

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

KUMASI

COLLEGE OF ART AND SOCIAL SCIENCES

SCHOOL OF BUSINESS

“EVALUATING THE CUSTOMER RETENTION STRATEGIES OF BARCLAYS

BANK, PREMPEH II STREET, KUMASI.”

by

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DECLARATION

I hereby declare that this submission is my own work towards the MBA and that, to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

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DEDICATION

I dedicate this work to the Almighty God who gave me wisdom, strength, and all the resources I needed to accomplish this programme. Glory, honour, praises and thanks be to his name. Amen and Amen.



ABSTRACT

Customer Retention involves developing long-term, cost-effective links with customers for the mutual benefit of both parties (Lovelock and Wirtz, 2004). The stability of the Ghanaian economy in the past decade has resulted in the entry of a lot of banks into Ghana. This has caused intense competition in the banking industry as a result of which customers keep on switching from one bank to the other in search of excellent services. This study therefore sought to delve into the customer retention strategies being used by Barclays Bank Prempeh II street (BBP II) to keep its customers and to make recommendations towards their (retention strategies) improvement. Interviews and questionnaire using simple random sampling were used to ascertain the views of customers and staff on the operations of BBP II. The research discovered that BBP II has been using customer retention strategies like picking office phones promptly, visiting customers at their work places, calling customers by their names and so forth. These policies have won the hearts of many of its customers as majority of those sampled indicated that they will recommend the bank to others. In spite of the favourable statistics above, many of the customers had problems with regard to the operations of the bank. Among them are; poor staff attitude, lack of frequent interaction with customers, turnaround time, to mention but a few. The management of BBP II should therefore try to improve upon its operations by organizing periodic courses for its staff to sensitize them on the need to treat their customers with care and respect, and also interact with customers on a more frequent bases to understand their needs and complaints so as to address them promptly before they get out of hand. When these measures are taken by the management of BBP II, they are likely to satisfy many of their customers and hence prevent them from defecting.

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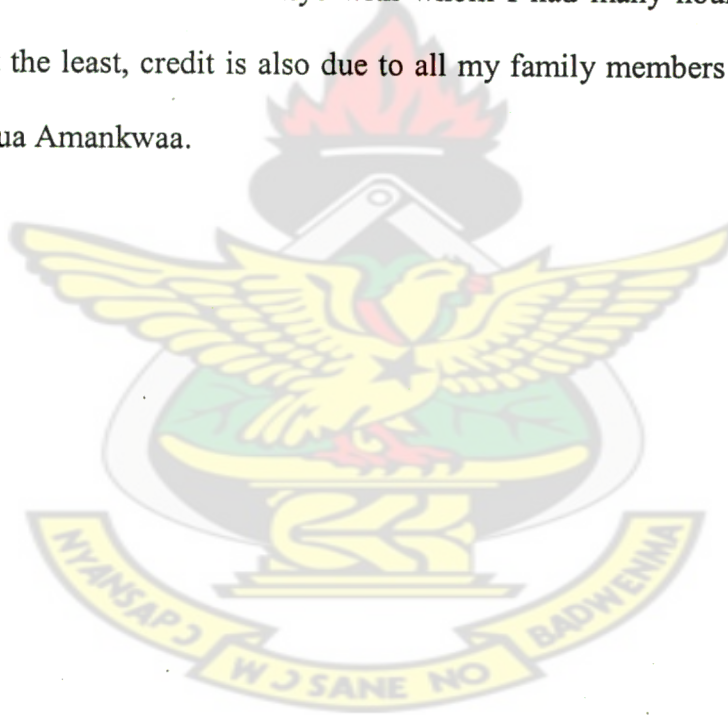


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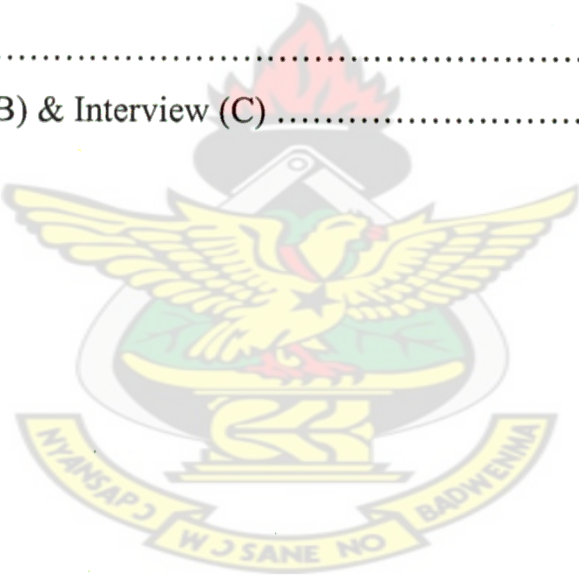
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LIST OF ABBREVIATIONS

BBP II:	Barclays Bank Prempeh II Street
BBG:	Barclays Bank of Ghana
CEO:	Chief Executive Officer
SMEs:	Small and Medium Scale Enterprises
ATM:	Automated Teller Machine
CIMG:	Chartered Institute of Marketing Ghana
CRS:	Customer Retention Strategy
SCB:	Standard Chartered Bank
GCB:	Ghana Commercial Bank
MAB:	Metropolitan and Allied Bank
VIP:	Very Important Persons
SPSS:	Statistical Package for the Social Sciences
KBE:	Knight of British Empire
PLC:	Public Limited Company

CHAPTER ONE

BACKGROUND OF THE STUDY

1.0 Introduction

Customer Retention Strategy (CRS) has been a sales and marketing principle for quite a long time and has attracted the attention of practitioners and scholars. More and more companies are adopting customer centric strategies, programmes, tools and technology for efficient and effective Customer Management. They are realising the need for in-depth and integrated customer knowledge in order to build close co-operative and partnering relationships with customers (Parvatiyar and Sheth, 2000).

The ever-increasing importance of banking institutions to the economies of most countries has encouraged marketers, researchers and management scholars to devote more teaching and research attention to this sector. Presently, the banking industry and services have become a vital area for the economic development of both industrialized and developing countries (Parvatiyar and Sheth, 2000). According to Lee (2001), as markets become more competitive, firms are more likely to attempt to maintain their market share by focusing on retaining customers. Obviously, when the competition and the cost of attracting new customers increase, companies increasingly concentrate their strategic efforts on customer retention; therefore maintaining customer long-term relationships becomes an important mission for businesses. Maintaining long-term links with customers is of utmost importance to the success of a company in competitive markets such as banking. Customer retention has been seen as an easier and reliable source of performance, competitive edge and a success factor for surviving in the

competitive market of banking. Banking organizations initiate a lot of activities and strategies to enhance customer retention. Customer retention is of crucial importance to the banking industry because many of them lose a lot of customers annually and incur substantial customer acquisition expenditures. Therefore, it is important for banks to develop well-structured programmes to improve customer retention (Lee, 2001). Today's business environment is characterized by hyper-competition and aggressiveness, so companies must strive to survive and be profitable. This calls for good customer-care and customer oriented thinking by strategic, tactical and operational management as well as front-line people who meet, serve, contact and satisfy customers.

Lovelock and Wirtz (2004) have said that targeting, acquiring and retaining the "right" customers is at the core of many successful service firms. They go on to say that, more and more firms are trying to decide which types of customers they can sell well rather than trying to be all things to all people. Once a firm has won customers it sees as desirable, the challenge shifts to building relationships and turning them into loyal customers who will generate a growing revenue stream for the firm in the future.

Kotler and Keller (2006), indicated that, customers are becoming harder to please. They are smarter, more price conscious, more demanding, less forgiving, and they are approached by many more competitors with equal or better offers. The challenge therefore, is not necessarily to produce satisfied customers; several competitors can do this. The challenge is to produce delighted and loyal customers.

They add further that companies seeking to expand profits and sales have to spend considerable time and resources searching for new customers. Companies develop advertisements and place them in the media that will reach new prospects, they send direct mail and make phone calls to possible new prospects; their sales people participate in trade shows where they might find new leads. But to them, it is not enough to attract new customers; the companies must keep them so as to increase their business. Too many companies suffer from high customer defection. They liken it to adding water to a leaking bucket. For instance, many banking institutions in Ghana are plagued with the problem where many of their valued customers switch to other banks. The main cause of this is that much marketing theory and practice focuses on the art of attracting new customers, rather than on retaining and cultivating existing ones. Traditionally, the emphasis has been on making sales rather than building relationships; on pre-selling and selling rather than after sales or caring for the customer afterward (Kotler and Keller, 2006).

1.1 Problem Statement

Due to the proliferation of banks in the Ghanaian economy in recent times, competition amongst banks has become intense. As a consequence of this, customers keep on switching from one bank to the other and this affects their operations and hence the profit levels of these financial institutions. A basic thing that makes customers switch is quality of service. Today, customer service in most banks in the country is a major source of anguish to most clients. Service delivery such as cash withdrawal, balance enquiry, accounts opening and so forth in most banks now appears to be a curse than its intended blessing to their clients. Some customers spend more than two days to merely

cash a cheque. There is no denying the fact that service quality improvements in any field of an industry's life can lead to increased revenues and decreased cost. In view of this, the research is aimed at examining the strategies and practices that the bank can use to improve its services to its customers so that it can retain them. Retention is important because the competition in today's banking environment is fierce, and companies seeking to expand their profits and sales have to spend considerable time and resources not just in search of new customers but also to keep them. Organizations like Barclays Bank Prempeh II street (BBP II) must note however that it is not enough to retain its customers, it must take steps to ensure that they (customers) increase the amount of business they do with the bank so they can increase their profit levels. Again, the research seeks to find the causes of customer defection, the benefits of customer retention and how customer defection can be reduced.

1.2 Objectives

1. To examine the customer retention strategies and practices being used by Barclays Bank Prempeh II, Street Kumasi.
2. To investigate the causes of customer defection at Barclays Bank Prempeh II.
3. To find out the benefits that Barclays Bank Prempeh II street can derive from customer retention.
4. To find out how Barclays Bank Prempeh II street can reduce customer defection.
5. Make recommendations as to how Barclays Bank, Prempeh II Street, Kumasi, can retain its high valued customers.

1.3 Research Questions

The following research questions were posed to guide the researcher:

- 1) What customer retention strategies and practices are being used by Barclays Bank Prempeh II street?
- 2) What are the causes of customer defection at Barclays Bank Prempeh II street?
- 3) What benefits can Barclays Bank Prempeh II street derive from customer retention?
- 4) How can Barclays Bank Prempeh II street reduce customer defection?
- 5) How can Barclays Bank, Prempeh II Street, Kumasi, retain its high-value customers?

1.4 Relevance of the Study

A company's most vital asset is the customer. In line with this, there is a commonly shared axiom or belief that when you "satisfy your customer, he or she would not only help grow your company by continuing to do business with you. Indeed, he/she would also recommend you to friends, family members, work colleagues and the public". A testimony by a satisfied customer is more powerful than any advert a company can pay for, therefore for a company to progress, it must do everything in its power to satisfy its customers so that they do not just stay with it but also inform friends and acquaintances about the organization and its services hence the need for customer retention. As loyal customers remain with their banks as a result of the privileges of good service, they would accordingly spend more of their funds with such banks. Therefore, the more the banks retain the customer, the better it would attract lower administrative costs by making it more profitable.

The purpose of this study therefore, was to help Barclays Bank, Prempeh II Street Kumasi, improve its services to its loyal customers so as to be able to retain them. The study sought to draw the attention of management to some problems being experienced

by customers, such as; complicated procedures and forms filling, long queuing time, lack of attention and indecent treatment of customers. Apart from Barclays Bank, researchers, students, academics, and players in the financial services industry will find this work very useful.

1.5 Scope of the Study

The scope of the study was to examine the retention strategies of the Barclays Bank Prempeh II Street, Kumasi from its inception to date. That is, the challenges they have been facing, how they have managed them and what can be done to retain its customers now and in the future.

1.6 Methodology

The research strategy adopted for the study was case study. Both primary and secondary data were used. The simple random sampling method was used so that all the customers and staff present during the period of administration of the questionnaire had an equal chance of being sampled.

1.7 Limitations of the Study

A major limitation of this study was the short period of one year within which it must be completed. But for this problem, about five branches of Barclays Bank in the Kumasi Metropolis would have been studied to find out how they are managing their customer retention strategies. But this limitation did not affect the quality of the work, since Barclays Bank Prempeh II Street is the Ashanti Regional headquarters of the Bank and most of the operations are carried out there.

Also, getting the chance to interview the Manager at the Standard banking unit was a problem because of his tight schedule. This affected the smooth flow of the interview and caused me to spend a lot of time on the interview. However, this did not affect the quality of the work as eventually, I got the information I needed. Besides, many of the respondents, both staff and customers, failed to return the completed questionnaire on time as a result I had to make a lot of follow-ups and telephone calls before they submitted the completed questionnaire.

1.8 Organisation of the Study

This study consists of five chapters. The first chapter consists of the background, statement of the problem, objectives of the study and relevance of the study. Chapter 2 reviews the relevant literature of the study. This comprises relevant information on the area of the study, that is, studies by other authors on the methods organizations can use to retain customers and prevent them from defecting. Chapter three presents the company profile and methodology. Chapter four comprises data gathered from the field and analysis of the data. Chapter five which is the final chapter consists of summary of findings, recommendations, suggestions and conclusion.

CHAPTER TWO:

LITERATURE REVIEW

2.0 Introduction

This chapter seeks to delve into the theory of customer retention. That is, to discuss the views, opinions and ideas expressed by marketing scholars and practitioners with regard to customer retention. The chapter specifically discusses customer retention strategies available to firms and the strategies being used by firms in practice. Besides, the causes of customer defection, the benefits of customer retention to firms and how firms can reduce customer defection have been dealt with.

Oliver (1997) defines customer loyalty and retention as:....a deeply held commitment to re- buy or re- patronise a preferred product or service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour.” Again, the focus of customer retention is maintaining the business relationship established between a supplier (service provider) and a customer.

Customers of today are becoming increasingly sophisticated. They have become smarter, more demanding, more price conscious, less forgiving, and are approached by many more competitors with equal or better products and services. The entry of Stanbic Bank, United Bank for Africa (U.B.A), Zenith Bank, Intercontinental Bank and many others into the Ghanaian economy attests to this fact. The challenge of many companies in Ghana, especially the banking institutions, is to maintain long-term relationships with their clients in such a way that the customers are retained not just on the basis of

products or services alone but on good relationship with the organization. A majority of companies are aware that it costs more to attract new customers than to retain them and that repeated purchases from old customers is more profitable. In view of this, customer retention has become a major policy focus of most organizations, especially those providing services like the banks (Hinson, 2006).

In today's fiercely competitive market environment, companies seeking to expand their profits and sales have to spend considerable time and resources searching for new customers. However, it is not enough to be skilful in attracting new customers: the companies must retain them and increase purchases from these customers (Hinson, 2006).

2.1 Customer Retention

Competition in the banking industry presently has become very intensive. The focus of competition is beginning to shift from customer acquisition to customer retention. The pressure to minimize customer churn (high customer defection) coupled with the cost of new customer acquisition have compelled banking institutions to take a serious look at their customer retention strategies. Over the years, the main theme of retention research has focused on willingness of customers to enter and stay in a relationship with the provider of a product or service based on their satisfaction (Enew and Binks, 1996; Jones, et al., 2002; Anderson and Mittal, 2000; Bowman and Narayandas, 2001). Retention has become the number one strategic goal in today's competitive business environment (Oliver, 1999). Acquiring new customers is both costly and difficult, hence, it is becoming an industry-wide belief that the best core marketing strategy for the future

is to try and retain existing customers by heightening customer loyalty and Customer value (Kim et al, 2004).

Sustained business relationships result in massive savings in costs, for example, costs of advertising to entice new customers; costs of personal selling to new prospects; costs of setting up new accounts; costs of explaining business procedures to new clients; cost of inefficient dealing during the customers' learning process and so forth (Reichheld, 1993). Retention of customers, therefore, has a two-way advantage stream for a business – revenues increase through higher off takes and costs decline through a variety of savings. Thus, customer retention becomes an important source of long-term business success (Rust and Zahorik, 1993).

Enterprises measure customer satisfaction, and hope that if the satisfaction scores are good, the customers will stay with the firm. But even satisfied customers are lured away by a competitors' offer (Curasi, 2002; Reinartz and Kumar, 2000; Jones and Sasser, 1995). The ability to make customers loyal to a specific company and repeatedly purchase from this company, also known as customer retention, is a matter of growing importance. Kotler (2000) said that one major reason for this is the fact that it is five times more costly to attract new customers, than to keep the current. A critical issue for the continued success of a firm is its capability to retain its current customers and make them loyal to its brands (Dekimpe and Steenkamp, 1997). Loyal customers build businesses by buying more, paying premium prices and providing new referrals through positive word-of-mouth over time (Ganesh et al, 2000). Knowing and understanding that some customers have left the company is really important. The more customers leave,

the greater the loss of revenue. It is difficult to encourage customers to stay especially in highly competitive markets, but it must be done based on the assumption that, keeping an existing customer is far more effective than acquiring a new one. Both parties in the customer / firm relationship can benefit from customer retention. That is, it is not only in the best interest of the organization to build and maintain a loyal customer base, but customers themselves benefit from long-term associations (Zeithaml et al, 2000).

The benefits of customer retention for a company can be found in profits derived from sales, lower operating costs and customer's referrals to the company. Profits from sales are partly generated by repeated sales. Moreover, the customers are willing to pay more for the firm's offering due to the fact that the customer has become accustomed to the firm, its employees and the manner in which the service is delivered. Studies have shown that by increasing customer retention rate by 5%, profits could increase up to 85%. Profits from reduced operating costs come from the fact that when a relationship between a customer and a supplier becomes closer, the customer becomes more receptive to the firm's marketing efforts and therefore it becomes easier to sell new services. Besides, as the customer becomes used to the firm, its employees and the manner in which services are delivered, the customer asks fewer questions and has fewer problems. This reduces the firm's operating costs. The profit that comes from referrals is due to the positive word-of-mouth advertising generated by satisfied customers. The satisfied customer often refers business to friends and family, which in turn reinforce their decisions (Hoffman et al, 1997; Zeithaml et al, 1996).

According to Zinelden (2000), retention is “a commitment to continue to do business or exchange with a particular company on an ongoing basis” Hinson (2006), has also defined it as “a commitment decision on the part of a customer or client to continue to do business with a particular supplier or firm, irrespective of attractive appeals from similar competitive suppliers or firms. Therefore, unless a customer is delighted, he or she is likely to defect or unfavourably alter their pattern of purchases.”

2.2 Customer Retention Management

According to Hinson (2006), there are three main perspectives from which theoretical positions on customer retention management has emerged.

- Services marketing;
- Industrial marketing; and
- General management

The major customer retention thesis from a services marketing perspective is that for service firms such as banks, the way to retain customers is to improve customer service delight and satisfaction (Zeithaml and Bitner, 1996; Ennew and Binks, 1996), found that retention or defection of service clients is highly influenced by service quality in terms of functional and emotional customer relationships.

From an industrial marketing perspective, the way to retain customers is to forge multilevel bonds comprising financial, social and structural bonds. Turnbull and Wilson (1989), have indicated that, social bonds refer to positive interpersonal relationships between the buyer and the seller, while structural bonds refer to relationships that are

built on investments which cannot be retrieved when the relationship ends. This may be due to the complexity of the relationship and the cost of changing to another supplier. Structural bonds are advantageous to the supplier in that they are saved the cost of retraining or making a new investment with a new supplier.

From a general management perspective, Desouza (1992) advocates customer retention through the measurement and the implementation of measures that prevent customers from defecting. This can be done by learning from former customers, analyzing complaints and service data and identifying and raising barriers to customers' switching.

Rosenberg and Czepiel (1984) advocate an analysis of the firm's customers with the view to creating a specified balance which may include the first time buyers, repeat buyers, switched buyers, return buyers, and last time buyers and reorganizing the firm for customer retention.

Erikson and Iofmarck Vaghult (2000), argue that customer retention is central to the development of business relationships and that these relationships depend on satisfaction. Knox (1998), argues that to build relationships, African service companies should strive for customer development. Retention is a significant part of customer development, since retained customers spend more with the company than with competitors thereby supporting profitable growth.

2.3 Customer Retention in the Banking Industry

Retaining customers is good for a firm's economic health. The competitiveness in the banking industry has increased significantly in recent years due to deregulation and globalization. Since the products and services offered by banks can often be easily duplicated, banks are not only competing with each other but also with non-bank financial institutions (Hull, 2002). When banks provide nearly identical services, they can only distinguish themselves on the basis of price and quality. Hence, it is essential for bank management to work to the utmost of their ability to retain as many customers as possible in order to remain viable.

From a cost perspective, retaining an existing bank customer costs less than creating a new one. The cost of creating a new customer has been estimated to be five times more than that of retaining an existing customer (Reichheld, 1996). Banks seek to achieve a zero defection rate of profitable customers, to minimize the customer churn; the acquisition and subsequent loss of customers (Farquhar, 2004). In addition, longer-term customers buy more and, if satisfied, may generate positive word-of-mouth promotion for the banks (Reichheld and Kenny, 1990). Furthermore, long-term customers also take less of the bank's time and are less sensitive to price (Healy, 1999). As a consequence, retaining customers becomes a priority and there are compelling arguments for bank managers to more carefully consider the factors that might increase customers' retention rates.

Previous researchers have also shown that longevity does not automatically lead to profitability (Colgate et al., 1996). A bank cannot claim to have loyal clients, unless

customers express their future commitment to use the bank's services. In addition, loyal clients will also show their resistance to competitors' enticements and be willing to give their current bank both solicited and unsolicited referrals.

Previous studies have identified the benefits that customer retention delivers to an organization (Colgate et al; 1996; Reichheld and Sasser, 1990). For example, the longer a customer stays with an organization the more utility the customers generate. This utility is an outcome of a number of factors relating to the time the customer spends with the organization, including the higher initial cost of introducing and attracting a new customer; an increase in the value of purchases; an increase in the number of purchases; the customer's better understanding of the organization and positive word-of-mouth promotion.

Apart from the benefits that longevity of customers creates, researches also suggest that the costs of customer retention activities are less than the cost of acquiring new customers.

Maintaining high levels of satisfaction does not ensure all customers remain loyal. Banks lose some satisfied customers who have moved, retired, or no longer need certain services. Beckett et al., (2000) draw tentative conclusion as to why consumers appear to remain loyal to the same financial provider, even though, in many instances, they hold less favourable views towards their service providers. For example, consumers appear to perceive little differentiation between financial providers. They may be motivated by convenience or inertia.

Finally, many consumers associate high switching costs in terms of the potential sacrifice and effort involved with changing banks. Stum and Thiry (1991) argue that retained customers do demonstrate immunity to competitive pull. This is supported by Strandvik and Liljander (1994) in an exploratory study of customer relationship strength in retail banking in Finland. They found that if bank customer relations were strong and that customers did not pay attention to competitors' advertising or make comparisons to other banks. These findings are similar to Christopher et al.'s (1991) study that suggested prospective customers become actual customers and move along the "ladder of customer loyalty" to become clients, then supporters and, finally, advocates.

Customer satisfaction has for many years been a key determinant in explaining why customers leave or stay with an organization. Every organization needs to know how to retain their customers, even if they appear to be satisfied. Reichheld (1996) suggests that some unsatisfied customers may choose not to defect, because they do not expect to receive better service elsewhere and that some satisfied customers may look for other providers if they believe they can get better services elsewhere. Customer satisfaction is viewed as an important indicator of customer retention but customer satisfaction is not always an assurance of customer retention. Retaining customers is also dependent on a number of other factors such as choices, conveniences, prices, and incomes (Jones and Sasser, 1995).

Customer retention is thought to improve profitability, principally by reducing costs incurred in acquiring new customers, the prime objective being "Zero defections of

profitable customers” (Reichheld, 1996). There is, however, a distinction between customers who are retained and those who are loyal. The inertia prevalent within the industry of financial services implies that customers who may be retained are not necessarily loyal. True loyal customers are usually portrayed as being less price-sensitive and more inclined to increase the number and or frequency of purchases. They may become advocates of the organization concerned and either directly or indirectly influence the decision making of their peers or family.

The links between customer loyalty and organizational profitability have also been demonstrated, suggesting that an organization with loyal customers enjoys considerable competitive advantage (Reichheld, 1996). Loyal customers have a positive effect on customer retention but customer’s loyalty is not customer retention. Loyalty is only a valid concept in situations where customers have options to choose from. The main issue is that retention should not be taken as a substitute for loyalty and this suggests that banks need to understand why their customers choose to stay and should not assume that it is a positive conscious choice (Colgate et al., 1996).

Similarly, repurchase alone is not an indicator of loyalty. In financial services, continued customer support, which might even include extending the range of purchases, can often be an indication of inertia. Behavioural patterns form only one component of loyalty and if the customer does not demonstrate a favourable attitude towards a brand or company, there is an increased chance of switching. Customers may be lured away by attractive offers made by competitors when they experience dissatisfying incidents (Jones and Farquhar, 2003).

Clearly, there are compelling arguments for bank management to carefully consider the range of factors that increase customer retention rates. To date, there is a wealth of research advocating the importance of customer retention in the banking industry (Fisher, 2001; Marple and Zimmerman, 1999).

2.4 Customer retention strategies and practices available to a firm

Customer retention strategies theoretically rest on the notion that loyal employees and loyal investors are likely able to build an inventory of loyal customers and that customers will only stay if they had a good value proposition. The emphasis is on maintaining a good team of not only loyal customers, but also employees and investors that share the same vision of long-term relationships (Reichheld, 1996). Success in retaining customers, according to a Reichheld (1996), is attributed to a combination of strategies being pursued. Some of them have been discussed below:

2.4.1 Looking for loyalty in the right places with a focus of getting the right customers:

This has to do with not just looking for lots of customers but rather those with shared characteristics (affinity groups) so the company will be able to single out profitable individuals. These strategies call for a proper segmentation to uncover groups and sub-groups with similar or homogeneous characteristics which will form the basis of the company's marketing and communication campaigns. For example, companies like MTN, Barclays Bank or Guinness Ghana Breweries Limited might sponsor youth or students programmes with the view to enticing them with their products and services and retaining them (Hinson, 2006).

2.4.2 Changing channels of distribution:

A company may vary its channels of distribution to suit changing economic and business trends to be able to maintain its competitive edge. An example is the Automated Teller Machine (A.T.M) that helps customers access banking services like withdrawals, checking of balances and many others 24 hours a day. Again, recently the bank of Ghana has introduced e-Zwich system that will save customers the trouble of having to carry fiscal cash with them with its attendant security risks (Hinson, 2006).

2.4.3 Minimizing adverse selection of customers through creative filtering:

An example is African banks that are noted for promoting packages that are directed towards specific income levels. For example, Barclays Bank has departments like Standard banking, Prestige banking and Premier banking (Hinson, 2006).

2.4.4 Relationship Pricing

This encompasses giving preferential rates, competitive rates and even waivers for key customers of a business to maintain and grow the relationship. This strategy is typically used in the banking sector of several African countries. The bank's high net worth individual customers and corporate customers enjoy preferential pricing on loans, bank drafts and bank cheques issued (Hinson, 2006).

2.4.5 Priority Customer Handling:

This normally involves giving key customers of the firm fast, reliable and enhanced services over and above the normal average customer. This is true of many banks in Ghana who use this strategy to win high net worth individuals and corporate clients like Mobil, Nestle, Coca Cola, M.T.N; Shell and the like. Attempts to provide personalized business solutions has led to Excel banking for Standard Chartered Bank (SCB)

customers, ROYAL Banking for Ghana Commercial Bank (G.C.B) customers, PRESTIGE banking for Barclays Bank of Ghana (BBG) customers, PRIORITY banking for SG-SSB customers and PRIVATE banking for Metropolitan and Allied bank (MAB) customers. Most of the banks through these services enable their customers to enjoy extended banking hours up to 5:00pm. Again, statement and cheque book requests can be done by customers in the comfort of their homes and offices (Hinson, 2006).

2.4.6 Rewarding the sales force for retaining customers and not just winning new customers:

For example, some banks like Ecobank reward their employees at the relationship department for retaining the existing customers apart from winning new ones at their award ceremonies. Employees who are thus rewarded become highly motivated to always strive to work to the utmost of their ability to retain the bank's customers (Hinson, 2006).

2.4.7 Loyalty Cards:

These reward loyal customers of a service with gifts or discounts for certain items purchased. For example, when customers are given such loyalty cards, it enables them to shop to the tune of specific sums set by the company concerned (Hinson, 2006).

2.4.8 Promotions:

These are communication tools aimed at bringing a company's products or services to the favourable attention of customers. Various elements like sales promotions, publicity, personal selling, public relations and advertising, among others are used to retain the customer. Again, this is becoming an interesting feature of many banks in Ghana. From

the foregoing, it could be deduced that firms practise a myriad of retention strategies that could help a bank to improve its fortunes (Hinson, 2006).

2.5 Causes of customer defection

This section of the literature will discuss the causes of customer defection or customer decay in an organization. That is, what cause customers to leave the organization with which they are doing business. The opposite of retention is defection. If customers will not defect, then there is absolutely no need for any company to worry itself about retention. This therefore implies that companies wanting to make progress in business must pay particular attention to customers who defect. This section of the literature review will therefore discuss the causes of customer defection.

2.5.1 Customer defection or customer decay

Research has shown that the average business loses between 10 and 30 percent of its customers each year; but they often don't know which customers they have lost, when they were lost, why they were lost, or how much sales revenue and profit this customer defection has cost them.

According to Hill and Alexander (2006), far from worrying about customers they are losing, most companies have traditionally placed more emphasis on winning new customers. Companies can become like a bucket with a hole in the bottom: their customers drain away but the company managers, instead of concentrating on fixing the hole, devote resources to pouring more and more customers into the top.

2.5.2 Service Gaps

To Hill and Alexander (2006), dissatisfaction is clearly the fundamental reason for customer defection or decay, but what causes customer dissatisfaction? They indicate that, a considerable amount of research has been undertaken in this area in recent years and the outcome is the theory of 'service gaps'. The overall gap which results in a dissatisfied customer is the gap between expectations and experience, but the root cause of that dissatisfaction can usually be traced back to one of five gaps (promotional, understanding, procedural, behavioural and perception).

- **Gap 1: The Promotional Gap**

The origin of the problem can often be traced back to the company's marketing communications. In their eagerness to win customers by selling the benefits of their product or service companies can very easily create expectations in the minds of customers that would be difficult to fulfil. A few years ago an American airline ran a T.V. advertisement featuring a passenger asleep with his shoes off. A stewardess quietly removed the shoes, polished them and returned them without a word. The ad was seen as a sick joke by regular passengers (who did not recognize this level of service) and created false expectations, leading to disappointment for new passengers. This may be an extreme case, but every day in many small ways it is easy to generate such unrealistic hopes. A common example is the sales person promising a delivery date to secure an order without first making absolutely sure that the date can be met (Hill and Alexander, 2006).

- **Gap 2. The Understanding Gap.**

The next possible problem area is that managers of the organization do not have an accurate understanding of customers' needs and priorities. If they don't really know what is important to customers it is extremely unlikely that the organization will 'do best what matters most to customers' however much emphasis it places on quality of service. Many organizations seeking to measure customer satisfaction perpetuate this problem by failing to include in the survey a section which clarifies what is important to the customer (Hill and Alexander, 2006).

- **Gap 3: The Procedural Gap**

Assuming that the organization does have a full understanding of what matters most to customers it will still fail to deliver customers satisfaction if it has not translated customers' expectations into appropriate operating procedures and systems. For example, a hotel may be fully aware that customers become very irritated if they have to spend more than five minutes checking out, but if the manager does not set sufficient staffing levels during the busy 8:00 -9.00 am period many customers will inevitably wait longer and leave dissatisfied (Hill and Alexander, 2006).

- **Gap 4: The Behavioural Gap**

Sometimes organizations have clean procedures which are well matched to customers' needs and priorities but do not achieve a consistently high level of customer satisfaction because staff are insufficiently trained or disciplined to follow the procedures to the letter at all times. In designing a survey, a well –designed customer satisfaction survey

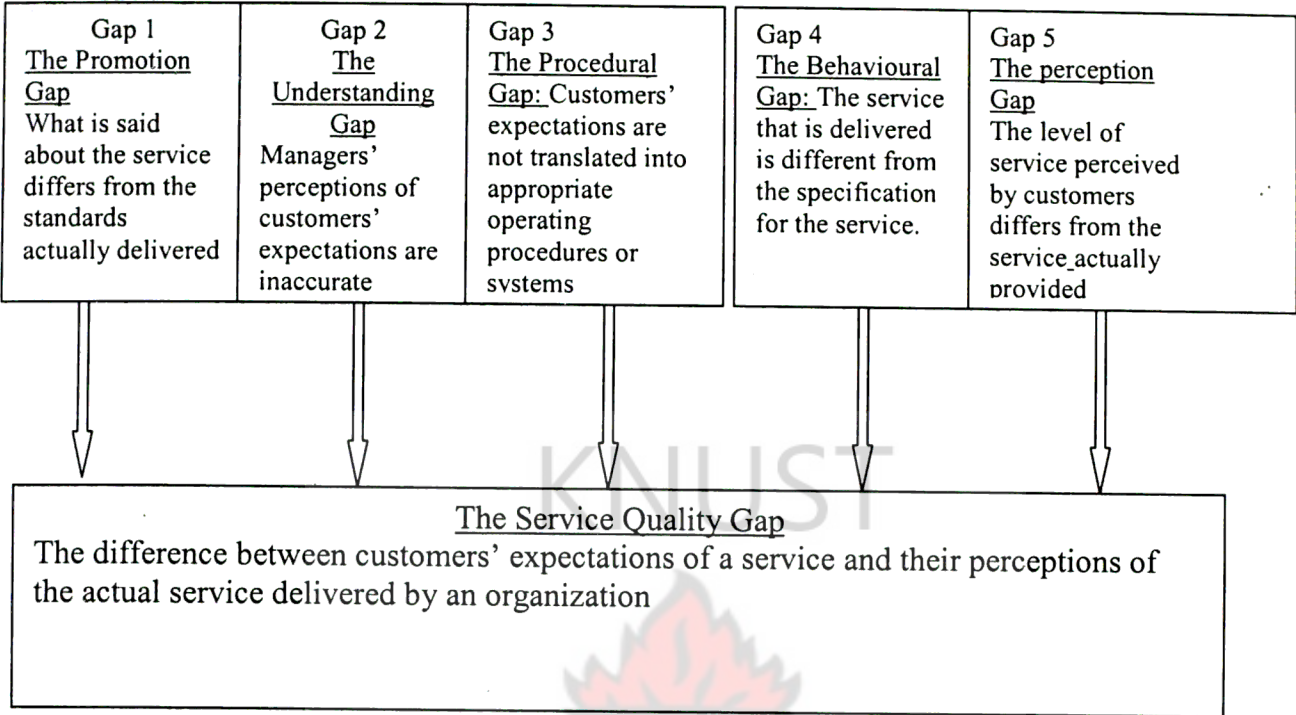
will highlight the main gaps between customer's expectations and your organization's performance. It is then a straightforward task to identify whether your procedures adequately cover those aspects of service delivery. If they do you will need to take steps to monitor staff behaviour to ascertain whether the procedures are being consistently followed (Hill and Alexander, 2006).

- **Gap 5: The Perception Gap**

It is possible that gaps 1-4 do not exist but your customer survey still shows an unacceptable level of customer dissatisfaction. This is because customers' perception of the performance of your organization may differ from reality. A customer who was upset by offhand, unhelpful service sometime in the past will form an attitude that your organization is uncaring and it may take some considerable time and much experience of good personal service before that perception is modified. Customers may be behind the times, they may be slow to change their attitudes, they may label your organization as unhelpful, uncaring when, in reality, it now offers the most wonderful level of customer service imaginable. But that is what customers think. It is those perceptions, however, inaccurate, on which they are basing their purchase decisions.

Any of the five gaps can result in the overall service Quality Gap which leaves your customers dissatisfied. No organization intends to provide poor service and gaps usually arise because of differences in perception between what the business thought it was providing and what customers believe they have received. Only regular customer satisfaction measurement will enable you to identify and close the gaps (Hill and Alexander, 2006).

Figure 1 Service Quality Gap



Source: Hill and Alexander (2006).

• **The Cost of losing a customer**

Researchers have found that a 5 percent reduction in lost customers increases profits by 25-95 percent (Jacob, 1994). The increase in profits as Cranage, (2004) describes, is realized through several ways. First, attracting new customers costs five times more than retaining existing customers (Kotler and Keller, 2006). Second, long-term customers generate increasingly more profits year after year in almost all service businesses (Richheld and Sasser, 1990) because repeat customers often make fewer demands on employee time due to realistic expectations, and at the same time employees become more efficient due to familiarity with the customer's needs (Swanson and Kelley, 2001). Third, the company can realize the economic benefits of loyal customers from positive word-of-mouth. In addition, upset and dissatisfied customers may tell 10 to 20 people

about their bad experience with the service company (Singh, 1990). An upset customer will almost certainly defect, and is likely to become what Jones and Sasser (1995) call a 'terrorist'. That is, negative experiences motivate them to tell others. He will provide an abundance of negative word of mouth for the service provider (Lovelock and Wirtz, 2004).

- **Effects of Customer Defections**

According to Richheld (1996), on the average the CEOs of U.S. companies lose half their customers every 5 years, because they do not measure customer defections, make little effort to prevent them, and fail to use defections as a guide to improvements. Yet, customer defection is one of the most illuminating measures in business. First, it is the clearest possible sign that customers see a deteriorating stream of value from the company. Second, a climbing defection is a sure predictor of diminishing flow of cash from the customer to the company- even if the company replaces the lost customers- because new customers cost money to acquire and because older customers tend to produce greater cash flow and profits than newer ones. By searching for the root cause of customer departures, companies with the desire and capacity to learn can identify business practices that need fixing and sometimes, can win the customers back and can re-establish the relationship on a firmer ground.

Years of continuing defection can mean that former customers, that is, people convinced by personal experience that the company offers inferior value, will eventually outnumber the company's loyal advocates and dominate the collective voice of the market place. When that moment arrives, no amount of advertising, public relations, or

ingenious marketing will prop-up pricing, new-customer acquisitions, or the company's reputation (Richheld, 1996).

- **Loyalty and Profits**

In general, the longer a customer stays with a company, the more that customer is worth. Long-term customers buy more, take less of a company's time, are less sensitive to price, and bring in new customers. Best of all, they have no acquisition or start-up cost. Good long-standing customers are worth so much that in some industries, reducing customer defection by as little as five points from ,say, 15% to 10% per year can double profits (Richheld, 1996).

2.6 Benefits that firms derive from customer retention

The previous section discussed causes of customer defection; this segment discusses the benefits that firms derive from practising customer-retention. According to (Hinson 2006), the benefits that firms derive from customer retention are the following:

2.6.1 Word-of-Mouth Communication.

When highly satisfied customers talk favourably about a service company, they become foot soldiers for the company in promoting its products and services free of charge. For example, if a delighted customer of Barclays Bank speaks favourably about its services to a dissatisfied customer of another bank, it may convince him or her to visit Barclays for the first time due to the positive word-of-mouth and possibly transact business with Barclays (Kotler and Keller,2006; Hinson, 2006).

2.6.2 Survival:

Customer retention is crucial to the survival of Ghanaian companies, especially banking institutions in times of trouble and high competition, particularly this time when the global economy is undergoing a recession. Loyal customers become insensitive to price changes, pay less attention to competing brands and stay loyal much longer

2.6.3 Volume of Purchase

A highly satisfied customer is most likely to increase the amount of money he or she spends on the company rather than spread his/her purchasing over a host of other suppliers. For example, a satisfied savings account holder with Barclays Bank of Ghana (BBG) who is satisfied with its services will also want Visa Electron Card and a loan all with BBG rather than move to another bank such as Ecobank or Zenith Bank. This is due to the fact that the customer trusts BBG services (Hinson, 2006).

2.6.4 Cost Saving and Profitability:

Advocates of customer retention claim that customer retention leads to higher profitability. Research has shown that acquiring new customers can cost five times more than the cost involved in satisfying and retaining current customers. This is especially true of the banking sector in Africa. Oftentimes, one has to waive money on drafts, telegraphic transfers, commission on turnover (COT) and loan processing to poach customers from other banks.

It also requires a great deal of effort to induce satisfied customers to switch away from their current suppliers or service providers. Therefore, companies save cost if they retain

their customers than poach new ones. For example, MTN is still making profits from its existing customers whom it has retained over the years despite the desperate efforts from competitors such as “Tigo”, “Kasapa”, “Vodafone”, and in recent times “Zain” and “Glo” to get customers switch from MTN to them. It must be pointed out however that, most customers often shy away from switching because their experience from other industries may have taught them that they do not necessarily get a better service experience when they switch (Hinson, 2006).

2.6.5 Premium Price

A highly satisfied customer would be prepared to pay a premium price for the services rendered if he or she believes to be getting value for money. To this end, service quality leaders command higher prices than their competitors and this goes to increase their profits. For example, the State Transport Company (S.T.C) will still have more customers than they can deal with even at higher prices than their competitors due to the quality of service they offer and particularly due to their good safety record and hence continue to dominate their industry in spite of fierce competition. From the above, there is no denying the fact firms derive tremendous benefits from customer retention and firms who are bent on succeeding should work hard to devise policies that can help them to retain their customers (Hinson, 2006).

2.7 How companies can reduce customer defection

According to Kotler and Keller (2006), there are five main steps a company can take to reduce the defection rate. First, the company must define and measure its retention. For a magazine, the renewal rate is a good measure of retention. For a college, it could be the first to second year retention rate, or the class graduation rate.

Second, the company must distinguish the causes of customer attrition and identify those that can be managed better. The Forum Corporation analyzed the customers lost by 14 major companies for reasons other than leaving the region or going out of business: 15 percent switched because they found a better product; 15 percent found a cheaper product; and 70 percent left because of poor or little attention from the supplier. Not much can be done about customers who leave the region or go out of business, but much can be done about those who leave because of poor service, shoddy products or high prices (Kotler and Keller 2006).

Third, the company needs to estimate how much profit it loses when it loses customers. In the case of an individual customer, the lost profit is equal to the customer's lifetime value – that is, the present value of the profit stream that the company would have realized if the customer had not defected prematurely – through some of the calculations outlined above (Kotler and Keller 2006).

Fourth, the company needs to figure out how much it would cost to reduce the defection rate. As long as the cost is less than the lost profit, the company should spend the money.

And finally, nothing beats listening to customers. Some companies have created an ongoing mechanism that keeps senior managers permanently plugged in to front-line customer feedback. MBNA, the credit card giant, asks every executive to listen in on telephone conversations in the customer service area or customer recovery units. Deere

and Company, which makes John Deere tractors and has a superb record of customer loyalty-nearly 98 percent annual retention in some product areas – uses retired employees to interview defectors and customers (Kotler and Keller 2006) adds that, there are two main ways to strengthen customer retention. One is to erect high switching barriers. Customers are less inclined to switch to another supplier when this would involve high capital costs, high search costs, or loss of loyal-customer discounts. The second and better approach according to them is to deliver high customer satisfaction. This makes it harder for competitors to offer lower prices or inducements to switch.

To them, it is not enough to attract new customers; the company must keep them to increase their business and do its best to satisfy and retain its customers. This is because satisfied customers constitute the company's customer relationship capital. If the company were to be sold, the acquiring company would have to pay not only for the plant and equipment and the brand name, but also for the delivered customer base, the number and value of the customers who would do business with the new firm. Kotler and Keller (2006) give the following facts about customer retention:

- Acquiring new customers can cost five times more than the costs involved in satisfying and retaining current customers. It requires a great deal of effort to induce satisfied customers to switch away from their current suppliers.
- The average company loses 10 percent to its customers each year.
- A 5 percent reduction in the customer defection rate can increase profits by 25 percent to 85 percent, depending on the industry.

- The customer profit rate tends to increase over the life of the retained customer.

2.8 The Process of Satisfying the Employee to Satisfy the Customer

Fig. 2 The Satisfaction-Profit Chain



Source: Hill and Alexander (2006)

2.8.1 Employee Satisfaction

It is worth considering people involved in delivering the service. Recruitment policy for some companies places a higher priority on customer orientation than on specific skills or knowledge. In organizations which have adopted customer-focused approach to business, the result is measurable, not just in customer satisfaction, but also in increased efficiency. Employees who are motivated to achieve customer satisfaction tend to adopt more flexible approach to their work, make fewer mistakes, and use more initiative. Customers place a higher value on dealing with people they know and trust who are knowledgeable and helpful. Customers will often be prepared to pay higher prices for a service they trust rather than make a small saving which involves the risk of deterioration.

Employee satisfaction is often based on their ability to 'do a good job'. If they feel that the company, through its strategies, procedures or lack of efficiency is constraining their ability to deliver the customer value package, employee satisfaction will be reduced.

Equally, if they feel that the customer value package is reduced by other colleagues or departments, they will be demotivated. An organization's ability to satisfy its internal customers along the chain of events which produces the customer value package is fundamental to its success in maintaining a satisfied employee force and satisfied customers. Employees' satisfaction is often affected by their ability and authority to achieve results for customers (Hill and Alexander, 2006).

2.8.2 Customer Value Package

Your total product encompasses anything and everything contributing to how customers evaluate the total package benefits provided versus the cost of acquiring them. We can call it the customer value package. In addition to your core product or service (what you sell), your organization's image and your customer's satisfaction will be influenced by a wide range of additional factors. To illustrate this, let us consider the customer value package of a bank. The bank's core products are apparently withdrawals, loans, money transfers and the like, the main factor contributing to the success of the business.

So if the services are disappointing, customer satisfaction and repeat business will be low and the bank will soon develop a poor reputation even with people who have never banked there. Consequently, if the services are excellent, that benefit alone may secure enough repeat business and favourable word-of-mouth comment to ensure the success of the bank regardless of other aspects of the bank's total product.

Typically, customers' overall level of satisfaction and the consequent success of the business will be based on many other factors – customers will surely be influenced by the décor and ambience of the banking hall, by the friendliness of tellers and customer

advisors and by the efficiency and quality of the services. For some customers, the atmosphere and image the bank creates will be the deciding factor – they will choose the bank because it is ‘the place to go’ (Hill and Alexander, 2006).

2.8.3 Customer Satisfaction:

To satisfy customers, you must meet their needs. You must ‘do best what matters most to customers’. It sounds so obvious that it is not worth saying, but many suppliers do not do it. They make people queue for lengthy periods, they make them use filthy toilets, they break delivery and service promises and even, on occasions, are downright rude to customers. Unhappy customers are unlikely to return, and will probably discourage others from becoming customers.

The customer value package is the combined set of benefits provided by the supplier to customers. If your customer value package meets customers’ needs, they will be satisfied and are much more likely to be committed. Where you do not meet their requirements, there will be ‘satisfaction gaps’, this will lead to customer dissatisfaction and commitment will be low (Hill and Alexander, 2006).

2.8.4 Customer Commitment:

There is a strong relationship between customer satisfaction and commitment in businesses such as banks, office equipment suppliers, telecommunication suppliers and car manufacturers. They show a very steep relationship between customer satisfaction and intended loyalty, with customer retention, guaranteed only at the highest levels of satisfaction. The relationship between satisfaction and commitment is not fixed. It

differs across markets and even between suppliers in the same market place. Short-term marketing activities like price reductions and special incentives can entice satisfied customers away for a while, but rarely totally satisfied customers, and there is a growing evidence to show that, all things being equal, the more satisfied customers are, the more likely suppliers are to retain them (Hill and Alexander, 2006).

2.8.5 Customer Retention

According to Hill and Alexander (2006), customer retention is a measure of whether customers are staying customers. An organization can only retain its customers if they are well treated. A customer who is well treated is more likely to bring more business your way, by repeat purchase, recommendation and putting a larger share of spend in your hands. Besides, loyal customers are likely to seek the lowest prices and the cost of selling to them is much less than the cost of capturing new customers from the competition. Happy customers are the cheapest and most effective form of advertising you can get. By contrast, disappointed customers will not only take their business away but will probably tell several others about their experience too.

2.8.6 Profit

Profitability results from customer commitment, which results from satisfaction. Customer satisfaction is strongly linked to employee loyalty and motivation which is linked to employee satisfaction. Employee satisfaction is strongly affected by the organization's philosophy on empowerment and the quality of internal customer service within the company (Hill and Alexander, 2006).

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CHAPTER THREE:

THE RESEARCH METHODOLOGY AND PROFILE OF BBP II, KUMASI

3:0 Introductions

This chapter discusses the methodology used for the research. The profile of Barclays Bank on the international level, in Ghana, and in Kumasi, its vision and mission, products, services and the various departments were dealt with. The purpose of this research is to examine customer retention strategies being used by Barclays Bank Prempeh II. It also seeks to find out the causes of customer defection, the benefits of customer retention and how Barclays Bank Prempeh II can reduce customer defection.

3.1 Data Collection Methods:

According to Yin (1994), data collection for case studies can be obtained from six important sources: Documentation, archival records, interviews, direct observation, participant observation, and physical artefacts. The researcher used interview and questionnaire. The major strengths of interviews are being insightful, targeted and focused Yin (1994). However, interview has its weakness, that is, the tendency of being biased due to poorly constructed questionnaire, biased response and inaccuracies. For this study, the researcher utilised both primary and secondary data.

3.2 Primary Data:

Primary data is firsthand information collected from source by means of instruments like questionnaire or interview. Primary data was employed for this project to enable the researcher get access to first hand information. Interviews were conducted and

questionnaires administered to both the staff and the customers of Barclays Bank, Prempeh II Street, Kumasi. Questionnaires were used to obtain information from customers to ascertain their views and opinions with regard to relevant issues concerning the services of Barclays Bank, Prempeh II Street. Questionnaires and interviews were also used to find out the views of staff of the bank concerning the strategies and practices they are using to retain their customers and how they can prevent them from defecting to other banks.

3.3 Secondary Data:

Secondary data is data already available from journals, magazines, government publications, population censuses, industry statistics and reports, academics' surveys and the like. Even though the result of the research was highly dependent on the primary sources that were gathered by means of questionnaire and interviews, secondary data were also used. The researcher used information obtained from newspapers, academic journals, magazines, government publications and articles that have been written on customer satisfaction and defection. These provided relevant background information for the research.

3.4 Study Population:

The case study organization for this research, Barclays Bank – Prempeh II Street, Kumasi; has a staff strength of 42 and many departments. Among them are: Premier Banking, Prestige Banking, Standard Banking, Corporate Banking and Local Business or Small and Medium Scale Enterprises (SME). The offices of this bank serve as the Ashanti Regional Headquarters of the bank. The study population consists of the entire staff (forty-two) of the bank as well as its customers. According to the branch Manager

at the standard banking unit, Barclays Prempeh II has about thirty-thousand (30,000) customers.

3.5 Sampling Technique:

The simple random sampling method was used for the research. According to Zikmund (2000), simple random sampling is the procedure that assures each element in the population an equal chance of being included in the sample. Barclays Bank – Prempeh II Street has a permanent staff of 42 including the Manager and two assistants. The Manager was interviewed and some of the staff were sampled by using simple random sampling method so that each member of staff had an equal chance of being selected.

Among the customer population of 30,000, 120 were sampled by means of closed and open ended questionnaire. The simple random sampling method was used to select the customers for the study. The reason for this was to ensure that all segments of the customers present during the period of questionnaire administration had an equal chance of being selected. Customers from the security services, health workers, students, teachers, businessmen and businesswomen, the self-employed and others were sampled. The sample size was made up of 20 staff members and 120 customers and the manager of Standard Banking Unit.

3.6 Data Analysis:

The responses from the questionnaire for the various customers as well as the staff and management were collected, compiled, edited and coded item by item and Statistical Package for the Social Sciences (SPSS) used to analyse the data from which frequency

tables were separately constructed for each item alongside graphs and used for the analysis.

3.7 The Profile of Barclays Bank

3.7.1 Barclays bank – a truly international bank

Barclays Bank of Ghana Ltd. was established in 1917. Its mother company in the United Kingdom, Barclays PLC, is quoted on the London, New York and Tokyo stock exchanges. Three hundred years of banking expertise and a well-deserved reputation for quality and strength in the world of finance has made Barclays Bank a major force in both corporate/merchant and retail banking on the international level. Through a global network of offices in Africa, Europe, Middle East, the Americas and the Far East represented in over ninety countries, Barclays works with many of the world's leading companies and industries to provide an unrivalled range of services. Indeed, no other bank has the same in-depth strength with the same geographical spread as Barclays Bank PLC.

3.7.2 Barclays in Ghana

The first Barclays branch in Ghana, the High street branch Accra, was opened on 14th of February 1917. From the beginning, Barclays Bank of Ghana (BBG) has positioned itself as a bank that uses its strength to provide cutting edge technology for the benefit of its clients. This has enabled BBG to chalk a series of firsts in the banking industry. It was the first truly nationally networked bank in the country, providing real time banking at any of the then twenty-five branches spread throughout the country. Currently, ninety-nine branches are linked by the latest satellite technology, which allows online handling of domestic transactions wherever you are in the country. This ensures that clients have

the flexibility of transacting business at any branch in the country – in short your branch is the entire bank.

Also in 2002, BBG launched Ghana's first fully automated telephone banking operation in Ghana. BBG was the first to introduce online banking for its corporate clients with Business Master International. Pay Direct, an electronic payroll system was another first in the country. BBG's strength in product innovation has not been restricted to technology only. Prestige Banking was a product offer specifically targeted at the upper (wealthier) end of the market. It was the first time any bank in Ghana had deliberately segmented their target markets and created products specifically targeted at each segment. This revolutionized banking in Ghana leading to a host of copycat offers from competitors. Thanks to the Barclays initiative, Ghanaians have come to know a new kind of banking experience. True to type, Barclays responded by raising the bar with the introduction of Prestige Plus in June 2003 which allows clients access to the offshore financial expertise of the global Barclays group. A new department, Premier Banking was created in 2006 for the wealthiest segment of the bank's customers.

Again in 2003 (August to be precise) Barclays took the market by storm with the launch of Business Solution, a product put together specifically for Small and Medium Scale Enterprises (SMEs). Business Solution is a unique product built up from scratch tailor-made for the needs of indigenous African businesses. Not only does it tackle the problem of access to capital for these 'informal' enterprises, it also seeks to boost their entrepreneurial capacity by offering advisory services and training seminars for business owners. Little wonder the BBG has won a string of awards including the prestigious

CIMG Bank of the YEAR Award two times. Barclays is present in eleven countries in Africa (Zimbabwe, Zambia, Botswana, Kenya, Uganda, Tanzania, Egypt, Ghana, Mauritius, Seychelles, South Africa) and is probably the only bank with enough (geographical) presence and the international financial clout to pull off large syndicated deals. Governments in the region recognize this and consistently turn to Barclays to help them raise huge amounts of money e.g. Ghana Cocoa Board syndication which raised over US\$700 million for the Government of Ghana in 2003.

As one satisfied corporate client remarked, "You don't just transact business with Barclays Ghana, you have the entire resources and expertise of the whole Barclays Group at your disposal." In June 2003, Barclays Bank PLC acquired the government's remaining 10% shares in Barclays Bank of Ghana Ltd making it a wholly owned subsidiary of Barclays Bank Plc.

3.7.3 Barclays list of products and services include:

- Corporate Banking
- Credit Facilities
- Cash Management and Money Transmission Services
- Trade Finance
- Deposit and Investment

3.7.4 Barclays in Kumasi

Barclays commenced business in Kumasi in 1926. The first branch was Prempeh II Street. The premises were originally built in 1926 and after reconstruction and extension, they were formally opened by Sir Osei Agyeman Prempeh II KBE (Knight of

British Empire) Asantehene on 22nd June, 1957. Presently, Barclays Bank has twelve (12) branches in Kumasi.

3.7.5 Vision and Mission

‘To be the best bank in every product, every customer, every market, every time.’

3.8 Products and Services

3.8.1 Corporate Banking:

This has got to do with the services Barclays Bank, Prempeh II Street, Kumasi does with corporate organizations like Guinness Ghana Limited, Coca Cola Bottling Company, Electricity Company of Ghana and the like. To open an account with this department an organisation needs a minimum amount of one billion Ghana Cedis.

3.8.2 Credit Facilities

Barclay’s grants credit facilities to corporate concerns. It also gives loans to Small and Medium Scale Enterprises (SMEs). It often organizes training programmes for managers of SMEs on how to run their businesses effectively.

3.8.3 Money Transmission Services

Barclays Bank operates the Western Union money transfer by means of which a lot of Ghanaians receive remittances from relatives and friends abroad. Remittances are a major contributor of foreign exchange to the Ghanaian economy.

3.8.4 Trade Finance

Barclays undertakes trade finance, and by this, it finances the exports and imports of goods of some of its high value customers.

3.8.5 Investment

Barclays has been undertaking investments. For example, in recent times, it has financed the purchase of a fleet of buses for a private transport organization V.I.P.

3.8.6 Customer Base

The customer base of Barclays Bank, Prempeh II Street is about 30,000.

3.8.7 Departments

There are a lot of departments at Barclays Bank, Prempeh II Street. This is in accordance with the market segmentation principle so that specific products and services are developed to meet the needs of specific customers.

3.8.8 Premier Banking

According to the account executive of the Premium banking division of Barclays Bank Prempeh II, the department was created in 2006. It was created because the Prestige department became choked and so there was the need to create another department to cater for the top clients. In other words, the department is meant for customers with high income levels. The Premier department is opened to the public from Monday to Friday from 8 am to 6 pm. The current customer base of the outfit is 600. The monthly charge for operating an account with the division is GH 25.00. Customers have the advantage of constant contact with a Relationship Manager to discuss and solve problems one-on-one. They also enjoy telephone banking. The motto of the premier division is 'Extraordinary banking for extraordinary people'.

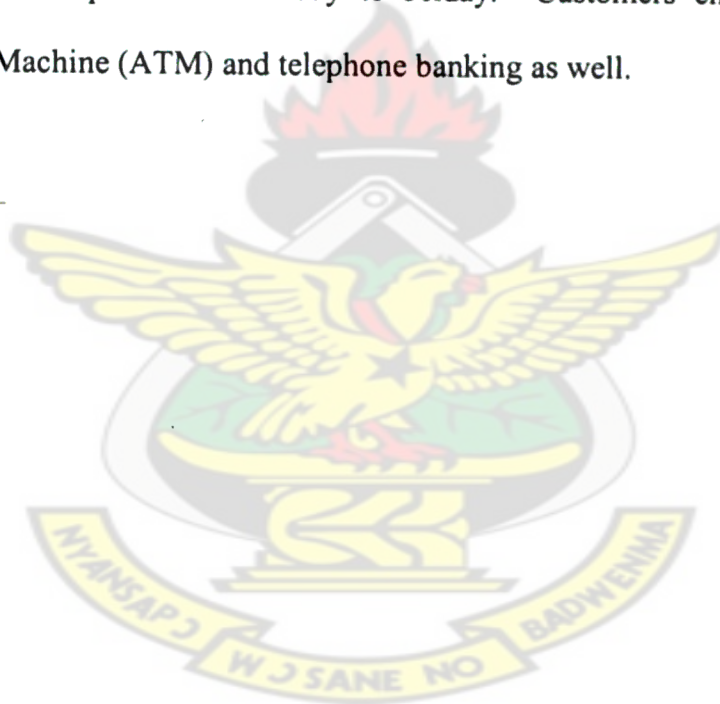
3.8.9 Prestige Banking

Prestige banking is a specialized service for the convenience of customers. It is flexible and ensures the privacy of customers because in the words of the manager, transactions are carried out in an exclusive environment. The minimum amount for opening an account with this department is GH850.00. Currently, the monthly charge for customers is GH7.50, but with effect from September 2009, it will be increased to GH12.00. The customer base of the Prestige department is 12,000. The cardinal difference between

Prestige and the Standard banking unit is professionalism in service delivery. The department is opened to the public from 8am to 6.30pm from Monday to Friday. However on Saturdays, it operates from 9am to 2pm.

3.8.10 Standard Banking

This is general banking and it is meant for all categories of customers. For example, teachers, health workers, security services (Armed Forces, Police, Immigration, Fire Service, etc.), students, petty traders, self-employed, churches, schools, businessmen and businesswomen and the like. The banking hall is opened to this category of customers from 8:30 am to 4:30 pm from Monday to Friday. Customers enjoy the use of Automated Teller Machine (ATM) and telephone banking as well.



CHAPTER FOUR:

FINDINGS AND ANALYSIS OF RESULTS

4.0 Introduction

The data collected from the questionnaire answered by the respondents were processed using the programme SPSS to analyse the said data. The respondents cut across the banking sector where it was deemed necessary to ascertain the required information in relevance to the topic.

4.1 The Response Rate

120 questionnaires were sent to the customers and 20 to the staff. 97 of the customers responded as against 15 staff members. Therefore the response rate was 80.83% for the customers and 75% for the staff. The excuse given by those who failed to respond was their tight schedules while others misplaced their questionnaire.

4.1.1 Gender of respondents

It was proven that the number of males operating an account with Barclays Bank, Prempeh II Street out-numbered the female counterparts operating accounts. The females were 42.3% and the males were 57.7%. This implies that most of the information came from the males.

4.1.2 Education of respondents

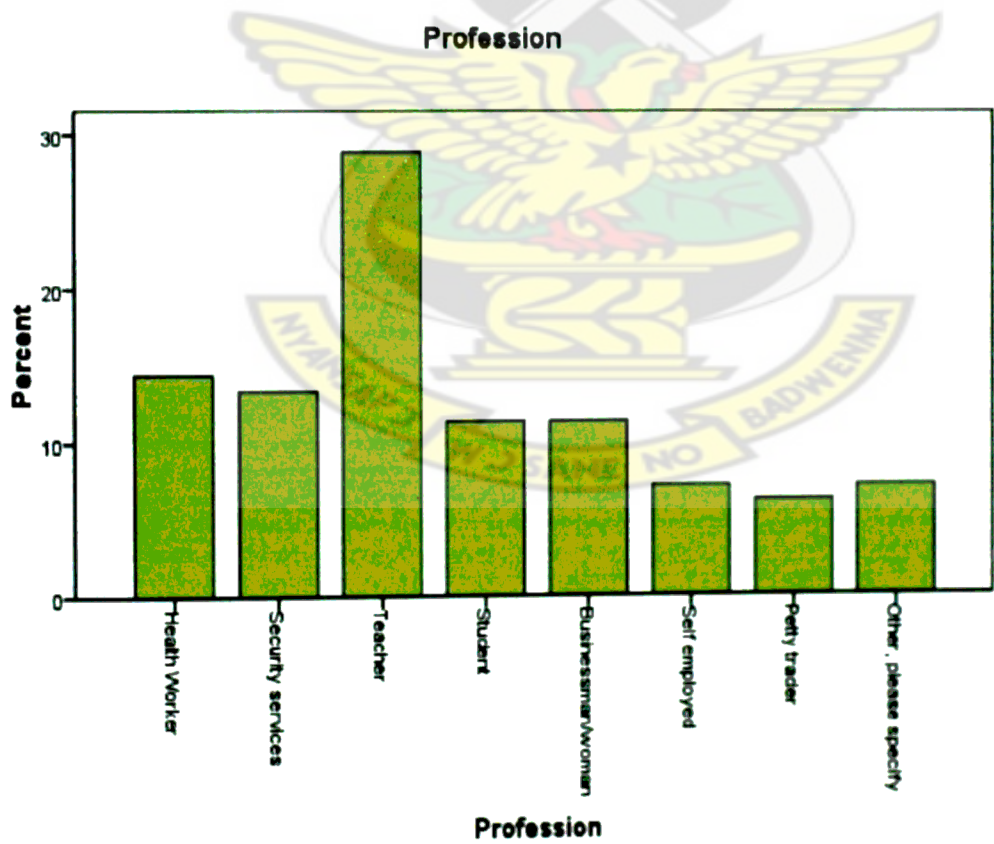
It was realised from the data gathered that a majority of the respondents had attained a high level of education. 13% held post graduate certificates, 37% were bachelors degree holders, 25% were teachers' certificate 'A' holders, 21% had Higher National Diploma and Diploma certificates from other tertiary institutions and the remaining 4% were secondary school leavers with SSSCE and GCE certificates. This implies that the

respondents were people who are enlightened and could assess the performance of BBP II and make informed judgements.

4.2.3 Occupation of respondents

Inquiring into the type of occupation of the most patronizing group of the bank showed that teachers commanded 28% of the total percentage. The class of professions patronizing Barclays Prempeh II include Health Workers, Security services, Teachers, Students, Businessmen/women, Self- employed and Petty traders. Also, the findings showed other professions such as Musicians, Sportsmen and women as well as the clergy that is, pastors, reverend fathers, etc.

Fig. 3 Occupation of respondents



Source: Researcher’s field survey 2009.

It was found that teachers' patronage of Barclays Bank Prempeh II stood high among the other professions due to the fact that most of them were using their account as a means of receiving their salaries and also getting access to loans.

4.2 Customer retention strategies being used by BBP-II

4.2.1 Type of customers

The following types of customers were revealed; Corporate customers (15.5%), Small and Medium scale Enterprises (SMEs, 8.2%), Individual customers (67 %), Churches and Schools (5.2 %). The remaining others identified summed up to 4.1% making up a substantial number and significant for any consideration made by the bank. The types of customer range gives indication that almost all categories or classes do transact banking activities with Barclays bank, Prempeh II Street, Kumasi. It was realized that the individual clients exceeded any other customer type.

Table 1 Type of customers

	Freq	Percent	Valid Percent	Cum. Percent
Corporate	3	15.5	15.5	15.5
SME	8	8.2	8.2	23.7
Individual	65	67.0	67.0	90.7
Church/School	5	5.2	5.2	95.9
Other, please specify	4	4.1	4.1	100.0
Total	97	100	100.0	

Source: Researcher's field survey, 2009

4.2.2 Type of account operated

On what type of account that is highly patronised and may have bearings on the retention of the customers it was proven by the research that, the bank has readily

available several products for the customers to choose from at their will with or without the help of a customer advisor. The products in terms of accounts available at Barclays bank, Prempeh II Street include current account, savings account, investment accounts, and foreign accounts.

Table 2 Type of Account Operated.

	Freq	Percent	Valid Percent	Cum. Percent
Current	29	29.9	29.9	29.9
Savings	29	29.9	29.9	59.8
Investment	20	20.6	20.6	80.4
Foreign	19	19.6	19.6	100.0
Total	97	100	100.0	

Source: Researcher's field survey, 2009

Both savings and current accounts were at par in terms of percentage (29.9) in accordance with the data collected from our respondents. The foreign accounts brought the rear (19.6).

4.2.3 Most Patronised Product/Service

This relates to customers' preference which could be engendered by their needs as the case maybe. The statistics according to the data collected revealed that the most patronised service is cash deposit and subsequently cash withdrawals which is a correspondence. Meaning that most of the activities customers go to the bank for revolves around cash withdrawal and cash deposit also referred to as cash lodgement.

Table 3 Most Patronised Product/Service

	Freq	Percent	Valid Percent	Cum. Percent
Overdraft/Loans	9	9.3	9.3	9.3
Trade finance	5	5.2	5.2	14.4
Cash lodgements/Deposits	26	26.8	26.8	41.2
Cash withdrawals	47	48.5	48.5	89.7
Investments	7	7.2	7.2	96.9
Others	3	3.1	3.1	100.0
Total	97	100	100.0	

Source: Researcher's field survey, 2009

4.2.4 Satisfaction level of customers with regard to BBP II's Services

The data gathered suggest that 56.7% of customers were very satisfied with services, 34% were satisfied while 2.1% were disappointed and dissatisfied with their services. This implies that the Bank's performance meets the expectation of its customers.

Table 4 Satisfaction level of customers with regard to BBP II's Services

	Freq	Percen	Valid Percent	Cum. Percent
Delighted	2	2.1	2.1	2.1
Very Satisfied	55	56.7	56.7	58.8
Satisfied	33	34.0	34.0	92.8
Unsatisfied	2	2.1	2.1	94.9
Disappointed	5	5.1	5.1	100
Total	97	100	100	

Source: Researcher's field survey, 2009

4.2.5 Qualities Associated With BPP II

Among the qualities indicated by the respondents of the questionnaire were customer friendly, professionalism, responsiveness, efficient, excellent, incompetent, inefficient and poor service delivery. The respondents indicated that 33% is an equivalent representation of the responsiveness as a quality of the bank. The level of professionalism of the bank is not bad at a percentage of 20.6. This means that in terms of ranking of the qualities, professionalism is next to responsiveness. The issue of

responsiveness brings to light how the bank attaches importance to complaints and reports as well as customer requests in various areas. That is to say, most of the customers are heard by the bank. The implication is obvious in the sense that if a customer is heard then it is a good strategy to retain that customer, because being heard is the first step in making a case and having the case resolved. However, if BBP II's services are inefficient, poor, or incompetent the customers are likely to defect.

Table 5 **Qualities Associated With BBP II**

	Freq	Percent	Valid Percent	Cum. Percent
Customer focused	12	12.4	12.4	12.4
Professionalism	20	20.6	20.6	33.0
Responsive	32	33.0	33.0	66.0
Efficient	21	21.6	21.6	87.6
Excellent	2	2.1	2.1	89.7
Incompetent	2	2.1	2.1	91.8
Inefficient	2	2.1	2.1	93.8
Poor service delivery	6	6.2	6.2	100.0
Total	97	100.0	100.0	

Source: Researcher's field survey, 2009

4.3 Causes of customer defection at BBP-II

4.3.1 Meeting Customer Needs

The research provided 22.7 percent of the customers agreed to the fact that about 61-80 percent of their needs are met at Barclays bank, Prempeh II Street. In the quest to retain most of its customers if not all, the bank would have to improve its services to increase its meeting customers' needs in an appreciable percentage terms particularly in the range of 81-100%.

Table 6 Meeting Customer Needs

	Freq	Percent	Valid Percent	Cum. Percent
0-20%	9	9.3	9.3	9.3
21-40%	10	10.3	10.3	19.6
41-60%,	51	52.6	52.6	72.2
61-80%	22	22.7	22.7	94.8
81-100%	5	5.2	5.2	100.0
Total	97	100.0	100.0	

Source: Researcher's field survey, 2009

With regard to the various needs being met, it was realized that only 5% of customers were able to attest to the fact that their needs have been met in about 81-100%. The percentage seems too small for a bank that has a customer base of 30,000.

4.3.2 Major Dislikes about Barclays Bank, Prempeh II Street

Staff attitude, turnaround time, lack of adequate banking products, credit management, etc were some of the concerns raised as major customer dislikes by the respondents. The data collected indicated that 34% of the respondents carrying the majority lamented about the poor attitude of the staff of Barclays bank, Prempeh II Street. Another major dislike was the time (28.9%) spent at the bank (turnaround time) for no apparent good reason. That is why it is important for the bank to employ standby staff to help at peak banking hours to facilitate the process and lessen the delay.

Table 7 Major Dislike about Barclays Bank, Prempeh II Street

	Freq	Percent	Valid Percent	Cum. Percent
Staff attitude	34	35.1	35.1	35.1
Turnaround time	28	28.9	28.9	63.9
Lack of adequate banking products	14	14.4	14.4	78.4
Credit management	12	12.4	12.4	90.7
Others	9	9.3	9.3	100.0
Total	97	100.0	100.0	

Source: Researcher's field survey, 2009

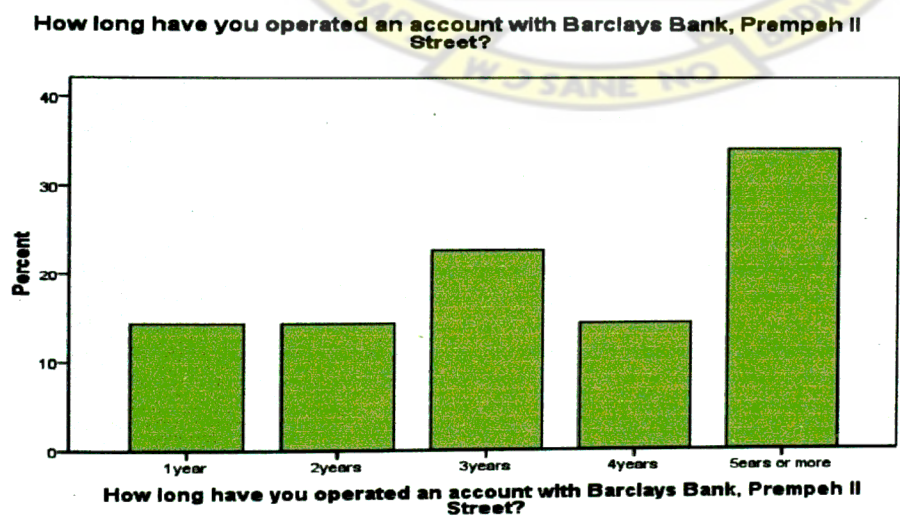
4.4 Benefits of customer retention to BBP II

4.4.1 Period of Having Operated an Account with BBP-II

Data collected on the retention of old customers was interpreted in statistical form. The statistics shown was impressive because it appeared that a larger number of customers have been with Barclays bank, Prempeh II Street for an appreciable length of time. Impressively, the highest frequency showed that the majority of the customers have been with Barclays bank, Prempeh II Street for over half a decade and are still as of the time of the research, with the bank.

In translating this into graphical representation, the 5 years and over group represented 34%, 4years (14.4%), 3years (22.7) as against those who are within their first year (14.4%) of membership with Barclays Bank, Prempeh II Street. Even with them, the interest of staying longer with the bank was not hidden but quite glaring despite the imperfections of the services of the bank and the alarming concern of staff attitude. The graph shows the periods in years of operating accounts.

Figure 4 Period of Having Operated an Account with BBP-II



Source: Researcher’s field survey, 2009

4.4.2 Ranking of Staff at Barclays Bank, Prempeh II Street

The results of the data collected indicate that below half of the total staff performance managed to be very good (i.e. 42.3). This is an indication that the general expected performance of the staff is low and needs to be improved. However, it could also be interpreted in another way that the percentage for; very good, good, and satisfactory had a total of 91.8%. Again, it can be argued that the summation of the percentages of very good and good exceeds 50% (i.e. 76.3) meaning that the customers appreciate the performances of the staff of Barclays Bank, Prempeh II Street and are most likely to be compensated by their efforts in retaining their bank which is Barclays bank, Prempeh II Street.

Table 8 **Ranking of the staff of Barclays Bank, Prempeh II?**

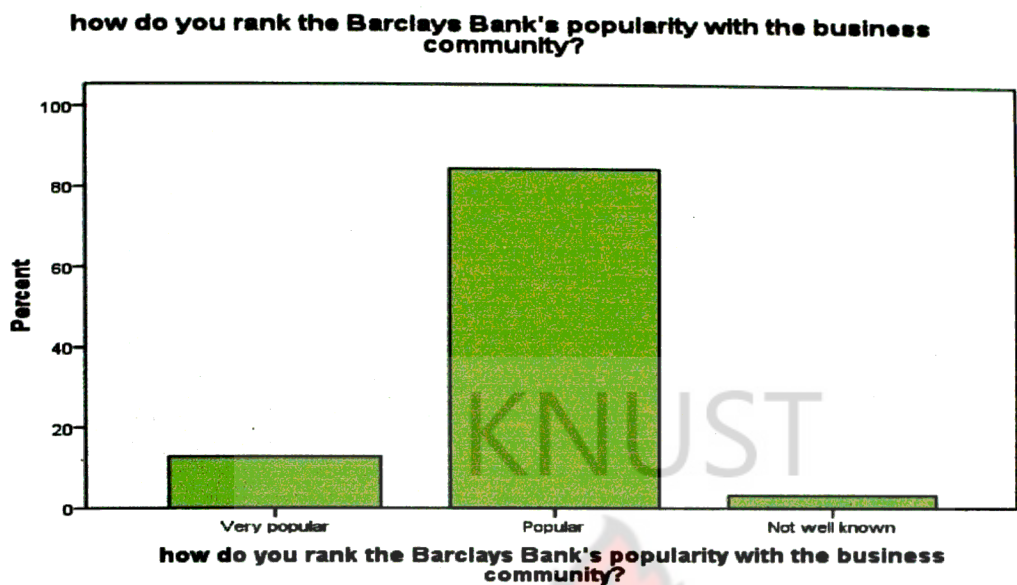
Very good	41	42.3	42.3	44.3
Good	33	34.0	34.0	78.4
Satisfactory	15	15.5	15.5	93.8
Unsatisfactory	6	6.2	6.2	100.0
Total	97	100.0	100.0	

Source: Research's field survey, 2009.

4.4.3 Popularity of Barclays Bank, Prempeh II Street

The statistics showed that there were various views as to the popularity of Barclays bank, Prempeh II Street. 84.4% of the respondents responded that the bank was popular as against 12.5% who said the bank was very popular. This means that the popularity of the bank is very high and most people probably might enjoy keeping an account with the bank as a means of membership. It is convincing in this direction that most of the customers of the bank indicated that they go to the bank to withdraw cash and to lodge same. This graph represents the popularity of Barclays bank, Prempeh II Street.

Fig. 5 Popularity of Barclays Bank, Prempeh II Street

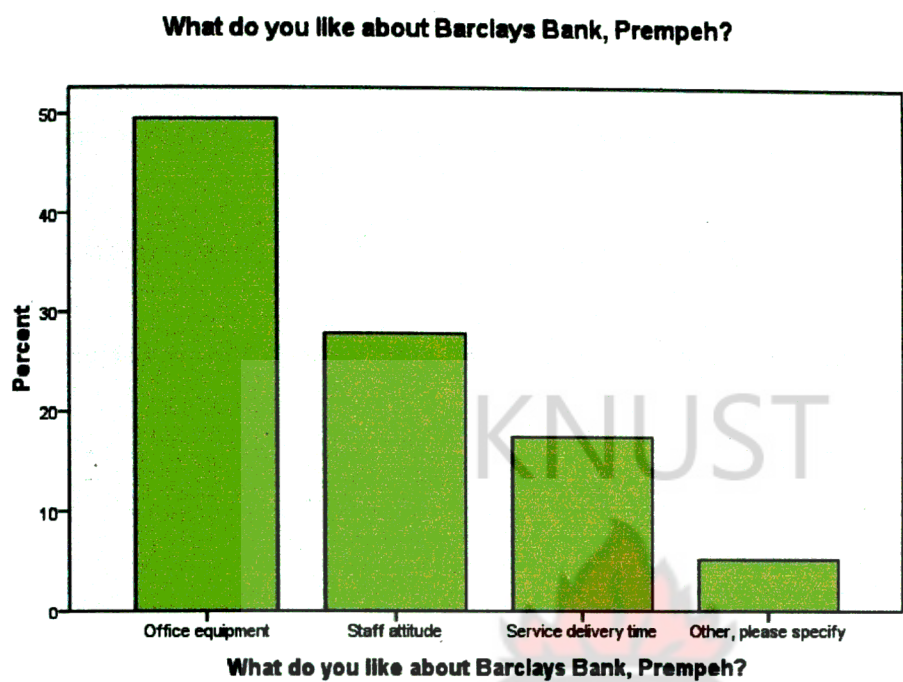


Source: Researcher's field survey, 2009

4.4.4 What Customers like Best about BBP II.

The data collected from the questionnaire indicated that the customers preferred the office equipment of Barclays Bank, Prempeh II Street to any other thing. This means the aesthetic value of Barclays bank, Prempeh II Street has rather retained most of the customers even than the services/products the bank provides. Surprisingly, the judicious use of space at the banking hall, the interior décor, the choice of colour of paint and the sitting arrangements of the seats are doing the magic. This graph below is a representation of the views of respondents.

Fig. 6 What Customers like Best about BBP II



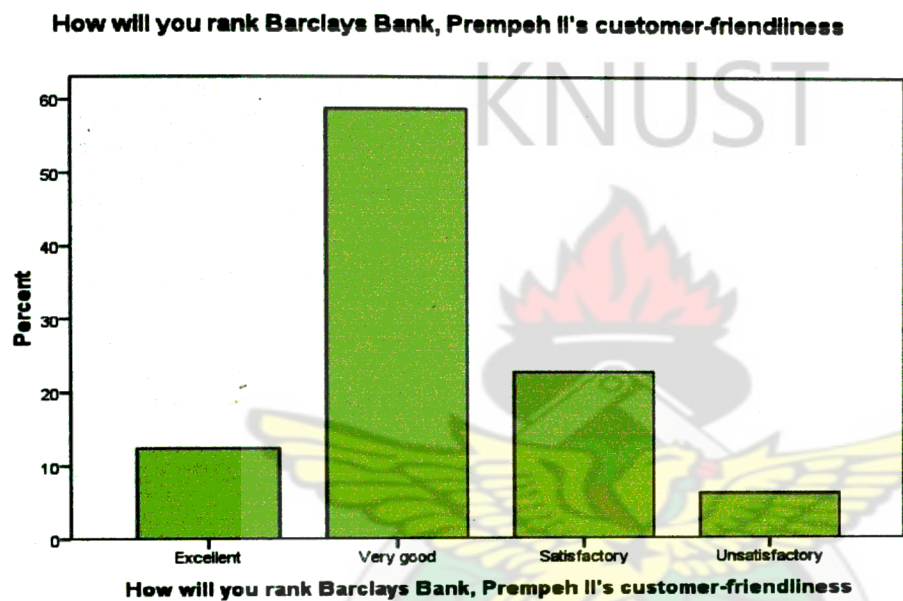
Source: Researcher’s field survey, 2009

4.4.5 Ranking of BBP II’s Customer Friendliness

In the banking sector, customers expect to be welcomed and not to be treated with rudeness. Therefore, it is the friendliness of the bank (i.e. the staff of the bank) that ought to create a suitable atmosphere for customers to feel at home despite the conditions they might be going through. In this regard the data collected indicated that the staff of Barclays bank, Prempeh II Street were very good in terms of friendliness. This was represented with 57 percent. This indicate that, with the friendliness of the staff, the customers could feel satisfied and therefore decide to stay with Barclays bank, Prempeh II Street for a longer period to grow into a loyal customer.

The graph below shows the various views as expressed by the respondents in connection with the friendliness of the staff of Barclays bank, Prempeh II Street. However 6.2% of customers sampled indicated that they were not satisfied with the Bank's customer friendliness, perhaps due to the rude attitude of some of the staff members.

Fig. 7 Ranking of BBP II's Customer Friendliness

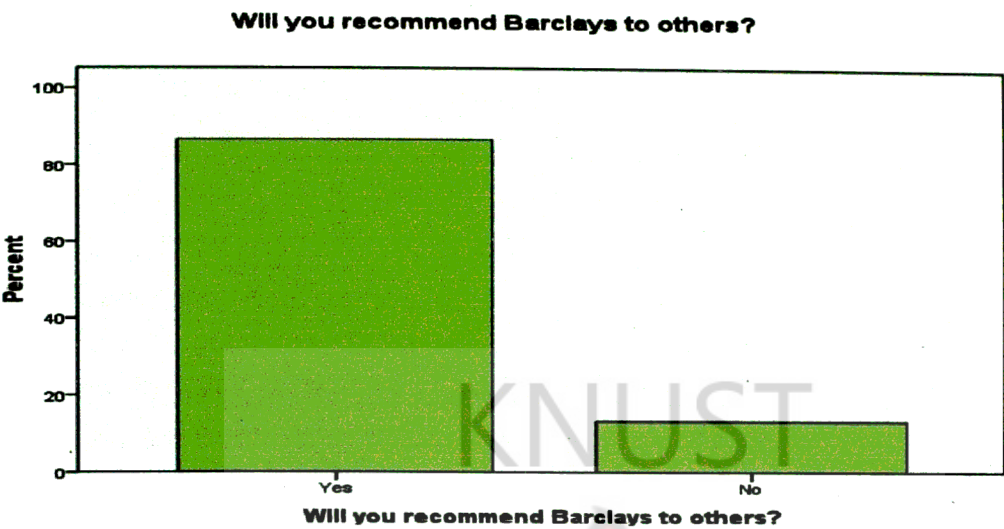


Source: Researcher's field survey, 2009

4.4.6 Recommending BPP II to others

The tabulation of the statistics indicated that most people responded in the affirmative giving the indication that they would certainly recommend Barclays Bank, Prempeh II Street to other customers. The difference as shown in the statistics is such that those who answered Yes (86.6%) far out-numbered those who answered No (13.4%). This has been represented in a graph to show the various views. This seemed quite good to recommend the bank or a service and/product provided to another customer.

Fig. 8 Recommending BPP II to others



Source: Researcher’s field survey, 2009

Such recommendation is a major factor in customer acquisition and it shall expand the customer base of Barclays Bank, Prempeh II Street. Also, this becomes an added advantage to the bank such that it may not spend so much in terms of advertisement and will also do virtually little in persuading prospective customers.

4.4.7 Intention to Stay with BBP II

In seeking answers to whether or not the customers would be willing to voluntarily stay with Barclays bank, Prempeh II Street, the results showed that majority are willing to retain their membership with the bank up to the next year and even beyond. An impressive 88.7 percent of the customers made a clear declaration of their intentions to stay with Barclays bank, Prempeh II Street. This shows that almost all the strategies adopted by Barclays bank, Prempeh II Street have worked in retaining their customers to

the extent that some are going the extra mile to invite others to join them by recommendation.

Table 9 Intention to Stay with BBP II

	Freq	Percent	Valid Percent	Cum. Percent
Yes	86	88.7	88.7	88.7
No	11	11.3	11.3	100.0
Total	97	100.0	100.0	

Source: Researcher’s field survey, 2009

4.5 How BPP II Can Reduce Customer Defection

4.5.1 What the Bank should do to meet Customer Needs

Human needs are said to be insatiable, however, it is prudent for a bank in this modern times to try to meet those needs as a strategy of maintaining its customers. This is a competitive advantage against the other competitors in the same or even similar market.

It was shown by the statistics deduced from the data collected from the various respondents that 37.1 percent of the customers complained of lack of interaction with the staff of Barclays bank, Prempeh II Street. Contact creates a sense of feeling which translates into a sense of being needed or wanted. This is one of the strategies that definitely make people feel part of Barclays bank, Prempeh II Street and become proud of their membership of the bank.

Table 10

	Freq	Percent	Valid Percent	Cum. Percent
Provide more chairs for waiting customers	18	18.6	18.6	18.6
Deploy more staff at peak periods	17	17.5	17.5	36.1
Frequent interactions with customers	36	37.1	37.1	73.2
Extended banking hours especially on Saturdays	24	24.7	24.7	97.9
Other, please specify	2	2.1	2.1	100.0
Total	97	100.0	100.0	

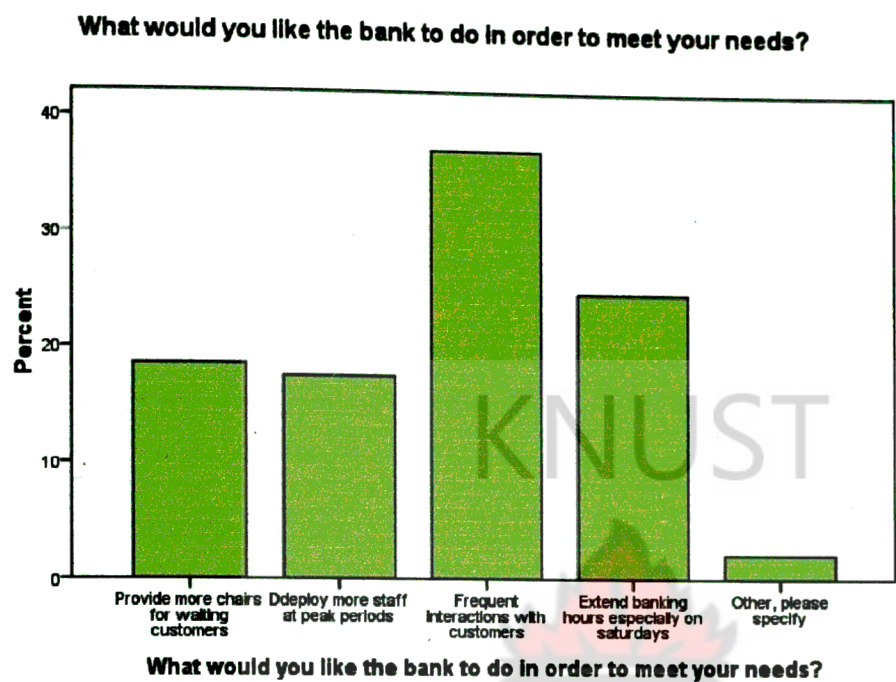
Source: Researcher’s field survey, 2009

Another 24.7 percent are of the view that the banking hours should be extended to Saturdays. Take for instance teachers; they are occupied in everyday of the weekdays and close sometimes even later than Barclays bank, Prempeh II Street. In this situation, how is the teacher expected to come to the bank and meet them within the working hours? It is not possible. Also, the location of Barclays bank, Prempeh II Street makes it difficult to dodge the evening permanent traffic. Wherever one is coming from to the bank, the traffic can seldom be escaped. The argument of having Saturday banking is due to the fact that almost everybody is adjusting themselves to suit the Saturday banking because there is comparatively more time to spend and hence the banks are gradually swelling up even on Saturdays.

It was not surprising to have noted that the customers (18.6%) made input to the fact that more waiting chairs should be brought to the banking hall. The queues there are unbearable as stressed by most of the respondents. Therefore, when there are more chairs it provides rest and comfort for the customer whiles waiting. This is a sign of welcoming the customer to staying with the bank and thus is retained.

17.5% of the respondents also indicated that, there should be a sort of facilitating staff or standby staff to rescue the situation when there are more customers waiting to be served. Most often, the customers out-number the workers of Barclays bank, Prempeh II Street and that causes tiredness which results in delay in service delivery. The various views have been represented in the graph below.

Fig. 9 What the Bank Should do to meet Customer Needs



Source: Researcher’s field survey, 2009

Analysis of Staff Questionnaire;

This section of the chapter discusses analysis of questionnaire from the staff at BPP II.

4.6 Personal Data of Respondents

4.6.1 Level of Education of Staff of Barclays Prempeh II, Kumasi

It was found that the qualification common to most of the staff was bachelors’ degree (46.7%) otherwise called 1st degree from the university. The highest qualification noted was Masters’ degree (13.3%). Professional Certificates (33.3%). Some of the staff had HND and GCE ‘A’ Certificates. The common qualification being the bachelors degree indicated that the level of knowledge of the working staff cannot be disputed and that competency could be attained given the right atmosphere and facility coupled with the needed training.

Table 11 Analysis of Staff Questionnaire Educational Level

	Freq	Percent	Valid Percent	Cum. Percent
Bachelors Degree	7	46.7	46.7	46.7
Masters Degree	2	13.3	13.3	70.0
Professional Certificate; CIM, ACCA, etc	5	33.3	33.3	99.3
Others	1	6.7	6.7	100.0
Total	15	13.9	100.0	

Source: Researcher's field survey, 2009

4.6.2 Customer Retention Strategies Being Used By BBP II

Among the series of customer retention strategies found were; electronic feedback system, picking or answering office phone calls promptly, visiting some customers, calling customers by their true names and the application of telephone banking. The other was quick resolution of complaints. Visiting customers rated high with 26.7 percent. Meaning whenever a customer was found not to be coming to bank after awhile, a follow-up was engaged to find out why. This visit is made to the customers' place of location as filled in their contact form as provided by the new Know Your Customer (KYC) policy.

Answering of the office phone when rang rated second with 20 percent. Meaning, whenever there was a ring on any of the office phones, they quickly answer. This according to the staff helps most customers from having to call in person at the bank for enquiries such as checking on the arrival of their cheque book, bank statement, etc by a simple call. The advantage included saving of time, money and energy. The use of electronic feedback was however lowly rated at a percentage of 6.7 percent. This according to the staff was on the low because it demands staff to be always available to teach customers how to use it.

Table 12 Customer Retention Strategies

	Freq	Percent	Valid Percent	Cum. Percent
Telephone banking	2	13.3	13.3	13.3
Calling customers by their names	2	13.3	13.3	26.6
Picking phones promptly	3	20.0	20.0	46.6
Electronic feedback	1	6.7	6.7	53.3
Visiting customers	4	26.7	26.7	80
Quick resolution of complaints	3	20.0	20.0	100.0
Total	15	100	100.0	

Source: Researcher's field survey, 2009

4.6.3 Reward to Loyal Customers

Giving of souvenirs and loyalty cards and others were found to be rewards given to the customers of the bank found as loyal customers. When loyalty is rewarded, it implies that the individual or corporate body adjudged as loyal has remained faithful to the bank for a consistent number of years. The advantage is that most of the customers turn to appreciate the reward. This strategy works in motivating the customers into staying with the bank for a period knowing very well that their labour shall be rewarded in time.

Table 13 Reward to Loyal Customers

	Freq	Percent	Valid Percent	Cum. Percent
Giving of souvenirs	8	53.3	53.3	53.3
Loyalty Cards	7	46.7	46.7	100
Total	15	100.0	100.0	

Source: Researcher's field survey, 2009

4.6.4 Customers who have defected from 2003 -2009

73.3% of respondents (staff) indicated that below 50 of the customers had defected. The manager indicated the few who had defected were due to transfers and travels.

Table 14 About how many of your Customers have defected from 2003 -2009?

	Freq	Percent	Valid Percent	Cum. Percent
< 50	11	73.3	73.3	73.3
100-150	2	13.3	13.3	86.6
201-250	1	6.7	6.7	93.3
>300	1	6.7	6.7	100.0
Total	15	100.0	100.0	

Source: Researcher’s field survey, 2009

4.6.5 Meeting Customer Needs

Customers may not defect when they are satisfied with the products and services they receive from the bank. It was therefore found that the bank among other things adopted strategies such as management and staff accurate understanding of customers’ needs (13.3%), good marketing communication (20%), frequent advertisements (13.3%), appropriate operating procedures and systems (33.4) and finally sufficiently trained and disciplined staff (20%), are used to retain the customers. It all begins with understanding of the needs of the customer. If the customer needs are understood half of the problem is already solved was what a staff said.

Table: 15 Meeting Customer Needs

	Freq	Percent	Valid Percent	Cum. Percent
Management and staff have an accurate understanding of customers' needs	2	13.3	13.3	13.3
Good marketing communication	3	20.0	20.0	33.3
Frequent advertisements	2	13.3	13.3	46.6
Appropriate operating procedures and systems	5	33.4	33.4	80.0
Sufficiently trained and disciplined staff	3	20.0	20.0	100.0
Total	15	100	100.0	

Source: Researcher’s field survey, 2009

4.6.6 Staff Motivation

Some of the motivation strategies of the bank revealed by the data included promotion of hardworking staff, regular increase of salary, end of banking year dinner, sporting activities and excursions organized for the staff of the bank motivates them. It also gives the staff the opportunity to rest and refresh themselves towards their busy schedules. It serves as a vacation for most of the staff and refreshes them towards giving out their best.

Table 16 Staff Motivation

	Freq	Percent	Valid Percent	Cum. Percent
Promotion of hard working staff	2	13.4	13.4	13.4
Regular salary increase	2	13.4	13.4	26.8
Award ceremonies	3	20	20.0	46.8
End of year dinner	4	26.5	26.5	73.3
Sporting activities	3	20	20.0	93.3
Excursions	1	6.7	6.7	100
Total	15	100	100	

Source: Researcher’s field survey, 2009

4.6.7 Staff Training

The bank has adopted a training strategy to upgrade the standards of her staff to be able to meet the demands of the modern banking industry. In-service trainings, short courses etc, had been conducted by the bank for its staff.

Table 17 What Barclays does to Improve and Sharpen the Academic and Professional Skills and Knowledge of its Employees

	Freq	Percent	Valid Percent	Cum.Percent
In-service training for staff	8	22.2	50.0	50.0
Presentations by academics and practitioners at seminars for staff	6	20.8	46.9	96.9
Other, please specify	1	1.4	3.1	100.0
Total	15	44.4	100.0	

Source: Researcher’s field survey, 2009

4.7 Causes of Customer Defection at BPP II

Table 18 Rate of Customer Defection at BBP II

A quarter of the respondents indicated that BBP II has been experiencing few defections as shown on the table below.

	Freq	Percent	Valid Percent	Cum. Percent
Yes	3	20.0	20.0	20.0
No	12	80.0	80.0	100.0
Total	15	15.3	100.0	

Source: Researcher's field survey, 2009

4.7.2 Why a lot of Customers stay with BBP II

Having different offering and marketing plans for different segments of the market. This is evidenced in the various departments; Premier banking, Prestige banking, Standard banking, corporate banking, to mention only a few. This is in accordance with the segmentation principle so that each customer has a product or service suited to their needs.

4.7.3 Causes of Customer Defection at BBP II

The few customers who have defected from the bank have done so because their perception of the performance of the bank differs from reality and also that the expectations created in the minds of these customers are not being fulfilled by the bank. These may be partly due to the long queues, attitude of staff and turnaround time as indicated by data gathered by a survey of the customers.

4.8 Benefits of customer retention to BBP II

Majority of staff sampled indicated that loyalty (33.3%) is the number one benefit of the customer retention strategies being pursued by BBP II, this was followed by favourable

word-of-mouth (26.6%), and reduced price sensitiveness (6.7%) and repeat purchase (20%). This means that the retention strategies of BBP II are yielding dividends.

Table 19 Benefits Accrued to BBP II as a result of Implementing Customer Retention Strategies

	Freq	Percent	Valid Percent	Cum. Percent
Favourable word-of-mouth	4	26.6	26.6	26.6
Repeat purchase	3	20.0	20.0	46.6
Reduced price sensitiveness	1	6.7	6.7	53.3
Loyalty	5	33.3	33.3	86.6
Increased customer spending	2	13.4	13.4	100.0
Total	15	100	100.0	

Source: Researcher’s field survey, 2009

4.9 How BBP II can Reduce Customer Defection

4.9.1 What BBP II does to ascertain Customer Complaints and Concerns

Majority of respondents (staff) indicated the use of letters (33.3%) and 40 % indicated the use of frequent visits followed by electronic feedback (20 %) to ascertain complaints of customers.

Table 20

	Freq	Percent	Valid Percent	Cum. Percent
Frequent visits	6	40	40	40
Letters	5	33.3	33.3	73.3
Electronic feedback	3	20	20	93.3
No response	1	6.7	6.7	100.0
Total	15	100	100.0	

Source: Researcher’s field survey, 2009

4.10 Analysis of Interview with the Branch Manager at the Standard Banking Unit BBP II

In an interview with the branch manager, he intimated that BBP II has been using customer retention strategies like; visiting customers, calling customers by their names,

using electronic feedback, picking phones promptly, quick resolution of complaints and the like. According to him, the benefits that BBP II derives from the retention strategies enumerated above are positive word-of-mouth and loyalty on the part of customers. He said only a few of their customers have defected and is mainly due to transfers or the customer moving from Kumasi to some other place. However, he could not give the researcher statistics on customer turnover at BBP II.

He said that the bank had created departments like Corporate Banking, Premier Banking, Prestige Banking, and Standard Banking to cater for the different needs of their various customers in accordance with the segmentation principle.

He hinted that the bank has 42 staff members with two being his assistants and that the bank has about 30,000 customers. Among the products the bank has for its customers are; money transmission services, trade finance and investment. According to the manager, BBP II has been undertaking Customer Social Responsibility (CSR) measures like clean-up campaigns, donations to charity and provision of boreholes for some communities.

CHAPTER FIVE:

SUMMARY OF FINDINGS, RECOMMENDATIONS, SUGGESTIONS AND CONCLUSION

5.0 Introduction

This chapter which is the final chapter deals with the summary of findings, recommendations, suggestions and conclusion of the research.

5.1 Summary of Findings

5.1.1 Customer Retention Strategies Being used by Barclays Prempeh II

The research brought to the fore the fact that Barclays Prempeh II is very much in tune with modern technology as it makes extensive use of Automated Teller Machines (ATMs) which enables its customers to access banking services after the official closing time and at weekends. This agrees with Hinson's (2006) view of changing channels of distribution to suit changing economic and business trends. Majority of staff sampled corroborated this view that ATM is the most important technology in their customer retention activities.

Besides, Barclays Prempeh II uses other strategies as quick resolution of complaints, visiting customers and calling customers by their names. Also, the manager of the Standard Banking unit of the bank in an interview with the researcher intimated that prompt picking of phones is one of the customer retention practices. However, with regard to the visiting of customers, a majority of customers sampled said that they had not been visited at all.

5.1.2 Priority Customer Handling

According to Hinson (2006), it involves giving key customers of a firm, fast, reliable and enhanced services over and above the normal average customer. This policy is being used by Barclays Prempeh II extensively. Barclays has a department, Premier Banking which is targeted mainly at, in the words of the standard banking unit manager 'Crème de la crème', that is, 'the best of the best.' In other words, the richest segment of their customers. The banking hall of this department is extremely comfortable with comfortable seats, big screen television for waiting customers. This group of customers enjoy extended banking hours. The next department which comes after Premier Banking is Prestige Banking which also gives good services to its customers. This agrees with Hinson's (2006) assertion of priority customer handling so that the bank can retain them.

5.1.3 Rewarding Customers

Barclays Bank Prempeh II Street has been rewarding its customers by giving them souvenirs like cups, 'T' shirts, calendars and dairies.

5.1.4 Promotions

Barclays has been mounting big bill boards that are meant to bring its products and services to the attention of its customers. These can be seen at vantage points of the city. Some staff members also sometimes appear on some radio stations to educate the public about the bank and its products and services. Raffle draws like, 'Barclays Cool Chop Promotion' are organized by the bank to reward its customers.

5.1.2.1 Causes of Customer Defection at BBP II: Unmet Expectations

The impressive bill boards mounted by Barclays and the catchy structures and banking halls, coupled with the impressive interior decoration sometimes deceive some customers into believing that the services of the bank are excellent. But many customers get frustrated especially with the attitude of the bank's staff. Some are very rude as observed by the researcher and confirmed by some of the sampled customers.

5.1.2.2 Failure to translate Customers Expectations into Appropriate Procedures and Systems.

This is evidenced in the long queues at the banking hall that results in some customers staying in the queue for a very long time especially during peak periods, like the end of the month. This gets many customers frustrated.

5.1.2.3 Staff Behaviour

The behaviour of certain staff members of the bank is very bad. Some are very rude and impatient and need further training and advice to be able to handle customers professionally.

5.1.3 Benefits that Barclays Prempeh II has derived from its Customer Retention Practices.

5.1.3.1 Loyalty

As a result of implementing customer retention strategies, most of the customers of Barclays Prempeh II have remained loyal to it. This is good for the bank as pointed out

by (Ganesh et. al, 2002) that loyal customers build businesses by buying more, paying premium prices and providing new referrals through positive word -of -mouth over time.

This is supported by the statistics gathered from the survey of customers. Of the 97 customers sampled, those who had been doing business with the bank for five years or more were 34%, 4 years 14.4% and 3 years 22.7%., the three together equals 71.1% which means most of the customers are loyal to the bank.

Besides, to the question whether the customers will recommend Barclays Prempeh II to others, 86.6% answered in the affirmative. 88.7% also said they will continue to do business with the bank up to next year this time and beyond. However, to the question “what do you like best about Barclays Prempeh II?”, most respondents (customers) said it was the office equipment of the bank together with the interior decoration, air condition, spacious banking hall and chairs. This implies that it is not the services per say that is keeping them at the bank but the comfort and perhaps the prestige of banking with the bank. This means if they were to get a bank with similar or better offers, it is probable they may switch.

5.1.3.2 Word-Of-Mouth

The research also shows that word-of-mouth is one benefit that the bank derives from its retention strategies. Some of the customers got to know about Barclays through friends and relatives. This is more powerful than any advert a company can pay for. This is in conformity with what (Hoffman et al, 1997; Zeithaml et al, 1996) said that, a satisfied customer often refers business to friends and family members.

5.1.3.3 Repeat Purchase

Majority of staff sampled confirmed that repeat purchase is one of the benefits of retention in Barclays Prempeh II. This is evidenced in some customers operating more than one type of account. At the portion of the customer questionnaire where they were supposed to indicate the type of account they operate, some ticked more than one. This perhaps means because they are satisfied with the services they receive from the bank, after opening say, a current account, he/she may go ahead to open another like savings account.

5.1.3.4 Reduced Price Sensitiveness

Some respondents (staff) also indicated reduced price sensitiveness as a benefit of customer retention. Some satisfied customers of the bank become insensitive to the increase in the prices of products and services of the bank from time to time and continue to do business with the bank.

5.2 Conclusion

The research showed that among some of the customer retention strategies being used by BBP II are quick resolution of complaints, usage of ATMs, calling customers by their names and visiting customers. But the majority of customers sampled indicated they had not been visited by the staff of the bank, and also complained of long queues at the banking hall.

In spite of the complaints by the customers, BBP II has reaped some benefits from its customer retention strategies. Among them is loyalty on the part of the customers as majority of customers sampled said they will recommend the bank to others and also continue doing business with the bank. Word-of-mouth is another benefit as some of the customers got to know of BBP II through friends and relatives.

BBP II can reduce customer defection by organizing frequent seminars for the staff to update their skills and knowledge and advise them to handle customers with care and respect, ensuring its ATMs are enough and in good shape, having personnel available to educate customers on the use of electronic feedback machines so they can get their views, complaints and concerns on the bank's operations, and interacting with customers on a more frequent basis. When these measures are implemented, BBP II is likely to enhance its services to its numerous customers and hence be able to retain them so it can maintain its competitive edge in the highly competitive Ghanaian banking industry.

5.3 Recommendations and Suggestions

5.3.1 Interaction with Customers

Management of the bank should endeavour to interact with customers frequently so as to be able to ascertain their concerns and complaints and address them in time to prevent customers from defecting. Management of the bank should think of extending banking hours to Saturdays as is being done by some banks so that customers of Barclays Prempeh II can access banking services on Saturdays.

5.3.2 Automated Teller Machines (ATMs)

The Bank should try to increase the number of ATMs available to their customers and adopt the maintenance culture to keep them in good shape at all times for their usage.

5.3.3 Electronic Feedback

The Electronic Feedback Machines at the banking hall should be properly utilized. That is, there should be personnel available to explain its usage to customers. This way, management can get the views of customers with regard to their complaints and concerns so as to address them promptly before they cause dissatisfaction among them.

5.3.4 Briefings and Seminars

Frequent briefings and seminars should be organized to educate staff on the need to handle and treat customers with care and respect because they keep Barclays Bank Prempeh II in business, without customers, Barclays has no business being in business.

5.3.5 More Staff at Peak Periods

Management of the bank should strive to deploy more staff at the end of every month when workers come to collect their salaries. This will facilitate payment of salaries and give customers the comfort they deserve. This could be done by employing temporary staff or training some business students as part-time workers on industrial attachment.

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APPENDIX

Dear Sir/Madam,

I am conducting a research on customer retention in Barclays. I would be very grateful if you will take few minutes of your precious time to answer the following questions.

Your responses will be treated with maximum confidentiality.

Thank you for your assistance.



APPENDIX A

CUSTOMER QUESTIONNAIRE FOR BARCLAYS BANK – PREMPEH II STREET

Section A

Personal data

1. Gender: ☐ Male ☐ Female
2. Educational Level
☐ Senior High School ☐ Masters Degree
☐ Teacher's Certificate 'A' ☐ Professional Certificate; CIM, ACCA,
☐ Bachelors Degree ☐ Other, please specify:
3. Profession: ☐ Health worker ☐ Security services ☐ Teacher ☐ Student
☐ Businessman/Business woman ☐ Self-employed ☐ Petty trader
☐ Other, please specify

Section B

Impressions of customers about the operations of Barclays Bank, II Street.

Objective 1-Retention strategies being used by the bank

4. What type of customer are you? Please, tick
☐ Corporate ☐ SME ☐ Individual ☐ Church/School
☐ NGO ☐ other, please specify:
5. Type of account operated.
☐ Current ☐ Savings ☐ Investment ☐ Foreign
☐ Other, please specify:
6. Which of the bank's services or products do you patronize most? Choose one.
☐ Overdraft/Loans ☐ Trade finance ☐ Cash
lodgements/Deposits

☐ Cash withdrawals ☐ Investments ☐ Others, please specify.....

7. What is your level of satisfaction with the services enumerated in Q.6 (above) ?

☐ Delighted ☐ V. Satisfied ☐ Satisfied
☐ Unsatisfied ☐ Disappointed

8. Tick the qualities which you think may be associated with Barclays?

☐ Customer focused ☐ Professionalism ☐ Responsive
☐ Efficient ☐ Excellent ☐ Incompetent
☐ Inefficient ☐ Poor service delivery

Objective 2-Causes of customer defection

9. Is Barclays able to meet all your banking needs? Please, choose one.

☐ 0.20% ☐ 21 – 40% ☐ 41 – 60% ☐ 61 – 80% ☐ 81 – 100%

10. What is your major dislike about Barclays, Prempeh II?

☐ Staff attitude ☐ Turnaround time ☐ Lack of adequate banking products
☐ Credit Management ☐ Others, please specify:

Objective 3-Benefits of customer retention

11. How long have you operated an account with Barclays Bank, Prempeh II Street?

☐ 1 year ☐ 2 years ☐ 3 years ☐ 4 years ☐ 5 or more years

12. How do you rank Barclays, Prempeh II's customer-friendliness?

☐ Excellent ☐ V. Good ☐ Satisfactory ☐ Unsatisfactory

13. How do you rank Barclays' popularity with the business community? Please tick one.

☐ V. popular ☐ Popular ☐ Not well known ☐ Unknown

14. How do you rank the staff of Barclays Prempeh II?

- ☐ Excellent ☐ V. Good ☐ Good ☐ Satisfactory
☐ Unsatisfactory

15. What do you like best about Barclays, Prempeh II?

- ☐ Office equipment ☐ Staff attitude
☐ Service delivery time ☐ Others, please specify:

16. Will you recommend Barclays to others? ☐ Yes ☐ No

17. Do you intend to continue doing business with Barclays up to next year this time and beyond?

- ☐ Yes ☐ No

Objective 4-Reducing customer defection

18. What would you like the bank to do in order to meet your needs?

- ☐ Provide more chairs for waiting customers
☐ Deploy more staff at peak periods
☐ Frequent interactions with customers
☐ Extended banking hours especially Saturdays
☐ Other, please specify:

APPENDIX B

Staff Questionnaire for Barclays Bank, Prempeh II Street, Kumasi

Section ‘A’

Personal Data

1. Educational Level

- | | |
|--|---|
| <input type="checkbox"/> Senior High School | <input type="checkbox"/> Masters Degree |
| <input type="checkbox"/> Teacher’s Certificate ‘A’ | <input type="checkbox"/> Professional Certificate; CIM, ACCA, |
| <input type="checkbox"/> Bachelors Degree | <input type="checkbox"/> Other, please specify: |

Section ‘B’

Questions on retention and defection strategies of Barclays Bank,

Prempeh II Street

Research Objective 1-Retention strategies being used by BBP II

2. Which of the following customer retention strategies are being used by your bank?

Please choose any four in order of priority, by numbering 1, 2, 3, etc. You may also add any useful ideas if necessary

- | | |
|---|---|
| <input type="checkbox"/> Telephone banking | <input type="checkbox"/> Electronic feedback |
| <input type="checkbox"/> Calling customers by their names | <input type="checkbox"/> Visiting customers |
| <input type="checkbox"/> Picking phones promptly | <input type="checkbox"/> Quick resolution of complaints |
| <input type="checkbox"/> Other, please specify: | |

3. How do you reward loyal customers of your bank?

- | | |
|---|--|
| <input type="checkbox"/> By giving them gifts | <input type="checkbox"/> By giving loyalty cards |
| <input type="checkbox"/> By giving them discounts | <input type="checkbox"/> Other, please specify: |

4. What does Barclays do to improve and sharpen the academic and professional skills and knowledge of its employees?

- | |
|---|
| <input type="checkbox"/> In-service training for staff |
| <input type="checkbox"/> Presentations by academics and practitioners at seminars for staff |
| <input type="checkbox"/> Other, please specify: |

5. Which of the following activities are undertaken by Barclays to motivate its employees? Please tick any four in order of priority, by numbering; 1, 2, 3 etc.
- ☐ Promotion of hardworking staff
 - ☐ Regular salary increases
 - ☐ Award ceremonies at which deserving employees are rewarded
 - ☐ End-of-year dinner
 - ☐ Sporting activities; e.g. football, tug-of-war, long tennis, golf, etc.
 - ☐ Excursions to places of interest
 - ☐ Other, please specify:

Objective 2-Causes of customer defection

6. Has your bank been experiencing frequent customer defection?
- ☐ Yes ☐ No
7. If no, which of the following do you think has caused a lot of your customers to stay with your bank? Choose four in order of priority by numbering 1, 2, 3, etc.
- ☐ Resolving customer complaints promptly
 - ☐ Aggressive promotional activities
 - ☐ Frequent interaction with customers
 - ☐ Conducting exit interviews
 - ☐ Having different offering and marketing plans for different segments of the market
 - ☐ Other, please specify:
8. If yes, which of the following do you think are the causes of customer defection in Barclays Prempeh II? Choose any three in order of priority, by numbering 1,2,3, etc.
- ☐ Barclays creates expectations in the minds of customers that they are unable to fulfil.

- ☐ Barclays does not have an accurate understanding of customers' needs.
- ☐ Barclays has not translated customers' expectations into appropriate operating procedures and systems.
- ☐ Staff are not sufficiently trained to follow procedures to the letter at all times.
- ☐ Customers' perception of performances of Barclays defers from reality.

9. About how many of your customers have defected from 2003 up to 2009? Please tick one.

- ☐ Below 50 ☐ 100 – 150 ☐ 201 – 250 ☐ Over 300
- ☐ 51 – 100 ☐ 151 – 200 ☐ 250 – 300

Objective 3-Benefits of customer retention

10. Which of the following benefits has accrued to your bank as a result of implementing customer retention strategies? Please choose any four in order of priority by numbering

1, 2, 3, etc.

- ☐ Favourable word-of-mouth ☐ Loyalty
- ☐ Repeat purchase ☐ Increased customer spending
- ☐ Reduced price sensitiveness ☐ Other, please specify.....

Objective 4- Reducing customer defection

11. Which mechanism does your bank adopt to ascertain customer complaints and concerns?

- ☐ Frequent visits ☐ Electronic feedback ☐ Telephone calls
- ☐ Letters ☐ Other, please specify:

12. What does your bank do to meet customer satisfaction? Please tick any four boxes in order of priority by numbering 1, 2, 3, etc.

- ☐ Management and staff have an accurate understanding of customers' needs.
- ☐ Good marketing communication

- ☐ Frequent advertisements
- ☐ Appropriate operating procedures and systems
- ☐ Sufficiently trained and disciplined staff
- ☐ Other, please specify:



APPENDIX C

Interview questionnaire for the branch manager (Standard Banking Unit) of Barclays, Prempeh II-Kumasi.

1. What are some of the strategies that your bank has adopted to retain (keep) its customers?
 2. What are some of the benefits that your bank has derived from implementing customer retention strategies?
 3. Have some of your customers been switching to other banks?
 4. What do you think are some of the reasons why some customers switched?
 5. What measures have you adopted to reduce customer defection?
 6. How many departments do you have?
 7. How many management members do you have?
 8. What is the number of your staff?
 9. What is your customer base?
 10. What are some of your products and services?
 11. What are some of the Customer Social Responsibility (CRM) measures that your bank has been implementing?
- 