Over the last two decades, the Bank of Ghana has tended to interpret its statutory functions in such a manner as to enable it to intervene actively in particular areas of respective economies. Recognising that agriculture is often the prime-mover of overall economic development, the bank has concentrated its immense resources, expertise and prestige in setting-up and enhancing the activities of agricultural credit institutions.

The Central bank has recently initiated the setting-up of rural banks. Special departments have been set-up not to confine their activities to provision of funds only, but succeeded in creating the beginnings of a pool of technical and economic expertise in development matters and development of agriculture in particular. The Bank of Ghana has also tried to draw the commercial banks more directly into the area of credit to small businesses, including small farm ventures. Bill financing schemes for the marketing of agricultural produce have been another way in which the Central bank has sought to intervene in the small scale agriculture sector.

A general and valid criticism of the Central bank in its activities in agricultural sector is that being a Central bank, and therefore, somewhat removed from the market place, it should, instead of directly participating in lending or business, be confined to initiating projects and institutions and encouraging promising projects. In other words, it should refrain from direct involvement in the lending process in the farm sector. The Central bank assume up to (100%) one hundred percent of the risk involved and sometimes, requires that all applications reaching the commercial banks should be submitted to it for vetting and considerations.

A study of the operation of the scheme in Ghana by Kwapong (4) has revealed that, the Central Bank authorities, when faced with mounting deficits, have been very slow to accept responsibility in terms of the guarantees furnished by them. The bank's dilatoriness, in this respect, may be due to problems of staffing.

3:5 HISTORY OF GHANA COMMERCIAL BANK

The other half of the Bank of Gold Coast retained its commercial activity known as Ghana Commercial Bank. It started with a capital of £200,000, later to half a million pounds and up to mid-1960, had three offices in Accra, Kumasi and Takoradi. By the end of 1962, it had 40 branches.

In June 1959, the bank opened its savings department with a view to encouraging small savings. The response from the public was slow, but steadily increased in momentum. In October of the same year, the London office branch was opened at 69, Cheapside. Before Independence, the banking structure in the Gold Coast consisted of only the two expatriate banks - Barclays Bank DCO and the Bank of British West Africa. These two expatriate banks have in the course of time, metamorphosed into Barclays Bank of Ghana Limited and Standard Chartered Bank of Ghana Limited respectively.

In the first ten years of its operation, Ghana Commercial Bank served Ghana in the following ways:-

(a) As a Commercial Bank.

(b) As an agent of the Government in the administration of a guaranteed corporation.

(c) By administering the Government mortgage loans scheme.

Ghana commercial bank acts as Government banker in all the places where it is represented and has also taken over the greater part of Government Corporation and other quasi - government business.

Among the functions and objectives of the commercial bank are the following:-

1. Fostering the spirit of entrepreneurship
2. Formulating specific proposals for new enterprise.
3. Encouraging the acceptance of new ideas in the economic sector.
4. Mobilising of funds for the financing of projects which make a positive contribution to socio-economic development.
5. Assist in finding technical and entrepreneurial partners for local clients or for foreign investors.

In 1967, the bank approached the bank of Ghana with a recommendation to open a clearing account with Togo, to facilitate the settlement of trade and service payments between the two countries.

Following the Togo Government's indication in 1969 to grant the necessary licence, the bank succeeded in registering the subsidiary in October 1970, with an authorised and paid up capital of CFA 118,000,000 and as an autonomous institution from its parent company. The increase in the number of Commercial banks operating has naturally increased the number of competitors. Banking for Africa, is after all, in its infancy. The scope for development is enormous and there should be room for all.

3.6 COMPETITION

Commercial Banks in Ghana fall within two main categories. First, there are private banks owned by foreign interest or a combination of foreign and indigenous shareholders. In some cases, the Ghana Government hold minority or majority interest. The second category of Commercial Banks are fully owned by parastatal group of companies or corporations. Not directly associated with the achievement of Political Independence, but no doubt encouraged by it, recent years have seen the emergence of purely African banks, though so far, this movement appears to be confined to West Africa.

As at the end of 1990, the number of financial institutions operating in Ghana had tripled. The institutions are made up as follows:-

(a) Primary Commercial Banks

1. Standard Chartered Bank of Ghana Limited.
2. Barclays Bank DCO of Ghana Limited.
3. Ghana Commercial Bank.

(b) Secondary Commercial Banks

4. National Savings and Credit Bank.
5. Bank for Housing and Construction.
6. Social Security Bank.

(c) Development Banks

7. Agricultural Development Bank.
8. National Investment Bank.

(d) Merchant Banks

9. Merchant Bank, Ghana Limited.

(e) Central Bank

10. with 104 rural banks and co-operative bank.

(f) Non-Bank Financial Institutions

11. Social Security and National Insurance Trust.
12. National Trust Holding Company.
13. Capital Investment Board.

There are presently eight primary and secondary banks and new entrants continue to emerge particularly, "Forex bureau", which are licensed individuals to trade in foreign currencies and the regulatory forces accentuated in the near future.The rural bank was established by the Central Bank to help expose farmers to the use of banking services and secondly, to help alleviate problems encountered by farmers

regarding payments of cocoa sold to the government. Certain restrictive measures imposed by the Government via the Central Bank-like ceiling to credit and sub-ceilings for various categories of advances and import and export financing often leaves the banks to compete largely in the fields of agricultural and industrial activities.

3:7 THE ECONOMY

The Ghanaian economy is primarily based on agriculture, although mining is also of significance. Cocoa farming for exports is the single largest activity, and since the pre-Independence period, has been the main determinant of economic growth. Despite various attempt to diversify the economy, the manufacturing sector remains under developed and heavily reliant on state subsidies and on imported raw materials and components. The infrastructure is weak, and inadequate marketing and distribution facilities have encouraged the growth of informal sectors.

Political instability and general mis-management have had a disastrous effect on Ghana's post-Independence economy. Development planning has been sporadic and uneven, while increased spending on imports, regular budget deficit and persistent overseas borrowing have led to spiralling inflation and a large external debt. These factors, combined with an under valued currency, reliance on energy imports and falling export earnings, contributed to an annual general decline of 0.02% in GDP over the period from 1975 - 1985.

In 1985, the Government announced an economic programme for 1986 -- 88. It's aims included:

a. Improved financial incentives to producers -
b. Structural reform in agricultural, industrial and energy sectors.
c. Reduction in balance of payment and budget deficit.
d. The privatisation of certain state owned enterprises.
e. Growth in export earnings and investment expenditure.

Following increased Cocoa output, and a strong recovery in the manufacturing and construction sectors, GDP rose by an estimated 5.3% in 1986. Continued recovery has been helped by an International agreement on Cocoa prices signed in July, 1986. Table 3.1 shows the economic indicators of Ghana.

TABLE 3:1

ECONOMIC INDICATORS OF GHANA

YEAR	REAL GDP GROWTH %	CONSUMER PRICES CHANGE IN %	TRADE BALANCE US$M	CURRENT ACCOUNT BALANCE US$M
85-89	5.4	26.2	-270	-339
1990	5.0	20.0	-125	-100
1991	6.0	18.5	-70	-25

Source: Barclays Economic Review, May 1990.

Population

Ghana's population has increased since 1984 to reach 14.1 million. Ghana's population is becoming increasingly urbanised, with an estimated 5.5% rise in the annual growth rate of the urban population from 1980 - 87, compared with a 3% country over the same period. The steady urban drift and the youthfulness of the population are important factors underlying the growth in Government expenditure and social welfare, particularly education and health.

Money Supply

The volume of money supply, narrowly defined as currency outside the banking system and demand deposit, show an irregular pattern of growth. The increase in the demand deposit component is indicative of the growth of public confidence in the banking sector following the measures introduced by the Government to restore confidence in this vital sector. Appendix G shows the money and quasi money supply from 1985 to 1990.

Like any other developing country, the result in thin money and capital markets make it imperative to seek foreign capital, which is again unproductively deployed in an inefficient financial system and creates unserviceable debt burden. This leads to continual need for aid and grants to keep the economy afloat.

The increase in the money supply held outside the formal banking system is due to mistrust or lack of confidence in the banks as a result of arbitrary incessant confiscation of assets by the Government. Large increases in the money supply directed through state banking system to government corporations are inflationary.

3:8 FINANCIAL SYSTEMS AND OPERATIONS

The Commercial Banks in Ghana provide only short term finance which tend to be less suitable for the development, production and promotion of goods and services. At the same time, the funds they provide for export and import of goods and services tend to be inadequate in the face of many constraints. Coupled with these, the existing development banks do not, by themselves alone, have sufficient resources to provide the necessary funding for development and production activities. The result is that bank finance does not stimulate trade activities sufficiently to facilitate increased use of the clearing system. There is therefore a need for Commercial Banks to reorient their operations and work in closer co-operation with development banks for the creation of sound financial systems, which ensure that finance is available at the right time in sufficient amounts and on reasonably terms covering moratorium, repayment period and the interest rates.

3:9 LENDING

Appendices E and F show the loans and advances to various industries by commercial banks, Table 3.2 shows the loans and advances of Ghana commercial banks as a percentage of total Commercial Banks in Ghana from 1985 to 1990. GCB's Lending from 1985 to 1989 received an increase of 350% and showed a modest reduction in 1990. This was due to tight monetary policy from 1989-90. During the same period Ghana commercial banks loans and advances increased remarkably by 780%. Ghana

commercial bank share of the loans continued to rise and presently controls a market share of 50.3%. In spite of the gloomy economic conditions in the late eighties and stringent financial policies of credit ceilings imposed by the Central Government, Ghana commercial bank result were satisfactory. In the same period, commercial banks advances to the private sector grew substantially. However, lending policy is still inadequate and its often oriented towards the capital for short term liquidating loans. Capital for long term purposes is very scarce.

The activities of commercial banks in the provisions of industrial working capital, though growing, is still very limited. Secondly, advances towards agricultural operations and the marketing of produce is still very small. As a result, many farmers and small merchants in the rural areas fall on money lenders whose rates are extortionately high. There is therefore a need for the growth of term lending institutions.

TABLE 3:2

LOANS AND ADVANCES OF COMMERCIAL AND INVESTMENT BANKS (¢ M) IN MILLION CEDIS

YEAR	ALL COMMERCIAL	GCB	%
85	22,497.6	5,124	22.8
86	40,926.3	12,787	31.2
87	57,348.1	20,799.8	39
88	66,338.9	NA	NA
89	79,531.6	33,085.2	41.6
90	79,429.7	39,979.8	50.3

Source: Ghana Quarterly digest of Statistics, March 1991 and Published accounts of GCB 1986-1990.

3:10 GHANA COMMERCIAL BANKS BRANCHES

Table 3.3 shows the number of branches of commercial banks in Ghana. In all, there are 320 bank branches throughout the country. Of this, Ghana commercial bank holds 46.6%. For a country with a population of 14.1 million, and rich in land and mineral sources, these branches are inadequate to serve customers satisfactorily. In addition to its headquarters, Ghana Commercial Bank currently with 149 branches, has branches in London and Togo. The London branch controls about 55% of the total assets. The net income of the bank for the fiscal year ending in December 1990 was ¢ 3.98 billion, up from a massive loss of ¢ 4,713 million in the corresponding year.

TABLE 3:3

NUMBER OF COMMERCIAL BANKS BRANCHES IN GHANA

YEAR	TOTAL	GCB	%
86	329	149	45
87	331	150	45
88	338	150	44
89	333	149	44.7
90	320	149	46.6
91	320	149	46.6

Source: Ghana Quarterly digest of Statistics, Vol IX No. 1, March 1991. Accounts of GCB 1986-1990.

Like any Ghanaian banking, Ghana commercial banks' financial position in recent years deteriorated (see Table 3.4). The deterioration could be attributed to the following:

(a) Increased levels of non-performing advances.

(b) Lending in excess of imposed credit ceilings and its resultant liquidity problems.

(c) Increased provisions to compensate for under-provisions in past years in respect of doubtful debts.

(d) Cost of servicing credit being greater than interest earning and poor credit recoveries.

(e) Increasing reliance on high cost funds as the banks share of the current account market fell from 61% in June 1978 to 34% in June 1988.

(f) Increases in all categories of operational expenses especially staff costs.

(g) Increasing expenditure on fixed assets.

As a result of this poor performance, Ghana commercial bank's balance sheet had needed improvement in the mid up to late 1980's. In January 1990, a new managing director Kwaku Nini Owusu was appointed. His first task was to reorganise the bank into four strategic units, namely:

1. Corporate Banking
2. Retail Banking
3. International banking division
4. Treasury Management

TABLE 3:4

GHANA COMMERCIAL BANK'S FINANCIAL PERFORMANCE IN RECENT YEARS

(¢ M) ¢-CEDIS

YEAR ENDING 31 DECEMBER	86	87	88	89	90
Assets	50,771	105,049	133,933	168,471	260,009
Liabilities	48,316	101,060	125,908	166,402	225,508
Shareholders funds	2,455	3,989	8,025	2,069	34,501
Revenues: Interest income Interest expense	 3,246 (1,566)	 5,857 (2,826)	 8,797 (4,726)	 10,903 (8,421)	 23,108 (10,339)
Net interest income Commission / other income	1,680 1,062	3,031 1,982	4,074 2,596	2,482 4,919	12,769 3,794
 Operating expenses prorisims	2,742 2,031 200	5,013 3,438 819	6,670 7,526 5,497	7,401 8,891 10,952	16,563 (8,942) (624)
Operating profit (loss) Exceptional item	511 NIL	756 NIL	(6,353) 7,058	(12,442) 5,306	114 3846
Profit / (loss) before tax	511	756	705	(7,136)	3986

Source: GCB Annual Reports from 1986-1991.

3:11 MISSION OF GHANA COMMERCIAL BANK

In 1990, Ghana commercial bank undertook a restructuring programme and defined its mission as:-

> *"To retain our responsibilities and obligations of good corporate citizens but see our primary role as the leading Commercial Bank in Ghana; providing an extensive range of high quality services and products profitability and competitively. This will be achieved by work climate which produces a well motivated and contented staff with a strong corporate loyalty and who accept accountability and responsibility".*

This mission statement was translated into corporate objectives as:-

1. To increase profitability
2. To increase market share
3. To cultivate work climate centred on corporate loyalty and well motivated staff
4. To develop a management structure imbued with high professionalism and capacity to react and adopt to future challenges.

To meet these challenges, decisions were made to enhance:-

a. Human resources.
b. Communication and training.
c. Information technology.
d. Marketing department.
e. Corporate planning unit.
f. Re-organisation into separate business units.

3:11:1 SERVICES OFFERED BY GHANA COMMERCIAL BANK

Ghana commercial bank offers the following list of services to both corporate and retail customers.

a) Funds using services Corporate Retail

Export financing overdrafts

Current loans

Commercial loans

b) Non funds using credit

Acceptances

c) Funds generating services

Saving accounts

Pass book savings

Investment deposits

Time deposit/current accounts

d) Commission services

Corporate custodian

Foreign collection

Domestic collection

TABLE 3:5

DEPOSIT AND SAVINGS (¢ BN)

	85	86	87	88	89	90
Deposits & Savings	13	23	41.5	NA	97,235	161,657.3

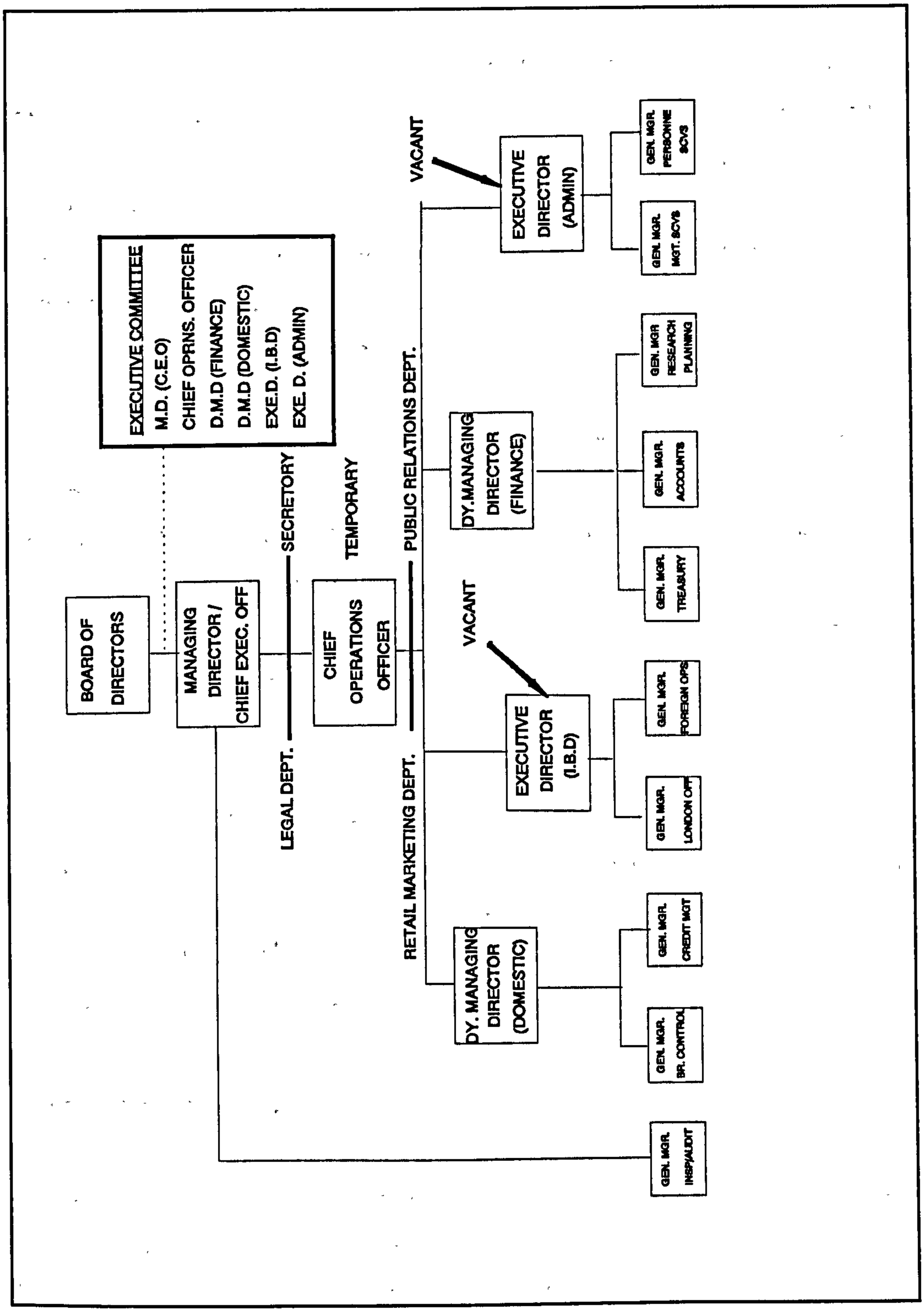
The above table shows deposit and savings of Ghana Commercial Bank. The 1990 results shows an increase 167% from the corresponding year.

3:12 ADMINISTRATIVE/ORGANISATIONAL STRUCTURE

Ghana Commercial Bank is headed by a managing director who reports to the Board of Directors. The Managing Director also heads the Executive Committee, (see Figure 3:1). Ghana commercial bank currently employs about 5000 people. Other Directors and Heads of Departments are graduates and professionally qualified. Since there is an understaffed skeleton marketing department, the marketing decision making is highly participative. The Managing Director, Directors of Finance, International Banking, Retail Banking, Treasury and Administration and the Head of Research Unit are all individually and collectively involved in what they recognise as marketing decision making.

FIGURE 3:1

GHANA COMMERCIAL BANK ORGANISATIONAL CHART



The existing area and branch administration were structured in 1985. This involved the replacement of area management by group branch management with effect from June 1, 1985. Group management concept is a unit banking administration approach for the management of branch banking.

With the 149 branches, the executive management of the bank was before June 1985, represented in thirteen administrative areas by area managers. Each area manager exercised supervisory role over between ten and fifteen branches within a radius of some 100 kilometres. Under new arrangement, the bank's administration is divided into thirty-four units with one Group Manager as effective head of one unit consisting of between four and five branches. Branch Managers continue to play the role of managers as before but work up to group managers.

Each branch of the bank under the existing structure has a Management Committee made up of members drawn from the staff of the branch. The Committee is responsible for the day to day administration of the branch. The existing management approach seeks to provide not only effective branch administration and to involve all levels of personnel in decision making, but also to give meaning to an effective decentralisation of banks administration. It further seeks to give individual branches some local identity.

It is now proposed to strengthen the control and supervision of branch operations with the introduction of area supervisors, reporting to the General Manager - (to achieve branch control) whose function will be solely that of guidance/supervision - particularly of less experienced managers, and not direct involvement in day to day branch operations which responsibility will now be exclusively that of the branch manager. The objective being an overall improvement in efficiency and specifically more prompt and reporting to Head Office.

A review is being undertaken to examine the controls and operational procedures and reporting, towards improving efficiency, reducing costs and increasing profitability and also to rationalise authorisation procedures and discretionary limits.

3:13 STAFF DEVELOPMENT

Ghana commercial bank has a training school located at Nungua, about 10 miles from Accra. The bank organises some training programmes and in-house courses for all categories of staff at its training school. In addition, some are offered opportunities to attend further courses at the University of Ghana, Legon and or abroad in the United Kingdom and U.S.A.

However, specialist personnel are in demand at both regional and district levels. Promotion for graduates entering the organisation is slow and appointments above Head of department is made by the Government which owns 95% shares

3:14 TREASURY

This study identified many over lapping areas of Treasury and accountancy functions in the Bank. Other problems highlighted were cash management, lack of asset/liability analysis, policy on liquidity and capital expenditure. While improvements have been made in observing liquidity ratio requirements the overall margins have been very low and consequently, it is considered that the bank has not satisfactorily overcome this specific problem. It is proposed that the Treasury function will be strengthened by the introduction of improved techniques for investment policy, asset/liability maturity management, branch, and regional office profitability, cash management, fund mobilisation of non-interest earning cash/funds. There is also a noticeable shortage in skills in the areas of treasury functions.

The accounting procedure is a major area of weakness in the bank as evidenced by lengthy external audits and inadequacies in harmonising the banks internal systems and current monetary authority systems. These problems are exacerbated by chronic delays in the compilation and submission of critical data by the branch network. The main objective should be to overcome these operational problems by improving accounting procedures and the introduction of systematic training of staff involved in these specific areas. Another area is a corporate planning process within the bank.

3:15 INTERNATIONAL OPERATIONS

The London branch of Ghana commercial bank started operations in 1959 as a deposit taking institution. It later became responsible not only for the foreign business of Ghana commercial bank, but also for the bulk of the country's foreign business, including the handling of Cocoa documents.

This branch finances all payments of letters of credit with funds provided by Bank of Ghana or with borrowed funds. The bank maintained its lead among banks in the country in the handling of import and export business. This was made possible because of the increase in the volume of foreign transactions handled by the bank during the period under review. Foreign business was boosted by reforms introduced by the Government to liberalise trade and exchange in 1985. The new exchange rate system which was introduced, enabled a large number of customers to have easy access to foreign exchange to import raw materials and other vital inputs. With the continued availability of World Bank funds resulting from the government, economic recovery programme and funds from retention accounts, the profits prospects of the London branch continue to look very bright.

This study uncovered problems experienced in the operations of the International banking activities embracing Accra and London; especially in the recording, accounting and reconciliation of individual transactions. While attempts have been made to achieve improvements, the required level of efficiency has not been achieved. Intensive efforts should be made in reviewing present procedures and controls with the object of improving all aspects of International dealings.

3:16 TYPES OF MARKETING PLANNING UNDERTAKEN

There is no long term strategic orientation. A separate marketing department is in its embryonic stage and the creation of corporate planning unit is also at the inception stage. The research department which is responsible for monitoring economic trends assume such responsibilities. There is no formal S.W.O.T activity and no gap analysis nor any explicit portfolio analysis. The organisation is semi-professional at

one end, but apparently, lacking the desire or will to be other than short term in orientation. During discussions with some senior managers of the bank,the manager in charge of domestic operations remarked as follows:

> *"After all, customers know us. In this environment, marketing activities would not, however thrive successfully. Our small scale farmers and traders have confidence in us. We are the largest bank in this country. The most important area, I think, is to recruit qualified accountants to be involved in corporate planning and auditing to minimise the incessant fraudulent deals".*

This professional yet not strategic orientation could easily be changed by the new Managing Director. Over the past years, the company blends both the bottom up and top down planning systems. Regional or Area Managers are encouraged to submit proforma as covering geographic areas. This is collated by the budgeting officer who is fed with information on matters concerning the external environment.

During the preliminary research phase, the top officials of GCB including the deputy director in charge of operations were interviewed.The researcher asked the deputy director the following questions:

Q. How does GCB persuade customers to use the bank's services?

A. Consumer Orientation,

> *"We manage to provide services in such a way as to make them very popular to the customers who use them. For example, people have been shunned the interference in their day to day operations for fear that their trade secrets may be liable to spread through bank staff indirectly. We manage our service in such a way as to balance the needs of the clientele and our need for control, their need for secrecy and our need to have sufficient control and monitor their performance to achieve desired results".*

Q. In another question as to customer orientation being an integral part of managerial attitude.

A. The Deputy Director disclosed,

".. that there is now a clear awareness in the bank that the services being provided currently, have to be refined and modified in many ways to meet customer needs and there is a major restructuring programme in progress. We have noticed the degree of competition which is building up and we are convinced that being marketing oriented would help strengthen our leadership position".

Q. In meeting customer needs and wants does GCB offer General and Personal financial advice?

A. *Yes we offer quite a lot of advise to our customers who approach us at our different branches. We study the market in the same way as a businessman would because we expect to be partners to any operation in the market. Sometimes we dissuade customers from undertaking certain ventures and our point has often proved right.The director added that thorough market segmentation is often not practised, but the bank serves various groups of customers.*

Comparing GCB's need to minimise risk and to search lending opportunities with that of traditional commercial banks, the deputy director pointed out that" in the normal banking practices of commercial banks, one can easily see that banks usually wait for their customers , it is true that banks today introduce the concept of marketing to the field of banking thus making them more positive in their action than before. Similarly, elaborating on the major differences between Ghana and the U.K. banking systems, the deputy director stated that by virtue of its methodology,that is to say a bank which has to be involved in its operations with customers and not just lend, secure lending and wait for proceeds to come, requires proper supervisory, monitoring and sufficient preparatory work in terms of feasibility studies and market surveys to reduce risk to tolerable and manageable proportions. The approach is not to run away from risk but to minimise it. Furthermore,in his presentation of the operation of GCB, he pointed out that technical and economic study of each operation

, investigation of the customer's financial position and financial deal, continuous supervision and follow up section in every branch and at the headquarters are among necessary securities for the success of finance operations.

As a result of the various restrictive measures imposed by the Government via the Central bank in its bid to stabilise the economy,through import and export regulations,ceilings to credit and subceilings to various categories of advances etc.,the bank appears to be competing largely in the fields of funds for export financing, agriculture and industrial activities. There is hence a genuine managerial concern about social and individual needs and problems and hence marketing research becomes a tool of prime importance in decision making. In fact, the most significant discernible feature of GCB is management attaches great importance to marketing research. This represent a first step toward marketing orientation and is corroborated by their positive appraisal of consumers' role in the bank's existence, growth and stability and point moreover to their recognition of the necessity for researching consumer behaviour, banking needs and wants.

In order to gain further insight into GCB general marketing management, the deputy director was asked as to who usually takes decisions regarding the following controllable marketing variables: product or service design,branching decisions, pricing, communications and market research.

The director answered that" there is an executive management committee, a board of executive committee and a board of directors. Regarding product or service design, this is really a managerial decision taken with the collaboration of branching decisions that are undertaken at board level on the advice of the executive management, especially in the opening of a new branch. Generally, the executive decisions are transmitted to the executive committee of the board of directors and they take active role in trying to supervise".

The above indicate that operations recognised as coming under the responsibility of a formally organised marketing department are in effect, however, being performed informally by officers of other department. The researcher therefore conclude that,

though the marketing concept has in effect been implemented, the structure of the bank has not been influenced by the performance of formal marketing operations.

In an answer to another question as to the implications of the restrictive Government policies for the bank, the deputy director said:

> *" It's a major problem if it persists for long. The IMF traditional operations when it extends its facilities is to try to squeeze credit in the community and the central bank will issue stringent administrative injunctions telling each bank not to exceed a certain limit in its operations in each quarter or month of the year. We are hence restrained in our acceptance and utilisation of investable funds".*

Insights gained through the interviews suggest that the major strategies employed by the bank can be grouped into emphasis on research,emphasis on planning, focusing of objectives and introduction of new services.

3:17 SUMMARY

Until the early eighties, the GCB had operated basically in growth markets and had succeeded in achieving satisfactory profit before tax return on investment and cash flow for dividends. GCB had recently been forced to reconsider the marketing planning system because of financial disaster in the groups divisions.

A marketing system was introduced in 1988 on the basis of simple trading/operational plan format and eventually developed into what was described as "once a year ritual". According to some GCB officials, people appointed to head marketing had no experience and that the contents were not based on a thorough and systematic analysis of market opportunities. Numbers derived from sales forecasts tended to be little more than statistical extrapolations.

It seems reasonable to speculate that an internationalised forecasting and budgeting system, on its own, geared as it is to achieving short term profit targets, can lead to

entropy of marketing creativity and productivity, particularly in situations where sales growth are not too difficult to obtain. It was clear to the researcher that the principal marketing managers were little more than "number crunchers" and trouble shooters. They knew virtually nothing about the fundamental concepts or the techniques of marketing which may have resulted from a total lack of need to do anything other than to plan to sell sufficient volume at a sufficient margin to enable the organisation to achieve its budget.

When the market environment turned hostile, apart from cutting costs, the company was incapable of dealing with the changed circumstances. It would almost seem as if an institutionalised budgeting system on its own leads to inertia, and eventually, to decay. Therefore, it seems reasonable to assume that the absence of complete marketing orientation and planning system lead to a financial decline once the rate of market growth started to decline.

Thus, the future of GCB lies in identifying existing and new customers' needs and developing new ways of doing business. Clearly, innovative change is needed and the adoption of the marketing concept is the key to this change.The magnitude and rapidity of the various economic climates makes it incumbent upon any young Institution to vigorously adjust in order to carry out its objectives in such a turbulent environment.However, the history and operations of GCB as discussed, give credit to the efficiency and dedication with which the bank copes with the difficulties encountered with its external market environments. The service which has not caught on among the public is cheque accounts and this is a country where people trust cash. Old traditions die hard and Ghanaians still carry bulging bags of cedis down to banks, businesses and shopping places. Bank officials pointed out that the use of cheques to make payments are not widely accepted and the cash and carry syndrome is likely to continue. They stressed the fact that easy profit in the past made it less critical for the banks to have strategic marketing planning. The deputy director indicated that the identification of opportunities in the market place and the realisation of company and marketing objectives had to be considered side by side. On the basis of the foregone, the researcher concludes that GCB has an informal and comparatively limited marketing process. This appears to be the case for a number of reasons, among which

are the restrictive elements emanating from unsophisticated, economically and politically fraught market environment. Nevertheless, the greatest asset of any new bank is potential, and given time,GCB can refine and develop a marketing process which would be to the mutual advantage of its customers and itself.

References

1. Andrews S. Banks winning gambits for 1992. Jnl. of International investment; June 1989, pp41-51.

2. Central Statistics Office, Ghana quarterly review 1990.

3. GCB annual report 1986 - 1990.

4. Kwapong E.K., Jnl of Inst of Bankers, No.3, 1989.

CHAPTER FOUR

THE MARKETING CONCEPT, PRODUCT AND SERVICES SIMILARITIES AND THE MARKETING MIX

INTRODUCTION

This study has been set off in the context of a comparative marketing management study. In order to adequately comprehend the knowledge with which the marketing orientation and implementation of marketing function are associated with Ghanaian and U.K. banks, it is necessary to examine the existing knowledge pertinent to the topic of bank marketing because the researcher believes that an understanding of the marketing concept is fundamental,as discussion on the basic components of the marketing concept, its development and its implementation is provided.

What lies at the centre of marketing concept theory is the belief that the structured approach described in this thesis will sharpen the rationality of managers, help them to make more informed, hence better decisions, and to schedule their actions so as to reduce the magnitude of problems and add greater dimensions of realism to their goals.

The whole theory of marketing concept and planning is complicated by the varying size, complexity, character and diversity of operations of British and Ghanaian banking services. The first part of this chapter reviews the literature on the marketing concept. The second part reviews product and services similarities and the final part reviews the literature on the marketing mix.

4:1 THE ROLE OF THE MARKETING CONCEPT

This part of the chapter reviews the literature on the marketing concept.The role of marketing is paramount as far as banks are concerned. According to Ellwood [17], shareholders in banks are entitled to a margin of their investment above the risk free rate of return. One of the aims of marketing therefore is to facilitate the generation of sufficient income to give the shareholders a satisfactory return and to put the organisation in a more competitive position.Ellwood adds that

> *"Banks, until recently, have made sufficient returns to their shareholders without too much effort. They have succeeded because they have acquired "their raw materials - credit balances, extremely cheaply and have been able to sell their finished goods of asset and liability products, and more lately, fee based services".*

Ellwood [17] adds that one senses in British financial services, a lack of cohesion in marketing. Marketing is so fundamental to the success of any organisation that it has to be at the heart of that organisation's strategy. This means that marketing is not a strategy in a vacuum, but that the best companies will have a marketing led strategy as opposed to a financial or technological led strategy. Consumers are becoming more aware, more sophisticated, more demanding, better educated and more unwilling to be treated generically.

Perspectives of what constitutes marketing and what place marketing holds in the firm, have undergone substantial change in recent years. In earlier years, marketing was viewed as not much different from selling. At the core of the marketing concept is a very different perspective. This perspective was represented by marketing scholar Theodre Levitt[34] as follows:-

> *"The difference between marketing and selling is more than semantic. Selling focuses on the needs of the seller, marketing on the needs of the buyer. Selling is so occupied with the seller's needs to convert his products into cash, marketing with the idea of satisfying the needs of the customer by means of the*

product and the whole cluster of things associated with creating, delivering and finally consuming it".

Lewitt ideas were that companies and industries tend to be product oriented. They tend to be preoccupied with the manufacture and distribution of the product and to the extent where the basic need which the product satisfies is lost sight of. The result is often a loss of competitiveness as rival products improved or substitutes erode markets. In offering a distinction between the Marketing concept and marketing management, Kirk([32]) also asserts that:-

"The Marketing concept is a philosophy or attitude that accepts a customer orientated way of doing business and rooted in the profit concept instead of the volume. Marketing management is the how we do it, or translation of the philosophy into actual practice".

Essentially the marketing concept focuses on all the activities of the organisation on satisfying customer needs by integrating these activities with marketing to accomplish long range objectives. As Levitt [34] commented:-

"The profit lure of mass production obviously has a place in the plans and strategy of business management, but it must always follow hard thinking about the customer. This is one of the most important lessons we can learn from the contradictory behaviour of Henry Ford ".... Actually, he invented the production line because he had concluded that at $500.00, he could sell millions of cars. Mass production was the result, not the cause for his low prices"

This definition of the marketing concept depends upon whether it is used merely as a philosophy or if it is used in actual practice. In either case, if the organisation adopts the philosophy, it must show evidence of how its actual practice through its organisational structure and strategies are implemented to achieve objectives.

If we consider the marketing concept as a philosophy, the literature suggests an emphasis on a way of thinking as much or more than a set of activities. Thinking about the consumer appears to be at the heart of the Marketing Concept. According to Stanton [50] the Marketing concept is a philosophy of business wherein it is recognised that anticipation, stimulation and supplying of customer needs and wants are the primary aim of the firm and all other functions are secondary. Customer orientation, according to Kotler [32] is a dual core marketing job, that is discovering needs and desires of customers, including those of which the customer is not aware of and persuading the customer to purchase these goods or services. For others, marketing mix consists of customer orientation and profit orientation and this is illustrated in Kotler's(33) definition of marketing concept thus:

> *"A managerial philosophy concerned with the mobilisation, utilisation and control of total corporate efforts for the purpose of helping consumers solve selected problems in ways compatible with planned enhancement of the profit position of the firm".*

Three basic elements are in fact discernable in this definition:-

(a) A managerial philosophy concerned with its mobilisation.
(b) Utilisation and control of the total corporate effort.
(c) Customer and Profit orientations.

This literature review places much emphasis on customer orientation and profit orientation.However, it appears that in recent years,a broader and more mature view of marketing concept is emerging.

In this light, writers such as Couture[12], Berry and Donnelly[4] perceive the marketing concept as going through an evolutionary process.Indeed, they point out that although it is impossible for the marketing concept to show clear cut events illustrating the historical development or to assign a specific date to a period or stage in the evolutional process,different stages in the development of the marketing concept can be broadly identified.

Berry and Donnelly and Kotler for example, discuss five broad stages which they see as representing a different degree of understanding, appreciation and implementation of the marketing concept:-

The first stage is referred to as the promotion stage during which bankers classify marketing as advertising or advertising and public relations i.e. they think of marketing as equivalent to public relations.

The second stage identified is that of personalisation stage banking, wherein, banks try to rectify their images as remote, impersonal institutions by training personnel in customer contact to be customer orientated and among other things, modernising the internal appearance of the banks to create a more friendly atmosphere for customers.

At the third stage, banks then search for a new key to the marketing orientation and discover, it is in the concept of innovation. They realise that effective customer contact alone is not enough and that the offering of innovative need filling services is an additional marketing aspect. As a result of banks reaching this stage, we have seen the introduction of credit cards, automated telling machines (ATM), Switch and other new services to meet the customers evolving financial needs.

The fourth is the marketing systems stage. Instead of constantly seeking to achieve a little more sales and profit each year, banks begin to develop detailed marketing plans, establish sales and profit objectives and achieve the development of marketing information system.

The fifth has been termed the societal marketing stage wherein, it is anticipated that the growing pressures of consumer and other social movements will increasingly catch up with banks and force them to lay greater stress on public affairs programmes, consumer financial counselling and education, careful monitoring of bank personnel of potential harmful effects of proposed new products, advertising and the like. Berry and Donnelly indeed believe that in the U.S.A. at least, there are many banks in all of the stages, but that probably, the majority are in the first three:- promotion, personalisation and innovation and few have reached the latter two stages.

It is however, the researcher's view that Ghanaian banks are passing through evolutionary process as regards their understanding and implementation of the marketing concept to that experienced by U.K. banks and this is so primarily because of the differences in the hierarchy of organisational objectives of U.K banks. For example, whereas the four organisational objectives epitomised in the marketing concept of U.K. banks is suggested to be:-

(a) Customer orientation
(b) The scientific pursuit of profitable services
(c) The integration of effort toward common goal
(c) Social responsibility in decision-making.

It is the researcher's view that Ghanaian banks have started with social responsibility in decision making and this is epitomised in their attitude or view of the marketing concept, and will pass through the other stages discernible in U.K. banking. This is supported by research data presented in the later chapters of this thesis.

Like Berry and Donnelly, the researcher believes that in addition to the customer and profit orientation, the marketing concept in the U.K. must encompass the obligation of the organisation to consider the effects of its decisions, actions and non-actions on the whole social system, i.e social responsibility in decision-making must be part of the marketing concept if it is to be an adequate philosophical guide for organisations in today's and tomorrow's environment. Acting in accordance with the marketing concept, the firm becomes more conscious of the inter departmental implications of decisions and actions of individual departments and the interaction of company personnel in establishing corporate and departmental objectives.

Wilson A[52] confirms that the definition of Marketing Concept leads to the elaboration of a set of precepts or rules management should adhere to. These involve:-

1. Deciding the 'mission' or business of the practice: Firms tend to see their purpose too narrowly and as a result do not always see opportunities open to them. Asking what business are we in and obtaining the correct answer is the

first practical step in developing a practice. Financial institutions in all, develop an offer, or are in the throes of offering one stop financial services where clients can be satisfied at a single source .... credit cards, leasing, investment, thrusts and many other services.

2. Identifying suitable targets: Identifying the target clients in terms of common characteristics and needs will enable the limited development and resources of the firm to be concentrated on those types of clients/customers most likely to achieve their objectives.

3. Clients' attitudes, behaviour and need analysis: Increasing and meeting the demand for professional services, knowledge of attitude of customers may be formed on impressionistic evidence. Folklore rather than fact can hinder the development of the services offered, prevent accurate segmentation criteria and differentiated appeals being devised. An accurate and up to date information base is a prior condition for successful development and is perhaps the one aspect which is rarely disputed.

4. Differentiated advantages: Every firm must consider what elements in its resources, capabilities, experience or reputation will create special and unique values in the minds of its customers. Differentiation is likely to occur through personal packaged services, the way in which the information on the service is presented, benefits offered, customers served, referent source locations, availability and perhaps the creation of attractive ambience. Marketing financial services, for example, can be effectively carried out through the use of intermediaries of various sorts which themselves can create differentiation.

5. Selecting appropriate, permissible and acceptable methods of contacting customers: The communication channels are diverse and the methods of reaching, explaining to and convincing potential customers are complex. Many methods and media are rejected by financial institutions as too brash, too costly, too ineffectual without any consideration of their relationship to the firm's services and markets. The various tools in marketing should not be

judged by either their title or association with consumer goods marketing.

6. Continuous information feedback: Information must be collected, integrated and stored in a common data bank and collected from externally and internally originated information which is required for the effective operation of the organisation. It is vitally important that the information should be easily retrievable when needed and as appropriate available to all levels of management.

7. Market and marketing audit: To expand profitably, periodic reliable audits of achievements, resources, opportunities and threats are needed. Audits in the context have three applications:

   (a) To monitor the changes in the environment in which the firm operates.
   (b) To evaluate, and where possible, measure the effect of the use of any particular method, medium or message used .... marketing.
   (c) To enumerate and evaluate the resources a firm may possess or acquire that are available for development in resource enhancement.

Reekie [45] suggests that however broad its orientation, the marketing concept must nevertheless become more than a rhetoric in the firm, it must be understood and believed in by top management for its implementation to be effective. Indeed, it must be management wide responsibility. In the U.K., the development of the marketing concept in bank probably came later than in the U.S. It was not until the 1970's that the conventions of a century or more, were questioned and marketing in banking became a widely discussed topic in British banking circles. No doubt that overall, the last decade has brought about remarkable changes in high street banking.

A much greater interest in the development of the marketing approach implies a change attitude amongst the banks. Acting in accordance of the marketing concept,the firm becomes more conscious of the interdepartmental implications of decisions and actions of individual departments and the interaction of company personnel in establishing corporate and departmental objectives and policies, Couture (12). He

adds that the marketing concept is considered as a philosophy of management, and the philosophy should serve as the basis of the management of the firm. It should govern the establishment of the objectives of the firm and it should be planned for when a business is established, since its success or failure depends on it to a certain degree.

Couture (12) and Kotler's (32) definition of the marketing concept leads to elaboration of a set of precepts or rules management should adhere to:

(a) Company wide managerial awareness and appreciation of the consumer's role as it impinges upon the firm's existence.

(b) Active company wide managerial awareness and concern with interdepartmental implications of decisions and actions of individual departments.

(c) General managerial concern with the effect of new products and services introduction on the firm's profit position , both present and the future and recognition of the potential rewards which may accrue from new product planning and profit stability.

(d) Managerial efforts based on participation and interaction of company officers establishing corporate and departmental objectives which are understood and consistent with the firm's profit position.

(e) Short and long range planning of corporate goals, strategies, tactics, resulting in defined and co-ordinated efforts of the firm's functional areas.

(f) General managerial appreciation of the role of marketing intelligence and other fact finding, and reporting units within and adjacent to the firm in translating the general statements of profitable market potential, targets and actions.

(g) The creation, expansion,termination or restructuring of any corporate functions as deemed necessary in mobilising, utilising and controlling total corporate effort toward the solution of selected consumers problems in way compatible with enhancing the firm's profit position.

The central theme of this proposition is that there exists a "sensitivity" monitor between market demand and market offering which serve as a basis of managerial action.The proposition emphasises the importance of marketing research as a tool in decision making and stresses the need for scientific marketing planning and marketing strategies.

Finally in the Banking Industry, the marketing orientation is not yet completely accepted at the top management level. One of the main reasons for this is the confusion between marketing and selling. The marketing concept is broader than selling in that it covers all the activities in a strategy.

An additional reason for the lack of acceptance of marketing is that its contribution to the Banks profitability is not easy to quantify. However, structured marketing planning and market analysis can be evaluated in terms concrete activities and results of account managers.

The marketing management process relies heavily on designing the banks offering in terms of the target market needs. Therefore, market analysis and knowledge is a key element to organising the bank's resources in such a way that the clients are satisfied at a profit for the bank, McTavish and Perrien[30]

4:1:2 MARKETING AND MARKETING ORIENTED MANAGEMENT

In services marketing, the term "Nordic School of services", has been adopted Internationally by service researchers, Gronroos and Gummerson [24]. According to these approaches to Industrial and Services marketing respectively, the following is considered the core of marketing:

"The most important issue in marketing is to establish, strengthen and develop customer relations where they can be commercialised at a profit and where individual and organisational objectives are met".

A key issue in the Nordic approach is the view of the marketing function. This function is not the same as the marketing departments. The latter is an organisational solution only, whereas the size and diversity of the former depends on the nature of the customer relations. Hence, the marketing function is spread over a large part of the organisation outside the marketing department, and all of the activities which have an impact on the current and future behaviour of the customers, cannot be taken care of by marketing specialists only.

Moreover, marketing is not the only part of operations. Many staff and support functions include an element of marketing as well. In most firms, a large number of employees have something to do with marketing, Gummerson E[26]. These employees may be in direct contact with some representatives of the customers, as for example, over the encounter in a Bank, when rendering check in and flight services in an airline transportation, and in joint R & D projects, technical services, delivery and customer training. There are lots of functions and persons to serve the customer and such persons will have to realise that other inter departmental functions and operations that depend on their services orientation are in fact, their internal customers, Gummerson.

As marketing is spread all over the organisation and the marketing specialist can only take care of a part of the total marketing function, the nature of marketing cannot be that of a specialist function only. Instead, marketing becomes an integral part of top management, where the marketing specialist may be needed to support management as far as, for instance, market research, personal selling and advertising are concerned. According to Gronroos[22] it is more correct to view marketing as a market oriented management than a separate function.

4:1:3 THE CUSTOMER RELATION AS THE CORNERSTONE OF MARKETING

According to Gronroos [22], marketing revolves around customer relations, where the objectives of the parties involved are met through various kinds of exchanges. Customer relations is the key concept here. Exchange takes place in order to establish and maintain such relationships. Establishing contact with potential customers, and achieving the first sales often cost so much that the return of that deal is the minimal or even negative. Only when the relationship is continuing and leads to more business does the customer become more profitable to the seller. There are, of course, situations when this is not always or all true, but frequently enough, it is much more profitable to try to develop enduring customer relations.

The marketing concept, as a basic philosophy guiding marketing in practice still holds. There has been no debate over the concept itself. However, the definition of marketing in practice and the marketing management model has been criticised in much of the Nordic "marketing research, Gronroos (23a). A view of marketing which is geared to the prevailing conditions in the market place, the marketing situation has been developed as follows:

(a) The marketing models of the standard literature on marketing management of today are not always geared to the customer relationships of firms because they are based on North America marketing situations and empirical data from consumer packaged goods and durable.

(b) In today's competition, marketing is more a management issue than a specialist function only.

(c) The marketing function is spread all over the firm, far outside the realms of the marketing department. Because of this, there are a large number of "part time marketers" whose main duties are related to production and deliveries involving customer relations so that individual and organisational objectives are met. The customer relation concept is the core of marketing thought.

(d) Promises of various kinds are mutually exchanged and kept in the relation between the buyer and the seller, so that the customer relation may be established, strengthened, developed and commercialised.

This definition can further more, be accompanied by resources of the firm's personnel, technology and systems, which have to be used in such a manner that the customers trust in the various services respectively, are thus in the firm itself, is maintained and strengthened. Long term customer relations means that the objective of marketing is mainly to go for enduring relationships with the customers. However, for some firms, even quite frequently, short term sales may be profitable. Thus, commercialising the customer relations means that the cost benefit ratio of transactions of goods and services is positive. In services marketing, the concept of interactive marketing has been introduced to demonstrate the importance of the marketing aspects of the everyday job of the "part time marketers", which Gronroos[22] terms as "relationship marketing."

The researcher believes that moving towards a marketing orientation means moving towards a better understanding of the customer who should be made to realise that he can be helped without a threat to his independence. Developing a relationship of trust, therefore, is the first step towards this goal. A customer must trust the marketing company to make a valuable contribution to his business without hijacking it. It is the marketing company, then which must first learn to understand the customer before telling him that he must do the same. The first step towards edification through self analysis is to ask questions about the organisation and the environment in which it functions.

Reynolds[46] suggests that understanding client buyer behaviour requires sophisticated targeting, an understanding of the psychology which drives client behaviour, and simple rather than complex message, with each message tailored to suit the perceptions of the individuals. And just as the marketing effort is never complete, so too does the effort to understand the client continue even after a relationship has been established.

The next part reviews the literature on product and service similarities which is relevant to the area of study.

4:2 PRODUCT AND SERVICE SIMILARITIES AND DIFFERENCES

While many marketers include services in their definitions, few have endeavoured to distinguish the similarities and differences of service marketing and product marketing. This section reviews the available literature regarding this distinction. The section addresses the unique characteristics of services and problems they present to marketers and present various classification schemes that can help service marketers develop marketing strategies.

A growing amount of discussion and literature centres on the debate concerning whether the marketing of products is similar to or different from the marketing of services. It is the object of this section to explore the literature relating to the nature of the marketing of products and services generally and the problems and peculiarities of marketing of financial services specifically.

In general, marketing scholars agree on a definition of products. A product is normally defined as a "physical commodity composed of tangible attributes which the buyer purchases to satisfy specific wants or needs". However, the problem of properly defining and classifying services has been perplexing marketing scholars for some time. Indeed, the failure to agree on a workable definition of services appears to be one reason for the confusion surrounding marketing services.

4:2:2 CONCEPTUAL FRAMEWORK OF SERVICES

In recent years there have appeared a variety of conceptual approaches aimed at defining the marketing of services area. The frameworks of:

(a) Gronroos (b) Shostack and (c) Eiglier and Langeard have been put forward to help provide an understanding of the services concept. Gronroos[22] suggests that there are three fundamental characteristics of services:

* Intangibility
* A service is an activity rather than a thing
* Production and consumption are to some extent simultaneous activities.

He argues that these basic characteristics of services make the marketing situation and the customer relations of service firms fundamentally different from those of consumer goods companies and that the service organisation has two main function, namely, "the traditional marketing function and the interactive marketing functions".

He develops further a model produced by Eiglier and Langeared [16] which divides a service company into two parts. See Figure 4:1. One part is invisible to the customer; this consists of internal organisation of the firm which gives physical and management support to people working with customers. The "visible" part of the model focuses on the three main categories of resources, namely:

(a) The physical environment where the service is consumed
(b) The contact personnel and
(c) The consumer who takes part in the production process.

Figure 4:1

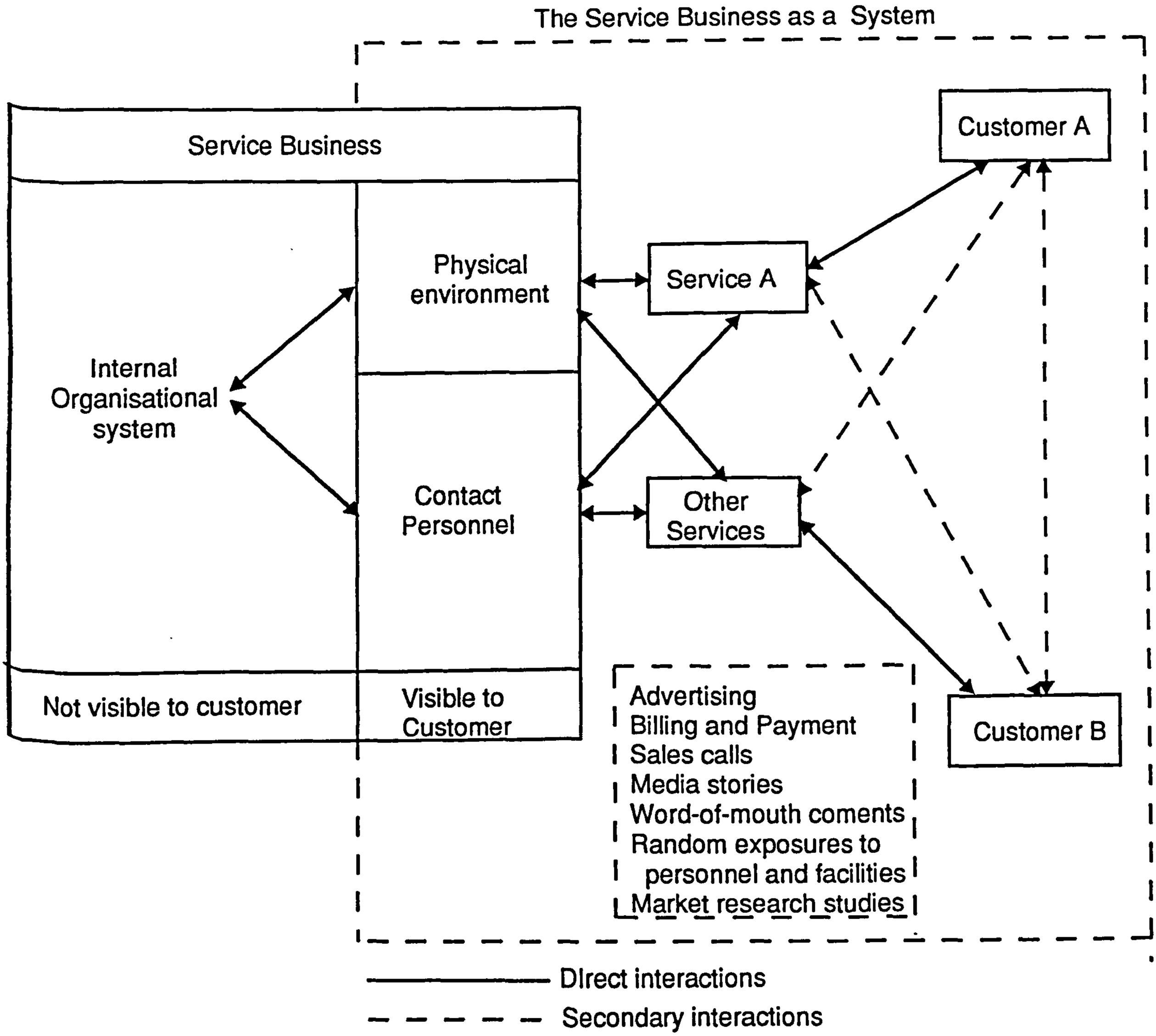


FIGURE 4:1 **Element in a Service Encounter**

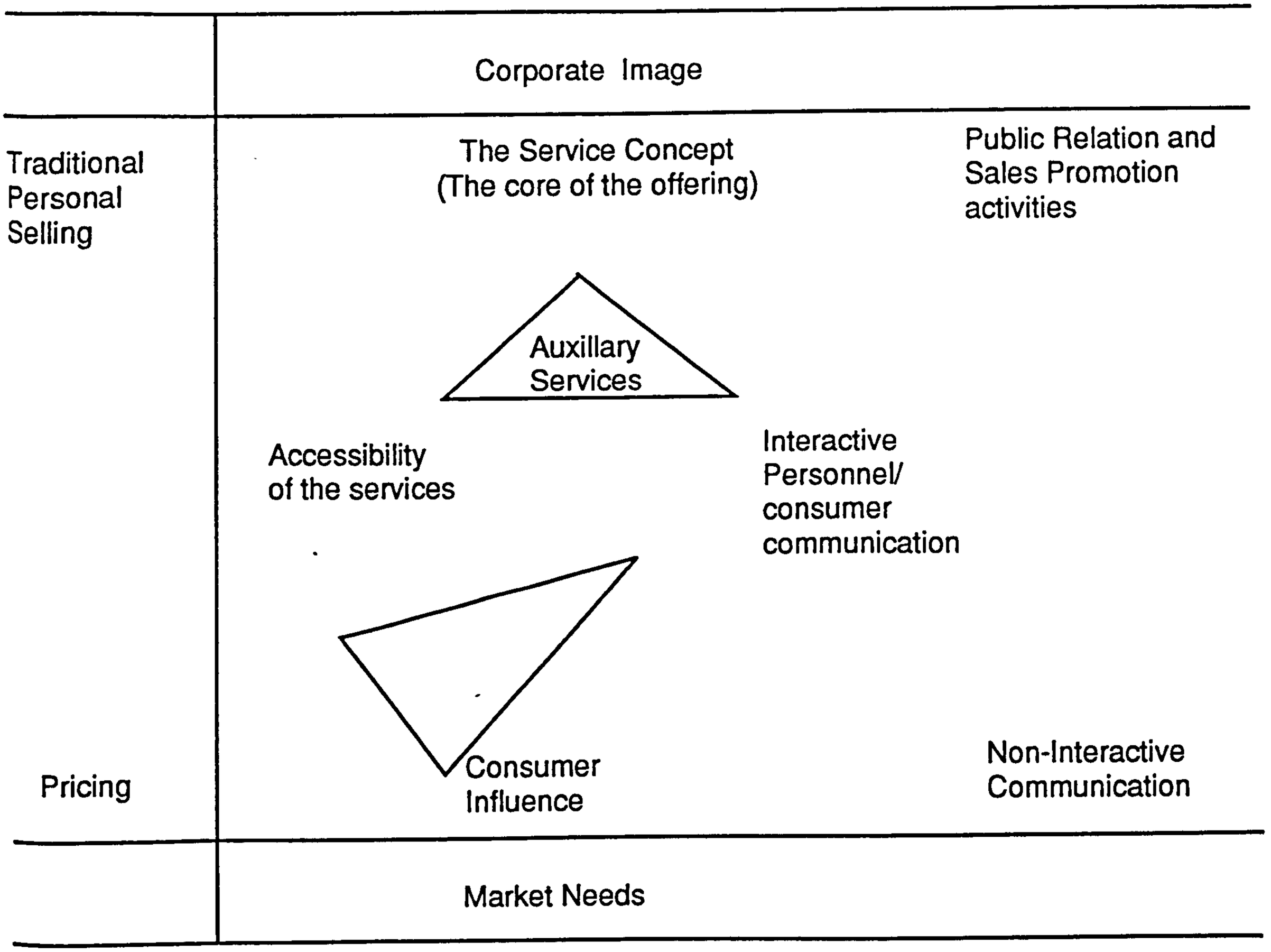
SOURCE: Slightly modified from P. Eiglier and E. Langeard, "A Conceptual Approach of the Service Offering," *in Proceedings of the EAARM X Annual COnference,* ed. H. Harvig Larsen and S. Heede, Copenhagen School of Economics and Business Admistration, 1981.

For example, consider a customer "A" visiting a bank to get a loan (service x). Customer "A" sees other customers waiting for this and other services. Customer "A" also sees a physical environment consisting of a building, interior, equipment, furniture and so on. Customer "A" also sees contact personnel and deals with a loans officer. All this is visible to customer "A"; not visible to a whole backroom production process and organisation system that supports the visible services business. Thus the service outcome is highly influenced by a host of highly variable elements.

Gronroos [22] adds a planning dimension model to ensure the interactive marketing function is handled in a customer oriented way and suggests five variables which seems to be important when planning buyer/seller interactions. These are the service concept, auxiliary services, accessibility of the service, interactive personnel/ customer communication and consumer influence. These variables are set within the traditional marketing mix elements (see fig. 4:2).

According to Gronroos, external marketing describes the normal work done by the company to prepare, price, distribute and promote the service to customers. Interactive marketing describes the employees skills in handling customer contact, for in service marketing, the service quality is integral with the service deliverer.

Figure 4·2



Source: Groonsroos C, 'An Applied Science of Marketing Theory' Working paper No. 57, Swedish School of Economics and Business Administration, Helsinki, 1980.

He then agrues that the traditional marketing function and the Interactive marketing function, will play different roles at different stages of the purchasing and consumption process.

He then argues that the traditional marketing function and the Interactive marketing function, will play different roles at different stages of the purchasing and consumption process.

Shostack[49] too stresses the importance of intangibles as a fundamental characteristic of services. She argues that to extend marketing's conceptual boundaries, a framework is required which accommodates intangibility rather than denying it. A conventional framework used in marketing is that an organisation's offering at the market place can consist of goods, services or a combination of both. Eiglier and Langeard [16] suggest that there are three characteristics of services, namely:-

* Intangibility
* Direct Organisation, Client relationship
* Consumer participation in the production process.

They argue that these characteristics may be generalised to apply to all service marketing. In their conceptual framework, they examine the problems resulting from these characteristics:-

* Upon the enterprise
* Upon the client
* From the public viewpoint

4:2:3 DEFINITIONS OF SERVICE

Marketing scholars have taken one or two approaches when defining services. One approach called "Definition by listing" is represented by that of the definitions committee of the American Marketing Association. Services are:-

> *"Activities, benefits or satisfactions which are offered for sale, or are provided in connection with the sale of goods. Examples are amusements, hotel services, electric services, transportation, the service of barber shops and beauty shops, repair and maintenance services, the work of credit rating bureaus etc...."*

The difficulty with this definition, however is that it is too broad, for arguably, products can be construed to offer benefits and satisfactions as well as services. In fact such lists suffer from two important drawbacks, says Cowell (13).

> *"The first is that they become outdated as new and original types of services appear. The second is that they do not adequately describe the essential nature of what constitutes a service. They are descriptive rather than analytical".*

Kotler [32] defines a service as any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product". According to Kotler, four categories of offer can be distinguished and may be seen as lying along a continuum. These are:-

A Pure Tangible: Here the offer consists primarily of a tangible good such as toothpaste or salt.

A Tangible Good with Accompanying Services: Here the offer consists of a tangible good accompanied by one or more services to enhance its consumer appeal. Example, an automobile manufacturer sells an automobile with a warranty, service and maintenance instructions. Levitt[34] observes that an airline passenger is buying a transportation service. The trip includes some tangibles such as tickets stub and food and drinks.

A Pure Service

Here the offer consists primarily of a service. An example include psychotherapy and massages. The psychotherapist gives a pure service, with the only tangible elements of an office and a couch.

Sassel et al[47] put it slightly differently. They suggest that the service concept is the definition of the offer in terms of the bundle of goods and services sold to the consumer plus the relative importance of this bundle to the consumer. This, they suggest is important because it enables the manager to understand some of the intangibles, elusive and implicit that affect the consumer decision and to design and operate his organisation to deliver a total service package that emphasises the important elements of that package.

Again, there is a variety of terminology used to describe the service offer. Some of the schemes used to describe the service product are found at table 4:1 showing the definitions and the work of Kotler, Sasser, Gronroos and Eiglier and Langeard.

TABLE 4:1

THE SERVICE PRODUCT

TERMINOLOGY USED TO DESCRIBE THE SERVICE PRODUCT

<u>Core Product</u> What is the buyer buying?	<u>Elementary Services</u> 1 Core services (a) Main output that the company provides 2 peripheral service offered around core service and adds to it some value
<u>Tangible Product</u> Making the core product tangible to the buyer through quality level features styling brand name packaging	<u>Global Service</u> Set of core and peripheral services which constitute the service offering SOURCE: 2 Sasser W.E., Olsen, R.P. and Wyckoff (47)
<u>Augmented Product</u> Additional benefits and services offered with the tangible products SOURCE: 1 Kotler, (32b)	<u>Core Service</u> Consists of general service concepts and specific service concepts
<u>Substantive Service</u> The essential function of the service	<u>Auxiliary Service</u> Service used as a means of competition 'Extras'. Not essential but can become an integral part of the offer
<u>Peripheral Service</u> Service that surrounds the substantive service	
SOURCE: 4 Gronroos, C. (22a)	SOURCE: 4 Gronroons, C. (22a)

4:2:4 DISTINCTIVE FEATURES OF SERVICES

Another approach is the taxonomic, where services are classified according to unique characteristics they are thought to possess. This is a widely accepted approach. Initially popularised by Parker D.D. [40], Lovelock [33], Cowell D.W. [13], it aids the development of a framework within which services may be categorised. Some distinctive characteristics put forward are:-

Intangibility

Services are essentially intangible. It is often not possible to taste, feel, see, hear or smell services before they are produced. Opinions and attitudes may be sought beforehand, a repeat purchase may rely upon previous experience, the customer may be given something tangible to represent the service, but ultimately, the purchase of service is the purchase of something intangible.

An implication of this characteristic of intangibility is that service products can proliferate. For example, airlines have been accused of too many ticket varieties. While they may be intended to serve the needs of specific target markets, they can cause confusion among the travelling public and information overload among operational staff who have to explain the different tickets to the public, Cowell[13].

Inseparability

A service often cannot be separated from the person of the seller. A corollary of this is that creating or performing the service may occur at the same time as full or partial consumption of it. Goods are purchased, sold and consumed, whereas services are sold, then produced and consumed, Cowell[13]. One result of inseparability is that the equipment and or people who "produce" the service may be highly visible to consumers. Important influences upon the consumers' perceptions of the service will be the physical aspects of the service and attitudes, and the behaviour and appearance of people involved in service delivery - the operational staff.

Easingwood [15] identified that while marketing is more likely to override operations on a service launch decision, operations is more likely to override marketing on a

cancel decision because of their closeness to the customer and better understanding of which services will be more acceptable in the new product development process.

Heterogeneity

Lovelock [33] asserts that it is often difficult to achieve standardisation in the output of certain services. Even though standard systems may be used to handle a flight reservation, book in a car for service or quote for life insurance, each "unit" of service may differ from other "units". Franchise operations attempt to ensure standards of conformity but ultimately with services (e.g. banks) it is difficult to ensure the same level of output as with goods. This characteristic of heterogeneity does however mean that there are greater opportunities in services for marginally different new services which nevertheless have "unique" selling points".

Perishability

Services are perishable and cannot be stored, Lovelock [33]. Hotel rooms represent capacity lost forever if they are not "consumed" when they are available at any point in time. In addition considerable fluctuating demand patterns may apply to some services which aggravate this perishability feature further. Key marketing decisions in service organisations relate to what service levels they will provide and how they will respond in times of low and excessive usage.

Ownership

Lack of ownership is a basic difference between a service and a good. With a service, a customer may only have access to or use of a facility (e.g. Hotel room). Payment is usually for the use of, access to or hire of items. With the sale of goods, barring restrictions imposed by, say, a hire purchase scheme, the buyer has full use of the product.

These features of services do seem to have an influence upon creating some special issues for service marketers concerned with developing and launching new services. The need for a separate theoretical base or separate marketing approach for services as contrasted to goods, has been completely rejected by Johnson [(31)]. Johnson's study, entitled 'Are goods and services different? An exercise in marketing theory"

concluded that marketing concepts and procedures appear to have universal application, that is, they are appropriate for both goods and services. He found that buyers of goods and services are remarkably similar in their attitudes, needs and buying behaviour, and that both buyers of goods and services view marketing in similar ways.

Going beyond the overall similarities that Johnson found between goods and services, he also noted differences which may require modifications or extensions of marketing concept and procedures in order to adapt them to the particular quirks of the service buyer. In general, he found that services are characterised by higher prices, less consistent quality, less reputable brand and lower overall satisfaction. Also, many industries are not considered as progressive as goods industries. Purchases of goods tend to represent a more pleasant buying experience than purchases of services; are characterised by limited personal involvement; are influenced more by advertising than service purchases and are bought with heavy reliance on brand names.

Lack of data on the problems involved in marketing services and how services marketing differs from product marketing is emphasised by Wilson A [51]. Nevertheless, in analysis of marketing activities in the service industries, George and Barksdale [21] concludes that although service industries have experienced unprecedented expansion in recent years:-

"The marketing function appears to be less structured in service companies than in manufacturing firms....fragmentation of marketing activities in service firms holds true for all components of the marketing mix".

Specifically, service firms appear to be:-

1. Generally less likely to have marketing mix activities carried out in the marketing department;
2. Less likely to perform analysis in the offering area;
3. More likely to handle their advertising internally rather than go to outside agencies;

4. Less likely to have an overall sales plan;
5. Less likely to develop sales training programmes;
6. Less likely to spend as much on marketing when expressed as a gross percentage of sales.

Johnston studied the management aspects of small service firms in great depth. For him, the unique nature of a service with its intangibility, dominance of human inputs, has resulted in several internal managerial weaknesses. He maintained that there are three areas in which management has failed;-

First, they do not have a complete marketing approach. That is, the acceptance of marketing as a major business activity has come slowly for

many service firms....mainly as an adaptive measure. As a result, they have tended to be service oriented rather than customer oriented.

Johnston maintains that service firm managers must be willing to experiment and use all types of marketing tools in the promotion of services and that, they have failed to recognise marketing problems or to act when they realised a problem existed.

Thirdly, there has been little co-ordination of the marketing efforts of the various groups within service firms. Greater efforts must be exerted to integrate fully marketing with other business functions. Many service firms lack a major executive whose sole responsibility is marketing. Thus marketing administration must be assigned to a top executive who is an integral member of the management team and an active participant in the company's corporate planning.

In considering how marketing of financial services differ from marketing of consumer or industrial products and services, McIvor and Naylor [35], maintain that the fundamental consideration which must cover the attitude of bank managers to marketing and selling rests in what they term 'fiduciary responsibility'.

"Bankers who persuade their customers to entrust personal or corporate funds to their care or to accept advice on investment or some management matters incur a heavier responsibility than the seller of candy floss".

For this reason;-

"As a responsibility bank management has to say that marketing skills are important if the bank is to grow and prosper.... increasingly important in an increasingly competitive environment.... but that other aspects of their profession are equally important"

"A corollary of this is that the qualities a bank must seek in its employees are not the same as those that cartoonists would lead us to believe being to a typical salesman: uncaring aggression at any price. It is true that without sales no company can survive, but the bank manager, dealing with transactions which may fundamentally affect his customers future, must be more receptive and aware of the possible consequence of a successful sale. This does not necessarily mean that he will be a less effective salesman, but it does mean that his selling style and the marketing programme which is built around him will be different".

Management's task is made even more difficult in the banking field, since its central position in the economy means that - "It is affected by almost every major development, economic, political and technological anywhere in the world". Senior management, thus have major responsibilities to discharge. The main marketing techniques which can help in discharging bankers' responsibilities are; market information and research, marketing plans, customer service development, development of sales and service outlets, humanising technology, persuasive communications and marketing and sales training.

Thus McIvor and Naylor [35] conclude that though the marketing of financial services differs in several important particulars from marketing in other industries, the marketing techniques and ideas developed in other sectors can be usefully adapted to

the increasingly competitive financial services markets. They assert that financial services are intangible, yet the consumer may be given something tangible to represent the services like credit cards or insurance policy. The tangible item given to the customer may be something about the customer and his aspirations but essentially, financial services have little visual appeal. Since services are performed, their quality derives from their performance, not from their physical characteristics. A challenge facing the providers of financial services is to ensure the consistency and quality of the service being performed.

Since some types of financial services organisations cannot store their product to meet their fluctuations in demands, they are often concerned with managing demand. Indeed, where demand for the services provided is excessive, a strategy of demarketing may be necessary where organisations actively discourage customers on a temporary or permanent basis. This is related to the essentiality versus postpone ability features of financial services, for some financial services are essential, while others are not essential and do not need to be bought. Their use or purchase may be unessential, or even where it becomes essential, may be delayed or postponed for sometime.

Other characteristics of some financial services which are important to marketing are the managerial commitment required by the purchaser of services such as mortgages and life insurance. Other financial services carry risk factors from the purchaser's point of view and from the sellers point of view require emphasis upon safety, accessibility and liquidity.

In his overview of financial services marketing, Wilson [51] mentions some of the factors which seriously affect the financial services market place, such as the political and economic. He argues:-

> *"The market place is affected by political matters as much as by economic ones, and their impact is felt much more rapidly than in traditional consumer markets. A conspicuous illustration of this is the way in which interest rates can change overnight, and this will create a need to revise marketing plans*

(e.g. in the case of credit card companies such as Access and Barclaycard, this can affect their relative attractiveness of those seeking a source of credit)".

4:2:5 MANAGING SERVICE QUALITY

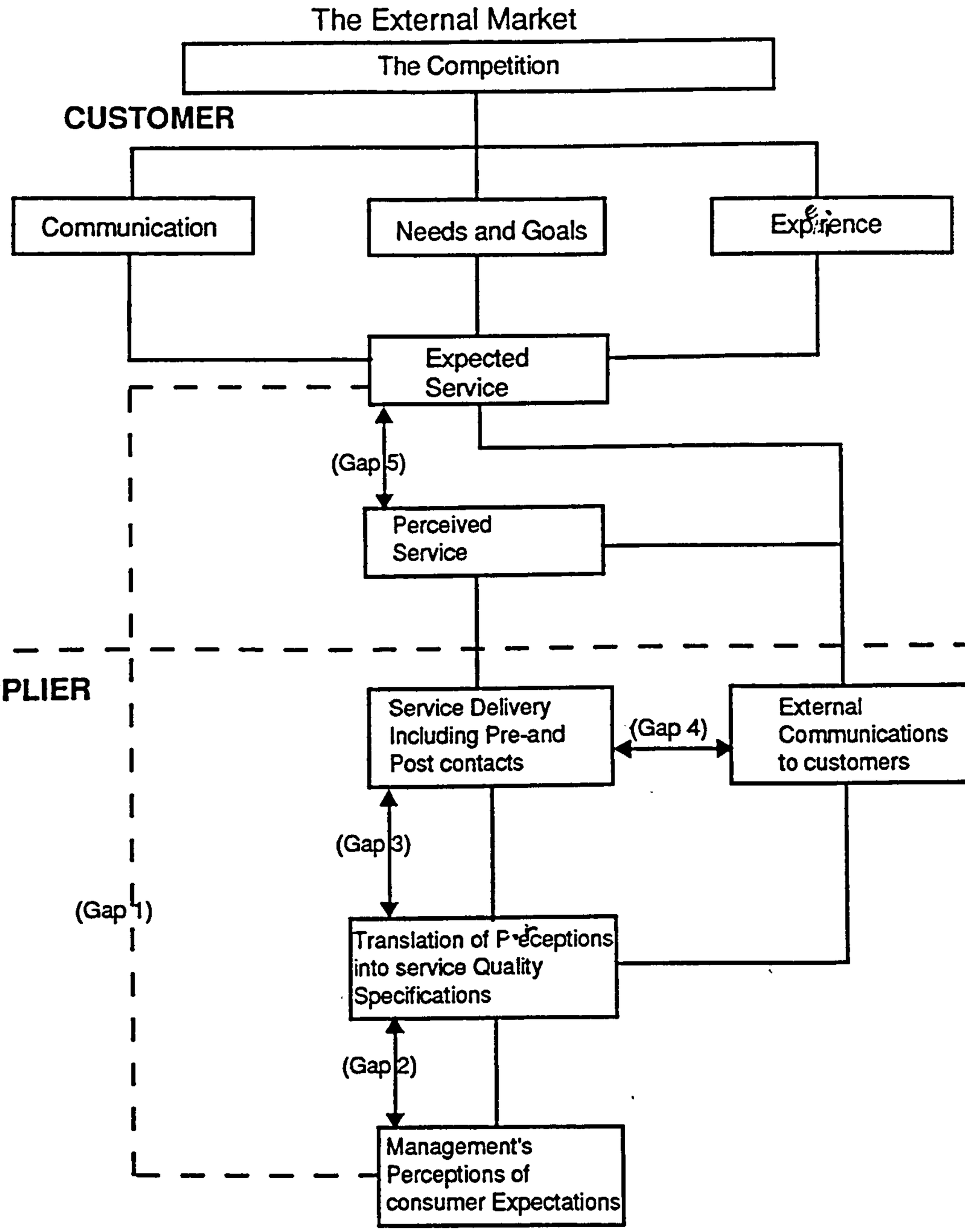
One of the major ways to differentiate a service firm is to meet or deliver consistently, higher quality service than competitors. The key is to meet or exceed the target customers' service quality expectations. Their expectations are formed by past experiences, word of mouth and service firm advertising, Kotler [32]. Clearly, customers will be satisfied if they get what they want, when they want it, where they want it and how they want it. Thus bank customers may expect on a trip to a bank that they will not wait in line more than five minutes; the teller will be courteous, knowledgeable and accurate, and that the computer will not break down.

Despite the appreciation of the importance of service quality in strategic planning and for corporate success , there are no clear cut definitions of quality or dimensions for setting quality standard and measuring subsequent quality delivered and received. A number of definitions refer to the importance of clients/customers' perceptions of quality, Takeuchi and Quelch (51), which are consumers attitudes or judgements resulting from comparisons of consumers expectations of service with their perception of actual service performance,Gronroos (23a). Further, Parasuranam, Zeithamal and Berry[44] found that consumers perception of quality are influenced by various gaps which lead to service quality shortfalls and their model formulated highlights the main requirements for delivering the expected service quality.It is a closed loop model and shows the process of service delivery,from management perception of a need by a customer, to the completion of the service and the customer's perception of it. This model (shown in figure 4:3) identifies five gaps that cause unsuccessful service delivery. The researchers indicated that consumers' quality perceptions are influenced by a series of four distinct gaps occurring in organisations. These gaps are :

1. Difference between consumer expectations and management perceptions of consumer expectations.
2 Difference between management perceptions and consumer expectations and service quality expectations.
3. Difference between service quality specifications and the service actually delivered.
4. Difference between service delivery and what is communicated about the service to consumers.

In this model, the gap between the consumer expectations and perceptions (gap5) is influenced by the four preceding gaps. However, there is little chance of management acting in any meaningful way to close the gap between performance and expectations if these two key variables are not defined and measured. It thus become imperative to design and implement procedures for the monitoring of service performance against expectations. The most significant aspect of the Parasuraman et el study is their descriptions of a set of key discrepancies or "gaps" that exist in this model. Gronroos (25) also developed the concept of service product and the service offering which is geared to the concept of perceived service quality based on (a) The basic service package...what consumers will receive, ie core service with facilitating and supporting service and (b) an augmented service offering to include the service process and customers participation in the process.

FIGURE 4:3
An Expanded Gap Model



Source: Adapted from A. Parasuraman, Valerie A. Zeithaml, and Leonard L. Berry, "A Conceptual Model of service Quality and Its Implications for Future Research," journal of Marketing, 49, 4 (Fall, 1985), pp. 41-50, published by the American Marketing Association.

Probably, the most widely set of determinants of service quality is that of Parasuraman et al model which suggested that the criteria used by consumers that are important in moulding their expectations and perceptions of delivered service fit ten dimensions namely: tangibles, reliability, responsiveness, communication, credibility, security, non competence, courtesy, understanding/knowing the customer and access. Subsequent research, analysis and testing by the same researchers have led to five dimensions of service performance called SERVQUAL. The dimensions of the model are:

1) Tangibles: physical facilities, equipment, appearance of personnel.

2) Reliability: ability to perform the promised service dependably and accurately.

3) Responsiveness: willingness to help customers and provide prompt service.

4) Empathy: caring, individualised attention the company provides to customers.

5) Assurance: knowledge and courtesy to employees and their ability to inspire trust and confidence.

The model described, leaves out one very important aspect. It does not show the competition and market and what this contributes to the customers expectations.Since poor services looses customers, it is the bankers job to manage the customer relationship at the front desk. If quality is not built into the delivery systems, variations in the process are explained by customers as poor or inconsistent service at the front desk.

4:2:5 BARRIERS TO QUALITY AND PRODUCTIVITY IMPROVEMENT

According to Johnston [31], three main factors act as barriers to quality improvement. These are:-

1. Specifications of quality standards which causes difficulties due to the intangible nature of parts of service package and the management of the customer expectations.

2. Control systems which do not include statements defining
   - what is to be measured
   - what are the targets
   - how measurements are to be made and by whom.

3. Staff development which fail to make staff aware of quality objectives and fails to give them the capability to meet targets.

In seeking ways to improve productivity and quality service, managers should be aware of some of the actions which can help in the specific areas of productivity. Input costs can be reduced overall through increased training of high contact service personnel and the use of technology to support high contact personnel and the service delivery process.

Thus the financial services sector is fraught with many problems not usually common to the product sector. The next part reviews the literature on the marketing mix.

4:3:1 THE MARKETING MIX

This part of the chapter reviews the literature on the marketing mix. Professor Couture[12] points out:

"One cannot talk of the application of the Marketing Concept without knowing what marketing operations are performed and who performs them. The thing to look for would be the division of operations in accordance with the well known concept of the marketing mix".

Marketing as a functional area of the firm, assumes responsibility for the performance of operations having to do with products or services, pricing, distribution and promotion. Of course, physical resources should be the operation governing any decision taken with preference to the elements of the marketing mix.

The ingredients of the marketing mix namely-product, price, promotion and place, depend upon company objectives. Lovelock, Kotler and Cowell [14] and others outline seven most important ingredients from which marketing mix is usually compounded in the financial services market. They are:

Product	Promotion	Process
Price	People	Place
Physical Resources		

Belch and Belch [3] also see marketing mix as blending or mixing a product, promotion, distribution and pricing strategies, the effective blending or co-ordination which is vital to successful marketing management. Determination of the proper marketing mix does not just happen. Marketers must be knowledgeable of the issues and options that are involved in decisions regarding each element of the mix. They must also be aware of how these elements interact and how they can be combined to provide effective marketing program. Developing marketing programs requires that the market be studied and analyzed through consumer research and that this information be utilised in developing an overall marketing strategy and mix.

4:3:2 PRODUCT

Product strategies specify the marketing needs that may be served by offering different products. It is the product strategies, that eventually come to dominate both the overall strategy and the spirit of the company.

Any discussion of marketing of bank services should include the specific classification of corporate and retail bank products .... in marketing terms, Industrial and consumer markets. Berry and Donnelly [4] have suggested that individuals or corporate bodies have certain needs in relation to the money commodity. These needs which are met by those offering financial services include advice, deposits and savings, loans, leasing and investments, insurance, payment and debt settlement and factoring. However, the institutions which offer the various services are not separate into distinct groups, and the banks finance companies, insurance companies and others overlap in competing to offer services.

The financial services offered today to the corporate customer and the individual household are very different from what they were ten years ago. In the personal sector for example, the market has broadened massively from what the situation used to be at the end of the last World War. Payment, borrowing, investment and insurance methods have all changed in response to broader financial knowledge and the growth of disposable income and cultural changes. Moreover, such changes continue and have produced a need for marketing expertise in many kinds of financial services markets.

Cox [14] considers service development and appraisal an important ingredient of the marketing mix. This includes investigations into new services, coupled with appraisal of the relevance and profitability and overall viability of well established services. He argues that having made investigations into the needs of customers, banks should also consider offering services of the untraditional kind, for often:

"... there are untapped sources of new business, whereas a long term policy, there could well be good reasons for undertaking special research and, in due course, perhaps even developing special products and other services which would be of special interest to groups of people who apparently have been, or may appear to have been neglected".

Boudreau Nancy A[6] also argues that the marketing oriented firm "must look beyond the hardware to what the consumer really wants". In banking, because there is no hardware to confuse the issue, it is arguably easier to identify what the consumer really wants. Banks are in the business of marketing cash security (not travellers cheques or deposits); cash accessibility (not cheque books or credit cards), monetary transfers (not Giro system) and time,to enable other wants to be satisfied without waiting until tomorrow when savings are higher (new loans). Thus, bank marketing should identify the wants and emphasise that it is the needs which the bank can meet. Only then should the instruments or services whereby they can be satisfied, be detailed.

4:3:3 ELIMINATION OF PRODUCTS/SERVICES

Once established however, Boudreau [6] suggests, that too often banks are reluctant to eliminate services which are unsuccessful and unprofitable. She maintains that the need for 'weeding out' these services is equally important, sometimes, even more so, as the creation of new services.

The reasons why new services or products actually fail in banking is considered by Berry and Hensel [5]. They state:-

"Among the reasons some new bank products fail are that bank executives sometimes fail to:

(a) truly visualise new products from the perspective of the market:

(b) engage in creative research for uncovering unfulfilled needs within various market segments;

(c) effectively minimize the psychological discomfort associated with new products requiring substantive behavioural change of customers, and

(d) clearly and graphically communicate the benefits of the new product to the market segment toward which they are directed".

The basic point here is that the marketer will need to research into real and important consumer needs, instead of depending upon his intuitions as to what the market needs. The customer's view will be important here, but whereas they may not be able to articulate precisely what they need from a bank in terms of new products, given the proper atmosphere, they may be able to discuss their financial management circumstances in such a way that a creative and innovative banker can begin to see new product opportunities for the bank. To be able to do this, the customer must have access and effective communications channel within the bank.

Wilson A([52]) points out that in banking, automation and mechanical aids to customer services at branches are now well established, however:

> *"... the personal services provided by our cashiers .... our main contacts with customers .... is still a valuable asset and a strong competitive weapon against the national giro".*

The importance of personal selling in the financial services sector is indeed stressed by many writers like Berry, Couture, Donnelly who see the putting together of a package of financial services and presenting it in such a way that the interest of the customer segment at which it is timed is an important function of bank personnel.

There appears to be untapped potential in banking for expanding the range of services throughout the coming years ... the 1990's ... The researcher agrees with taking an approach to product or service offering which emphasises the quality rather than the

quantity offered, and sees the possibility for a more organised attempt to cross sell more services to existing customers.

4:3:4 PRICING

Price has not always been one the most critical elements of a firms marketing strategy. During the first two thirds of this century, rapid population growth fuelled steadily, increasing demand. Economic growth pushed up disposable incomes. Rapid technological change produced myriad new and differentiated products. During that period, price factors - product design, good distribution and effective advertising and promotion were often the most important determinants of sales success.

In recent years, things have changed dramatically in many industries. Extended periods of inflation, the maturing of many basic industries and the increased aggressiveness of low cost global competitors have made many markets more price competitive.

In banking, it is a complex matter for, how does one fix a standard tariff for a non standard product, particularly when there are also problems of product interrelationship, argues McIver and Naylor [32]. For pricing a subsidiary or new service, however, there will be little or no relevant historical data on which to use, thus, the pricing strategist can feel freer to tackle the question along orthodox marketing lines, by first establishing what the optimum marketing price should be and then working back to estimate affordable 'production' and marketing cost figures.

Indeed, the pricing policies of financial institutions are becoming more closely watched and regulated by government officials and this adds to the difficulties of pricing practices in the financial services industry. Reekie [38] nevertheless, maintains that the banker should have two basic objectives in view in price setting:

> *"First to attract as many customers as possible to the selected segments; second, to do this under the most profitable conditions. This does not necessarily mean that he should price according to the cost of servicing the*

customer .... the objective of pricing is not to make the same absolute or percentage profit on each transaction but rather, to make as much profit as possible, within constraints of continuing activity in the long run. This, cannot be done, unless the nature of demand facing the bank in each segment is known and price fixed according to the segments' willingness to pay, giving the price levels that rival institutions are charging".

This suggests that in connection with customer considerations, one must come to terms with price elasticity of demand.

Berry and Donnelly [4] also believe that price setting encompass consideration of the customer, not just costs, because what is important to the customer is whether the product is worth the price asked, not whether the price asked covers the firm's cost or not. Ideally, though the price set will be the one that covers costs, provides a reasonable profit margin, is sensible in the light of other competitors and helps persuade customers to buy at a level consistent with the firm's objectives.

Apart from cost, the prospective customer and competition, another consideration in making specific price decisions includes the marketing mix. We know for example that price strategy is but one element of the marketing mix which also includes product, distribution and promotion strategies. Giving the essence of the marketing mix concept as an optimum blending or mixing of strategy elements,the price decision maker must consider how specific price alternatives coordinate with other strategy elements of the marketing mix.

In the financial service industry, there is an increasing pressure to develop a sound pricing and a more sophisticated strategy than those currently being used because of the effects of inflation, higher cost of money and changing corporate and retail customers.

4:3:5 DISTRIBUTION

There has to be a branch network in any bank of size and scope in order to provide benefits of inconvenience and to meet both national and local needs, Meidan[33], Berry and Donnelly [5] state:-

> *"Distribution strategy concerns itself with the necessary actions to make the product available at the time and location desired by the target market. The right product for a market segment provides reduced (or no) satisfaction unless it is available when and where the segment wants it".*

Donnelly considers several unique characteristics of services which will result in channel selection decisions substantially different from those made for the marketing of goods. These include: intangibility which may dictate direct channels of distribution because of the need for personal contact between the buyer and the seller; inseparability with simultaneous production and marketing, where the main concern of the marketer is usually the creation of time and utility; perishability and fluctuating demand which create major problems for marketers since channels must be found that will make a service available for peak and slack periods.

Donnelly feels that the area of services probably offers more opportunities for imaginative and creative innovation with respect to distribution than does that of goods, and they suggest that newer and more efficient distribution channels for services are possible while still working within the constraints caused by the inherent characteristics of services.

MacIver and Naylor[35] remind us that the financial services organisation is a retailer as well as producer of services, hence it is not easy to display a range of financial services in a way that encourages 'shoppers' to come inside, and security requirements would not make this easier. Nonetheless, going as far as possible towards making the branch office as attractive to the target customer groups who wants to do business with it is an important element in the marketing mix; Hawk [22] too states on this subject:-

"It is through retail outlets that the main corporate image manifestation of a company's corporate image is seen, so design here is particularly important for marketing, and most of the retail financial institutions have moved their corporate designs away from the 'Portland stone security image'. Their difficulty is in finding a style attractive to all their varied customer groups".

Howcroft B [30] stresses the importance of bank location thus:-

"Since bank services are generally not delivered to the buyer, the creation of time and utility .... is vital. Thus, the factor of location with respect to the potential market will usually weigh heavily in the channel selection decisions of bank marketers. For this reason, the location of new bank sites has also become an important bank management function in order to ensure that new bank offices are conveniently located".

Convenience, ease of access, and quality are most often the motivating factor which enhances the service offering. That these factors are getting more attention from the marketing oriented financial institutions than in previous years are acknowledged by many writers. Indeed, it appears that the more prudent managements are recognising that location decisions are so difficult and expensive that it is wise to delay any final decision on the matter until rigorous analysis, aided market research is carried out.

Fenwick and Savage [20] for example, developed an econometric model to assist British bank management in establishing branch goals, evaluating performance and planning new locations. The model indicates that important variables for successful branch location decisions include the professional and commercial cent in establishing branch goals, evaluating performance and planning new locations. The model indicates that important variables for successful branch location decisions include the professional and commercial character of the location and the number of competitors.

In the 1990's, the branch is not going to go away ... says Hawk [21]. Full service branches may predominantly attract people who really need financial management services, small business owners, affluent retirees, rising careerists and professionals

and two career households. This is the spectrum of upper middle and affluent customers. Criticism of over branching have also been made against U.K. banks recently. These criticisms have been associated with the observation that the banks do not compete on the basis of prices or opening hours. The dimensions of competition are therefore limited to the range of services and to the convenience of branch locations.

4:3:6 PROMOTIONS

Promotion strategies are concerned with the planning, implementation and control of persuasive communication with customers. These strategies may be designed around advertising, personal selling, sales promotion or any combination of these. Belch and Belch [3] consider promotion to be instrumental in gaining customers initial attention and interest or affecting customers comprehension, feeling, emotion, motivation, belief, intentions, decisions, imaginary, association, recall and recognition.

According to Berry and Donnelly most bankers have found that marketing is much more than developing a good product and making it easily available to the customer. A potential buyer needs also to be informed of a product or service and persuaded of its merits. This entails communicating the various products or services. An effective communication means putting out messages that attract and hold attention, are comprehensible to the recipients, are retained by them and compete successfully against all other messages being directed to the same audience.

Indeed, for these writers, communication is the foundation of promotion. A promotion message thus:-

> *"Is the symbolisation of the features of the product in terms of customer needs and desires and has the two fold purpose of communication and persuasion".*

Once the organisation has formulated a message, certain means are available to it to carry the message to the target market. These carriers of promotional messages are known as promotional media. Advertising as any paid form of non personal

presentation of goods, services or ideas to a group by an identified sponsor. This definition calls attention to the fact that advertising is but a small segment of marketing. Yet any advertising campaign should have one or more identifiable objectives, for only by comparing results with objectives can the effectiveness of advertising be evaluated. Possible bank objective includes the creation of favourable public image, an aid in personal selling and reaching inaccessible buyers. Once the bank is able to determine its desired objectives, it can proceed to the development of the actual advertising programme. In this area, the bank may employ the services of an advertising agency, or it may rely totally on its own advertising department or may use the services of trade association.

According to Berry and Donnelly, in advertising, if it is to be effective, there are several principles which must be important to the potential customer; the claims must be believable; the advertisement must be made often if it is to be remembered. However, Berry and Donnelley maintain that too often, these general requirements are all that is expected by bank executives as they view their advertising efforts. Bank advertising should also be in good taste, should convey the breadth of bank services available and should express a desire to be helpful. It should point out the uniqueness of the bank from other banks. If no difference exits, then a difference should be created, this difference should be meaningful to both the public and all bank personnel.

Newman K [39] see promotion as part of a public relations exercise and say:-

> *"An important part of the public relations functions in banking is to inform target customer groups about the bank and to help to persuade them to use its services, through means other than paid advertising, direct mail and direct selling. Here the emphasis is on safeguarding and improving the relationship between the organisation and relevant environmental factors such as government and society at large"*

Reekie W.D (45) believes that promotion in banking should stress the satisfaction to be derived from using a particular bank services. For example, he states:-

"International acceptability coupled with security should be the theme in an advertisement for travellers cheques, not the cheques themselves. Ease of payment, elimination of effort and simplicity in transferability should be the theme in advertising bank giro, not the nature of design of credit transfer forms".

He sees timing as an important feature in successful promotion and forecasting a useful adjunct to promotion, as this can aid greatly in the timing decision.

Berry and Donneley point out that there are many other types of promotion which banks can use to augment advertising and personal selling. One of these is sales promotion. It is explicitly defined by the American Marketing Association as:-

"Those marketing activities other than personal selling, advertising and publicity, that stimulates consumer purchasing and dealer effectiveness such as displays, shows, exhibitions, demonstrations, and various non recurring selling efforts not in the ordinary routine".

Through a general and embracing term, Berry and Donnelly asset that the importance of sales promotion should not be underestimated in banking.

It has the potential if properly used, to move customers beyond awareness and comprehension stage into the conviction and ordering stage. Booklets, games, employee incentives programme, vouchers etc, are some of the more common forms of sales promotion mentioned.

According to Kotler(32a), Berry and Donnelly (4) the amount of each promotional tool to be used in Banks depends on three basic factors:

(a) The role of promotion in the overall marketing mix of the bank.

(b) The nature of the product

(c) The nature of the market

Thus, promotion is one of the major elements of bank's marketing mix.

4:3:7 PEOPLE

Cowell accommodates people in his original idea of the marketing mix only under personal selling. What his guidelines fail to include is at least two further aspects of the "people" element:

(a) First people who perform operational or production role in service organisations may be much, a part of and contribute to the service product as the more obvious sales staff. A feature of many service organisations is that operational staff occupy the dual role of both performing a service and selling a service. How service performers operate in a service organisation can be conventional selling activity.

It has been suggested that one of the problems associated with the development of marketing in banks has been "the delicate subject of staff attitudes", Anderson et al [1]. Thus the marketing approach requires the bank managers and his staff to seek business and to merchandise a wide range of products in a more vigorous ways.

According to Meidan [37] it is difficult to create and promote a unique product so the emphasis must be on service range, reputation and location. Beyond this, the bank is dependent on a large number of branches, performing their work effectively being courteous and well informed with customers, being alert to how the bank can meet customers needs.

As Brundage and Marshall [9] suggest:

> *"In service organisation, the distinction between selling and service delivery is blurred. In other words, the service itself is also the product and all functions visible to the customer delivering the service, are part of the service offering.....the perceived product. Because the customer frequently has access to all of the service organisation, operations, product, sales and marketing personnel are deeply involved in 'selling' the service".*

The critical role of staff, particularly in what Chase [11] calls, "high contact service operation" means that marketing management has interests in the areas of employee selection, training, motivation and control. Davidson [14] suggests that in the service industry, the secret of success is recognition that customer contact personnel are the key people in the organisation.

4:3:8 PROCESS

The behaviour of people in service organisations is critical. So too is the process....the how...of service delivery. Cheerful, attentive and concerned staff can help alleviate the customers problems of having to queue for service or soften the breakdown of technology involved in service production. They cannot however, compensate entirely for such problems, suggests Cowell. How the overall system operates, the policies and procedures adopted, the degree of mechanisation used in service provision, the amount of discretion employees have, the customers involvement with the process of service performance, the flow of information and service, the appointments and waiting system, the capacity levels available ..... these are typical operational management concerns.

According to Howcroft [30] these may be an encroachment on traditional areas of operation management concern, but performance, people and process are inseparable in many service operations. Marketing management has to be concerned with the process of service performance and delivery, and the marketing mix should accommodate this interest.

The marketing mix framework for services presented in this chapter differs from that conventionally presented in marketing text book. It includes six main elements rather than four. It should certainly be used with caution because it is intuitively based rather than empirically based, and secondly, it may be argued that some aspects of these elements are already accommodated implicitly under the original marketing mix, particularly under the product offering dimension in its augmented or peripheral sense.

4:4 SUMMARY

To conclude, it may be said that the literature review has provided useful insights into the following areas:

1. Knowledge and understanding of the marketing of services is still developing. It is difficult to point exactly to what are the differences between the marketing of a product and services. It appears more useful to think in terms of their similarities.

2. The observed similarities between buying processes for products or services suggest that marketing know how utilised by product oriented industries can be adapted to service marketing. Thus a general concept that marketing mix are quite applicable to services. Furthermore, it is likely that specific marketing techniques and personnel are transferable across industry lines. However, managerial skill and sophistication are required to adapt product marketing concepts and services.

3. Because of the variety of processes and activities embraced by the service industries, marketers need to select and adopt those schemes that are relevant to their particular service industry.

4. The field of financial services marketing is the field that is intrinsically much more complex than is the case with the average product market. Economic and political aspects have greater impact upon the financial services market place than as the case in consumer markets.

Finally, although until recently, the financial services sector has been said to be lacking in marketing orientation and firms have had a limited view of the marketing function, the changing environments in which they now find themselves has necessitated marketing expertise in many kinds of financial services marketing. Indeed, through the adoption of and experimentation with marketing and marketing ideas, the financial services sector has contributed more to its development in recent

years than it has in the past. The next chapter reviews the literature on market segmentation.

References

1. Anderson W.T, Cox, E.P and Fulcher D.C; Bank Selection decision and market segmentation; Jnl of marketing, Spring 1983, pp 11-18.

2. Barclays Bank Review,Nov.Vol LXI,1986.

3. Belch and Belch, Communication strategies, Prentice Hall 1990.

4. Berry L.L and Donnelly J.H, Jnr. Marketing for Bankers, New York, American Institute of Bankers, pp 28-29, 1985.

5. Berry L.L and Hensel J.s. Why do some new bank products fail, Bankers Magazine, July 1979.

6. Bordreau, Nancy A, Marketing ahead of 1990's. Bank Marketing Jnl. October 1989.

7. Bowen Robert C. (1974), Marketing looks at banking and the Marketing concept in action. AMA 1974.

8. Boyd Harper W.Jnr, Ray Machael L and Edward Strong. "An attitudinal framework for advertising strategy. Jnl of Advertising 1972 and 1982 pp 29-30.

9. Brundage J and Marshall C, Training as Marketing Management tool, Training and development Jnl. Nov. 1980, pp 71-76.

10. Cecchini P (1988), The European challenge; in 1992 the benefits of single market, Gower Publishers, Aldershot, 1988.

11. Chase R.B, "Where does the customer fit into service organisation?", Harvard business review, Nov-Dec, 1981. pp 137-142.

12. Couture G.Y 1972, The Marketing Concept, it's implementation and influence on the organisational structure of Canadian Banks, Unpublished PhD Thesis, University of Illinois.

13. Cowell D. Services Marketing, Heinemann, 1984.

14. Cox, Brian (1975) Managing the Marketing Mix. The Bankers Magazine No. 157 Vol CLXX - August 81.

15. Davidson D.S "How to succeed in service industry ... Turn the organisational chart upside down" Management review, App. 1979, pp 13-16.

15a. Easingwood C.J. The New product development for services company. Jnl. of product Innovation management. Vol. 4, 1986 pp.264-275.

16. Eiglier and Langeard: A Conceptual approach of the service offer, Working Paper No. 217, Alex-En Provence, 1981.

17. Ellwood P, Marketing customer needs, Banking world, October 1990.

18. Ennew C, Wright M, Watkins T, 1989, Int. of Bank Mkt, vol 7 No. 6, 1989.

19. Ennew C, Wright M, Retail banks and Organisational Change, Int. Jnl of Bank Mkt, vol 8, No. 1, 1990.

20. Fenwick P D and Savage G P, Management planning and control in multi branch banking, Jnl of Operational research society, 1979, vol 30, pp 105 - 111.

21. George W and Barksdale H.C. Marketing activities in the service industries. Jnl. of marketing, Vol. 28, October, 1974.

22. Gronroos C, An applied science marketing theory. Swedish school of economics and business administration, Helsinki, working paper 57,1980,pp12-14

22a. Gronròòs C "An applied Service Marketing theory, European Jnl. of Marketing, vol 16, No. 7, 1982.

23. Gronròòs C "Strategic Management and Marketing in Service Sector, Chartwell Bratt, UK. 1984.

23a. Gronroos C, Strategic management and marketing in the service sector, Helsinki,Swedish sch. of economics and business administration, 1982.

24. Gronròòs C and Gummerson E, Services marketing, Nordic school perspectives, Stockholm University, 1985.

25. Gronròòs C. Developing the service offering as a source of competitive Advantage, Helsinki School of Adm. 1987.

26. Gummerson E, Marketing long term interactive relationship, research report, Stockholm University, 1987.

27. Hawk Kathleen, The new branch, Int.Jnl of Bank Marketing, May 1990 .

28. Hodges Luther H.J and Tillman, Bank Marketing "Text and Cases" Addison Wesley Publishing, 1968

29. Howcroft B and Whitehead, Increased marketing orientation, U.K. branch network,Int Jnl of bank marketing,Vol 9, No.4, 1991

30. Johnston E.M. are goods and services different; An exercise in marketing theory; Unpublished PhD University of Washington, 1966.

31. Kirk R.A.,Co ordinating the marketing effort, Borroughs clearing house,pp26,1973.

32. Kotler P. Marketing management analysis, implementation and control. 7th Edition, Prentice Hall 1991.

33. Kotler P. Principles of marketing , Prentice Hall, 1980,pp368-369.

34. Lovelock: Developing and Implementing New Services; Chicago, 1980.

34. Levitt Theodore. 'Marketing Myopia' for Business Growth. Reprinted in Havard Business Review Sept - Oct. 1975.(July-August 1960 pp45-56.

35. McIvor and Naylor, "Marketing of Financial Services" Managerial Finance, Vol. 5. No. 3, 1980, pp.231-256.

36. Mclver C. and Naylor G., Marketing of financial services, Institute of Bankers Jnl London pp 148 - 157, 1980.

37. Meidan A, The role of marketing management in Banking, Quarterly review of marketing, spring 1983 pp 11-18.

38. McTavish R. and Perrien J, Commercial Bank Marketing, The Institute of Canadian Bank Marketing 1988.

39. Newman Karin, Financial Services Marketing and Communications, Holt Reinehort and Winston, 1984.

40. Parker D.D. The marketing of Consumer Services, University of Washington Press, Seatle, 1966.

41. Piercy Nigel and Morgan N, Retailer Marketing Organisation Strategic Development for the 1990's. Int. Jnl of Bank Marketing vol 7, 1989.

42. Parasuraman, Zeithaml et al. The service quality puzzle, Business Horizon, July/August, 1988.

43. Porter M, Competitive advantage of Nations, M_{ac}millian Press, 1990.

44. Parasuraman, Ziethmal and Berry; Conceptual model of Service quality and its implications for future research. Jnl. of marketing, Autumn, 1985, pp.41-50.

44a. Parasuraman, Zeithmal and Berry, Quality counts in services too Business Horizon May- June,pp 44-52,1985.

45. Reekie W.D, Marketing in Banking, II, the banker magazine, 1972, vol 214, pp 97 - 100.

46. Reynolds Y, Marketing Managing, Jnl of Marketing Intelligence pp 20 - 22, 1991.

47. Sassel W.E. Olsen R.P. Wycoff D.D; Management of Service operations, Text and Cases, Allyn and Bacon, Boston, Mass. 1978.

48. Seeborn F, Jnl of Marketing of Bank Services, 1971.

49. Stostack G.L., Breaking free from product Marketing, Jnl. of Marketing, Vol. 41, No. 2, 1977, pp.73-80.

50. Stanton William J. (1971), Fundamentals of Marketing, McGraw Hill, New York.

51. Takeuchi H and Quelch J.A., Quality is more than making a good product, Harvard Business Review, July/August 1983, pp139-145.

52. Wilson A. The marketing of Professional Services, McGraw Hill, London, 1972.

CHAPTER FIVE

MARKET SEGMENTATION

INTRODUCTION

This chapter reviews the literature on market segmentation. In this chapter, some newer approaches to market segmentation are presented.The traditional approaches are , however, incorporated, because marketers must have demographic, geographic and socioeconomic information about any segment chosen if they are to market effectively to them. The thrust of this chapter is to suggest techniques that may provide a richer portrait of potential customers either through usage, benefit or lifestyle segmentation. Although socio economic and demographic variables are intuitively appealing and widely available to marketers, their records as predictors of consumer behaviour is not very strong. However, the problems in their use seem to be the result of the state of the art limitation in analysis rather than a fundamental defect in their use. Consequently, they should continue to play an important role in segmentation efforts by marketers.

5:1 MARKET SEGMENTATION

Previously, firms developed new products or services and marketed them without considering the consumer who will buy the product. Preferences or need variations within the market were usually ignored since it was found that everyone would want the new product or service.As competition became more intense,as consumers became more educated, as communication systems became more improved, this non segmentation approach no longer assured market success for new products or services. As a result, some firms began to look at the market, define its needs and design their new products and services and all attributes based on this analysis. Commercial banks traditionally developed their business through their branch networks. The branch work became the gateway for all types of banking business,

ranging from the personal market to the largest corporate market and segmentation was never a necessary discipline, new businesses quite literally walked through the door. Until recently, profitability parameters were only applied to the full spectrum of portfolio of business. As competition has increased since the 1970's and new suppliers entered the regulated market, banks have been forced to identify the profitability and content of the constituent parts of their total business. Perhaps the most important premise of marketing management is market segmentation defined as:

> *"The partitioning of the heterogeneous market into smaller more homogeneous groups on the basis of their needs, buying patterns and consumption behaviour Kotler [15]."*

Market segmentation is now seen as a necessary discipline if banks are to maintain their historic levels of profitability and pursue effective business expansion programmes. In this area, banks are often hampered by their recent adoption of the concept. The quite substantial body of work on the subject has been concentrated largely in sectors outside the financial services industry. Experience gained in other industries is not directly applicable to banking. It requires translation and testing to create a banking specific method of market segmentation.

Turnbull and Gibbs [19] state the corporate customers of banks are typically segmented on the following basis:

1. Type of industry.
2. Corporate Turnover or Capital Employed.
3. Geographical Location.

In reviewing the subject in relation to retail banking in Canada, Laroche and Taylor [17] have produced evidence to indicate that segmentation in banking must also take cognizance of the basis and evaluate criteria used in product purchase decisions. This led them to question the efficiency of the banking supermarket, unless it carries several competing brands in each product category. They also found extremely low level of brand loyalty.

5:2 FINANCIAL INSTITUTIONS DEVELOP NEW STRATEGY

The phenomenal acceleration of change in the nature of Financial Institutions over the last twenty years in the United Kingdom has created unparalleled challenges for strategic thinking in the industry. The changes in the market for financial services have been brought about to a greater or lesser degree by the following factors according to Joseph and York [12].

a) The erosion of traditional demarcation lines, between financial institutions.
b) The entry of new and aggressive competitors into market place.
c) The greater and more efficient use of information technology.
b) The growing financial sophistication of customers.

In response to these and other challenges confronting the financial services industry, eg. high cost, squeezed profit margins etc, greater attention is now being placed on the needs of personal customers. Commenting on American experience, Bartos (3) have said,

> *"On the basis of historical trends, the individual retail customer will continue to be the major source of incremental new funds to the banking system. Much greater attention therefore must be given to these segments".*

The financial services in the UK/Ghana is no exception to the rising importance of the personal customer, and specific trends are developing in the retail banking sector. The major trends as highlighted by Channon [5] are :

i) Greater segmentation of existing and potential customer base.
ii) Increased use of technology, thereby, replacing paper based systems.
iii) High level of competition for deposits and loans.

Financial institutions are slowly coming to terms with the fact that they can no longer offer a supermarket type service and be all things to all people. This wind of changes has brought about the concept and development of market segmentation techniques

UNIV DUNELM

to the forefront of financial strategic planning, Joseph and York [12]. Banks and other providers of financial services are now actively collecting information about their personal customers and the wider population with the aim of dividing the market into segments which are measurable, accessible, actionable and substantial. Kotler [15], so that products and services can be designed to cater for these needs.

5:3 PURPOSE OF COMMERCIAL BANKS MARKET SEGMENTATION

According to Cheron, Mctarvish and Perrien [7] three reasons can be identified that justify the segmentation of the commercial banking market:

1. A better understanding of the market and its tendencies. The analysis of the market by subgroups according to financial services needed, allows clients characteristics to be related to different types of services required. For example, the line of credit requirements can be related to the size of the client and its area of activity (large wholesalers will need more credit margin than small retailers).

2. Identification of unfulfilled needs. The analysis of the behaviour of certain segments can reveal new service opportunities for the bank. For example, the need for operating loans may be perceived as important by manufacturers and the corresponding service offered by the bank may be perceived as not well performed.

3. Improvement of marketing activities through a better adaption of the services offered in response to the need of clients. The simplification of banking transactions with a multi purpose account is an example of adaption to the needs of small businesses.

5:4 COMMERCIAL BANKS MARKET SEGMENTATION VARIABLES

Many variables can be used to segment the bank .... commercial market. Two broad classes of variables can be identified. The first class corresponds to observable descriptive variables based on readily accessible existing data. The second category is based on non observable variables requiring an additional data collection effort. The two classes of variables are respectively related to the two stage market segmentation proposed by Wind and Cardozo [24].

In the case of marketing of commercial bank services, the first class of variables consists of the characteristics of the buying organisation and the financial services that are needed. This is the traditional first stage of the segmentation approach based on the product market combination. The following examples are available with respect to this category of variables, Cheron and Kleinschmidt [6].

(a) Characteristics of the buying organisation: size, industry type, geographical location, organisation structure and purchasing volume.

(b) Financial Services Needed: Line of credit limit. Type and number of treasury management services, number of financial institution utilised (single source or multi source) purchasing situation (new, modify, rebuy).

In the second stage, sub groups of client can be further examined for differences with respect to the characteristics of the buying unit. Examples of variables in this category are:

(a) Structure of the buying unit, role, influence participation and involvement of buying centre members.
(b) Degree of centralisation of financial decision making in the buying organisation.
(c) Individual characteristics of participants attitudes, perceived risks, preferences, and perception of determinants of the buying decision.

An examination of the objectives and resources of the bank with associated costs/benefits of each segment determines the choice of the specific target segments that will be selected by the bank in addition to the bank objectives and source, the choice of second stage target segments must be connected with the segments profiles on the first stage characteristics.

5:5 SEGMENTATION TECHNIQUES IN RETAIL MARKET

A company that wishes to use segmentation approach to successfully market new products or services can select from a wide variety of segmentation variables. Among these variables are demographic, psychographic and geo demographic characteristics. Demographic means age, sex,family size, stage in life cycle, income, educational level, occupation, nationality,race and social class.It is perhaps the most widely used technique because the data related to customers is fairly straightforward to collect and interpret. From the list above, the ideal situation would be to state which one of the techniques is universally the best way of dividing the market. Unfortunately,the financial institutions have to decide on the bases which best meet their needs and objectives.

The family life cycle or stage in the life cycle is one of the demographic variable whose concept was developed by Rowntree in 1903, and modified into a nine-stage family life cycle by Wells and Gubar [22] should not however, be considered as definitive (FLC). The stages are the concept and development of market segmentation techniques to the forefront of financial strategic planning Joseph and Yorke [12]. Banks and other providers of financial services must subdivide customers and the market into segments which are substantial Kotler [15] so that products/services and programmes can be designed to cater for these needs.

On this subject, Channon [5] has clearly stated:

> *"Segmentation is crucial to Strategic Management and will be of paramount importance in the coming decade as banks strive to differentiate themselves in a relatively fragmented and highly competitive marketplace. In these*

conditions, without specialisation and service differentiation, most banks will become price sensitive commodity services within few opportunities for attractive margins"

There is little doubt that segmentation techniques are able to identify to whom and what way one should target market. The commercial significance of this to financial institutions is implicit, as it can be used to identify the segments which will generate profits. For example, a recent study by Kaynak et al indicate that in Turkey, older bank customers prefer closer bank locations while younger age group customers attach importance to availability of credit, friendly bank employees and fast and efficient services.They conclude that the essential element in matching the needs of banks clients and thew offering of developing country banks is the development of product/ service strategy, and that the marketing orientation of a bank in a developing country's environment is determined predominantly by market segments in the country in which the bank operates. Therefore, depending upon its environment, the developing country bank can aim at different customer groups.

Clearly at strategic level, providers of financial services who are able to identify potential income generating market segments will find that they are able to improve their performance as a result of improved profitability. This of course, is the crux of segmentation strategy.

A review of consumer behaviour on the FLC model by Wells and Gubar [22] reveals the following:-

a) Bachelor stage, Young single people not living at home.
b) Newly married couples, young no children.
c) Full Nest I: Youngest child under six.
d) Full Nest II: Youngest child under six or above
e) Full Nest III: Older married couples with dependent children
f) Empty Nest I: Older married couples, no children living at home, head in labour force.

Briefly, the family life cycle is a summary of demographic variables. It combines the effects of age, marital status, career status and the presence or absence of children. The significance of this in the provision of financial services is linked to the fact that as households act at different stages in the family life cycle, various financial needs arise. The applicability of the family life cycle to financial institutions is affirmed by Dominquez and Page [9] whose research for a mid Western American Bank found that the F.L.C. is a key determinant of consumer banking interest and behaviour.

Consequently, the financial sector whose aim is to provide new and creative products for personal customers should be constantly considering ways in which the parameters of the (F.L.C.) can be extended to help identify the needs of customers. One of the more straight forward external factors which financial institutions will have to tackle to reflect future changes in the F.L.C. will be to monitor the growth and age distribution of the population over time. In an article by Brian Reading [18b] he points out that:

> *"There is a distinctive life pattern to saving and spending when we are in our twenties and thirties - getting married, buying houses, having children - we borrow and spend. When we are old and retired, we therefore, we have to save like blazes to repay debts and build up capital for our old age".*

This statement shows the F.L.C.'s significance in pinpointing different groups of the population and their social relationships and responsibilities. According to Yorke and Joseph [12] it would be pointless for institutions to establish strategic plans to develop products or services for segments which are not growing facing a demographic trough for the 16-19 year age group, ie a reduction in the number of school leavers in the 1990's. Banks and other financial institutions will have to decide whether or not plans should be devised aimed specifically with this market segment in mind. Several writers including Lawson [16] have noted that the structure of the concept must be continually revised to take account of changing demographic and social trends in marriage, divorce, birth, deaths and the employment status of women.

In response to the application and efficiency of the various demographic variables, financial institutions may adopt strategies which combine a number of variables, since it would be impossible for a single variable to adequately identify and predict the various factors which affect customer behaviour. For example, Lawson states:

> *"The family life cycle is highly correlated to many needs but on its own, says nothing about the individual wants of the people in meeting those needs. Thus it has to be used with other predictor variables such as direct measures of income, social class, personality or attitudes".*

Indeed, Derrick and Lehfeld have stated that the use of the family life cycle does not in fact mean that other variables cannot be included to aid the identification of different groups. Financial Institutions which use a combination of these variables, example; family life cycle, income, social grade etc. will find, they can develop a very robust segmentation tool.

5:5:2 GEO DEMOGRAPHIC

This is a technique which was introduced ten years ago but has come into its own in the last 3 to 5 years. Basically, geo demographics is an approach which classifies people by where they live.

It is rooted in the belief that households within a particular neighbourhood exhibit similar purchasing behaviour outlook. The central theme of geo-demographics as outlined by Oppenshaw [18].

> *"That people who live in the same neighbourhood, such as census enumeration district, are more likely to have similar characteristics than two people chosen at random. the second is that neighbourhoods can be categorised in terms of the characteristics of the population which they contain, and that two neighbourhoods can be placed in the sam category; i.e. can con tain similar types of people, even though they are widely separated".*

Geo demographics is thus able to target customers in particular areas who exhibit similar behaviour patterns. The implications for the financial industry is very significant as this system allows them to profile the users or potential users of a product or service and then proceed to target customers who march these profiles. According to Yorke and Joseph [19] financial institutions which intend to, or make the decision to implement geo demographics to segment the market, will in many, if not all instances, choose one of the commercially available systems, like ACORN (A classification of residential neighbourhood).

On the face of it, these issues tend to imply that the use of geo demographics is questionable. In practical terms, however, it does enable the providers of personal financial services to reach identified potential customers much more efficiently than they could have without this system. Financial Institutions which aim to be market leaders should be contemplating strategies which are able to maximise the efficient use of customer information in order that they can fully gain the benefits of geo demographics. For maps with better customer profiles, the process of mapping these geo demographics system becomes infinitely more feasible and profitable, Yorke and Joseph.

5:5:3 PSYCHOGRAPHICS

Psychographics is a method of segmentation which seeks to classify people according to their values, opinions, personality characteristics etc. and by its inherent nature, should be very dynamic. The term psychographic and lifestyle research are now used interchangeably, but Weinstein states that:

> *"There is a distinction between those two concepts. Psychographics relates to consumers personality traits (e.g. their sociability, self reliance, assertiveness etc). While lifestyles, as described by Wells and Guber [22] consists primarily of Individuals attitudes, interests and opinions (AIOs)".*

Weinstein [23] concludes that psychographics is a combination of personality traits and lifestyles, and that the combination of these two factors provide a more meaningful

and robust segmentation base. The relevance of this concept to financial institutions is bound up in its ability to introduce various new dimensions to existing customer information: for example;

> *....customer disposition towards savings, investment and the use of credit; general attitude to a variety of financial products etc.*

In today's competitive world, where innovation is the key to improved organisational performance, a system which is able to introduce new perspectives is worthy of investigation. Financial strategists who use this segmentation tool should be better able to direct their marketing energies to meet the existing and future needs of these identified groups, York and Joseph[12].

5:6 COMMERCIAL AND CORPORATE MARKET SEGMENTATION

Industrial markets represent attractive actual and potential customers for a bank. In contrast to retail markets, financial services are not acquired for themselves or to meet a narrow personal need, but only for the contribution they can make to the economic political and social objectives of the purchaser.

The industrial market can be subdivided into the commercial market of small and medium sized firms on the one hand, and the corporate market on the other. Commercial market represent the middle market and differ from the retail and corporate markets, Cheron and McTavish[7]

In the corporate market, individual contact with customers allow banks to adapt the offer to satisfy special financial services, Weston [21]. However, in the commercial market, bankers can no longer maintain personal relations with all customers due to more heterogenous and complex marketing and a wide variety of financial products available. In that context, market segmentation can help account managers to better understand the market they face.

Segmentation results from the fact that the commercial market is not homogenous and that the identification of differing needs in the business market is required to adapt the marketing effort to serve the varying clients needs at a profit. Segmentation can be applied to both present and potential clients and several variables can be used such as client characteristics and or buying situations. One constraint is that segments must reflect differences in needs clearly connected with some adaptation of the marketing strategy, Channon[5].

5:7 CONCLUSION

The marketing manager will thus ask questions as how big is the segment in volume terms? Is it worth pursuing or should the bank look elsewhere, where profits might be more readily available? Who are the clients and customers in the segments? For example, what sociological and demographic features do private individuals have? What do clients use our service for?

Clearly, the answers to many of these questions can only be provided by market research. However, Anderson, Cox and Fulcher [2] point out:

> *"Where the banking community has accepted marketing practices, marketing research aimed at delineating market targets for programming purposes is often focused on consumer demographic and socio-psychological characteristics rather than on the criteria used by customers in making bank selection decisions. Hence, product/service packages and promotional programmes are frequently misdirected towards consumer characteristics that may in no way relate to those critical factors that determine bank selection".*

The application of segmentation principles in bank marketing research was also illustrated by Fitts and Mason [10]. They conclude however that further research on refining the ability to segments markets effectively is necessary. Barry et el [4] asserts, however, that segmentation trends are discernable in bank marketing:

"The clearing banks are widening their segments, and tackling users of a wide range of services. They are biting into the consumer credit Industry and into merchant banking. They are widening their international activities".

This is not always the case, however, many banks have for years designed their promotional efforts to aim at only the broadest mass markets. Only recently have banks become aware of the increase possible in productivity and resulting in economies using marketing segmentation when appealing to new customers or promoting banking services to present customers, Wilson [25] concludes that:-

"The bank that effectively segments its market, understands the unique desires and characteristics of each segment, can devise strategies that best fits its selected target markets. The approach is likely to provide it with a competitive advantage which can lead to increased patronage and profitability".

According to Berry and Donnelly [4], the marketing process for banks involve planning which necessitates the drawing up of situation analysis, management participating in the setting of priority organisational objectives, selecting the target market to be pursued by the organisation and designing the marketing mix to attract the market target's patronage.

The selection of the target market and the design of the marketing mix to attract it can be thought of as the planning of a marketing strategy. Typically, the bank simultaneously pursues a number of marketing mixes, but the marketing plan is not a one time event, but a dynamic process which once implement, is subject to modification due to unforeseen circumstances. The objectives of bank marketing department can be summarised as follows: First...

(1) It should assist the Chief Executive Officer in identifying and defining customer needs that the bank is to serve, and assist in establishing specific marketing objectives.

(2) The marketing department should help establish programmes aimed at persuading customers to use bank services. This is accomplished through such means as advertising and promotion, direct sales and the marketing training of all personnel who come in contact with actual and potential bank customers.

(3) The marketing department of a commercial bank should be concerned with the development and use of administrative controls and measures as to keep the banks marketing programmes on target.

There is no doubt, however, that commercial banking has only relatively reached the market place. However, it is perfectly clear that the industry has come a long way. The journey has been plagued by such obstacles as management indifference, a limited variety of services to sell, public mistrust and failure to recognise that their various publics represent potential customers on an enormous scale.

Though many banks have recently accepted the marketing concept and developed marketing techniques, there are still a number who have yet to recognise the concept as a sound and legitimate way to operate their affairs. Even among those who have adopted the concept and developed marketing techniques, there are those who are more successful in achieving their marketing objectives than others. The researcher gave a short review on markets and strategies to support the objectives analysed.

5:8 STRATEGY AND MARKETS

As Howcroft [11] points out, there are many reasons for bank marketing failures. He asserts that the first failure is a failure to sell. Mainly due to the inexperience and unwillingness of bank staff to familiarize themselves with the services or consumer marketing, many banks have admitted a need to give their staff more and better training in sales and more knowledge of the banks's services. However:-

" Marketers are filled with hope that things can be improved with training, incentive plans and others stimulants. In our opinion, it will take more than that, because it goes deeper than that. It may be reducing things to arrogant simplicity, but the fact is that bank people in general have a very unfavourable attitude towards selling. It's considered degrading and demeaning, despite the fact that success of our banks and the existence of our jobs depend, willing or unwilling, on selling".

Kaynak et al [13] suggests that to overcome this, management should stress organising the bank itself to serve its customers, taking care of their financial needs and then have management show them how to do it. A second failure, he pinpoints, is failure to recognise failure or bank's management introspection. For example, management must recognise when to discontinue offering a service. He comments:

"A few banks do admit defeat and jettison services that are not making money.. A tyre and rubber company calls it "Inward expansion".

They replace a loser with a product they think has a future and better profit margin. Most banks don't call their losers, instead they keep pumping the pedals. Marketers hate to see any service get axed, particularly if its old and respected.

In a follow up article, he reviews four other important errors in bank marketing. They are:-

(1) Failure in research
(2) Failure in strategy
(3) Failure in co ordination
(4) Failure in communication

He asserts that faulty and incomplete research is the most common cause for the failure of banking services, while decentralised organisation of marketing and uncoordinated organisational planning also cause marketing failure. He adds:

"In the situation above of fragmented responsibility, we have several department acting independently. It is not that they are doing things the wrong way. The reasons for failure is that the things they are doing is inconsistent. They are doing too many different things in too many different ways. To get a customer or prospect buy a service involves a lot more than merely telling them about it. It requires a carefully planned and fully convergent marketing package whose messages result in telling the story consistently".

Finally, good service organisations have carefully focused market segmentation built into their service management systems from the start. In defining market segments in service business, certain particular characteristics have to be kept in mind. In such business, the interaction between the producer and the client is generally deeper than elsewhere, and as a "prosumer", the client often does a great deal of work.We have seen that the service provided may include organising and managing the customer, which means that market segmentation must be based on the needs of the client in this respect and on his willingness to allow the organisation to effect his way of functioning. The service concept may also include the transfer of knowledge which means that the customer's level of knowledge is a particularly important feature and distinguish between market segments. The researcher believes that an understanding of the significance of the market segmentation will help bank management to tackle users of financial services and identify the size of the segment in volume terms.

5:9 SUMMARY

From the above review, whilst Howcroft's study throws light on efficient branch management, his study focused only on operations in London and in information technology. Couture's work failed to address the issue of how the marketing concept had been adopted while Kaynaket al's study did not consider how banks should use the marketing concept to retain existing and potential customers.

The above writers assert that the use of marketing techniques in banking have become more important in developing countries environments as the supply of bank services,

far exceed the demand in most cases. However, the above mentioned studies were carried out in developed countries in England, Canada and Turkey.

The reader will recall from chapter one that no research has been done in the planning and implementation of the marketing concept in Ghana. Therefore, there is an urgent need for examining the effects of the concepts in Ghanaian banks and to study the practical problems which are just beginning to appear between Ghanaian and British banking systems with a view to finding an acceptable means of resolving these problems. Ghanaian bankers have found themselves in a position similar to that of British bankers in the early 1970s. These changed circumstances have caused them to reconsider their traditional thinking and be willing to accept the possibility of accepting the marketing concept as a means of coping with their changing environments.

In concluding this study, the researcher takes a similar position to that of Howcroft, Couture and Kaynak et al in saying that marketing in banking has a prime purpose in contributing to the bank's overall profitability. The researcher's work will fill the gap created by these writers in how the marketing concept has been adopted by the two groups of banks operating in dissimilar environments.

This study is considered necessary and desirable because firstly, useful insights can be gained for the banks in Ghana to formulate differentiated marketing strategies to attract large number of customers and better satisfy the needs of both present and potential customers. Secondly, customers and management behaviour towards banking services would be useful to foreign organisations intending to do business in Ghana.

NULL HYPOTHESES

An understanding into the real meaning and significance of the marketing concept and planning helps managers begin to collect relevant information and to think through implications of choosing one or more positions in the market. From the review of the literature (chaps.2-5), the following hypotheses were formulated:-

1. The organisation of marketing administration in Ghanaian banks do not differ significantly from that found in the U.K. banks.

2. The attitudes of Ghanaian bankers towards the adoption of the marketing concept does not differ significantly from that found in the U.K. banks.

3. The scope of activities involving the components of the marketing mix in Ghana do not differ significantly from that found in the U.K. banks.

4. There is no significant difference between groups of banks regarding their perception in which the adoption of the marketing concept has made most contributions to the banks overall performance.

5.(a) There is no significant relationships between socio-economic and demographic attributes of customers of GCB and :-

i) Types of accounts they hold with the bank

ii) The characteristics looked for when choosing a bank between two Ghanaian banks

iii) Types of accounts held with other banks.

iv) The image customers of GCB hold of the bank

(b) Whether customers use GCB for reasons other than the desire to conform to Ghanaian ethics.

These hypotheses will be analysed to achieve the objectives of this study. The next chapter namely, six, covers research design and methodology.

References

1. Alexander R.S. (1960) Chairman, Committee of Definitions, American Marketing Association, A Glossary of Marketing Terms.

2. Anderson W.T., Cox E.P and Fulcher D.J.,Bank Selection Decisions and Market Segmentation; Jnl. of Marketing, Vol.41, No. 1,pp 40-45,January 1976.

3. Bartos Reng, 'The Target is Moving - The Changing Bank Customer', Bank Marketing, July 1978, Vol. 10, pp. 18-21

4. Berry and Donnelly,Marketing for Bankers, American Institute of Bankers, New York,pp28-29,1985.

5. Channon, Derek F, 'Bank Strategic Management and Marketing, pp. 3-4, 1986

6. Cheron E.J. and Kleinsmidt E.J., 'A Review of Industrial Market Segmentation, Research and Proposal for an Integrated Segmentation Framework', Int ? of Research in Marketing, Vol.2, 1985

7. Cheron E.J. and McTavish R., Pievren J., 'Segmentation of Bank Commercial Market', Int. Int. of Bank Marketing, vol 7, No. 6, 1989. pp. 25-30

8. Nature G.V. (1972) The marketing Concept. It's implementation and influence on the organisational structure of Canadian Banks. Unpublished PhD Thesis, University of Illinois.

9. Dominiquez L.W. and Page A., 'Formulating a Strategic Portfolio of Profitable Retail Segments for Commercial Banks', Int. of Economics and Business, Vol 361, 1984

10. Fitts R.L. and Mason,J.B. "Market Segmentation Research: An application on Bank Services",The International Jnl. of Management Science, Vol.No.5, No.2,pp.207-213, 1977.

11. Howcroft & Berry, 'Increased Marketing Orientation of the UK Banks Branch Network', Int. Int. of Bank Marketing, Vol. 9, No. 4, 1991

12. Joseph L. and Yorke D., 'Market Segmentation in the Personal Financial Services Sector', QRM, Autumn 1989, Vol. 15, No. 1989

13. Kaynak E., Kukukemioglu and Odabasi Y., 'Commercial Bank Selection in Turkey', Int. Jnl. of Bank Marketing, Vol. 9, No. 4, 1991

14. Kaynak E et al,"Patronage Behaviour of Jordanian Customers",The International Jnl. of Bank Marketing, Vol.8, No.4, 1990.

15. Kotler P., 'Marketing Management Analysis, Planning, Implementation and Control', 7th Edition 1992, Prentice Hall

16. Lawson Rob W, 'The family life cycle - a demographic analysis' Jnl. of Mkt. vol 4, No. 1, 1988.

17. Laroche,M et al, and Taylor, Services used and factors considered important in selecting a bank;An investigation across diverse demographic segments;Int Jnl of Bank Marketing,Vol.4(1) pp35-55,1986.

18. Oppenshaw S., 'Marketing Geodemographics in more Sophisticated Way', Jnl. of Marketing Research Society, Vol. 31, No. 1, pp. 75-101

18b. Reading B.," Why it's time for us to save, our economic reflects our age". Sunday Times 11 Dec. 1988.

19. Turnbull,P.W and Gibbs M.L.,"Marketing Bank Services to Corporate Customers:The Importance of Relationships", The International Jnl.of Bank Marketing, Vol. 5,No.1,pp 19-26, 1987.

20. Wong Su and Perry C,"Customer service strategies in financial retailing",The Int. Jnl. of Bank Marketing,Vol 9,No.3, 1991.

21. Weston I, 'Managing the Relations with Corporate Customers', Int. Jnl. of Bank Marketing, Vol. 4, pp. 9-34

22. Wells W. and Gubar G., 'Life Cycle Concept in Marketing Research', Jnl. of Marketing Research, Vol 3, No. 1966.

23. Weinstein A. 'Market Segmentation, using Demographics and other Segmentation Techniques to uncover and exploit new Markets', Probus Publishing Co., 1987

24. Wind Y. & Cardozo R., 'Industrial Marketing Segmentation', Vol 3, pp. 153-166, 1974

25. Wilson R.M.S., 'An Overview of Financial Services Marketing', Managerial Finance, Vol.5 No 3, pp. 231-256, 1980

CHAPTER SIX

RESEARCH DESIGN AND METHODOLOGY

INTRODUCTION

This chapter describes, in sequence, the various procedures by which the research was carried out, that is to say, the approaches of gathering and analysing information needed for the study. The first section identifies the objectives of the study and a set of steps followed in conducting the research. The second section examines the statistical techniques used in analysing the data for the study.

6:1 STUDY OBJECTIVES

The study objectives may be summarised as follows:

a) To ascertain the significance of group differences regarding the attitude to the marketing concept, organisation of the marketing activity, activities involving the components of the marketing mix and perceived outcome of the adoption of the marketing concept.

(b) To determine relationship between particular consumer variables and extract the most salient variables that can establish a model for the marketing of Ghana bank services.

6:2 RESEARCH STRATEGY AND PROCEDURES

The principal concern throughout the research is to ascertain the significance of group differences regarding attitudes to the marketing concept, organisation of marketing activity, activities involving the components of the marketing mix, and the perceived

outcome of the adoption of the marketing concept.

(ii) To determine the relationship between particular consumer variables

(iii) To extract a set of most salient variables which could establish a model for the marketing of Ghana bank services.

In the discussions pertaining to the marketing of bank services, any evaluation of these banks will involve the following:-

1. Assessment with type of banks
2. Measures regarding marketing organisation and administration
3. Measures regarding the application of the marketing mix
4. Indicators of outcome of the adoption of the marketing concept
5. Indicators of attitudes towards the various facets of the marketing concept
6. Measures of bank services, consumer values, benefits and behaviour.

The basic strategy of the research therefore involves a bi-cultural comparative evaluation of the marketing of bank services. The basic assumption is that banks operating in Ghana, evaluate and choose alternatives dependent upon values such as economic, value orientation and the like.

Secondly, to understand how initial banks are selected and to determine problems associated with banking transactions. How respondents learn about various banks available and how they select initial banks. In looking at the consumer, the researcher will be concerned with his values, his response to mass communication and his perception of alternatives and with variables describing his demographic and socio-economic characteristics.

6:3 PROCEDURES

The researcher adopted the following procedures to carry out the study:-

1. Review of the literature in areas relevant to the study
2. Administrative Communications and interviews
3. Preliminary study
4. Selection of samples
5. Selection of variables/questions
6. Field work
7. Variables and their measurement
8. Definition of questionnaire
9. Statistical Analysis

6:3:1 REVIEW OF THE LITERATURE

In order to obtain essential information and organise the undertaking, the researcher reviewed the literature (including the published and unpublished PhD thesis) on marketing of Financial/bank services. This provided a number of important issues and areas to focus on and some hypothesis were drawn.

6:3:2 ADMINISTRATIVE COMMUNICATIONS AND INTERVIEWS

In order to obtain essential information and organise the undertaking, the researcher wrote to and interviewed various individuals including top bank executives and some academics in Ghana and the U.K.

6:3:3 PRELIMINARY STUDY

The first stage of this study consisted of eight depth interviews around the issues of the adoption and implementation of the marketing concepts and the organisation and co-ordination of marketing activities with leading U.K. and Ghanaian banks. In 1989, the researcher spoke to Professor Lokko of University of Ghana, Legon,

Dr. Duffor Head of Economic Unit of Ghana Commercial Bank and two Deputy Directors of Bank for Housing and Construction and Standard Chartered Bank all in Ghana.

In 1990 the researcher spoke to Professor Watkins, Editor of the International Journal of Bank Marketing, the head of marketing at Lloyds bank, London. The South London regional manager of National Westminster Bank and an area manager of Midland Bank all in the United Kingdom. Before the interview, the researcher wrote to these respondents four weeks in advance and followed it up with a telephone call to confirm the dates. Most banks were prepared to meet the researcher for a session of 2 hours each. The shortest was 52 minutes. The interviews took a semi-structured form in which the researcher approached the questions in sequence which followed naturally the lines of the answers to avoid disrupting the flow and thought of the interviewee more than necessary. This method had advantages of allowing a wide scope of information to be gathered and to help construct the final form of questionnaire.

Secondly, this study helped identify any problems likely to arise in the administration of the main study and to estimate the time required for collection of data for the main study.

Thus, all research questionnaires were developed over a fairly extensive period of time, during which several knowledgeable and experienced individuals as mentioned above, were consulted for advice and suggestions. As a result of such consultation and the carrying out of the pilot study, several amendments were made for the final questionnaire as shown in Appendix 1. It was also useful, as an indicator of attitudes and receptivity of bank personnel to the study.

6:3:4 SELECTION OF SAMPLES

In selecting the samples, two factors that appear significant in the study are the type of banks and their place of operation. In respect of both these samples, the overall

bank sample is defined as banks operating in Ghana and the U.K. principals. Customers of GCB were chosen as the basis of the consumer survey because it is the first and most successful bank after independence, and secondly, the researcher, being a Ghanaian, can better understand the local culture so that any response bias in the questionnaire and interviews could be kept to a minimum.

6:3:4(i) BANK SAMPLES

For samples in respect of the banks, there are eight Commercial banks in Ghana. To obtain reliable results, all the eight Commercial banks and one National Investment bank that operates checking accounts, were selected for the study. To obtain accurate analysis and comparison, the same number of banks were selected in the U.K. From over 30 U.K. banks (excluding foreign banks operating in the U.K.) all the major clearing banks namely National Westminster, Midlands, TSB, Lloyds, Barclays, Abbey National, Royal Bank of Scotland and Yorkshire bank were selected. The researcher believes that these banks have several years experience both in the domestic and international banking operations and that experience gained from the operations of these U.K. banks would enhance knowledge in contributing to the restructuring of GCB. The Nationwide building society was chosen from amongst six leading building societies that operate checking accounts.

6:3:4(ii) CONSUMER SURVEY SAMPLE

From a population of 40,000 customers, 400 names were selected. The sample was randomly selected by a software system used by Ghana Commercial bank auditors. In view of the problem inherent in collecting data in a developing country, Terpstra (14), the researcher considers the sample size to be large enough. Efforts were made to collect information about individual buying behaviour and personal financial transactions. The researcher believes that less efforts appear to have been devoted to the study of non-European business practices and the underlying sociological, psychological and economic factors by the representative samples.

6:3:5 SELECTION OF VARIABLES/QUESTIONS

From above review of the literature and in consultation with GCB directors and some academics, the following variables were assumed in designing the questionnaire:

(i) The adoption or otherwise of the marketing concept.

(ii) The organisation of marketing activities

(iii) The integration and co-ordination of marketing activities within the marketing departments and with other departments in organisation

(iv) The performance and scope of activities involving the components of the marketing mix

The outcome of the adoption of the marketing concept, would be of importance to achieve the objective of the study as outlined above. As a further aid to this comparative approach, bank services available to consumers of Ghana Commercial bank, the perceptions, values and attitudes of such consumers as well as their demographic and socio-economic characteristics would also be necessary.

Top executives of the eight British Banks and one building society and nine Ghanaian banks including one Investment bank, namely GCB, Barclays, standard Chartered, Rural bank, Agriculture Development Bank, Bank for Housing and Construction, Social Security Bank, National Savings and Credit and National Investment Bank will be selected which would yield reliable and valid information on the above aspect of the study. Two types of questionnaire, namely (a) bank questionnaire on the adoption of the marketing concept (see appendices ii) and (b) consumer survey questionnaire (see appendix iii) were designed.

The first research questions concerned the differential attitudes of bank personnel towards the marketing concept. Thus, a six item Likert-type instrument was designed on similar lines to that adopted by Professor Couture (3), Kaynak et al (8). This

aimed at measuring the extent to which bank officers were favourable to the marketing concept. Appendix one contains the bank questionnaire item.

(v) Consumer survey of over 400 customers of GCB .

6:3:5(i) CONSUMER SURVEY

In the researcher's view, the study justified banks services marketing partly as a segmentation problem. Since segmentation seeks to construct categories of people, its success will depend upon how much the marketer knows about consumers and their behaviour.

In including such variables for the study, the primary goals has been to influence the decision-making behaviour of marketing management within the organisations studied; for making decisions regarding what kinds of sales appeal should be made to what kind of customers, and presented to what kind of customers, and presented by what kind of media, organisations are forced to consider the segmented nature of the market.

The literature reflects numerous bases of defining market segments as target for promotion, of which demographic and socio-economic characteristics, occasionally together with attitudinal and/or personality traits are included, Appendix iii contains consumer survey questionnaire. The questionnaire was developed on similar lines to those used by Howcroft and Professor Kaynak etc. and with the approval of GCB executives.

6:3:6 FIELDWORK

The researcher undertook a five month field study in Ghana from June to October 1991, in order to collect data for the main study. The postal survey was carried out in the same period with the mailshot followed by a postal reminder and then a telephone reminder.

For the purpose of this study, the marketing concept is defined as being a philosophy to which the organisation commits itself, namely:-

> *"The role of marketing is to facilitate an organisation's ability to sell brands, images, concepts, products or services to its current and potential customers base by understanding and meeting their needs".*

The researcher explained this definition to each respondents. The main sampling units were the chief marketing executive in the case where marketing department existed. In other cases, the approach was to the deputy director operations or the chief manager/director of research. The researcher identified these personnel to be knowledgeable in providing valuable information in the area under study, as a result of knowledge acquired through the preliminary study.

In few cases, the bank questionnaire was completed through a telephone interview rather than respondent self completion. The survey was limited to one response from each organisation and a total of 18 banks were selected in Ghana and the U.K for the study.

The researcher was permitted by GCB management to undertake a comprehensive case study of Ghana Commercial bank. The researcher received the full co-operation of the bank's personnel,and visited all departments of the bank whilst undertaking informal discussions and interviews with heads of department.

Semi-structured interviews took place with some bankers and academics. The researcher attended a one day conference organised by the Ghana Institute of bankers at the University of Ghana, having in previous months attended seminars organised by the Marketing Education Group, led by Professor Watkins at City University. Commercial banking was the main topic for discussion.

A comprehensive consumer survey was undertaken. A total of 400 questionnaires were mailed, 65% were returned of which 225 were usable. In view of the fact that this case study was undertaken in a developing country in which there are unreliable

postal and transportation systems,a higher degree of illiteracy and hindrances to speedy and reliable information collection, the response rate was very good.

A mail survey was used because:

a) Some of the questions were sensitive. There was concern that in personal interviews, respondents may not accurately answer potentially embarrassing questions or questions with socially desirable responses. Since the main interviews removes the elements of social interactions, it was preferred, Kinnear and Taylor (8).

b) Secondly, given that no method is without disadvantages,the advantages of mail surveys in terms of impartiality,time, cost and efficiency in contacting a large geographical dispersed sample whose names were already on a mail data base, seemed too great to be ignored.

c) Thirdly, other studies in marketing and psychology by Moriarty and Spekman (12), Garner and Garner (6), Stock and Zinszer (17) have found the method to be useful to have been able to provide contributions to literature using such an approach.

In about 20% of the cases, the researcher followed up with a telephone call and explained the questionnaire and purpose of the study in "Akan" - a Ghanaian language that helped the respondents to understand and complete the questions. As an incentive for completing the questions, respondents were assured of the confidentiality of their replies and questionnaires were filled anonymously. The respondents are individual consumer depositors.

6:3:7 DEFINITION OF BANK QUESTIONNAIRE

As indicated from the review of the literature, (see Kotler and Couture pp 68) the application of the marketing concept is primarily a function of the attitudes of senior management in any organisation toward a set of values. These values are

operationally defined as:

1. Profit Orientation: Corporate concern with the effect of new service introduction and activities on its profit position.
2. Social Responsibility: Company wide concern with the implications of their actions on the growth and stability of the general community.
3. Status of the Marketing Department: Company wide concern with their departmental implications of actions and decisions of an individual department.
4. Managerial Appreciation of the Importance of the Marketing Concept: Two questions were designed to measure each dimension and were randomly distributed throughout the questionnaire shown in appendix B1. The following are examples of the statements/variables used to measure each value.

A. Customer Orientation

(i) Bank decisions, including marketing decisions must be customer orientated.

(ii) Market research is used here to identify customer needs and buying habits.

B. Profit Orientation

1. Bank decisions, including marketing decisions, must be profit oriented.
2. Market research is used here to identify profitable market potential.

C. Social Responsibility

1. Social responsibility should be part of the training of bank personnel.
2. Bank decisions, actions and non-actions are closely related to the growth and stability of society.

D. Status of Marketing Department

1. Decisions made by the marketing department have an influence on decisions of all other departments.
2. All bank departments should not make any major decisions without consulting the marketing department.

E. Appreciation of the Importance of Marketing Concept

1. The implementation of the marketing concept is equally important for banks selling services as for firms selling products.
2. The marketing concept has now been adopted by most bankers.

The second concern of the study was with the existence of marketing departments. Within the different banks and the performance of marketing operations, the underlying assumption being, that where banks were carrying out formal marketing operations, this also would be indicative of a positive attitude towards the marketing concept.Thus items were included in the questionnaire which covered how marketing activity is organised, title of marketing manager and to whom top marketing executive reports. As a further indication of the importance of the marketing department,the individual responsible for activities of that department would be the membership of the marketing executive of various organisational committees hence questions included in the questionnaire as to whether the top marketing executive was a member of the various committees.

According to Kotler(11), Berry and Donnelly (1) the first means by which the marketing concept expresses an appreciable influence on the firms organisational structure is the integration of all marketing operations under the responsibility of the marketing department and the co-ordination of marketing activities of other departments. Question No.15 of appendix ii, designed for this study asked for this information.

The third part of the questionnaire item sought to ascertain what marketing operations are performed and who performs them, i.e. the division of operations in accordance with the well known concept of the marketing mix. Thus, the assumption of responsibility for the performance of operations having to do with services, pricing, distribution and advertising were considered necessary sources of information. Two items relating to each dimensions of the marketing mix were included and bank personnel were asked to indicate who performed activities relating to services, pricing, distribution, communications and research and development.

As stated earlier, a further aim of the study was to consider the banks services available to a particular Ghanaian bank, attitude and values and the perception of such consumers and their demographic and socio economic characteristics. The latter two were considered important, as in the researcher's view, the conceptual scheme of the study justified viewing banking services as partly a segmentation problem. Since segmentation basically seeks to construct categories of people, it's success will depend on how much the marketer knows about human behaviour.Contributions from psychologist and economists must therefore be relied upon for assistance.

In including such variables in the study, the primary goal had been to influence the decision making behaviour of marketing management within the organisation studied, for in making decisions, organisations are forced to consider the segmented nature of the market. The literature reflects numerous bases of defining market segments as targets for promotion of which demographic and socio economic characteristics occasionally together with attitudinal and personality traits are included. see appendix iii.

6:4 VARIABLES AND THEIR MEASUREMENT

The information necessary to the main part of the study has been given at the beginning of this Chapter. The four main areas are:-

1. Attitudes to marketing concept
2. Organisation of marketing administration
3. Activities involving the components of the marketing mix
4. The perceived contribution of the adoption of the marketing concepts by the UK and Ghanian banks.

The main aim was to ascertain the underlying reasons which influenced consumers in their choice of Ghana Commercial Bank, to consider customer's perception of the Bank's image, the association between socio-economic (occupation status) and demographic (age of consumer) characteristics and patronage reasons.

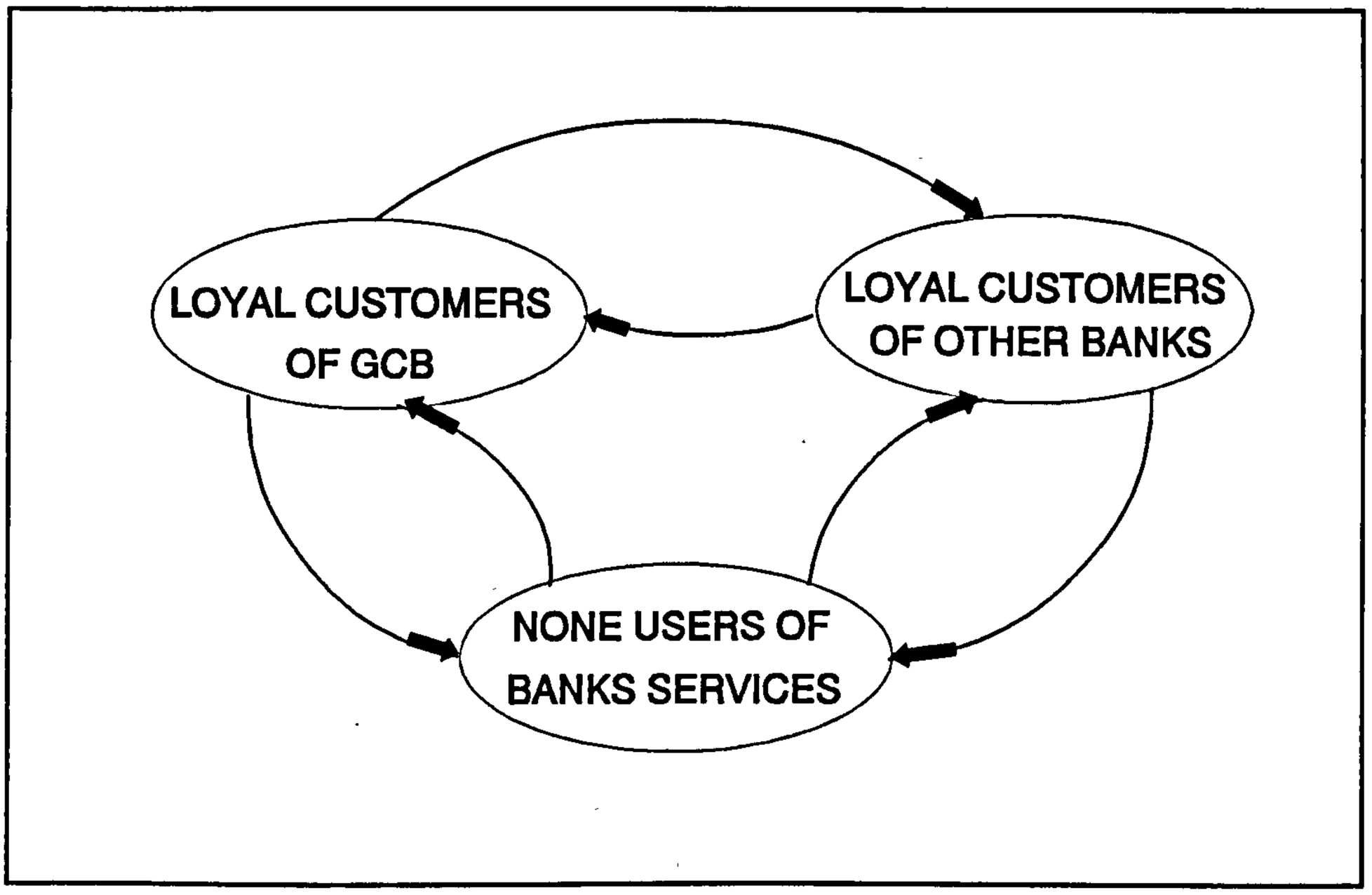
The perceived contribution of the adoption of the marketing concept by Ghanian and the UK banks produced a total of 16 questions for the main study while information ascertained by consumer survey produced 19 questions.

The bank is viewed as an organism which interfaces with the population for the purpose of creating consumer needs and wants. The degree of favourable customer reaction to the bank will depend upon the competitiveness of the bank's services. The study also considered the media channels through which the bank's customers became aware of the bank's services and consumers' perceptions of which media informs them regarding such services.

It was assumed that the population of the banks' customers was not homogenous and that it will comprise of customers of the bank with varying degrees of loyalty and customers of other banks also by varying degrees of loyalty. The bank interfaces also with non users of the bank's services who have experienced the need for an account and are therefore in the market as well as those who have not felt the need for an account to date and therefore, are not in the market for it or any other bank's services as depicted in Figure 6:1.

FIGURE 6:1

BANK USERS



Source: Adopted from Aaker D.A and Mayers J.G,
Advertising management, 2nd edition pp 94 - 98.

In trying to influence consumers and take an increasing market share, it is important that the broad aims and objectives of the bank are known to consumers. The success or otherwise in achieving this is also considered in the study. This study is also concerned with the consumer's mental processes after he has felt the need to open an account with the bank. In making a decision on which bank to open an account, the consumer obviously goes through a choice process in which perceptions, motivations, stored knowledge and attitudes are aroused. A further consideration of this part of the study therefore, is to uncover the reasons which triggered off an interest in Ghana Commercial bank.

There have been several reviews of the different problems of measurement associated with studies of consumer and organisational behaviour. Tull and Hawkins (15), Perloff (11) and Robinson et al (12) discuss the relationship between the type of

measurement and the kind of summary statistics that can be applied to studies of consumers responses to mass communication and different approaches to the measurement of values and beliefs.

While these and several similar studies by Prof. Couture(4), Kaynak(9) were consulted in order to gain an insight into the possible measurement techniques, the researcher essentially and finally designed his own. The measurement of many of the variables crucial for the aims of this study suggest a need for future methodological developments. The following variables included in the study are described.

(a) Attitudes to the Marketing Concept

It was hypothesised that there are no significant differences in attitudes toward the marketing concept. In order to determine whether or not the items were in fact tapping the dimensions of the marketing concept which they were designed to measure, the total set of items were factor analyzed, using the total sample of eighteen banks. Reliability of the variables according to Churchill(2) Kinnear (8) can be indicated from the communality (h2) figures derived from factor analysis. Indeed,

> *"...if the communality is too low, say in the region of .3 or less which gives a unique variance of .7 or more, it could well mean that the test is unreliable. One would be justified in eliminating that test in any re-analysis".*

(b) Organisation of Marketing Activity

The set of items placed on the questionnaire taken as a whole was found to be capable of distinguishing between banks on this dimension. It was hypothesised that there would be no significant differences between types of banks in their organisation of marketing activity. Questionnaire items includes title of the individual responsible for marketing activity, marketing activity organised through centralised marketing department at head office, at regional levels, combined with other functions, no formal marketing activity, etc.

(c) Activities involving the Components of the Marketing Mix

As a test of the hypothesis that banks would not differ significantly regarding the

performance and scope of activities involved in the components of the marketing mix, the following items were included in the questionnaire: integration of marketing activities within the marketing department, co-ordination of marketing activities. Who performs duties and decisions relating to services, pricing, research and development communications and distribution.

(d) Perceived Outcome of Adoption of the Marketing Concept

It was hypothesised that where the marketing concept had been implemented, banks would perceive a significant contribution in areas of organisations' efficiency, planning and control, profitability and provision of better bank services. As a test of this hypothesis, one item was included on the questionnaire which asked respondents to indicate in which of these areas they thought the adoption of the marketing concept had made significant contributions in their banks.

6:5 NULL HYPOTHESIS

In order to achieve the objective of the study, the following Null hypotheses were formulated:-

1. The organisation of marketing administration in Ghanaian banks do not differ significantly from that found in the U.K. banks.

2. The attitudes of Ghanaian bankers towards the adoption of the marketing concept, do not differ significantly from that found in the U.K.banks.

3. The scope of activities involving the components of the marketing mix does not differ significantly from that found in the U.K. banks.

4. There is no significant difference between groups of banks regarding their perception of areas in which the adoption of the marketing concept has made most contribution to banks overall performance.

5. There are no significant relationships between socio-economic and demographic attributes of customers of GCB and

a) Type of accounts they hold with the bank
b) The characteristics looked for when choosing a bank between Ghanaian banks
c) Types of accounts held with other banks.
d) The image customers of GCB hold of the bank.

2. Whether customers use GCB for reasons other than the desire to conform to Ghanaian ethics.

TABLE 6:1

PROCEDURE FOLLOWED IN TESTING THE HYPOTHESES

Below gives the hypotheses instruments and Techniques followed in this study

HYPOTHESIS NO	INSTRUMENT USED	STATISTICAL TECHNIQUES FOLLOWED
1	Bank questionnaire item	Descriptive, Anova
2	Bank questionnaire item	Anova, Factor analysis
3	Bank questionnaire Item	Anova F Ratio
4	Bank questionnaire item	Anova, Factor analysis
5	GCB Consumer survey	Chi-square

6:6 STATISTICAL ANALYSIS (RELIABILITY AND VALIDITY)

Before examining the results of the study; consideration should be given to the value of measuring instruments used. On consultation with statisticians and an econometricians the conclusion was drawn that the data could be processed by the application of bi variate analysis; chi square and factor analysis. Below is the description of the statistical techniques used in this thesis. An extensive application of each is not presented.

6:6:1 (ANOVA) ONE WAY ANALYSIS OF VARIANCE

This statistical technique enables the researcher to test whatever the means of the subsamples into which the observed data series are split differ significantly from each other. It has a distinct advantage of being applicable where there are more than two means being compared. It is used most by consumer goods manufacturers and finance and insurance companies. The null hypothesis typically states that the sample means are equal. In this setting, if the sample means are not found to be significantly different, the null hypothesis cannot be rejected. In other words, the true sub population means are said to be structurally equal or stable and that the deviation which occur are the result of sampling error.

In ANOVA, between sum of squares (SSB) reflects the total variability of the means. If the samples differ greatly, SSB will be large. The within sum of squares (ssw) measures the amount of variation within each column or treatment. If there is little variation among the observations, SSW will be small. If there are no variations between the groups, the estimated coefficients of the population have identical variance. Analysis of variance thus involves making statistical inferences from samples to universes, just as any sampling problem does.

In ANOVA between and within sums of squares are calculated. When each of the sums of squares are divided by the appropriate degree of freedom, it generates mean square, which is an unbiased estimate of the population variance. If there is treatment effect, the calculated F value would be larger.

6:6:2 CHI SQUARE

In addition to substantive interpretation of cross tabulation data, the marketing researcher is also interested in questions like:

(a) Is the observed association between the variables in the cross tabulations statistically different?

(b) How strong is this association?

Chi square analysis is the technique that is typically used in answering the first question. The second question is answered by the computation on same type of agreement index such as contingency coefficient.

Chi square analysis can be used when the data consists of counts of frequencies with which each category of a tabulation or cross tabulation appears. Thus chi square is a useful technique for achieving the following objectives:

1. Determining the significance of sample deviation from assumed theoretical distribution, that is, finding out whether certain models fit the observed data.
2. Determining the significance of observed association in cross tabulations involving two or more variables.

The procedure involved in chi-square analysis is basically quite simple. The observed frequency data is compared with another set of "data" based on a set of theoretical frequencies. These theoretical frequencies may result from application of some specific model of the phenomenon being investigated - objective 1 above, or we might use the special model that the frequency or occurrence of two or more characteristics is mutually independent - objective 2 above. As an example of this second use, we may build hypothesis that the presence of characteristic A, (e.g. a consumer's purchase of a specific service) is unrelated to characteristic B (the consumer's occupational status). We thus compute a measure (chi-square) of the variation between actual and theoretical frequencies, under the null hypothesis that the models fit the fact. If the measure of variation is "high", we reject the null hypothesis at some specified level, (normally 5% or 1% significance level). If the measure of the variation is "low" we accept the null hypothesis that the model's output coincides with the actual frequencies. This method of statistical analysis is frequently used in marketing research. For observation may be cross-classified, when our interest is to test whether occupational status is associated with brand loyalty.

6:6:3(C) FACTOR ANALYSIS

This statistical analysis is one of a number of multi-variate analysis.
Churchill [2], has defined factor analysis as:

> *"Basically a method of reducing a set of data into a more compact form...the user of factor analysis focuses on the set of variables for which information has been collected and poses the question; Can the information be summarized in a smaller number of new variables? In this case the statistical problem is to reduce the dimensions of the problem from fifty variables (say) to three variables with minimal loss of information."*

Although several analytical methods with broad range of application exist, the principle approach (sometimes referred to as methods of principal components is the most widely used today). This method appears especially appropriate for the present study. The aim of the analysis is to isolate and identify those attributes of a bank which are involved in determining the implementation of the marketing concept; the image and types of accounts held by customers of a particular bank. The factor analysis problem is thus, concerned with finding a fewer number of "Common Factors" which account for "most" of the variation (percentage variance) among, for example, are the marketing concept attitudes variables.

6:6:4 PRINCIPAL COMPONENT METHOD

This method represent only one technique for extracting factors, basically the principal component analysis - the total variance. The eigenvalues associated with each component represent the amount of total variance accounted for by the factor. Therefore, the importance of a component may be evaluated by examining the proportion of the total variance accounted for.

While a factor analysis programme groups factors, it does not provide titles for these grouped factors. The analyst must provide the appropriate titles. Four steps are involved in this process:-

1. Obtaining meaningful loading for each factor.
2. Ordering these loading in descending magnitude for each factors.
3. Examining the nature of statements or variables for each factor.
4. Titling the extract factors so that each factor represents the statements with meaningful loadings.

Another problem presented by the analysis is when to stop factoring, when a large set of variables is factorised. The analysis extracts the largest combinations of variables which explain the greatest amount of total variance in the set. As the analysis progresses in a stepwise factoring, smaller and smaller numbers of variables load heavily on the succeeding factors, and a smaller and smaller amount of total variance is explained by the succeeding factors. When the analysis is carried to the extreme, then, the factors become less meaningful and less important. On the other hand, if very few factors are extracted, several variables tend to load in these factors and a meaningful interrelationship is likewise difficult to achieve. Thus when should the analyst stop factoring? Four stopping criteria have been suggested:-

1. If the analyst knows how many factors are present, he can stop the analysis at that point.

2. When the analyst knows how much variance the factors can explain, he can stop the analysis when this criterion is reached.

3. When the factors have explained a "large" amount of variance, say 75%, and the next factor adds only a small percentage of total variance, say less than 5%, it may be discarded and the analyst can stop factoring.

4. When loading for a factor, and the eigenvalue for that factor becomes less than 1.00, the analysis should be stopped; i.e. only factors with eigenvalues of 1.00 or greater are extracted, Child[1].

For the purpose of this study, the researcher chose the last third and fourth criteria. Although test of significance for the number of factors have been developed for the

case of the maximum likelihood estimates of the factors loadings, H.H. Harman [4] the availability of computer programmers employing this technique is limited. One reason appears to be that significant factors do not guarantee interpretable factors. However, the SPSS subprogram FACTOR automatically deletes all factors with an associated eigenvalue of less than 1.0, and in the present research, the fourth criterion to stop factoring is therefore used. This is usually referred to as KAISER's criterion for the number of factors to be extracted.

6:6:5 CRITERIA FOR THE SIGNIFICANCE OF FACTOR LOADING

Factors are interpreted in terms of the variables which load significantly on that factor. Consequently, a cut off point must be derived with which to compare factor loadings. Some researchers ignore the issue of whether a factor loading is significant and either refer to "high" or "low" loadings, Child D[1] (1970), or choose an arbitrary cut off point such as +.30, providing the sample size is not too small. Child [1] however suggests a second method. In deriving the factor loadings it is evident that they are in effect, correlation coefficients for the purposes of specifying an acceptance level of significance. The loadings can be treated in a similar fashion to correlation co-efficient for Pearson Product. Pearson correlation co-efficient for different sample sizes at the 5 and 1 percent significance levels. Cut off points for factor loading will similarly be adopted in this study. Thus, adopting the one percent level of significance a sample size of 5 would require a correlation value of .875 whilst a sample size of 20 = .538.

6:6:6 CRITERIA FOR ROTATION OF FACTORS

Although in a statistical sense, unrotated factors are as good as rotation on them,

> *"the major reason for rotating factors is to obtain a more interpretable solution".*

The varimax method of rotation enhances the interpretability of a given factor by maximizing the variance of the loadings on that factors, i.e. the factor is rotated until

the loadings tend towards unity and zero. If the decision is made to rotate at all, all factors derived in the initial solution should be rotated.

The primary purposes of rotation are to simplify interrelation and to obtain some theoretically meaningful factors and if possible, the simplest factor structure. To achieve such a simple structure, Harman[4] summarized the rules as follows:-

1. Each row of the factor matrix should have at least one zero.

2. If there are M common factors, each column of the factor matrix should have at least M zeros.

3. For every pair of columns of the factor matrix, there should be several variables whose entries vanish in one column but not in the other.

4. For every pair of columns of the factor matrix, a large proportion of the variables should have vanishing entries in both columns when there are four or more factors.

5. For every pair of columns of the factor matrix, there should be a small number of variables with non-variation entries in both columns. The varimax method of rotation was designed to closely approximate simple structure and is the most widely used.

Factor analysis has a number of possible applications in marketing research. Most data has sought to reduce a large number of variables for incession into subsequent regression or discriminate analysis. Kinnear and Taylor [6] identify four ways in which the application of factor analysis can be useful in interpreting marketing research data:

1. Data Reduction:

   This technique can be used for reducing a mass of data to a manageable level. For example, the researcher may have collected data on 35 attributes of a service or concept. The analysis and understanding of these data may be aided by reducing the attributes to a minimum number of factors that underlie the 35 attributes.

2. Structure Identification:

   It may be used to discover the basic structure underlying a set of measures. The assumption may be that some of the measures taken are redundant. Factor analysis then finds the underlying structure of the redundancy by placing the measures on underlying factors or dimensions.

3. Scaling:

   A researcher may wish to develop a scale on which subjects can be compared. Factor analysis helps the process by dividing the variables into independent factors and gives the weight to use for each variable when combining them into a scale.

4. Data Transformation

   Factor analysis can be used to identify factors that are uncorrelated (e.g. multiple regression). These factors can be used as input in the relevance dependence method.

Churchill also sites the work of Stoetzel as an example of the application of the R-type factor analysis to the study of consumers preference for different varieties of liquors. Churchill, Harman analyzed eleven socio-economic variables (using the principal factor method and varimax rotation) and used five factor scores in later regressions on various purchasing characteristics.

6:6:7 SUMMARY

This chapter has been concerned with a description of the research design and methodology. The study objectives were stated, overall research strategy and procedures outlined, null hypothesis were stated and statistical procedures followed in their testing described.

The concluding part of this chapter dealt with three types of statistical procedures which are utilised in this study and indicated other academic research studies which had applied other similar techniques. It was concluded that this methodology was a valid way of testing the research. The next chapter covers the analysis bank questionnaire on the adoption of the marketing concept by the U.K. and Ghanaian banks.

References

1. Berry L and Donnelly J.H, Marketing for Bankers, American Institute of Bankers, New York, pp 28-29, 1985.

2. Child D. "Essentials in Factor Analysis', Holt Rinehart and Winston, London 1970

3. Churchill G.A. Jnr 'Marketing Research, Methodological Foundations', 4th Edition 1987

4. Couture G.V. (1972) The Marketing Concept. It's implementation and influence on the organisation structure of Canadian Banks. Unpublished PhD Thesis, University of Illinois.

5. Frank, Ma and Lodhal, 'Purchasing Behaviour and Personal Attributes', pp. 15-24

6. Garner S.J and Garner P, Consumers' risk perception and search for information in accounting services purchases, Women, CPA,47,No 4,pp 16-18,1985

7. Harman H.H, 'Modern Factor Analysis', University of Chicago Press, 1967

8. Kaiser H.F., 'The Varimax Criterion for Analytic Rotation of Factor Analysis', Psychometric. 1958

9. Kaynak E, et al. Commercial Bank Selection in Turkey, Int. Jnl. of Bank Marketing, Vol. 19, No. 4, 1991.

10. Kinnier C. and Taylor J., 'Marketing Research, an applied Approach', 4th Edition, McGraw Hill
11. Kotler P., Marketing management. Prentice Hall, New Jersey 1985 and 1991

12. Moriarty R.T. and Spekman R.E, An empirical investigation of the in information sources used for industrial buying process,Jnl of marketing research, xxi, May 1984,pp 137-147.

13. Nunally's J.C. 'Psychometric Theory', McGraw Hill 1967

14. Perloff, R. (1968) "Consumer analysis", Annual Review of Psychology, Vol.19.

15. Robinson P.J, Dalbey, H.M, et al (1968) Advertising Measurement and Decision Making, Marketing Science Institute, Boston: Allwyn and Bacon. Inc, New York.

16. Sheth J.N. 'Multivariate Analysis in Marketing and Advertising Research', Feb. 1970, Vol 10, No.1, pp. 29-39.

17. Stock J.R. and Zinszer P.H.,The Industrial Purchase Decision for Professional Services; Jnl. of Business Research, 15, No.1, pp223-224

18. Terpstra, International marketing management, 1988

19. Tull D.S. and Hawkins Del. 1, 'Marketing Research and Methods', 3rd Edition,Macmillan.

CHAPTER SEVEN

RESEARCH ANALYSIS I

ANALYSIS OF THE ADOPTION OF THE MARKETING CONCEPT

This chapter presents the results of the research study involving a bi-cultural comparative evaluation of marketing of bank services -"the attitudes towards the adoption of the marketing concept by the U.K.and Ghanaian banks operating in dissimilar environments. The analysis is presented in a statistical format using Frequency Distribution, ANOVA, Chi Square and Factor Analysis as discussed in chapter six.

The reader will recall from chapters one and six that the main areas of the study cover the attitudes towards the Marketing Concept, the organisation of marketing administration, activities involving the components of the marketing mix and the perceived contribution of the adoption of the Marketing Concept to banks performances. In order to make assessment on the issues of the marketing orientation and implementation of the marketing function by the two groups of banks, a comparative study based on a survey of the U.K. and Ghanaian banks was made. In all, a total of 18 banks (nine each in Ghana and the U.K.) were selected for study. It is assumed that the activities and adoption of the concept by Ghanian banks do not differ significantly from that of the United Kingdom.

The first part of this chapter focuses on how marketing activities are organised in the various institutions. The second part focuses on the adoption of the Marketing Concept, the third part covers the activities involving the components of the marketing mix while the fourth part covers the perceived contribution of the adoption of the marketing concept. The latter part draws conclusions and discussions.

7:1 THE ROLE OF MARKETING EXECUTIVE/MANAGER

This part of the chapter covers the role of Marketing Executives in the U.K. and Ghanaian banks. The Null Hypothesis is:

> *"The organisation of Marketing administration in Ghanaian banks does not differ significantly from that found in the U.K banks".*

For the purpose of this study, it is assumed that the acceptance of the adoption of the marketing concept will further be apparent in the organisational structure of banks. Bivariate and univariate analysis of data relating to title of marketing executives, how marketing departments are organised, participation of marketing executives in committees and the integration and co ordination of marketing activities are analysed. The first question seeks to identify how marketing departments are organised in Ghana and the U.K. banks.

Tables 7:1 to 7:10 present the frequency distribution and univariate analysis of variance by type of banks.In addition, each frequency is shown as a percentage of total observation of the role of the marketing manager in: (a) how marketing departments are organised (b) the title of the chief marketing executive or manager (c) whom the top marketing executive or manager reports to (d) the marketing executive's membership of various committees and (e) the integration and co ordination of marketing activities. Note that discussion of the tables are limited and full discussion is postponed until the other tables are presented and analysed.

Table 7:1 shows that all the U.K. banks have centrally organised marketing departments at headquarters, compared to 55% of Ghanaian banks. Also 55% of Ghanaian banks, have marketing activities combined with other functions based at headquarters.Table 7:2 shows the univariate analysis of how marketing departments are organised by the two groups of banks.

TABLE 7:1

HOW MARKETING DEPARTMENTS ARE ORGANISED IN GHANA AND THE UK BANKS

	GHANA		UK	
CATEGORY	**Absolute**	**% Relative**	**Absolute**	**% Relative**
Head Office	5	55	9	100
Regional Levels	1	11	2	22
Branch Levels	2	22	4	44
Combined With Others	5	55	0	0
TOTAL	13		15	

Assume Sample Size (N = 9 =100)

Further analysis was carried out using ANOVA, to test the degree of significant. Table 7:2 shows the result of univariate analysis of variance which suggests that there are no significant differences between the two groups of banks on how the marketing departments are organised.

TABLE 7:2

ANALYSIS OF VARIANCE ON HOW MARKETING DEPARTMENTS ARE ORGANISED

VARIABLE	SOURCE	SS	MS	DF	S	SIG
Org.1	BETWEEN WITHIN	0.18 0.90	0.09 14.99	2 7	.044	ns
Org.2	BETWEEN WITHIN	1.05 2.30	0.57 0.32	2 7	1.84	ns
Org.3	BETWEEN WITHIN	0.45 2.00	0.225 0.28	2 7	0.65	ns
Org.4	BETWEEN WITHIN	0.08 1.65	0.04 0.23	2 7	0.016	ns

7:2 TITLE OF CHIEF MARKETING EXECUTIVE

This part considers the evidence of the existence of marketing departments in the two groups of banks. Table 7.3 shows the frequency distribution of the titles used by marketing executives in the U.K. and Ghanaian banks. In the U.K. 55% of marketing managers compared to 33% of Ghanaian banks use other titles such as Customer Services Manager. Also, a third of each of the groups of banks in both countries have advertising or a public relations manager. This result does not display any significant patterns.

TABLE 7:3

TITLE OF THE INDIVIDUAL RESPONSIBLE FOR MARKETING ACTIVITY.

	GH		UK	
TITLE	**Absolute**	**% Relative**	**Absolute**	**% Relative**
Deputy General Manager	1	11.1	0	0
Advertising Manager/ Public Relations	3	33.3	3	33.1
No Formal Title	2	22.2	1	11.1
Other Title	3	33.3	5	55.5
TOTAL	9	100	9	100

TABLE 7:4

DOES THE TOP MARKETING EXECUTIVE REPORT TO CEO/MD?

	GH		UK	
VARIABLE	**Number**	**%**	**Number**	**%**
YES	4	44.4	7	78
NO	3	33.3	2	22
DON'T KNOW	2	22.2	0	

The above results indicate that there are greater differences between groups regarding the individual to whom the top marketing managers report to. The table shows that 78% out of the U.K. bank managers report direct to the Chief Executive Officer or Managing Director while only 44% of the Ghanaian Marketing Managers report to the Managing Director.

Finally, as a result of the size of the data, a non parametric analysis - Chi Square, could not be performed.

7:3 PARTICIPATION OF TOP MARKETING EXECUTIVES IN COMMITTEES

As indicated at chapter four, page 58, the marketing concept is considered as managerial efforts based on participation and interaction of company officers in establishing corporate and departmental objectives which are understood and consistent with the firm's profit position, Couture (1) Kotler (7). Table 7:5 shows the degree of participation by Marketing Managers in the various committees. Frequency distribution was used for convenience to identify the membership of various committees. All the Marketing Managers in the U.K. and Ghanaian banks are members of other committees. The same proportion of Managers in these two groups of banks are members of General Management Committees. However, differences exists: (a) 67% of U.K banks have Marketing Managers who serve in the executive committee, and, (b) 44% of the U.K. managers compared to 11% in Ghana, serve in the new services planning committee. (c) The marketing managers in both countries serve in other committees. Univariate analysis was carried out to identify the degree of significance.

TABLE 7:5

IS TOP MARKETING MANAGER A MEMBER OF THE FOLLOWING COMMITTEE ?

	GH		UK	
COMMITTEES	**Number**	**%**	**Number**	**%**
Executive Committee	0	11.1	6	67
New Service Planning Committee	1	11.1	4	44.4
General Management Committee	6	66.7	6	67
Other Committees	9	100	9	100[*1]

* Taken as a percentage of the sample size (N = 9)

TABLE 7:6

ANOVA IN PARTICIPATION OF TOP MARKETING EXECUTIVE

VARIABLE	SOURCE	SS	MS	DF	F RATIO	SIG
Executive Committee	BETWEEN WITHIN	4.40 4.40	1.47 0.28	3 16	5.37	*
New Services Committee	BETWEEN WITHIN	1.20 3.60	0.40 0.225	3 16	1.57	ns
General Management Committee	BETWEEN WITHIN	1.00 4.80	0.33 0.30	3 16	1.37	ns
Other Committees	BETWEEN WITHIN	0.80 1.60	0.27 0.10	3 16	0.87	ns

** significant at p < .01 of probability
* significant at p < .05 of probability
ns - not significant

Table 7:6 presents the results of univariate analysis of variance testing differences in the participation of top marketing executive by the two groups of banks. The result indicates that there is a significant difference ($p<0.05$) between the two groups on whether or not the top marketing executive is a member of the executive committee.

7:4 INTEGRATION AND CO-ORDINATION OF MARKETING ACTIVITIES

Integration and co-ordination are another area of interest to the study.Advocates of marketing concept,Couture (1),Kotler (7) and Gronroos (3), maintain that integration per se is not an adequate index of full implementation.They stress that the co ordination of marketing activities of other departments must also exist if we are to speak of the acceptance of and implementation of the marketing concept.This study therefore included consideration of the differences between banks in how co ordination was achieved. It was assumed that if the marketing concept would have a strong influence on the organisational structure of the groups of banks, there would be a considerable integration of marketing activities under the Head of Marketing Department. As a measure of this, respondents were asked to indicate through which channels are the integration of marketing activities (see chap 3) within their marketing departments performed.

Table 7:7 shows the descriptive data of the integration of marketing activities. In Ghana, individuals report to the head of the marketing via informal relationship, interdepartmental staff meeting and marketing committees. In the U.K., integration of marketing activities is effected through several channels including interdepartmental staff meetings, marketing committees, headquarters staff, informal relationship and periodic meetings. It is therefore feasible to conclude that an integration of marketing operations have taken place to a greater extent in the U.K. banks than in Ghanaian banks. It is interesting to note that integration of marketing operations in Ghanaian banks is not achieved through special committees.

Table 7:8 presents analysis of variance results as a test of significance of group differences regarding the integration of marketing activities within marketing departments.

TABLE 7:7

INTEGRATION OF MARKETING ACTIVITIES

CHANNEL	BANK			
	GH	%	UK	%
Interdepartmental Staff	8	89	9	100
Marketing Committee	8	89.4	9	100
Headquarters Staff	4	44.4	8	89
Informal Relationship	3	33.3	6	67
Periodic Meeting	2	22.2	1	11.1
Special Committee	1	11.1	6	67
Not Performed	-			

The univariate analysis of variance at Table 7:8 shows that there are no significant differences between banks regarding the use of channels through which integration of marketing activities with activities of other departments took place. The use of this channel was excluded more frequently from responses of Ghanaian banks. On the basis of the above statistical test, one can tentatively conclude that integration of marketing activities is distinctly limited in the case of Ghanaian banks.

TABLE 7:8

INTEGRATION OF MARKETING OPERATIONS BY MARKETING COMMITTEE

BANK	MEAN	STD DEV	SOURCE	DF	SS	MS	F RATIO	SIG
GH	0.06	1.34	BETWEEN	1	2.87	1.44	1.71	ns
UK	3.00	0.88	WITHIN	2	1.80	0.90		

INTEGRATION OF MARKETING ACTIVITIES BY HEADQUARTERS STAFF

BANK	MEAN	STD DEV	SOURCE	DF	SS	MS	F RATIO	SIG
GH	2.14	2.19	BETWEEN	1	3.20	16.0	1.072	
UK	4.00	4.01	WITHIN	2	3.00	15.0		

INTEGRATION OF MARKETING ACTIVITIES BY INFORMAL RELATIONSHIP

BANK	MEAN	STD DEV	SOURCE	DF	SS	MS	F RATIO	SIG
GH	3.0	2.74	BETWEEN	2	17.5	8.75	0.82	ns
UK	1.25	2.50	WITHIN	2	18.40	9.20		

Analysis of variance of the integration of marketing activities by function.

* $p < 0.05$

** $p < 0.01$

TABLE 7:8 CONT'D

INTEGRATION OF MARKETING ACTIVITIES BY PERIODIC MEETINGS

BANK	MEAN	STD DEV	SOURCE	DF	SS	MS	F RATIO	SIG
GH	2.2000	3.04	BETWEEN	1	18.80	18.8	2.08	ns
UK	1.00	0.85	WITHIN	2	18.00	9.00		

INTEGRATION OF MARKETING ACTIVITIES BY SPECIAL COMMITTEE

BANK	MEAN	STD DEV	SOURCE	DF	SS	MS	F RATIO	SIG
GH	0		BETWEEN	1	0	0	0	ns
UK	3.5	4.04	WITHIN	2	32.67	16.33		

INTEGRATION OF MARKETING ACTIVITIES BY INTERDEPARTMENTAL STAFF

BANK	MEAN	STD DEV	SOURCE	DF	SS	MS	F RATIO	SIG
GH	0.40	0.89	BETWEEN	1	3.20	3.20	2.40	ns
UK	1.00	1.16	WITHIN	2	2.67	1.33		

7:5 CO-ORDINATION OF MARKETING ACTIVITIES

Table 7:9 presents the analysis of descriptive statistics on the co-ordination of marketing activities in the two groups of banks. Further analysis was carried out via the analysis of variance method and this is shown at Table 7:10.

TABLE 7:9

CO-ORDINATION OF MARKETING ACTIVITIES

CHANNEL	BANK			
	GH	%	UK	%
Interdepartmental Staff	6	67	8	78.7
Marketing Committee	9	100	9	100
Headquarters Staff	6	67	8	89
Informal Relationship	6	67	7	78
Periodic Meeting	2	44.4	6	89
Special Committee	1	11.1	6	67

The above table shows the results of co-ordination of marketing activities with activities of other departments. The results show a similar pattern to that of integration of marketing activities. Further analysis was carried out using ANOVA at Table 7.10 but the result did not show any significant differences between the groups of banks.

TABLE 7:10

CO-ORDINATION OF MARKETING ACTIVITY BY INTERDEPARTMENTAL STAFF

BANK	MEAN	STD DEV	SOURCE	DF	SS	MS	F RATIO	SIG
GH	0.750	0.957	BETWEEN	2	2.175	1.375	1.03	
UK	1.00	1.147	WITHIN	3	4.00	1.00		ns

BY MARKETING FUNCTION

BANK	MEAN	STD DEV	SOURCE	DF	SS	MS	F RATIO	SIG
GH	0.75	1.50	BETWEEN	2	6.75	3.75	.416	
UK	1.50	1.73	WITHIN	1	9.00	9		

BY INFORMAL RELATIONSHIP

BANK	MEAN	STD DEV	SOURCE	DF	SS	MS	F RATIO	SIG
GH	2.50	2.89	BETWEEN	2	12.50	6.25	0.833	
UK	2.50	2.89	WITHIN	3	22.50	7.50		

BY SPECIAL COMMITTEE

BANK	MEAN	STD DEV	SOURCE	DF	SS	MS	F RATIO	SIG
GH	1.75	3.50	BETWEEN	2	12.25	6.13	0.25	
UK	0	0	WITHIN	1	24.50	24.50		

Analysis of variance on the co-ordination of Marketing activity by functions.

* $p < 0.5$ ** $p < 0.01$

7:6 SUMMARY OF FINDINGS OF MARKETING ADMINISTRATION (ACTIVITIES)

Whilst the two groups of banks appear to integrate and co-ordinate their marketing activities with activities of other departments, the methods used to achieve these differ. The integration of marketing activities by Ghanaian banks is tentatively limited to headquarters staff, marketing committee and interdepartmental staff. Similar pattern of results discerned from the co-ordination of marketing activities. The U.K. banks use various channels to achieve integration and co- ordination of marketing activities. The statistical analysis show differences in how marketing department activity is organised in the U.K. and Ghana. Some of the differences are:

1. The groups of banks are characterised by their formal and informal planning and control of marketing mix.

2. All the U.K. banks have marketing activities organised at headquarters and combine some at branch levels. Regional Managers involvement is minimal.

3. About 56% of Ghanaian banks have marketing activities combined with other departments at headquarters, and therefore, have informally implemented the marketing concept.

4. Marketing Managers in Ghana and the U.K. banks use similar titles such as advertising and public relations manager which underlines the banks slower attitude towards the adoption of the marketing concept.However, in the U.K.,about 56% of the banks use such titles as customer services manager which indicate that these banks are beginning to realise the importance of high quality service to meet the target customers' service expectations.

5. About 78% of U.K. Marketing Managers report direct to CEO/MD compared to 44% of Ghanaian Marketing Managers. The result suggests that marketing executives in the U.K. are able to exert some influence on organisational decision making. Conversely, the same cannot be said of Ghanaian managers.

6. On active participation on committee activities, about 67% of U.K. marketing Managers serve in executive and general Management Committees while 44% serve in New Services Planning Committee. In Ghana, 67% of marketing managers participate in General Management Committee but none of the marketing managers serve in Executive committees. The univariate analysis of variance shows a significant difference in "Participation of marketing manager in the Executive committees" with an F ratio of 5.37 on 2 and 5 degrees of freedom which is significant at p.05. Due to insufficient information and the size of the sample, **and since the bivariate analysis of all the five attributes display some differences, the null hypothesis " 1 " cannot be accepted.** The impact which banks's marketing orientation has on their organisation's structure differ considerably.

The researcher asserts that however broad its orientation, the marketing concept must be understood and believed by top management for its implementation to be effective.The following section focuses on the analysis the adoption of the marketing concept and performance of bank activities.

7:7 THE ADOPTION OF THE MARKETING CONCEPT AND PERFORMANCE OF BANK ACTIVITIES

As reviewed in chapters 3, 4 and 5, banks and other financial institutions have come under increasing competitive pressures in recent years. Many writers including Prof. Kaynak (6), Prof. Couture (1), Ennew et el (2) and Lewis (7) have studied the opinions of banks and other financial services companies about their new environment and the problem they face in seeking to adopt their new environment.Intensified rivalry from the institutions such as building societies and credit companies has caused the banks to think seriously about how they can compete effectively.This has led the banks to pay increasing attention to marketing techniques.The researcher takes a similar position to that of Professors Couture and Kaynak (pp58) that the marketing concept is "company wide managerial concern with effect of new products and services introduction on the firm's profit position and participation and interaction of the company's officers in establishing corporate and departmental objectives". The

Null hypothesis states that;

> *"The attitudes of Ghanaian bankers towards the marketing concept does not differ significantly from that found in the U.K.".*

Table 7:11 summarises the descriptive statistics of the adoption of the Marketing Concept by the two groups of banks.In order to identify the underlying patterns of whether the two groups of banks experience the same problems, multivariate analysis was carried out using factor analysis matrix. Factor analysis is a procedure that takes a large number of variables and searches to see whether they have a small number of factors in common which account for their interrelationship.(see chapter six).

TABLE 7:11

FREQUENCY DISTRIBUTION OF ADOPTION OF MARKETING CONCEPT

	ATTRIBUTE	BANK	STRONGLY AGREE	AGREE	UNCERTAIN	DIS-AGREE
Var. 05	Decisions must be profit and customer oriented	**GH**	7	2	0	0
		UK	6	3	0	0
Var. 06	Actions related to stability and growth of society	**GH**	0	1	8	0
		UK	0	2	7	0
Var. 07	Research used to identify profitable market potential	**GH**	5	4	0	0
		UK	3	6	0	0
Var. 08	For selling services and products	**GH**	2	7	0	0
		UK	5	3	1	0
Var. 09	Decisions made have influence on all other departments	**GH**	2	5	0	2
		UK	5	2	2	0
Var. 10	Social responsibility	**GH**	4	4	1	0
		UK	4	0	3	2
Var. 11	Marketing concept adopted by most bankers	**GH**	0	1	5	3
		UK	0	1	5	3
Var. 12	Decisions without marketing department	**GH**	2	1	2	4
		UK	0	0	5	4
Var. 13	Research for needs and buying habits	**GH**	4	5	0	0
		UK	5	4	0	0

The descriptive statistics result indicates that 78% of Ghanaian banks compared to 66% of the U.K. banks strongly agree that banks decisions must be profit and customer oriented. On growth and stability of society, 89% of Ghanaian banks and 78% of the U.K. banks are uncertain.On social responsibility, 33% of the U.K. banks are uncertain while 22.2% disagree this statement. On whether the adoption of the Marketing Concept has been adopted by most bankers, 55% both of Ghanaian and the U.K. banks are uncertain while 33% of the two groups disagree. The two groups of banks strongly disagree that banks decisions should not be made without the

marketing department. The remaining variables did not exhibit different patterns.The data was factorised.

In factor analysis, the significant of any loading can be judged using either statistical or practical criteria. For samples of less than 100: the loading would have to be greater than 0.30 or 0.35 to be considered statistically significant. Lastly, when the eigen values for a loading on a factor becomes less than 1.00 (see Harman 4) the analysis should be discontinued. Factor one represents strongly agree; Factor Two = agree; Factor Three = Uncertain and Factor Four represents disagree. The variables were numbered V.05 to V.13 as in the questionnaire (see Appendix 1). Four factors were extracted using a criterion components with eigenvalues greater than or equal to 1.00 and would be retained. This criterion ensures that only components accounting for at least the amount of total variance of a single variable will be treated as significant.

Table 7:12 presents the factor analysis of Ghanaian banks. Further Varimax rotation were carried out as in Table 7:13 to establish any degree of significance that could improve the first results.The researcher relied on the results of the rotation on Table 7:13.

Factor One: links responses to three variables,namely, 05, 07 and 10. These are explained below:-

Var.05 Bank decisions, including marketing decisions must be customer and profit oriented. This supports the profit orientation.

Var.07 Marketing research is used to identify profitable market potential. The above two variables fulfil the social orientation values.

Var.10 Social responsibility should be part of the training of bank personnel.This explains the customer orientation values. This factor has a percentage variance of 52.5.This factor was interpreted as both customer and social orientation value factor.

Factor Two: loaded heavily on variables 08, 13, 09,12 and 06. These are explained below:-

Var.06 Bank decisions, actions and non actions are closely related to the growth and stability of society.

Var.08 The implementation of the Marketing Concept is equally important for banks selling services as for firms selling products. This underlines the importance of the Marketing Concept.

Var.09 Marketing decisions made have influence on other departments.

Var.12 Banks decisions should not be made without marketing department.

Var.13 Marketing research is used to identify consumer needs and buying habits.Since two variables have negative loadings on this factor, the underlying dimension was assessed as being related to uncertainty and applicability of the marketing concept.

Factor Three: loaded heavily on variables 11 and 06 which was considered uncertain, namely:-

The marketing concept has now been adopted by most bankers.

Factors one to three yielded a percentage variance of 92.5. It should however, be noted that only three factors were extracted. Since the cumulative percentage of total variance is quite large, the three factors solution have undoubtedly summarised the variables with minimal loss of information. The U.K. banks were factor analysed at tables 7.16 and 7.17.

TABLE 7:12

FACTOR ANALYSIS:- ADOPTION OF THE MARKETING CONCEPT

GHANAIAN BANKS

Factor Matrix before rotation

VARIABLE	FACTOR ONE	FACTOR TWO	FACTOR THREE
Var. 05	0.904		
Var. 06	0.804		
Var. 07			
Var. 08	0.904		
Var. 09	0.325	0.922	
Var. 10	0.852	0.32	
Var. 11		-0.834	
Var. 12			0.793
Var. 13	0.354		
Eigenvalue	4.729	1.956	1.142
% Variance	55.01	23.7	13.8

* The lines drawn under the loadings on each factor indicate the variables that have the highest loadings on the factor. These variables thus form a cluster that defines the factor.

TABLE 7:13

FACTOR ANALYSIS:- ADOPTION OF THE MARKETING CONCEPT BY GHANAIAN BANK

Factor Matrix after Varimax Rotation

VARIABLE	FACTOR ONE	FACTOR TWO	FACTOR THREE
Var. 05	-0.871	0.222	
Var. 06		0.233	0.825
Var. 07	0.633	0.433	
Var. 08	0.233	0.721	
Var. 09	0.227	0.622	0.398
Var. 10	0.651	0.291	
Var. 11	-0.233	0.683	
Var. 12	0.290		0.599
Var. 13	0.459	0.658	
Eigenvalue	4.508	1.61	
% Variance	55.01	23.7	13.8

Significant $p < 0.05$
Cumulative Variance = 92.5

7:8 FACTOR ANALYSIS OF U.K. BANKS

Table 7:14 shows the factor analysis after rotation of the U.K. banks.The table is interpreted as follows:

Factor one loaded heavily on:

Var.08:- The implementation of the Marketing Concept is equally important for banks selling services as for firms selling products. This underlines the importance of the Marketing Concept.

Var.09:- Decisions made by marketing departments has an influence on decisions of all other departments.

Var.13:- Market research is used here to identify consumer needs and buying habits - this is a customer orientation value.

This factor has a percentage variance of 41.8.This factor was interpreted as positive customer oriented factor.

Factor Two: loaded heavily on variables 05, 07 and 11 namely:-

Var.05 Bank decisions, including marketing decisions must be customer and profit oriented.

Var.07 Marketing research is used to identify market potential.

Var.11 The marketing concept has been adopted by all banks.

This factor has a percentage variance of 38.9.This factor was interpreted as general customer and profit orientation factor.

Factor Three: loaded heavily on V. 06 which is perceived as uncertain namely, "Bank decisions, actions and non actions are related to the stability and growth of society". This factor has a percentage variance of 8.7 and was interpreted as social responsibility factor.

Factor Four: loaded heavily on Variable 12 which the respondents disagree, namely, "Banks decisions should not be made without marketing department".

TABLE 7:14

FACTOR ANALYSIS OF THE ADOPTION OF THE MARKETING CONCEPT BY THE U.K. BANKS

Factor Matrix after Rotation

VARIABLE	FACTOR ONE	FACTOR TWO	FACTOR THREE
Var. 05	0.558	0.752	
Var. 06		0.289	0.731
Var. 07	0.395	0.755	
Var. 08	-0.712	0.122	0.0221
Var. 09	0.722	0.222	0.220
Var. 10	0.566	0.433	0.433
Var. 11	0.515	0.829	
Var. 12		0.235	0.826
Var. 13	0.704	0.360	
Eigen value	3.82	3.50	0.783
% Variance	41.8	38.9	8.7
% Cumulative Variance	41.8	82.7	91.4

Sig: $p < 0.05$

TABLE 7:15

FACTOR ANALYSIS OF ADOPTION OF THE MARKETING CONCEPT BY UK BANKS

Factor Matrix after Rotation

VARIABLE	FACTOR ONE	FACTOR TWO	FACTOR THREE
Var. 05	0.73	0.494	
Var. 06	-0.713	0.381	
Var. 07	0.828		
Var. 08	0.737	0.626	
Var. 09	0.442	0.838	0.0220
Var. 10	0.726	-0.537	
Var. 11	0.344	-0.844	
Var. 12		0.236	0.821
Var. 13	0.904	0.354	
Eigen value	3.95	3.5	0.983
% Variance	41.8	38.9	8.7

Accounting for total variance of 89.4 $p < .05$

Thus, the three factors yielded a percentage variance of 89.4.The next step was to classify the three main factors with the degree of importance to which they were perceived as having adopted the marketing concept. This was done by summing up the mean responses (when the pooled variance given by communalities were decomposed). Table 7:16 indicates both the U.K.and Ghanaian banks. According to this result, it is clear that while the U.K.banks agree on the adoption of the marketing concept, the Ghanaian banks are uncertain about its adoption.

TABLE 7:16

FACTOR ANALYSIS (MEAN SCORE) OF THE ADOPTION OF THE MARKETING CONCEPT

	GH			UK		
FACTOR	**VARIABLES**	**DEGREE OF APP**	**RANK**	**VARIABLES**	**DEGREE OF APP**	**RANK**
1	V.05, 07, 10	52.6	2	V.08, 09, 13	51	3
2	V.08, 09, 13	47	3	V.05, 07, 11	61	1
3	V.11	61	1	V.06	53	2
4	V.12	42	4	V.12	44	4

F1: Degree of Appreciation = Mean V.(V.05 +V07+V 10)/3, etc.

The result shows that there are some differences between the two groups of banks in their adoption of the Marketing Concept,for example, one variable namely ".. bank decisions, actions and non-actions are closely related to the growth and stability of society", which was rejected as uncertain by the U.K. group of banks. Secondly the two groups of banks disagree with variable 12, namely "All bank departments should not make any major decisions without consulting the marketing department". The researcher concludes that 80% of the variables display similar patterns. 6 Further analysis was carried out using Anova, as discussed in chapter six. Table 7:17 presents the result of the univariate analysis of variance as a test of hypothesis "2" "that the U.K. and Ghanaian banks would not differ in their attitudes towards the marketing concept". The result shows that there are significant differences between the groups of banks in (a) V.05, 06 and 08. The interpretation of the result is referred to under "summary of analysis of variance" on the next page and in Table 7.17.

TABLE 7:17

ANALYSIS OF VARIANCE ON THE ADOPTION OF THE MARKETING CONCEPT

VARIABLE	BANK	MEAN	SD	DF	SOURCE	SS	MS	F	SIG
V.05	GH UK	4.60 4.20	.45 .50	1 15	BETWEEN WITHIN	.147 3.87	.147 .258	5.69	*
V.06	GH UK	2.80 4.20	.45 .45	1 15	BETWEEN WITHIN	0.16 3.95	0.16 0.26	6.25	*
V.07	GH UK	4.60 4.40	.45 .55	1 15	BETWEEN WITHIN	0.79 3.96	0.79 .264	2.99	
V.08	GH UK	4.80 4.75	0.45 0.55	1 15	BETWEEN WITHIN	.157 3.75	.157 .250	5.75	*
V.09	GH UK	3.8 4.2	0.65 0.88	1 15	BETWEEN WITHIN	2.9 12.0	1.45 0.60	2.4	ns
V.10	GH UK	4.80 3.60	1.30 0.89	1 15	BETWEEN WITHIN	2.23 10.6	2.23 .707	3.154	ns
V.11	GH UK	4.60 4.60	.55 .71	1 15	BETWEEN WITHIN	.55638 9	.556 .259	2.146	ns
V.12	GH UK	4.00 4.20	.89 1.30	1 15	BETWEEN WITHIN	.87 3.87	.87 .247	3.17	ns
V.13	GH UK	3.80 4.20	.45 .45	1 15	BETWEEN WITHIN	.93 16.0	.93 1.07	.87	ns

7:9 SUMMARY OF FACTOR ANALYSIS RESULTS

The following analyses illustrates the application of the factor analysis in the search for descriptive meanings of test scores derived from the two groups of banks.The analyses dealt with each group of bank separately. The results of analysis on attitudinal variables measured as presented in Tables 7.12 to 7.15 are quite significant in a number of respects. First, they measure several separate dimensions of the acceptance of the marketing concept.

Factors were interpreted mainly on the basis of factor contents and in defining a

factor, variables of 0.65 or over on the varimax rotated axis were considered significant at 0.05 level - see Child in chapter Six. Separate analysis of each group of banks indicated that differences in groups can best be described in terms of the aims of marketing orientated philosophy of the banks studied.

The first dealt with analysis with each groups of banks separately, and the second with an evaluation of factors of similarities and differences across the groups on set of attitudinal variables. The analysis on each sample yielded three components and the factors were reported in order of importance in accounting for the total as well as the common variance. Collectively the three factors for Ghana and the U.K. accounted for cumulative percentage variance of 92.5 and 91.4 respectively.
Subjective interpretations of possible underlying processes influencing sample responses were made.

It is concluded that the rotated factors are plausible and meaningful in terms of the structure and grouping of the variables.Though all the groups of banks are aware of the marketing concept and feel it equally applicable to banks selling services as to firms selling products, Ghanaian banks appear uncertain that the concept has been adopted universally while the U.K. banks appear to have a favourable attitude towards the concept in its application to the achievement of identifying individual customer needs and wants and profitable markets. On the basis of this, it is assumed that responsibilities are assigned to the U.K. banks in a way compatible with the marketing concept. This cannot be said to be the same in Ghana due to the sizes of the banks and the lack of the application of information technology. Ghanaian banks tend to adopt an informal approach to the marketing concept. Marketing is at an inception stage in Ghana but signs show that it is gaining ground.

7:10 SUMMARY OF UNIVARIATE ANALYSIS

Table 7:17 shows the result of univariate /chi square analysis of variance undertaken that " the U.K. and Ghanaian banks would not differ in their attitudes towards the adoption of the marketing concept". The result indicates that there are significant differences between the two groups of banks on:

(a) Variable 05 "Banks decision including marketing decisions must be customer oriented". This variable has an F ratio of 5.69 at 1 and 15 degrees of freedom and significant at ($p < .05$), (b) Variable 06, Bank decisions, actions and non actions are closely related to the growth and stability of society. This variable has an F ratio of 6.25 and with 1 and 15 degrees of freedom, is significant at $p < .05..05$); (c) Variable 08 "The implementation of the marketing concept is equally important for banks selling services as for firms selling products. This variable has an F ratio of 5.75 with 1 and 15 degrees of freedom and significant at ($p < .05$).The first and third results tend to favour the U.K. banks while the second statement (c) which is uncertain, tend to favour the Ghanaian banks. **Thus the null hypothesis " 2 " cannot be accepted although no significant values of F were obtained from certain areas of attitudes towards the marketing concept.** (See pp.137).

7:11 ANALYSIS OF MARKETING ACTIVITIES AND THE EFFECTS OF ADOPTION OF CONCEPT ON PERFORMANCE

This section analyses how the marketing mix activities are organised. According to Professor Couture "One cannot talk of the application of the marketing Concept without knowing what marketing operations are performed and who performs them. The thing to look for would be the division of operations in accordance with the well known concept of the marketing mix". Marketing as a functional area of the firm, assumes responsibility for the performance of operations having to do with product or services, pricing or distribution and advertising. The Null Hypothesis states:

> *"The scope of activities involving the components of the marketing mix do not differ significantly from that found in the U.K. banks".*

The marketing mix was assumed to provide a framework for evaluating the scope of marketing activities performed by the two groups of banks. Selected activities for each component of the mix were considered by the respondents who were then asked to indicate whether each activity was performed by Marketing, Chief Executive, Service Committee, Departmental Head, Economic and Research Department outside the bank or not performed at all.

Table 7:18 shows the descriptive statistics of the various variables performed by CEO, Marketing Directors and other Managers/Department. The data shows that in the U.K., the marketing departments are actively involved in all activities except in the areas of, (a)Forecasting Economic Growth and (b) Selecting location for new branches.

In Ghana the marketing department's involvement in all activities are low, Ghanaian CEO/MD's tend to be less involved in the application of the marketing mix, especially studying information about competitor prices and studying customer needs and buying habits. However, CEO's in Ghana, are involved in deciding which services to eliminate.

Some similarities were exhibited in the other variables by the groups of banks. Appendixes 1:1 to 1:8 present analysis of variance (ANOVA) results showing significance differences between the groups of banks on the performance of activities related to be marketing mix.From appendix 1:1, operations such as (a) "deciding on services to eliminate" with 2 and 5 degrees of freedom show an F ratio of 6.41 and significant at 5% level. (b) "recommending new services by CEO's" with 2 and 6 degrees of freedom and F ratio of 6.43%; (c) "developing sales plan by committee" with 2 and 7 degrees of freedom has an F ratio of 5.41% and (d) "allocating advertising budget by committee" with 2 and 7 degree of freedom and F ratio of 5.41%. The F values respectively were significant at 5 % level of probability.

TABLE 7.18

DESCRIPTIVE STATISTICS ON THE SCOPE OF ACTIVITIES INVOLVING THE COMPONENTS OF THE MARKETING MIX

	MARKET		CEO		OTHERS	
VARIABLE	**GH**	**UK**	**GH**	**UK**	**GH**	**UK**
Recommending new services to offer	5	9	7	0	3	2
Deciding which services to eliminate	4	9	5	1	6	5
Pre-test different pricing strategies	4	7	3	5	5	5
Collecting information about competitors' prices	4	9	1	0	7	0
Developing sales plan	5	9	2	0	6	1
Allocating advertising budget	3	7	3	1	6	1
Selecting locations for new branches	4	0	4	2	7	4
Deciding services to be offered	3	9	5	1	6	5
Studying customer needs and buying habits	5	9	1	0	8	2
Forecasting economic growth	2	5	0	0	9	7

In Ghana, other managers are considered to play important role in making this decision, whereas in the U.K. the marketing department dominates operational activities. The univariate analysis of variance shows the significant differences between the two groups of banks in the performance of activities compatible with the "marketing mix". **In view of the differences shown by some variables (see appendices 1:1 to 1:8), the null hypothesis "3" cannot be accepted.** Some of the causes of these variations are that in Ghana, the small size of banks and the meagre

availability of material and managerial resources impinge on the effective use of marketing tools.

In Ghana accurate data is not available and conventional social groupings ABCD, are difficult to apply for segmentation purposes which is often neglected by the banks. The Ghanaian banks internal research department focus on monitoring economic and political trends. It is assumed that responsibilities are assigned to the U.K. banks in a way compatible to the marketing concept. The study shows that marketing functions are becoming increasingly important and independent in the two groups of banks.

7:12 HOW THE ADOPTION OF THE MARKETING CONCEPT HAS MADE SIGNIFICANT IMPROVEMENTS

This section measures the effective outcome of the adoption of the implementation of the marketing concept. It was envisaged that where the Marketing Concept has been adopted and implemented, an enormous contribution would be derived from planning and control, organisational efficiency, improve the overall profitability, enhance service quality and place the organisation in a sound competitive position. The null hypothesis states that:-

> "There are no significant differences between banks in their perception of areas in which the adoption of the marketing concept has made significant contribution"

ANOVA was used to establish the degree of significance. Tables 7:19 and 7:20 show the descriptive statistics and the ANOVA results.From Table 7:19, 55% each of U.K. and Ghanaian banks were uncertain as to whether the adoption of the marketing concept has made any significant contribution in increasing organisational efficiency, while 33% of each of the two groups of banks believe that the concept has helped improved organisational efficiency. The grounds for this result could be attributed to the fact that banks have not as yet been able to measure the cost and benefit aspect of what Gronroos (3) call "internal marketing".

Secondly, 78% of the U.K. banks compared to 56% of Ghanaian banks agree that the adoption of the marketing concept has made significant improvements in the overall bank profitability. All the U.K. banks agree that the adoption and implementation of the marketing concept provides better bank services and helps improve the banks competitive position.

The respondents believe that over the last decade, the quality of bank services in these dissimilar environments has received tremendous improvements. Table 7:20 shows the ANOVA results which do not indicate that there are significant differences between the groups of banks in their perception of areas where the adoption of the marketing concept has made most significant improvements. Ghanaian banks have as yet, not understood the benefit inherent in the implementation of the marketing concept. **Thus, the null hypothesis (4) cannot be rejected**

TABLE 7:19

THE ADOPTION OF MARKETING CONCEPT HAS MADE SIGNIFICANT CONTRIBUTION IN THE FOLLOWING AREAS

VARIABLE	BANK	YES	NO	UNCERTAIN
Increasing work efficiency	**GH**	3	1	5
	UK	3	1	5
Providing better planning control	**GH**	2	2	5
	UK	7	0	2
Improving overall bank profitability	**GH**	5	0	4
	UK	7	0	2
Providing better bank services	**GH**	7	0	2
	UK	9	0	0
Improving the bank's competitive position	**GH**	6	1	2
	UK	9	0	0

TABLE 7.20

MARKETING CONCEPTS' SIGNIFICANT CONTRIBUTION BY INCREASING ORGANISATIONAL EFFICIENCY

BANK	MEAN	STD DEV	SOURCE	DF	SS	MS	F RATIO	SIG
GH	2.13	1.00	BETWEEN	2	2.50	1.25	2.09	
UK	2.22	0.67	WITHIN	7	4.13	0.59		

PROVIDING BETTER PLANNING AND CONTROL

BANK	MEAN	STD DEV	SOURCE	DF	SS	MS	F RATIO	SIG
GH	2.00	0.93	BETWEEN	1	2.58	2.58	3.22	
UK	2.78	0.44	WITHIN	6	4.86	0.81		

IMPROVING OVERALL BANK PROFITABILITY

BANK	MEAN	STD DEV	SOURCE	DF	SS	MS	F RATIO	SIG
GH	2.65	0.52	BETWEEN	1	0.38	0.38	1.31	ns
UK	2.78	0.44	WITHIN	7	2.06	0.29		

PROVIDING BETTER SERVICES

BANK	MEAN	STD DEV	SOURCE	DF	SS	MS	F RATIO	SIG
GH	2.75	0.46	BETWEEN	1	0.17	0.17	1.02	
UK	3.00	0	WITHIN	6	1.00	0.166		

Analysis of variance of significant contribution by adopting the marketing concept.

* $p < 0.05$ ** $p < 0.01$

IMPROVING BANKS COMPETITIVE POSITION

BANK	MEAN	STD DEV	SOURCE	DF	SS	MS	F RATIO	SIG
GH	2.75	0.46	BETWEEN	1	0.17	0.17	0.89	ns
UK	3.00	0.48	WITHIN	7	1.33	0.19		

7:13 SUMMARY OF THE EFFECT OF THE ADOPTION OF THE MARKETING CONCEPT ON BANKS OVERALL PERFORMANCE

The final consideration of this part of the study was the extent to which banks marketing orientation could be said to have an impact on overall performance.

From Table 7:19, all the U.K. banks agree that adopting the concept enables them to compete effectively, while 67% Ghanaian banks concord with the same statement. The statistical result displays similar patterns in the two banks regardless of the degree of competition in the two environments. In Ghana, it was only in the last decade, that the number of banks in the country have risen to nine, excluding three investment banks. Beside that, the new banks operate only in the regional capitals, yet, the operations of these banks have created a competitive environment whereby banks advertise their services and train their staff to handle customers complaints efficiently.

In the U.K., branch competition, is now fierce. Only those banks which can deliver what the customer wants in the most efficient way, will be most successful. Those banks that are forward looking enough to take advantage of new technology are those most likely to prevail in the competition.

7:14 SUMMARY

On the basis of uni-variate, bi-variate and multi variate test of significance, the result shows the existence of formal marketing departments in the two groups of banks. It was also possible to identify marketing departments as "integrated full

service,strategic planning and communication, service oriented and a limited staff role", and to associate these organisational forms with different corporate characteristics like organisational size, status and so on.Firstly, it was found that no differences exist between the titles used by marketing managers/executives of the two groups of banks.However, 56% of U.K. marketing managers compared to 33% of Ghanaian banks, use other titles such as customer services manager.

2. The groups of banks are characterised by the formal and informal planning and control of marketing effort. All the U.K. banks have marketing activities organised at headquarters and combine some at branch levels. Regional managers involvement is minimal. About 56% of Ghanaian banks have marketing activites combined with other departments at headquarters.

3. Secondly, while 78% of U.K. Marketing Managers report direct to the CEO/MDs, 44% of Ghanaian Marketing Managers do report direct to the CEO's.Marketing executives in the U.K.are able to exert some influence on organisational decision making.Conversely, the same cannot be said of Ghanaian banks.This difference is due to the size of banks and the degree of competition in the two regions as well as the availability of specialists.On the integration and co ordination of marketing activities, it was found that marketing functions are becoming increasingly important and independent in the two groups of banks. The integration of marketing activities by Ghanaian banks is tentatively limited to headquarters ,marketing and interdepartmental staff. The U.K. banks use various channels to achieve integration and co ordination of marketing activities.

4. On the adoption of the Marketing Concept, the study shows significant differences between the two groups of banks in variables V.05,V06 and V08. Responsibilities are assigned to the U.K. banks in a way compatible to the marketing concept. This cannot be said to be the same in Ghana due to the size of the banks. Ghanaian banks adopt an informal approach in the adoption of the marketing concept while the U.K. banks adopt a more formal approach.Although formal and informal marketing activities exist within the

two groups of banks, Ghanaian banks tend to favour organisations of marketing activities with other functions or departments. The U.K banks agree on the adoption of the marketing concept while the Ghanaian banks are uncertain.

The introduction of information technology in the U.K. market, which enables banks to reach potential customers at a lower cost create differences in the adoption and implementation of the marketing concept. Even though marketing is in its infancy in Ghana, the operations of activities are the same as in the U.K. However, the two groups of banks disagree that "banks decisions' should not be made without marketing department".

With regards to activities involving the components of the marketing mix, Ghanaian CEO's actively participate in recommending new services to offer but are less involved in studying information about competitor prices and studying customer needs and buying habits. Secondly, allocating advertising budget, developing sales plan by committees and deciding on services to eliminate were found significant with F ratios of 4.41,6.43 and 6.43 respectively at .05 level of probability. The U.K. banks tend to effect integration and co ordination of activities through several channels involving inter-departmental staff, headquarters staff, marketing committees and informal relations. Thus, hypotheses 1,2 and 3 were tentatively rejected. Finally,on the perceived contribution of the adoption of the marketing concept on overall bank's performance,no significant difference was discernible. Both banks were uncertain that the marketing concept helps increase organisational efficiency. About 56% of Ghanaian banks compared to 22% of the U.K. banks were uncertain that the adoption provides better planning and control system. The two groups of banks agree on improving profitability, better bank services and competitive position. Thus, hypothesis number 4 cannot be rejected. The next chapter present the results of the study on socioeconomic and demographic traits of customers and institutional factors of GCB.

References

1. Couture G.Y.," The marketing concept, its implementation and influence on organisational structure. Unpublished PhD. thesis University of Illinois,1972.

2. Ennew et al, Retail banks and organisational change, IJBM, vol 8, No.3, 1990.

3. Gronróós C, Strategic management and marketing in services sector, UK, Chartwell and Bratt, 1984.

4. Harman, Modern factor analysis, University of Chicago press 1967.

5. Howcroft B, Increased marketing orientation of UK branch Network, Int.Jnl. of Bank Marketing, vol 9, No. 4, 1991.

6. Kaynak et el. Segmenting the banking market by account usage, an empirical investigation. Jnl. of professional services marketing vol,1 number 12, Autumn 1990.

7. Lewis B. Service quality an international comparison, Jnl of marketing management vol 4. 1991 pp 199.

8. Reekie W.D., Bank marketing. The bank magazine, vol 24 1972 pp 97 - 10

CHAPTER EIGHT

RESEARCH ANALYSIS II
CONSUMER SURVEY OF GCB

In chapter seven, analysis of data relating to the acceptance, implementation and administration of the marketing concept within groups of U.K./Ghanaian banks was carried out. It was concluded that though the banks had a favourable attitude towards the marketing concept and was implementing particular elements of the concept with vigour, the structure of the banks had not been influenced by performance of formal marketing functions and differences were found in how the marketing concept had been adopted by the two groups of banks. The analyses in this chapter has to do with primary data from questionnaire designed by the researcher and distributed to over 400 personnel depositor customers of GCB, of which 225 formed the basis for final analysis due to unreturned questionnaires.

The first section covers demographic and socio economic traits of customers and institutional factors of GCB.The second part covers the banking habits of respondents, banks' image ,investment period and media used. The results are utilised to conclude whether or not to accept the demographic characteristics of customers and the image of GCB. The reader will recall from chapters three and six that the null hypothesis 5 states that:-

1. There are no significant relationships between socio-economic and demographic attributes of GCB in:-
   a) The type of accounts held with GCB,
   b) The attributes looked for when choosing between two Ghanaian Banks.
   c) The types of accounts held with other banks
   d) The image customers of GCB hold of the bank

2. Whether customers use the services of GCB for reasons other than the desire to conform to Ghanaian ethics".

These hypotheses will be tested using descriptive statistics, the mean scores, the Chi square - cross tabulation and factor analysis. The reader will recall that these statistical techniques were explained in chapter six.A variety of variable sets have been factor analysed. For example, traits of GCB and what influences customers to choose between them.

8:1 OCCUPATION

Since markets are made up of consumers,a study of organisation offering product or services must begin with them.In this section, findings pertaining to demographic and socioeconomic factors that influence consumers to select a particular service are drawn from the analysis data from the banks consumer survey. Table 8:1 shows the frequency distribution of the occupation variable. The researcher believes that these titles are more appropriate to the study than the social class ABC groupings, due to lack of accurate data. In all, 68% of the respondents are made up of Public and Civil Servants, namely - Managerial/Professional, Clerical and Armed Forces and Police. Banking by these groups is explained by Government directives in 1978,

"... that all Public and Civil Servants including some leading organisations, should be paid through banks. Secondly, due to high rate of illiteracy, banking is not widely understood by the rural folks".

TABLE 8:1

OCCUPATION OF GCB CUSTOMERS

TITLE	NUMBER	%
Managerial/Professional	62	27.6
Clerical/Sales/Nurse	60	26.7
Mechanic/Foreman	34	15.1
Farming/Fishing	18	8.0
Trading	24	10.6
Armed Forces/Police	27	12.0
TOTAL	225	100.0

8:2 AGE

Table 8:2 represents the age profile of the respondents. About 67.1% of the respondents are in the 30-49 year old group. These findings are consistent with the occupation variable. People aged 18-29 are potential customers to reckon with. However, a large population of people aged 50 and above who are mostly farmers, tend to save their monies at home due to lack of confidence in the banks and the Government. Over the last decade, thousands of innocent traders have had their assets confiscated for their inability to prove their sources of wealth.

TABLE 8:2

AGE OF GCB CUSTOMERS

AGE	NUMBER	%
18-29	44	19.6
30-39	84	37.3
40-49	67	29.8
50+	30	13.3
TOTAL	225	100.0

8:3 TYPE OF ACCOUNTS BY AGE AND OCCUPATION

GCB offers a variety of banking services. Customers were therefore asked to indicate from a list of different types of services offered by GCB. Table 8:3 shows the type of account held by the respondents in different age groups. The null hypothesis is that:-

> *"There are no significant relationship between socio-economic and demographic attributes of customers of Ghana commercial bank and the type of accounts they hold".*

Table 8.3 shows that about 52.3% of customers in the various age groups subscribe current account of which 34.2% are aged 30-49. Also about 73% of customers in the 30-39 year bracket subscribe personal loan account while 10.2% of the 40-49 year group have savings account. Personal loan account is not utilised by the 50+ year age group. Foreign currency account is used mostly by the 30-49 year age group and this account for 6.2% of the bank's services. On the deposit account, low subscription might be attributed to cannibalisation from savings account and also, not well understood by the customers. The 50 year age group is the light users of the bank's services, accounting for 13.3% The 18-29 year age group are medium users of current and savings account as well as personal loan account. Further analysis was

carried out with the occupation and type of account as at Table 8.4 which shows the cross tabulation results.

TABLE 8:3

TYPE OF ACCOUNT BY AGE

AGE	CURRENT ACCOUNT	SAVINGS ACCOUNT	FOREIGN CURRENCY ACCOUNT	DEPOSIT ACCOUNT	PERSONAL LOAN ACCOUNT	ROW TOTAL
18-29	23	12	2	4	3	44
	10.2	5.3	0.89	1.8	1.33	
	52.3%	27.7%	4.6%	9.1%	6.8%	
	19.7	21.0	14.3%	16.7	29.8	19.6
30-39	44	17	6	9	8	84
	19.6	7.5	2.7	4.0	3.6	
	52.3%	20.2%	7.1%	10.7%	9.5%	
	37.6	28.8	42.9	37.5	72.7	37.4
40-49	35	23	3	6		67
	15.6	10.2	1.33	2.7		
	52.2%	34.3%	4.5%	9.0%		
	30	39.0	21.4	25.0		29.8
50+	15	7	3	5		30
	6.7	3.1	1.33	2.1		
	50.0%	23.3%	10.0%	16.7%		
	12.8	11.9	21.4	20.8		13.3
COLUMN TOTAL	117 52	59 26.2	14 6.2	24 10.7	11 4.9	225 100

Chi square = 15df $p < 0.05 = 25.00$

8:4 TYPE OF ACCOUNT BY OCCUPATION

From Table 8.4, 16% of managerial/professionals and 16.9% of clerical officers and nurses have various combinations of accounts. Over 44% and 41% of farmers and traders respectively have savings account. In all 52% of customers hold current accounts while 24.9% hold savings account. The table shows that personal loan and foreign currency accounts are least subscribed. Mechanics/ foremen and farmers do not generally operate foreign currency accounts. The chi square procedure and continency coefficients are employed to evaluate the results of cross tabulations. As the reader will recall from chapter 6, in the chi square procedure, the strength of the relationship of the cross tabulations is reflected by the level of significance that the obtained value (computed chi square) is due to sampling or random variations. Appendix 1:15 shows that there is moderately strong association between age of customer and their propensity to hold savings account with GCB (p significant at.05 level). The computed chi square measuring the association between the occupational groups to which respondents belong and inclination to hold current accounts with GCB is approaching the critical value (computed chi square 10.41) at which one can say that there is an association between occupational status and types of accounts held. **Therefore, hypothesis 5(a) is tentatively rejected.**

TABLE 8:4

TYPE OF ACCOUNTS BY OCCUPATION

OCCUPATION	CURRENT ACCOUNT	SAVINGS ACCOUNT	FOREIGN CURRENCY ACCOUNT	DEPOSIT ACCOUNT	PERSONAL LOAN ACCOUNT	ROW TOTAL
MANAGERIAL/ PROFESSIONAL	36	13	6	6	1	62
	16.0	5.8	2.7	2.7	0.44	
	58.1	21.0	9.7	9.7	1.6	
	30.8	23.2	40	22.2	10.0	27.5
CLERICAL/ NURSE	38	11	2	7	2	60
	16.9	4.9	0.89	3.1	0.89	
	63.3	18.3	3.3	11.7	3.3	
	32.5	19.6	13.3	26.0	20.0	26.7
MECHANIC/ FOREMAN	18	6	0	6	4	34
	12.5	2.7		2.7	1.8	
	53.0	17.7		17.7	17.8	
	15.4	10.7		22.2	40.0	15.1
FARMING/ FISHING	7	8	0	3		18
	3.1	3.6		1.33		
	38.9	44.4	16.7			
	6.0	14.3	11.1			1
TRADING	9	10	3	2	0	24
	4.0	4.44	1.33	0.89		
	37.5	41.7	12.5	8.3		
	7.7	17.9	20.0	7.0		10.7
ARMY AND POLICE	9	8	4	3	3	27
	4.0	3.6	1.8	1.33	1.33	
	33.3	29.6	14.8	11.1	11.1	
	7.7	14.3	26.7	11.1	30.0	12.0
COLUMN TOTAL	117 52	56 24.9	15 6.7	27 12.0	10 4.4	225 100

Chi square = 20df at $p < 0.05 = 31.41$.

Deposit account is the least used services after personal loan account. In the context of this study, personal loan does not include an overdraft facility which is often granted on ones current account. Since the currency (Cedis) is not convertible, few customers value the foreign currency account. Since 1985, the introduction of flexible exchange rate system which has led to the opening of about 400 Forex Bureau, where currencies are traded, may suffocate the usage of foreign currency account. Secondly, majority of entrepreneurial traders and small firms, use their own capital rather than obtaining loans from the bank. The reason being that these groups often, are unable to provide the collateral security required by the banks.

In completing this strikingly consistent set of data, factor analysis was extracted to establish the degree of significance. Appendixes 1:9 and 1:10 show the before and after rotation. From appendix 1:10:

Factor 1: loaded heavily on variables 4 and 3. These are foreign currency accounts and deposit accounts. The minus signs indicate these variables are services under subscribed by customers. This factor has a percentage variance of 51.

Factor 2: loaded heavily on variables 1 and 2. These are current and savings account, and are classified as services that are fully subscribed by customers. This factor has a percentage variance of 27.2.

These two factors have a cumulative variance percentage of 78.2 which is considered significant.

8:5 SUMMARY

The results show that professionals/managerial and clerks - mostly Public and Civil Servants are the heaviest users of GCB services. These groups subscribe current and savings account. Secondly the 30-49 year old groups form significant percentage of GCB customers. People aged 50 years and above are keen in deposit accounts and are the light users of the bank's services. It was discovered that foreign currency and loan

accounts are not subscribed by farmers/traders due to either lack of collateral security or might opt for overdraft facility.The 18-29 year age group are medium users of current and savings accounts. The results indicate that differences exists between the occupation of GCB customers.Professionals attach higher importance to certain bank attributes.

8:6 WHAT DO YOU LOOK OUT FOR WHEN YOU OPEN AN ACCOUNT With A BANK

Once a customer has accepted the need to open account and has decided to go ahead, his next major decision is where to open the account.In deciding which bank will suit him, he decides upon values, beliefs, needs, his own knowledge and past experience of banks. Respondents were asked to rank factors that they consider most important when making a decision to open an account with a bank and secondly, the characteristics they look out for in their choice between two Ghanaian banks. Each attribute was rated on a four point scale of:

4 - Extremely important
3 - Very important
2 - Important
1 - Less important

The null hypothesis 5 (b) states that "No relationship exists between socioeconomic and demographic attributes of customers of GCB and the attributes looked for when choosing between two banks".

Appendix 1:11 presents the ranked traits of the results.To evaluate the overall significance of the choices,a weighted average score was calculated and converted to percentage scale and this appears at table 8:5. From the table, 68% ranked efficient service as extremely important while 45% perceive understanding as very important. The 68% was converted into percentage scale by dividing it by the maximum number of points possible (225 x 4 = 900). Higher rate of interest was ranked as less important by 17% of the respondents.

TABLE 8:5

WHAT CUSTOMERS LOOK OUT FOR

WHEN OPENING ACCOUNT WITH A BANK

VARIABLE/ ATTRIBUTES	WEIGHTED SCORE	%	RANK
Efficient service	615	68	1
Prompt cashing facility	260	28.8	4
Wide range of services	328	36.4	3
High rate of interest	260	28.8	4
Community mindedness	101	11.2	6
Understanding	408	45.3	2
Personal services	116	12.9	5
Regular statements	61	6.8	8
Fairness	93	10.3	7

$p < 0.05$ $p \leq 0.01$

The above table shows the mean scores of the traits that influence consumers to make a choice between two Ghanaian banks. Customers of GCB do not consider regular bank statements and fairness as important factors.

In Ghana, customers look out for a manager who understands their needs or requirements, before making the final decision. It is interesting to note that personal services, regular statements and fairness are perceived less important by customers when they open an account with a bank. Further analysis via chi- square test was used to test the degree of association between demographic and socio-economic variables. From appendix 1:17, there is a significant association between consumers age group and pursuance of efficient services as a characteristic in any commercial bank ($p < .05$). Secondly there is a significant ($p. < .05$) association between understanding of customer problems and needs when choosing between commercial banks. Wide range of services was also found significant at p.05 level of probability.From appendix 1:18, there is a significant association between occupation and pursuance of efficient

service, understanding and personal service. **Therefore, hypothesis 5 (b is rejected on both demographic and socioeconomic variables.**

8:7 IF YOU HAD TO CHOOSE BETWEEN TWO BANKS WHAT WOULD INFLUENCE YOUR CHOICE

Table 8:6 shows the ranked frequencies of factors that would influence a customer in his choice between two banks. Since a study of consumer choice must deal with the values to which alternatives are related and the beliefs and perceptions which influence choice, firstly, consumers were asked to rank in order of priority, the reasons which lead to their choice of bank. To evaluate the overall significance of the choices, a weighted average score was calculated and converted to percentage scale. For example, the 62.3% was converted into a percentage scale by dividing the maximum number of points possible (225 x 4 = 900).

TABLE 8:6

WHAT WOULD INFLUENCE A CUSTOMER TO CHOOSE BETWEEN BANKS

ATTRIBUTE	RANK				WEIGHTED AVERAGE	%
	4	3	2	1		
Higher rate of return	62	73	33	28	561	62.3
Free service	12	34	29	39	247	27.4
Wide range of services	29	45	69	64	453	50.3
Less risky investments	28	27	50	54	347	38.6
Efficiency	94	46	44	40	590	66.4
Others						

In the above table, efficiency and higher rate of return were selected first and second respectively with 66.4% and 62.3% scores. Free service was perceived as less important by 27% of the customers. A significant proportion of customers will choose a bank based upon its wide range of services. This result was further analysed. Tables 8:7 and 8:8 show the factorised results of what influences customers for their choice of bank.

From Table 8:8

Factor 1. loaded heavily on variables choose 3 and 2. These variables are wide range of services and free services. These are variables relating to services that consumers do not value as significant in their choice of a bank. The factor has a percentage variance of 37.0.

TABLE 8:7

FACTOR ANALYSIS OF INFLUENCES ON CONSUMERS CHOICE BETWEEN TWO BANKS

VARIABLE	FACTOR ONE	FACTOR TWO
Choose 4: Less risky investment	0.738	0.389
Choose 3: Wide range of services	0.705	-0.513
Choose 5: Efficiency	0.633	0.535
Choose 2: Free services	0.598	-0.607
Choose 1: Higher rates of return		0.448
Eigen values	1.848	1.269
% of variance	37.0	25.4
Cumulative %	37.0	62.4

TABLE 8:8

VARIMAX ROTATION OF INFLUENCES ON CONSUMERS

CHOICE BETWEEN TWO BANKS

VARIABLE	FACTOR ONE	FACTOR TWO
Choose 3: Wide range of services	0.864	
Choose 2: Free services	0.852	
Choose 5: Efficiency		0.824
Choose 4: Less risky investment		0.789
Choose 1: Higher rates of return		0.477
Eigen values	1.848	1.269
% of variance	37.0	25
Cumulative %	37.0	62.0

Factor 2. loaded heavily on variables 5 and 4. These are efficiency and less risky investment. This shows that in addition to efficient services, customers look out for a bank that offers good advise on investment. Do Ghanaian banks provide such services ?

8:8 WHICH OTHER BANK SERVES YOU BESIDE GCB

In order to establish GCB customers loyalty, respondents were asked to indicate if they use the services of other banks beside GCB. The result in Table 8:9 shows that 20% of the respondents have account with Barclays Bank while 12% each have accounts with bank for Housing and Social Security Banks respectively. It's clear that Barclays Bank is the major competitor of GCB. The reader will recall from chapter three that Barclays Bank and British Bank of West Africa had existed for several years before GCB was established to support Ghanaian entrepreneurs who had difficulties in obtaining loans from these expatriate banks. Also, the rural bank was created by the Central Bank to help alleviate problems encountered by farmers in receiving payments for cocoa sold to the government. Customers admire Barclays Bank for its' efficiency and international reputation despite the difficulties experienced

by customers for short or medium term loans. Since about 45% of the respondents hold accounts with three major banks, this poses a serious threat to GCB, that customers do switch accounts easily. Numerous factors could account for this, for example, if customers have difficulty in obtaining overdraft facility or misunderstanding arising with a manager in a particular branch. The table shows that over 23% of customers use "other banks". This segment include rural bank which has about 108 branches throughout the country. The rural banks were created by Bank of Ghana to serve farmers. This poses a major threat to GCB. The number of banks with which an individual deals and the kind of bank accounts used by an individual are considered to be banking proneness.

TABLE 8:9

WHICH BANK SERVES YOU BESIDES GCB

BANK	NO.	%
Barclays Bank	45	20
Bank for Housing	27	12
Social Security Bank	28	12.5
Co-operative Bank	21	9.3
Foreign Bank	20	8.9
Agriculture Bank	32	14.2
* Others	52	23.1
TOTAL	225	100.0

* includes - Post Office Savings - Chartered Standard - Rural Banks

Further test of mutual association across two separate bases of age and occupation (demographic and socioeconomic) characteristics was carried out to determine the types of accounts that customers of GCB hold with other banks.Table 8:10 shows that chi square analysis yielded a significant association at $p. < .05$ level between occupation and the tendency for customers to hold deposit account with other banks. **Thus, hypothesis 5(c) cannot be accepted** in the direction of socioeconomic variable only.

TABLE 8:10

BIVARIATE ANALYSIS OF DEMOGRAPHIC AND SOCIOECONOMIC ATTRIBUTES OF WHY CONSUMERS OF GCB NOW HOLD SAVINGS OR CURRENT ACCOUNTS WITH OTHER GHANAIAN BANKS

ATTRIBUTE	TYPE OF ACCOUNT HELD WITH OTHERS	COMPUTED CHI-SQUARE	DF	LEVEL OF SIG	CONTINENCY COEFFICIENT
AGE	Savings Deposit	6.783 8.654	5 5	0.2372 0.4987	0.1088 0.812
OCCUPATION	Savings Deposit	4.0849 14.5038	5 5	0.2372 0.0151*	0.0882 0.1546

* $p < .05$ significant association between occupation and deposit accounts held with other banks'

Although the participating banks were all striving to achieve higher level of service quality and are to a great extent being successful, it is inevitable that most customers will experience problems in their service encounters from time to time and if sufficiently serious,the problem may lead customers to close their accounts and move to competitor organisations. Some of the reasons for switching banks may be unhelpful staff, refusal of loans, bounced cheques and inefficient services.

TABLE 8:11

FOR HOW LONG HAVE YOU KNOWN GCB

DURATION	NO.	%
Less than 1 year	13	5.8
1-2 years	24	10.7
3-4 years	65	30.2
Over 4 years	120	53.3
TOTAL	225	100.0

Despite their length of knowledge of the existence of the bank, in making the choice to purchase the service of GCB, rather than any other, one would expect customers to have some degree,if not perfect knowledge and understanding of the underlying principles on which the bank operates, especially as a result of the efforts of the bank to inform customers its aims and objectives.Secondly, it was assumed that the population of customers of the bank was not homogeneous and will comprise customers with varying degrees of loyalty. It was assumed that customers who have held accounts with the bank for over three years are perceived loyal. Table 8:12 shows that 53.3% of the respondents have had account with GCB for a period of over 4 years. Only 16.5% opened account with GCB within the last two years.

Further analysis was carried out using occupation and age variables. Table 8:12 shows the cross tabulation of the duration with GCB bank by age and occupation. The researcher selected the 3 years and above group because these groups account for about 84% of the population. Only 15.5% of respondents have held account with GCB for a period of less than 2 years. Thus, a population of 188 (84.5%) was used for the analysis.

From Table 8:11, 28.6% of traders and 26.7% of farmers aged 50 years and above have held accounts with GCB for a period of over 3 years. Also 80% of managerial/professionals aged 30-49 have operated accounts with GCB for more than 3 years. Finally, 46% clericals aged 30-39 operate account with GCB. This result indicates that the bulk of GCB customers, about 55% and aged 40 years and above, appear reliable customers who do not switch banks often.A total of 9.6% of mechanic/foreman aged 30 -49 and about 15% of customers aged 18-29, have held account with GCB for over three years.

TABLE 8:12

DURATION WITH GCB BY AGE AND OCCUPATION OVER THREE YEARS

OCCUPATION	AGE				
	18-29	30-39	40-49	50+	ROW TOTAL
MANAGERIAL/ PROFESSIONAL	2	24	25	10	61
	1.06	12.8	13.3	5.3	
	3.3	39.3	41.0	16.4	32.4
	7.1	34.8	41.0	33.3	
CLERICAL/NURSE	12	20	9	2	43
	6.4	10.6	2.7	1.06	
	27.9	46.5	17.3	4.6	22.9
	43.0	29.0	14.8	6.7	
MECHANIC/ FOREMAN	8	9	9	2	28
	4.3	4.8	4.8	1.06	
	28.6	32.1	32.1	7.1	14.9
	28.6	13.0	14.8	6.7	
FARMING/ FISHING	1	4	6	4	15
	0.53	2.12	3.2	2.1	
	6.7	26.7	40.0	26.7	8.0
	3.6	5.8	9.8	13.3	
TRADING	2	3	5	4	14
	1.06	1.6	2.6	2.12	
	14.30	21.4	35.7	28.16	7.4
	7.2	4.3	8.2	13.3	
ARMY AND POLICE	3	9	7	8	27
	1.6	4.8	3.1	4.25	
	11.1	33.3	22.0	29.6	14.4
	3.7	13.4	11.5	26.7	
COLUMN TOTAL	28 14.9	69 36.7	61 32.4	30 16.0	188 100

Chi square at 20df at $p < 0.05 = 31.41$.

8:9 RANKED FACTORS PERTAINING TO GHANA COMMERCIAL BANK CHARACTERISTICS

To evaluate further the attitudes of customers towards GCB, respondents were asked to rank from a list of most important attributes which determines the reputation and image of GCB. Importantly, corporate image describes the picture an organisation presents to the public. It therefore reflects the overall character of the institution. According to Aaker et al (1) "a good corporate image is important in creating confidence in the product or service associated with it". It helps assure acceptance of a product or service in advance and can help a community understand organisations philosophy, aims and values. In endeavouring to build up a good image, organisations must remember that the corporate image is addressing itself to different publics, each of which is looking at the organisation from different sets of values, beliefs and expectations in terms of reliability,responsiveness, empathy and assurance. For example, if 'Natwest' positions itself as being friendlier and larger than 'Barclays', it is focusing on its image defined in the context of attribute (friendlier) and competitor. Whilst the various publics overlap and are not discrete, they all see the image differently because of their different perception, expectations and wishes (see parasuraman model, chapter 4). This study seeks to uncover the different facets of GCB traits.

A list of eleven statements was placed on the questionnaire which reflected both positive and negative evaluations of the bank. Respondents were asked to rank the attributes with 4 for the extremely important and to 1 for less important. Table 8:13 shows the and weighted mean scores of the attributes. In all customers perceive Ghana commercial bank to be large and conveniently located. These are considered more favourable for the banks branch network . In addition, customers believe that the banks' employees are friendly. These factors help establish strong social relations with the publics defined in the bank questionnaire. However, the bank has a reputation for slow services and discourteous employees. These constraints have a depreciatory effect on the banks interaction with its target markets. It would not be surprising if statements referring to courteous employees and friendly employees led to similar responses since both deal with social relations between customer and

employees.Also efficient services and community mindedness all suggest something quite positive about the bank's attitude and performance.Rather than trusting strictly to intuition,factor analysis promised a more systematic exploration of which variables exhibited high correlations.

TABLE 8:13

RANKED TRAITS OF GCB

ATTRIBUTE	RANK				WEIGHTED AVERAGE	%
	4	3	2	1		
Courteous employees	10	2	4	38	92	10.2
Large	37	42	18	26	299	33.2
Friendly employees	27	37	28	14	289	32.1
Convenient location	30	54	48	8	386	42.9
Slow service	30	43	21	8	299	33.2
Easy to borrow from	22	18	9	21	181	20.1
Efficient service	15	12	23	24	202	22.4
Discourteous employees	22	4	46	51	243	27.0
Community minded	-	2	11	5	33	3.7
Profit minded	20	4	6	14	98	10.9
Difficult to get loans	8	7	11	15	90	10.0

The data was further factorised to identify the variables that exhibit high or low correlations. Table 8:14 and appendix 1:12 show the factor analysis of before and after varimax rotation. From Table 8:14, variables 8, 6, 10 and loaded heavily on Factor 1 described as the banks interaction with the public. These variables were:

5. Slow Service
8. Discourteous employees
6. Easy to borrow from
10. Profit minded

This confirms the mean score results obtained in Table 8:13. Respondents have unfavourable impression of staff qualities at GCB. It shows that staff are not caring as they should be and do not offer personal advice.The respondents perception of slow service and long queues could be the cause of dissatisfaction and possible switching. This factor can best be described as reflecting overall individual customer interest and perception of employees and services factor has a percentage variance of 40.5 and a cumulative variance of 63%.

Factor 2. loaded heavily on variables 3,2 and 4. These are:

2. Large
3. Difficult to get loans
4. Convenient location

The two factors can be described as distribution and communication with target market. These factors, namely, the bank's locations and size play a more important role for bank customers.

Factor 3 loaded heavily on courteous and friendly employees.
Again customers were asked to indicate the reasons for choosing GCB.

TABLE 8:14

VARIMAX ROTATION OF TRAITS OF GCB

VARIABLE	FACTOR ONE	FACTOR TWO	FACTOR THREE
Efficient service	0.587		0.290
Discourteous employees	0.868		
Easy to borrow from	0.814		0.0372
Profit minded	0.718		
Slow service	0.886		
Friendly employees		0.451	-0.734
Large		0.869	
Convenient location		0.837	
Courteous employees		0.523	-0.693
Difficult to get loans		0.607	
Eigen values	2.648	1.999	1.125
% of variance	40.5	22.2	13
Cumulative % of variance	40.5	63	76

p. < 0.05

Table 8:15 shows the varimax rotation of what motivates customers to choose GCB. From the varimax rotation at Table 8.15,

Factor 1. loaded heavily on efficient services, wide range of services,and high rates of profits. This factor was labelled efficient services factor as the highest positive loading was that of efficiency.

Factor 2. loaded heavily on variables 5 and 4 which shows that customers have admiration for a bank with courteous employees and seen as community minded. These can be described as Ghana banking principles factor. Higher rate of profit is not perceived as important to customers. There may be a conflicting issue to this attribute is that the

rate of inflation in Ghana is higher than the rate of interest offered by the banks. Ghana customers prefer "hot money" that enables them to transact business and make instant profit.The fact that courteous employees had a high negative loading influenced the interpretation of this factor.

Factor 3. Loaded heavily on other reasons such as fairness and access to foreign exchange.

In testing hypothesis 5 (b), chi square analysis was carried out as in appendix 1:16. The result shows that significant association exist between occupational status and consumers' tendency to hold an image of the bank as being conveniently located (p. $< .05$) and even more significantly an image as having discourteous employees ($p < .05$). **Thus hypothesis 5 (d) in rejected in the direction of the socioeconomic variable (occupational status).**

TABLE 8:15

VARIMAX ROTATION OF WHY CUSTOMERS CHOOSE TO BANK WITH GCB

VARIABLE	FACTOR ONE	FACTOR TWO	FACTOR THREE
2 Efficient service	0.837		
3 Wide range of services	0.793		0.374
1 Higher rates of profit	0.609	-0.377	
5 Community mindedness	0.849		
4 Courteous employees	0.474	0.658	
6 Other reasons		0.501	0.675
Eigen values	2.197	1.367	1.011
% of variance	36.6	22.8	11
Cumulative % of variance	36.6	59.4	70.4

TABLE 8:16

WHAT CONSUMERS LIKE MOST ABOUT GCB

ATTRIBUTE	NO.	%
Convenient location	92	40.9
Community mindedness	17	7.6
Easy to obtain loans	39	17.3
Efficient services	32	14.2
Higher rate of interest	14	6.2
Good bank	25	11.1
Other reasons	6	2.7
TOTAL	225	100.0

Two sets of questions concerned satisfaction and dissatisfaction in switching banks. Table 8:16 shows that 41% of customers favour GCB for its convenient location and seventeen percent agree that it is easy to obtain loans. This shows that the bank's size and location play an important role for its customers, either being near home or work and providing parking facilities. Secondly, it is interesting to note that only 11% perceive the bank as good in terms of reliability and understanding. Efficient service was ranked low with 11% percent.

TABLE 8:17

WHAT CUSTOMERS DISLIKE MOST ABOUT GCB

ATTRIBUTE	NO.	%
Difficult to obtain loans	39	17.3
Slow counter services	110	48.9
Must behave like others	8	3.6
Nepotism	14	6.2
Discourteous employees	33	14.7
Other reasons	10	4.5
Internationally known	11	5.0
TOTAL	225	100.0

On the question regarding dissatisfaction, the above Table indicates that about 41% of the respondents expressed high expectations of slow counter service while about 14.7% perceive the bank's employees as discourteous. Difficult to obtain loan was also perceived as unattractive, by 17% of the respondents while about 5% perceive GCB as Internationally unknown.Other problems were nepotism and lack of information about new services. The result indicates that the services offered by the bank do not meet the needs of customers and this could contribute to bank switching.

TABLE 8:18

PREFERRED TIME FOR INVESTMENT

PERIOD	NO.	%
6 months	39	17.3
1 year	44	19.6
2 year	31	13.8
3 year	23	10.2
4 year	55	24.7
Over 4 years		
TOTAL	225	100.0

GCB offers consumers investment account services. It was a further interest to the researcher which period of investment the customer of GCB preferred. The above Table shows the preferred time for investment by respondents. About 37% of the respondents prefer a period of 6-12 months. The underlying factor for this behaviour could be due to lack of confidence in the Government. About 35% of customers prefer a period of between 3-4 years. Other factors behind the low subscription of long term investment may be due to the fact that the commercial banks are inactive in mobilising funds from the community. Secondly, the usefulness or importance of fixed deposit account has not been understood, for fixed deposit amount tends to depreciate rather than appreciate due to Government policies and higher rate of inflation, which always make fixed deposits unattractive service.

As already pointed out, average income per capita is very low - at $380 per annum. Therefore, the possibilities for savings and their mobility from one place to another are limited, and finally, incomplete monetisation of the economy, has no doubt affected the growth of most African countries.

8:10 MEDIA

Consumers in developing countries can more or less easily acquire information from various sources today.On the one hand,there are easily accessible sources such as newspapers, brochures, personal communication and on the other hand, T.V., radio, posters etc.

TABLE 8:19

HOW DID YOU FIRST HEAR ABOUT GCB

SOURCE	NO.	%
Television	32	12.9
Press	26	9.3
Neighbours	24	10.7
Radio	65	28.9
Brochures	72	3.1
Friends/relatives	52	21.8
Conference	14	6.2
TOTAL	225	100.0

Much available literature discuss the effect of mass communication to the extent that most deal with products about which information acquisition can be expected to be frequent. A further consideration of this study was (a) How customers first heard about GCB and (b)Which media they evaluated as the most informative in terms of available services. Respondents were asked to indicate how they first heard about GCB and Table 8:19 shows that most of the customers first heard about GCB through radio. Secondly friends and relatives also disseminate information. These forms of media are effective because many rural dwellers - farmers have radios which are cheaper to obtain, and languages are spoken in different dialects. In the sixties and mid seventies, the Ghana Cocoa Marketing Board supplied farmers with portable radio sets. Television sets are used mostly by city and urban dwellers, in the ABC. groups.

Table 8:20 presents the medium that best informs GCB customers on the services provided. About 58.5% chose radio and television. Friends and relatives provide effective word of mouth communication system.

TABLE 8:20

THROUGH WHICH MEDIA ARE YOU BEST INFORMED ABOUT GCB SERVICES

SOURCE	NO.	%
Television	67	29.8
Press	24	10.7
Neighbours	14	6.2
Radio	65	28.9
Friends/relatives	37	13.8
Brochures	14	6.2
Conference	5	4.4
TOTAL	225	100.0

The above Table shows that among these media, the most popular source or media are radio and friends/relatives. This support the effectiveness of word mouth communication in this particular environment.In a close nit communities such as the one in which the case study was undertaken, personal influence from friends, neighbours, family members and the like are important.Often too, trustworthiness of the source and the absence of the intention to influence the individual are important factors in such sources of information. Finally, further analysis was carried out, and Table 8:21 presents the cross tabulation results of media used by age.

TABLE 8:21

MEDIA USED BY GCB CUSTOMERS BY AGE

AGE	TV	PRESS	NEIGH-BOURS	RADIO	BROCH-URES	FRIENDS/ RELATIVES	ROW TOTAL
18-29	4	6	5	16		13	44
	1.8	2.7	2.2	7.1		5.8	
	9.1	13.6	11.4	36.4		29.6	19.6
	6	25	35.7	24.6		35.0	
30-39	27	13	6	17	7	14	84
	12	5.8	2.7	7.6	3.1	6.2	
	0	15.5	7.1	20.2	8.3	16.7	37.3
	32.1	54.2	35.3	25.4	50.0	37.8	40.3
40-49	26	4	5	22	6	7	60
	11.6	1.8	2.2	9.8	2.7	3.1	
	38.8	6.0	7.5	32.8	9.0	10.5	29.8
	38.8	16.7	29.4	32.8	42.8	42.9	19.0
50+	9	3	1	12	1	3	30
	4.0	1.3	0.44	5.3	0.44	1.3	
	30.0	10.09	3.3	10.09			
	13.4	12.5					
COLUMN TOTAL	67 29.8	24 10.7	17 7.5	67 29.8	14 6.2	37 16.4	225 100

Chi square is 24df at $p < 0.05 = 36.5$

The above Table shows that a large proportion of the 30-49 year age group receive information about GCB through T.V. Here again, radio and word of mouth communication through friends and relatives are seen as the popular media used by all age groups. The 18 -29 year group rely on friends/relatives and neighbours before opening accounts. Brochures are mainly used by professionals in the 30 - 49 year age group.

8:11 SUMMARY OF FINDINGS FROM THE ANALYSIS OF GCB CUSTOMERS

The purpose of this part of the study was to ascertain the basic bank characteristics and selection factors leading to consumers choice GCB in preference to other traditional banks and the socio economic and demographic traits of customers. Major findings of the study of consumer wants and preferences are that Ghanaian bank customers have well defined needs.

Descriptive, univariate and multivariate analyses of GCB consumer survey indicated the following: The null hypothesis was that:

"No significant relationship exists between socio-economic and demographic attributes of customers of GCB. The hypothesis consisted of four segments namely: -

a. The types of accounts held with GCB
b. The characteristics looked for when choosing between two banks
c. The type of accounts held with other banks
d. The image that customers of GCB hold of the bank.

Tests of mutual associations across two separate bases (age/occupation) were carried out by means of chi square. The reader will recall from chapter six that the strength of the relationship of the cross tabulation is reflected by the level of significance that the obtained value is due to random variations. The lower this level of significance, the less likely the observed relationship is due to random variations. As a result of bivariate tests and factor analysis,significant differences were found to exist regarding hypothesis 5 (a,b,c and d).The hypothesis was tentatively rejected. There are significant association between socioeconomic and demographic characteristics of consumers of GBC and the accounts they hold, the image perception of the bank,the characteristics looked for when choosing between two banks and the types of accounts held with other banks.

Customers of GCB are mostly professionals in the ABC, groups aged between 30-49. A substantial number of farmers and traders are beginning to build up confidence in the bank.

Customers mainly require the facilities of current, savings and investment accounts. Foreign account is in its embryonic stage while loans account are not fully utilised. A substantial number require more than two of the range of services offered by the bank at a time. A significant proportion of GCB customers hold accounts with Barclays and other banks.

Factors that influence the selection of a bank and the reasons for choosing GCB were extracted from eleven bank selection statements as at Tables 8:5, 8:7 and 8:14. From Table 8:5, customers consider efficient services and understanding as the major criteria for choosing between banks and do not consider regular bank statements and fairness as important. From Table 8:7, factors one and two loaded heavily of free services and efficiency, with a percentage variance of 62%. Finally, from Table 8:14, factor one loaded heavily on discourteous employees and easy to borrow from.Factor two loaded heavily on large and convenient location. Both factors had a percentage variance of 63. In choosing bank services, customers are aroused by particular values and perception of service attributes. These factors are selective demand in a broad and impersonal and ideal sense.

Radio and television are the most effective media to reach customers while word of mouth communication through relatives/friends is also very effective.A large proportion of customers aged 30-49 receive information through the press. Factor analysis of image characteristics gave insight into the customers' functional and socio-economic image of the bank from table 8:13 the factor analysis yielded three factors, of which factor 1 and 2 yielded a percentage variance of 63%. The most important were identified as the bank's interaction with the public namely, offering slow services and discourteous employees. The second factor labelled socially oriented bank philosophy and image was the bank's size and location.

On the bank's interaction with customers, GCB employees are perceived as discourteous and noted for offering slow counter services.Two sets of questions concerned satisfaction and dissatisfaction.The result shows that customers like GCB by its size and location but dislike the bank for offering slow services and for difficulty in obtaining loans. Finally, on a question relating to preferred time for investment, about 37% prefer investment up to one year while 25% prefer four years. One factor behind low subscription for long term investment may be lack of confidence in the Government and the bank being inactive in mobilising funds from the community.

References

1. Aaker David A and Myers John G, Advertising Management, 2nd Edition, Prentice Hall Int; New Jersey, 1981.

CHAPTER NINE

RESEARCH CONCLUSIONS AND IMPLICATIONS

This chapter reviews the purpose of the study followed by a restatement of the findings from analysis of data relating to each part of the study, namely the adoption of the marketing concept by the U.K and Ghanaian banks and the attitudes of customers of Ghana Commercial Bank. The implications for theory and management are discussed and finally, proposes future commercial research in the field. The main part of the study was to examine and compare the marketing concept and orientation and the view of the marketing function in the U.K. and Ghanaian banks. The study provides data on the marketing orientation of Ghanaian banks which is no where else available and provides a basis for comparison of U.K. banks operating on interest yielding principles and Ghanaian banks operating on profit sharing principles.

Five major areas were investigated, namely, the organisation and administration of marketing functions, attitudes towards the marketing concept, the scope of activities involving the components of the marketing mix, the perceived outcome of the adoption of the marketing concept, and the bank services available to customers of GCB.The study is essential and desirable due to the growing numbers of banks in Ghana and also the awareness of the importance of marketing.

The U.K. and Ghanaian banks face increasing competition from not only traditional types of commercial banks in the U.K. but also from banks and other financial institutions like investment banks in Ghana. Therefore, a better understanding of the operations of marketing techniques by Ghanaian banks is a positive approach towards opportunities and challenges in the rapidly changing domestic and global marketing environments.

Numerous writers including Kaynak (6) and Couture (4) have called attention to the lack of empirical data concerning the marketing of bank services and in particular,

to the feasibility of a consumer's model and marketing strategies applicable to a worldwide basis. The researcher asserts that the traditional four Ps model (marketing mix) is unnecessarily restrictive. Therefore, the traditional 4Ps namely, product, price, promotion and place, plus three additional elements namely people, process and provision of customer service need to be considered. Due to variety of processes and activities, marketers need to select and adapt to those schemes that are relevant to their particular service industry. In the broader context of the marketing concept,the provision of customer service creates a clearly differentiated and superior value proposition to specific customer segments and becomes a control focus on which to consider the other marketing mix elements. Secondly the observed similarities between buying processes of goods and services suggest that marketing know how utilised by product oriented businesses can be adapted to services marketing techniques and personnel are transferable across industry lines.

The researcher, like Berry and Donnely and Kotler (see chap.4,pp51) believes that Ghanaian banks can be identified with the first stage of the marketing concept, namely;(a) where bankers classify marketing as advertising and public relations .The U.K.banks can be associated with the second to the fourth stages,namely;(a)personalisation stage (b) the innovation stage and (c) the marketing system stage.

This study therefore suggests that the U.K. banks have partially adopted the marketing concept while the Ghanaian banks have a long way to go in the adoption of the marketing concept.In view of this study and from the application of Drucker's (see pp.3), Kotler's (see pp.50) and Gronroos' (see pp.58) principles, the researcher concludes that bank marketing is the process of creating, nurturing and sustaining relationships with individuals who are in need of solutions for their financial problems. It was a major underlying objective of this study to provide such empirical data on the various aspects of marketing of bank services in Ghana and to add to our understanding of global or cross cultural marketing management. Table 9:1 shows the hypotheses formulated, instruments used, the statistical procedure followed and findings and evaluation.

TABLE 9:1

COMPARATIVE STUDY OF THE UK AND GHANAIAN BANKS

STATISTICAL METHODS USED PER GROUP OF QUESTIONS

HYPO-THESIS NO	HYPOTHESIS FORMULATION	INSTRUMENTS USED	STATISTICAL PROCEDURE FOLLOWED	FINDINGS	EVALU-ATION
1.	The organisation of marketing administration in Ghanaian banks does not differ significantly from the UK banks	Bank Questionnaire	Descriptive statistics F ratio	sign. diffs.in participation $p < .05$	Reject
2	The attitude of Ghanaian banks towards the adoption of the marketing concept does not differ significantly from that found in the UK banks	Bank Questionnaire	F ratio factor analysis	sign. diffs. $p < .05$	Reject
3.	The scope of activities involving the components of the marketing mix in Ghana do not differ from that found in the UK	Bank Questionnaire	F ratio	sign. diffs. $p < .05$	Reject
4.	There are no significant differences between the two groups of banks in their perception of areas where the adoption has made a significant contribution	Bank Questionnaire	F ratio	no sign. diffs.	Accept
5.	No significant relationship exists between Socioeconomic and Demographic variables and (a) Types of account held with GCB (b) The image customers of GCB hold of the bank (c) Characteristics looked for when choosing between banks (d) Types of accounts held with other banks	Consumer survey questionnaire	Chi-square	a)sign. assn. b)sign.assn. c)sign.assn d)sign assn. at $p < .05$ and $p < .01$	Reject

9:1 HYPOTHESES TESTING, FINDINGS AND CONCLUSIONS OF COMPARATIVE STUDIES PERTAINING TO THE TWO GROUPS OF BANKS

In this section, each of the hypotheses is restated and the following discussions that relate to of the findings that relate to the particular hypothesis were tested regarding the significant differences between the two groups of banks in (1) the organisation and administration of marketing (2) the attitudes towards the marketing concept (3)performance of marketing activities and (4) the effects of the adoption of the marketing concept on overall performance. As a result of univariate tests, significant differences were found to exist regarding hypotheses 1, 2 and 3 and these hypotheses were consequently rejected. No significant differences were discernible in hypothesis 4 and this was therefore accepted.

Bivariate and univariate analysis on the organisation and administration of marketing indicate that a significant differences on how marketing departments are organised, the title of individual managers, the title of individual whom the marketing executive reports,and the integration and co-ordination of marketing. The marketing managers in Ghana and the U.K. use similar titles such as advertising, public relations and customer services manager which underlines the banks slow attitudes towards the adoption of the marketing concept. All the U.K. banks compared to 55% of Ghanaian banks have marketing activities organised at headquarters. There was a significant difference in the participation of executive committees at ($p < .05$) at an F ratio of 5.37 with 3 and 16 degrees of freedom. Since most of the descriptive statistics exhibit some differences and due to the size of the sample, the null hypothesis 1 cannot be accepted.For example, a top marketing executive in a Ghanaian bank is less likely to be a member of top level committees and has lower level of responsibilities for marketing activities. Secondly, all the U.K. banks have marketing activities organised at headquarters compared to 55% of Ghanaian banks. The result shows that co ordination is accomplished in a limited fashion in Ghanaian banks in that these types of banks only indicated that co ordination took place via special committees.The U.K. banks in their responses,however,indicated that a combination of channels are utilised in achieving co ordination of activities with the activities of other departments.

Integration of marketing operations under the marketing department can be said to have taken place to a considerable degree within U.K. banks.Ghanaian banks on the other hand may be said to have carried out integration to a lesser degree. However, it is interesting to note that both groups of banks are integrating marketing operations through marketing committees. The result shows the existence of formal marketing departments in the two groups of banks. Also, it was possible to identify the marketing department as an "integrated/ full service, strategy planning and communication and service oriented.

Although there were discernible differences in emphasis and application, overall, Ghanaian banks appeared to be no less marketing oriented than U.K. banks. In other areas of the study, an initial test of hypothesis 2, using univariate analysis of variance and factor analysis were carried out to construct a minimum number of dimensions underlying attitudes towards the marketing concept as measured by bank questionnaire. In most cases, adjectives were assigned to factors on the basis of subjective evaluation of philosophic and psychological meaning rather than by the absolute magnitude of loadings on the factors. Anova result shows significant differences between the two groups on variables 05,06 and 08 namely:- V.05 "Banks decisions must be customer and profit oriented. This has an F ratio of 5.69 with 1 and 15 degrees of freedom. Variable 06;Banks decisions, actions and non actions are closely related to the growth and stability of society. This has an F ratio of 6.25 with 1 and 15 degrees of freedom. Variable 08; The implementation of the marketing concept is equally important for banks selling services as for firms selling products which has a F ratio of 5.75 with 1 and 15 degrees of freedom (see Table 7:19). The three variables were significant .05 level of probability, respectively. The three variables support the profit, customer and social responsibility orientations (see chapters 3 and 6). Descriptive statistics show that the two groups of banks disagree that bank decisions should not be made without consulting the marketing department. Although no significant values of F were obtained from certain areas of attitude towards the marketing concept, the null hypothesis 2 cannot be accepted. Specifically, differences were evident between Ghanaian and the U.K.banks on their attitudes toward the marketing concept only in the sense that two groups were applying the concept to achieve fundamentally different aims dictated by values and objectives on

which their organisations were found. Factor analysis shows that the U.K. banks agree to the adoption of the marketing concept while Ghanaian banks are uncertain about its adoption.

Regarding hypothesis 3, the marketing mix was assumed to provide a framework for marketing activities to be performed. Appendices 1:1 to 1:8 presents the univariate analysis of variance results showing the significant differences between the two groups of banks in the performance of activities compatible with the marketing mix.The U.K. and Ghanaian banks assign responsibilities for the performance of activities relating to the following statements which were found significant:-

(i) operations such as deciding on services to eliminate, F ratio of 6.41.
(ii) recommending new services to offer by CEOs, with F ratio of 6.43;
(iii) developing sales plan by committee, with F ratio of 5.41;
(iv) allocating advertising budget, with F ratio of 5.4

The variables analysed above are significant at .05 level of probability. **On the bases of the result, the null hypothesis 3 cannot be accepted.** Indeed, the results indicate that not all banks perform these activities in a way compatible with the marketing mix. For the purpose of this study, operations such as deciding on services to eliminate and allocating advertising budget are considered to be relatively important by marketing department in the U.K. banks, while committees play important role in developing sales plan in Ghanaian banks.

Though there is marketing orientation in the two groups of banks,the marketing mix activities in Ghana are performed differently from that of the U.K. The U.K. banks are more likely to handle advertising within their own organisations, but Ghanaian banks suffer from poor internal co ordination with other aspects of the marketing mix. For example, Ghanaian banks are less likely to have an overall sales plan, therefore, developing sales efforts appears another fruitful area for marketing managers of Ghanaian banks. Operations pertaining to marketing research was considered essential to the implementation of the marketing concept, however, the differential performance of this activity between the two groups by the analysis of variance was not significant.

The result seem to be based on type of organisation and differing stages of development reached by both types of banks, for it must be borne in mind when interpreting the results of this study that Ghanaian banks are relatively new. However, as they grow, it is anticipated that more attention will be directed toward integration of marketing with the functions of other business. stability of society.

The researcher believes that both groups of banks have adopted the marketing concept, but the adoption takes different forms of sophistication. In the U.K., multiple banking has become prevalent due to the arrival of a number of foreign banks, Lewis [8]. This has resulted in the fragmentation of corporate financing among a large number of competing banks. In Ghana, social cultural factors hinder the effective practice of marketing. The existing infrastructures especially transport and telecommunications are known to be inadequate and unreliable.

Secondly, the U.K. banks adopt a more pro-active approach that involve probing customer needs. Ghanaian banks are used to waiting for customers to approach them with specific problems, eg. car loans - reacting to existing problems. As a result, customer loyalty depends on the availability of credit and not services provided. In the U.K., banks spend large sums of monies in information technology eg., A.T.M., automation etc., all with the aim of making services widely available to consumers at a cheaper cost.

One way analysis of variance suggests that there are no significant differences between groups of banks regarding their perception of areas in which the adoption of the marketing concept had made significant contributions to the overall performance of their banks. The U.K. and Ghanaian banks were equally likely to indicate that the adoption of the marketing concept has made significant improvement in increasing organisational efficiency and improving overall bank profitability, providing better bank service, improving bank profitability, improving overall competitive position and providing better planning and control. However, Ghanaian banks were less likely to agree on that the adoption of the marketing concept contributed significantly to improving their competitive position. **Therefore, the null hypothesis 4 is tentatively accepted**.

9:1:1 SUMMARY

In summary, all the findings support the view that while Ghanaian banks have a different view of the marketing function in comparison to the U.K. banks, they are nevertheless no less favourably inclined in their attitude towards the adoption of the marketing concept. Both groups of banks hold different interpretation of the marketing concept which is dictated largely by the aims and objectives on which the banks were found . Ghanaian banks may be said to be social or value oriented while the U.K. banks can be evaluated as profit and customer oriented marketers.Though all the groups of banks are aware of the marketing concept and feel it equally applicable to banks selling services as to firms selling products, lacking adoption criteria, they appear uncertain that the concept has been adopted universally. The U.K. banks appear to have a favourable attitude towards its application to the achievement of identifying individual customer needs and wants and profitable markets.

However, present trends in the U.K. cast serious doubts as to whether these banks will be able to continue marketing their services without considerations of social responsibility. This study shows that Ghanaian banks can be identified with the first and fourth stages of the marketing concept (referred to as the promotion stage where banker classify marketing as advertising or advertising and public relations) as professed by Kotler, Berry and Donnelly (see page 53 chap.4) and the marketing research system stage. The U.K.banks can be associated with the first three stages of the marketing concept, namely: promotion, personalisation and innovation (see page 53) whereby, the U.K. banks lay greater emphasis on financial counselling, consumer education, careful monitoring of bank personnel of harmful effects of proposed new products, advertising and the like. On the other hand, Ghanaian banks will have to lay greater emphasis on the needs and wants of individuals.The U.K. banks adopt a more positive approach towards the adoption of the marketing concept whilst Ghanaian banks adopt an informal approach. Overall, the results of this study shows that the application of the marketing concept to banking in the two dissimilar environments is moderately weak.The two groups of banks should endeavour to adopt the marketing system and societal marketing stages for the implementation of the

marketing concept to be effective. This would require a set of precept or rules as postulated by Wilson (chap.4, pp56) that involve:-

(a) deciding the mission of the business (b)identifying suitable targets (c) analysis of clients attitude and behaviour (d) selecting appropriate, permissible and acceptable methods of contacting customers (e) continuous information feedback and (f) market and marketing audit.

9:2 HYPOTHESIS TESTING AND FINDINGS AND CONCLUSIONS PERTAINING TO THE CUSTOMERS OF GCB

This section of the study has a purpose of ascertaining the factors that lead consumers to choose a particular bank, the socio-economic characteristics of customers and finally to recommend a marketing strategy for GCB based upon salient variables identified in this consumer survey. In this study emphasis has been placed upon selective demand determinants rather than upon primary demand determinants. Primary demand pertains to overall demand for the given service, whilst selective demand is for a given institution's services - bank services.This approach does not overlook the opportunities for stimulating growth in overall demand of Ghanaian bank services.

Hypothesis (5) as in Table 9:1 consisted of four segments,namely, "No significant relationships exists between demographic and socio economic variables (age and occupation) and :-

(a) types of accounts held with GCB
(b) the image customers of the bank hold of GCB
(c) the attributes looked for when choosing between two commercial banks
(d) types of accounts held with other banks.

Tests of mutual association across the two separate bases (age and occupation) were carried out by means of chi square analysis. The chi square procedure and contingency coefficients are employed to evaluate the results of cross tabulations. As

the reader will recall from chapter 6, in the chi square procedure, the strength of the relationship of the cross tabulations is reflected by the level of significance that the computed chi square is due to sampling or random variations.The lower this level of significance, the less likely the observed relationship is due to random variations. The contingency coefficient measures the degree of association for categorical data such as the cross tabulations between age of customer and whether or not they hold deposit account with GCB. The degree of association is greater as the contingency coefficient approaches its theoretical limit of one.

The characteristics along with computed chi square and contingency coefficients are shown at appendixes 1:15 to 1:18. Note that with 5 degrees of freedom,a chi square of 11.1 is required (15.1), 6 degrees of freedom requires 14.1 (16.8), a chi square of 10 degrees of freedom requires 18.3 (23.2) before it can be said that there are statistically significant association between a customer and the type of account with GCB at .05 level of probability. Similarly, a chi square value of 25 (30.6) is required when there are 15 degrees of freedom, 28.9 (34.8) for 18 degrees of freedom and 31.4 (37.6) for 20 degrees of freedom before the null hypothesis can be rejected at .05 level of probability.The figures in brackets denotes .01 level of probability.

In the case of hypothesis 5(a), the major emphasis was to isolate association between customer characteristics and the use of the following bank services: (i) personal loan account ,(ii)current account (iii) savings account and (iv) deposit account. These four accounts were chosen because most banks offer all these services and also both direct revenue producing and customer services are represented, thus yielding a cross section in bank services. The level of use of the services is examined from the point of view of age and occupation.

Appendix 1:15 shows that there is a moderately a strong association between age of customer and their propensity to hold investment account with GCB (p sig. at .05 level). Although computed chi square measuring the association between the occupational groups to which respondents belong and inclination to hold savings accounts with GCB is approaching the critical value of 10.41,at which one can say

there is an association between the two variables at .05 level,there is no other association between the occupational and the other types of accounts. This implies that GCB can increase its market share via all age and occupational groups via cross selling of services to customers, ie; encourage more customers to open more than one account. **Therefore, hypothesis 5 (a) is tentatively rejected. The result obtained in appendix 1:16 shows that** significant association exist between occupational status and consumers tendency to hold an image of the bank as offering slow services, discourteous employees and conveniently situated at .05 level of probability. **Therefore, hypothesis 5(b) is not accepted in the direction of the socioeconomic variable (occupational status).**

In testing hypothesis 5 (c), as in appendix 1:17, there is a significant association between consumers age group and pursuance of efficient service as a characteristic in any commercial bank ($p < .05$). Secondly, there is a significant association ($p < .01$) between occupation and pursuance of efficient services and understanding of customer problems and needs when choosing between commercial banks. **Therefore, hypothesis 5 (c) is rejected on both demographic and socioeconomic variables.** Finally, in testing hypothesis 5(d) as in Table 8:10,the chi square analysis yielded a significant association at .05 level of probability between occupational and the tendency for customers of GCB to also hold and deposit accounts with some other banks. Thus hypothesis 5 (d) is rejected in the direction of socioeconomic variable only.

Overall therefore, the results of hypothesis "5" suggests that socioeconomic characteristics are better indicators than demographic characteristics of image perception of customers and both demographic and socioeconomic characteristics are reasonably good predictors of types of accounts held and characteristics looked for when choosing between commercial banks.

Major findings of the consumer choice and preferences are that GCB's customers require the facilities of mainly current, savings and investment accounts. Preference for a bank is a social value and there was a substantial consideration of what consumers look for when making a choice of a bank. The most frequently mentioned

characteristics were efficiency, friendly employees, understanding, wide range of services, conveniently located and large. Customers perceive Ghana commercial bank employees as offering slow counter services and discourteous. Overall the banks image is perceived as favourable. Customers see Ghana commercial bank as customer and social oriented. Ghana commercial bank which is wholly owned by the Government, was formed to inject funds into the system to help indigenous Ghanaian entrepreneurs. Because this idea is so important to customers, it can be suggested that there is an important component to be added to the marketing mix.This includes not only information obtainable on the services offered, but also the mental image and philosophy behind those services and the personnel so intimately related.

9:2:1 MARKET SEGMENTATION

Market segmentation (which is not practised as revealed by GCB directors in chap.3) was reviewed at chapter 5. The aim of segmentation, according to Cheron et al, chap 5,pp 108) is to create a better understanding of the market and its tendencies;ie,the improvement of marketing activities through a better a better adaption of the services offered in response to the needs of clients. The result of this study suggests that segmenting the market using demographic and socio economic variables will place GCB in a more favourable position than would treating it as a homogeneous entity in the sense that there are identifiable variations in the age characteristics of consumers, image perceptions of the bank and media habits. This supports the work of Kaynak et al,Joseph and York, Kotler and Dominquez, pp110 -113). A large proportion of GCB customers fall within the 30-49 year old group and mostly professionals or Civil/Public Servants. Customers aged 50+ do not subscribe personal loan accounts and are concerned about location and convenience. Also large proportion of traders, public servants and mostly farmers are light users of deposit account and foreign currency account. Regarding security or investment about 37% of respondents prefer a period up to 12 months while 14% prefer a period of over 4 years.If clear cut market segments exist, special accounts could be developed and promoted. The opportunities exist and thus, service planning and development are necessary. For example, older people, managerial aged 50+ are a busy segment and often have little time to look after their own financial affairs. So they need from the bank a high

standard of personal service, help and advice in making the best use of capital and surplus income and finally, guidance on how best to plan for ultimate retirement.The principal need of this group are borrowing facilities at competitive rates including full range of savings, investment and pension related services.

In addition to demographic and socioeconomic characteristics,segmentation variables may include buyer characteristic and product/service positioning strategy. To this end, GCB should segment the market based on (a) security oriented which involves focusing and tradition,(b)interaction oriented (c) task oriented, which concerns emphasising bank professionalism. For example, task oriented segment includes younger and more modern bank customers. In serving customers with different educational backgrounds, GCB should emphasize patronage factors such as friendliness of bank personnel, fast and efficient service and the availability of credit which are more important to university educated customers (see Kaynak and Parasuraman in chap.4)

Awareness of the existence of GCB is high although the principles on which the bank operates are said not have been explained or understood. There was a substantial consideration of what consumers look out for when choosing a bank. This of course is a selective demand in a broad impersonal and ideal sense.

GCB's promotional activity is inactive or very low. It employs limited media to reach its target audience of its service existence. For example, since the Bank of Ghana directed the Ghanaian banks to mobilise funds from Ghanaian residents abroad, the banks advertisement appears monthly in "West Africa" magazine. No other supporting medium is employed. The result shows that most of the customers first heard about GCB through radio and friends and relatives. Secondly, about 58% of the respondents are best informed of GCB services through radio and T.V. while those aged 18-29 rely on neighbours, friends and relatives before opening account. In this study, few respondents indicated that they subscribe foreign accounts service.Also, customers perceive GCB as internationally unknown and difficulty encountered in obtaining loans. A significant proportion of customers prefer investment period of up to 12 months.

The results suggest that the bank is marketing a concept which in turn is marketing an institution that brings satisfaction. When it is so successful, the institution and the concept becomes a service. This is the ultimate in non price competition and is preeminent in the market place.

9:2:1 SUMMARY

This study provides workable hypothesis for the future studies of Ghanaian bank services marketing. The study further aids the marketing scholar in his understanding of consumer behaviour in different cultural settings. There are many indications in the study that customers of GCB are attracted to the bank because of efficiency, understanding and convenient location. The most significant of GCB is that the result indicates that GCB bank executives attach great importance to marketing research. This represent a first step towards marketing orientation and is collaborated by their positive appraisal of the consumers role in the bank's existence, growth and stability and point moreover to their recognition of the necessity of researching consumer behaviour, banking needs and wants. Other findings prove the favourable attitude of bank executives having bank officers participating in the establishment of bank objectives. Thus, they approve the fact that actions of individual departments have interdepartmental implications. These findings throw further light on their attitudes towards the marketing concept. One must conclude that the total and formal acceptance of the marketing concept as now accepted by the U.K. bankers, may be in the evolutionary process of Ghanaian banks. It might therefore be most useful at a later date to compare the present performance of the marketing concept with performance when the full concept is fully implemented or at another evolutionary phase of the banks marketing process. The situation analysis of GCB at chapter three revealed that the bank is affected by a number of uncontrollable factors which influence the conduct and performance of its marketing strategy.

9:3 IMPLICATIONS FOR BEHAVIOUR THEORY

This section discusses briefly, the implications of both the research findings and the whole concept of banking in Ghana for the theory of consumer buying behaviour.The

theory of human behaviour stresses economic rationalism and utilitarianism. Economic rationalism interpreted human behaviour as being founded, according to Loudon and Bitta (9) "As the process and physical activity individuals engage in when evaluating, acquiring, using or disposing of goods and services". The reader will recall from chapter six that contributions from behavioural scientists, economists and psychologists must be relied upon for assistance because the study of consumer behaviour is often said to be multi disciplinary in nature.

An understanding of consumer behaviour can provide insight into aggregate economic and social trends and can perhaps, even predict such trends. In addition, this understanding may suggest ways to increase efficiency and the long run success of any marketing programme. In fact, it is seen as the cornerstone of the marketing concept, Kotler (7) Couture (4) (see Chapter 4).The marketing concept is captured in three interrelated orientation of (a) Consumer needs and wants, (b) Company objectives and any of a firm's special advantages that are used as a criteria to select specific needs and wants to be addressed and (c) Integrated strategy that is most effective in achieving a firm's objective through consumer satisfaction.The researcher adds that several limitations of the marketing concept have been noted, especially in regard to the degree to which attempting to satisfy consumers' wants and needs can generate negative consequences for society, but however, adjustment to the marketing concept that incorporates societal objectives can be made to alleviate such shortcomings.

A study of consumer behaviour or choice must deal with the values to which alternatives are related and the beliefs and perceptions which influence choice. The Maslow's theory of motivation tries to highlight the needs of individuals and place them in some order of priority or importance. By starting from the most basic needs and working towards man's materialistic requirements, priorities can be broadly divided as follows: (a) Physical needs or the requirements for food, clothing and warm, (b) Safety needs (c) Social needs or the desire to be accepted or loved (d) Status needs and (e) Self actualization requirements or the needs of self achievements. Although physiological and safety needs are typically met in certain societies, marketers in the financial services industries may regularly appeal to these basic

motives in their attempt to channel generic demand toward specific consumer brand or patronage choices. Recognising which basic needs is actually most prevalent in the chosen target audience is vital. For example,trying to sell trustee services to weekly paid workers under the threat of redundancy would probably prove a waste of marketing effort. The immediate requirements of these people are job security and a simple way of paying bills and budgeting now and in the future. Although a customer may have needs, the number and kind largely depend upon a person's standard of living or lifestyle. Some needs will not bother customers unduly, they may not be aware of others, but with some,there will be a sufficient level of wants which, when converted to desire, will encourage them to buy. Moreover, the strength of the buying motive varies widely from person to person. Some factors which influence this are people's heredity, environment,education, experience and income.

What motivates people to do something, including buying a bank service, stems from an unsatisfied need. The buying act is merely a culmination of a motivation process which can be a simple chain of events or highly complex set of decision making situation, Engel et al(5), involving:

(a) Unsatisfied need (problem identification and clarification of solution).
(b) The purchase activity (assessing alternatives and evaluation of benefits).
(c) Purchase decision (based on level of knowledge).
(d) Post purchase feelings (level of satisfaction stimulating return business).

While models of the kind just discussed acknowledge the complexity of the consumer decision process, it must be recognised that not every purchase decision will involve the consumer in all stages of the decision making process.In particular,a distinction is often drawn between low, medium and high involvement decisions, Kotler(10). Low involvement decision process require minimal search and evaluation, while high involvement decision entail more extensive search and evaluation and more likely to display extensive post purchase behaviour. In addition, while the nature of the decision process is thought to be common across all groups of consumers, it is recognised that the stimuli to problem recognition and the evaluation criteria will vary across different market segments.

There is comparatively little empirical work on using this type of framework to analyse buying behaviour in the banking services sector. A study of customer loyalty in retail banking in the US, Jain et al (8) suggested that important distinction could be drawn between loyal and non loyal customers. The latter tended to be knowledgeable about financial markets, heavy users and risk takers and found to be particularly responsive to economic factors such as interest rates and the convenience factors. The loyal customers in contrast tended to be older, less affluent and typically blue collar workers who particularly placed particular emphasis on community orientation, reputation and size and quality of promotion.

The choice behaviour of Ghanaian bank customers appears to be dominated by the general desire to maximise social welfare and accumulate wealth through the positive use of human capabilities and resources. Further, individuals involved need not be less rational than individuals treated by economic theory in terms of the general economic definition of rationality, behaving with systematic sets of preferences. From the results in Tables 8:6-8:8, where customers do not perceive higher rates of return as important, and that of Table 8:18 which shows that a significant proportion of customers are not keen in long term investment due to lack of confidence in the Government and higher rates of inflation, the researcher concludes that the behaviour of GCB bank customers can therefore be described as maximisation of success not just for individuals but for society. The decision to seek the services of GCB is exemplified by customers decision to forego earning interest on investment and not in favour of profit.

The notion that human beings might possess the kind of dual preference structure revealed by this study is nevertheless very old. Individuals possess both the set of personal preferences ordinarily assumed by economists, Samuelson (16), by additional preferences that concern not himself, but about his judgement about his social welfare. Therefore,the behaviour of GCB customers means that there is something real in human motivation which does not fit the conventional utility calculus that accounts for the observed behaviour. In a Canadian study by Laroche (12) on factors and services that customers perceive as important in their selection of commercial bank, the researcher concludes that differences in attitudes and opinions between

age, occupation, income and educational level groups were found significant. In this study, a close association was found that socioeconomic characteristics are better indicators than demographic characteristics of image perceptions of customers and that both demographic and socioeconomic characteristics are reasonably good predictors of types of accounts held and characteristics looked for when choosing between commercial banks. Ghanaian customers were concerned with location, efficient service and understanding.

Whilst the research findings do not provide a final answer to the question of buyer differences between Ghanaian and the U.K. bank services, they do provide a starting point. If the conclusions are correct, the task of marketing theorists is easier. Instead of searching for a universally applicable marketing concept and procedures for different types of services, he can focus on concepts and procedures which are appropriate to the specific organisation and cultural setting. The concept of value oriented services and consumer behaviour, clarifies some of the inconsistencies with respect to consumer behaviour. This study presents a more understandable picture of consumer behaviour in different circumstances and as such, provides a workable hypothesis for future studies of Ghana financial services marketing.

9:4 IMPLICATIONS FOR MANAGEMENT

At present,there is a considerable controversy in the practice of marketing concerning whether or not advertising and other elements of the marketing programmes can be standardised across a number of cultures or must be localised for each culture. It can be said that although there were significant observed differences between marketing orientation of Ghanaian and the U.K. bankers, marketing know how utilised by U.K. banks can be applied in Ghanaian bank service marketing with significant adjustments.However, specific marketing skills are transferable across social cultural lines only when adjustments are made in assumptions about consumer attitude and behaviour and organisational goals. The results of this study indicate that more managerial skills and sophistication are required by Ghanaian bank management. The most striking areas for improvement are performance and organisation and administration of marketing activities.

Obviously, various forces impinge on management ability to plan and control the performance of activities. Among the forces are manpower situation, lack of materials, physical limitations and internal organisations hierarchy. These are factors which the management of GCB will have to give serious considerations if they are to achieve a complete interplay between the acceptance of the marketing concept and performance of marketing activities.

The application of a dynamic marketing approach within these banks will not be easy to achieve overnight. Marketing specialists must therefore recognise the constraints and problems which their management faces and develop their programs to accommodate the needs and objectives of the banks management.

Those directly responsible for introducing formalised marketing techniques to the bank should build up strong lines of communication with all significant levels of management and staff. For the human implications of introducing the marketing techniques and the changes that these are intended to bring about over a period of time, that may be resented, a great deal of patience, tact, skills and understanding must be exhibited by the marketing specialist. Management must therefore be committed to the approach and have an initial duty of motivating and educating employees and at the same time, not expect that line staff will immediately exhibit the same degree of commitment. This could be attained through training and customer care programmes to provide competent staff and to improve service levels.

This study shows that consumer interest in efficient service appears high. Practitioners in service businesses are in many cases aware of the need to maintain low cost and of the growing importance of customer service. A recent survey by Humble (7) among European managers in a range of organisations showed they think improved customer service as the key to competitive success. However, the achievement of improved customer service requires investment in time and money. If service managers are to implement strategies to improve quality of customer service, and also improve productivity,an understanding of the interplay between the two in their own business is necessary. Whilst consumer attitude and motivation cannot be controlled by management, they may be stimulated and understood and management may work

within the framework of existing attitudes and motives. The marketing division requires a hierarchy of authority and a channel of communication up and down the line so that effective decision making may proceed. The marketing manager must take a firm lead in giving other line personnel a clear statement of their specific assignments whilst permitting them to use discretion in creating additional strategy.

To meet the conditions that may develop in the future, these banks must plan ahead on the basis of current knowledge , and all planning activities begin with some kind of forecast. Forecasting is essential to the realisation of long range objectives. According to Wilson (15) the nature of management is to look forward into the future. This study indicates that Ghana banking environment is volatile. Therefore, management could achieve good results by the development and testing of a more reliable technique for forecasting economic and industrial growth.

SUMMARY

The major implications for marketing management of U.K. banks is that services offered by these banks appear standardised and indistinguishable from one bank to another. There is a need for them to consider new approaches to their marketing techniques to arrive at strategies and tactics that will communicate uniqueness and superiority. Bank branches that make the marketing orientation an integral part of their culture will find sustainable competitive advantage. Branch managers should realise the benefit of marketing opportunities exploited, efficient organisation and market confidence.Bank branch managers must make more retailing efforts in their day to day management of bank branches in particular, more participation in regional banking, build up relationship with customers and establishing relationship with the community.

Implementing the marketing concept internally, certainly, would challenge many bank branches since it defies tradition.It would require numerous significant changes. For example, staff have to be open and receptive to the needs of their customers. The entire process of quality assurance must begin with the orientation of all internal units within the branch to the needs of final customers, translated into requirements for

each functional unit. This will assure consistency between each level's objectives and the requirements of the final customer.The researcher agrees with Gronroos and Gummerson (5) and Eiglier (see pp.66) and Parasuraman et al (11) (see pp.79) that branch managers have to monitor customers expectations and meet those expectations with strong employee and service performance.

Finally, this study shows that the U.K. banks are implementing the marketing concept more fully than in previous years and that present practices show a marked change from previous patterns. The U.K. banks are becoming more interested in the use of marketing mix tools and that major activities appear to be taking place in promotion, particularly direct mail. An efficient management will emphasise matching a product to the concept of service, Gronroos, Kaynak (7) et al and in a broadest sense, a market orientation requires seeking out and delivering what customers need and want, which if identified, will be the key competitive ingredient. The next chapter offers recommendations for U.K. banks and GCB.

9:5 FUTURE COMMERCIAL RESEARCH

Whilst conducting this study, several areas of additional research became evident which it is to the researcher's regret that he was unable to carry out.The researcher has isolated some areas which other individuals or institutions may wish to pursue.

1. Future studies should endeavour to analyze what motivational factors best discriminate the organisational user and non user of Ghana Commercial Bank services.

2. An examination of bank customers' attitude components such as cognitive, affective and behavioural types may shed additional light on bank customers' behavioural tendencies.

3. An examination of the female consumption pattern of bank services.

4. The psychographic type of data looking at activities, interests and opinions of target customers will provide the Ghana bank decision maker with efficient decision making techniques.

5. A look at the competition and competitive strategies taking place in the Ghana banking system.

References

1. Aaker D.A., Strategic marketing management, 2nd edition, Wiley 1989.

2. Berry and Donnelly, marketing for bankers, New York, American institute of bankers Jnl. 1975.

3. Channon D.F., Bank strategic management and marketing, Wiley 1986.

4. Couture G.Y., The marketing concept, its implementation and influence on the organisational structure of Canadian banks. Unpublished PhD thesis, University of Illinois 1972.

5. Engel J.E, Blackwell R.D, Minard P.W; Consumer Behaviour, 1990, 6th Edition, Dryden Press.

6. Gronroos C., Developing the service offering, A source of competitive advantage, Helsinki Swedish school of business administration. Sept 1987.

7. Humble J, Service, The New Competitive Edge, Brussels Management Centre,Europe, 1989.

8. Jain A.K, et al; Customer loyalty as a construct in the marketing of bank services; Int Jnl of Bank Marketing, Vol.5 (3) pp49-77, 1987.

9. Kaynak and Yavas. Segmenting the banking market by account usage, and empirical investigation, Jnl. of professional service marketing, vol 1 No. 12, Autumn 1990.

10. Kotler P, Principles of Marketing, Prentice Hall, New Jersey,1986.

11. Kotler P., Marketing management, Prentice Hall, New Jersey, 1989.

12. Laroche M, et al; Services used and factors considered important in selecting a bank;An investigation across diverse demographic segments; Int Jnl of Bank Marketing, Vol.4(1)pp35-55,1986.

13. Lewis B. Service quality, An international comparison, Jnl of marketing management, Vol. 4 1991, pp199.

14. Loudon D.L. and Bitta A.J.Della,Consumer behaviour, concepts and applications,3rd edition, McGraw Hill, 1988.

15. Weston J.Fred, The scope of methodology of finance, Englewood Cliffs, New Jersey, Prentice Hall, 1966.

16. Samuelson Paul A.,Foundations of economic analysis, cambridge,Mass,Harvard University Press, 1947,pp100-107 14. Gould and Ferguson,Micro economic theory, Irwin, 1980.

CHAPTER 10

RECOMMENDATIONS FOR GCB AND THE U.K. BANKS

MARKETING STRATEGY

Using the marketing mix concept and synthesis of the findings in chapters seven, eight and nine,it is now possible to suggest a marketing strategy for the U.K banks and GCB.in serving its personal and business customers. The approach will be to use the major controllable factors of the marketing mix as presented and discussed in chapters four and five. In attempting to develop a marketing strategy, the essential assumption is that programmes or strategies will be derived from the overall objectives of the bank as laid down by top management. The strategy thus assumes the existence of formal corporate planning systems which provides a clear statement of marketing objectives within the framework of corporate policy. It is assumed that in the short and long term, the guiding principle of the bank will be the maximisation of social welfare while performing all banking services, while in the short term, at least, to achieve growth, increased share of the market, increased profitability and the growth of deposits, investments and lending.It is assumed that primarily, Ghanaian banks are concerned with meeting the needs of the market place wherever it is located.

Marketing is one of the major areas where rapid obsolescence of objectives, policies and programmes is a constant possibility. The point to bear in mind when formulating any strategy is that management may not be able to hold marketing to a set of formulae. On occasions, the formula may be changed to meet changing conditions and to make optimum use of resources. The results of marketing strategies will never be entirely predictable and it is extremely important that activities are monitored so that if they are not achieving specified aims, they can be amended. There must in addition be a feedback mechanism which facilitates a review of marketing objectives and strategies. The first part of this chapter covers a brief recommendation for the U.K.

banks and the second part covers a full recommendation for GCB as outlined in chapters two and six.

10:2 THE U.K. BANKS

The process of deregulation and environmental change is continuing with the further liberalisation of financial markets as part of the EC's 1992 programme. This offers market opportunities as well as threats. It has been argued that market opportunities may be greatest in relation to small and medium sized business, Binks et al (4).Inevitably, opportunities for the providers of corporate financial services will be counterbalanced by the threat of increased competition.Therefore, the U.K.banks must re examine their operating environment and consider whether it is appropriate to move into non domestic market, how to enter these markets and the position to adopt in them. Deregulation has removed the traditional restrictions on the types of product which particular banks can supply, and thus, created the opportunity for expansion into new markets. It has also presented the threat of an increase in the number and variety of competitors in a specific market. In this situation, tactical marketing is no longer appropriate; no financial services organisation could afford simply to continue supplying the same products to the same markets without some consideration of their possible reactions to the changing opportunities and threats which now confront them. To compete effectively and efficiently, organisations should be proactive to their markets and focus attention on developing a match between organisational strength and environmental opportunities. This in turn, would enable the banks to identify and satisfy existing consumer requirements, anticipate and be prepared for future developments. Increasingly, differentiation strategies directed at the market as a whole or at specific sectors must replace traditional cost based strategies. The operation of differentiation strategy depends on effective market segmentation and targeting. Segmentation and targeting by itself is not enough. The success of any differentiation strategy is dependent on the development of an integrated and coherent marketing mix (see chap.4). This requires the development of an appropriate product which is then priced,promoted and distributed in such a way as to produce an offered service which meets the needs of the target customers more effectively than competing products.

10:3 GHANA COMMERCIAL BANK (GCB)

This part of the chapter offers recommendation to GCB which operates in dissimilar environment, and as outline in chapters two and six. In offering a new service, the bank must communicate the benefits to the customer and targeting customers' unfulfilled financial needs, the bank will have to engage in informal dialogue session with customers which could be in the form of focus group, Berry and Donnelly (3). For both personal and corporate customers, these banks will have to make genuine attempts to improve services, to innovate and not to allow government constraints always to come first at the expense of the public.Therefore,with the guidelines of a strategy or plan designed to meet corporate objectives,marketing management must organise,manage and integrate the basic marketing tools. This is the marketing concept in action (see pp.52).

10:3:1 SERVICES

As services are intangible (see.pp.69), sales and promotional efforts need to concentrate on the benefits of their usage to consumers. Undoubtedly for some audiences and for some more banking services, intangibility will remain an issue to be tackled by personal advice and explanation. A special characteristic of banking services is that they form the basis of an ongoing relationship between supplier and customer. Therefore the quality of bank customer relationships is often highly regarded by both personal and corporate customers involving the use of trust and provision of reliable financial counselling and advice. The offering of a wide range of services under one roof may not have the desired effect with non-customers entering the bank market for the first time. When trying to stimulate demand of non customers,selling the concept of a wide range of services may create a reaction of complexity and confusion. For such customers, loyalty could be enhanced through cross selling of the services. GCB customers consider variables such as efficiency and understanding as the most important. To aid customers wishing to effect quick transactions, the bank could establish a quick service counter plus related promotional efforts, especially during peak hours. Where there are peaks and troughs in demand, the distribution and delivery systems must be capable of adjusting to these

fluctuations. If lending is substantially higher at certain times of the year because of farming or Industrial cash flow cycle , then matching funds must be gathered in one way or another to meet these peaks. Also, a customer holding a current account can be encouraged to take an investment account. This will present the bank as progressive and innovative institution.

There is no denial that computer based, technologically oriented bank service systems will in the long term offer many opportunities to the bank. However, the bank will need to aid understanding and knowledge of how to use such new products and could do this by engaging in dialogue with customers on a formal and launch an educational campaign explaining the use of the advantages of such systems. The researcher, like Berry and Donnelly (3) and Gronroos (6) suggest (see chap.4) that the bank should emphasise strongly how the facility will benefit its customers . It is not suggested here that a reasonable market potential does actually exist for every service presently offered by the bank. The data gathered do not provide such information. However, the result suggests desirability of investigating differentiation segmentation strategies. One possibility is for GCB to enlarge the age base of its market. An appeal could be made to those at the younger and older (50+) ends of the age spectrum , explaining how the bank caters for people in their specific circumstances. In view of the expression regarding loan periods, it is important that the bank make efforts to offer more medium and long term loan facilities. This is an excellent case in point where imagination allows for a widening of the service offerings of the bank. More imagination might allow additional types of loans and financing arrangements to be offered to personal and corporate customers.

10:3:2 PROMOTION

The result of this study suggests that the most important method of promotion are the mass communication advertising in various forms and personal communication. In close knit communities such as the one in which the case study was undertaken, personal influence from friends, neighbours, family members and the like are important. GCB must create an image of a socially responsible, facilitating, supportive and efficient institution. There is a need for the bank to promote the

financial soundness and expertise of the bank through efficiency, friendliness, clarity and distinctiveness. It is therefore related to the personnel function of recruitment, training and supervision. Apart from the Public Relations, suitable additional media are the banks staff, its correspondence and its premises. Promotion should emphasise the social and individual interest in bank services, especially along the lines of personalised interest. It is a combination of all these factors which will provide persuasive communication in marketing the services of this bank.

Persuasion can be achieved by (a) providing information on the existence of service and underlying principles,(b) answering charges and objections and (c) stimulating interest and action. The bank must establish contact and communicate with customers and potential customers to achieve the above results.Promotion should in every way emphasize individual interest in bank services, especially along the lines of personalised interest. In appealing to both individual and commercial customers, it can be initially presumed that selected printed media in addition to radio and T.V. should be used.

Presently, GCB communication appeal concentrates on its size and status in the banking community. Advertising or personal selling appeal could include the following:

- Emphasise the banks service to individual customers, firms and businesses.
- Stress service to firms/business in terms of number of loans made, number of type of customers serviced in a given period.
- Offer and elucidate a complete range of financial and management consulting service - an expert on hand for particular type of customers and needs.
- Stimulate credibility and belief and encourage action.

Finally, word of mouth of recommendation is an extremely important marketing stimulus. Branch staff have an opportunity to actively penetrate groups of families and friends of existing customers. This means that staff will be highly motivated and well trained in the art of personal selling .The projection of the bank's image via its personnel is so important that once aware of its image, information can be woven into

management training programmes for customer contact personnel. Further efforts to draw people to the bank could be made via, for example,exhibiting, paintings,providing exposure for artist and cultural channels for the community. Such promotional strategies will attract people to the bank and reinforce the idea that the bank support the citizens. There is a need to encourage and foster regular personal contact at all levels with those who influence public opinion, for example, national and local government representatives,group leaders, civil/public servants,journalists, locally, villages townships and sanitary districts. Good leadership in the promotional area is an essential requirement. Staff can further be motivated if they have a good knowledge of the range of bank services and how they compare with the parallel services offered by competitors. Sponsorship can be used to support marketing goals when focused on key sectors of the market place. The aim must be to enhance marketing prospects through publicity, improve image and relations with the public. As selling is intangible, sales promotional efforts need to concentrate on benefits of their usage to consumers.

10:3:3 PLACE/DISTRIBUTION

While there are many parallels in the marketing of physical products and the marketing of services, services have particular characteristics that are not shared by physical products. These characteristics which were fully considered in chapter 4 (see Eiglier, Shostack and Parasuraman et al),include intangibility, inseparability, heterogeneity and fluctuating demand. Applied to the banking industry, these characteristics have been instrumental in the way branch networks have developed. A recent research by Howcroft(6) (see chap.2) indicates that competition by location is of comparable attraction to the customer as competition by price and in the banking industry. It is well known fact that locational convenience is of prime importance to the consumer. The results indicate that consumers believed that GCB locations are conveniently situated.Indeed, the continued growth of GCB (see chap.3) appears to be dependent upon the development of additional service packages as well as construction of new branches to tap new markets. Locating branches to meet convenience is paramount for every growing bank.

Bearing in mind that banking is a convenience business, the following guidelines can be offered for locating new bank branches:

The first will be to define a trading area which will be effectively served from the proposed bank office. The question to answer is"what factors will limit the attraction of the proposed bank office"?, for example, large parks, barriers typified by major streets and rivers. Socioeconomic factors (considered a significant segmentation variable...chap.9) will also tend to limit the draw of a particular banking office. Geo demographic as outlined in chapter 5 will help to establish public expenditure zones, financial characteristics of the population existing market share and thus market potentials of any given areas. In determination of the market area, a map should be used to indicate those banks which are outside which also would compete for the area's business. Business, residential and industrial areas should be designated. Major streets and highways, developing plans and other limiting factors should be noted. Data which will be necessary and should be gathered include (a) population factors (b) socio economic factors (c) demographic factors (d) comparative data and site attributes.

Having undertaken a thorough study of proposed areas for new branches along the suggested lines, making proper allowance for local conditions, evaluating current performance and providing marketing support, it is unlikely that management will make wrong decisions. Where it has been found that wrong decisions have been made, management will have to be courageous enough to admit it and relocate unsuccessful branches. Locational convenience is not the only consideration however, convenience can also extend to procedural areas, opening accounts, making deposits, adjusting mistakes, receiving advice on banking procedures etc. The bank may also use representatives or agents in making arrangements with retailers to provide post sale credit as in the case of bank credit cards or payment facilities may be made available to the customer throughout the opening period of the retailer, rather than solely branch banking hours.

The corporate business which is obviously the most important, could be handled by a management team at an area office. The fact that a team of managers is available

rather than a single branch manager means that a higher standard of service could be offered to the commercial sector. Closer links can be achieved via the promotional strategies mentioned, with every business in the area, which in turn will give rise to a number of marketing opportunities and the provision of a higher level of professionalism and skill. This would leave the service branches to concentrate on the personal customer, transmission of payments business and other related services. Such a reorganisation would benefit the bank because of the more efficient ways in which personnel could be deployed, and enhance its chances of obtaining a greater market share of both personal and business accounts.

Finally,another approach will be to have a national branch network divided into geographical areas, each of which could contain a central area office, together with a number of satellite or service branches grouped around it.

The service branches could report to, the area office where the area manager and his management team are located . But in addition to this, the two types of office would perform different functions, and in particular, each cover a clearly defined segment of the overall business of the area.

10:3:4 PEOPLE

GCB may be seen to participate in a number of strategic initiatives which focus on the role of employees on the delivery of financial services and subsequent customer satisfaction and dissatisfaction. A characteristic of GCB service provision is simultaneous production and consumption, the majority of which necessitates interpersonal interactions between employees and customers. Consumers will often find the precise details of the product difficult to understand; they often do not see anything tangible with their expenditure and the material benefits of many products will often not be realised for some quite considerable time. As a consequence,the purchase decision is often influenced by the degree of trust a person associates with an organisation and in turn, is often heavily influenced by the individual who actually makes the initial contact with the consumer and carries out the sale. In providing banking services, the quality aspects of a product are inextricably linked with the

actual provision of the product. Also, when dealing with a complex product, despite the obvious importance of advertising in creating an awareness of the product, effective personal contact becomes of paramount importance in explaining the product to the potential client. Thus the bank personnel are inevitably instrumental in the creation of quality in the service product.

GCB should develop and implement customer care quality programmes (Parasuraman et al pp75-78), with a prerequisite for success being the total commitment of the organisation from top management downward with effective leadership driving a customer oriented culture throughout the company. A programme designed to encompass activities related to staff attitudes and behaviour(customers perceive GCB staff as discourteous, chap.8) must relate to (a) emphasising the increasing need for high level of service and the importance of the customer, (b) training staff with the skills and knowledge required to deal with customers effectively; example, to be courteous, understanding, knowledgeable about the organisation's operations and have empathy, (c) motivating staff through encouragement and reward and (d) developing a new style of leadership and management.

10:3:5: PROCESS

Earlier paragraph examined the people involved in the service delivery.The process component focuses on the mechanisms by which the service is delivered , including business policies for service provision, procedure, degree of mechanisation etc.The heterogeneity of services raises the issue of management control, the inseparability suggests that the process of providing the services may be highly visible to the consumer (see pp.66-68) and will need to be flexible enough to accommodate potential demand variations. The intangibility of services means that the process by which the service is provided will often be an important influence on the consumers' assessment of service quality.

However well GCB's systems work, its procedures and policies,customer involvement in the process, the degree of standardisation in the system and the capacity of the system to cope with workload fluctuations are marketing concerns. Management must

ensure that information flows into and out of the service systems which ensures that operations are undertaken at specified times, in accordance with agreed schedules, and with monitoring of work in service systems and implementation of alternative procedures where necessary.

GCB must detail the times at which operations should be undertaken to allow services to be completed by agreed delivery promises which should be consistent with resources available and their economic utilisation. Process cannot be ignored as a dimension of the product offering and will also have a bearing on the nature of price charged through its impact on the monitoring and measurement of production cost. First, at a very fundamental level, it is often difficult to distinguish between what constitutes a fixed cost and a variable or semi variable cost. Labour cost (which is arguably thought as a variable cost) could be considered as a fixed cost in offering some services. Finally, process is an area where the 'smile training' approach to customer service adopted by many companies is fundamentally flawed. Management must therefore, ensure a close co operation between marketing and operation staff who are involved in process management.

10:3:6 PHYSICAL EVIDENCE

The physical evidence refers to the environment in which the service is delivered and the tangible items which are associated with that service such as wallets for documents. It is generally recognised that physical evidence can be subdivided into two components (see Shostack pp.65),peripheral evidence which can be possessed by the consumer but with little independent value (eg. a cheque book) and essential evidence which cannot be possessed by the consumer but has an independent value (eg. a bank branch).

GCB must consider the importance of the process of branding as a tangible cue and associated form of peripheral evidence (chequebooks, document wallets) is becoming increasingly important in banking services as a mechanism for conveying information to consumers on the quality of a product and as a means of establishing a degree of customer loyalty. Physical evidence has an important role to play in creating clear

corporate identity. While customer perceptions of the character of an organisation are seen to be of increasing importance in the marketing of both product and services, the significant in relation to services is considerable. GCB's corporate identity can be represented by a variety of visual symbols associated with promotional material, branch layout and design and staff appearance.

10:3:7 MARKETING RESEARCH

As discussed in chapter four, marketing research and information entails getting a flow of relevant information at the right time and feeding it to the right decision. They are direct means of reducing risks associated with managing the marketing mix and long term marketing planning.

This study indicates that GCB's management is already quite committed to the use of research and information as an aid to decision making.The researcher emphasises that marketing research and information can only provide more empirical background upon which judgements are made and are not a substitute for creative marketing strategies. In instigating research, GCB must be sure of the problem(s) that the research is designed to resolve;that data relevant to the problem is accessible and that the data is capable of deriving answers to specific questions that will enhance the bank's market share,competitive advantage, growth and profitability. For example, under the service mix, we discussed the possibility of GCB introducing ATM (automatic telling machines) or Electronic Funds Transfer systems in the long term. This is an area where research into customer reactions to the concept will be vital. The research methodology could consist of focus group interviewing at the preliminary stage followed by a field experiment comparing consumer perceptions (as discussed at chapter 4) concerning the new service before and after extensive consumer education. This consumer education programme could entail a series of mail brochures discussing problems associated with current methods and describing the electronic banking facility proposed in general and suggestions of its advantages to bank customers as well to the industry itself.

This is thus, an example where marketing research can be undertaken in an effort to learn something reliable about a marketing problem facing management. The value of the results will depend upon the skill with which the marketing research project is designed and implemented. Other areas of use might be to measure the attitude of the bank's staff, likely future consumer needs and the resource and organisational structure required to satisfy them.

10:3:8 PRICING

Pricing is the key determinants of revenue while other factors in the marketing mix affect cost.GCB however, face the problem of achieving profitable employment of their funds.Whilst conforming to legal profit margins determined by the state, GCB's management reported a profit of c3.9bn (cedis) in 1990, compared to a loss of c7.5bn in 1989 (see chap.3). The bank takes profit margins depending on type of customers or services. Therefore,in setting price for each product market segment,GCB should establish the overall strategic objectives and use price as an element of achieving such objectives rather than treating it as an independent factor.

This study shows that the demand of certain services, example, foreign and deposit accounts are very low. GCB should determine the level of demand of a particular market segment size and service price elasticity. The bank should note that while demand may establish a price ceiling and costs a floor for service, competitor prices will help establish pricing range limits. In the future, GCB will be required to undertake specialist service analysis, build integrated corporate and personal customer banking data bases and so identify appropriate services and/ or customer segments.

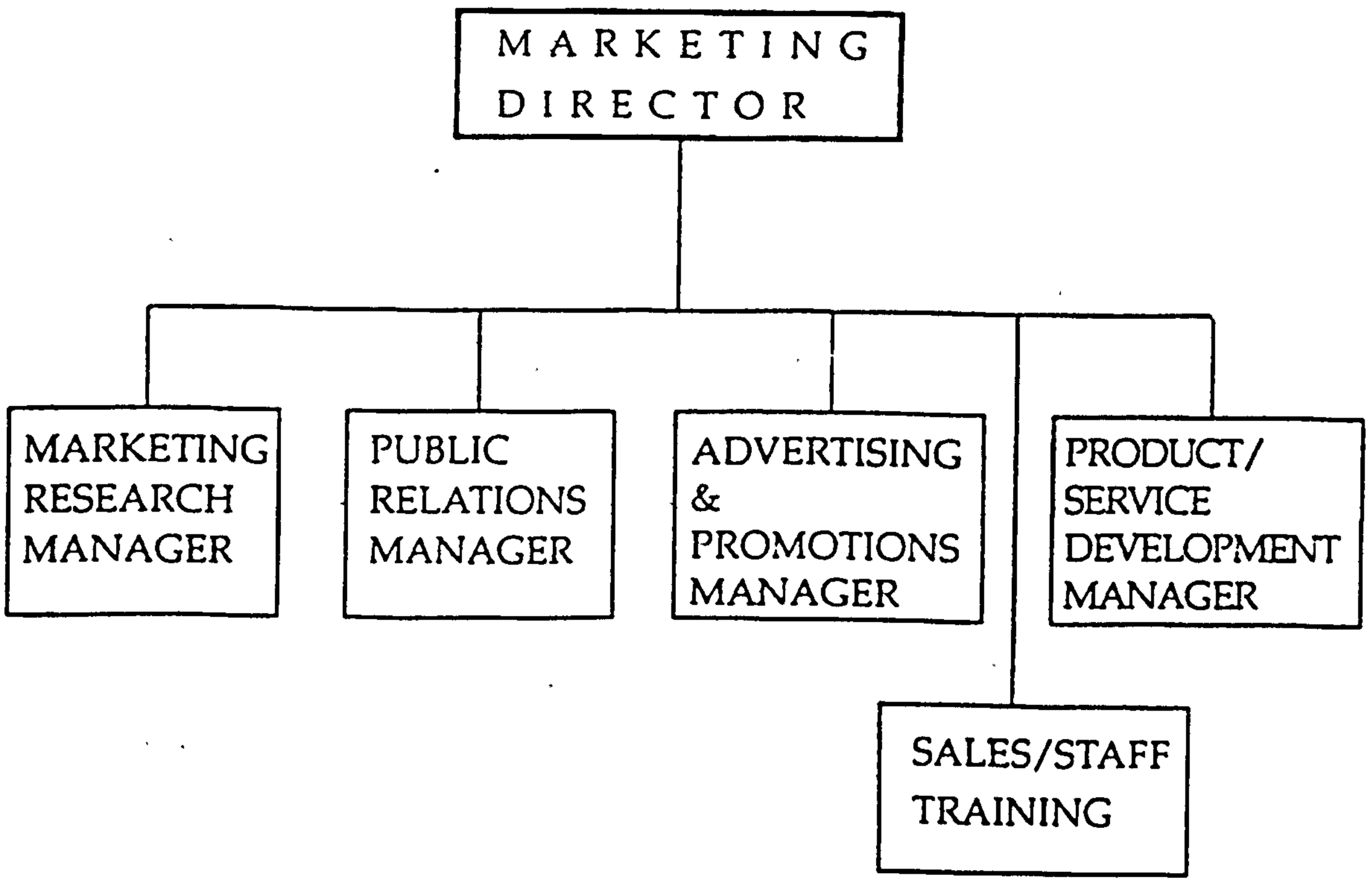
10:3:9 MARKETING ORGANISATION

Marketing strategies mean little unless accompanied by an organisational framework that facilitates their implementation and a vigorous system of marketing administration and control. Figure 10.1 represent the researcher's offering on one possible way that GCB might organise its marketing activities. It assumes a marketing process

comprising five marketing functions: (a) market research and information (b) product/service development (c) public relations and communications (d) advertising and promotion and(e) sales and staff training. The researcher also offers a job description of the marketing director. In so doing, he has tried to build a foundation by defining the marketing manager's job structure including its objectives, authorities, responsibilities, relationships and scope, as below(see 10:3:5). The aim has been to design a description which provides a standard for the marketing director's individual performance. The decision involving the description are made in the light of knowledge gained through this study. It is important to point out that the organisation and job description will not be immutable. The relative importance of marketing activities will constantly change and the description will also change to reflect this accurately and realistically.

Figure 10.1

GCB MARKETING ORGANISATION



10:4 THE ROLE OF THE MARKETING MANAGER OF GCB

GCB should appoint a dynamic Marketing Director with the status of Senior Manager or Deputy General Manager. His role will be to plan and implement continuous sales programs among bank staff for the acquisition of new business and to implement marketing activities to achieve the organisations objectives. He should solicit business from present personal and business customers and review and control the performance of the marketing division by evaluation its achievements against its objectives.

The Marketing Director should prepare reports to the Managing Director or Deputy Director operations, showing the banks competitive position and it's achievement compared to the objectives. He should co-ordinate marketing activities with other departments. He should set advertising budget, plan and co-ordinate the banks Public Relations activities and programs, giving consideration to the banks' image. He should keep abreast with marketing development through contact with trade and industry association and arrange press conferences for the announcements of special events.

He should keep regional/district managers advised on matters of specific business interest such as market conditions, competitive situation, product needs etc. Five managers for marketing research and information, advertising and promotion, public relations and communications,product/service development and sales and staff training should be appointed.

To ensure successful implementation of the marketing concepts, a systematic program for senior managers must be organised by the Marketing Department. The CEO/MD must be convinced that, the function will be handicapped if top management is not supportive of an integrated marketing, Bordreau N(2), McDonald. Further, managing officers must realise that marketing efforts is further crippled if we narrowly focus on activities by placing few advertisements in the local newspapers or a radio spot or two and implementing it without regard as to how it fits within the strategic plan. Thus, successful future operations of the bank lies in the ability of its management team to capture the ideas of strategic thinking that incorporate integrated marketing.

On relationships, the marketing director should act in staff capacity to other departments on marketing matters including planning, development of new services and improvement of established new services. Advocates of marketing concept, Berry and Donnelly, Kotler and Gronroos (see chap 4, pp61 and chap.7 pp178) maintain that the coordination of marketing activities must also exist if we are to speak of the acceptance of and the implementation of the marketing concept.The marketing director should delegate to other department members appropriate responsibility and the corresponding authority and to delegate overall responsibility for results or any part of accountability.

This study shows that customers perceive Ghana commercial bank employees to be discourteous, offer slow counter service and the bank is not internationally known. Therefore, an intensive advertising and public relations campaign ought to be launched to sharpen the image of the bank at both domestic and international fronts,for example, the bank could advertise in international newspapers such as the "Financial times in London" or in magazines such as the "Economist"; and also,plan and coordinate the bank's active participation in community associations, social groups and commercial organisations. He should maintain constant contact with the advertising agency so that the agency's efforts are closely guided in the direction in the direction that insures its maximum contribution to the bank's advertising and promotion programmes. Intensive efforts must be made to mobilise the transfer of funds from Ghanaians resident abroad. One way of building up trust and or confidence is to establish good relationship with the rural banks and the post office.

The major part of successful introduction of the marketing concept is the process of implementation.Therefore, the marketing director needs to draw action plans for each subsegment. The plan should have an objective, a strategy the composition of members and specified date for recommendations. Thus, on occasions, the formulae must be changed to meet changing conditions and to make optimum use of resources. The results of marketing strategies will never be entirely predictable and it is extremely important that activities are monitored so that if they are not achieving specified aims, they can be amended.

References

1. Aaker David A, "Strategic Marketing Management", Wiley, 1989.

2. Bordreau Nancy A, "Marketing Ahead of the 1990's", Bank Marketing Jnl, October 1989.

3. Berry and Donnelly, "Marketing for Bankers", New York, American Institute on Bankers, 1975.

4. Binks M.R,Ennew C.T. and Reed G.V, The single market finance for medium sized business;Int.Jnl of bank marketing, Vol.18,pp23-28.1990.

5. Channon D, "Bank Strategic Management and Marketing:, 1986

6. Gronroos C, "An Applied Service Marketing Theory", European Journal of Marketing, Vol. 16, No. 7, 1982.

7. Howcroft B, "Increased Marketing Orientation of U.K. Branch Network", International Journal of Bank Marketing, Vol. 9, No. 4, 1991.

8. Kaynak E and Yavas U, "Segmenting the Banking Market by Account Usage, An Empirical Investigation", Journal of Professional Service Market, Vol. 1, No. 12, Autumn, 1990.

9. Lewis Barbara, "Service Quality, an International Comparison", Journal of Marketing Management, 1991, Vol 4.

10. Terpstra V, "International Marketing", Hinsdale, Dryden Press, 1972.

11. Watkin et el, Financial services marketing, Hiemann 1990

CHAPTER ELEVEN

SUMMARY OF THE THESIS

This chapter draws a general summary of the thesis. The focus was on the adoption of the marketing concept by the United Kingdom and Ghanaian Banks and the attitude of customers towards GCB.

The research consists of eleven chapters. The first four chapters reviewed the literature in areas relevant to the study, namely:-

11:1 NATURE OF COMMERCIAL BANK MARKETING IN THE UK

Chapter two focused on the nature of bank marketing in the U.K. It was found that as a result of the growing level of competition and the rapid pace of changes, more and more banks are increasing their marketing planning efforts in an attempt to allocate resources in a way which provide them with competitive advantage or reduces external threats. Traditionally, banks have not paid adequate attention to either strategic planning or marketing and as a consequence, most have turned to external commitments on industrial companies for their concept or methodologies and that competitive environment of the 1980s and 1990s is probing the reappraisal of management skills and corporate identity programmes which will become increasingly important as banks seek to develop consistent image among the many entities of banks.

11:2. HISTORY OF BANKING IN GHANA

Chapter three reviewed the history of banking in Ghana and the operations of GCB . Some senior managers of GCB were interviewed and it was found that the bank does not employ market segmentation techniques.Insight gained disclosed how GCB blends the components of the marketing mix and its shallow understanding of the marketing concept.Those appointed to marketing positions have no marketing

backgrounds and knew virtually nothing about the fundamental concepts of the techniques of marketing.Finally, the volatile economic and political environment made it difficult for long range planning.

11:3 REVIEW OF THE LITERATURE ON THE MARKETING CONCEPT,PRODUCT AND SERVICES SIMILARITIES AND THE MARKETING MIX & MARKETING SEGMENTATION

Chapter four reviewed the literature on marketing concept ,product and services similarities and the marketing mix. This helped comprehend adequately, the knowledge with which the marketing orientation and implementation of marketing function are associated with Ghanaian and U.K. banks. The literature on market segmentation was reviewed in chapter five to provide a richer portrait of potential customers either through usage benefit or lifestyle segmentation. The researcher believes that an understanding of the significance of market segmentation will help bank management to tackle users of financial services and identify the size of the segment in volume terms. From the review of the literature in chapters 2 to 5, four hypotheses regarding bank questionnaire item on the adoption of the marketing concept by the U.K. and Ghanaian banks and a fifth hypothesis with four segments regarding consumer survey questionnaire item on patronage behaviour of Ghanaian bank customers were formulated. The review of other people's work on which this study was based was summarised at the end of this chapter.

11.4 RESEARCH DESIGN AND METHODOLOGY

Chapter six focused on the approaches of gathering and analysing the information needed for this study and steps followed in conducting the research.This chapter set out the research objectives, strategy and procedures and examined the statistical techniques used in analysing the data for this study. Two sets of questionnaires, namely,bank questionnaire and consumer survey questionnaire items were designed after consultation with knowledgeable and experienced individuals in the industry. In all 18 banks in the U.K. and Ghana and a survey of 225 customers of GCB were interviewed.

11.5 ANALYSES OF DATA 1 AND 2

Chapters seven and eight covered the analysis of data one and two.Chapter seven covered the analysis of bank questionnaire item on the adoption of the marketing concept while chapter eight focused on consumer survey of 225 customers . Statistical techniques as discussed in chapter six , namely Anova,Factor analysis,Mean and the Chi square were used.

11.6 RESEARCH CONCLUSION, IMPLICATIONS FOR THEORY AND MANAGEMENT AND FUTURE RESEARCH

Chapter nine drew on the conclusion of the comparative studies pertaining to the two groups of banks and customers of GCB and finally, chapter ten offers recommendations to GCB and the U.K. banks. Although there were discernible differences in emphasis and application, overall, Ghanaian banks appeared to be no less marketing oriented than the U.K. banks. In other areas of the study, initial test of hypothesis via the use of Anova and factor analysis were used to construct minimum number of dimensions underlying attitude towards the marketing concept as measured by bank questionnaire. The researcher asserts that the traditional 4Ps (marketing mix) model is unnecessarily restrictive. Therefore the traditional 4ps namely product, price, promotion and place plus three additional elements namely, people, process and the provision of customer service need to be considered. In a broader context of the marketing concept,the provision of customer service creates a clearly differentiated and superior value proposition to specific customer segments and becomes the control focus on which to control and consider the other elements of the marketing mix. Secondly, the observed similarities between the buying process in goods and services suggests that marketing know how utilised by product oriented business can be adapted to services marketing techniques and that specific marketing and personnel, are transferable across industry lines.

The implications of both the research findings and the whole concept of banking in Ghana for the theory of consumer behaviour and for management, were discussed in chapter nine. Using the marketing mix concept and synthesis of findings in chapters

seven, eight and nine, marketing strategies were recommended for both the U.K. and Ghanaian banks.

11.7 FINDINGS OF THESIS

This study shows that the marketing concept has been adopted by the two groups of banks, though it is in the embryonic stage in Ghana. A substantial proportion of U.K. managers compared to a small fraction of Ghanaian managers report direct to CEOs. The U.K. banks effect integration through departmental staff,headquarters staff and marketing departments. The two groups of banks disagree that a bank's decisions should not be made without the marketing department. The U.K. banks adopt a more formal approach towards the adoption of the marketing concept while Ghanaian banks adopt an informal approach. Hypotheses 1,2 and 3 were tentatively rejected. These are, (1) the organisation and administration of the marketing department in Ghana does not differ significantly from that found in the U.K.; there was significant difference in the participation of executive committees at ($p. < 05$) with an F ratio of 5.37. (2) The adoption of the marketing concept in the U.K. does not differ significantly from that found in Ghana. There were significant relationships in three variables namely;(i) V05..bank decisions,including marketing decisions must be customer and profit oriented, (ii) V06..banks decisions, actions and non actions are closely related to the growth and stability of society and (iii) V.08 the implementation of the marketing concept is equally important for banks selling services as for firms selling products (see table 7:17). (3) The scope of activities involving the components of the marketing mix in Ghana do not differ significantly from that found in the U.K. The hypothesis number 4, namely, the perceived contribution of the marketing concept was tentatively accepted.Regarding hypothesis 5 ,namely, "No significant relationships exists between socioeconomic and demographic attributes of GBC customers and (a) types of account held with GCB, (b) the characteristics looked for when choosing between two banks, (c) the type of accounts GCB customers hold with other banks and (d) the image customers of the bank hold of GCB. There were strong associations between the segments namely,(a) a strong association between age of customer and the propensity to hold investment account, (b)a strong association between age and pursuance of efficient service and occupation and pursuance of

efficient service and understanding of customers problems; (c) a strong association between occupation and a tendency to hold deposit account and (d) a strong association in the direction of socioeconomic variable and therefore, it was consequently rejected.

This study shows that socioeconomic and demographic variables are strong bases for segmenting the Ghanaian market.The result shows that Ghanaian banks can be associated with the first stage of the marketing concept,namely, promotion stage while the U.K. banks can be associated with the first, second and third stages namely, promotion, personalisation and the concept of innovation. The result of this study shows that the adoption of the marketing concept in banking is weak. Finally, the result indicates that customers of GCB choose a bank based upon its wide range of services, efficiency and understanding and the most effective media to reach customers of GCB are radio, word of mouth and television. GCB staff are perceived as discourteous and offer slow services.

IBLIOGRAPHY

1. Aaker A, "Strategic Marketing Management", Wiley, 1989.

2. Aaker A, "Advertising Management", Prentice Hall. 2nd Edition.

3. Alexander R S, "Chairman, Committee on Definitions, American Marketing Association, Marketing Definitions. A Glossary on Marketing Terms".

4. Anderson W T Jnr, Ray Mitchell L, and Strong Edward, "An additional framework for Advertising Strategy", Jnl. of Advertising, April 1972. pp. 29-30.

5. Andrews S,"Banks Winning Gambits for 1992". Jnl of International Investment, June 1989. pp 41-51.

6. Barclays Bank Review, 1986, Vol. LXI, No. 4.

7. Belch and Belch, "An Introduction to Advertising and Promotion Management", Irwin, 1990.

8. Berry L L, Zeitmhal V A and Parasuraman A, "The Service Quality Puzzle:, Business Horizon, July/August, 1988.

9. Berry L L and Donnelly J H Jnr, "Marketing for Bankers", New York, American Institute on Bankers. pp 28-29, 1985.

10. Berry L L and Hensel J S "Why Do Some New Bank Products Fail", Bankers Monthly, July 1979.

11. Binks M.R. et al, The Single Market Finance for Medium Sized Business;Jnl of Int. Bank Marketing, Vol 8,No.13, 1990.

12. Bortos Rana, "The Target is Moving - The Changing Bank Customer", Bank Marketing, Vol. 10, July 1978 pp. 18-21

13. Bordreau Nancy A, "Marketing Ahead of the 1990's", Bank Marketing Jnl, October 1989.

15. Bowen Robert C, "Marketing Looks at Banking and the Marketing Concept", The Marketing Concept in Action, Chicago AMA.

16. Bond Harper W Jnr, Ray Michael L and Strong Edward,"An Attitudinal Framework for Advertising", April 1972, pp. 29-30.

17. Brundage J and Marshall C, "Training as Marketing Management Tool", Training and Development Journal. November 1980, pp. 71-76.

18. Cecchini P, "The Benefits of the Single Market", European Challenge of 1992. Gower publishers - Aldershot 1989.

19. Channon Derek F, "Bank Strategic Management and Marketing:, 1986

20. Chase R B "Where does the Customer Fit into a Service Organisation?", Harvard Business Review, November-December, 1989, pp. 137-142.

21. Cheron E J, McTavish R and Pierrien J, "Segmentation of Bank Commercial Market:, International Journal of Bank Marketing, Vol. 7, No. 6, 1989, pp. 25-30.

22. Cheron E J and Kleinschmidtit E J, "A Review of Industrial Market Segmentation Research and Proposal for an Integrated Segmentation Framework:, International Journal of Research in Marketing, Vol. 2, 1985.

23. Child D (1970), "Essentials of Factor Analysis", Holt, Rinehart and Winston, 1970.

24. Churchill G A Jnr, "Marketing Research", Methodological Foundations, 4th Edition.

25. Couture G Y, "The Marketing Concept, its' Implementation and Influence on the Organisational Structure of Canadian Chartered Banks", Unpublished PhD Thesis, University of Illinois, 1972.

26. Cowell D W , "The Marketing of Services", Managerial Finance, Vol. 5, No. 3, pp. 227.

27. Cowell D W, "The Marketing of Services", Heineman, 1984.

28. Cox Brian, "Managing the Marketing Mix", The Bankers Magazine, No. 15, Vol. CCXIX, August, 1975.

29. Davidson D S, "How to Succeed in Service Industry ... The Organisational Chart Upside Down", Management Review, April 1978, pp. 13-16.

30. Dominguez L V and Page A, "Formulating a Strategic Portfolio of Profitable Retail Segments for Commercial Banks", Journal of Economics and Business, Vol. 36,pp.189,1984

31. Ennew C, Wright M and Watkins T, International Journal of Bank Marketing, Vol. 7, No. 6, 1989.

32. Ennew C and Wright M, International Journal of Bank Marketing, Vol 8, No. 3, 1990.

33. Easingwood C J, "New product Development for Service Companies", Journal of Product Innovation Management, No. 4, 1986, pp. 264-275.

34. Eiglier P and Langeard E, "A Conceptual approach of the Service Offer", Working Paper, No. 217, Aix - en province, April, 1981.

35. Fenwick P D and Savage G P, "Management Planning and Control in Multi Branch Banking", Operational Research Society Journal, Vol. 30, pp. 105-111, 1979.

36. Frank, Massey and Lodahl, "Purchasing Behaviour and Personnel Attributes", pp. 15-24.

37. Garner S.J. and Garner P,Consumers' Risk Perception and Search for Innovation in Accounting Service Purchases, Jnl.CPA, Vol.47,No.4, pp 16-18, 1985.

38. George W R and Marshall C E, "Developing New Services", Proceeding Series, American Marketing Association, 1984.

39. George William R and Hiran C Barksdale, "Marketing Activities in the Service Industries", Journal of Marketing, Vol. 28, October, 1974, pp. 69.

40. Gronroos C "Developing the Service Offering, A Source of Competitive Advantage", Helsinki, Swedish School of Business Administration, September, 1987.

41. Gronroos C, "Strategic Management and Marketing in Services Sector", U.K., Chartwell-Bratt, 1984.

42. Gronroos C, "An Applied Service Marketing Theory", European Journal of Marketing, Vol. 16, No. 7, 1982.

43. Gronroos C and Gummerson E, "Services Marketing", Nordic School Perspectives, Stockholm University, 1985.

44. Harman H H, "Modern Factor Analysis", Chicago, University of Chicago Press, 1967.

45. Hawk Kathleen, "The New Branch", Newtown, Journal of Bank Marketing, May, 1990, pp. 27-30.

46. Hodges Luther H J and Tillman, " Bank Marketing, Text and Cases", Addison Wensley Publishing, 1968.

47. Howcroft B and Whitehead M, "The Single European Market Challenges", International Journal of Bank Marketing, Vol. 8, No. 3, 1990.

48. Howcroft B, "Increased Marketing Orientation of U.K. Branch Network", International Journal of Bank Marketing, Vol. 9, No. 4, 1991, pp. 3-9.

49. Johnson R, "Service Industries Improving Competitive Performance", Service Industry Journal, Vol. 8, No. 2, pp. 202-211, 1988.

50. Joseph D and Yorke D D, "Market Segmentation in the Personnel Financial Services Sector", Quarterly Review of Marketing, Autumn, Vol. 15, No. 1 1989.

51. Kaynak E, El Bdour R and Cenqiz E, "Conventional and Islamic Banks - Patronage of Jordanian Banks", International Journal of Bank Marketing, Vol. 8, No. 4, 1990.

52. Kaynak E and Yavas U, "Segmenting the Banking Market by Account Usage, An Empirical Investigation", Journal of Professional Service Marketing, Vol. 1, No. 12, Autumn, pp. 177-188, 1990.

53. Kaynak E, Kucukemingroghi O and Odaban Y, "Commercial Bank Selection in Turkey", International Journal of Bank Marketing, Vol. 9 No. 4, 1991, pp. 30-39.

54. Kaiser H F, "The Varimax Criterion for Analytic Rotation of Factor Analysis", Psychometric, 1954, pp. 187-200.

55. Kinner Thomas C and Taylor R James, "Marketing Research", an Applied Approach 4th Edition, McGraw Hill, 1984.

56. Kotler Philip, "Marketing Management, Analysis, Program Implementation and Control", 7th Edition, 1991, Prentice Hall.

57. Lewis B, Service Quality, An International Comparison, Jnl of Marketing Management,Vol.4, pp 199,1990.

58. Llewellyn D, Journal of Mortgage Finance Monthly, Vol. 10, No. 7, July 1990.

59. Lovelock C H, "Developing and Implementing New Services, Cicago, 984.

60. Loudon D.L. and Bitta A.J.Della, Consumer behaviour, Concepts and applications, 3rd/4th Edition, McGraw Hill, 1988 and 1990.

61. Lewis B, (1991), "Service Quality, an International Comparison", Journal of Marketing Management, Vol 4 , No. , pp. 199.

62. McFarlane M, "Financial Services Revolution and the Challenge of Management", Journal of Banking World, February, 1989.

63. McIver C and Naylor G, "Marketing of Financial Services", Institute of Bankers Journal, London, 1980.

64. McIver C and Naylor G, "Marketing of Financial Services", Cambridge Institute of Bankers, pp. 9-10, 1980.

65. McTavish R and Pierrien J, "Commercial Bank Marketing", The Institute of Canadian Bankers, 1988.

66. Meidan A, "The Role of Marketing Management in Banking", Quarterly Review of Marketing, Spring, 1983, pp. 11-18.

67. Moriarty R.T. and Spekman R.E, An Empirical Investigation of the Information Sources Used During The Industrial Buying Process;Jnl.of Marketing Research, Vol.XX1,May 1984,pp137-147

68. Newmann Karin (1984), "Financial Services Marketing and Communications", 1984, Holt, Rinehart and Wilson.

69. Nunally J C, "Psychometric Theory", New York, McGraw Hill, 1967.

70. Oppenshaw Stan (1989), "Marketing Geodemodraphics - more Sophisticated", Journal of Market Research Society, Vol. 31, No. 1, pp. 75-101.

71. Parker D D, "The Marketing of Consumer Services", Seattle University of Washington Press.

72. Parasuranam, Zeithamal V A and Berry L L, "A Conceptual Model of Service Quality and its Implication for Future Research", Journal of Marketing, Autumn, 1985, pp. 41-50.

73. Piercy Nigel and Morgan N, "Retailer Marketing Organisation - Strategic Development for the 1990's", International Journal of Bank Marketing, Vol. 7, No. 8, 1989.

74. Reekie W D, "Bank Marketing", The Bank Magazine, Vol. 24, pp. 97-100, 1972.

75. Reading Brian "Why its Time for Us to Save, Our Economics Reflect Our Age", Sunday Times, 11th December, 1988, pp. 0-9.

76. Reynolds Y, (1991), Journal of Marketing Intelligence and Planning, Vol. 9, No. 2, pp. 20-22.

77. Samuelson Paul A.,Foundations of Economic analysis,Cambridge Mass,Harvard University Press,pp100-107 in Gould and Furgeson, Micro Economic Theory, Irwin, 1980

78. Sasser W E, Olsen R P and Wyckoff D D, "Management of Service Operations", Texts and Cases, Allyn and Bacon, Boston Massachusetts, 1978.

79. Seebohn F (1971), Journal of Bank Services Marketing.

80. Sheth J N, "Multivariate Analysis in Marketing of Advertising Research", February, 1970 ,Vol. 10, pp. 29-39.

81. Shostack G L, "Breaking Free From Product Marketing", Journal of Marketing, Vol. 41, No. 2, April 1977, pp. 73-80.

82. Stock J.R. and Zinszer P.H.,The Industrial Purchase Decision for Professional Services, Jnl.of Business research, Vol.15, No.1, pp 223-224

83. Terpstra V, "International Marketing", Hinsdale, Dryden Press, 1972.

84. Tull D S and Hawkins D.I, "Marketing Research, Measurements and Methods", 3rd Edition, 1984.

85. Watson I, "Managing the Relations with Corporate Customers", International Journal of Bank Marketing, Vol. 4,pp. 9-34.

86. Wells W and Gubar G, "Life Cycle Concept in Marketing Research", Journal of Marketing Research, Vol. 3, November, 1966.

87. Weinstein A, "Market Segmentation Using Demographics and Other Segmentation Techniques to Uncover and Exploit New Markets", Probus Publishing Company, 1987.

88. Wind Y and Cardozo R, "Industrial Market Segmentation", Industrial Marketing Management, Vol. 3, pp. 153-156.

89. Wilson A, "The Marketing of Professional Services", New York, McGraw Hill, 1972.

90. Wilson R M S, "An Overview of Financial Services Marketing", Managerial Finance, Vol. 5, No. 3, pp. 231-256, 1980.

91. Watson T, Ennew C, Wright M, "Marketing of Financial Services", Heinemann, 1990.

APPENDICES

Appendices 1:1 to 1:8 present the Anova results showing significant differences between the two groups of banks on the performance of activities relating to the marketing mix. Note that the critical value of 2 and 6 df(degree of freedom) at 1% and 5% is 10.9% and 5.14 respectively; 3 and 5 df at 1% and 5% is 12.1 and 5.41 respectively; that of 1 and 7 df. at 1% and 5% is 12.2 and 5.59 ; 1 and 6 df at 1% and 5% is 13.7 and 5.99 respectively and finally 2 and 5 df at 1% and 5% is 13.3 and 5.79 respectively.

Appendix 1:4 shows that the group differ significantly in developing sales plans by committee, also at allocating advertising budget by committee at appendix 1:5; studying customer needs and buying habits by marketing department and gathering information on competitor prices by committee in appendix 1:7 all at 5% level as analysed in chapter seven.

Appendices 1.9 to 1.14 show the factor analysis and ranked frequencies of type of accounts held by customers and why customers choose other banks.

Appendices 1:15 to 1:18 show chi square analysis of socioeconomic and demographic characteristics of GCB customers.

Appendix B1 reviews the literature in the banking industry .This section commences with some background commentary. Some definitions of types of banks and major trends in the banking industry are then examined.The analysis is based on the premise that the industry itself will to a major extent, determine the future of organisations operating within it.

UNIV DUNELM

Appendices ii and iii represent copies of bank questionnaire and consumer survey questionnaire items sent to Ghanaian and U.K. banks. The questionnaires were developed over a fairly extensive period of time, during which several knowledgeable and experienced individuals were consulted for advice and suggestions. The results were analysed in chapters seven and eight.

Appendices 4 - 6 show copies of letters to and from U.K./Ghanaian bank managers and a letter accompanying the consumer survey questionnaire.

APPENDIX 1.1

DECIDING ON SERVICES TO ELIMINATE BY COMMITTEES

BANK	SOURCE	DF	SS	MS	F RATIO	SIG
GH	BETWEEN	2	22.22	11.11	5.00	
	WITHIN	6	1.33	2.22		
UK	BETWEEN	2	8.33	4.17		
	WITHIN	6	9.45	1.58		

DECIDING ON SERVICES TO ELIMINATE BY 'CEO'

BANK	SOURCE	DF	SS	MS	F RATIO	SIG
GH	BETWEEN	2	26.50	11.25	5.89 *	
	WITHIN	6	13.50	2.25		6.71*
UK	BETWEEN	2	8.00	4.00	0	
	WITHIN	6	0	0		

DECIDING ON SERVICES TO ELIMINATE BY MARKETING

BANK	SOURCE	DF	SS	MS	F RATIO	SIG
GH	BETWEEN	2	0.89	0.44	2.00	
	WITHIN	6	1.33	0.22		
UK	BETWEEN	2	2.22	1.11	0	
	WITHIN	6	0	0		

Analysis of variance of Activities involving the components of the marketing mix. * $p < 0.05$ ** $p < 0.01$

APPENDIX 1.2

(1) DECIDING TO PRETEST DIFFERENT PRICING STRATEGIES BY OTHERS

BANK	MEAN	STD DEV	SOURCE	DF	SS	MS	F RATIO	SIG
GH	1.78	2.11	BETWEEN	2	14.22	7.11	2.00	
			WITHIN	6	21.33	3.56		
UK	3.11	1.76	BETWEEN	3	8.89	2.96	0.93	9.25 **
			WITHIN	5	16.00	3.20		

2) DECIDING TO PRETEST DIFFERENT PRICING STRATEGIES BY CEO

BANK	MEAN	STD DEV	SOURCE	DF	SS	MS	F RATIO	SIG
GH	1.00	1.50	BETWEEN	2	18.00	9.00		
			WITHIN	6	-	0	0	
UK	1.67	1.58	BETWEEN	3	11.00	3.67	2.04	
			WITHIN	5	9.00	1.80		

(3) DECIDING TO PRETEST DIFFERENT PRICING STRATEGIES BY MARKETING FUNCTION

BANK	MEAN	STD DEV	SOURCE	DF	SS	MS	F RATIO	SIG
GH	0.44	0.88	BETWEEN	2	0.89	0.44		
			WITHIN	6	5.33	0.89	0.50	9.30
UK	3.11	1.76	BETWEEN	3	8.89	2.96	0.93	
			WITHIN	5	16.00	3.20	0.63	

(4)

BANK	MEAN	STD DEV	SOURCE	DF	SS	MS	F RATIO	SIG
GH	0.56	0.53	BETWEEN	2	0.89	0.44	2.00	
			WITHIN	6	1.33	0.22		
UK	0	0	BETWEEN		0	0		
			WITHIN					

Analysis of variance of activities of the marketing mix components

* $p < 0.5$ ** $p < 0.01$

APPENDIX 1.3

RECOMMENDING NEW SERVICES BY "OTHERS"

BANK	SOURCE	DF	SS	MS	F RATIO	SIG
GH	BETWEEN	2	22.76	11.38	5.33	2.72
	WITHIN	6	12.8	2.14		
UK	BETWEEN	1	3.01	3.01		
	WITHIN	7	0	0		

RECOMMENDING NEW SERVICES BY CEO'S

BANK	SOURCE	DF	SS	MS	F RATIO	SIG
GH	BETWEEN	2	14.2	7.6		
	WITHIN	6	6.8	1.33	5.04	7.43 *
UK	BETWEEN	1	2.8	2.80		
	WITHIN	0	0	0		

RECOMMENDING NEW SERVICES BY CEO'S

BANK	SOURCE	DF	SS	MS	F RATIO	SIG
GH	BETWEEN	2	1.20	0.60	4.5	
	WITHIN	6	0.80	0.33		2.15
UK	BETWEEN	1	1.56	0	0	
	WITHIN	7	0	0		

Analysis of variance of the components of marketing mix by functions.

* $p < 0.05$ ** $p < 0.01$

APPENDIX 1:4

DEVELOPING SALES PLANS COMMITTEE FUNCTION

BANK	SOURCE	DF	SS	MS	F RATIO	SIG
GH	BETWEEN	1	8.13	8.13	2.07	
	WITHIN	7	27.43	3.92		6.41 *
UK	BETWEEN	1	2.11	2.11	1.139	
	WITHIN	6	11.12	1.85		

DEVELOPING SALES PLANS MARKETING FUNCTION

BANK	SOURCE	DF	SS	MS	F RATIO	SIG
GH	BETWEEN	1	0.89	0.89	3.66	
	WITHIN	7	1.71	0.25		
UK	BETWEEN	1	8.89	0.89		
	WITHIN	7	0	0		

DEVELOPING SALES PLANS BY CEO

BANK	MEAN	STD DEV	SOURCE	DF	SS	MS	F RATIO	SIG
GH	0.56	0.53	BETWEEN	2	0.89	0.44	2	
			WITHIN	6	1.33	0.22	4.0	
UK	0.44	0.135	BETWEEN	1	2.33	2.33		
			WITHIN					

Analysis of variance showing the marketing and committee functions.

* $p < 0.05$ ** $p < 0.01$

APPENDIX 1:5

ALLOCATING ADVERTISING BUDGET BY COMMITTEE

BANK	SOURCE	DF	SS	MS	F RATIO	SIG
GH	BETWEEN	2	8.67	4.33	1.02	
	WITHIN	5	21.33	4.27		5.69 *
UK	BETWEEN	1	0.50	0.50	0.26	
	WITHIN	7	13.50	1.93		

ALLOCATING ADVERTISING BUDGET BY CEO'S

BANK	SOURCE	DF	SS	MS	F RATIO	SIG
GH	BETWEEN	2	9.38	4.69	3.13	
	WITHIN	5	7.50	1.50		ns
UK	BETWEEN	1	0.89	0.89	0.26	
	WITHIN	7	24.00	3.43		

ALLOCATING ADVERTISING BUDGET BY MARKETING

BANK	SOURCE	DF	SS	MS	F RATIO	SIG
UK	BETWEEN	2	0.36	0.19	0.63	
	WITHIN	5	1.50	0.30		
GH	BETWEEN	1	0.89	0.89	0	0.032
	WITHIN	7	0			

Analysis of variance showing the marketing mix components by functions.

* $p < 0.05$ ** $p < 0.01$

APPENDIX 1:6

DECIDING ON SERVICES TO BE OFFERED BY COMMITTEE FUNCTION

BANK	MEAN	STD DEV	SOURCE	DF	SS	MS	F RATIO	SIG
GH	1.33	2.00	BETWEEN	2	21.33	10.67	6.00 *	
			WITHIN	6	10.67	1.78		3.12 **
UK	0	0	BETWEEN	1	0	0		
			WITHIN	7				

DECIDING ON SERVICES TO BE OFFERED BY CEO

BANK	MEAN	STD DEV	SOURCE	DF	SS	MS	F RATIO	SIG
GH	1.67	1.58	BETWEEN	2	3.20	1.60	0.57	
			WITHIN	6	16.80	2.80		4.79
UK	0.33	1.00	BETWEEN	2	4.00			
			WITHIN	6	0			

Analysis of variance of the performance of marketing mix activities functions.

* $p < 0.05$ ** $p < 0.01$

APPENDIX 1:7

STUDYING CUSTOMER NEEDS AND BUYING MARKETING

BANK	MEAN	STD DEV	SOURCE	DF	SS	MS	F RATIO	SIG
GH	2.22	2.11	BETWEEN	2	22.76	11.38	5.33 *	
			WITHIN	6	12.80	2.13		
UK	0	0	BETWEEN		0	0	0	
			WITHIN		0	0	0	

STUDYING CUSTOMER NEEDS AND BUYING HABITS BY CEOs

BANK	MEAN	STD DEV	SOURCE	DF	SS	MS	F RATIO	SIG
GH	0.89	2.33	BETWEEN	2	0.89	0.04	0.33	
			WITHIN	6	0.80	0.13	ns	
UK	0.22	0.44	BETWEEN	1	1.53	0.16	0	
			WITHIN	7	0	0		

GATHERING INFORMATION ON COMPETITOR PRICES - COMMITTEE

BANK	SOURCE	DF	SS	MS	F RATIO	SIG
UK	BETWEEN	2	22.22	12.11	5.45 *	
	WITHIN	6	11.33	2.22		
GH	BETWEEN	0	0	0	0	
	WITHIN					

Analysis of variance by functions on the components of marketing activities.

* $p < 0.05$ ** $p < 0.01$

APPENDIX 1:8

FORECASTING ECONOMIC GROWTH BY MARKETING

BANK	MEAN	STD DEV	SOURCE	DF	SS	MS	F RATIO	SIG
GH	0.89	1.76	BETWEEN	1	18.89	18.89	5.48 *	
			WITHIN	7	22.10	3.45	0	2.13
UK	0.22	2.11	BETWEEN	1	14.22	14.22	4.67	
			WITHIN	7	21.33	3.05		

FORECASTING ECONOMIC GROWTH BY OTHERS

BANK	MEAN	STD DEV	SOURCE	DF	SS	MS	F RATIO	SIG
GH	1.00	0	BETWEEN	0	0	0		
			WITHIN	0	0	0		
UK	0.78	0.44	BETWEEN	1	1.22	0.22	1.17	
			WITHIN	7	1.33	0.19		

Analysis of variance of marketing activities by function.

* $p < 0.05$

** $p < 0.01$

APPENDIX 1:9

FACTOR ANALYSIS BEFORE ROTATION ON TYPE OF ACCOUNT

VARIABLE	FACTOR ONE	FACTOR TWO
Current accounts	0.502	0.729
Deposit account	0.764	0.358
Savings account	0.702	0.438
Foreign account	0.836	0.490
Personal loan account		
Eigen value	2.027	1.090
% of variance	50.7	27.2

APPENDIX 1:10

VARIMAX ROTATION OF ACCOUNT TYPE

VARIABLE	FACTOR ONE	FACTOR TWO
Deposit account	0.906	
Foreign account	0.886	
Current account		0.885
Savings account	0.311	0.767
Eigen values	2.627	1.090
% of variance	56.7	27.2

APPENDIX 1:11

WHAT CUSTOMERS LOOK OUT FOR WHEN OPENING ACCOUNT WITH A BANK

VARIABLE	RANKED 1 NO.	%	RANKED 2 NO.	%	RANKED 3 NO.	%	RANKED 4 NO.	%
Efficient services	100 [1]		48 [1]		31 [2]	13.8	9	4.0
Prompt cashing facilities	17		46		18		18	
High rate of interest	5 [6]		37		56		17	
Wide range of services	36		28		26		44	
Community mindedness	3	1.3	14	6.2	10	4.4	27	
Understanding	55		34		29		28	
Personal services	3		11		23		25	
Regular statements	3		4		12		25	
Fairness	3		3		20		32	
Others								

Chi square 27df at $p < 0.05 = 40.11$

APPENDIX 1:12

FACTOR ANALYSIS OF TRAITS OF GHANA COMMERCIAL BANK

	TRAIT	FACTOR ONE	FACTOR TWO
6	Easy to borrow from	0.801	
7	Efficient service	0.795	-0.406
5	Slow service	0.737	
8	Discourteous employees	0.727	-0.474
4	Convenient location	0.635	-0.430
10	Profit mindedness	0.572	0.438
2	Large	0.460	0.700
3	Friendly employees	0.534	0.689
1	Courteous employees		0.443
	Eigen values % of variance Cumulative % of variance	2.645 40.5 40.5	1.999 22.2 63

p: < 0.05

APPENDIX 1:13

FACTOR MATRIX OF - WHY DID YOU CHOOSE TO BANK WITH GHANA COMMERCIAL BANK

VARIABLE	FACTOR ONE	FACTOR TWO
3 - Wide range of service	0.814	
4 - Courteous employees	0.762	
2 - Efficient	0.724	-0.425
5 - Community mindedness	0.542	0.658
1 - Higher rates of profit		-0.654
6 - Other reasons		0.452
Eigen values	2.197	1.367
% variance	36.6	22.8
Cumulative % variance	36.6	59.4

APPENDIX 1:14

WHY DID YOU CHOOSE TO BANK WITH GHANA COMMERCIAL BANK RANKED RATINGS

ATTRIBUTE	4	3	2	1
Higher rates of profits	57	37	34	2
Efficient Services	56	63	20	5
Wide range of service	29	26	20	8
Courteous employees	10	12	16	11
Community minded	22	33	38	17
Other reasons	51	9	6	11
Total	225			

APPENDIX 1:15

BIVARIATE ANALYSIS OF DEMOGRAPHIC AND SOCIOECONOMIC CHARACTERISTICS OF CONSUMERS OF GCB AND TYPES OF ACCOUNTS HELD WITH GCB

CHARAC-TERISTICS	TYPE OF ACCOUNT	COMPUTED CHI-SQUARE	DEGREES OF FREEDOM	LEVEL OF SIGNIFI-CANCE	CONTINGENCY COEFFICIENT
AGE	Current	6.429	5	0.258	.1059
	Personal Loan	1.528	5	0.909	.514
	Savings	7.478	5	0.187	.113
	Investment	14.078	5	0.015*	.154
OCCUPA-TION	Current	10.211	5	0.663	.1331
	Personal Loan	6.6303	5	0.2496	.1073
	Savings	10.91	5	0.787*	.1310
	Investment	2.5619	5	0.0278	.1462

* $p = \leq .05$ significant association between Investment A/C and Age

APPENDIX 1:16

BIVARIATE ANALYSIS OF DEMOGRAPHIC AND SOCIOECONOMIC CHARACTERISTICS OF CONSUMER GCB AND IMAGE PERCEPTION OF BANK

IMAGE STATEMENTS	VARIABLE CHARAC-TERISTICS	COMPUTED CHI-SQUARE	DEGREES OF FREEDOM	LEVEL OF SIGNIFI-CANCE	CONTINGENCY COEFFICIENT
Courteous	OCCUPATION	12.3076	10	.2625	.1870
Large	OCCUPATION	19.9480	10	.3855*	.16428
Friendly employees	OCCUPATION	14.303	10	.0195	.18874
Convenient location	OCCUPATION	21.9919	10	.0151*	.19193
Easy to borrow from	OCCUPATION	16.6408	10	.0827	.16771
Efficient services	OCCUPATION	15.8544	10	.0399	.20744
Community minded	OCCUPATION	14.5182	10	.1506	.15693
Discourteous employees	OCCUPATION	20.3481	10	.0262*	.14499
Difficult to get loans from	OCCUPATION	13.07328	10	.02196	.14910
Slow services	OCCUPATION	16.097	10	.1566*	.15579
Profit minded	OCCUPATION	11.7403	10	.3028	.14145

* $P \leq .05$ Significant associations between occupation and image perceptions
** $P \leq .01$

APPENDIX 1:17

BIVARIATE ANALYSIS OF DEMOGRAPHIC AND SOCIOECONOMIC CHARACTERISTICS OF CONSUMERS OF GCB AND CHARACTERISTICS LOOKED FOR WHEN CHOOSING BETWEEN COMMERCIAL BANKS

CHARAC-TERISTICS LOOKED FOR	CONSUMER CHARAC-TERISTICS	COMPUTED CHI-SQUARE	DEGREES OF FREEDOM	LEVEL OF SIGNIFI-CANCE	CONTINGENCY COEFFICIENT
Efficient services	AGE	30.544	15	.0125*	.24515
Prompt cashing facilities	AGE	21.954	15	.3339	.19248
Wide range services	AGE	25.645	15	.0642**	.20544
High rate of profits	AGE	18.306	15	.1889*	.25705
Fairness	AGE	11.853	15	.1549	.20829
Regular statements	AGE	18.59	15	.5147	.17934
Personal services	AGE	19.456	15	.3964	.18777
Community mindedness	AGE	15.852	15	.8771	.14873
Understanding of customer problems and needs	AGE	28.687	15	.0257*	.22120

* $P \leq .05$ significant association between age and characteristics looked for in choice between two commercial banks

APPENDIX 1:18

BIVARIATE ANALYSIS OF DEMOGRAPHIC AND SOCIOECONOMIC CHARACTERISTICS OF CONSUMERS OF GCB AND CHARACTERISTICS LOOKED FOR WHEN CHOOSING BETWEEN COMMERCIAL BANKS

CHARAC-TERISTICS LOOKED FOR	CONSUMER CHARAC-TERISTIC	COMPUTED CHI-SQUARE	DEGREES OF FREEDOM	LEVEL OF SIGNIFI-CANCE	CONTINGENCY COEFFICIENT
Efficient services	OCCUPATION	37.671	15	.0137*	.2628
Prompt cashing facilities	OCCUPATION	18.811	15	.5341	.1779
Wide range of services	OCCUPATION	27.376	15	.1250	.2131
High rate of profits	OCCUPATION	24.685	15	.4801	.2028
Fairness	OCCUPATION	29.861	15	.0234*	.2325
Regular statements	OCCUPATION	27.413	15	.0799	.2206
Personal services	OCCUPATION	31.644	15	.0183*	.23577
Community mindedness	OCCUPATION	27.2096	15	.1045	.21625
Understanding customer problems and needs	OCCUPATION	29.8193	15	.0132*	.26835

*p ≤ .05 significant associations between occupational status and choice characteristic

** p ≤ .01

APPENDIX B1

B1:1 Industrial Analysis

The industrial analysis is the banking industry in Ghana and the UK. This section commences with a background commentary. Some major trends are then examined in the context of their future impact on that section of the industry which is concerned with corporate market in Britain. Past competitors analysis have provided a little more than a list of products or ideas, some of which have been worth copying.

The work industry analysis is based in the premise that the industry itself will to a major extent, determine the future of organisations operating within it. It is the industry as much as the market that will create limitations and opportunities for survival and growth.

It is suggested that industry analysis coupled with market analysis are the components of strategic direction; whereas specific competitor analysis comes later and is more appropriately part of the marketing planning process.
The fact that an industry could be analyzed by breaking it down, in to a series of groups of participants which exhibits similar characteristics was conceived by Porter M [9]. His concept however has been used to create methodology to analyze the corporate banking industry in Britain.

Industry Analysis

There are many types of banks and other private and publicly owned institutions which provide services and finance to corporate entities. However, there are three basic types of banks operating in the British corporate market.

(1) Investment Banks (IBs)- A trite but effective description of IBs is that they facilitate transactions in which assets are placed on balance sheets, other than their own. Investment banking is a U.S. creation which

arose from post-1929 regulatory legislation, prohibiting commercial banks from underwriting the issue of new securities.

IBs therefore perform two closely related functions:
- floatation of new securities for case (primary market), and
- acting as broker between buyers and sellers in the market for existing securities (secondary market).

A number of required capabilities flow from these functions of which the principal are:

- Marketing making, to be effective, requires IBs always to quote a buying/selling price in their chosen range of securities and to be prepared to trade at those prices.

- Origination, which is the ability to obtain mandates from customers for new issues.

- Placing power, which is the ability to be able to sell new issues and maintain an orderly market in them, at least until they are "seasoned".

These banking houses are proficient in:

- products innovation in relation to bonds and equities;

- the use of satellite markets to lay-off risks;

- company-related services, including mergers, acquisitions and leveraged buy-outs, and

- venture capital, which is the provision of capital, at any stage in the business cycle prior to the public floatation of a company.

The major references used in relation to investment banking are Bloch, Hayes and Bankers Trust New York Corporation.

(2) Merchant Banking (MBs) - The term and type is a London creation which, using the trite definition, would place MBs halfway between investment banks, as described above, and commercial banks, which invest their own capital and that of their depositors in loans and other assets.

Merchant banks combine deposit-taking and loan-making capabilities with origination and distribution functions. Until very recently, merchant banks did not engage in market making as such, as this was the preserve of Stock Exchange members, until deregulation removed such barriers.

The activities in which merchant banks are likely to engage, are:

(a) Banking: Deposit taking, lending, treasury activity in wholesale money and foreign exchange markets.

(b) Capital markets: Bond and other non-equity securities issues (where some level of market making could take place), and interest rate and currency exposure management.

(c) Corporate finance: Mergers, acquisitions, take-overs and their defence and equity floatation to any of the public markets.

(d) Funds management: Portfolio investment, unit trusts.

(e) Venture capital: Equity investment in enterprises at various points in their development prior to public floatation.

(f) Stockbroking: Since big bang in October 1986, some merchant banks have taken over stockbrokers and stockjobber to develop a market making and broking capability in equities.

(3) Merchant and Investment Banks - These banks have been quite effective, and in some instances, have facilitated the process of disintermediation. The more broadly based commercial banks, which traditionally formed the core of integrated market for banking, assets and liabilities have not surprisingly found it difficult to respond to the consequences of disintermediation. Increasingly, there are two quite distinct markets - Borrowing markets and markets for the placement of surplus funds. These banks are now forced with the twin problems of expensively developing new products while attempting to restructure the costly networks developed over many years, Piercy N [8] postulates the following strategies for merchant banks:-

(a) Build a trading capability in domestic securities either by acquisition or by organic development.

(b) Concentrate on acquisition, merger and advisory services.

(c) Go down market in issuing activities and focus on smaller companies.

(d) Seek shelter in a large institution.

These strategies translate into three key points:-

(i) Develop a niche position in investment banking,

(ii) Move to the middle market,

(iii) Generate a higher volume of non-interest income.

B1:2 Commercial Banking (CBs)

As already stated, these banks use their own capital and their depositors funds to create loans and other assets which are retained on the banks balance sheet. Commercial banks are most readily understood as High Street Banks which have multi branch networks. Over a period of many years, this network has been used to build a customer base in retail and corporate banking. Commercial banks product capability is centred on a range of variations in lending and deposit products but underpinned by a monopoly which controls the domestic money transmission system.

The banking sector is dominated by a small number of what by world standard, are massive banks. In the U.K., the big four banks are Barclays, Lloyds, Midlands and National Westminster, and major among the next league are Royal Bank of Scotland, Standard Chartered and Trustee Savings bank (TSB). Since the ceiling control on banks deposits was lifted in 1981, the clearing banks have expanded out of traditional banking services into Investment, Insurance and mortgage lending.

The clearing banks have also spearheaded the credit card market with 'Visa' (Barclays) and 'Access' (Nat West/ Lloyds/ Midland/ Royal Bank of Scotland). While the banks have made progress in the lending sector, they have come under severe pressure in other areas and they have lost significant shares of the savings and deposits markets.

The clearing banks are controlled by the Bank of England, who were effectively excluded from the housing market and the personal sector. During the 1980's, Government proceeded to dismantle some of the restrictions, enabling the banks and life companies to attack the mortgage market. The term "Financial services" is now used to cover everything from simple motor insurance through bank account to the most complicated investment plans.

The Industry is one of the dynamic and innovative, continuing to change rapidly in terms of products, Institutions and the regulatory environment, Watkins et al [10].

B1:3 **Retail Banking** is the provision of services to personal customers primarily, but not exclusively, via branches. Personal customer deposit funds and demand a range of financial services including loans, mortgages, credit card facilities, pensions, insurance and personal financial advice. Liberalising capital movement is an essential element in the realisation of an efficient and competitive single market in financial services. According to MacFarlane [7] there are two elements in retail banking, namely:

(a) International private banking

(b) Local private banking

A. INTERNATIONAL RETAIL BANKING: is directed at the wealthy in the World and is largely dependent upon a prevailing tax regimes' Harmonisation of U.K. tax legislation is subject to national vetoes and may be a long time consuming.

B. LOCAL PRIVATE BANKING: This focus on a growing number of professionals who move between countries who need Pan European/African banking services. Retail banking therefore, operate predominately at national and regional levels. Retail products and technology however, are International, and retail institutions throughout the World face similar risks. International competition has reduced margins in wholesale banking, but retail banking remains a profitable activity buoyed by strong credit demand, a cheap and steady supply of deposit funds and growth in the credit card market.

B1:4 Cultural Differences.

The culture within commercial banks is quite different from that found in the other two and can perhaps be illustrated as in Table 2:1.

TABLE B1:1

CULTURAL DIFFERENCES

COMMERCIAL BANKS	CHARACTERISTICS	INVESTMENT/ MERCHANT BANKS
Retail orientated Stable Volume business	Market	Competitive Sophisticated Selective client base
Interest charged in excess of interest earned	Income sources	Less interest and higher fee income
Branch network Little "cold" marketing	Marketing	Calling officers Reputation marketing
Conservative, risk averse, prudent Strict conformity tot rules Role-type culture	Management/ motivation	Entrepreneurial Risk takers Skill specialist driven Problem solvers Profit conscious Task-driven culture
On job lifetime, learning very often dictated by branch needs	Skills creation	specialisation in a variety of skills Management skills a low priority

Source: Howcroft and Lavis [5]

The left-hand column reflects the traditional attitude of commercial banks which is diminishing. The right-hand column, as well as describing investment and merchant banks, also describes the type of traits, which today's more alert commercial banks are seeking to develop. While the difference is narrowing in terms of degree of autonomy - conservative (which is not used in any pejorative sense) and entrepreneurial - still fairly adequately describe the cultural differences between the two types of bank.

B1:5 Regulation

Over the last 15 years, regulatory supervision of the banking industry in Britain has increased, usually as a result of banking crisis. In 1979, the banking Act which interestingly gave the Bank of England power for the first time to supervise the entire banking system followed directly from the secondary banking crisis of 1973-75. The new banking Act in 1987 was in view of the British Banking Association triggered by the Johnson-Matthey Banking crisis in 1904. The Act gave the Bank of England, greater power to license, monitor and supervise every aspect of the banking system. Despite it's power, the Bank of England balances supervision with pragmatic commercialism, which was helped to create a well supervised but open and free market banking system. As a result, banking regulation in Britain does not exclude any activities in which most banks might ever reasonably wish to engage, provided that they are prudent in relation to risk exposure profiles, capital adequacy and can demonstrate that they have the skill and systems to operate and control their various activities.

B1:6 Competition and Deregulation.

For many years, the authorities have encouraged foreign Banks to come to London in order to add new skills and create new Financial Markets. As a result, London became, and is still one of the world's leading financial centres and probably, the most innovative of them all. Between 1983 and 1986, the monopoly conferred on London Stock Exchange was dismantled, as the so called "Big Bang" on 27th October 1987. This had many ramifications but the most important was that it allowed banks - both British and foreign, to engage in all aspects of stocks and shares dealings.

This now means that the same banking organisation can engage in commercial, merchant and investment banking, making London the leading Financial Service in the context of deregulation of this type, Watkins [10].

A further piece of deregulating legislation of interest to banks was Building Societies Act 1986 which in essence, permits societies to compete directly with banks. The banking system is characterised by two powerful factors - increasing tight supervision and create open and free markets. This represents a unique opportunities for banks, but also radically, increases the level of competition arising from new entrants, new products and between established participation.

B1:7 Disintermediation

The traditional role of banking was to take money from depositors and then lend it to other parties i.e to intermediate and between the two.

Disintermediation describes a growing tendency for individuals and corporate in particular to by-pass the banking system as a source for the placing of deposits of funding of borrowing. To an increasing extent, surplus liquidity is invested in non-banking instruments and borrowing requirements source from the capital markets. Such packages may well contain traditional loan and deposit products, but to be effective in corporate market, banks cannot really hope to retain their customer base by relying on such basic products alone.

This is one reason why commercial banks have become managers of corporate security issues, and the role of lead managers requires them also to be traders in international corporate paper. The part played by British Clearing banks here is comparatively small, but is one which they wish to develop, and the market making capabilities and investor contacts of securities firms are a great attraction in this context.

Other factors leading the banks towards security transactions have been the fall in profit margins in corporate leading brought about by sharpness of competition and the lower capital requirements prescribed by the supervisory activities as compared with lending.

B1:8 Market Shift

Those banking which can service the needs, or a specifically focused range of needs desired by larger corporate will attempt to move offensively into the middle market where they can increase their profitability. Other banks which consistently fail to keep pace with customers in top segments of their portfolio, will suffer at the hands of new entrants to the middle market. It will be difficult for banks established customer base to/or erect effective barriers to entry around any section on their customer base.

B1:9 Margins and Yields

Competitive pressures between existing banks and the arrival and expansion of new entrants into a deregulated British will continue to put pressure on margin income derived from basic or single products. Banks which confine themselves to the lending and deposits products will suffer a steady decline in market share, expressed as a percentage of the total financial services market. They may of course maintain their share of declining subsegments of security.

B1:9 Building Societies

Building Societies as we know them are threatened with extinction. The financial systems, including building societies will be unrecognisable at the turn of the century, predicted L Llewellyn David [6].

"I doubt that in ten years time we will look at banks, insurance companies, building societies, etc, as a separate identifiable groups", he said".

The history structure of the finance system, claims Llewellyn [6], would erode as banks, building society and numerous companies offered the same services. Insurance companies were most vulnerable to change.

"Their particular problem is that the production of insurance can easily be displaced by banks and building societies who also have excellent distribution systems".

Their vulnerability would make them more likely to attempt to buy or be brought by banks and building societies. He added that there was excess capacity in the global and United Kingdom financial services industry. Some market players would disappear. Llewellyn believes this would happen by three means, namely:-

(1) Mergers or other forms of consolidation within each sector (banking, insurance, etc.).

(2) Mergers between sectors e.g. (banking link with insurance).

(3) Both of the above options but at an International level.

Llewellyn suggests that the finance industry will consist of a few massive financial conglomerates, a small number of business finance organisation, such as building societies and a third group niche players. The niche players, he says, would remain vulnerable to the core organisations.

Retailers are set to get into the finance industry in a big way. Companies such as Bat and Marks and Spencer (which hold a banking licence) are already involving into finance sector.

"Thus conglomeration has come to straddle financial and non-financial companies".

Llewellyn claims that there are formidable management problems with the development of conglomerates. He is sceptical about conglomeration and suggests that evidence from other industries indicate that they are not efficient. This, he believes, would allow for a spectrum rather than a small number of homogeneous institutions.

Tynan Kervin agrees to the prediction made by Llewellyn and adds that higher services fees, however yields and cut in insurance protection await bank customers this decade. Tynan predicts major trends in the 1990s:

(1) Consumer confidence in banks will again be taken by a new round of bank failures.

(2) The nation will have larger but fewer banks. The larger banks will compare with Japanese banks to buy smaller institutions and expand their nationwide branch network.

(3) Bank products will be nationally advertised and packaged.

(4) Saving rates will be lower as banks push for profits.

(5) Bank fees will become a major factor in selecting a financial institution. Many consumers will realise that they are much better off choosing a bank on the basis of low service fees than high interest rates.

(6) As voluntary service plans become increasingly popular, the government will offer a tax deductible family account to further stimulate saving.

(7) Home ownership will become increasingly unattainable in the 1990s.

(8) The 33-55 group will become the favourite target of bank marketing programmes.

(9) Banks will use their voluminous data files to direct more personalised services and products to customers.

Addressing the building societies conference in 1978, Leigh Penberton, the then chairman of Natwest and now governor of the Bank of England drew attention to the differences between the banks and their principal rivals:-

Channels: The three types of channels available are:

Physical location;
Calling/relationship manager arrangements;
The use of information technology; and, or
a combination of the three.

B1:10 Branch Network

For organisation without an existence, critical means of physical locations, the prospect of creating such network, other than by acquisition will be prohibitively expensive. For banks with existing networks, the prospects of converting these into integrated outlets of multi-products, multi-skills, multi-market segment delivery and marketing channels is remote at this stage. The potential combination of universal banking, combined with effective channel usage, is a threatening prospect for other banks.

The relationship managers, provided that he or she had the skills and is properly researched can potentially be a powerful competitor in addition to banks with multi-locations. The arrangement satisfies a number of corporate needs, including proximity and accessibility.

The calling officer system, where people travel from a central location usually based in the city of the provinces, has ceased to be an effective means of generating corporate business, Ennew C and Watkins T et al [10].

B1:11 Technology

Computers in Britain have been very slow to buy into cash management systems. All the clearing banks are rapidly upgrading their information technology capability beyond the level of the basic cash management system. Customers operate terminals for both the corporate and retail markets and the other technology applications will be important competitive tools in the quest for new business.

Expert systems are being developed by some of the major banks as monitoring mechanisms, and with the objective of improving the quality of customer service and delivery.

The position of medium-sized banks in relation to information technology is difficult. They cannot afford to take the large banks in terms of cost and technology scope, but if they do not develop some response, their customer base will be seriously threatened and they may find that insurmountable barriers may have been erected against them on relation to new market segments. All banks should be actively involved in the search for, and development of information technology and expert systems suited to their particular market aspirations. In addition, it would be appropriate for medium-sized banks to begin dialogue with some larger banks on the question of technology linkages and sharing.

B1:12 New Entrants and New Products

At the top of the corporate market, the incidence of market entry by the large Japanese and continental european banks will increase. They will not overlook the possibility of extending their offensive to the middle markets. Certain types of banks will exist from the middle and upper ranges of the corporate market. These will be foreign owned commercial banks which do not have a branch network and have limited or no capacity in merchant or investment banking. Product substitution will arise from the continuing refinements of

existing products and technology applications, Wright M and Ennew C [10], Andrews S[1]

The United Kingdom clearers and to a lesser extent the large International banks, are major threats to middle-sized banks operating in the domestic market. They suffer, however, from weaknesses specific to themselves. Their sheer size almost precludes the implementation of effective strategy to increase market share either quickly or substantially.

In general banks seek to maintain an orderly and stable domestic industry, which means that dominance at another's expense is usually achieved over a fairly long time. In effect, the banks pursue a strategy to maintain their existing market share and add value to it. This will be parallel by a profit strategy based on cost reduction, better use of resources and rationalisation of their networks. This profit strategy will create internal discontinuities and perhaps considerable uncertainty with both customer and personnel.

Finally, Andrews [1] adds that the quest for corporate business will result in increased competition between existing banks and as a result of new entrants from the wider financial services industry, "up market" products will constantly be adopted to satisfy the needs of medium and smaller corporate. There will be a continuing squeeze on the profitability of simple products and on banks which chose to maintain out-dated and high cost networks.

References

1. Andrews S;Banks winning gambits for 1992, Jnl of Int.Investment,June 1989,pp41-42.

Secretary / LYNN YOUNG
Direct Line / 091 / 374 2218

Mr N Owusu-Frimpong
453 Mitcham Road
Croydon
Surrey
CR0 3AR

13 June 1990

The Managing Director
Ghana Commercial Bank
P.O Box 134
ACCRA

Dear Sir

I am a Post Graduate student at Durham University Business School, reading for a PhD Degree in Business studies - marketing of financial services.

The title of my research is to investigate how the marketing concept has been adopted by Ghanaian/U.K banks, with special emphasis on Ghana commercial banks. This involves a bi-cultural comparative evaluation of UK/Ghana banks.

It has occurred to me that you might be interested in the results of the study, hence this letter.

Meanwhile, I intend to visit Ghana in mid July/August this year to undertake the field study work, subject to availabilty of funds, as this research is self financed. Your assistance in this matter would be much appreciated.

I enclose herewith a copy of the research design and methodology and - objective.

I look forward to hearing from you in the near future.

Yours faithfully

N Owusu-Frimpong
(MBA, DMS, DipM, BA
MCIM.

Durham University
Business School /

GHANA COMMERCIAL BANK

LONDON OFFICE 64 CHEAPSIDE LONDON E C 2 P2BB
TOGO SUBSIDIARY. 14 RUE DU COMMERCE. LOME. TEL 55-91 2

Managing Director's Office
P. O. Box 134, Accra.

July 9, 1990.

Mr. N. Owusu-Frimpong
453 Mitham Road
Croydon
Surrey
CRO 3AR

Dear Sir,

Thank you for your letter dated 13 June, 1990.

We have no objection to receiving you in Accra and helping you to gather the necessary material for your PhD Degree in Business Studies.

Yours faithfully,

MANAGING DIRECTOR

TELEPHONE NUMBER: 64914-7 CABLE & TELEGRAMS: "COMMERBANK" TELEX: 2034

Director / BARRY WITCHER
Direct Line / **091 / 374 2249**
Secretary / LYNN YOUNG
Direct Line / **091 / 374 2218**

Mr Koranteng (Chief Manager)
GCB, London.

3rd May 1991

Dear Mr Koranteng,

Re: PhD in Bank Marketing with Special Emphasis on Ghana Commercial Bank

Further to our telephone coversation on 15/6/91 I am writing to inform you that I have reached the final stage of the field work regarding the abaove noted degree and have to conduct an Incompany Survey. This will entail observing your systems of operations for two days. Some senior manager may be interviewed. During the period, I would like to study the Bank's up to day bulletin/Journals. Information obtained will be treated in strict confidence and will be for the purpose of this study.

I should therefore be grateful if you would consider and grant me an opportuniy to complete this task between 14th - 16th of this month.

Yours sincerely,

Nana Owusu-Frimpong

Durham University
Business School

Research Programme
***Director** / BARRY WITCHER*
*Direct Line / **091 / 374 2249***
***Secretary** / LYNN YOUNG*
*Direct Line / **091 / 374 2218***

453 Mitcham Road
Croydon
Surrey, CR0 3HR

April 1991

Dear Sir/Madam,

May I ask you to spare some of your valuable time to tick the appropriate boxes in the questionnaire attached. This is an integral part of a study directed towards the application of the marketing concepts in U.K/Ghanaian banks.

Your response is of great importance and will be very much appreciated.

The information required is for academic and statistical purposes only. Your individual response will not be revealed in any form.

Many thanks for your time and efforts.

Yours sincerely,

Nana Owusu Frimpong
Postgraduate research student

Durham University
Business School /

Mill Hill Lane / Durham City / DH1 3LB / Telephone 091 374 2211 / Fax 091 374 3748 / Telex 537351 DURLIBG

For the purpose of this study, the marketing concept is defined as being a philosophy to which the organisation commit's itself, namely:

> *"The role of Marketing is to facilitate an organisation's ability to sell brands,images,concepts,productsorservices to itscurrent and potential customer base by understanding and meeting their needs".*

1. **In your institution, how is marketing activity organised, if at all ? (pease tick all that apply)**

(a) A centralised marketing department at Head Office ☐
(b) Marketing departments at regional levels ☐
(c) Each branch involved in its own marketing ☐
(d) Marketing activity combined with other functions ☐
(e) Other (please specify) ☐

2. **What is the title of the individual respnonsible for markiting ativitv in your bank? (Please tick the appropriate box)**

(a) Deputy/General Manager ☐
(b) Public relations/Advertising Manager ☐
(c) No formal title ☐
(d) Other title (please specify) ☐
(e) Not applicable ☐

3. Does the top mark,fting executive report to the Chief Executive Officer ? (please tick one box)

A. Yes B. No

C. If "No", please give title of the person to vhom he reports.

4. Is your top marketing executive a member of the following ? (please tick aU that apply)

	YES	NO
(a) Executive Committee	☐	☐
(b) New Senrice Planning Committee	☐	☐
(c) General Management Committee	☐	☐
(d) Other Committee(s) (please specify)	☐	☐
(e) Not applicable	☐	☐

Here are some statements that have been made about marketing in financial institutions. Please tick to show how strongly you agree or disagree with each one.

	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
5. Bank decisions, including marketing decisions, must be customer and profit oriented.	☐	☐	☐	☐	☐
6. Bank decisions, actions and non-actions are closely related to the growth and stability of society.	☐	☐	☐	☐	☐
7. Market research is used here to identify profitable market potential	☐	☐	☐	☐	☐
8. The implementation of the marketing concept is equally important for banks seUing services as for f rms selling products.	☐	☐	☐	☐	☐
9. Decisions made by the marketing department have an influence on decisions of all other departments	☐	☐	☐	☐	☐
10. Social responsibility should be part of the training of bank personnel	☐	☐	☐	☐	☐
11. The marketing concept has nowbeen adopted by most bankers	☐	☐	☐	☐	☐
12. All bank departments should not make any major decisionswithout consulting the marketing department	☐	☐	☐	☐	☐
13. Market research is used here to identify consumer needs and buying habits	☐	☐	☐	☐	☐

14. In which of the following areas has the adoption of the marketing concept made a significant contribution in your bank ? (please tick all that apply)

	YES	NO	UNCERTAIN
(a) Increasing Organisational Efficiency	☐	☐	☐
(b) Providing better planning and control	☐	☐	☐
(d) Providing better bank services	☐	☐	☐
(e) Improving the bank's competitive position	☐	☐	☐
(f) Other(s) (please specify)	☐	☐	☐

15. Please tick in the appropriate box(es) below :-

Through which channels are the following activities performed within your bank. Tick all that apply ⟶	Interdepartmental Staff	Marketing Committee	Headquarters Staff	Informal Relationships	Periodic Meetings	Special Committee	Line of Authority	Other(s) (specify)
a. Integration of marketing activities within your marketing department								
b. Co-ordination of marketing activities with activities of other departments								

16.

Who performs the following activities? Tick all that apply	Marketing Function	Chief Executive Officer	Not Performed	Other (please specify)
a. Recommending which new services to offer				
b. Deciding which services to eliminate				
c. Deciding whether or not to pretest different pricing strategies				
d. Collecting information on competitors prices				
e. Developing sales plans				
f. Allocating advertising bugets				
h. Deciding on services to be offered				
g Selecting potential location for new branches				
i. Studying customer needs and buying habits				
j. Forecasting economic and industrial growth				

MANY THANKS FOR YOUR KIND CO-OPERATION

Consumer Survey

1. Besides Ghana Commercial bank, which of the following banks presently serve you? (Please tick one or more of the following boxes)

- ☐ Barclays Bank
- ☐ Bank for Housing and Construction
- ☐ Social Security
- ☐ Co-operative Bank
- ☐ A Foriegn Bank
- ☐ None
- ☐ Other (Please Specify)

---

2. What type of account have you had with other banks, if any?

- ☐ Current Account
- ☐ Saving Account
- ☐ Foreign Currency
- ☐ Deposit Account
- ☐ Personal Loan
- ☐ Other Account (Please specify)

---

3. Ghana Commmercial Bank offers wide range of services. From tne list below, show services you are using at present:-

- ☐ Personal Account
- ☐ Personal Loan Account
- ☐ Insurance
- ☐ Letters of Credit
- ☐ Collection of Bills
- ☐ Investment Account
- ☐ Savings Account
- ☐ Domestic and International Transfers
- ☐ Foreign Currency Account

4. What do you look for when you open an account with a bank? (indicate four things you look by order of preference by putting a "4" next to the most portant and "3" next to the second most important and so on.

- Efficient Services
- Prompt Cashing Facilities
- Wide Range of Services
- High Rate of Profits
- Fairness
- Regular Statements
- Personal Services
- Community Mindedness
- Understanding

5. IF YOU HAD TO CHOOSE BETWEEN TWO BANKS WHAT WOULD INFLUENCE YOUR CHOICE? Rank three things in order of importance, putting "4" next to the most important and "2" to the second most important, and so on.

- Higher Rate of Return
- Free Services
- Wide Range of Services
- Other (please specify)
- Less Risky Investments
- Efficiency

---

6. HOW LONG HAVE YOU KNOWN ABOUT GHANA COMMERCIAL BANK?
(please indicate by. ticking one of the following boxes):-

☐ Less than one year ☐ 1 to 2 years ☐ 3 to 4 years ☐ over 4 years

7. The following is a list of factors pertainig GCB.

4 Extremely important
3 Very important
2 important
1 less important

Please place the number in the space that best descri be your impression of GCB for example:

courteous employees		discourteous employees
large	easy to borrow from	
efficient services	Friendly	community minded
convenient location		
slow services	difficult to get loans	profit minded

8. Why did you choose to bank with Ghana Commercial Bank (please rank four reasons by order of priority by putting "4" next to the extremely important reason, a '3' to the second most important and so on):-

Higher rate of profits courteous employees

efficient /community mindedness

wide range of services other reasons(specify below):

_____

9. Are you now satisfied with the services and performance of Ghana Commercial Bank. (please tick one box below):-

☐ Yes ☐ No

10. If you answered "No" to the above question, please indicate the most import,ant dissatisfaction you have with the bank

☐ slow counter services	☐ discourteous employees
☐ errors in accounts	☐ inconvenient location
☐ low rate of return needed	☐ services not available
☐ high service charges	☐ other reasons (specify below)

_____

11. Please tick in your preferred length of time for investments

☐ six months	☐ one year
☐ two years	☐ three years
☐ five years	

12. What do you like most about Ghana Commercial Bank, (please state below):

_____

13. What do you dislike most about Ghana Commercial Bank? (please state below):-

_____

14. How did you first hear about Ghana Commericial Bank?
(Please tick)

☐ TV
☐ Press
☐ Conference
☐ Neighbours
☐ Radio
☐ Brouchures
☐ Friend/relatives
☐ Other (please specify below)

_____

15. Through which media do you belive you are best informed about services?
(Please tick)

☐ TV
☐ Press
☐ Conference
☐ Neighbours
☐ Radio
☐ Brouchures
☐ Friend/relatives
☐ Other (please specify below)

_____

16. What is your occupation/Employment? (Please state below)

_____

17. How long have you been at your present employment?
(Please tick one of the following boxes)

Less than one yesr ☐
1 to 2 years ☐
3 to 5 years ☐
more than 5 years ☐

18. Please indicate below your age group:-
(Please tick one box)

☐ 18 to 29 years
☐ 30 to 39 years
☐ 40 to 49 years
☐ 50

- Assets and Liabilities of Secondary Banks (1)

End of Period

(Million Cedis)

	1985	1986	1987	1988	1989*					
					Mar	Jun	Sep	Oct	Nov	Dec
ASSETS										
Cash on Hand - Ghana Currency	661	1,107	2,862	3,419	1,749	1,349	1,855	2,253	2,800	2,995
Cash on Hand - Foreign Currency	2	137	460	551	814	96	256	220	256	281
Balances with Bank of Ghana	2,524	2,807	6,011	9,307	10,646	14,215	7,836	14,484	12,135	15,031
Balances Due by Other Banks	2,129	4,264	10,451	12,532	20,394	18,137	18,775	20,141	19,247	20,209
Treasury Bills - Ghana Gov't	677	1,419	2,314	718	2,159	1,780	3,622	1,123	540	530
Treasury Bills - Foreign	-	-	11	14	267	283	17	17	18	18
Commercial Bills	327	887	600	3,187	4,008	4,831	4,910	7,218	8,546	10,705
Loans & Advances	9,833	18,303	27,195	32,445	31,053	31,762	31,379	30,201	26,508	22,157
Investment in										
(i) Securities	2,589	3,480	2,654	2,993	2,188	3,230	3,335	3,488	2,962	2,821
(ii) Enterprises	198	432	1,237	633	1,021	562	577	577	578	577
Other Assets	5,602	12,416	23,017	24,923	26,014	18,652	38,828	22,245	23,981	21,895
Total Assets	24,544	45,252	76,813	90,722	100,313	94,897	111,390	101,967	97,571	97,219
LIABILITIES										
Paid-UP Capital & Reserves	1,216	2,381	3,012	5,989	5,993	(2,407)	(2,814)	(4,192)	(12,126)	(16,776)
Balances Due to Other Banks	519	907	761	1,340	1,570	1,149	2,568	1,566	1,632	962
Borrowings from Government	-	-	-	-	1,953	1,957	2,044	2,039	2,167	2,209
Borrowings from Local Banks	3,116	3,472	3,468	3,827	2,325	3,370	3,413	4,527	3,409	4,146
Borrowings from Foreign Banks	2,352	4,621	12,348	8,873	7,803	8,653	8,698	8,264	11,357	9,387
Deposits of Other Banks	-	-	-	628	2,266	3,370	1,840	1,795	1,910	898
Demand Deposits	7,642	13,874	17,354	23,662	30,876	35,149	34,882	40,176	40,205	49,184
Savings Deposits	1,938	3,186	4,666	7,848	7,972	8,158	8,115	8,551	9,571	10,143
Time Deposits	1,332	2,984	9,354	8,292	6,994	8,299	8,551	8,512	7,288	9,425
Other Liabilities	6,430	13,827	25,850	30,263	32,561	27,199	44,973	30,729	32,158	27,841
Total Liabilities	24,544	45,252	76,813	90,722	100,313	94,897	111,390	101,967	97,571	97,219

(1) The Banks Included Are: 1/ Agricultural Development Bank, National Investment Bank, 2/ Bank for Housing and Construction, 3/ National Savings and Credit Bank, Bank of Credit and Commerce, 4/ Merchant Bank (Ghana) Ltd. and 5/ Social Security Bank.

* Revised

(Contd) - Assets and Liabilities of Commercial Banks

(Millions Cedis)

	1990								1991		
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
ASSETS											
Cash on Hand	5,377	4,761	5,326	4,534	4,747	5,397	5,190	5,530	6,256	5,940	4,276
Balances with Bank of Ghana	22,235	19,917	26,118	15,838	20,096	18,799	17,535	19,836	22,823	18,154	16,491
Foreign Currency	460	771	904	1,821	1,647	2,005	2,580	2,533	2,124	1,471	1,307
Balances Due by Other Banks	72,448	57,727	60,678	74,984	53,864	51,958	57,469	65,749	66,685	58,749	64,394
Treasury Bills	9,071	9,172	9,943	8,541	9,064	8,855	10,050	9,916	12,607	13,898	15,122
Commercial Bills	37,969	35,089	39,614	39,615	33,764	45,853	45,910	46,892	50,454	53,556	57,461
Loans & Advances (2)	27,270	24,211	22,426	23,443	25,969	30,758	29,428	26,297	27,191	26,184	26,499
Investments in											
(a) Govt Securities	3,402	2,892	10,002	9,916	10,091	10,105	10,088	21,524	21,515	21,524	21,540
(b) Enterprises	918	918	918	918	918	918	918	918	918	918	918
Other Assets	20,366	27,641	21,242	19,550	31,445	34,994	36,099	33,584	36,306	38,239	38,267
Total Assets	199,516	183,159	197,171	199,160	191,805	215,642	215,267	236,779	246,079	238,633	246,275
of which Foreign Assets	61,160	64,980	70,205	69,631	79,076	80,092	80,790	84,847	89,000	88,997	87,667
LIABILITIES											
Paid-up Capital & Reserves	22,108	23,949	25,279	25,490	25,596	27,878	28,165	30,888	31,981	31,114	32,012
Balances Due to Other Banks	14,665	17,003	17,207	16,236	17,256	17,071	17,914	18,297	18,162	18,429	18,966
Borrowings From Local Banks (1)	600	250	400	-	861	250	-	-	-	-	100
Deposits of Other Banks	1,294	1,319	1,295	1,294	1,374	1,367	1,291	1,317	1,324	1,296	1,305
Demand Deposits	67,340	66,466	68,214	59,139	58,745	64,562	65,574	71,150	74,051	70,398	68,902
Savings Deposits	35,596	37,147	37,485	37,790	38,702	38,829	39,713	41,624	43,459	44,945	46,147
Time Deposits	2,039	2,859	3,034	3,681	3,667	5,228	5,750	5,787	5,921	6,017	6,238
Other Liabilities	55,074	34,166	44,197	55,530	45,604	60,457	56,860	67,516	71,181	66,434	72,605
Total Liabilities	199,516	183,159	197,171	199,160	191,805	215,642	215,267	236,779	246,079	238,633	246,275
Of Which Foreign Liabilities	24,047	25,431	25,660	24,881	26,077	29,536	29,129	32,784	35,513	31,134	31,426

(1) Includes Borrowing From The Central Bank
(2) From January 1989, The Outstanding Loans and Advances are Net of "Provisions for Bad Debts".

Note: The figures in this table relate to the three principal commercial banks.

UNIV DUNELM