

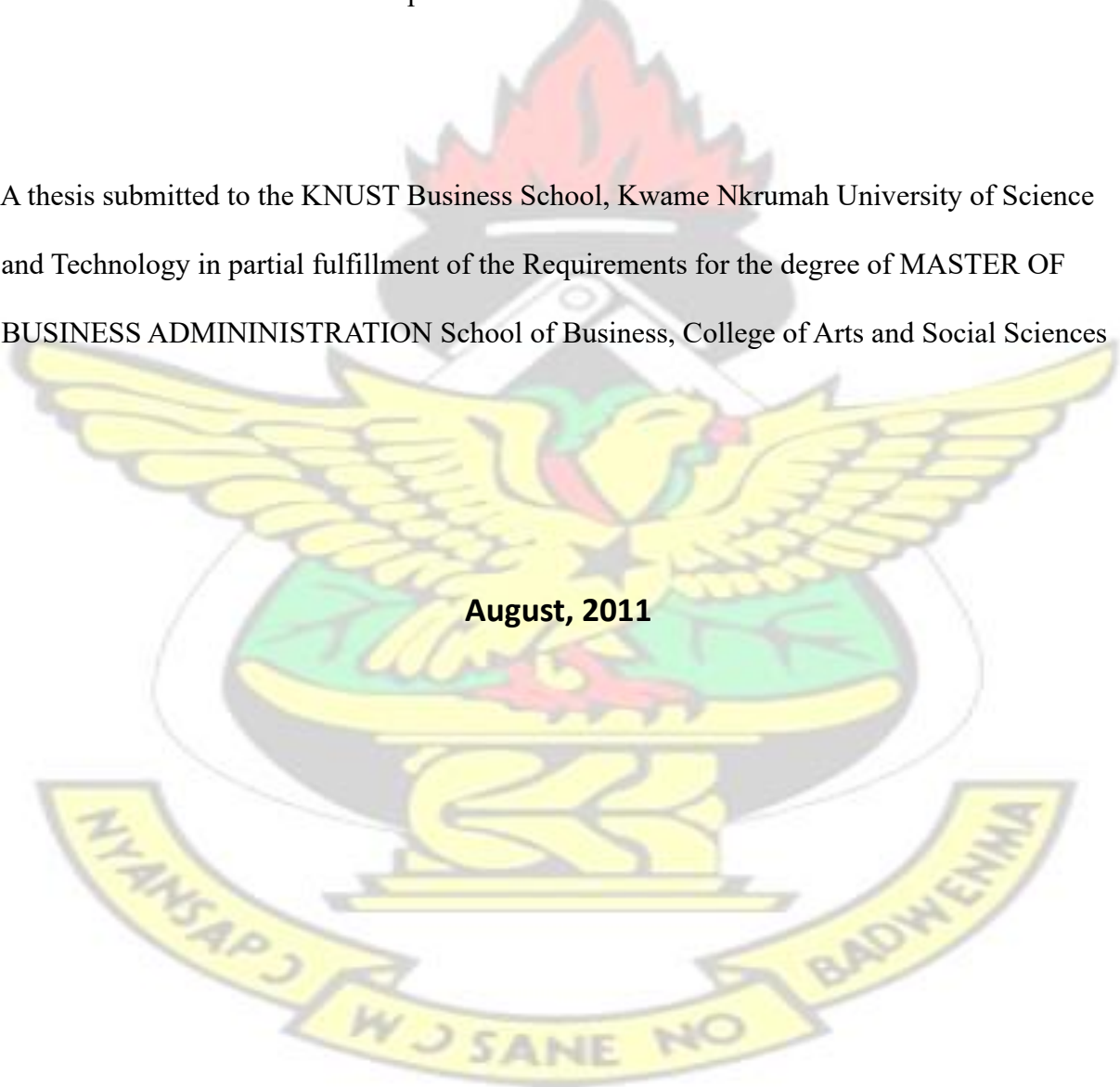
UNCOVERING THE INVISIBLE DRIVERS OF SATISFIED CUSTOMERS' DEFECTION
-A CASE STUDY OF FIRST ALLIED SAVINGS AND LOANS LIMITED

By
KNUST

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A thesis submitted to the KNUST Business School, Kwame Nkrumah University of Science and Technology in partial fulfillment of the Requirements for the degree of MASTER OF BUSINESS ADMINISTRATION School of Business, College of Arts and Social Sciences

August, 2011



DECLARATION

I hereby declare that this submission is my own work towards the MBA and to the best of my knowledge, it contains neither material previously publicized 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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ABSTRACT

The establishment of branches of banks of Nigerian origin saw a number of customers hitherto seen as satisfied and loyal customers of existing banks, defecting to the new banks. One of such institutions which suffered from these defections was First Allied Savings and Loans Limited. The question then arose as to what would propel a satisfied customer of a well established bank to defect to the banks of Nigerian origin. The purpose of the study was therefore to uncover the invisible drivers of satisfied customers' defection in First Allied Savings and Loans Limited. Questionnaire and Focus group discussions were adopted as the method of data collection. Out of the population of 123, systematic sampling technique was used to select 80 for questionnaire administration. Purposive sampling technique was then used to select 21 customers for focus group discussions. The findings were that, the customers who defected to the banks of Nigerian origin were indeed satisfied. Some of the reasons given for their defection related to curiosity, insatiable desires to access loans, adventure, speculation, deception on the part of the new banks and lack of knowledge about the new banks. It was revealed that, when approached with respect and requested to come back, defected customers would oblige. It was further revealed that, defected customers carried no feeling of guilt. The study concluded that, satisfied customers of a bank can defect to a new one for many reasons. The study thus recommended among others that, information acquired through First Allied's market intelligence in respect of its competitors be repackaged and presented to its customers in a way that would put First Allied in a better light before its customers. First Allied is to treat all its defectors with respect and pursue them till they come back.

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Finally, to all lecturers of the KNUST School of Business who taught, encouraged, guided and mentored me throughout the programme, I remain eternally grateful.

DEDICATION

I dedicate this work to the glory of the LORD, for proving once again that He is indeed THE GREAT JEHOVAH.

Without meaning to rival the position of the Almighty in this, I also dedicate the study to my beloved wife, Mrs Sylvia Yarteokor Essandoh and our lovely children Godwill Ernest Paadjoe Essandoh, Godin Yoofo Essandoh and Godis Ewuabena Ewuraba Essandoh.

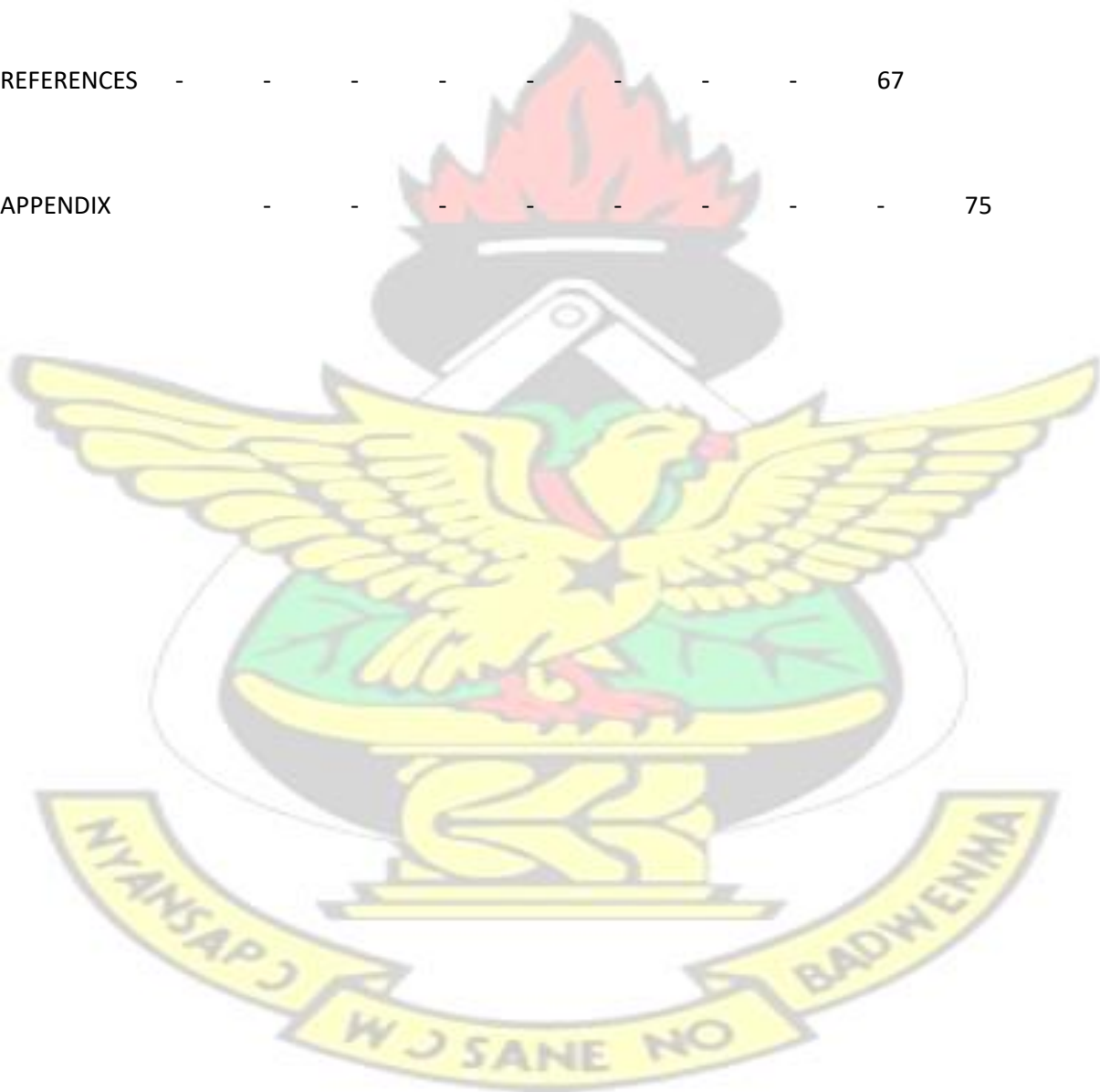


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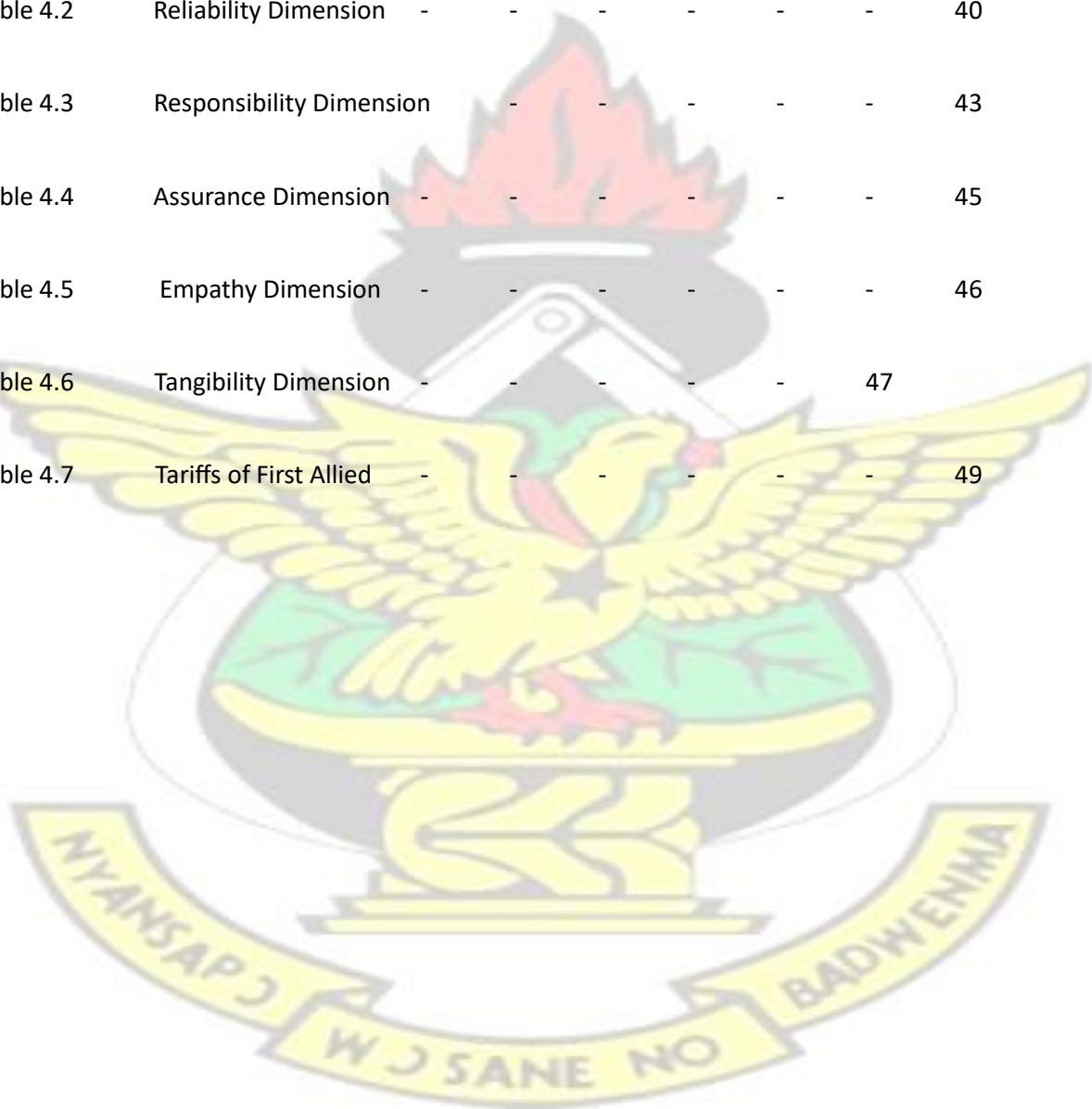
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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The subject matter of customer satisfaction and retention is a very important area which has received significant attention from marketing practitioners, scholars and researchers. As a well researched area, researchers have come out with a lot of factors which will make a customer satisfied and loyal to a particular organization and thus prevent customer defections.

Customer defection or switch on the other hand, is said to be the mirror image of customer loyalty. (Ahmad & Buttle 2001). Because the cost of acquiring new customers far outweighs the cost of maintain existing ones, Reichheld and Kenny, (1990), customer defections to competitors tend to be a source of worry to both marketing practitioners and business executives alike. One reason for the foregoing is that, the incidence of hefty expense in the case of customer acquisition is mostly at the early stages of the account relationship. Again, as satisfied customers patronize more of a product or service over a considerable period, they generate positive word-of-mouth advertising for the company or product in question. According to Healy, (1999), long-term customers also take less of the company's time and are less sensitive to price changes. He also posits that, reducing customer defection by as little as five percent can double the profits. Rust and Zahorik (1993) on the other hand also argued that, the financial implications of attracting new customers may be five times as costly as keeping existing customers. Reichheld, (1996) corroborates the foregoing by arguing that, customers who remain loyal for long periods are more likely to recruit other customers through word of mouth advertisements, testimonials and recommendations.

From the foregoing, it is obvious that, determining the causes of customer switch from one entity to another and developing means or strategies to allure them to remain loyal is therefore

very important for the continued survival of any organisation. This therefore makes it necessary for all going concerns to strategically focus on retaining as many of their customers as possible.

One strategic focus that firms can implement to remain competitive would be to retain as many customers as possible, (Hull, 2002). Ahmad and Buttle (2001) defined customer retention as the systematic objective of striving to maintain long term relationships with customers. Customer retention according to them is the mirror image of customer defection.

A high retention rate is equivalent to a low defective rate (Ahmad & Buttle, 2001). Understanding the reasons for such defections therefore helps them to strategise appropriately to stop such defections.

As observed by Kaynak and Kucukemiroglu, (1992), Hull, (2002), the financial industry is highly competitive and this equally applies to the Ghanaian situation. First Allied Savings and Loans Limited, a non bank financial institution, does not find itself competing with only institutions within its strategic grouping. Its main competitors as far as its customers are concerned, are the universal banks. (First Allied Market Research Report –August 2010). Consequently the subject matter of customer defection should be of utmost concern to First Allied.

1.2 Statement of Problem

In anticipation of increased competition, First Allied consciously sharpened the skills of its staff through series of training to ensure that, its staff delivered very high quality customer service. The company also instituted various loyalty schemes including the scrapping of the COT (Commission on Turnover), concessionary interest rates, free outreach services, free SMS banking services among others. The company consistently ensured that, it stayed ahead of other

competitors in this regard. Indeed this worked very well until banks of Nigerian origin established their branches in Kumasi. The establishment of branches of banks with Nigerian origin saw a number of customers hitherto seen as satisfied and loyal customers, gravitating towards them. The reality of the situation was that, the services of the banks of Nigerian origin as it was found later, did not match that of First Allied. (First Allied Marketing Research Report 2006, 2007,2008 and 2009)

The above phenomenon clearly defied all known popular theories and raised the question as to what would make a satisfied customer defect in the face of superior customer service delivery and opt for less attractive options.

1.3 Objectives of the Study

On the account of the above stated statement of problem, the study will have the following objectives:

1. To establish or confirm whether the customers of First Allied who defected to the banks of Nigerian origin were indeed satisfied customers.
2. To investigate why satisfied customers of First Allied defected to the banks of Nigerian origin.
3. To uncover the factors that will win back the satisfied customers of First Allied who defected to the banks of Nigerian origin.
4. To uncover the factors that can prevent satisfied customers of First Allied from defecting to the banks of Nigerian origin.

1.4 Research Questions

In the light of the above stated objectives, the study will seek to provide answers to the following research questions:

1. Were the customers of First Allied who defected to the banks of Nigerian origin satisfied customers?
2. Why would satisfied customers of First Allied defect to banks of Nigerian origin?
3. What will win back satisfied customers of First Allied who defected to the banks of Nigerian origin?
4. How will First Allied prevent its satisfied customers from defecting to the banks of Nigerian origin?

1.5 Significance of the Study

The subject matter of customer satisfaction, retention and defection has engaged the attention of researchers, marketing practitioners, academia, and executives since time immemorial. In almost all available discourses, customer defections had almost always been associated with and attributed to customer dissatisfaction.

In spite of the fact that, the foregoing remains a heavily researched area, no work has so far been found to have focused on what propels satisfied customers to defect. The extensive literature reviewed in chapter two of this discourse also supports the foregoing. This dissertation therefore sought to address this research gap.

The identification of the drivers of satisfied customers' defection offers both practical implications for marketers and contributes to the theoretical knowledge base of an increasingly important area in services marketing.

The outcome of this study will also prove invaluable to marketing practitioners as they will have to revise their customer retention strategies to make the necessary provision to prevent the defection of satisfied customers.

It is expected that, the outcome of this research will greatly influence messages that are carried in advertisements. Satisfied customers will increasingly be targeted to pre-empt envisaged defections once the invisible drivers of satisfied customers' defection are identified. In the same vein, salespersons' presentations will not be the same as the outcome of this study will greatly influence their approaches to selling and relationship building.

The study will also create avenues for further research into the subject matter. Indeed it is hoped that, through the outcome of the study, behavioural scientist will research other perspectives of the Skinner box while the study will remain a reference point to other researchers.

1.6 Overview of Research Methods

The methodology adopted for this study was made up of structured questionnaire and focus group discussions. The questionnaire had just one objective. It was meant to ascertain whether the customers who defected were indeed satisfied customers. The questionnaire was made up of 28 close-ended questions structured on the basis of Parasuraman et al., (1988)'s service quality indices. Upon analysis with the SPSS software, twenty one (21) customers who scored highest on all the indicators emerged as the most satisfied customers among the total of the 80 customers selected through purposive and systematic sampling techniques. These satisfied customers were then constituted into groups of three (3) for the focus group discussion. Content analysis was employed as the mode of analysing the focus group discussion data for answers to the research questions raised.

1.7 Scope of the Study

The study focused on perceived satisfied customers of First Allied Savings and Loans Limited who defected to do business with banks of Nigerian origin when they started establishing

branches around the country. The interest in this group emanated from the fact that, they were the beneficiaries of various loyalty schemes which should have ordinarily engendered loyalty and consequently retention as switching cost was considered very high at the time.

1.8 Limitations of the Study

The first limitation was the limited time at the researcher's disposal. While the foregoing appeared real, given the cooperation, assurance and commitment of the management of First Allied to work within an agreed timetable, the otherwise negative effects of this limitation was greatly ameliorated. The other limitation was the scope of the research. The study covered only the satisfied customers of First Allied who defected to the banks of Nigerian origin. Given the restricted character of the scope, the results may not be generalisable. Replication in other contexts may be needed to assess the generalisability of the findings and conclusions.

1.9 Organisation of the Study

The main body of the study is broken down into five (5) chapters. Chapter one covers background of the study, statement of the problem, objective of the study, research questions, significance of the study, overview of research methods, scope of the study, organisation of the study and limitation of the study. Chapter two reviews previous research on customer satisfaction, loyalty, retention and defection. Emphasis has been on both theoretical and empirical review of relevant literature. Chapter three covers the research methodology used in the collection of data. Chapter four focuses on results and discussion. Chapter Five which is the final chapter covers summary of research findings, recommendations and conclusion of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section of the study will review previous research material and other publications that are relevant to the current study. While it provides the background for this study it also seeks to establish the research gap which necessitated the current study. This section specifically looks at customer satisfaction, customer loyalty, customer retention and customer switch.

2.2 Customer Satisfaction

Customer satisfaction as defined by Cacioppo (2000) is the state of mind that customers have about a company when their expectations have been met or exceeded over the lifetime of the product or service. On his part, Khirallah (2005) sees customer satisfaction as customer's perception that, his or her needs, wishes, expectations, or desires regarding a particular product or a service, have been fulfilled. In order for this to materialise therefore, institutions must consciously and proactively put in mechanisms to meet the expectations of its varied customers.

2.3 Determinants of Customer Satisfaction

Richens (1993) cited in Sweeney and Swait (2008) came out with Service quality, Situational factors, Service factors and Complaint handling as the main headings of the determinants of customer satisfaction.

2.3.1 Service Quality As a Determinant of Customer Satisfaction

Grönroos, (1982) defined the service quality as customer's perception of difference between the expected service and the perceived service. He stressed that, the concept of perceived service quality as the outcome of an evaluation process. This takes place when the consumer compares his expectation with the perception of the service he has received.

Similarly, Parasuraman et al. (1985) also defined service quality as the comparison between customer expectations and perceptions of service. Having reviewed extensive literature on the subject matter, they suggested three underlying themes of service quality. First, service quality is more difficult for the consumer to evaluate than goods quality. Second, service quality perceptions result from a comparison of consumer expectations with actual service performance and lastly, quality evaluations are not made solely on the outcome of service, they also involve an evaluation of the service process delivery.

As his contribution, Santos (2003) also posited that, service quality is the overall evaluation of excellence and superiority of performance.

It has been argued that the quality of service is not a one-dimensional construct. Rather, service quality incorporates various dimensions that relate to both core and augmented service offering. In furtherance of the foregoing, Grönroos, (1982), Parasuraman et al. (1985; 1988) initially described five dimensions of service quality as Reliability, Tangibles, Responsiveness, Assurance and Empathy. They explained that, apart from accuracy and dependability representing reliability of service delivered, customers, in judging the quality of service also consider their experience with the delivery process.

As their contribution, Levesque and McDougall (1996), brought to light, two significant dimensions to service quality. The first was the core or outcome aspect of the service; or better still the contractual discharge of the service. The second was the process or relational aspect of the service delivery process. This mainly involved the customer-employee relationship.

2.3.2 Service Quality Dimensions

Grönroos, (1982) argues that service quality should include three dimensions. These are, first, the technical quality of outcome, or the actual outcome of the service encounter. This outcome can often be measured by the consumer in an objective manner. The next is the functional

quality of the service encounter. This refers to the interaction between the provider and recipient of the service and is often perceived in a subjective manner and finally, the corporate image. This has to do with consumers' perceptions of the service organization. According to him, image is a function of technical and functional quality, price, external communications, and physical location, appearance of the site and the competence and behaviour of service firms' employees.

Lehtinen and Lehtinen (1982) on their part talked about three dimension of service quality as, physical quality which may include conditions of the buildings and equipment used, corporate quality or the image and profile of the organisation and the interactive quality. The latter refers to the interaction between service organisations' personnel and the customers on one side and the interaction among customers on the other.

Parasuraman et al's (1985), on their part, isolated ten detailed determinants of service quality through focus group studies. These were stated as: reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding the customer and tangibles. Among these ten service quality determinants, reliability was identified as the most important. Detailed explanations of the foregoing are given in Table 1 below.

Table 2.1 Determinants of Service Quality

Service Quality	Measurement Criteria Dimensions
Reliability	It means that the firm performs the service right, the first time and firm honours its promises.
Responsiveness	It concerns the willingness or readiness of employees to provide service.

Competence	It means the possession of the required skills and knowledge to perform the service.
Access	It involves approachability and ease of contact.
Courtesy	It involves politeness, respect, consideration, and friendliness of contact personnel.
Communication	It means keeping customers informed in language they can understand and listening to them.
Credibility	It involves trustworthiness, believability, honesty.
Security	It is the freedom from danger, risk or doubt.
Understanding	Knowing the customer involves making effort to understand the customer's needs.
Tangibles	It includes the physical evidence of the services.

Source: Parasuraman et al., 1985, p. 47

In the subsequent research Parasuraman et al., (1988) compressed the ten determinants to five. These were tangibles, reliability, responsiveness, assurance, and empathy. These constitute the base of global measurement for service quality. Based on the afore-mentioned dimensions, the researchers developed a 22-item Service Quality Scale. According to their study, reliability was the most critical dimension, followed by responsiveness, assurance and empathy. The tangibles were of least concern to customers.

Table 2.2 Item - Service Quality

Service Quality	22-Item Scale Dimensions
------------------------	---------------------------------

Reliability	<p>Providing service as promised .</p> <p>Dependability in handling customer's service problems.</p> <p>Performing services at the promised time.</p> <p>Providing services at the promised time.</p> <p>Maintaining error-free records..</p> <p>Keeping customer informed as to when service will be performed</p>
Responsiveness	<p>Prompt service to customers.</p> <p>Willingness to help customers.</p> <p>Readiness to respond to customers' requests.</p> <p>Employees who instil confidence in customers.</p> <p>Making customers feel safe in their transactions.</p>
Assurance	<p>Employees who are consistently courteous.</p> <p>Employees who have the knowledge to answer customers' questions.</p> <p>Giving customer individual attention.</p>
Empathy	<p>Employees who deal with customers in a caring fashion.</p> <p>Having the customer's best interests at heart.</p> <p>Employees who understand the needs of their customers convenience business hours.</p>
Tangibles	<p>Modern equipment.</p> <p>Visually appealing facilities.</p> <p>Employees who have a neat, professional appearance.</p> <p>Visually appealing materials associated with the service.</p>

SOURCE: Parasuraman et al., (Referred to in Koltler and Keller, 2006, p.414)

In another study Johnston (1995), provided eighteen (18) service dimensions and their definitions. The dimensions mentioned were, access, aesthetics, attentiveness, availability, care, cleanliness/tidiness, comfort, commitment, communication, competence, courtesy, flexibility, friendliness, functionality, integrity, reliability, responsiveness and security. In this study, reliability was also considered as the most important. Yang et al. (2004) concluded that both studies of Parasuraman et al., (1988) and Johnston (1995) offered particularly robust

service quality dimensions for measuring traditional services and could serve as a good starting point for further research.

When Parasuraman *et al.* (1985) proposed that service quality is a function of the differences between expectation and performance along the quality dimensions mentioned above, they also developed a service quality model. Their model was based on gap analysis illustrated below:



Fig 2.1 Conceptual Framework

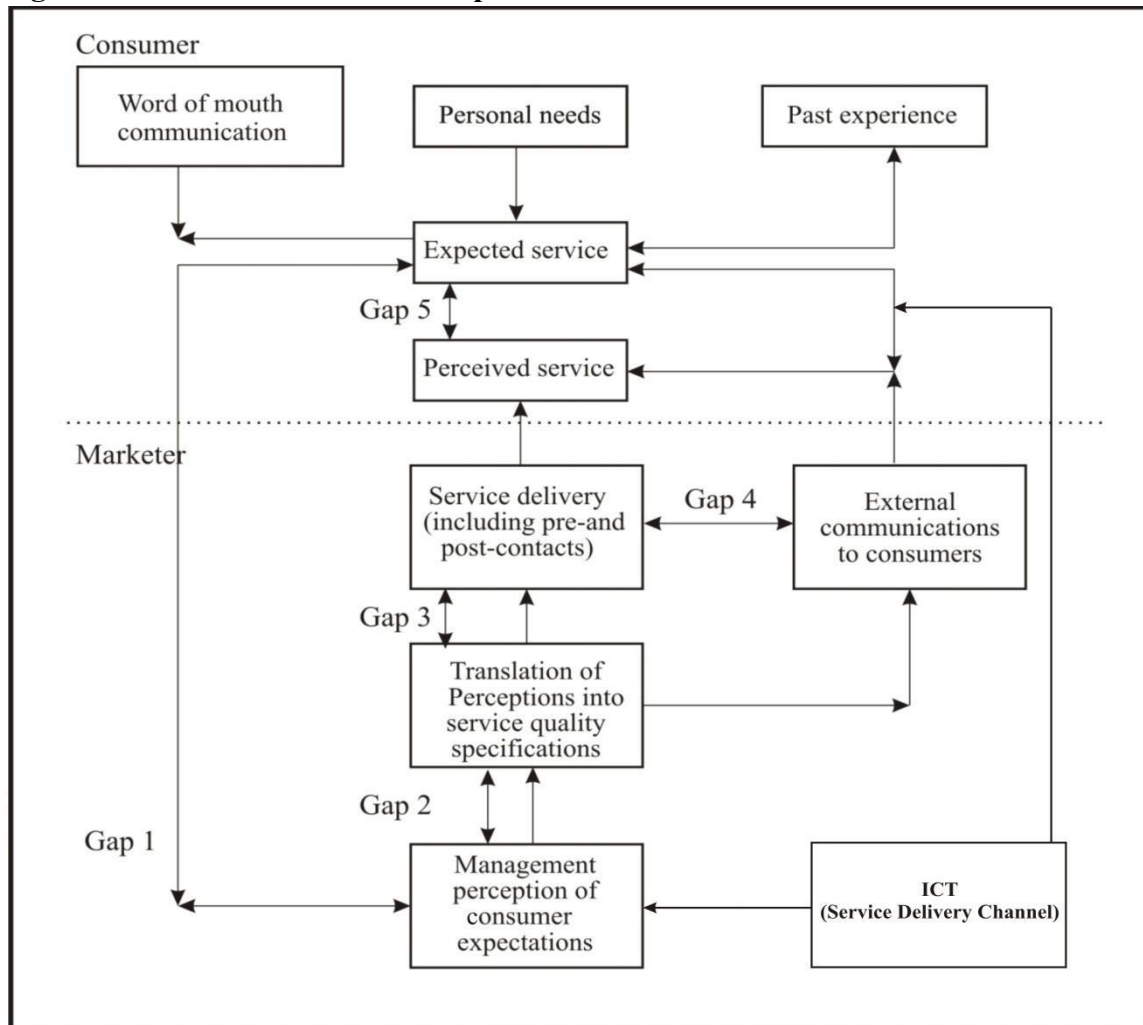


Figure 1: Service Quality Model Sources: Parasuraman et al., 1985, p 44

The gaps indicated on the conceptual framework above are explained as follows:

Gap1: Difference between consumers' expectation and management's perceptions of those expectations, i.e. not knowing what consumers expect.

Gap2: Difference between management's perceptions of consumer's expectations and service quality specifications, i.e. improper service-quality standards.

Gap3: Difference between service quality specifications and service actually delivered i.e. the service performance gap.

Gap4: Difference between service delivery and the communications to consumers about service delivery, i.e. whether promises match delivery?

Gap5: Difference between consumer's expectation and perceived service. This gap depends on size and direction of the four gaps associated with the delivery of service quality on the marketer's side. According to this model, the service quality is a function of perception and expectations.

Building on Gap model of Parasurman et al (1988), Frost and Kumar, (2000) developed an internal service quality concept. They evaluated the dimensions, and the relationships, that determine service quality among internal customers (front-line staff) and internal suppliers (support staff) within a large service organization. The internal gap shows the difference in support staff's perception (internal supplier) of front-line staff's expectation (internal customers). There is yet internal gap 2 which is the significant difference between service quality specifications and the service actually delivered resulting in an internal service performance gap. The gap is based on the difference between front-line staff's expectations and perceptions of support staff's (internal supplier) service quality. Yang et al. (2004) indicated that this model is a diagnostic tool and externally focused, and if used properly and correctly, has the potential to assist management to identify the relative service quality factors from customer perspective.

2.3.3 Situational Factors as Determinants of Customer Satisfaction

Features of a given service and situational factors like accessibility have a strong bearing on customer satisfaction. Indeed, Levesque and McDougall (1996) posited that, convenience and competitiveness of a bank were two important factors which were likely to influence or determine the extent of total satisfaction that the customer derived from its service. Indeed the foregoing had been corroborated by a number of studies in this area. Khazeh and Decker,

(1992); Kaynak et al., (1991) and Levesque and McDougall, (1996) looked at the selection criteria customers use in adopting their banks and found out that, convenient location was a critical factor influencing the choice of a bank by customers. Levesque and McDougall, (1996) on their part added that, in the case of retail banking customer satisfaction is likely to be influenced by the perceived competitiveness of the interest rates.

2.3.4 Complaint Handling as Determinant of Customer Satisfaction

Unlike physical products, services cannot be stored. They are simultaneously consumed as they are produced, as a result, they cannot be stored and checked for their product quality before distribution. The foregoing implies that, any defect in the service is most likely to be experienced by the customer. In the event of that happening, customers will in most cases not defect instantly. Customers mainly complain when dissatisfied with the service. Their subsequent reaction depends on how effectively and efficiently the service provider handles the complaints (Levesque & McDougall, 1996). This implies that, where complaints are poorly handled, customers are most likely to react to the extreme by defecting.

2.3.5 Benefits of Customer Satisfaction

As it was earlier indicated in the discourse, its more expensive to acquire new customer than retaining accessible ones Reichheld et al (1990) and (Reichheld, 1996). According to Rust and Zahorik, (1993), providing good service quality and ensuring customer satisfaction leads to growth in profitability and market share. Re-echoing the foregoing, Buzzel and Gale (1997), on their part, stated that, customer satisfaction and high quality service often led to more repeat purchases and market share improvements.

2.4.1 Customer Loyalty

Khirallah (2005) sees loyalty as the demonstration of faithful adherence to a product, service or an institution in spite of hitches, errors or indifferent service.

Subkhan (2005), practicalises the definition by stating that loyal customers have enthusiasm about the brands or products they use. According to him, the more enthusiastic a customer is, the higher the profit contributed to the brand. Loyal customers are not only satisfied by the product but take pride in the quality and all other characteristics of the product.

2.4.2 Desirable Results of Loyalty

Reichheld and Sasser (1990) found that reducing defections by 5% yields improvements in profitability of 20% to 85%. Reichheld and Schefter (2000) on their part studied customer life-cycle economics in several e-commerce sectors and found that on the internet the same rules apply as in the offline world. Loyal customers are also more inclined to recommend an online service provider to other customers (Heskett et al. 1994). Referrals also increase the customer base by lowering the costs of attracting new ones (Reichheld, 1996). In summary, loyalty is a customer's demonstration of faithful adherence to an institution despite the occasional errors. The major benefits of loyalty are, high propensity to repurchase a product or do business again with an institution, likelihood of recommending a product or an institution to others and a longer term or duration of stay of a customer with a company.

Customers are thus retained in the company or institution for a long period of time.

2.4.3 Customer Retention

Customer retention is the act of keeping customers resulting from service quality and customer satisfaction (Ross 1995). Many studies have been conducted to identify the benefits that customer retention delivers to an organization (Page et al., 1996; Reichheld and Sasser, 1990; Colgate et al., 1996; Storbacka et al., 1994; O'Malley, 1998). The bulk of this research has concentrated on the justification and the financial benefits derived from retaining customers.

The longer a customer stays with an organisation the more profit the customer generates (Reichheld & Sasser, 1990). This is an outcome of a number of factors relating to the time the customer spends with the organisation, the effects of the higher initial costs of introducing and attracting a new customer, increases in value of purchases, increase in number of purchases, the customer's better understanding of the organisation and vice versa and positive word-of-mouth advertising.

2.4.4 Factors Affecting Customer Retention

Factors affecting customer retention are discussed under the following heads, customer satisfaction, customer trust and service quality,

2.4.4.1 Customer Satisfaction

Rust and Zahorik (1993) explain that the retention rates are driven by customer satisfaction, which in turn increases market share. Fornell (1987) supports this and makes the connection between high quality service and customer retention, which is related to profitability. While customer satisfaction is an important indicator for customer retention, keeping customers is dependent on a number of other factors such as choice, price and income (Jones & Sasser 1995).

2.4.4.2 Customer Trust

Researchers have established that trust is essential for building and maintaining long- term relationships. (Rousseau et. al., 1998; Singh & Sirdeshmukh, 2000). It is conceptualized as existing when one party has confidence in the other party's reliability and integrity (Ranaweera & Pradhu, 2003).

Gounaris (2003) argues that trust is a vital element in any type of relationship. The more a customer trusts a supplier, the higher is the perceived value of the relationship and hence, -the greater the chances that the customer remains in the relationship.

2.5.1 Other Factors that Influence Customer Retention

(Trubik and Smith, 2000). Khirallah (2005) on their part mentioned relationship investment, switching cost, availability and attractiveness of alternative and service recovery as the reason customers stay with service organizations even though they have seriously considered switching. Details of the foregoing are provided below.

2.5.1.1 Switching Barriers

As defined by Jones et al., (2000) switching barrier is any factor that makes it difficult for customers to change providers. An example of such factors can be a special scheme that a customer enjoys with his or her current service providers.

2.5.1.2 Relationship Investment

Gwinner et al. (1998) argue that customers will commit themselves to establishing, developing, and maintaining relationships with the service provider that provides superior valued benefits. They discovered that customers received many benefits from developing relationships and that these benefits could be classified into confidence social and special treatment benefits. They found that even if a customer perceives to be the core service attributes as being less than optimal, they may remain in the relationship if they are receiving important relational benefits.

Jones and Sasser (1995) also discovered an indirect empirical link between interpersonal relationships and repurchase intentions. This link suggested that in situations of low customer satisfaction, strong interpersonal relationships positively influence the extent to which customers intend to repurchase suggesting that relationships do act as a barrier to switching.

2.5.1.3 Switching Cost

Dick and Basu (1994) defined switching cost as the cost of changing services in terms of time, monetary and psychological costs. Grohaug and Gilly (1991) suggest that a dissatisfied customer may remain “loyal” because of high switching costs. For instance, moving to a new service provider require investing effort, time and money. These act as barrier to the customer when he or she becomes dissatisfied with the current service provider. Ping (1993) studied the relationship between switching costs and customer loyalty and found out that, when customers perceived the switching costs associated with leaving the current relationship and establishing the alternative too high, they tend to be loyal.

2.5.1.4 Availability and Attractiveness of Alternative

The number of alternative providers, as perceived by customer, may also influence customer’s decision to stay with a service provider. Customers may perceive that there are few alternatives in the market because of the fact that many of the alternatives are not in their evoked set. Bendapudi and Berry (1997) proposed that customers may remain in a relationship because they perceived no other alternative. Anderson et al (1994), also suggested that a customer might be dependent on a service provider because of lack of superior competition in the industry. As a result, even if customers are not satisfied with the current providers they stay because it is still better than the alternatives.

2.5.1.5 Service Recovery

Gronroos (1988) defined service recovery to include all the activities and efforts employed by a service provider to rectified, amend and restore the loss experienced by the customer following a service failure. Customers may stay with a service provider after they have experienced a problem because they were satisfied with the service recovery process after complaining. Customers who have experienced a problem will usually be dissatisfied and

successful service recovery can reverse this dissatisfaction and can sometimes lead to the customer being more satisfied than prior to the problem, a phenomenon called the “service recovery paradox” (Smith & Bolton, 1998). In this way, good service recovery could lead to customers changing their minds about switching from their service provider.

2.5.1.6 Formation of strong customer bonds

Berry and Parasuraman, (1991) identified three retention strategies namely financial benefits, social benefits and structural ties. They explained that adding financial benefits is achieved through financial incentive and this can be for instance, customers seeking lower prices for high amount purchases or lower prices for those customers who have been with the firm for a longer time. By adding social benefits, the customers are perceived as clients, meaning that, they are individuals whose needs, the firm tries to understand and serve on individual basis. The services provided by the firm are customised and marketers here find ways to stay in touch with their customers by personalizing and individualizing customer relationships. Other than financial and social bonds, the structural bonds are created by providing services that are highly customized and frequently designed right into the service delivery system for that client. Structural bonds are established when firms and customers commit resources to the relationships. For example, a company may supply customers with special equipment or computer links that help customers manage orders, payroll and inventory (Berry & Parasuraman, 1991).

2.5.1.7 Monitoring Customer Relationships

Zeithalm and Bitner (1996) state that, monitoring and evaluating relationships is one of the basic strategies employed by firms to retain customers over time. They identified two basic ways of monitoring customer relationships in an organisation: ‘customer database’ and ‘relationship surveys’. Customer database is an organised collection of comprehensive

information about individual customers or prospects that is current, accessible and actionable for such marketing purposes as lead generation, lead qualification, and sale of product or service and maintenance of customer relationships. (Kotler and Keller 2006). Zeithalm and Bitner (1996) argue that a well-established customer database is a foundation to creating effective customer retention strategies. According to Zeithalm and Bitner (1996), relationship survey is done on current customers to establish their perceptions on the perceived value, quality, satisfaction with services and satisfaction with the service provider as opposed to competitors. This enables the firm to meet the needs of its customers to keep them.

2.5.1.8 Loyalty Programs and Customer Clubs

Yi and Jeon (2003) argue that loyalty programs aim to reward customers for repeated purchases thus building customer retention. Bolton et.al. (1999), also argue that generally, the aim of such programs has been to increase customer retention in profitable segments by providing increased satisfaction and value to certain customers. One argument used by managers for these programmes is that increased satisfaction and loyalty lead to increased profitability, (Fornell, 1992, Reichheld, 1996). O'Brien and Jones (1995) state that, managers usually believe that it is desirable as well as expected that the loyalty reward program is properly executed in order to increase retention rate. Therefore, a firm needs to quantify the program's influence on future purchase behaviour. Additionally, firms need to verify that the financial outcomes of the rewards programs exceed the investments made in the programs (O'Brien & Jones ,1995). Research suggests that customer clubs are successful at promoting customer retention (Stauss et. al, 2001). The latter argue that customer clubs are one of the most important and cost-intensive elements of customer retention systems and continue to argue that by constantly offering specific advantages to club members, they are supposed to increase customer

satisfaction and loyalty. The aim of a customer club is to offer club member different benefits and in that way, increase customer satisfaction and loyalty.

2.5.1.9 Effective Recovery Systems

Zeithalm and Bitner (1996) argue that even though firms need to ‘do it right the first time’ as that is what customers prefer; it is still quite inevitable for failures and mistakes to occur. It is when mistakes and failures occur that customers usually have a good reason to switch providers and also to tell others not to use the service. Therefore, effective recovery becomes essential in maintaining the relationship. They argue that if firm fails in recovery, it will deceive the customer twice and therefore, some of the factors that are vital in creating an effective delivery are, tracking and anticipating recovery opportunities, taking care of customer problems on the front lines, solving problems quickly, empowering the front line to solve problems and learning from recovery experience.

2.6.0 Causes of Customer Switch

According to Neslin et al. (2006), customer switch is the propensity of the customer to cease doing business with a company at a given period of time. Keaveney (1995) created a model which contained eight causes of customer switch. These are pricing, inconvenience, core service failures, service encounter failures; employee responses to service failures, attraction by competitors, ethical problems and involuntary switching plus seldom mentioned incidents. These incidents, in overview, can be described as follows:

- pricing: this category subdivides into high prices, price increases, unfair pricing practices and deceptive pricing practices;
- inconvenience: this category subdivides into location, opening hours and waiting too long either for an appointment or for delivery;

- core service failures: this category subdivides into mistakes, billing errors and service catastrophes;
- service encounter failures: this category subdivides into uncaring, impolite, unresponsive or unknowledgeable staff;
- employee responses to service failures: this category subdivides into reluctant responses, a failure to respond or patently negative responses;
- attraction by competitors: this category subdivides into consumers whose responses focused on the pluses of the service provider they switched to as opposed to the negatives relating to the service provider they switched from;
- ethical problems: this category subdivides into dishonest behaviour, intimidating behaviour, unsafe or unhealthy practices or conflicts of interest; and
- involuntary switching and seldom-mentioned incidents: this category subdivides into switching because the service provider or customer had shifted location or the service provider had changed alliance.

Gerrard and Cunningham (1997) also identified six incidents which they considered to be important in gaining an understanding of switching. These incidents were inconvenience, service failures, pricing, unacceptable behaviour, attitude or knowledge of staff, involuntary/seldom mentioned incidents and attraction by competitors.

Hart et al., (1990) identified customer complaint handling as another cause. A major reason why customers switch service providers is unsatisfactory problem resolution. When customers face a problem, they may respond by exiting (switching to a new supplier), voicing (attempting to remedy the problem by complaining) or loyalty (staying with the supplier anticipating that “things will get better”) (Hirschman, 1970). Given that customers of retail banks have relatively

high switching costs, it is likely that a dissatisfying experience will evoke a passive reaction (no complaint) or a complaint. In instances that the customer complains, the bank's response can lead to customer's states changing from dissatisfaction to satisfaction. In fact, anecdotal evidence suggests that when the service provider accepts responsibility and resolves the problem, the customer becomes "bonded" to the organization (Hart et al., 1990). When customers complain, they give the firm a chance to rectify the problem and, interestingly, if the firm recovers successfully, it increases loyalty and profits (Fornell & Wernerfelt, 1987). Thus, customer complaint handling can have an influence on customer satisfaction and retention.

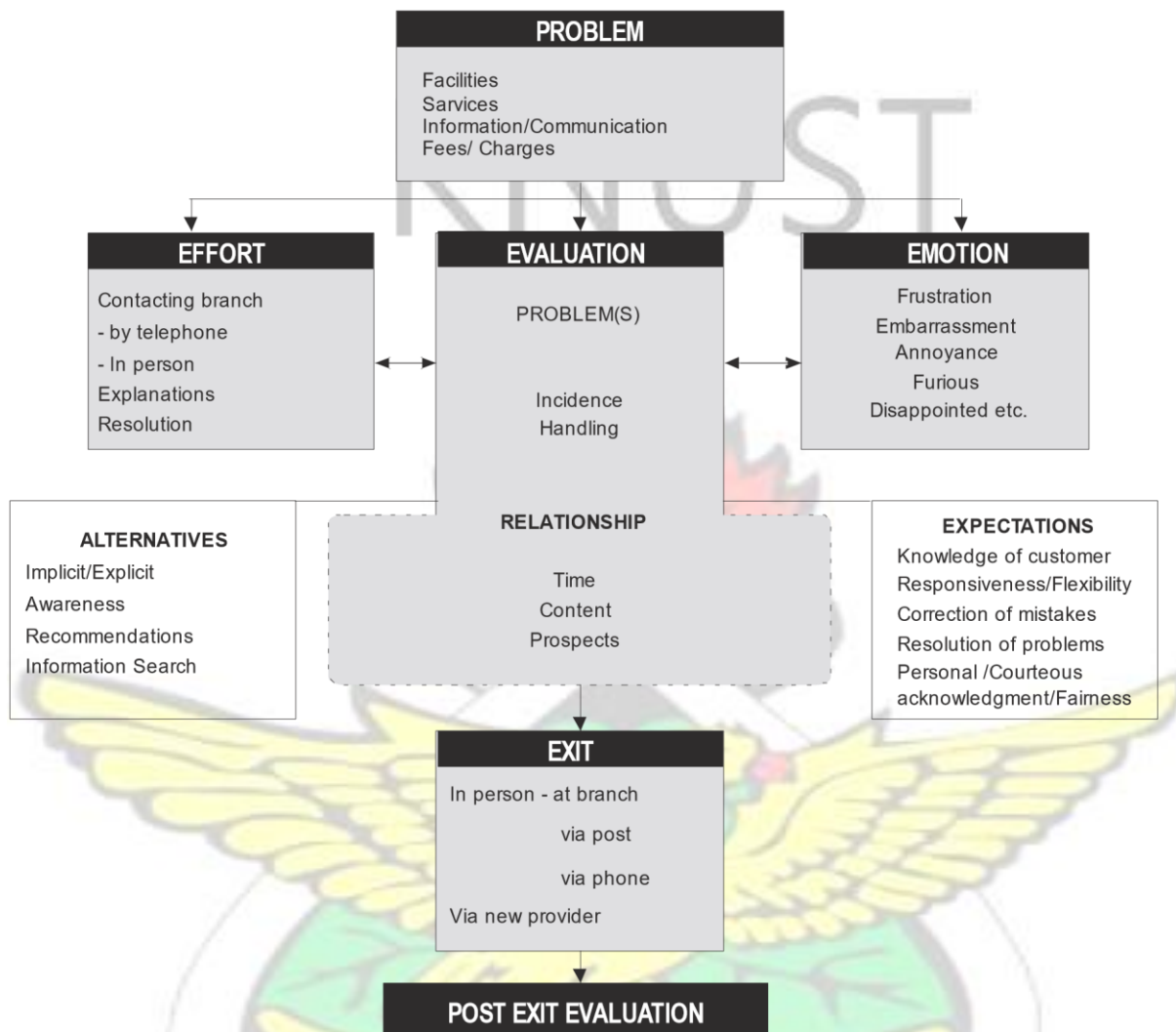
2.6.1 Switching Process

Stewart (1998), investigating customer exit or switch in the banking industry, suggests that customers who defect go through a four-stage process involving a problem, effort, emotion and evaluation. The primary research findings on the process of customer exit from bank relationships are summarized in the form of figure 1.

Stewart, (1998) argues that the exit process is precipitated by the customer experiencing a problem, as perceived or defined by them. On experiencing the problem, the customer usually engages in efforts to have it resolved and experiences emotions. Customer evaluation of the problem takes place, with the relationship with the bank forming the context of the evaluation. Customer expectations and awareness of available alternatives influence the evaluation. In turn, evaluation considers the problem(s), its handling and the relationship. Exit is invoked and, possibly, post-exit evaluation. This has been shown on the figure 1 below.

Figure 2.2 Customer Switching Process

Figure 1



Adopted from Stewart (1998)

2.6.2 Effects of Customer Switch on Organisations

According to Ahmad and Buttle (2001), customer retention is the mirror image of customer defection or switch, where a high retention rate has the same significance as low defection rate. Reichheld and Kenny (1990) argue that, it is more economical to keep customers than to acquire new ones. According to them, costs of acquiring customers to replace lost ones are high. This

is because the expense of acquiring customers is incurred only in the beginning stages of the commercial relationship. In addition, long term customers buy more and if satisfied, may generate positive word-of- mouth advertisement for the company.

Loosing customers, according to Keaveney (1995), has a negative effect on a firm's market share and profit. Reichheld and Sasser (1990) argue that, when a customer switches service providers, the potential for additional profits are lost, the initial investment costs are wasted Colgate et al., (1996) and the firm faces the additional costs of acquiring a replacement customer (Fornell & Wernerfelt, 1987). It is believed that reducing customer defections by as little as five percent can double profit of a firm (Healy, 1999). In the light of the above and in an environment of intense competition, what seems vital in order to avoid the harmful effects of customer switch is to make an extra effort to institute control devices that keep track of customer defection (Ahmad, 2002).



CHAPTER THREE

METHODOLOGY

3.1 Introduction

The third section of the study deals with the research paradigms employed in the study as justified by the objectives of the study, the sampling procedure adopted, the data collection methods, data analysis, research ethics and limitations, and the quality of the outcome.

3.2 Research Paradigms

The main research paradigms are quantitative and qualitative research. Quantitative research involves gathering data that is absolute, such as numerical data, so that it can be examined in an unbiased a manner as possible. Qualitative data on the other hand, is a much more subjective form of research, in which the researchers allow themselves to introduce their own bias to help form a more complete picture. Qualitative research may be necessary in situations where it is unclear what exactly is being looked for in a study, so that the researcher needs to be able to determine what data is important and what isn't. While quantitative research generally knows exactly what it's looking for before the research begins, in qualitative research the focus of the study may become more apparent as time progresses. (Wisegeek.com accessed 01/08/11 at 15:09 hrs)

Given that, the study had to establish that the subjects of the research were satisfied customers, quantitative methodology, based on closed ended questionnaire were administered to confirm that the subjects were all satisfied customers. Having established that, the most satisfied among them were selected to participate in focus group discussions to elicit why satisfied customers defected. The foregoing justifies and explains why a mixed approach was adopted for the study.

3.3 Purpose of the Study

According to Yin (1994), the purpose of academic research can be exploratory, descriptive or explanatory. Saunders et al. (2007) justifies this by explaining that, exploratory studies are a valuable means of finding out what is happening, to seek new insight, to ask questions and to assess phenomena in a new light. Indeed, since the study at hand sought to question the conventional position that, satisfied customers would ordinarily not defect, the new light that it sought to shed on the subject matter appropriately made the study, exploratory and hence qualitative approach towards the study. According to Saunders et al. (2000), the three ways of gathering data for conducting exploratory research are search of literature, talking to experts in the subject and conducting focus group discussions. The study reviewed existing literature on the subject and conducted focus group discussions.

On the other hand, the objective of descriptive research in the view of Saunders et al. (2007), is to portray an accurate profile of a person, event or situation etc in order to have a clear picture of the phenomena in which the researcher wishes to collect data. Since satisfied customers were to be used as the subjects of this study, descriptive research was first carried out to establish that, only satisfied customers were selected to participate in the focus group discussions. Data collection for this was done by means of close ended questionnaire, using Parasuraman et al., (1988)'s service quality indices.

Having gleaned the most satisfied customers among the lot of the population, focus group discussions were held to elicit why satisfied customers defected.

On his part, Yin (1994) stated that, explanatory research explains causal relationships between cause and effect. This position was buttressed by Saunders et al. (2000) to the effect that, explanatory research aims at explaining causal relationships between variables. Since the study did not seek to establish or explain any causal relationships, explanatory research was not employed in this study.

3.4 Sampling Procedure

Under this heading, the population and sample and the sampling technique adopted for the study are discussed.

3.4.1 The Population and Sample

Identification of the relevant population in any study is a very important element of every research. This is so because; the exercise of collecting data can be a costly in terms of time, money and other resources at the researcher's disposal. Contacting a large number of respondents who could have nothing to do with the study therefore will only amount to an exercise in futility and wanton waste of the researcher's limited resources.

The population of the study was made up of all satisfied customers of First Allied Savings and Loans Limited, who defected to do business with banks of Nigerian origin when they first established their branches in Kumasi in 2006. Status enquiries in respect of former First Allied customers, received from banks of Nigerian origin, confirmed that, the defectors had opened accounts and were operating with the banks of Nigerian origin. The total population was one hundred and twenty three (123). The sample for this study was chosen by sound methodological principles explained below.

3.4.2 Sampling Technique

The population for the study comprised all satisfied customers from First Allied who defected to the banks of Nigerian origin. Purposive and systematic sampling techniques were adopted. Systematic sampling technique was employed in selecting the sample size. Eighty (80) respondents were selected from the total sample frame of one hundred and twenty three (123). In gathering the sample every fourth customer on the list provided by the marketing department was selected till eighty (80) of them were selected. This was done to ensure that, the sample

was chosen without recourse to any personal biases of the researcher. It was also used because the study intended to give members of the population equal chance of being selected for the interview. Having administered the questionnaire on the eighty (80) satisfied customers, purposive sampling technique was again applied in selecting the twenty one (21) customers who emerged as the most satisfied to be the participants of focus group discussions.

3.5 Data Collection Methods

Data were gathered from both primary and secondary sources. The primary sources applied in the research were data gathered through questionnaire, focus group discussions and series of interviews with the marketing manager of First Allied. The secondary sources were First Allied marketing reports that were reviewed.

As indicated earlier, the justification for using both quantitative and qualitative approaches was dictated by the research objectives and the accompanying research questions. This position is supported by (Yin, 1994). First, the research subjects presented by the marketing department had to be confirmed as satisfied customers. In making that determination, an objective and systematic approach that required good description of that fact using figures had to be used hence, the application of close ended questionnaire (quantitative approach) based on Parasuraman et al., (1988)'s service quality indicators. Indeed, the quantitative approach used had just one objective and that was to determine whether the customers who defected were satisfied customers.

Having determined that, the customers who defected were satisfied customers, the next stage of the study was to investigate why the satisfied customers defected. Since qualitative approach provided better understating of the phenomenon under investigation, Marshall and Rosemont, (1999) that approach was adopted and hence the use of focus group discussions.

Additionally, the research problem and research questions at hand, justified the use of the qualitative research approach as the most appropriate to enable us to uncover the reasons for satisfied customers' defection.

3.6 Data Analyses

Two forms of analyses were carried out. First, SPSS package was used in analysing the quantitative data. The questionnaire had only one objective. It was meant to confirm that the defected customers were satisfied customers. Respondents were therefore ranked on how they rated the services of First Allied on the indices given on Parasuraman et al., (1988)'s service quality indices.

Analysis of the focus group discussions was manually done within the context of Krueger's

continuum of analysis model : raw data → descriptive statements →

interpretation was adopted (Krueger 1994). This involved both electronic and manual recording of the focus group discussion processes.

The process of data analysis began during the data collection, having gone over the recordings, transcripts, and the observational notes again, summary notes were written. Major themes that emerged in the summaries were isolated and categorised. Descriptive statements were then grouped under the questioning routes. Relevant quotes were then lifted for association among cases. The quotes were then rearranged for interpretation. In interpreting, the number of people expressing the same sentiments, emotional attachment with which the comments were expressed, change in opinion for consensus and other emergent issues were factored in.

3.7 Pre-test Survey

The questionnaires were first, pre-tested on the first ten customers. This led to the rephrasing of some questions which the respondents did not readily appreciate.

3.8 Research Ethics and Limitations

Very sound ethical standards were maintained throughout the study. Participants were assured of their privacy and confidentiality of the information they gave out. They were also made aware of the implication of their participation and what the information would be used for. Participants were again made to understand that the exercise was purely voluntary and their right to withdraw at any stage of the study was stated clearly to them.

3.9 Company Profile

According to the First Allied profile document made available by the marketing department, First Allied Savings & Loans Limited was incorporated as a Limited Company on 24th May, 1995. The Company was licensed by Bank of Ghana (under PNDCL 328) to accept deposits from the public and provide credit services to businesses and consumers. The Company started operations on 25th September, 1996.

The Company's mission is to offer convenient access to efficient, innovative and responsive financial services to micro and small-scale entrepreneurs on a sustainable basis for the mutual benefit of all stakeholders. Its vision is to create an excellent institution and be a leader in the provision of quality financial services to the micro and small enterprise sector in Ghana.

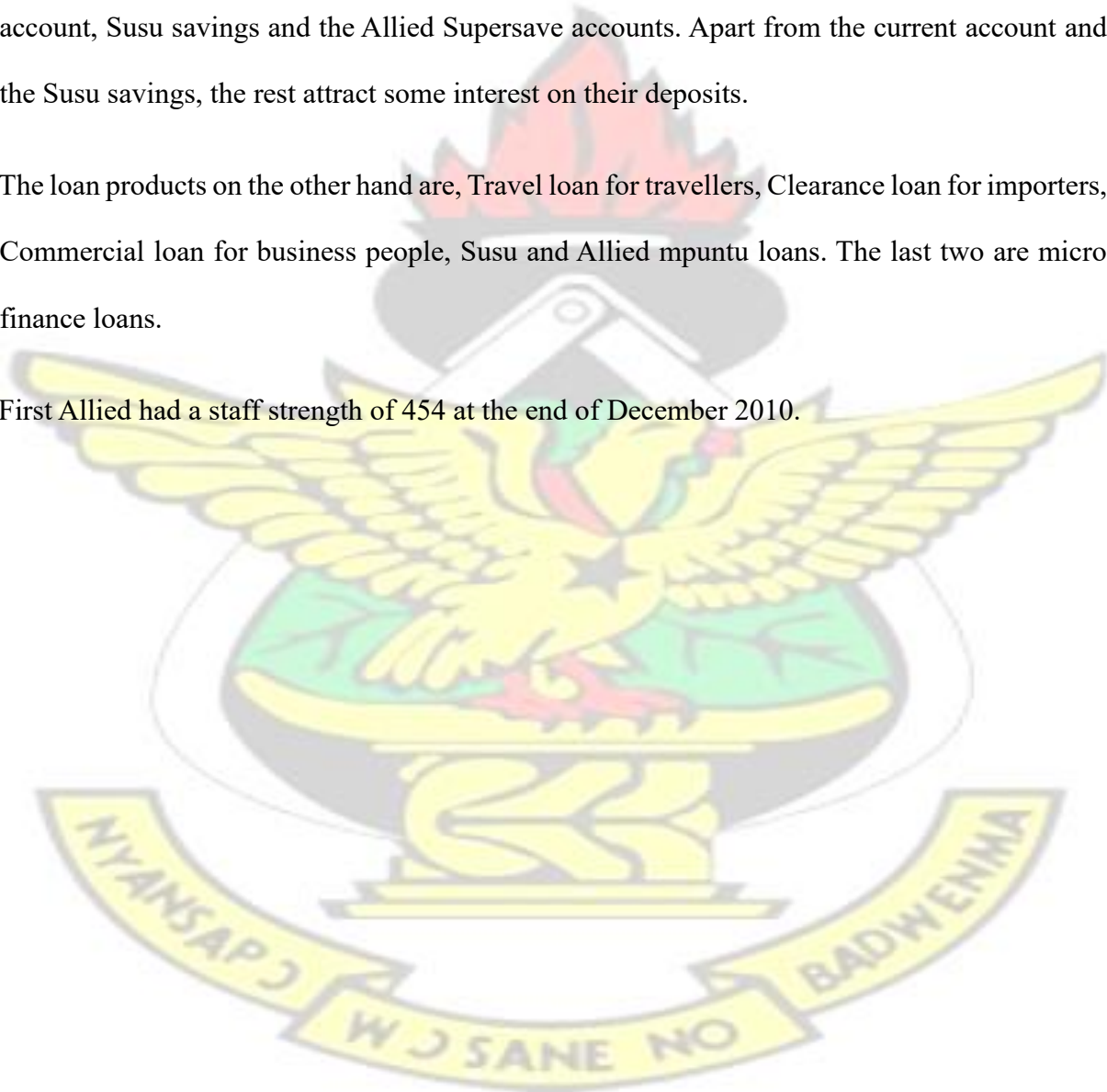
Excellence, Integrity, Human Resource, Democracy, Corporate Responsibility and Judicious Use of Resources are the core values of the Institution.

The institution has eighteen branches in Ghana and has a 9-member of Board of Directors comprising 7 non-executive directors and 2 executive directors (Management). Non executive members of the board have diverse backgrounds and are seasoned professionals in both business and academia.

The product of the institution can be broadly categorised into Deposit and Loan based products. The deposit products on offer are, Savings account, Current (checking) account, Fixed deposit account, Susu savings and the Allied Supersave accounts. Apart from the current account and the Susu savings, the rest attract some interest on their deposits.

The loan products on the other hand are, Travel loan for travellers, Clearance loan for importers, Commercial loan for business people, Susu and Allied mpuntu loans. The last two are micro finance loans.

First Allied had a staff strength of 454 at the end of December 2010.



CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

Chapter presents analysis and interprets the data gathered during the survey to determine the drivers of satisfied customers' defection. After collecting the data from the field, analysis interpretation of the analyses was done to enable the researcher to draw some meaningful conclusions. The just-mentioned processes were continuous and at each stage, the researcher paused and examined the whole exercise relation to the objectives and the research questions to ensure that, the study was on track. The stages in question were quality control, tabulation, coding, and computer processing. As indicated earlier, the study made use of a computer software package called Statistical Package for Social Scientists (SPSS) to analyse the quantitative questionnaire.

Having completed the analysis of the questionnaire, twenty-one customers who emerged as the most satisfied among the lot were selected for focus group discussions. Three groups of seven each, constituted the focus groups.

The first part of this section presents the analysis of the questionnaire while the second part deals with that of the focus group discussions.

In the case of the questionnaire, tables and graphs were utilised in the analysis of the questionnaire as presented in the ensuing pages. In the case of the focus group discussions,

Krueger's *continuum of analysis model* namely, *raw data* → *descriptive statements* → *interpretation*. Content analysis was employed to glean all relevant issues raised during the focus group discussions for the purpose of the analysis.

4.2 Uncovering the Invisible Drivers of Satisfied Customers' Defection. Personal Data

Table 4.1: Age and Gender of Respondents

Age/Gender	Female		Male		Total	
18-25 years	10	(66.67%)	5	(33.33%)	15	(18.75%)
26-35 years	12	(54.55%)	10	(45.45%)	22	(27.50%)
36-45 years	14	(60.87%)	9	(39.13%)	23	(28.75%)
46-55 years	6	(66.67%)	3	(33.33%)	9	(11.25%)
56-65 years	5	(62.50%)	3	(37.5%)	8	(10.00%)
66 years and above	2	(66.67%)	1	(33.33%)	3	(3.75%)
Total	49	(61.25%)	31	(38.75%)	80	(100%)

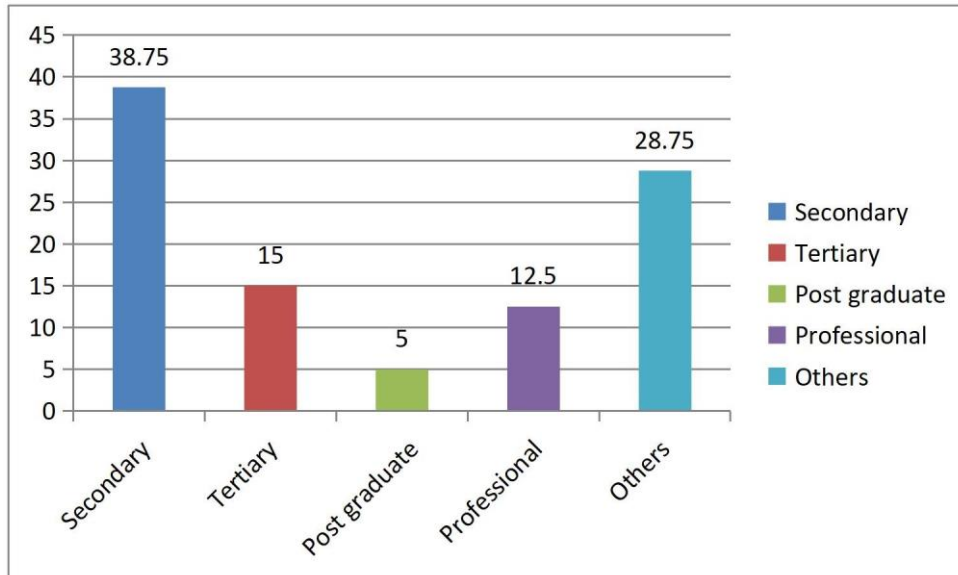
Sources: Authors' field survey, July, 2011

The sample gathered indicated that, it was predominantly female as in Table 4.1. Female respondents were forty nine (49) representing 61.25 percent while their male counterparts consisted of thirty one (31) or 38.75 percent of the total sample size of 80. The gender distribution gave a fairly balanced representation of both genders, albeit a little dominance of the female. The dominance of female here, also reflects the gender distribution of First Allied's customers. Indeed review of reports from the marketing department of the institution indicated that, about 63% of the institution's customer base are female while their male counterparts constitutes 47%. It must be said that, the institutions mission of offering convenient access to the micro and small scale entrepreneur ties in well with this distribution as female entrepreneurs at the small and micro level outnumber the males.

On the other hand, the age distribution across the respondents was found to be varied. As indicated in Table 4.1, majority of the respondents were in the age category of 36-45 years. Twenty three (23) respondents representing 28.75 percent were found within this age bracket. This was followed by those in the ages of 26-35 years representing 27.50 percent. The least among the age distribution was found to be '66 years and above'. Only three (3) respondents, representing 3.75 percent found themselves in the study. Again the age distribution generally conforms to the general trend in the economy. Indeed the 18-45 years bracket constitute the most productive working population and their number overwhelmingly overshadows the rest

of the population. Perhaps this position was achieved on the account of the unbiased sampling technique adopted.

Figure 4.1: Educational Qualification



Sources: Authors' field survey, July, 2011

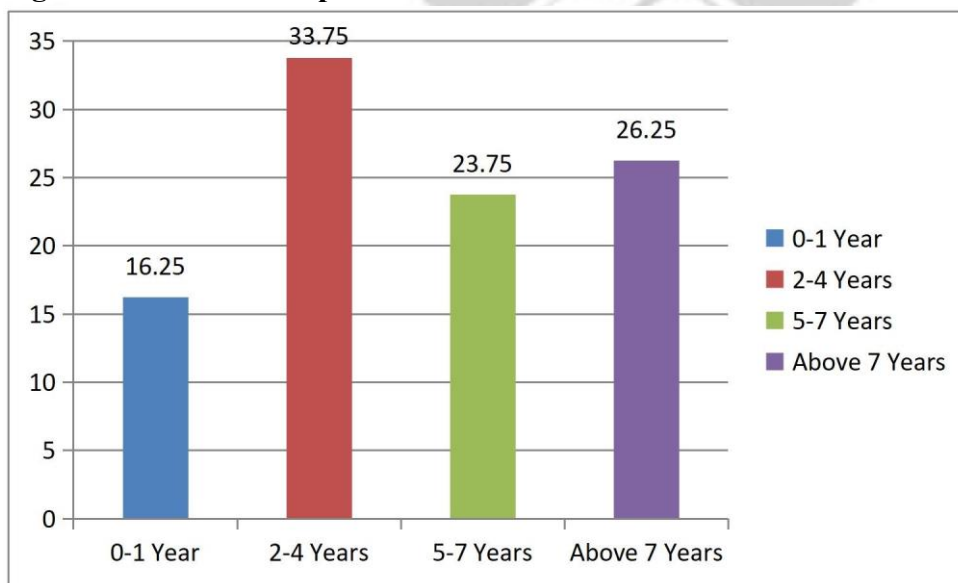
On the educational qualification of the respondents, it was found that, secondary school certificate holders were found to be predominant among the respondents. As indicated in Figure 4.1, thirty one (31) of the respondents representing 38.75 percent were found to be holders of Secondary School certificates, this was followed by those in the 'others' category which constituted twenty three (23) of the respondents or 28.75 percent. The others category was found to be holder of the following:

- Basic Education Certificate Examination
- Ordinary Level (O'Level)
- Advanced Level (A' Level)
- Chartered Institute of Marketing (CIM)
- Diploma in Business Studies (DBS)
- Microsoft Software Certification

- National Vocational Training Institute Certificate (NVTIC)

Tertiary certificate holders, professional and postgraduate were found to be following in that order with 15.0 percent, 12.5 percent and 5 percent respectively. It is a common knowledge that, the Ghanaian educational system produces a lot of drop-outs after the secondary level. Those who are not able to continue their education to the tertiary level end up either learning one trade or the other or venture into trading where a lot of them do very well. Review of the marketing reports of First Allied indicated that, it has a special loans scheme aimed at new entrants in the business environment. This probably explains why this group outnumbered the rest.

Figure 4.2: Period of Operation with First Allied



Sources: Authors' field survey, July, 2011

The period of operation with First Allied revealed that, majority of the respondents chosen for the study by the sampling techniques had been with First Allied for a period of 2-4 years.

These numbered twenty seven (27) and represented 33.75 percent as shown in Figure 4.2.

This was followed by those who had been with the institution for ‘Above 7 years’. The ‘above 7 years’ category, constituted 26.25 percent of the respondents. Those within ‘5-7 years’ and ‘0-1 year’ followed with 23.75 percent and 16.25 percent respectively.

This analysis gave us much confidence that, the sample for the study actually composed of respondents who had been with the institution for a reasonable period of time and therefore had the opportunity to experience customer services offered by First Allied and also enjoyed the various loyalty schemes introduced by First Allied over a considerable period of time.

4.2.1 Assessment of Service Quality Dimensions.

For the analysis of the service quality dimensions, simple abbreviations were adopted to indicate the strength of association used, as shown below:

- Strongly Disagree ----- SD
 Disagree ----- D
 Somehow Agree ----- SHA
 Agree ----- A
 Strongly Agree ----- SA

Table 4.2: Reliability Dimension

Item	SD	D	SHA	A	SA
First Allied provided all its services as promised	1 1.25%	5 6.25%	10 12.50%	43 53.75%	21 26.25%
Staff were dependable in handling customer’s service problems	0 0.00%	3 3.75%	7 8.75%	48 60.00%	22 27.50%
Services were delivered at the promised time	0 0.00%	2 2.50%	8 10.00%	51 63.75%	19 23.75%
As far I know, First Allied maintained error-free records	3 3.75%	2 2.50%	11 13.75%	44 55.00%	20 25.00%
Customers were informed as to when service will be performed	0 0.00%	3 3.75%	9 11.25%	46 57.50%	21 26.25%

Sources: Authors’ field survey, July, 2011

Table 4.2 gives the constituent items for the reliability dimension. This dimension also happens to be the most important among all the service quality determinants (Parasuraman 1985). As shown in the table, on the “First Allied provided all its services as promised” it is realized that, 53.74 percent agreed to the assertion while 26.25 percent strongly agreed to it. In all, a cumulative of 74 respondents generally agreed to the assertion. This represented 93.5 percent of the respondents. This component of ‘reliability’ measures the technical quality of the staff performance component of the staff Grönroos, (1982), confirms the technical competence of the staff of First Allied

On the dependability of staff in handling customer’s service problems, it was found that, there was general agreement that staff were dependable. Indeed it was found that, majority of the respondents either agreed or strongly agreed. In sum, 60 percent agreed and 27.50 percent strongly agreed. Out of the respondents, 3.75 percent, disagreed with the position that, staff of First Allied were dependable in handling customer complaints. Indeed customer complaints handling can change an irate customer’s disposition towards the service provider from negative, to positive if properly done (Levesque & McDougal, 1996). The major reason behind these high scores was that, all branches of First Allied carried log books of customer complaints. Branch managers were personally charged to ensure that, complaints were attended to without delays. Once First Allied effectively handled customers’ complaints, customers who would otherwise be displeased with First Allied would harbour no ill feelings against First Allied.

On timely delivery of service, it was generally carried that, First Allied delivered its services at the promised time. The major reason for this is the Institutions mission statement of offering ‘convenient access to financial services’. Management of the institution had set benchmarks for each branch against which respective performances of the branches were measured. Branches on their part follow the benchmarks as given and so service delivery was not unnecessarily saddled with delays. Indeed, 23.75 percent were in strong agreement of the

assertion while 63.75 percent agreed to the assertion. This gave the indication that, to a very large extent, respondents were in total agreement with that assertion. Only 2.50 percent held the dissenting view of disagreeing with the position. The remaining 10 percent however, 'somehow agreed'.

Given the mechanisms that First Allied had in place towards producing accurate records it was not surprising that interviewees felt, First Allied generally maintained error free records as presented in the detailed results of the interview below. As intimated earlier, 'maintaining error-free records attracted varied responses from the interviewees. As indicated on Table 4.2, 3.75 percent, representing, three (3) respondents strongly disagreed. Another 2.50 percent made up of 2 of the respondents, refrained from supporting this position by simply disagreeing that, First Allied maintained error-free records. Notwithstanding the foregoing, a large number of 74 respondents agreed with the assertion. Indeed, 55 percent of the respondents agreed while 25 percent strongly agreed with the assertion that, First Allied maintained error-free records. The eighty percent endorsement that error-free records were kept, is underscored by the fact that First Allied has an effective call over system that ensures that, only vetted information is passed on to the customer.

On customers being informed as to when services would be performed, respondents were generally very satisfied. Almost all the respondents agreed with the assertion apart from, the 3.75 percent who generally disagreed with it. On the same index, 11.25 percent somehow agreed, another 57.50 percent agreed while 26.25 percent strongly agreed with the assertion as indicated in the table above.

Generally, as shown in Table 4.2, it was found that, under the reliability dimension of service quality, respondents generally agreed to all the determinants of reliability. This gave a very

strong indication that, they were very satisfied with First Allied, in respect of the reliability of its customer service provision.

Table 4.3: Responsibility Dimension

Item	SD	D	SHA	A	SA
Prompt services were delivered to customers	0 0.00%	3 3.75%	15 18.75%	37 46.25%	25 31.25%
Staff were always willing to help customers	1 1.25%	2 2.50%	9 11.25%	46 57.50%	22 27.50%
Staff were always ready to respond to customers request	0 0.00%	0 0.00%	5 6.25%	48 60.00%	27 33.75%
Employees instilled confidence in customers and made them feel safe in their transactions	0 0.00%	1 1.25%	8 10.00%	52 65.00%	19 23.75%)

Sources: Authors' field survey, July, 2011

Respondents generally agreed and passed First Allied on the responsibility dimension of service quality delivery. A vast majority of respondents agreed on all constituents of this dimension. As shown in Table 4.3, majority of the respondents were found to be either in agreement or strongly agreed with each of the assertions under responsibility. The assertion "Prompt services were delivered to customers" was agreed to by 46.25 percent of the respondents made up of thirty seven (37) people. Twenty five (25) of the respondents representing 31.25 percent strongly agreed with the assertion, with only 3.75 percent or three (3) disagreeing with the assertion. This indicates a majority of seventy seven (77) of the respondents, or 96.25 percent totally agreed that, prompt services were delivered to customers.

On willingness of staff to help customers, respondents overwhelmingly agreed that staff was always willing to help customers. As shown in the table, twenty two (22) of the respondents representing 27.50 strongly agreed while forty six (46) of the respondents amounting to 57.5 percent agreed.

Furthermore, on the item “Staff were always ready to respond to customers request”, there was unanimous agreement to that effect as no one held any dissenting view. Five (5) respondents representing 6.25 percent were somehow in agreement, forty eight (48) representing 60 percent agreed while twenty seven (27) respondents, representing 33.75 percent strongly agreed with the assertion and thus, giving an indication that First Allied staff were always ready to respond to customers’ request.

The subject of “Employees instilled confidence in customers and made them feel safe in their transactions” also recorded comparable results among the respondents. It was found that, none of the respondents strongly disagreed, however one respondent constituting 1.25 percent was in disagreement with the assertion, eight (8) representing 10 percent somehow agreed, fifty two (52) constituting 65 percent agreed while nineteen (19) constituting 23.75 percent strongly agreed to the assertion

First Allied had and in place a very robust customer service training methodology which on daily basis reminds the staff of the need to ensure that good customer service was delivered at all times. Every member of staff was encouraged to step in where failures were envisaged. With this arrangement in place, it was not surprising that, a very high mark was scored for the constituents of the responsibility dimension to the effect that, customers and for that matter respondents were generally satisfied with the element of responsibility in respect of the service delivery of First Allied.

Table 4.4: Assurance Dimension

Item	SD	D	SHA	A	SA
Employees were always courteous	2	0	4	52	22
	2.50%	0.00%	5.00%	65.00%	27.50%

Employees were knowledgeable enough to answer customers' questions	0 0.00%	0 0.0%	2 2.50%	55 68.75%	23 28.75%
Employees gave individual attention to customers	0 0.00%	1 1.25%	9 11.25%	41 51.25%	29 36.25%

Sources: Authors' field survey, July, 2011

The assurance dimension also witnessed a general agreement among the respondents. As clearly shown in Table 4.4, on the item 'Employees were always courteous' it was found that, respondents were generally in agreement with the assertion. Of their number, 27.50 percent strongly agreed, while 65.00 percent agreed with only 2.50 percent strongly disagreeing.

Regarding the employees being knowledgeable enough to answer customers' questions, there was general agreement among the respondents chosen for this study that, employees were knowledgeable. A little over twenty-eight percent (28.75 percent) strongly agreed with the assertion, 68.75 percent were in agreement and 2.25 percent were somehow in agreement, the assertion recorded no disagreement among the respondents.

The assurance index of giving individual attention to customers also saw 36.25percent constituting twenty nine (29) of the respondents in "strongly agree", 51.25 percent representing forty one (41) respondents agreed with the assertion. There was however only 1 dissent or 1.25 percent. Again the overwhelming endorsement given the assurance dimension by the respondents can be attributed largely to the effective internal or on-the-job training that First Allied had in place. This among others ensured that, staff performed at an acceptable level of competency.

Table 4.5: Empathy Dimension

Item	SD	D	SHA	A	SA
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Employees dealt with customers in a caring fashion	0 0.00%	2 2.50%	11 13.75%	66 82.50%	21 26.25%
Employees had the customer's best interests at heart	0 0.00%	0 0.00%	19 23.75%	39 48.75%	22 27.50%
Employees understood the needs of their customer's convenience, like business hours, location etc.	0 0.00%	0 0.00%	12 15.00%	47 58.75%	21 26.25%

Sources: Authors' field survey, July, 2011

Table 4.5 simply depicts the extent to which respondents agreed with the empathy dimension of service quality provided by First Allied. Generally, respondents agreed on all the constituents of the empathy dimension. On the item "Employees dealt with customers in a caring fashion" respondents were found to be in agreement. Sixty six (66) respondents representing 82.50 percent agreed while twenty one (21) constituting 26.25 percent strongly agreed.

Moreover, on the index of "Employees had the customer's best interests at heart", there was unanimous agreement. Majority of thirty nine (39) representing 48.75 percent, agreed to it while twenty two (22) of the respondents constituting 27.50 strongly agreed with the assertion. As indicated earlier, none of the respondents were found to be in disagreement with the assertion.

Respondents generally felt that, "Employees understood the needs of their customer's convenience, like business hours, location etc.", indeed there was no dissenting view on this index. Twelve (12) respondents representing 15 percent were somehow agreed, forty seven (47) representing 58.75 percent were agreed and twenty one (21) representing 26.25 percent strongly agreed. This gives an indication of strong confirmation that, First Allied lived by its mission statement of offering convenient access to their services to its customers. Its branches are located very close to the business location of its customers. In instances where the customers find themselves a bit far from the location of the branches, there is an outreach team that visits

such customer on regular basis to transact business at the customers' premises. With these facilities in place, there was little wonder that, customers would score the institution high on those indicators on the empathy dimension of First Allied service quality delivery.

Table 4.6: Tangibility Dimension

Item	SD	D	SHA	A	SA
Pieces of equipment used in First Allied were modern	0 0.00%	0 0.00%	13 16.25%	46 57.50%	21 26.25%
First Allied maintained visually appealing facilities	0 0.00%	0 0.00%	9 11.25%	44 55.00%	27 33.75%
Employees had neat, professional appearance always	0 0.00%	0 0.00%	4 5.00%	53 66.25%	23 28.75%
Visually appealing materials like trade stimulants, brochures etc, were associated with First Allied's Service	0 0.00%	1 1.25%	8 10.00%	46 57.50%	25 31.25%

Sources: Authors' field survey, July, 2011

The tangibility dimension describes the physical evidence or tangibles assets and appearance of the institution. This is another area where the respondents scored very high. This confirmed that position adopted by Wakefield and Blodgett (1999) that, customers view the tangible aspects of the service delivery as integral part of the service and that, a higher score on tangibles most often translates to the other aspects of the service. The reason as indicated by the review of the reports of the marketing department may be partly due to the fact that, the marketing department saw that as one of the major avenues of communicating with the public that, the service quality delivered by the institution was commendable hence it had always put in a lot of effort to ensure that, the quality of physical evidence of the institution was never compromised upon. Clearly as shown in Table 4.6, apart from one person who disagreed with the fact that, visually appealing materials like trade stimulants, brochures were associated with the services of First Allied, none of the respondents held a dissenting view on any of the indices within the tangibility dimension. On the same variable, forty six (46) respondents representing

57.50 percent agreed that, visually appealing materials were associated with First Allied, and twenty five (25) representing 31.25 percent strongly agreed with the assertion.

On the variable “Pieces of equipment used in First Allied were modern”, 16.25 percent of the respondents somehow agreed with the proposition, 57.50 percent merely agreed while, 26.25 percent went for strongly agreed.

The variable, “First Allied maintained visually appealing facilities” recorded 11.25 percent for respondents who somehow agreed with that assertion. Fifty five (55) percent agreed while 33.75 percent strongly agreed.

Moreover, the item “Employees had neat, professional appearance always” was also found to be generally agreed upon as shown in Table 4.6, 5 percent somehow agreed, 66.25 percent definitely agreed and 28.75 percent strongly agreed. The foregoing confirms in no uncertain terms that, customers were very satisfied with the tangibles of First Allied.

Table 4.7: Tariffs of First Allied

Item	SD	D	SHA	A	SA
I found the miscellaneous charge of First Allied acceptable as they compared favourably with what was found elsewhere	3 3.75%	1 1.25%	9 11.25%	41 51.25%	26 32.50%
I found interest earned on my accounts in First Allied very favourable compared to what competition offered.	0 0.00%	0 0.00%	13 16.25%	45 56.25%	22 27.50%
I found interest paid for loans and other facilities at First Allied very favourable compared to what competitors offered	0 0.00%	0 0.00%	5 6.25%	54 67.50%	21 26.25%
I found the loyalty programmes I enjoyed at First Allied more beneficial than those of competitors	0 0.00%	2 2.50%	11 13.75%	44 55.00%	23 28.75%

Sources: Authors’ field survey, July, 2011

Tariffs of First Allied were found to be generally acceptable and favourable as compared to what is obtained in competition. Table 4.7 vividly attests to the foregoing. It is the Institutions philosophy to deliver value for money at all times. The results of the survey simply reflect this fact. Consequently, customers largely found miscellaneous charges and other tariffs of First Allied acceptable. Indeed 32.5 percent strongly agreed with this position with 51.25 percent merely agreeing. This simply shows an overwhelming endorsement of the fact that, majority of the respondents agreed with that assertion.

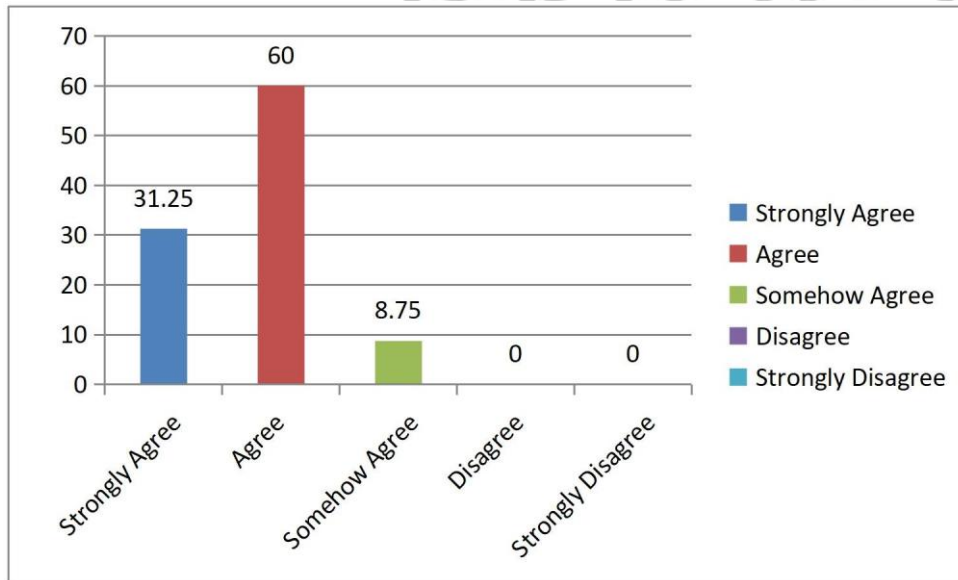
Regarding interest earned on accounts in relation to what was offered in competition, respondents unanimously agreed that, they were again in total agreement. A little over sixteen percent (16.25 percent) somehow agreed, 56.25 percent agreed and 27.50 strongly agreed. As intimated earlier, no dissent was recorded here. Indeed foregoing confirms the position of Levesque and McDougall, (1996) to the effect that, customer satisfaction is likely to be influenced by the perceived competitiveness of the interest rates. It was therefore not surprising that, the result of First Allied's strategy of offering value for money reflected in performance of the institution on this index

On the interest paid on loans and other facilities, it was clearly indicated by the respondents that, as compared to what obtained in competition First Allied was favourable. None of the respondents disagreed with that assertion. A little above six percent (6.25 percent) somehow agreed, 67.5 percent agreed and 26.25 percent strongly agreed.

Lastly, on the loyalty programmes enjoyed by customers, it was indicated that, that of First Allied were more beneficial than what is obtained in competition, of which 28.75 percent strongly agreed, 55 percent agreed while 13.75 percent somehow agreed. Only 2.5 percent of the respondents disagreed with the assertion.

Clearly it is been shown that, customers were very satisfied with the services provided by the bank and indicated that, the service quality delivery they received was of a higher quality compared to what obtained in competition.

Figure 4.3: Final Verdict of Customer Satisfaction



Sources: Authors' field survey, July, 2011

Overall, it was found that, customers were very satisfied with the services provided by First Allied. As indicated in Figure 4.3, majority of the respondents, thus forty eight (48) of the respondents agreed with assertion "Overall I was satisfied with the services of First Allied" which represents 60 percent. Twenty five (25) of the respondents also strongly agreed with the fact that, they were satisfied with the services provided. This category of respondents, represented 31.25 percent. Seven (7) respondents or 8.75 percent somehow agreed. There were no dissent as none of the respondents either disagreed or strongly disagreed.

4.2.2 Interpretation of Analyses

All the above analyses point to the fact that, defected customers who were surveyed were indeed satisfied customers of First Allied Savings and Loans. They consistently scored very high on all the indicators for customer satisfaction.

4.3 Analyses of the Focus Group Discussion.

As indicated earlier, focus groups of three, comprising of seven members each, constituted the discussion groups. The main objective was to elicit answers to the research questions posed in the study. In the course of the discussions, a lot of data was generated. Priority was however, given to those that directly answered the research questions for the analysis of the data. The data was manually analysed within the context of Krueger's *continuum of analysis model*. That is: *Raw data* → *descriptive statements* → *interpretation* was adopted (Krueger 1994).

4.3.1 General Questions

The discussion questions posed, and the analysed results are presented below:

1. What experiences did you have with First Allied?

This was meant to be an ice-breaker to launch us into the serious discussions. The reaction of the respondents was nostalgic. Even though comments that the answer generated were generally favourable, care was taken not to accept them without raising questions. The reason for this is that, culturally, people hardly expressed ill-feelings publicly when there is no immediate cause. Even though some of the responses captured and presented below were complementary, further probing of the issue indicated other wise.

“Those days were really golden and we enjoyed every bit of time with First Allied”.

“Things were easier then. The processes were fluid”

“We hardly wasted time on anything. Loans were processed in record to us.”

“We and First Allied were like the cripple and the floor” – This is a literal translation of an Akan expression which indicated how close they were with First Allied.

Further probing indicated that, the sentiments expressed were not what they actually felt at the time they operated with First Allied. It was obvious that, having had the benefit of hindsight and experience with another institutions, they were comparing their experiences at First Allied. with what they had had since defecting from First Allied. The positive expression gave a tacit indication of some willingness to come back to relive the ‘golden’ experience. It was inferred from the discussions that, even after the customers had switched, they continued to make comparison between the performances of their last institution with the new ones they adopted. Where the old one came out favourably, they tended to have positive feelings about their former relationship with the old institution.

2. How would you consider your relationship with the staff and Management of First Allied now?

This question drew many answers from the 3 groups. The answers given ranged from being bland, or one of indifference on either party’s side. Another dimension also indicated one based on a lot of mistrust and suspicion. Respondents were however, unanimous in stating that, the relationship was not as cordial as it was before. Further probe into the issue revealed that, the relationship was not as hostile as the group sought to portray. Indeed in some cases, the staff of First Allied still visit them. The difference between then and the current situation had been that, understandably, intimate discussion of customers’ businesses did not feature. Staff of First Allied had also refrained from giving them much needed advise.

It emerged from foregoing that, the relationship between staff and customers was measured not only by the number of contacts made but the depth of interactions regarding issues deemed important by the customers. The strained relationship mentioned above did not reflect hostilities but reduction in the depth of the discussions they had with the staff of First Allied.

3. How have you fared since leaving First Allied?

The question was meant to find out whether they were better off now than they were with First Allied. All the 3 groups were unanimous with the answer that, they were struggling through with their finances. They indicated that, issues regarding availability and convenient access to loans and overdraft facilities had not been as smooth as they were used to, in First Allied. The vehemence and passion with which the expression was made gave a very strong indication that, they were highly dissatisfied with the banks of Nigerian origin.

4. How do you propose to change your current position?

The question was meant to draw hints from respondents on their preparedness to go back to First Allied given their dissatisfaction with the banks of Nigerian origin. Varied responses were received. Their answers were suggestive of despondence. The main drift of their responses was that, they would do their best in the current circumstances. Answers like “we are just looking at what the lord will do” dominated the responses. Others had plans to go to other financial institutions. In probing further, it came to light that, majority of them had already left the banks of Nigerian origin. It was observed that, even though they still found First Allied better alternative than what the banks of Nigerian origin offered, nobody in the three discussion groups mentioned First Allied as the logical alternative to their current predicaments. This obviously at variance with Anderson and Narus (1990)’s position that, ‘customer might be dependent on a service provider because of lack of superior competition in the industry and

that, even if customers are not satisfied with the current providers they stay because it is still better than the alternatives'. Reactions of the focus groups showed that what Anderson and Narus (1990) established was not one directional or absolute. If it was, The defected customers in the focus group discussion would have found First Allied a better alternative and reverted to it.

4.3.2 Why did you decide to defect from First Allied.

This question directly answered a research question. The question tried to elicit from them why they had to defect from First Allied when all indications proved that, they were satisfied customer.

There was some unanimity about the fact that, they had speculated that, because the banks of Nigerian origin were new, they would offer superior services to that of First Allied.

It was also stated and agreed to by most of the customers that, the banks Nigerians origin deceived them into thinking that, they (the banks of Nigerian origin) would grant easier access to bank facilities than what First Allied had so far done for them.

It also came out of the discussions that, they had anticipated that they would be more visible with the new banks. All of the participants in the discussion agreed that, with a new place where the customers were not many, they would be better noticed by the authorities and be considered as part of their growth story. Another dimension of this was that, as pioneers they expected to be accorded more privileges.

Curiosity was another reason cited for the movement. Indeed the respondents conceded that, they had no information about the offering and the track records of the banks of Nigerian origin and so they just went in to find out what was happening there. They only decided to stay when officers of First Allied found out and reacted adversely.

Some participants in the discussion used folklore and Akan wise saying to justify or explain the reason why they left.. Expressions like:

“When there are many towns you don’t just stay in one and be disgraced there”, “You can only decide on the best market after you have visited all of them” and “If you are dreading by divorce you won’t have a good marriage” were used to explain why they defected.

Unbridled desire to access money was gleaned from their reaction. Some of the participants contended that, as businessmen and women, they should always gravitate towards where money was and so, if the banks of Nigerian origin were to make them any offer, comparable to what First Allied would give, they would have had. twice as much as First Allied alone would give. This view was supported by majority of the participants. Coming close to the heels of the foregoing was the point that, some participants felt their insatiable desires regarding access to finance could not be possibly met by one institution. The above responses from the discussion indicate that, there is no thing as blind loyalty. Indeed a customer will always seek his interest first and that, anything that is not in his interest is of less significance to him or her.

When the subject of why they left was further interrogated all the groups confirmed that they were satisfied with the services of First Allied. In spite of the foregoing, almost all respondents remembered some episodes of dissatisfaction but added that they such issues were resolved to their satisfaction. This effectively confirms the position of Levesque and McDougall, (1996) that when complaints are effectively resolved, customers won’t defect. Indeed the customers confirmed that, they did not leave because of the episodes of dissatisfaction, The episodes of dissatisfaction mentioned included, duplication of charges by the ‘Banker’s Realm’ the banking software used by First Allied. Turn around time was also an issue. That happened when the server went down. In another instance customers had been served by new staff member who did not have answers to customers/ questions. It should be

observed that, all the above conformed to the Keaveney (1995)'s model on customer defection. In the case of First Allied however, the customers did not defect because, the service recovery task was excellently executed. This thus affirmed once again, the position of Levesque and McDougall (1996) on effective resolution of customer complaints.

4.3.3 Will you consider coming back to First Allied?

This was a major research question which also sought to elicit from the respondents, the factors that will make them to go back to their financial institution after defecting. It was also meant to find out the conditions and circumstances that will make them to go back.

The question attracted varied reactions were received. First the respondents felt the relationship between the officers of First Allied and themselves had been marred and so going back would be difficult. They would however go back when candid overtures were made by officers of First Allied. As some of them put it,

“When approached we will let sleeping dogs lie and rejoin the family”,

“All we need is to be approached to confirm that, really First Allied needs us and will welcome us once we come back”.

“Once we are sure that we won't be derided, we will be more than prepared to go back”.

“When a child urinates on the mother's laps, the laps are not cut away so let's know we are still welcome and we will come back”

“Our coming back depends on how the officers of the First Allied will treat us. Once that assurance is given, we will come back”

“My brothers used folklore to explain why we left. I believe you can could have also used folklore to prevent us from going in the first place. After all, you only produce foam from your urine when it is directed to a spot”.

There were however very few customers who still had chips on their shoulders. They were not prepared to swallow their pride. From these very few customers, answers like, “only dogs vomit and eat the vomit” were received from them.

On the whole it was gathered through the discussion that, satisfied customers who defect will ordinarily come back once approached and made to feel welcomed by the staff of First Allied.

4.3.4 How did you feel when you had to leave First Allied ?

The purpose of this question was to elicit from customers the state of mind that they carry when they defected. It was to help fashion out an appropriate approach to make such customers change their minds and come back. It was realized that, ordinarily, they harboured no feelings about having to defect to another institution. They primarily saw it as a course of business and so, according to the overriding majority view, “its was all part of it”. Only two members of the group had a different opinion. According to them, they felt guilty whenever they met officers of First Allied and this was primarily because of the relationship that they had with them.

Essentially, customers did not feel bad when they defected. Any feeling they had about their actions comes about because of their relationship with the officers of First Allied. The crux of the matter was that, the customers will do anything to pursue their interest. Anything that did not further the interest of the customer is of no importance to them.

4.3.5 What would have prevented you from defecting from First Allied?

This question was raised to find out from them if it would have been possible to stop the defection in the first place and what could have been done differently.

It came to light that, since they did not have much information about the banks of Nigerian origin, if the officers of First Allied had informed them about the banks of Nigerian origin, their curiosities would have been satisfied. There would not have been the need for any defections. The point was also made that; they needed to be reminded of the privileges they enjoyed constantly. Once that sank deep they would not have taken those privileges for granted and would have remained with First Allied. Again, they would think twice if they had to do anything that would put their privileges in jeopardy.

It was rather surprising that none of the participants mentioned any of the factors mentioned in literature as factors that promote customer loyalty and retention. The reason for this, as inferred from their contribution was that, those were issues they had taken for granted. To them, that was their barest expectation any bank.

4.3.6 Any other issues worth raising or discussing.

At this point, participants conceded they had discussed all that, there was to with us. They were grateful for the opportunity granted for them to air their side of the story at that forum.

CHAPTER FIVE

SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSION

5.0 Introduction

This section examines the finding made out of the entire study, recommendations to ensure better customer care and retention, and the conclusion of the study.

5.1 Summary of Findings

Findings made out of the study are presented below. The findings are broken into two parts. The first part is findings that answered the research questions the second part covers other findings made in the course of the study.

5.1.1 Defection of Satisfied Customers

The study confirmed that, the customers who defected from First Allied, were indeed satisfied customers. This goes contrary to preponderance of literature of the subject matter which point to the fact that, customer satisfaction leads to customer loyalty. While this is true the study discovered that a lot of factors would prompt satisfied customers to defect. These are treated below:

5.1.2 Why did the Satisfied Customers Defect From First Allied?

A number of reasons were given as the reasons for defection. These were, to satisfy their curiosities and to know what is happening in other institutions.

Another was speculation; they felt that as new institutions, the banks of Nigerian origin would grant easier access to loans and other allied facilities than First Allied would.

It was also seen as an Opportunity to gain visibility and grow with the new banks so as to enjoy the privileges that would go with that.

Some felt that, as pioneers they would be accorded certain privileges that, First Allied would not offer.

In other cases customers had just gone to savour the services of the banks of Nigerian origin but decided to stay permanently when officers of First Allied found out and reacted adversely.

The influence of folklore and traditional wise saying played a role in the defections. Some of such saying justified the defections.

Another reason was that, some of the defectors felt their demands were such that, one institution could not meet them fully and hence their gravitation towards the banks of Nigerian origin.

5.1.3 Will Defected Customers of First Allied Come Back?

On the whole it was gathered through the discussion that, satisfied customers who defected will ordinarily come back when approached and made to feel welcomed by the staff of First Allied. Staff and Management of First Allied must however avoid making such customer feel unwanted. Once they are welcomed with open arms, they will return.

5.1.4 How Do Customers Who Defect Feel ?

Defectors harboured no ill-feelings about sending their businesses elsewhere. They did not also feel guilty about that. It was business as usual to them. Ill-feelings came in when officers of the institution found out and reacted negatively.

5.1.5 How Can Satisfied Customers' Defection Be Prevented?

It came to light that, if information about the banks of Nigerian origin had been given to the customers, they would not have defected. They also intimated that, if they had been reminded continuously about the privileges they enjoyed at First Allied, they would not have defected.

5.2.1 Other Findings

Other findings made out of the study are presented below:

5.2.2 Critical Incidents Did Not Fade Off

It came out of the study during the focus group discussion sessions that, critical incidents did not fade off. Even though the subjects of the study did not defect because they were dissatisfied, they still recounted incidents that did not please them.

5.2.3 Comparison With the Past

It was discovered out of the focus group discussions that, when the satisfied customers defected, they compared their respective experiences with that of First Allied. As it turned out, their disposition towards First Allied was positive, the propensity to re-engage with First Allied was found to be high.

5.2.4 Blind Loyalty

It came out during the study that, there was no such thing as blind loyalty and that; customers would stay with an institution for as long as they got what they wanted. They would always gravitate towards any institution that they would give them what they wanted.

5.2.5 Depth of Customer Interaction

It came out of the focus group discussions that, customers appreciated the depth of their interactions with staff better than the frequency of contacts. It became obvious that, because

staff did not discuss, details of customers' business after they had defected, the customers misinterpreted that to be strained relationship.

5.3 Conclusion

It has emerged from the study that, it is possible for satisfied customers of one bank to defect to another bank for many reasons. First Allied should therefore, not take it for granted that, once its customers are satisfied, they will not defect. Indeed such customers must be continually reminded of the quality of services and the privileges they enjoy with First Allied. They must also be briefed about what competitors offer so that, they will not be attracted to competitors.

5.4 Recommendations.

This part of the discourse looks at the researcher's recommendations to both First Allied and marketing practitioners on one hand, and the academic researchers on the other. By default all recommendations made to First Allied also apply to marketing practitioners.

5.4.1 First Allied

Armed with the fact that, customer satisfaction may not necessary lead to loyalty, the following recommendations are made to marketing practitioners to enable them to hold on to their customers.

5.4.1.1 Dissemination of Information

It is recommended that, where there is an urge over competitors, Sales and Marketing practitioners should persistently remind their customers about the privileges they enjoy as against what is offered by their competitors. Marketing practitioners must take advantage of all

media of communication available to them and make appropriate use of same for good effect. Practitioners must also continually inform their customers about what their competitors offer. When this is done, their customers will not give in easily to deceits. observed in the case of satisfied customers of First Allied.

With its experience with the defection of satisfied customers, First Allied should keep close touch with its customers and continually remind them about the kind of privileges they enjoy with them. There should also be regular customer durbars to discuss customer concerns. During such fora, First Allied must take advantage of the customer numbers and remind them of their unique privileges.

5.4.1.2 Appropriate Use of the Market Intelligence Machinery

Effective information about competition will be available to institutions if they have effective market intelligence systems in place. This way, relevant available information about new competitors should be easily repackaged by First Allied and made available to customers in a way that will put the institution in a better light. This will be more effective in instances where First Allied has an urge over competitors.

5.4.1.3 Handling of 'Renegade' Customers

Where discoveries are made about customers attempting to defect, such customers must be received with open arms by First Allied staff and management. They should also show affection and give such customers, the assurance that, they are still valued by them. Creating adversaries out of such situations does no good to anybody.

5.4.1.4 The Use of Folklore and Wise Sayings

It also recommended that, First Allied must employ the use of folklore and local wise sayings in their messages to engender loyalty. It emerged through the focus group discussion that, customers really attach some importance to them.

5.4.1.5 The Use of Benchmarks

It came out during the study that, the use of benchmarks, helped First Allied to largely satisfy its customers. Setting benchmarks and striving to achieve the set standards, helped First Allied to withstand competition. Even when customers had defected, First Allied still appealed to them as a better alternative. First Allied should therefore continue to set and apply the high standards to its activities. This will go a long way to satisfy the customers that these institutions serve.

5.4.1.6 Maintain the Depth of Customer Interaction.

The depth of customer interaction must be maintained at all times by First Allied. This will leave no room for any customer to misinterpret any change in the level of interaction to be strained relationship. Where the depth of interaction is maintained, it becomes easier for officers of First Allied institution to win such customers back in case of any defections.

5.4.1.7 Good Service Recovery System

As it was seen in the literature and confirmed by the study how an institution handles customer complaints goes a long way to determine how irate customers react. This can change dissatisfied customer's disposition (Levesque & McDougall 1996). First Allied must therefore strengthen its service recovery efforts.

5.4.1.8 Customer Service Training

We also recommend that, First Allied strengthens its staff training in good customer service delivery. As we saw from the study, its ability to satisfy its customers, was largely because they had a policy in place to train its staff to an acceptable level of competence. The should not relent in the aspect of staff training

5.4.1.9 Pursue Defectors

After customers had switched, they do not close the door. They continue to make comparison between their experience with the old institution and the new one. If they find the old better than the new one, barring any ego issues they would come back when approached. Financial institutions and First Allied particularly must make it a policy to pursue defected customers till they come back.

5.4.2 Academic Researchers

As indicated early on in the study, the scope applied in the research was limited. This also limits the generalisability of the results of the study as well. Replication in other contexts may therefore be needed to assess the generalisability of the findings and conclusions.

On the account of the foregoing, it is recommended that the study be continued with an expanded scope to test the generalisability of the findings made in this study. The study also creates avenues for behavioural scientist to research other perspectives of the “Skinner box”.

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<http://www.wisegeek.com/what-is-the-difference-between-quantitative-and-qualitative-research.htm>
accessed 01/08/11 at 15:09 hrs)

Appendix 1 RESEARCH QUESTIONNAIRE FOR CUSTOMERS OF FIRST ALLIED SAVINGS AND LOANS LIMITED

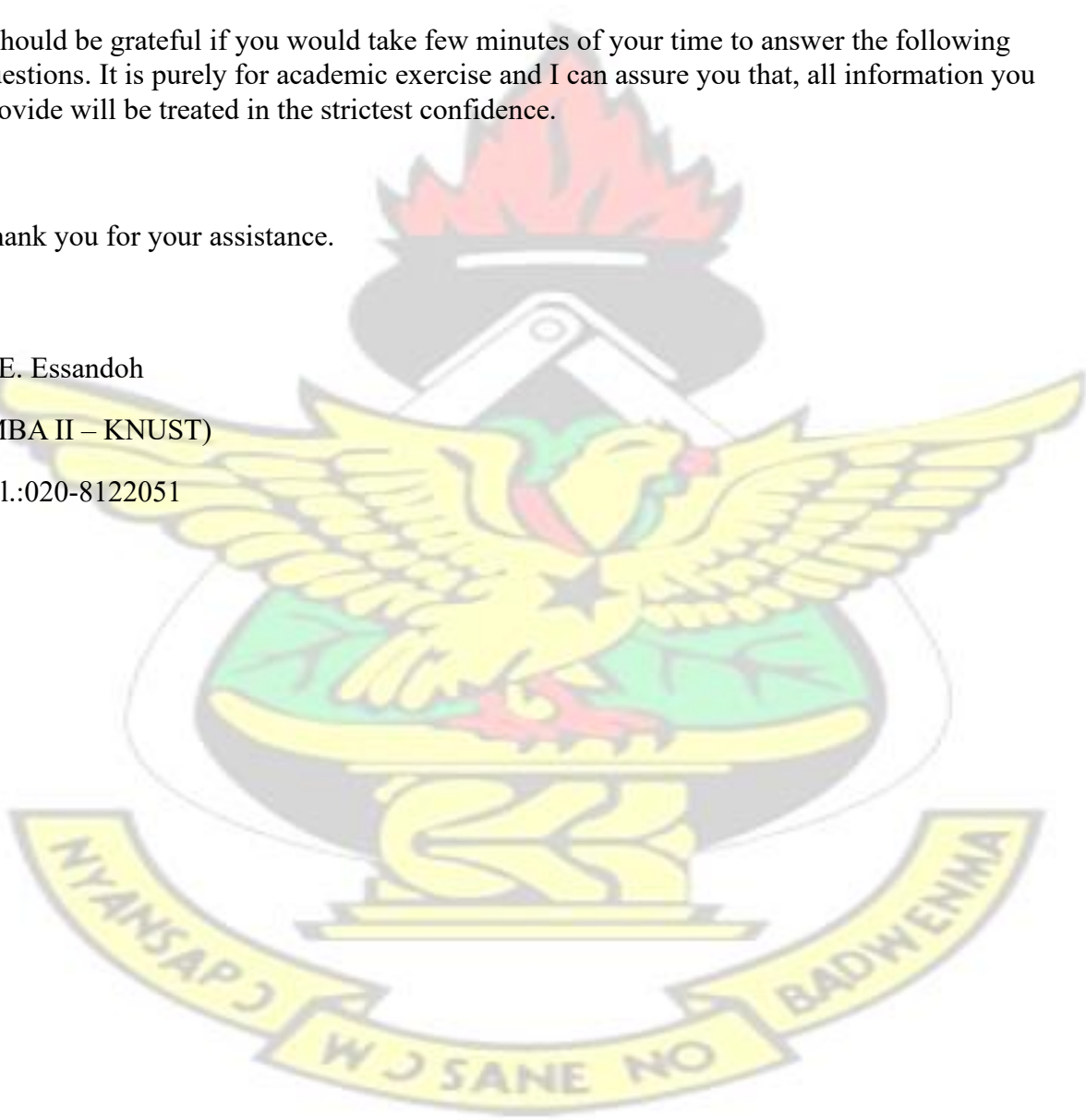
Dear Sir/Madam,

I am a final year MBA student at KNUST conducting research on the topic: UNCOVERING THE INVISIBLE DRIVERS OF SATISFIED CUSTOMERS' DEFECTION IN FIRST ALLIED SAVINGS AND LOANS LIMITED.

I should be grateful if you would take few minutes of your time to answer the following questions. It is purely for academic exercise and I can assure you that, all information you provide will be treated in the strictest confidence.

Thank you for your assistance.

J. E. Essandoh
(MBA II – KNUST)
Tel.:020-8122051

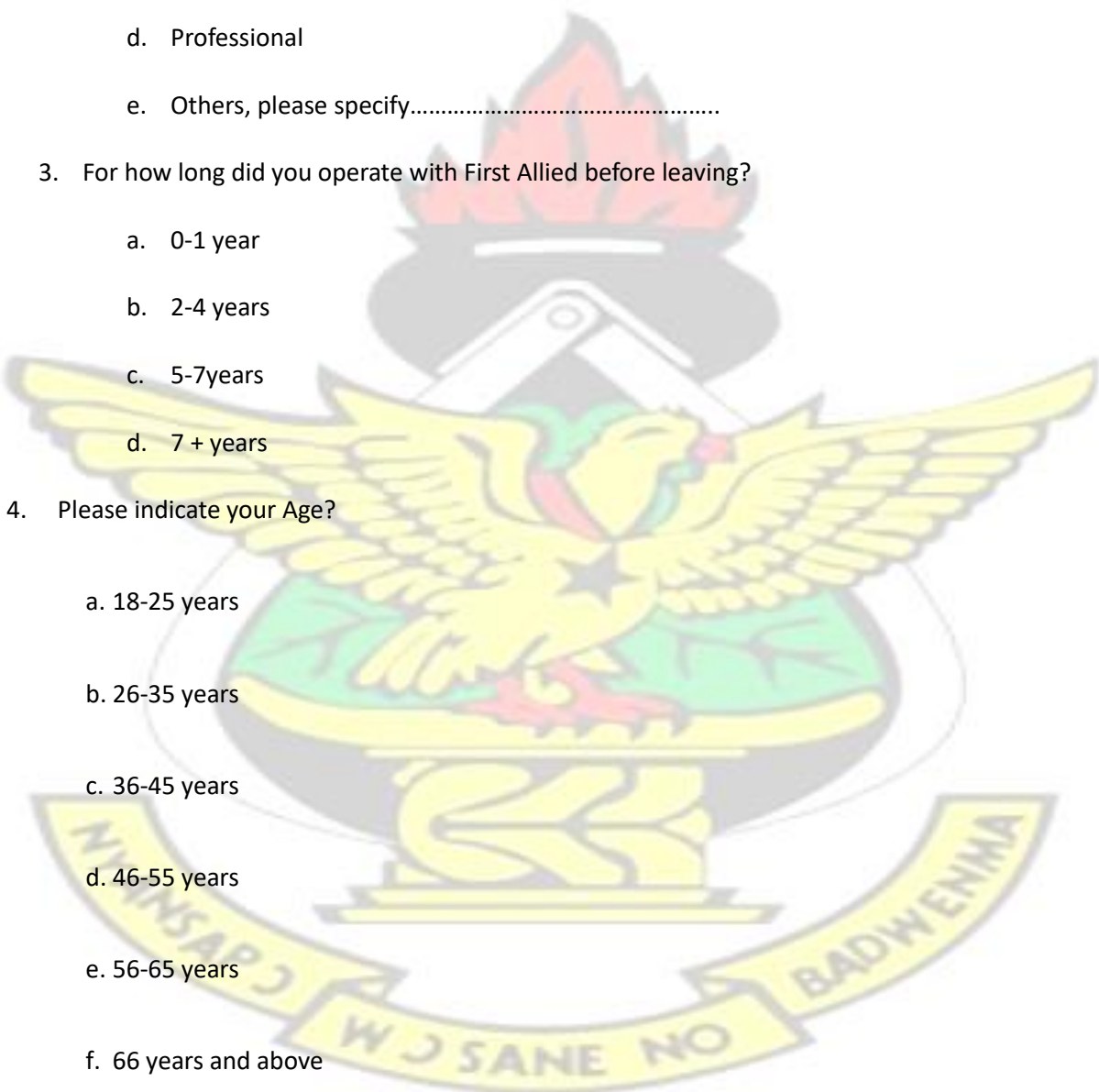


(A) PERSONAL DATA

1. Please indicate your gender status.

- a. Male
 - b. Female
2. Please indicate your last educational qualification obtained.
- a. Secondary
 - b. Tertiary
 - c. Post graduate
 - d. Professional
 - e. Others, please specify.....
3. For how long did you operate with First Allied before leaving?
- a. 0-1 year
 - b. 2-4 years
 - c. 5-7years
 - d. 7 + years
4. Please indicate your Age?
- a. 18-25 years
 - b. 26-35 years
 - c. 36-45 years
 - d. 46-55 years
 - e. 56-65 years
 - f. 66 years and above

KNUST



(B). ASSESSMENT OF RELIABILITY

Please indicate the extent of your agreement or otherwise with the following statements.

5. First Allied provided all its services as promised

KNUST



- I
- a. strongly agree
- b. I agree
- c. Somehow agree
- d. I disagree
- e. I strongly disagree

KNUST

6. Staff were dependable in handling customer's service problems.

- a. I strongly agree
- b. I agree
- c. Somehow agree
- d. I disagree e I strongly disagree

7. Services were delivered at the promised time

- a. I strongly agree
- b. I agree
- c. Somehow agree
- d. I disagree e I strongly disagree

8. As far as I know, First Allied maintained error-free records

- a. I strongly agree
- b. I agree
- c. Somehow agree

- d. I disagree e I strongly disagree

9. Customers were informed as to when service will be performed

- a. I strongly agree
- b. I agree
- c. Somehow agree
- d. I disagree e I strongly disagree

KNUST

(C). ASSESSMENT OF RESPONSIBILITY

10. Prompt services were delivered to customers.

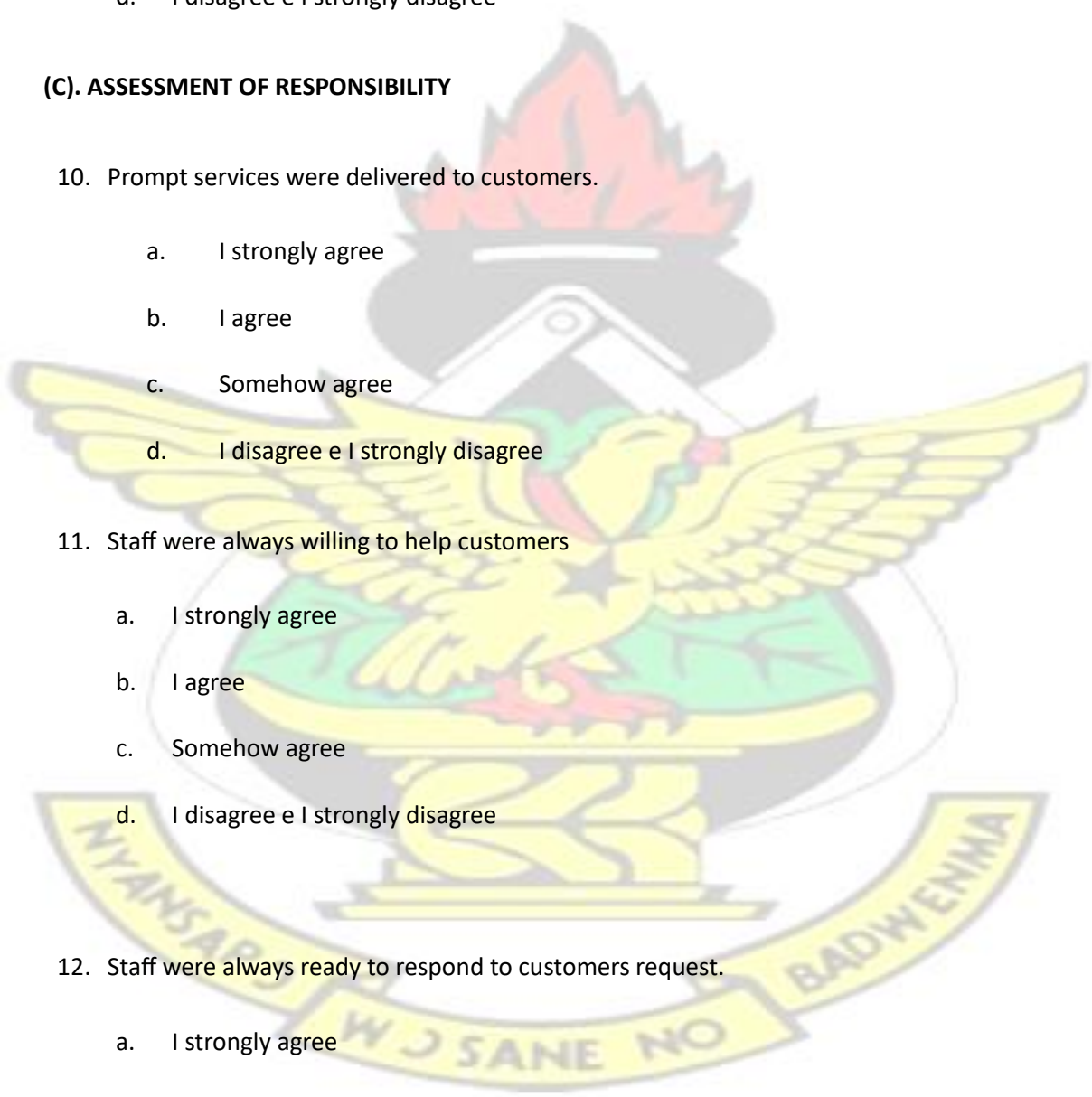
- a. I strongly agree
- b. I agree
- c. Somehow agree
- d. I disagree e I strongly disagree

11. Staff were always willing to help customers

- a. I strongly agree
- b. I agree
- c. Somehow agree
- d. I disagree e I strongly disagree

12. Staff were always ready to respond to customers request.

- a. I strongly agree
- b. agree
- c. Somehow agree
- d. I disagree e I strongly disagree



I
13 Employees instilled confidence in customers and made them feel safe in their transactions

- a. I strongly agree
- b. I agree
- c. Somehow agree
- d. I disagree e I strongly disagree

(D). ASSESSMENT OF ASSURANCE

14. Employees were always courteous

- a. I strongly agree
- b. I agree
- c. Somehow agree
- d. I disagree e I strongly disagree

15. Employees were knowledgeable enough to answer customers' questions

- a. I strongly agree
- b. I agree
- c. Somehow agree
- d. disagree e I strongly disagree

16. Employees gave individual attention to customers

- a. I strongly agree
- b. I agree
- c. Somehow agree

- d. I disagree e I strongly disagree

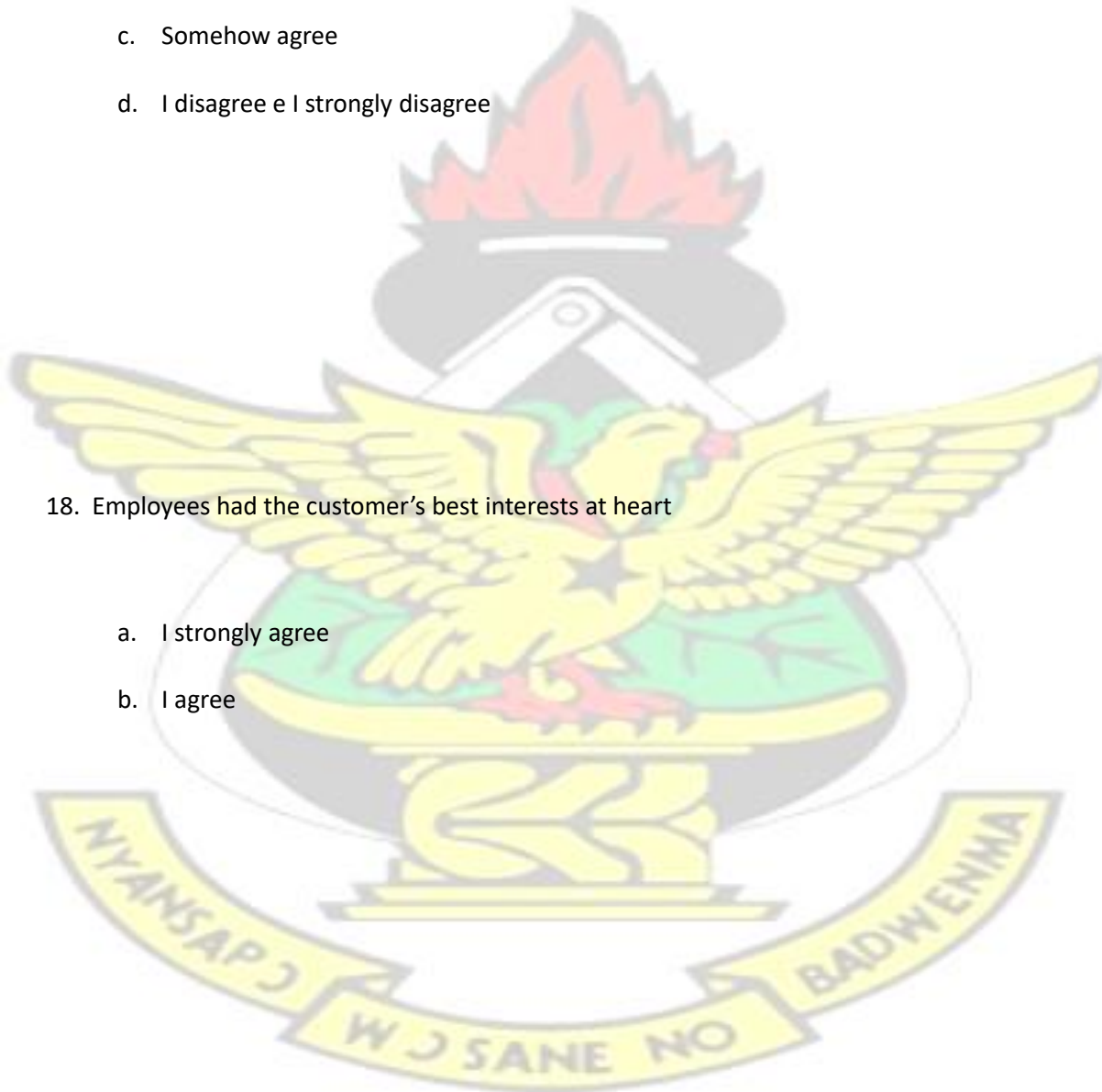
(E). ASSESSMENT OF EMPATHY

17. Employees dealt with customers in a caring fashion

- a. I strongly agree
- b. I agree
- c. Somehow agree
- d. I disagree e I strongly disagree

18. Employees had the customer's best interests at heart

- a. I strongly agree
- b. I agree



- c. Somehow agree
- d. I disagree e I strongly disagree

19. Employees understood the needs of their customers' convenience like business hours

- a. I strongly agree
- b. I agree
- c. Somehow agree
- d. I disagree e I strongly disagree

(F). ASSESSMENT OF TANGIBLES

20. Pieces of equipment used in First Allied were modern.

- a. I strongly agree
- b. I agree
- c. Somehow agree
- d. I disagree e I strongly disagree

21. First Allied maintained visually appealing facilities.

- a. I strongly agree
- b. I agree
- c. Somehow

- agree
d. I disagree e I strongly disagree

22. Employees had neat, professional appearance always

- a. I strongly agree
b. I agree
c. Somehow agree
d. I disagree e I strongly disagree

23. Visually appealing materials like trade stimulants, brochures etc. were associated with First Allied's service.

- a. I strongly agree
b. I agree
c. Somehow agree
d. I disagree e I strongly disagree

(G). ASSESSMENT OF TARIFFS

24. I found the miscellaneous charges of First Allied acceptable as they compared favourably with what obtains elsewhere..

- a. I strongly
b. I agree
c. Somehow agree

- agree
d. I disagree e I strongly disagree

25. I found interest earned on my accounts in First Allied very favourable compared to what obtained in competition.

- a. I strongly agree
b. I agree
c. Somehow agree
d. I disagree e I strongly disagree

26. I found interest paid for loans and other facilities at First Allied very favourable compared to what obtained in competition.

- a. I strongly agree
b. I agree
c. Somehow agree
d. I disagree e I strongly disagree

27. I found the loyalty programmes I enjoyed at First Allied more beneficial compared to what Completion offered.

- a. I strongly
b. I agree
c. Somehow agree
d. I disagree e I strongly disagree

(G) FINAL VERDICT

agree

28. Overall I was satisfied with the services of First Allied.

- a. I strongly agree
- b. I agree
- c. Somehow agree
- d. I disagree e I strongly disagree

KNUST



Appendix 2

OPENING STATEMENT FOR THE FOCUS GROUP DISCUSSIONS

Thank you all for coming. As indicated to you earlier, this is an academic research process. You were selected on the basis of an indication we had out of the first interview. There is going to be an open discussion of issues. We encourage each and everyone to speak out and contribute as the issues are raised. I would like to state again that it is purely for academic purpose and every thing said here would be held in the strictest confidence. Thank you once again for agreeing to participate.

KNUST



KWAME NKURUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

COLLEGE OF ARTS AND SOCIAL SCIENCES

SCHOOL OF BUSINESS

FGD Discussion Guides and Probes for satisfied customers' defection

<u>Core Questions</u>	<u>Areas to probe</u>
<p>General Questions</p> <p>How was your experience with First Allied?</p> <p>How would you consider your relationship with the staff and Management now?</p> <p>How have you fared in business since you left First Allied?</p> <p>How do you propose to move from your current position?</p>	<p>Probe all reactions deeper for specific answers to all general reactions</p>
<p>Exiting</p> <p>Why did you decide to defect from First Allied</p>	<p>Probe into specifics and emphasise on :</p> <p>Push factors</p> <p>Pull factors</p>
<p>Re-instate</p> <p>Will you consider coming back to First Allied?</p>	<p>Probe for circumstances</p> <p>Probe for conditions</p> <p>Probe for pride issues</p> <p>Probe for expectations</p> <p>Probe for extraneous issues</p>

<p>Conscience</p> <p>How did you feel when you had to leave?</p>	<p>Probe for personal guilt</p> <p>Probe for instances where staff members are met</p> <p>Probe for relationship with First Allied staff</p> <p>Probe for</p>
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<p>Preventive Measures</p> <p>What would have prevented you from defecting?</p>	<p>Probe for both tangible and intangible issues</p>
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